

Table of Contents**AB ACQUISITION LLC AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (unaudited)**

have been aggregated into one reportable segment. Each reporting unit constitutes a business for which discrete financial information is available and for which management regularly reviews the operating results. Across all operating segments, the Company operates primarily one store format. Each store offers the same general mix of products with similar pricing to similar categories of customers, have similar distribution methods, operate in similar regulatory environments and purchase merchandise from similar or the same vendors. Except for an equity method investment in Casa Ley, S.A. de C.V. ("Casa Ley"), all of the Company's retail operations are domestic.

The following table represents sales revenue by type of similar product (in millions):

|                             | First Quarter      |               |                   |               |
|-----------------------------|--------------------|---------------|-------------------|---------------|
|                             | Fiscal 2015        |               | Fiscal 2014       |               |
|                             | Amount             | % of Total    | Amount            | % of Total    |
| Non-perishables(1)          | \$ 7,989.8         | 44.3%         | \$ 3,452.1        | 47.9%         |
| Perishables(2)              | 7,276.6            | 40.3%         | 2,923.1           | 40.5%         |
| Pharmacy                    | 1,544.1            | 8.6%          | 703.9             | 9.8%          |
| Fuel                        | 1,010.2            | 5.6%          | 67.6              | 0.9%          |
| Other(3)                    | 230.3              | 1.2%          | 65.0              | 0.9%          |
| Net sales and other revenue | <u>\$ 18,051.0</u> | <u>100.0%</u> | <u>\$ 7,211.7</u> | <u>100.0%</u> |

(1) Consists primarily of general merchandise, grocery and frozen foods.

(2) Consists primarily of produce, dairy, meat, deli, floral and seafood.

(3) Consists primarily of lottery and various other commissions and other miscellaneous income.

**Recently Adopted Accounting Standards:** In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, "Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." The objective of this ASU is to simplify the presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015 for publicly traded companies and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. The Company adopted ASU 2015-03 on March 1, 2015. As a result of the adoption, the Company reclassified unamortized deferred financing costs from Other assets to a reduction in Long-term debt. The adoption did not have an impact on the Company's Condensed Consolidated Statement of Operations or the Condensed Consolidated Statement of Cash Flow.

**Recently Issued Accounting Standards:** In May 2014, the FASB issued authoritative guidance through ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: 1) Identify the contract(s) with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue when (or as) the entity satisfies a performance obligation. For public entities, this pronouncement is effective for annual reporting periods beginning after December 15, 2017. Early application is not permitted. The Company is currently evaluating the impact of this pronouncement.