

Table of Contents

**NEW ALBERTSON'S BUSINESS OF SUPERVALU INC.
AND SUBSIDIARIES**

Notes to Combined Financial Statements

February 21, 2013 and February 23, 2012

(Dollars in millions)

independent business for the periods presented. Actual costs that may have been incurred if NAI had been a stand-alone business would depend on a number of factors, including the actual organizational structure, whether functions were outsourced or performed by employees and strategic decisions made in areas such as procurement, vendor management and distribution. See further discussions in note 12—Related Parties and Allocations.

Certain property, plant, and equipment owned by the Business, including a shared distribution center and a shared service center, are included in these combined financial statements.

Cash was managed centrally by Parent and included daily sweeps of cash receipts to corporate SUPERVALU cash accounts and periodic funding by SUPERVALU of cash disbursements for capital expenditures and operating expenses of NAI. Accordingly, the cash managed by Parent at the corporate level was not allocated to NAI for any of the periods presented. The NAI financial statements reflect transfers of cash to and from Parent's cash management system as a component of Parent company net investment. Cash in the Combined Balance Sheets as of February 21, 2013 and February 23, 2012 primarily consists of cash held at the retail stores (Store Cash).

Parent debt utilized to fund the original June 2006 Parent acquisition of NAI, and related debt acquisition costs and interest expense, has been allocated to NAI and is reflected in the Combined Statements of Operations and Comprehensive Income (Loss), Balance Sheets and Statements of Cash Flows.

NAI reports and manages its business under one reportable segment. All of NAI's operations are domestic.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). All significant transactions and balances between operations within the Business have been eliminated.

(2) Summary of Significant Accounting Policies

(a) Fiscal Year

NAI's fiscal year ends on the Thursday before the last Saturday in February. NAI's first quarter consists of 16 weeks while the second, third, and fourth quarters each consist of 12 weeks. The last three fiscal years consist of the 52-week periods ended February 21, 2013 (fiscal 2012), February 23, 2012 (fiscal 2011), and February 24, 2011 (fiscal 2010). Unless the context otherwise indicates, reference to NAI's fiscal year refers to the calendar year in which such fiscal year commences.

(b) Use of Estimates

The preparation of the Business's combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting periods presented. Actual results could differ from those estimates.