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

Notes to Combined Financial Statements

February 21, 2013 and February 23, 2012

(Dollars in millions)

Parent sold 107 fuel centers for \$89 in cash and recognized a pre-tax loss of \$7 during fiscal 2011 which is included in the accompanying Combined Statements of Operations and Comprehensive Income (Loss). NAI disposed of \$14 of goodwill associated with the sale of its fuel centers.

(6) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are categorized using defined hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair value measurements, as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
Level 3	Unobservable inputs in which little or no market activity exists, requiring an entity to develop its own assumptions that market participants would use to value the asset or liability.

Impairment charges recorded during fiscal 2012, 2011, and 2010 discussed in note 3—Goodwill and Intangible Assets and note 4—Reserves for Closed Properties and Property, Plant and Equipment-Related Impairment Charges were measured at fair value using Level 3 inputs.

Financial Instruments

For certain of NAI's financial instruments, including cash, receivables, accounts payable, accrued salaries and other current assets and liabilities, the fair values approximate carrying values due to their short maturities.

The estimated fair value of NAI's long-term debt (including current maturities) was lower than the book value by approximately \$168 and \$183 as of February 21, 2013 and February 23, 2012, respectively. The estimated fair value was based on market quotes, where available, or market values for similar instruments, using Level 2 and 3 inputs.