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- *Capitalizing on Demand for Health and Wellness Services.* We intend to leverage our portfolio of pharmacies and our growing network of wellness clinics to capitalize on increasing customer demand for health and wellness services. Pharmacy customers are among our most loyal, and their average weekly spend is over 2.5x that of our non-pharmacy customers. We plan to continue to grow our pharmacy script counts through new patient prescription transfer programs and initiatives such as clinic, hospital and preferred network partnerships, which we believe will expand our access to patients. We believe that these efforts will drive sales growth and generate customer loyalty.
- *Continuously Evaluating and Upgrading Our Store Portfolio.* We plan to pursue a disciplined capital allocation strategy to upgrade, remodel and relocate stores to attract customers to our stores and to increase store volumes. We believe that our store base is in excellent condition, and we have developed a remodel strategy that is both cost-efficient and effective.
- *Driving Innovation.* We intend to drive traffic and sales growth through constant innovation. We will remain focused on identifying emerging trends in food and sourcing new and innovative products. We will also seek to build new, and enhance existing, customer relationships through our digital capabilities.
- *Sharing Best Practices Across Divisions.* Our division leaders collaborate closely to ensure the rapid sharing of best practices. Recent examples include the expansion of our *O Organics* offering across banners, the accelerated roll-out of signature products such as Albertsons' fresh fruit and vegetables cut in-store and a broader assortment and new fixtures for our wine and floral shops, implementing Safeway's successful strategy across many of our banners.

We believe the combination of these actions and initiatives, together with the attractive industry trends described in more detail under "Business—Our Industry," will continue to drive identical store sales growth.

Following the NAI acquisition, we implemented our operating playbook focused on decentralizing operations, improving the overall customer and store experience, expanding and upgrading fresh food offerings, increasing store-level accountability and selected investment in price. The SVU Albertsons Stores were averaging negative 4.8% identical store sales in fiscal 2012 (prior to their acquisition). The SVU Albertsons Stores averaged positive 5.7% identical store sales during the final 24 weeks of fiscal 2013, with momentum continuing into fiscal 2014 with positive 8.7%, 7.5%, 8.0% and 8.5% identical store sales growth in the first, second, third and fourth quarter of fiscal 2014, respectively. The NAI Stores were averaging negative 4.8% identical store sales, compared to positive 7.7% identical store sales during the final 24 weeks of fiscal 2013 with momentum continuing into fiscal 2014 with positive 12.2%, 11.9%, 8.5% and 3.6% identical store sales growth in the first, second, third and fourth quarters of fiscal 2014, respectively.

Enhance Our Operating Margin. Our focus on identical store sales growth provides an opportunity to enhance our operating margin by leveraging our fixed costs. We plan to realize further margin benefit through added scale from partnering with vendors and by achieving efficiencies in manufacturing and distribution. In addition, we maintain a disciplined approach to expense management and budgeting.

Implement Our Synergy Realization Plan. We are currently executing on an annual synergy plan of approximately \$800 million from the acquisition of Safeway, which we expect to achieve by the end of fiscal 2018, with associated one-time costs of approximately \$1.1 billion, or \$690 million (net of estimated synergy-related asset sale proceeds). 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. Our detailed synergy plan was developed on a bottom-up, function-by-function basis by combined Albertsons and Safeway teams. The plan includes