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expenditures) of \$1.5 billion. For the 12 months ended June 20, 2015, on a pro forma basis, we would have generated net sales of \$57.9 billion, Adjusted EBITDA of \$2.5 billion and free cash flow of \$1.7 billion. For the first quarter of fiscal 2015, we generated net sales of \$18.1 billion, Adjusted EBITDA of \$728 million and free cash flow of \$513 million. In addition to realizing increased sales, profitability and free cash flow through the implementation of our operating playbook, we expect synergies from the Safeway acquisition to enhance our profitability and free cash flow over the next few years.

OUR INTEGRATION HISTORY

Over the past nine years, we have completed a series of acquisitions, beginning with our purchase of Albertson's LLC in 2006 (the "Legacy Albertsons Stores"). This was followed in March 2013 by our acquisition of NAI from SUPERVALU INC. ("SuperValu"), which included the *Albertsons* stores that we did not already own (the "SVU Albertsons Stores" and, together with the Legacy Albertsons Stores, the "Albertsons Stores") and stores operating under the *Acme*, *Jewel-Osco*, *Shaw's* and *Star Market* banners (the "NAI Stores"). In December 2013, we acquired United, a regional grocery chain in North and West Texas. In January 2015, we acquired Safeway in a transaction that significantly increased our scale and geographic reach. We have also completed the divestiture of 168 stores required by the FTC in connection with the Safeway acquisition.

OUR OPERATING PLAYBOOK

Our operating playbook covers every major facet of store-level operations and is executed by local leadership under the supervision of our executive management team. Our playbook is based on the following key concepts:

- *Operate Our Stores to the Highest Standards.* We ensure that our stores are always "full, fresh, friendly and clean." Our efforts are driven through our rigorous G.O.L.D. (Grand Opening Look Daily) program that is focused on delivering fresh offerings, well-stocked shelves, and clean and brightly lit departments.
- *Deliver Superior Customer Service.* We focus on providing superior customer service. We consistently invest in store labor and training, and our simple and well-understood sales- and EBITDA-based bonus structure ensures that our employees are properly incentivized. We measure customer satisfaction scores weekly and hold management accountable for continuous improvement. Our focus on customer service is reflected in our improving customer satisfaction scores and identical store sales growth.
- *Provide a Compelling Product Offering.* We focus on providing the highest quality fresh, natural and organic assortments to meet the demands of our customers, including through our private label brands, which we refer to as our own brands, such as *Open Nature* and *O Organics*. In addition, we offer high-volume, high-quality and differentiated signature products, including fresh fruit and vegetables cut in-store, cookies and fried chicken prepared using our proprietary recipes, in-store roasted turkey and freshly baked bread. Our decentralized operating structure enables our divisions to offer products that are responsive to local tastes and preferences.
- *Offer an Attractive Value Proposition to Our Customers.* We maintain price competitiveness through systematic, selective and thoughtful price investment to drive customer traffic and basket size. We also use our loyalty programs, including *just for U*, *MyMixx* and our fuel-based rewards programs, as well as our strong own brand assortment, to improve customer perception of our value proposition.