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The following discussion should be read in conjunction with "Supplemental Selected Historical Financial Information of Safeway" and Safeway's historical consolidated financial statements, and the accompanying notes contained therein, included elsewhere in this prospectus. This discussion contains forward-looking statements. Please see "Special Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements.

Safeway's last three fiscal years prior to the Safeway acquisition consisted of the 53-week period ended January 3, 2015 ("fiscal 2014" or "2014"), the 52-week period ended December 28, 2013 ("fiscal 2013" or "2013") and the 52-week period ended December 29, 2012 ("fiscal 2012" or "2012").

Management Overview of Safeway

On January 30, 2015, Albertson's Holdings' wholly-owned subsidiary, Saturn Acquisition Merger Sub, Inc., merged with and into Safeway, with Safeway surviving the merger as a wholly-owned subsidiary of Albertson's Holdings. See "Business—Our Integration History and Banners" and Note V to Safeway's historical consolidated financial statements, included elsewhere in this prospectus, for additional information.

On December 23, 2014, Safeway and its wholly-owned real estate development subsidiary, PDC, sold substantially all of the net assets of PDC to Terramar Retail Centers, LLC ("Terramar"), an unrelated party. PDC's assets were comprised of shopping centers that are completed or under development. Most of these centers included a grocery store that was leased back to Safeway. The sale was consummated pursuant to an asset purchase agreement dated as of December 22, 2014 by and among Safeway, PDC and Terramar. See Note D to Safeway's historical consolidated financial statements, included elsewhere in this prospectus, for additional information.

Discontinued Operations

See Note B to Safeway's historical consolidated financial statements, included elsewhere in this prospectus, for additional information on discontinued Safeway's operations.

Reduction of Debt

In fiscal 2014, Safeway reduced its debt by \$1.2 billion with net proceeds from the sale of its Canadian operations and free cash flow. In August 2014, Safeway paid \$802.7 million to redeem \$320.0 million of the 2016 Safeway Notes and \$400.0 million of the 2017 Safeway Notes. In connection with the Safeway acquisition, Safeway contributed \$40.0 million in cash to PDC in the second quarter of fiscal 2014. This cash was to be held in a reserve account until the earlier to occur of (i) payment in full of the mortgage indebtedness encumbering a shopping center in Lahaina, Hawaii and (ii) the release of Safeway from any guaranty obligations in connection with such indebtedness. During the third quarter of fiscal 2014, Safeway deposited \$40.0 million with a trustee and achieved a full legal defeasance of the mortgage indebtedness and was released from the guaranty obligations associated with such indebtedness. Therefore, during the third quarter of fiscal 2014, Safeway extinguished the \$40.8 million mortgage from its condensed consolidated balance sheet. In addition, Safeway repaid the \$400.0 million outstanding under its term credit agreement during fiscal 2014.