

Table of Contents

For fiscal 2014, Messrs. Edwards, Denningham and Dye were eligible for financial and tax planning services. The maximum amount of this benefit for Messrs. Denningham and Dye was increased to, and Mr. Dimond became eligible to receive this benefit for, up to \$8,000 per year, effective upon the closing of the Safeway acquisition.

Risk Mitigation

Our compensation committee has assessed the risk associated with our compensation practices and policies for employees, including a consideration of the balance between risk-taking incentives and risk-mitigating factors in our practices and policies. The assessment determined that any risks arising from our compensation practices and policies are not reasonably likely to have a material adverse effect on our business or financial condition.

Impact of Accounting and Tax Matters

As a general matter, the compensation committee will be responsible for reviewing and considering the various tax and accounting implications of compensation vehicles that we utilize. With respect to accounting matters, the compensation committee will examine the accounting cost associated with equity compensation in light of ASC 718.

With respect to tax matters, the compensation committee may consider the impact of Section 162(m) of the Code ("Section 162(m)"), which generally prohibits any publicly-held corporation from taking a Federal income tax deduction for compensation paid in excess of \$1 million in any taxable year to the chief executive officer and any other executive officer (other than the chief financial officer) employed on the last day of the taxable year whose compensation is required to be disclosed to stockholders under SEC rules. Exceptions include qualified performance-based compensation, among other things. Because of a transition period permitted under Section 162(m) in connection with a company's initial public offering, in general, the deduction limit under Section 162(m) does not currently apply to compensation payable by the company under the plans approved by our equityholders prior to the offering. This transition period will continue until the earliest of a material amendment of the plan, all of the stock or other compensation that has been allocated under the plan has been issued and our first annual stockholder meeting at which directors are to be elected that occurs after the close of the third calendar year following the calendar year that the offering occurs. It is the compensation committee's policy to maximize the effectiveness of our executive compensation plans in this regard. Nonetheless, the compensation committee retains the discretion to grant awards (such as restricted stock with time-based vesting) that will not comply with the performance-based exception of Section 162(m) if it is deemed in the best interest of the company to do so.