

**Table of Contents**

(iii) inaccuracy or breaches of representations and warranties; (iv) cross-defaults and cross-acceleration with certain other indebtedness; (v) certain bankruptcy related events; (vi) impairment of security interests in collateral; (vii) actual or asserted invalidity of guarantees or other security documents or other term facilities documentation; (viii) material judgments; (ix) certain ERISA matters; (x) certain change of control events (including after completion of this offering (other than (a) Cerberus; (b) Lubert-Adler Real Estate Fund V, L.P.; (c) Klaff Realty; (d) Schottenstein Stores and (e) Kimco Realty, and their affiliates, related funds and managed accounts (the "Equity Investors") owning more than 50% of the equity interests of Albertson's Holdings or (c) Albertson's Holdings failing to own 100% of the equity interests of Albertson's LLC or Safeway) and (xi) loss of lien priority.

**Albertsons/Safeway ABL Agreement**

On January 30, 2015, Albertson's LLC and Safeway entered into an amended and restated asset-based revolving credit agreement among Albertson's LLC, Safeway and the other co-borrowers, as borrowers (collectively, the "ABS/Safeway ABL Borrowers"), Albertson's Holdings and the other guarantors from time to time party thereto, as guarantors, the lenders from time to time party thereto and Bank of America N.A., as administrative and collateral agent (the "ABS/Safeway ABL Agreement").

*Structure.* The ABS/Safeway ABL Agreement provides for a \$3,000 million revolving credit facility (with subfacilities for letters of credit and swingline loans) (the "ABS/Safeway ABL Facility"). The ABS/Safeway ABL Facility may be used to fund working capital and general corporate purposes, including permitted acquisitions and other investments. Subject to customary conditions, amounts available under the ABS/Safeway ABL Facility may be borrowed, repaid and reborrowed until the maturity date thereof. The maximum amount that may be borrowed and outstanding at any time under the ABS/Safeway ABL Facility (including undrawn letters of credit) may not exceed a borrowing base, as described below. In addition, the ABS/Safeway ABL Borrowers are entitled to increase the commitments under the ABS/Safeway ABL Agreement in an aggregate principal amount of up to an additional \$750 million.

*Borrowing Base.* The amount of loans and letters of credit available under the ABS/Safeway ABL Facility is limited to the lesser of the aggregate commitments under the ABS/Safeway ABL Facility or an amount determined pursuant to a borrowing base. The borrowing base at any time is equal to 90% of eligible credit card receivables, plus 90% of the net amount of eligible health care receivables, plus 90% of the "net recovery percentage" of eligible inventory (other than perishable inventory) multiplied by the book value thereof, plus 90% of the "net recovery percentage" of eligible perishable inventory multiplied by the book value thereof (subject to a cap of 25% of the borrowing base), plus 85% of the product of the average per script net orderly liquidation value of the eligible prescription files of the borrowers and the guarantors thereunder ("ABS/Safeway Eligible Pharmacy Scripts") multiplied by the number of such ABS/Safeway Eligible Pharmacy Scripts (subject to a cap of 30% of the borrowing base), minus eligibility reserves. The eligibility of accounts receivable, inventory and prescription files for inclusion in the borrowing base is determined in accordance with certain customary criteria specified in the ABS/Safeway ABL Agreement, including periodic appraisals. The terms of the ABS/Safeway ABL Agreement provide that appraisals of assets included in the borrowing base are to be conducted annually, twice per year if excess availability falls below 25% of the aggregate commitments and quarterly during the continuance of an event of default.

*Maturity.* The ABS/Safeway ABL Facility matures on the earlier to occur of (a) January 30, 2020, and (b) the date that is 91 days prior to the final maturity of certain material indebtedness (if such other indebtedness has not been repaid or extended prior to such 91st day).

*Prepayment.* The ABS/Safeway ABL Facility is required to be repaid (or, in the case of letters of credit, cash collateralized) (a) to the extent that extensions of credit outstanding under the ABS/