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**UNITED SUPERMARKETS, L.L.C.**  
**Notes to Financial Statements**  
**(Dollars in thousands)**

**Revenue recognition:** Revenue is recognized at the point of sale. Discounts provided to customers by the Company at the time of sale are recognized as a reduction in sales as the products are sold. Sales exclude sales taxes collected from customers.

**Advertising costs:** Advertising costs are expensed in the period that the related advertising services are provided. Advertising costs were \$15,496 and \$13,162 for the eleven-month period ended December 28, 2013 and for the year ended January 26, 2013, respectively, and are included in other operating and administrative expenses.

**Comprehensive income:** Comprehensive income is the change in equity of a business enterprise during a period from net income and other events, except activity resulting from investments by owners and distribution to owners. Other comprehensive income (loss) for the eleven-month period ended to December 28, 2013 and for the year ended January 26, 2013 resulted from pension activity, net of taxes.

**Fair value of financial instruments:** For certain of the Company's financial instruments, including cash, accounts receivable, accounts payable, and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

**Concentration of credit risks:** The Company maintains part of its cash in bank deposit accounts at financial institutions where balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limitation. Historically, the Company has not experienced any losses due to such concentration of risk.

**Use of estimates:** The preparation of the financial statements requires management of the Company to make estimates and assumptions in conformity with U.S. generally accepted accounting principles relating to the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events:** Management evaluates events or transactions that occur after the balance sheet date for potential recognition or disclosure in the financial statements. Management has considered subsequent events through April 4, 2014.