

Table of Contents

AB ACQUISITION LLC AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in millions and unaudited)

	16 weeks ended	
	June 20, 2015	June 12, 2014
Cash flows from operating activities:		
Net loss	\$ (153.3)	\$ (116.9)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Net gain on property dispositions, asset impairment and lease exit costs	(5.9)	(12.3)
Depreciation and amortization	478.0	207.9
LIFO expense	6.2	7.2
Deferred income tax	(54.3)	(17.3)
Pension and post-retirement benefits expense	6.8	2.3
Contributions to pension and post-retirement benefit plans	(1.8)	(3.2)
(Gain) loss on interest rate swaps and commodity hedges, net	(0.8)	22.8
Amortization and write-off of deferred financing costs	14.9	27.4
Non-cash equity-based compensation expense	55.5	2.1
Other	14.2	10.6
Changes in operating assets and liabilities, net of effects of acquisition of businesses:		
Receivables, net	27.1	20.1
Inventories, net	(30.2)	(40.6)
Accounts payable, accrued salaries and wages and other accrued liabilities	(269.8)	122.5
Self-insurance liabilities	(13.2)	(57.9)
Other operating assets and liabilities	122.7	(28.3)
Net cash provided by operating activities	<u>196.1</u>	<u>146.4</u>
Cash flows from investing activities:		
Business acquisition(1)	(387.2)	—
Purchases of property and equipment	(214.7)	(97.1)
Proceeds from sale of divestitures	453.6	—
Proceeds from sale of assets	11.9	5.7
Changes in restricted cash	254.4	10.5
Other	26.6	(1.1)
Net cash provided by (used in) investing activities	<u>144.6</u>	<u>(82.0)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	130.0
Payments on long-term borrowings	(441.8)	(230.9)
Payments of obligations under capital leases	(29.7)	(6.8)
Payments for debt financing costs	(4.7)	(3.6)
Other	(1.0)	—
Net cash used in financing activities	<u>(477.2)</u>	<u>(111.3)</u>
Net decrease in cash and cash equivalents	(136.5)	(46.9)
Cash and cash equivalents at beginning of period	1,125.8	307.0
Cash and cash equivalents at end of period	<u>\$ 989.3</u>	<u>\$ 260.1</u>

(1) See Appraisal of Safeway Inc. in Note 9 - Commitments and contingencies and off balance sheet arrangements.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.