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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)

Product Purchases and Allocation of General Corporate and Other Expenses

NAI purchases product from certain of Parent's shared distribution centers for sale at certain of its retail grocery stores. Such purchases are generally recorded at cost.

The Combined Financial Statements also include expense allocations for certain support functions provided by Parent, including, but not limited to, amounts related to finance, legal, information technology, warehouse and distribution, human resources, communications, compliance, and employee benefits and incentives. These expenses have been allocated to NAI on the basis of direct usage when identifiable, with the remainder allocated on the basis of revenue, headcount or other measures. Expense allocations include expenses incurred by Parent's distribution centers serving NAI, which include direct labor, utilities and depreciation and freight.

The expense allocations have been determined on a basis that both NAI and Parent consider to be a reasonable reflection of the utilization of services provided to or the benefit received by NAI during the periods presented. The allocations may not, however, reflect the expense NAI would have incurred as an 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 organization structure adopted, whether functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

All transactions with the Parent, including these expense allocations, are accounted for within the Parent company net investment balance, with changes in the Parent company net investment flowing through the financing section of the Combined Statements of Cash Flows.

During the years ended February 21, 2013, February 23, 2012 and February 24, 2011, NAI purchased product or was allocated the following general corporate and other expenses incurred by Parent, which are included in the Combined Statements of Operations and Comprehensive Income (Loss) as outlined below.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cost of sales	\$2,630	2,801	2,853
Sales and administrative expenses	<u>430</u>	<u>410</u>	<u>381</u>
	<u>\$3,060</u>	<u>3,211</u>	<u>3,234</u>

Interest Expense and Amortization of Deferred Financing Costs, Net

Debt allocated from Parent represents NAI's proportionate share of Parent's long-term debt based on the relative portion of Parent debt utilized to fund the initial acquisition of NAI. NAI was also allocated the same relative proportion of Parent interest expense and amortization of deferred financing costs as summarized below:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Parent allocated interest expense and amortization of deferred financing costs, net	\$165	165	147