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annual run-rate basis, by the end of fiscal 2015, the inclusion of these expected cost synergy targets in this prospectus should not be viewed as a representation that we will in fact achieve these synergies by the end of fiscal 2015, or at all. To the extent we fail to achieve these synergies, our results of operations may be impacted, and any such impact may be material.

We have identified various synergies including corporate and division overhead savings, our own brands, vendor funds, the conversion of Albertsons and NAI onto Safeway's IT systems, marketing and advertising cost reduction and operational efficiencies within our back office, distribution and manufacturing organizations. Actual synergies, the expenses and cash required to realize the synergies and the sources of the synergies could differ materially from these estimates, and we cannot 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.

Total debt, including both the current and long-term portions of capital lease obligations, increased to \$12.6 billion as of the end of fiscal 2014. The increase in fiscal 2014 was primarily the result of the financing for the Safeway acquisition and the assumption of Safeway debt. Our substantial indebtedness could have important consequences for you. For example it could: adversely affect the market price of our common stock; increase our vulnerability to general adverse economic and industry conditions; require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes, including acquisitions; limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; place us at a competitive disadvantage compared to our competitors that have less debt; and limit our ability to borrow additional funds. See "—Debt Management." For fiscal 2014, our interest expense was approximately \$633.2 million. We have exposure to future interest rates based on the variable rate debt under our credit facilities and to the extent we raise additional debt in the capital markets to meet maturing debt obligations, to fund our capital expenditures and working capital needs and to finance future acquisitions. Daily working capital requirements are typically financed with operational cash flow and through the use of various committed lines of credit. The interest rate on these borrowing arrangements is generally determined from the inter-bank offering rate at the borrowing date plus a pre-set margin. We manage our exposure to interest rate fluctuations through the use of interest rate swaps. Although we employ risk management techniques to hedge against interest rate volatility, significant and sustained increases in market interest rates could materially increase our financing costs and negatively impact our reported results. The interest rates we pay on future borrowings under the Senior Secured Credit Facilities are dependent on LIBOR. We believe a 100 basis point increase on our variable interest rates would not have a material impact on our interest expense. We rely on access to bank and capital markets as sources of liquidity for cash requirements not satisfied by cash flows from operations. A downgrade in our credit ratings from the internationally recognized credit rating agencies could negatively affect our ability to access the bank and capital markets, especially in a time of uncertainty in either of those markets. A rating downgrade could also impact our ability to grow our business by substantially increasing the cost of, or limiting access to, capital.

In fiscal 2015, we expect to spend approximately \$850 million for capital expenditures, or 1.5% of our fiscal 2014 sales on a pro forma basis, including 115 upgrade and remodel projects and excluding approximately \$300 million of one-time Safeway integration-related capital expenditures in fiscal 2015, in advance of anticipated sales of surplus assets. If the A&P Transaction is consummated, we expect to spend approximately \$126 million of one-time opening and transition costs and capital expenditures to remodel and remerchandise the stores and to invest in price and labor.

Reflecting consumer preferences, we have a significant focus on perishable products. Sales of perishable products accounted for approximately 40.6% of our total sales in fiscal 2014. We could