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The food and drug retail industry is highly competitive. The principal competitive factors that affect our business are location, quality, price, service, selection and condition of assets such as our stores.

We face intense competition from other food and/or drug retailers, supercenters, club stores, online providers, specialty and niche supermarkets, drug stores, general merchandisers, wholesale stores, discount stores, convenience stores and restaurants. We and our competitors engage in price and non-price competition which, from time to time, has adversely affected our operating margins.

For more information on the competitive pressures that we face, see "Risk Factors—Risks Related to Our Business and Industry—Competition in our industry is intense, and our failure to compete successfully may adversely affect our profitability and results of operations."

Raw Materials

Various agricultural commodities constitute the principal raw materials used by the company in the manufacture of its food products. We believe that raw materials for our products are not in short supply, and all are readily available from a wide variety of independent suppliers.

Environmental Laws

Our operations are subject to regulation under environmental laws, including those relating to waste management, air emissions and underground storage tanks. In addition, as an owner and operator of commercial real estate, we may be subject to liability under applicable environmental laws for clean-up of contamination at our facilities. Compliance with, and clean-up liability under, these laws has not had and is not expected to have a material adverse effect upon our business, financial condition, liquidity or operating results. See "—Legal Proceedings" and "Risk Factors—Risks Related to Our Business and Industry—Unfavorable changes in, failure to comply with or increased costs to comply with environmental laws and regulations could adversely affect us. The storage and sale of petroleum products could cause disruptions and expose us to potentially significant liabilities."

Employees

As of February 28, 2015 and excluding the effect of divestitures, we employed approximately 265,000 full- and part-time employees, of which approximately 174,000 were covered by collective bargaining agreements. During fiscal 2014, collective bargaining agreements covering approximately 50,000 employees were renegotiated. During fiscal 2015, 233 collective bargaining agreements covering approximately 73,000 employees are scheduled to expire. We believe that our relations with our employees are good.

Legal Proceedings

We are subject from time to time to various claims and lawsuits arising in the ordinary course of business, including lawsuits involving trade practices, lawsuits alleging violations of state and/or federal wage and hour laws (including alleged violations of meal and rest period laws and alleged misclassification issues), real estate disputes and other matters. Some of these suits purport or may be determined to be class actions and/or seek substantial damages.

It is our management's opinion that although the amount of liability with respect to certain of the matters described herein cannot be ascertained at this time, any resulting liability of these and other matters, including any punitive damages, will not have a material adverse effect on our business or financial condition.