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

Changes in the Company's unrecognized tax benefits consisted of the following (in millions):

	February 28, 2015	February 20, 2014
Beginning balance	\$ 180.4	\$ —
Increase from acquisitions	262.7	147.0
Increase related to tax positions taken in the current year	10.6	152.3
Increase related to tax positions taken in prior years	19.9	8.8
Decrease related to tax position taken in prior years	(15.5)	(10.8)
Foreign currency translation	(0.1)	—
Decrease related to settlements with taxing authorities	(4.9)	(115.5)
Decrease related to lapse of statute of limitations	(1.6)	(1.4)
Ending balance	<u>\$ 451.5</u>	<u>\$ 180.4</u>

Included in the balance of unrecognized tax benefits as of February 28, 2015, February 20, 2014 and February 21, 2013 are tax positions of \$221.6 million, \$103.0 million and \$32.4 million, respectively, which would reduce the Company's effective tax rate if recognized in future periods. Of the \$221.6 million that could impact tax expense, the Company has recorded \$12.8 million of indemnification assets that would offset any future recognition. As of February 28, 2015, the Company is no longer subject to federal income tax examinations for the fiscal years prior to 2007, and in most states, is no longer subject to state income tax examinations for fiscal years before 2007. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. The Company recognized expense (benefit) related to interest and penalties, net of settlement adjustments, of \$(1.2) million, \$(5.9) million and \$7.0 million for fiscal 2014, 2013 and 2012, respectively. The Company does not expect any material amount of unrecognized tax benefits to reverse in the next 12 months.

**Note 14—Employee Benefit Plans and Collective Bargaining Agreements**

**Pension Plans**

The Company sponsors a defined benefit pension plan (the "Shaw's Plan") covering union employees under the Shaw's banner. The Company also sponsors a defined benefit pension plan (the "Safeway Plan") for substantially all of its employees under the Safeway banners not participating in multiemployer pension plans. The Company also sponsors a frozen plan covering certain employees under the United banners and a Retirement Restoration Plan that provides death benefits and supplemental income payments for certain senior executives after retirement. The Retirement Restoration Plan is unfunded.

The Safeway Plan and the Retirement Restoration Plan were acquired as part of the Safeway acquisition in fiscal 2014. The United Plan was acquired as part of the United acquisition in fiscal 2013.

**Other Post-Retirement Benefits**

In addition to the Company's pension plans, the Company acquired plans as part of the Safeway acquisition that provide post-retirement medical and life insurance benefits to certain employees. Retirees share a portion of the cost of the post-retirement medical plans. The Company pays all the cost of the life insurance plans. The plans are unfunded.