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Supervalu looks to reorganize, separate wholesale and retail operations

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Supervalu announced a proposal to reorganize the company's corporate structure to further facilitate the company's strategic transformation, among other benefits to stockholders. This proposal, as outlined in Supervalu's preliminary proxy statement/prospectus filed June 12, would result in a reorganization of the company's corporate structure into a holding company structure.



The holding company structure is being proposed to:

- Organize and further segregate Supervalu's wholesale and retail operations in an

operationally efficient and strategic manner, including to separate the wholesale and retail operations held by Supervalu Inc., its current public company entity;

- Facilitate the company's previously announced strategic transformation plan to sell certain retail assets to third parties;
- Better segregate the liabilities of the company into their respective business segments;
- Increase Supervalu's strategic, business and financial flexibility; and
- Enable the company to achieve its strategic transformation plan in a tax-efficient manner that may facilitate the ability to utilize a material portion of Supervalu's capital loss carryforward, which could generate approximately \$300 million of cash tax benefits for the company over the next approximately 15 years.

"We have been executing a strategic transformation of our business over the last two years to become the wholesale supplier of choice for grocery retailers across the United States, while also executing initiatives to deliver long-term stockholder value," said Mark Gross, Supervalu's president and chief executive officer. "The proposed holding company structure is another significant and important undertaking by our team that would support and advance our transformation by further separating our wholesale and retail operations in a tax efficient manner."

Supervalu stockholders are being asked to consider and vote upon the holding company proposal at the company's 2018 annual meeting of stockholders. The holding company proposal and realizing the desired benefits from the reorganization are subject to certain conditions and future events, including approval by stockholders.

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