

Table of Contents

**AB ACQUISITION LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Note 9—Members' Equity**

Interests in the Company held by its members are presented as "units." The Company effected a unit split in fiscal 2014, discussed below. All share and per share information set forth in the accompanying Consolidated Financial Statements and the related footnotes thereto, with the exception of this footnote, has been retroactively adjusted to reflect the January 30, 2015 stock split described below.

As of February 23, 2012, the Company had 880 Class A units and 106 Class B units issued and outstanding.

**Class A Units**

The Class A units represented percentage ownership interests in the Company. The original 880 Class A units were granted on June 1, 2006 to the members of the Company in connection with their initial investments. The holders of the Class A units were entitled to participate first in cash distributions of the Company in connection with their respective ownership percentages: (i) up to an amount equal to the aggregate of the original invested capital not already returned, (ii) accrued distributions based on a rate of 10.0% per annum on the capital not already paid through previous distributions and the aggregate amounts accrued but not yet distributed and (iii) once the minimum amounts were distributed, then pro rata in accordance with their ownership percentage with respect to Class A and Class B units. In the event of a dissolution of the Company and liquidation of its assets, the same distribution terms applied after payment to creditors. The Class A unitholders were also entitled to allocations of profits and losses of the Company for each fiscal period in accordance with the liquidation distribution terms. Class A members held voting rights equal to their percentage ownership of Class A units.

**Class B Units**

The Class B units represented percentage ownership interests in the Company. One hundred eighteen Class B units were granted to management on June 1, 2006 and vested over four years. At the end of the vesting period, 12 Class B units were forfeited, resulting in 106 outstanding Class B units. The holders of the fully vested units were entitled to participate in cash distributions of the Company based on their respective ownership percentages on a subordinate basis to the Class A members. In the event of a dissolution of the Company and liquidation of its assets, the same distribution terms applied after payment to creditors. The Class B unitholders were also entitled to allocations of profits and losses derived from the Company for each fiscal period in accordance with the liquidation distribution terms. Class B units held no voting rights.

**March 2013 Tracking Unit Issuance and Member Contributions**

In connection with the NAI acquisition on March 21, 2013, the Class A and Class B units then outstanding were exchanged into Class A and Class B Albertson's ("ABS") units, and a new class of Class A and Class B NAI units were issued. Additional Class A ABS units and NAI units were also issued with the investment of \$250.0 million from the institutional investors. The Company also granted Class C units to certain executives with participation rights that allow participation in profits subordinate to the Class A ABS and NAI units and the Class B ABS and NAI units.