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significantly enhanced by our decentralized approach, which allows us to leverage the expertise of incumbent local management teams. We have also developed significant expertise in synergy planning and delivery. We believe that the acquisition and integration experience of our management team, together with the considerable transactional expertise of our equity sponsors, positions us well for future acquisitions as the food and drug retail industry continues to consolidate.

For more information on our ability to achieve any expected synergies, see “Risk Factors—Risks Related to the Safeway and A&P Acquisitions and Integration—We may not be able to achieve the full amount of synergies that are anticipated, or achieve the synergies on the schedule anticipated, from the Safeway acquisition.”

**Our Strategy**

Our operating philosophy is simple: we run great stores with a relentless focus on sales growth. We believe there are significant opportunities to grow sales and enhance profitability and free cash flow, through execution of the following strategies:

*Continue to Drive Identical Store Sales Growth.* Consistent with our operating playbook, we plan to deliver identical store sales growth by implementing the following initiatives:

- *Enhancing and Upgrading Our Fresh, Natural and Organic Offerings and Signature Products.* We continue to enhance and upgrade our fresh, natural and organic offerings across our meat, produce, service deli and bakery departments to meet the changing tastes and preferences of our customers. We also believe that continued innovation and expansion of our high-volume, high-quality and differentiated signature products will contribute to stronger sales growth.
- *Expanding Our Own Brand Offerings.* We continue to drive sales growth and profitability by extending our own brand offerings across our banners, including high-quality and recognizable brands such as *O Organics*, *Open Nature*, *Eating Right* and *Lucerne*.
- *Leveraging Our Effective and Scalable Loyalty Programs.* We believe we can grow basket size and improve the shopping experience for our customers by expanding our *just for U*, *MyMixx* and fuel-based loyalty programs. In addition, we believe we can further enhance our merchandising and marketing programs by utilizing our customer analytics capabilities, including advanced digital marketing and mobile applications, and through the expansion of our online and home delivery options.
- *Capitalizing on Demand for Health and Wellness Services.* We intend to leverage our portfolio of 1,698 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.