

Table of Contents

assure you that we will achieve the full amount of synergies on the schedule anticipated, or at all, or that these synergy programs will not have other adverse effects on our business. In light of these significant uncertainties, you should not place undue reliance on our estimated synergies.

We have incurred, and will continue to incur, significant integration costs in connection with Safeway.

We expect that we will continue to incur a number of costs associated with integrating the operations of Safeway, including associated one-time costs of approximately \$1.1 billion, or \$690 million, net of estimated synergy-related asset sale proceeds, to achieve expected synergies. The substantial majority of these costs will be non-recurring expenses resulting from the Safeway acquisition and will consist of our transition of Albertsons and NAI to Safeway's IT systems, consolidation costs and employment-related costs. Anticipated synergies are expected to require approximately \$300 million of one-time integration-related capital expenditures in fiscal 2015, in advance of anticipated sales of surplus assets. Additional unanticipated costs may be incurred in the integration of Safeway's business and proceeds from the sale of surplus assets may be lower than anticipated. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

New business initiatives and strategies may be less successful than anticipated and could adversely affect our business.

The introduction, implementation, success and timing of new business initiatives and strategies, including, but not limited to, initiatives to increase revenue or reduce costs, may be less successful or may be different than anticipated, which could adversely affect our business.

We are currently party to appraisal proceedings related to our acquisition of Safeway which, if adversely determined, could subject us to significant liabilities.

In connection with the Safeway acquisition, five petitions for appraisal were filed in the Court of Chancery of the State of Delaware on behalf of all former holders of Safeway common stock who had demanded appraisal. The petitioners, who held approximately 17.7 million shares of Safeway common stock prior to its acquisition by the company, refused to accept the per share merger consideration that was paid to other stockholders in the acquisition and have instead requested an appraisal of the fair value of those shares pursuant to Section 262 of the Delaware General Corporation Law (the "DGCL"), requesting a determination that the per share merger consideration payable in the Safeway acquisition does not represent fair value for their shares. In May 2015, five of the seven petitioners dismissed their claims in exchange for additional merger consideration. The appraisal action is ongoing with respect to the two remaining petitioners, with trial on the merits set to commence in April 2016. These remaining petitioners, representing approximately 3.7 million shares of Safeway common stock, have previously accepted a tender offer of the cash portion of the merger consideration of \$34.92 per share, which stops statutory interest from accruing on the amount of any recovery. A reserve for outstanding appraisal claims has been established by the company. If the remaining petitioners are successful, we could be required to pay those petitioners more for their stock than the per share merger consideration payable in the Safeway acquisition, which amount may be in excess of the liability that we have recorded.

We will be required to make payments under the contingent value rights within agreed periods even if the sale of the Casa Ley Interest is not completed within those periods.

If the Casa Ley Interest is not sold prior to January 30, 2018, we are obligated to make a cash payment to the holders of contingent value rights (the "Casa Ley CVRs") in an amount equal to the fair