

Table of Contents

suffer significant perishable product inventory losses and significant lost revenue in the event of the loss of a major supplier or vendor, disruption of our distribution network, extended power outages, natural disasters or other catastrophic occurrences. See "Risks Related to Our Business and Industry—Our stores rely heavily on sales of perishable products, and product supply disruptions may have an adverse effect on our profitability and operating results."

We employed a diverse workforce of approximately 265,000, 265,000, 123,000 and 19,000 associates as of June 20, 2015, February 28, 2015, February 20, 2014 and February 21, 2013, respectively. As of February 28, 2015, approximately 174,000 of our employees were covered by collective bargaining agreements. During fiscal 2015, collective bargaining agreements covering approximately 73,000 employees are scheduled to expire. If, upon the expiration of such collective bargaining agreements, we are unable to negotiate acceptable contracts with labor unions, it could increase our operating costs and disrupt our operations.

A considerable number of our employees are paid at rates related to the federal minimum wage. Additionally, many of our stores are located in states, including California, where the minimum wage is greater than the federal minimum wage and where a considerable number of employees receive compensation equal to the state's minimum wage. For example, as of June 20, 2015, we employed approximately 68,000 associates in California, where the current minimum wage was recently increased to \$9.00 per hour, and will increase to \$10.00 per hour effective January 1, 2016. In Maryland, where we employed approximately 7,800 associates as of June 20, 2015, the minimum wage was recently increased to \$8.25 per hour, and will gradually increase to \$10.10 per hour by July 1, 2018. Moreover, municipalities may set minimum wages above the applicable state standards. For example, the minimum wage in Seattle, Washington, where we employed approximately 2,000 associates as of June 20, 2015, was recently increased to \$11.00 per hour, and will increase to \$15.00 per hour effective January 1, 2017 for employers with more than 500 employees nationwide. In Chicago, Illinois, where we employed approximately 6,200 associates as of June 20, 2015, the minimum wage was recently increased to \$10.00 per hour, and will gradually increase to \$13.00 per hour by July 1, 2019. Any further increases in the federal minimum wage or the enactment of state or local minimum wage increases could also increase our labor costs, which may adversely affect our results of operations and financial condition.

We participate in various multiemployer pension plans for substantially all employees represented by unions that require us to make contributions to these plans in amounts established under collective bargaining agreements. In fiscal 2015, we expect to contribute approximately \$370.0 million to multiemployer pension plans, subject to collective bargaining conditions, exclusive of additional amounts we may be required to contribute relating to A&P. Based on an assessment of the most recent information available, the company believes that most of the multiemployer plans to which it contributes are underfunded. As of February 28, 2015, our estimate of the company's share of the underfunding of multiemployer plans to which it contributes was \$3.0 billion. The company's share of underfunding described above is an estimate and could change based on the results of collective bargaining efforts, investment returns on the assets held in the plans, actions taken by trustees who manage the plans' benefit payments, interest rates, if the employers currently contributing to these plans cease participation, and requirements under the PPA, the Multiemployer Pension Reform Act of 2014 and applicable provisions of the Code. Additionally, underfunding of the multiemployer plans means that, in the event we were to exit certain markets or otherwise cease making contributions to these plans, we could trigger a substantial withdrawal liability. See "Risks Related to Our Business and Industry—Increased pension expenses, contributions and surcharges may have an adverse impact on our financial results."

Safeway Acquisition

On January 30, 2015, the company completed its acquisition of Safeway by acquiring all of the outstanding shares of Safeway for cash consideration of \$34.92 per share or \$8,263.5 million and