

Table of Contents

and its subsidiaries to (i) create liens on assets, (ii) engage in mergers or consolidations or (iii) enter into sale and leaseback transactions.

Events of Default. The Safeway Indenture contains events of default (subject to customary exceptions, thresholds and grace periods), including, without limitation: (i) nonpayment of principal or interest; (ii) failure to perform or observe covenants; (iii) cross-acceleration with certain other indebtedness and (iv) certain bankruptcy related events.

NAI Term Loan Agreement

On June 27, 2014, NAI Holdings and NAI entered into a term loan agreement (the "NAI Term Loan Agreement") by and among NAI, NAI Holdings and the other guarantors from time to time party thereto, the lenders from time to time party thereto, and Citibank, N.A., as administrative and collateral agent.

Structure. The NAI Term Loan Agreement provides for the \$850 million NAI Term Loan Facility, consisting of a term loan (the "NAI Term Loan") extended by the lenders on the closing date of the NAI Term Loan Agreement. In addition, NAI is entitled to increase the term loan commitments under the NAI Term Loan Agreement in an aggregate principal amount of up to \$300 million, plus an unlimited amount subject to satisfaction of a consolidated first lien net leverage ratio test.

Maturity. The NAI Term Loan has a maturity date of June 27, 2021.

Amortization. The NAI Term Loan amortizes on a quarterly basis at a rate of 0.25% of the aggregate principal amount of the NAI Term Loan outstanding (which payments shall be reduced as a result of the application of prepayments in accordance with the terms thereof).

Prepayment. The NAI Term Loan Facility is required to be prepaid with: (i) 100% of the net cash proceeds of certain asset sales, casualty events and other dispositions, subject to the terms of an intercreditor agreement with the lenders under the NAI ABL Agreement (as defined herein) and certain exceptions and reinvestment rights; (ii) 100% of the net cash proceeds of debt incurrences (other than debt incurrences permitted under the NAI Term Loan Agreement) and (iii) 50% (subject to step-downs to zero, in accordance with a consolidated first lien net leverage ratio test) of excess cash flow minus certain payments made under the NAI ABL Agreement and voluntary prepayments of, and purchases of loans under, the NAI Term Loan Facility.

Interest. The NAI Term Loan bears interest, at our option, at a rate per annum equal to either: (i) the base rate, plus 2.75% or (ii) the LIBOR rate (subject to a 1.00% floor) plus 3.75%. If not paid when due, the NAI Term Loan bears interest at the rate otherwise applicable to such NAI Term Loan at such time, plus an additional 2% per annum during the continuance of such payment event of default. Other overdue amounts bear interest at a rate equal to the rate otherwise applicable to the NAI Term Loan bearing interest at the base rate at such time, plus 2% until such amounts are paid in full.

Guarantees. Subject to certain exceptions, the amounts outstanding under the NAI Term Loan Agreement are guaranteed by NAI Holdings and each of its existing and future direct and indirect wholly-owned domestic subsidiaries that are not borrowers (collectively, with NAI, the "NAI Term Loan Parties").

Security. Subject to certain exceptions, the obligations under the NAI Term Loan Agreement are secured by (i) a first-priority security interest in and lien on (a) all real property, equipment, fixtures and intellectual property, all documents, instruments, commercial tort claims, general intangibles of the NAI