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of the company, which assumes that all of the AB Acquisition entities are taxable as a group for federal and state income tax purposes effective February 21, 2014.

*Unaudited Pro Forma Condensed Consolidated Balance Sheet*

- (b) As part of the IPO-Related Transactions, all of our operating subsidiaries will become subsidiaries of Albertsons Companies, Inc., a Delaware corporation. The pro forma adjustments to members' equity and stockholders' equity represent the creation of share capital, paid in capital and retained earnings upon the corporate reorganization and the elimination of the historical membership equity. Upon the corporate reorganization, the outstanding units will be exchanged into 409,832,959 shares of common stock.

**4. Pro Forma Adjustments for IPO Transactions***Unaudited Pro Forma Condensed Consolidated Statement of Continuing Operations*

- (a) The pro forma adjustment to Interest expense, net represents the decrease to pro forma interest expense related to the application of \$1,531 million of the net proceeds to us from the sale of such shares to repay certain indebtedness as described in "Use of Proceeds" as if these events had occurred on February 21, 2014, the first day of fiscal 2014. The interest expense included in the unaudited pro forma condensed consolidated financial information reflects a weighted average interest rate of 7.90% (including amortization of debt discounts and deferred financing costs).
- (b) Pro forma Net loss per weighted average basic and diluted shares outstanding gives effect to the exchange of all our outstanding units into shares of our common stock as part of the IPO-Related Transactions and the issuance of 65,306,122 shares in this offering, based on an assumed initial public offering price of \$24.50 per share (the midpoint of the price range set forth on the cover of this prospectus).
- (c) The pro forma adjustment to Income tax (benefit) expense is derived by applying a combined federal and state statutory tax rate of 38.7% to the pro forma adjustment to interest expense.

No adjustment has been made to the unaudited pro forma condensed consolidated statement of continuing operations to reflect (a) the estimated \$68.5 million loss on early extinguishment of debt, including the write off of deferred financing costs and debt discounts as these amounts are non-recurring charges incurred as a result of the repayment of certain debts, or (b) the Anticipated Refinancing.

*Unaudited Pro Forma Condensed Consolidated Balance Sheet*

The unaudited pro forma condensed consolidated balance sheet of AB Acquisition does not give effect to the Anticipated Refinancing, but reflects the Transactions, including the pro forma effects of the issuance of shares of common stock and the application of \$1,531 million of the net proceeds from the sale of such shares to repay certain indebtedness as described in "Use of Proceeds" (excluding the remaining shares of common stock being issued in this offering) as if these events had occurred on June 20, 2015, as follows:

- (d) The pro forma adjustment to Accounts payable and accrued liabilities represents the payment of accrued interest in connection with the repayment of certain existing debt.