

Table of Contents**1. Basis of Presentation**

The historical financial information of AB Acquisition and Safeway was derived from financial statements of the respective companies included elsewhere in this prospectus. The historical financial information has been adjusted to give pro forma effect to events that are (i) directly attributable to the Safeway acquisition, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed consolidated statement of continuing operations, expected to have a continuing impact on the consolidated results. Condensed consolidated statements of continuing operations data for the 16 weeks ended June 12, 2014 and June 20, 2015 and summary balance sheet data as of June 20, 2015 are derived from our unaudited condensed consolidated financial statements for the periods then ended also included elsewhere in this prospectus. Safeway is included in the historical operating results of AB Acquisition for the period from January 31, 2015 through June 20, 2015. The adjusted historical financial information for Safeway for the 49 weeks ended January 30, 2015 is derived by adding the financial data from Safeway's audited consolidated statement of income for the 53 weeks ended January 3, 2015 and Safeway's unaudited condensed consolidated statement of income for the four weeks ended January 30, 2015, and subtracting Safeway's unaudited condensed consolidated statement of income for the eight weeks ended February 22, 2014. The adjusted historical Safeway financial information for the 16 weeks ended June 12, 2014 was derived from the Safeway pre-acquisition unaudited financial statements for the 24 weeks ended June 14, 2014 and subtracting Safeway's unaudited condensed consolidated statement of income for the eight weeks ended February 22, 2014.

2. Pro Forma for Safeway Acquisition

The Safeway acquisition was accounted for in accordance with Accounting Standards Codification 805, *Business Combinations*, with AB Acquisition considered the acquirer of Safeway for accounting purposes. The Safeway acquisition closed on January 30, 2015, and, therefore, the fair value of the assets acquired and liabilities assumed are already included in AB Acquisition's historical condensed consolidated balance sheet as of June 20, 2015. The unaudited pro forma condensed consolidated statements of continuing operations reflects the adjustments as if the Safeway acquisition occurred on February 21, 2014, the first day of fiscal 2014 (collectively referred to as "Pro Forma Adjustments for Safeway acquisition").

The Pro Forma Adjustments for Safeway acquisition consist of the following:

(a) *FTC divestiture*

In connection with the Safeway acquisition, Albertson's Holdings, together with Safeway, announced that they entered into agreements to sell 111 Albertsons and 57 Safeway stores across eight states to four separate buyers. Divestiture of these stores was required by the FTC as a condition of closing the Safeway acquisition and was contingent on the completion of the Safeway acquisition. The divestitures were completed by the end of the company's fiscal 2015 first quarter ended June 20, 2015. The pro forma adjustments reflect:

Fiscal 2014:

- (i) a reduction in Net sales and other revenue of \$3,285.3 million and the related reductions in Cost of sales of \$2,283.3 million; and
- (ii) a decrease in Selling and administrative expenses of \$1,068.3 million, which includes the \$233.4 million impairment loss related to the divested stores.