

Albertsons Companies, Inc. and Subsidiaries
Consolidated Balance Sheets
(in millions, except share data)

| | February 24, 2018 | February 25, 2017 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 670.3 | \$ 1,219.2 |
| Receivables, net | 615.3 | 631.0 |
| Inventories, net | 4,421.1 | 4,464.0 |
| Prepaid assets | 368.6 | 345.3 |
| Other current assets | 73.3 | 133.7 |
| Total current assets | 6,148.6 | 6,793.2 |
| Property and equipment, net | 10,770.3 | 11,511.8 |
| Intangible assets, net | 3,142.5 | 3,497.8 |
| Goodwill | 1,183.3 | 1,167.8 |
| Other assets | 567.6 | 784.4 |
| TOTAL ASSETS | \$ 21,812.3 | \$ 23,755.0 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | \$ 2,833.0 | \$ 3,034.7 |
| Accrued salaries and wages | 984.1 | 1,007.5 |
| Current maturities of long-term debt and capitalized lease obligations | 168.2 | 318.5 |
| Current portion of self-insurance liability | 296.0 | 293.3 |
| Taxes other than income taxes | 323.5 | 348.8 |
| Other current liabilities | 424.8 | 738.0 |
| Total current liabilities | 5,029.6 | 5,740.8 |
| Long-term debt and capitalized lease obligations | 11,707.6 | 12,019.4 |
| Deferred income taxes | 579.9 | 1,479.8 |
| Long-term self-insurance liability | 921.7 | 971.6 |
| Other long-term liabilities | 2,175.3 | 2,172.2 |
| Commitments and contingencies | | |
| STOCKHOLDERS' / MEMBER EQUITY | | |
| Member investment | — | 1,999.3 |
| Preferred stock, \$0.01 par value; 30,000,000 shares authorized, no shares issued and outstanding as of February 24, 2018 and February 25, 2017, respectively | — | — |
| Common stock, \$0.01 par value; 1,000,000,000 shares authorized, 279,654,028 and no shares issued and outstanding as of February 24, 2018 and February 25, 2017, respectively | 2.8 | — |
| Additional paid-in capital | 1,773.3 | — |
| Accumulated other comprehensive income (loss) | 191.1 | (12.8) |
| Accumulated deficit | (569.0) | (615.3) |
| Total stockholders' / member equity | 1,398.2 | 1,371.2 |
| TOTAL LIABILITIES AND STOCKHOLDERS' / MEMBER EQUITY | \$ 21,812.3 | \$ 23,755.0 |

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

Albertsons Companies, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income (Loss)
(in millions)

| | 52 weeks ended February 24, 2018 | 52 weeks ended February 25, 2017 | 52 weeks ended February 27, 2016 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Net sales and other revenue | \$ 59,924.6 | \$ 59,678.2 | \$ 58,734.0 |
| Cost of sales | 43,563.5 | 43,037.7 | 42,672.3 |
| Gross profit | 16,361.1 | 16,640.5 | 16,061.7 |
| Selling and administrative expenses | 16,223.7 | 16,000.0 | 15,660.0 |
| Goodwill impairment | 142.3 | — | — |
| Operating (loss) income | (4.9) | 640.5 | 401.7 |
| Interest expense, net | 874.8 | 1,003.8 | 950.5 |
| (Gain) loss on debt extinguishment | (4.7) | 111.7 | — |
| Other expense (income) | 42.5 | (11.4) | (7.0) |
| Loss before income taxes | (917.5) | (463.6) | (541.8) |
| Income tax benefit | (963.8) | (90.3) | (39.6) |
| Net income (loss) | \$ 46.3 | \$ (373.3) | \$ (502.2) |
| Other comprehensive income (loss): | | | |
| Gain (loss) on interest rate swaps, net of tax | 47.0 | 39.4 | (46.9) |
| Recognition of pension gain (loss), net of tax | 92.2 | 82.0 | (79.4) |
| Foreign currency translation adjustment, net of tax | 65.0 | (20.5) | (45.6) |
| Other | (0.3) | (1.0) | (0.4) |
| Comprehensive income (loss) | \$ 250.2 | \$ (273.4) | \$ (674.5) |

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

Albertsons Companies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in millions)

| | 52 weeks ended February 24, 2018 | 52 weeks ended February 25, 2017 | 52 weeks ended February 27, 2016 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Cash flows from operating activities: | | | |
| Net income (loss) | \$ 46.3 | \$ (373.3) | \$ (502.2) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Net loss (gain) on property dispositions, asset impairment and lease exit costs | 66.7 | (39.2) | 103.3 |
| Goodwill impairment | 142.3 | — | — |
| Depreciation and amortization | 1,898.1 | 1,804.8 | 1,613.7 |
| LIFO expense (benefit) | 3.0 | (7.9) | 29.7 |
| Deferred income tax | (1,094.1) | (219.5) | (90.4) |
| Pension and post-retirement benefits expense | (0.9) | 95.5 | 14.1 |
| Contributions to pension and post-retirement benefit plans | (21.9) | (11.5) | (7.4) |
| (Gain) loss on interest rate swaps and commodity hedges, net | (6.2) | (7.0) | 16.2 |
| Amortization and write-off of deferred financing costs | 56.1 | 84.4 | 69.3 |
| (Gain) loss on debt extinguishment | (4.7) | 111.7 | — |
| Equity-based compensation expense | 45.9 | 53.3 | 97.8 |
| Other | 110.3 | 70.3 | 24.0 |
| Changes in operating assets and liabilities, net of effects of acquisition of businesses: | | | |
| Receivables, net | 21.7 | (9.2) | (15.8) |
| Inventories, net | 45.6 | 2.7 | (245.0) |
| Accounts payable, accrued salaries and wages and other accrued liabilities | (158.2) | 233.6 | (244.4) |
| Self-insurance assets and liabilities | (55.3) | (42.5) | (133.4) |
| Other operating assets and liabilities | (75.9) | 67.3 | 172.1 |
| Net cash provided by operating activities | 1,018.8 | 1,813.5 | 901.6 |
| Cash flows from investing activities: | | | |
| Business acquisitions, net of cash acquired (1) | (148.8) | (220.6) | (710.8) |
| Payments for property, equipment, intangibles, including payments for lease buyouts | (1,547.0) | (1,414.9) | (960.0) |
| Proceeds from divestitures | — | — | 454.7 |
| Proceeds from sale of assets | 939.2 | 477.0 | 112.8 |
| Proceeds from sale of Casa Ley | 344.2 | — | — |
| Changes in restricted cash | (0.6) | 3.4 | 256.9 |
| Other | (56.6) | 78.9 | 34.6 |
| Net cash used in investing activities | (469.6) | (1,076.2) | (811.8) |

(1) Business acquisitions, net of cash acquired during the 52 weeks ended February 27, 2016 primarily related to consideration paid in connection with the A&P Transaction and Haggen Transaction in addition to merger consideration related to the Safeway acquisition