UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended February 26, 2022
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-39350

Albertsons Companies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**47-4376911**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

250 Parkcenter Blvd.
Boise, Idaho, 83706
(Address of principal executive offices and zip code)

(208) 395-6200
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.01 par value	ACI	New York Stock Exchange

Securities registered under Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of September 10, 2021, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates was approximately $2.9 billion.

As of April 19, 2022, the registrant had 507,541,604 shares of Class A common stock, par value $0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10, 11, 12, 13 and 14 of Part III incorporate information by reference from the registrant's definitive proxy statement related to its 2022 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year ended February 26, 2022 (the "Proxy Statement").

Albertsons Companies, Inc. and Subsidiaries

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As used in this Annual Report on Form 10-K, unless the context otherwise requires, references to "Albertsons," the "Company," "ACI," "we," "us" and "our" refer to Albertsons Companies, Inc. and, where appropriate, its consolidated subsidiaries. Our last three fiscal years consisted of the 52 weeks ended February 26, 2022 ("fiscal 2021"), the 52 weeks ended February 27, 2021 ("fiscal 2020") and the 53 weeks ended February 29, 2020 ("fiscal 2019"). Our next three fiscal years consist of the 52 weeks ending February 25, 2023 ("fiscal 2022"), February 24, 2024 ("fiscal 2023") and February 22, 2025 ("fiscal 2024").

PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes "forward-looking statements" within the meaning of the federal securities laws. The "forward-looking statements" include our current expectations, assumptions, estimates and projections about our business and our industry. They include statements relating to our future operating or financial performance which the Company believes to be reasonable at this time. You can identify forward-looking statements by the use of words such as "outlook," "may," "should," "could," "estimates," "predicts," "potential," "continue," "anticipates," "believes," "plans," "expects," "future" and "intends" and similar expressions which are intended to identify forward-looking statements.

These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict, including, among others:

- changes in macroeconomic conditions and uncertainty regarding the geopolitical environment;
- retail consumer behavior and environment and the Company's industry;
- ability to attract and retain qualified associates and negotiate acceptable contracts with labor unions;
- failure to achieve productivity initiatives;
- increased rates of food price inflation, as well as fuel and commodity prices;
- availability of agricultural commodities and raw materials used in our food products; and
- factors related to the continued impact of the COVID-19 pandemic, about which there are still many unknowns, including its duration, recurrence, new variants, status and effectiveness of vaccinations, duration and scope of related government orders, financial assistance programs, mandates and regulations and the extent of the overall impact to our business and the communities we serve.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements and risk factors. Forward-looking statements contained in this Annual Report on Form 10-K reflect our view only as of the date of this Annual Report. We undertake no obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

While certain aspects of our financial results have been favorably impacted by increased demand during the COVID-19 pandemic, in addition to favorable consumer conditions including incremental financial assistance provided by various government agencies, our business continues to experience challenges to meet customer demand. We have experienced increased labor shortages due to COVID-19 variants resulting in transportation and retail store disruptions. Together with labor shortages and higher demand for talent, the current economic environment is driving higher wages. Labor shortages could also impact our ability to negotiate acceptable contracts with labor unions which could result in strikes by affected workers and thereby significantly disrupt our operations. Our ability to meet labor needs, control wage and labor-related costs and minimize labor disruptions will be key to our success of operating our business and executing our business strategies. Furthermore, our business is experiencing an inflationary environment and food price inflation, which has benefited our sales and gross margin growth but has negatively impacted our gross margin rates. We are unable to predict how long the current

inflationary environment, including increased energy costs, will continue. We expect the economic environment to remain uncertain as we navigate the current geopolitical environment, the COVID-19 pandemic, labor challenges, supply chain constraints and the current inflationary environment, including increasing energy and commodity prices.

Such risks and uncertainties could cause actual results to differ materially from those expressed or forecasted by us. In evaluating our financial results and forward-looking statements, you should carefully consider the risks and uncertainties more fully described in the section of this Annual Report on Form 10-K entitled "Risk Factors." Consequently, all of the forward-looking statements we make in this Annual Report on Form 10-K are qualified by the information contained in this section and the information discussed under "Part I—Item 1A. Risk Factors."

SUMMARY RISK FACTORS

The following is a summary of the principal factors that create risk in investing in our securities:

Risks Related to Our Business and Operations

Risks related to:

- various operating factors and general economic conditions affecting the food and drug retail industry that may adversely affect our business and operating results;
- impact of the COVID-19 pandemic;
- prices and availability of energy and fuel to manufacture, store, transport and sell products;
- being unable to enter into strategic transactions, investments or partnerships in the future on terms acceptable to us, or at all;
- failing to realize anticipated benefits from our productivity initiatives; and
- impact of environmental, social and governance matters, including goals and commitments established in relation to such matters.

Risks Related to Our Industry

Risks related to:

- intensity of the competition in our industry;
- our ability to timely identify or effectively respond to consumer trends;
- consolidation in the healthcare industry; and
- the adequacy of our insurance to cover any claims against us.

Risks Related to Our Supply Chain

Risks related to:

- product and raw material supply disruptions, especially those to fresh products, including from severe weather, natural disasters and climate changes;
- threats or potential threats to security of food and drug safety, including the occurrence of a widespread health epidemic and/or pandemic, and loss of confidence in the supply chain; and
- increases in fuel or commodity prices.

Risks Related to Our Workforce

Risks related to:

- our relationship with unions, including labor disputes or work stoppages, and increased pension expenses, contributions and surcharges;
- increases to the minimum wage; and
- the failure to attract and retain qualified associates and key personnel.

Legal and Regulatory Risks

Risks related to:

- unfavorable changes in government regulation and environmental laws;
- unfavorable changes in the tax code;
- legal or other proceedings that could have a material adverse effect on us; and
- our use of insurance and self-insurance to address potential liabilities.

Risks Related to Information Security, Cybersecurity and Data Privacy

Risks related to:

- our dependence on IT systems; and
- improper activities by third parties and the loss of confidence from a data security incident involving our customers or employees.

Risks Related to Our Indebtedness

Risks related to:

- our level of indebtedness and our ability to generate cash;
- our debt instruments limiting our flexibility in operating our business;
- increases in interest rates and/or a downgrade of our credit ratings; and
- liability under certain operating leases that were assigned to third parties.

Risks Related to Owning Our Common Stock

Risks related to:

- the volatility of the price of our common stock and the possibility of a decline regardless of our operating performance;
- our being controlled by our Sponsors (as defined below) who may have conflicts of interest with other stockholders in the future;
- our status as a "controlled company" within the meaning of New York Stock Exchange ("NYSE") rules;
- provisions in our charter documents and certain other agreements that could delay or prevent a change of control;
- the limit on our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees;
- our ability to pay dividends to our stockholders; and
- our Convertible Preferred Stock (as defined below) adversely affecting the market price of our common stock and the rights of our stockholders.

See "Part I—Item 1A. Risk Factors" for a more complete discussion of the material risks facing our business.

NON-GAAP FINANCIAL MEASURES

We define EBITDA as generally accepted accounting principles ("GAAP") earnings (net loss) before interest, income taxes, depreciation and amortization. We define Adjusted EBITDA as earnings (net loss) before interest, income taxes, depreciation and amortization, further adjusted to eliminate the effects of items management does not consider in assessing our ongoing core performance. We define Adjusted net income as GAAP net income adjusted to eliminate the effects of items management does not consider in assessing our ongoing core performance. We define Adjusted net income per Class A common share as Adjusted net income divided by the weighted average diluted Class A common shares outstanding, as adjusted to reflect all restricted stock units and awards outstanding at the end of the period, as well as the conversion of Convertible Preferred Stock when it is antidilutive for GAAP. We define Net debt as total debt (which includes finance lease obligations and is net of deferred financing costs and original issue discount) minus unrestricted cash and cash equivalents and we define Net debt ratio as the ratio of Net debt to Adjusted EBITDA for the rolling 52 or 53 week period. See "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion and a reconciliation of Adjusted EBITDA, Adjusted net income and Adjusted net income per Class A common share.

EBITDA, Adjusted EBITDA, Adjusted net income, Adjusted net income per Class A common share and Net debt ratio (collectively, the "Non-GAAP Measures") are performance measures that provide supplemental information we believe is useful to analysts and investors to evaluate our ongoing results of operations, when considered alongside other GAAP measures such as net income, operating income, gross margin and net income per Class A common share. These Non-GAAP Measures exclude the financial impact of items management does not consider in assessing our ongoing core operating performance, and thereby provide useful measures to analysts and investors of our operating performance on a period-to-period basis. Other companies may have different definitions of Non-GAAP Measures and provide for different adjustments, and comparability to our results of operations may be impacted by such differences. We also use Adjusted EBITDA and Net debt ratio for board of director and bank compliance reporting. Our presentation of Non-GAAP Measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Non-GAAP Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Non-GAAP Measures only for supplemental purposes.

Item 1 - Business

Overview

Albertsons is one of the largest food and drug retailers in the United States, with both strong local presence and national scale. We also manufacture and process some of the food for sale in our stores. We maintain a website (www.Albertsonscompanies.com) that includes additional information about the Company. We make available through our website, free of charge, our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and our interactive data files, including amendments. These forms are available as soon as reasonably practicable after we have filed them with, or furnished them electronically to, the Securities and Exchange Commission ("SEC"). Additionally, all of our filings with the SEC can be accessed on the SEC's website at www.sec.gov.

Retail Operations

As of February 26, 2022, we operated 2,276 stores across 34 states and the District of Columbia under 24 banners including *Albertsons, Safeway, Vons, Pavilions, Randalls, Tom Thumb, Carrs, Jewel-Osco, Acme, Shaw's, Star Market, United Supermarkets, Market Street, Haggen, Kings Food Markets* and *Balducci's Food Lovers Market*. Additionally, as of February 26, 2022, we operated 1,722 pharmacies, 1,317 in-store branded coffee shops, 402 adjacent fuel centers, 22 dedicated distribution centers, 20 manufacturing facilities and various digital platforms. Our stores operate in First-and-Main retail locations and have leading market share within attractive and growing geographies. We hold a #1 or #2 position by market share in 68% of the 121 metropolitan statistical areas ("MSAs") in which we operate. Our portfolio of well-located, full-service stores provides the foundation of our omnichannel platform, and we have continued to enhance our capabilities to meet customer demand for convenience and flexibility. During fiscal 2021, we expanded our Drive Up & Go curbside pickup service to over 2,000 locations and offer delivery services across more than 2,000 of our stores. In our delivery service, we have expanded first party locations, and continue to work with third party services to engage with customers on the platform of their choice. In addition to our continuing partnership with Instacart, we expanded our partnership with DoorDash to offer on-demand grocery delivery service where customers can receive a broad assortment in under one hour. We launched a similar partnership with Uber, where customers can order a full assortment of groceries on the Uber platform. We seek to tailor our offerings to local demographics and preferences of the markets in which we operate. Our *Locally Great, Nationally Strong* operating structure empowers decision making at the local level, which we believe better serves our customers and communities, while also providing the technology platforms, systems, analytics and buying power afforded by an organization with national scale.

Segments

We are engaged in the operation of food and drug retail stores that offer grocery products, general merchandise, health and beauty care products, pharmacy, fuel and other items and services in our stores or through digital channels. Our retail operating divisions are geographically based, have similar economic characteristics and similar expected long-term financial performance. Our operating segments and reporting units are made up of 12 divisions, which are reported in 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 division offers, through its stores and digital channels, the same general mix of products with similar pricing to similar categories of customers, has similar distribution methods, operates in similar regulatory environments and purchases merchandise from similar or the same vendors.

Products

Our stores offer grocery products, general merchandise, health and beauty care products, pharmacy, fuel and other items and services. We are not dependent on any individual supplier; only one third-party supplier represented more than 5% of our sales for fiscal 2021.

Merchandising and Manufacturing

Our Own Brands portfolio provides high-quality products to our customers at a great value, offering nearly 14,000 unique items. The Own Brands portfolio includes but is not limited to the registered trademarks *Signature SELECT®*, *O Organics®*, *Open Nature®, Signature Café®*, *Lucerne Dairy Farms®*, *Waterfront BISTRO®* and *Primo Taglio®*, and the common law trademarks of *Signature Care™, Signature Reserve™* and *Value Corner™*. Our Own Brands products resonate well with our shoppers, as evidenced by Own Brands sales of over $15.3 billion in fiscal 2021. Own Brands continues to deliver on innovation with 837 new items launched in fiscal 2021. During fiscal 2021, Own Brands was awarded four Private Label Manufacturing Association awards and won recognition from *Store Brands Magazine* for innovation in private brand marketing.

As measured by units for fiscal 2021, 10.0% of our Own Brands products were manufactured in Company-owned facilities, and the remainder of our Own Brands merchandise was purchased from third parties. We closely monitor make-versus-buy decisions on internally sourced products to optimize their quality and profitability. In addition, we believe that our scale will provide opportunities to leverage our fixed manufacturing costs in order to drive innovation across our Own Brands portfolio. As of February 26, 2022, we operated 20 food production plants. These plants consisted of seven milk plants, four soft drink bottling plants, three bakery plants, two ice cream product plants, two grocery/prepared food plants, one ice plant and one soup plant.

Intellectual Property

Our banners, brand image and Own Brands portfolio are significant to our business strategy. We own numerous registered trademarks and service marks and seek to obtain and preserve intellectual property protection of our marks and to ensure that any third party uses are properly licensed.

Distribution

As of February 26, 2022, we operated 22 strategically located distribution centers, approximately 36% of which are owned or ground-leased. Our distribution centers collectively provide approximately 66% of all products to our retail operating areas.

Marketing and Advertising

Our marketing efforts involve collaboration between our national marketing and merchandising team and local divisions and stores. We augment the local division teams with corporate resources and are focused on providing expertise, sharing best practices and leveraging scale in partnership with leading consumer packaged goods vendors. Our corporate teams support divisions by providing strategic guidance in order to drive key areas of our business, including pharmacy, general merchandise and our Own Brands. Our local marketing teams set brand strategy and communicate brand messages through our integrated digital and physical marketing and advertising channels.

We devote significant resources to differentiating our banners in the local markets where we operate and invest in loyalty programs to drive traffic. Our local merchandising teams spend considerable time working with store directors to make sure we are satisfying consumer preferences. We also strive to achieve and maintain favorable recognition of our Own Brands offerings by marketing these offerings to consumers and enhancing value for consumers, particularly in respect of branded products.

We maintain price competitiveness through systematic, selective and thoughtful price investment to drive customer traffic and basket size. We also use our *just for U* loyalty program, including leveraging customer and transaction information with data driven analytics to provide both personalized deals and digital coupons, as well as gas and grocery rewards, to target promotional activity and improve our customers' experience. We have 29.9 million members currently enrolled in our loyalty program. We have achieved significant success with active participants in our *just for U* program, which drives higher sales and customer retention. We have recently deployed and are continuing to refine cloud-based enterprise solutions to quickly process proprietary customer, product and transaction data and efficiently provide our local managers with targeted marketing strategies for customers in their communities. In addition, we use data analytics to optimize shelf assortment and space in our stores by continually and systematically reviewing the performance of each product.

In digital, we are beginning to capitalize on our rich and proprietary data, recently launching the Albertsons Media Collective ("AMC") in the first quarter of fiscal 2022. AMC offers new and existing business partners a robust digital marketing platform that reaches our extensive customer network and leverages our strong market share, especially in the 68% of markets where we hold a #1 or #2 share position. We believe AMC will be a leading growth and profit driver over the next several years.

Raw Materials

Various agricultural commodities constitute the principal raw materials used by us in the manufacture of our food products. Although historically raw materials for our products have not been in short supply and have been readily available, see "Part I—Item 1A. Risk Factors" regarding the potential adverse impact on our results of operations due to the lack of, or reduced availability of, raw materials.

Environmental

Our operations are subject to regulation under environmental laws, including those relating to waste management, air emissions and underground storage tanks. In addition, as an owner and operator of commercial real estate, we may be subject to liability under applicable environmental laws for clean-up of contamination at our facilities. Compliance with, and clean-up liability under, these laws has not had and is not expected to have a material adverse effect upon our business, financial condition, liquidity or operating results.

We work hard to maintain the highest standards of environmental stewardship (including procuring and offering sustainably sourced products). During fiscal 2021, we recycled more than 875 million pounds of cardboard and 25 million pounds of plastic bags and film from our operations and completed over 850 energy efficiency projects. Moreover, 100% of our Own Brands *Waterfront BISTRO* and *Open Nature* seafood is sourced to meet our Responsible Seafood Policy.

Human Capital

Serving approximately 34 million customers per week, our associates are a key component of our success. As one of the largest food and drug retailers in the U.S., we recognize that our ability to delight our customers lies in the engagement of our associates. To attract, develop and retain associates, we are committed to fostering a diverse and inclusive culture, investing in talent development and supporting the personal health and well-being of associates and their families.

Employees

As of February 26, 2022, we employed approximately 290,000 associates, of which approximately 65% were part-time and approximately 200,000 associates were covered by collective bargaining agreements. We take pride in the

long tenure of a significant number of our associates and during fiscal 2021, more than 61,000 of our associates celebrated at least 15 years of service, and more than 43,000 of them celebrated over 20 years of service.

In the face of a sustained labor shortage and increased turnover resulting in part from the COVID-19 pandemic, we have continued to focus on recruiting, developing and retaining our associates by seeking to create a safe, equitable, diverse and inclusive workplace.

Diversity, Equity and Inclusion

During fiscal 2021, we continued our commitment to diverse representation across all levels of our workforce. We aspire to reflect the vibrant and thriving communities in which we live and work. Our commitment to diversity and inclusion is a core element of our philosophy and we strive to embed it in our people practices. We believe in a diverse and inclusive workplace that fosters personal growth, develops talent and offers career opportunities. To enable an inclusive and welcoming culture among our associates, we support associate resource groups ("ARGs"). The ARGs, based on employee interests, are open to all associates in the corporate office and to the field leadership. Our current ARGs are the Women's Inspiration and Inclusion Network ("WIIN"), the Hispanic Leadership Network, the Asian Network, the African American Leadership Council, the Pride Alliance, Green Team and the Veterans Associate Resource Group. We also have ARG mentorship programs which provides mentors and mentees with a great way to build new relationships and help sharpen their skills. We are also one of the first national grocery chains to join the Business Coalition for the Equality Act, a group of leading U.S. employers that support the federal Equality Act.

As part of our ongoing commitment, we have integrated Diversity, Equity & Inclusion ("DE&I") goals into the performance plans of our top leaders and during fiscal 2021 we have trained over 10,000 leaders through our "Leading with Inclusion" sessions. We continue to expand opportunities for our associates to learn more about DE&I, including facilitated discussions of leaders on how to be more inclusive, and bi-annual store and supply chain huddles to further embed DE&I into our frontline, complemented by online modules that are shared monthly. We have formed a National Diversity Council that is chaired by our CEO, to advance DE&I within our Company. In addition, each of our 12 operating divisions have Diversity Councils and we have individual councils for our Technology & Engineering, Digital & Consumer, and Supply Chain departments.

Talent, Learning & Development and Engagement

We are proud to offer our associates myriad opportunities to grow and advance their careers. We have a talent management process that is designed to enable us to identify and assess talent across the organization and provide equal and consistent opportunities for employees to develop their skills. Several levels of associates participate in our annual performance management process that includes goal setting, feedback, and development in order to support their personal growth and development.

We actively engage associates across the organization to provide regular input. This includes focus groups, working directly with associates in our stores, ad hoc surveys, and our annual associate experience survey that is available to all associates. Notably, over 90% of our locations activated action plans shortly after they received their results.

We offer formal and informal learning and development opportunities to all associates through synchronous, asynchronous, and hybrid experiences. These offerings include eLearning and on-demand content, virtual and in-person classes, on-the-job training, VR (virtual reality), mentoring programs and more. By offering differentiated learning solutions, we meet our associates where they are in their development to provide the support they need to perform in their current roles and prepare for future opportunities. During fiscal 2021, our in-store and office associates together completed more than 5 million courses through various platforms. We also launched two enterprise-wide programs that focus on enhancing the capabilities of our leaders. First, our Assistant Store Directors Training program is a 10-week immersive program that prepares high potential frontline supervisors for the next

step in their career through business- and industry-specific experiential learning. Second, our Foundational Leadership Skills curriculum was designed for all people leaders to develop their leadership skills through self-study and instructor-led workshops.

We have also partnered with industry associations to provide access to relevant continuing retail education opportunities through colleges around the country. In terms of engagement, we hold regular Town Hall meetings where any employee can ask questions of executives and make their voice heard.

Well-Being

We invest in our associates by offering competitive wages and job-appropriate compensation including cash-based performance bonus awards, equity-based compensation awards as well as a broad range of benefits that vary based on the nature of the job and title, customary local practices and statutory requirements. The benefits we offer include comprehensive, accessible, and affordable healthcare coverage, as well as paid time off, flexible work schedules, family leave, associate assistance programs and a 401(k) retirement savings and investment plan with Company matching, subject to eligibility. We seek to manage our collective bargaining agreements through active negotiations with union officials in order to best provide our employees fair wages, comprehensive retirement packages and other benefits. We aspire to provide a safe, open and accountable work environment and we also provide a hotline for all associates to report workplace concerns and violations.

In addition to caring for the well-being of our associates, we seek to support the communities we serve. During fiscal 2021, along with the Albertsons Companies Foundation, we contributed almost $200 million in food and financial support, including approximately $40 million through our Nourishing Neighbors program to ensure those living in our communities have enough to eat. We have continued to partner with the Department of Health and Human Services and local health authorities to administer COVID-19 vaccines to our local communities and have administered more than 12 million doses.

Seasonality

Our business is generally not seasonal in nature, but a larger share of annual revenues may be generated in November and December due to the major holidays.

Competitive Environment

The food and drug retail industry is highly competitive. The principal competitive factors that affect our business are location, quality, price, service, selection, convenience and condition of assets such as our stores. The operating environment for the food and drug retailing industry continues to be characterized by intense competition, aggressive expansion, increasing specialization of retail and digital formats, entry of non-traditional competitors and consolidation.

We face intense competition from other food and/or drug retailers, supercenters, club stores, online retailers, specialty and niche supermarkets, "limited assortment" stores, drug stores, general merchandisers, wholesale stores, discount stores, convenience stores, natural food stores, farmers' markets, local chains and stand-alone stores that cater to the individual cultural preferences of specific neighborhoods, restaurants and a growing number of internet-based home delivery and meal solution companies. We and our competitors engage in price and non-price competition which, from time to time, has adversely affected our operating margins.

Executive Officers of the Registrant

The following table sets forth information regarding our executive officers as of April 26, 2022:

Name	Age	Position
Vivek Sankaran	59	Chief Executive Officer and Director
Sharon McCollam	59	President and Chief Financial Officer
Anuj Dhanda	59	Executive Vice President and Chief Information Officer
Omer Gajial	48	Executive Vice President, Pharmacy and Health
Susan Morris	53	Executive Vice President and Chief Operations Officer
Juliette W. Pryor	57	Executive Vice President, General Counsel and Secretary
Evan Rainwater	59	Executive Vice President, Supply Chain and Manufacturing
Christine Rupp	53	Executive Vice President and Chief Customer and Digital Officer
Jennifer Saenz	44	Executive Vice President and Chief Merchandising Officer
Michael Theilmann	58	Executive Vice President and Chief Human Resources Officer

Vivek Sankaran has served as our Chief Executive Officer and Director since September 2021, and our Chief Executive Officer, President and Director since April 2019. Prior to joining the Company, since 2009 Mr. Sankaran served in various leadership and executive positions at PepsiCo, Inc. ("PepsiCo"), a multinational food, snack, and beverage corporation. From January to March 2019, he served as Chief Executive Officer of PepsiCo Foods North America, a business unit within PepsiCo, where he led PepsiCo's snack and convenient foods business. Prior to that position, Mr. Sankaran served as President and Chief Operating Officer of Frito-Lay North America, a subsidiary of PepsiCo, from April 2016 to December 2018, its Chief Operating Officer from February to April 2016 and Chief Commercial Officer, North America, of PepsiCo from 2014 to February 2016, where he led PepsiCo's cross-divisional performance across its North American customers. Prior to joining PepsiCo in 2009, Mr. Sankaran was a partner at McKinsey and Company, where he served various Fortune 100 companies, bringing a strong focus on strategy and operations.

Sharon McCollam has served as our President and Chief Financial Officer since September 2021. Ms. McCollam previously served as Executive Vice President, Chief Administrative and Chief Financial Officer at Best Buy Co. Inc. ("Best Buy"), a multinational consumer electronics retailer, from 2012 to 2016. Prior to Best Buy, Ms. McCollam held several transformational leadership positions at Williams-Sonoma, Inc., a consumer retail company, from 2000 to 2012, including Chief Operating and Chief Financial Officer from 2006 to 2012.

Anuj Dhanda has served as our Executive Vice President and Chief Information Officer since December 2015. Prior to joining the Company, Mr. Dhanda served as Senior Vice President of Digital Commerce of the Giant Eagle supermarket chain from March to December 2015, and as its Chief Information Officer from September 2013. Prior to Giant Eagle, from March 2008 to August 2013, Mr. Dhanda served as Chief Information Officer of PNC Financial Services, a bank holding company and financial services corporation.

Omer Gajial has served as our Executive Vice President of Pharmacy and Health since February 2022 and as our Senior Vice President, Rx Health and Wellness since September 2020. Prior to joining the Company, from January 2016 until August 2020, Mr. Gajial was the General Manager for Amazon Marketplace business, an e-commerce platform owned and operated by Amazon, across Hardlines, Softlines, and Consumables categories for the U.S., Canada, and Mexico. At Amazon he led sales, business development, product, program, and fulfilment teams to launch strategic sellers into North America. Prior to Amazon, from July 2000 until December 2015, Mr. Gajial held several positions of increasing responsibility at PepsiCo in Dubai and New York, before being named VP Global Strategy, Category Management & Insights for PepsiCo's Walmart Customer team.

Susan Morris has served as our Executive Vice President and Chief Operations Officer since January 2018. Ms. Morris has served in various executive positions at the Company since 2010 including serving as our Executive Vice President, Retail Operations, West Region from April 2017 to January 2018 and Executive Vice President, Retail Operations, East Region from April 2016 to April 2017. Prior to joining the Company, Ms. Morris served as Senior Vice President of Sales and Merchandising and Vice President of Customer Satisfaction at SuperValu.

Juliette W. Pryor has served as our Executive Vice President and General Counsel since June 2020. Prior to joining the Company, since October 2016, Ms. Pryor served as senior vice president, general counsel and corporate secretary for Cox Enterprises, Inc. ("COX"), a leading communications and automotive services company. Prior to COX, from February 2009 to October 2016, Ms. Pryor served as executive vice president, general counsel and chief compliance officer for US Foods, Inc., a leading U.S. foodservice distributor.

Evan Rainwater has served as our Executive Vice President, Supply Chain and Manufacturing since March 2020 and our Senior Vice President, Supply Manufacturing since May 2019. Mr. Rainwater joined the Company in May 2005 as Vice President, Manufacturing.

Christine Rupp has served as our Executive Vice President and Chief Customer and Digital Officer since December 2019. Prior to joining the Company, Ms. Rupp served as General Manager, Xbox Business Engineering, from April 2018 to November 2019, and General Manager, Microsoft, Windows and Xbox Digital Store Marketing, from March 2016 to April 2018, at Microsoft Corp. ("Microsoft"), a leading developer of computer software systems and applications. Prior to Microsoft, from December 2005 to February 2016, Ms. Rupp served in various executive positions at Amazon.com, Inc., a multinational technology company.

Jennifer Saenz has served as our Chief Merchandising Officer since July 2021. Prior to joining the Company, since 2006, Ms. Saenz served in several executive positions at PepsiCo. From October 2019 until July 2021, Ms. Saenz served as Global Chief Marketing Officer for PepsiCo, and President, Global Foods, responsible for overseeing the marketing function across foods and beverages and growing the PepsiCo Foods portfolio across all global markets. From January 2016 to October 2019 Ms. Saenz served as Senior Vice President & Chief Marketing Officer of PepsiCo Foods North America where she managed the business unit's snacking portfolio.

Michael Theilmann has served as our Executive Vice President and Chief Human Resources Officer since August 2019. Prior to joining the Company, Mr. Theilmann served as Global Practice Managing Partner, Human Resources Officers Practice, from February 2018 to August 2019, and as Partner, Consumer Markets Practice, from June 2017 to January 2018, of Heidrick & Struggles International Incorporated, a worldwide executive search firm.

Item 1A - Risk Factors

There are risks and uncertainties that can affect our business. The most significant risk factors are discussed below. The following information should be read together with "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K, which includes forward-looking statements and factors that could cause us not to realize our goals or meet our expectations.

Risks Related to Our Business and Operations

Various operating factors and general economic conditions affecting the food and drug retail industry may affect our business and may adversely affect our business and operating results.

Our operations and financial performance are affected by economic conditions such as macroeconomic factors, credit market conditions and the level of consumer confidence. We may experience materially adverse impacts to our business as a result of efforts to curb the spread of COVID-19. Consumers' perceptions or uncertainty related to the economy, as well as a decrease in their personal financial condition, could hurt overall consumer confidence and

reduce demand for many of our product offerings. Consumers may reduce spending on non-essential items, purchase value-oriented products or increasingly rely on food discounters in an effort to secure the food and drug products that they need, all of which could impact our sales and profit. Both inflation and deflation affect our business. Food deflation could reduce sales growth and earnings, while food inflation could reduce gross margin rates and consumer spending. We have observed increased inflation during the past year with varying impacts on our business. We are unable to predict the direction of the economy or if inflation will increase materially or revert to deflation. The continued increase in fuel prices could also have an effect on consumer spending and on our costs of producing and procuring products that we sell. If the economy weakens, fuel prices continue to increase or inflationary trends continue, our business and operating results could be adversely affected.

We compete within our industry not only for customers, but also for management and hourly employees. We have recently faced an increasingly competitive labor market due to sustained labor shortages and increased turnover resulting in part from the COVID-19 pandemic. Our success is also dependent in large part upon our ability to maintain and enhance the goodwill and reputation of our banners, our customers’ connection to our banners, and a positive relationship with the communities in which we serve.

The COVID-19 pandemic has had, and may continue to have, an adverse effect on our business, financial condition and results of operations.

The COVID-19 pandemic continues to impact our business and cause uncertainty. While it is not possible to estimate the full impact that the COVID-19 pandemic could have on our business going forward, the continued spread of new virus variants and the measures taken in response could continue to adversely impact our business, financial condition and results of operations. Our sales and operating results may be affected by uncertain or changing economic and market conditions arising in connection with and in response to the COVID-19 pandemic, including inflation, changes to consumer demand and availability of labor. New virus strains and potential federal, state, or local COVID-19 vaccine and/or testing mandates could also materially impact our results if we face a reduction in available labor and/or incur additional compliance costs. While areas of our business such as Drive Up & Go have experienced increased sales during the pandemic, we cannot estimate future sales and it is unclear whether and to what extent sales, consumer behavior, general economic and business activity return to pre-pandemic levels. The COVID-19 pandemic may continue to heighten many of the other risks described throughout this report, including but not limited to those relating to our growth strategy, our supply chain and increased food and labor costs, availability of labor, disruption in operations, loss of key employees, our indebtedness, and general economic conditions. We may also experience a negative impact from federal, state and local restrictions that limit consumer visits to our stores, employee illness and other community response measures. Since March 2020, many of our customers have depended on various governmental-funded benefit programs, such as the Supplemental Nutrition Assistance Program ("SNAP") to purchase products from our stores. These government-funded benefit programs were modified in response to the pandemic and are subject to political and economic considerations outside of our control. Consequently, we are also unable to predict the continuation of these pandemic related benefit programs or the impact of their suspension or elimination on employment levels and on demand for our products. A significant decrease in government benefits such as SNAP could adversely affect our results of operations.

As we enter the third year of the pandemic, in light of new COVID-19 variants, we will have to continue to monitor and reevaluate the many protective measures we have taken in our stores since the beginning of the pandemic. The continued implementation of these procedures designed to protect our employees may impact our administrative costs and expenses and our ability to maintain our staffing needs at the retail and distribution level. We have in the past, and may in the future again be required to, temporarily close stores, offices or distribution centers for cleaning and/or to quarantine employees in the event that an employee develops COVID-19, particularly as variants of COVID-19 may develop in the future. We have in the past proactively paused self-service operations, such as soup bars, wing bars, salad bars and olive bars and may be required to do so again in the future. These factors could impact the ability of our stores to maintain normal hours of operation or to have sufficient inventory which may

disrupt our business and negatively impact our financial results. If we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future.

Further, the COVID-19 pandemic may continue to impact availability of key products from suppliers, and our ability to access and ship product to and from impacted locations. In the past, items such as consumer staples, paper goods, key cleaning supplies and meat products were in short supply and may continue to be in short or limited supply.

Our operations are dependent upon the availability of a significant amount of energy and fuel to manufacture, store, transport and sell products.

Our operations are dependent upon the availability of a significant amount of energy and fuel to manufacture, store, transport and sell products. Energy and fuel costs are influenced by domestic and international political and economic circumstances and have experienced volatility both recently and over time. To reduce the impact of volatile energy costs, we have entered into contracts to purchase electricity and natural gas at fixed prices to satisfy a portion of our future energy needs. We also manage our exposure to changes in energy prices utilized in the shipping process through the use of short-term diesel fuel derivative contracts. Volatility in fuel and energy costs that exceeds offsetting contractual arrangements could adversely affect our results of operations.

We may not be able to enter into strategic transactions, investments or partnerships in the future on terms acceptable to us, or at all.

We periodically review potential strategic transactions and investments aimed at enhancing the Company's growth and maximizing shareholder value. On February 28, 2022, our Board announced that it had commenced a Board-led review of potential strategic alternatives which will include an assessment of various balance sheet optimization and capital return strategies, potential strategic or financial transactions and development of other strategic initiatives to complement our existing businesses. The Board has not set a timetable for the conclusion of this review, nor has it made any decisions related to any further actions or potential strategic alternatives at this time. We cannot make any assurance that the review will result in any transaction or other strategic change or outcome.

We have in the past acquired regional and local retail grocery and drug stores chains. While we have in the past identified grocery and drug chains to acquire, our national footprint may limit the number and location of any grocery and drug chain that we can or desire to acquire. Acquisitions also require us to integrate stores into our current operations, including purchasing, distribution, payroll and financial reporting that could require significant changes to our business processes and systems which could be disruptive to our operations.

Failure to realize anticipated benefits from our productivity initiatives could adversely affect our financial performance and competitive position.

Although we have identified and are still implementing a broad range of specific productivity initiatives to help offset cost inflation, fund growth and drive earnings, there can be no assurance that all of our initiatives will be successful or that we will realize the estimated benefits in the currently anticipated amounts or timeframe, if at all. Certain of these initiatives involve significant changes in our operating processes and systems that could result in disruptions in our operations. The savings from these planned productivity initiatives represent management's estimates and remain subject to risks and uncertainties. The actual benefits of our productivity initiatives, if achieved, may be lower than we expect and may take longer than anticipated. While certain projects are underway and contributing as expected, in other cases, we temporarily paused some of our initiatives in fiscal 2020 to ensure

we are first taking care of our customers and our communities, while focusing on the safety of our associates during the COVID-19 pandemic.

We may be adversely impacted by environmental, social and governance matters, including if we are unable to meet goals and commitments that we establish in relation to such matters.

In recent years, there has been an increased focus from investors, governmental and nongovernmental entities, and the public on environmental, social and governance ("ESG") matters, including greenhouse gas emissions, renewable energy, packaging and waste, practices related to sustainable supply chain, energy and water use, diversity, equity and inclusion, human rights and social commitment. A variety of organizations evaluate, and measure the performance of, companies on such ESG matters, and the results of these assessments are widely publicized. Given our commitment to ESG, we have established and publicly announced certain goals, commitments, and targets which we may refine or even expand further in the future. Execution of our ESG strategies to achieve these goals, commitments, and targets are subject to risks and uncertainties, many of which may be outside of our control and prove to be more costly than we anticipate. These risks and uncertainties include, but are not limited to, our ability to achieve our goals, commitments, and targets within the currently projected costs and the expected timeframes; unforeseen operational and technological difficulties; the outcome of research efforts and future technology developments; and the success of our collaborations with third parties. Any failure, or perceived failure, to achieve our ESG goals, commitments, and targets could damage our reputation and customer, investor and other stakeholder relationships, and may even result in regulatory enforcement action. Such conditions could have an adverse effect on our business, results of operations and financial condition.

Risks Related to Our Industry

Competition in our industry is intense, and our failure to compete successfully may adversely affect our profitability and operating results.

The food and drug retail industry is large and dynamic, characterized by intense competition among a collection of local, regional and national participants. We face strong competition from other brick and mortar food and/or drug retailers, supercenters, club stores, discount stores, online retailers, specialty and niche supermarkets, drug stores, general merchandisers, wholesale stores, convenience stores, natural food stores, farmers' markets, local chains and stand-alone stores that cater to the individual cultural preferences of specific neighborhoods, restaurants, catering companies and home delivery and meal solution companies. Shifts in the competitive landscape, consumer preference or market share may have an adverse effect on our profitability and results of operations.

As a result of consumers' growing desire to shop online, we also face increasing competition from both our existing competitors that have incorporated the internet as a direct-to-consumer channel and online providers that sell grocery products. In addition, we face increasing competition from online distributors of pharmaceutical products. Although we have accelerated the expansion of our digital business, including to respond to increased customer demand as a result of the pandemic, and offer our customers the ability to shop online for both home delivery through a variety of delivery providers and Drive Up & Go curbside pickup, there is no assurance that these online initiatives will be successful. In addition, these initiatives may have an adverse impact on our profitability as a result of lower gross margins or greater operating costs to compete.

Our ability to attract customers is dependent, in large part, upon a combination of channel preference, location, store conditions, quality, price, service, convenience and selection. In each of these areas, traditional and non-traditional competitors compete with us and may successfully attract our customers by matching or exceeding what we offer or by providing greater shopping convenience. In recent years, many of our competitors have aggressively added locations and adopted a multi-channel approach to marketing and advertising. Our responses to competitive pressures, such as additional promotions, increased advertising, additional capital investment and the development

of our digital offerings and retail media network, could adversely affect our profitability and cash flow. We cannot guarantee that our competitive response will succeed in increasing or maintaining our share of retail food sales.

An increasingly competitive industry and, from time to time, inflation and deflation in the prices of certain foods have made it difficult for food retailers to achieve positive identical sales growth on a consistent basis. We and our competitors have attempted to maintain or grow our and their respective share of retail food sales through capital and price investment, increased promotional activity and new and remodeled stores, creating a more difficult environment to consistently increase year-over-year sales. Some of our primary competitors are larger than we are or have greater financial resources available to them and, therefore, may be able to devote greater resources to invest in price, promotional activity and new or remodeled stores in order to grow their share of retail food sales. Price investment by our competitors has also, from time to time, adversely affected our operating margins.

Our continued success to effectively compete in the food retail industry is dependent upon our ability to control operating expenses, including managing product costs, labor costs in an increasingly competitive labor market and health care and pension costs stipulated by our collective bargaining agreements. Several of our primary competitors are larger than we are, or are not subject to collective bargaining agreements, allowing them to more effectively leverage their fixed costs or more easily reduce operating expenses. Finally, we need to source, market and merchandise efficiently. Changes in our product mix also may negatively affect our profitability. Failure to accomplish our objectives could impair our ability to compete successfully and adversely affect our profitability. Profit margins in the food retail industry are low. In order to increase or maintain our profit margins, we develop operating strategies to increase revenues, increase gross margins and reduce costs, such as new marketing programs, new advertising campaigns, productivity improvements, shrink-reduction initiatives, distribution center efficiencies, manufacturing efficiencies, energy efficiency programs and other similar strategies.

Our failure to achieve forecasted revenue growth, gross margin improvement or cost reductions could have a material adverse effect on our profitability and operating results.

We may not timely identify or effectively respond to consumer trends, which could negatively affect our relationship with our customers, the demand for our products and services and our market share.

Because we face intense competition, we need to effectively anticipate and respond to changing consumer preferences and demands. It is difficult to predict consistently and successfully the products and services our customers will demand over time. Our success depends, in part, on our ability to identify and respond to evolving trends in demographics and preferences. Failure to timely identify or effectively respond to changing consumer tastes, preferences (including those relating to sourcing or sustainability of product sources or the packaging of such products) and spending patterns could lead us to offer our customers a mix of products or a level of pricing that they do not find attractive. This could negatively affect our relationship with our customers, leading them to reduce their visits to our stores and the amount they spend. Further, while we have significantly expanded our digital capabilities and grown our loyalty programs over the last several years, as technology advances, and as the way our customers interact with technology changes, we will need to continue to develop and offer digital, loyalty and media solutions that are both cost effective and compelling to our customers. Our failure to anticipate or respond to customer expectations for products, services, digital and loyalty programs would adversely affect the demand for our products and services and our market share and could have an adverse effect on our performance, margins and operating income.

Consolidation in the healthcare industry could adversely affect our business and financial condition.

Many organizations in the healthcare industry have consolidated to create larger healthcare enterprises with greater market power, which has resulted in increased pricing pressures. If this consolidation trend continues, it could give the resulting enterprises even greater bargaining power, which may lead to further pressure on the prices for our pharmacy products and services. If these pressures result in reductions in our prices, we will become less profitable unless we are able to achieve corresponding reductions in costs or develop profitable new revenue streams. We expect that market demand, government regulation, third-party reimbursement policies, government contracting requirements, litigation and societal pressures will continue to cause the healthcare industry to evolve, potentially resulting in further business consolidations and alliances among the industry participants we engage with, which may adversely impact our business, financial condition and results of operations.

Certain risks are inherent in providing pharmacy products and services, and our insurance may not be adequate to cover any claims against us.

We currently operate 1,722 pharmacies and, as a result, we are exposed to risks inherent in the packaging, dispensing, display, distribution and disposal of pharmaceuticals and other healthcare products, such as risks of liability for products such as opioids, which may potentially cause harm to consumers, as well as increased regulatory risks and related costs. Although we maintain insurance, we cannot guarantee that the coverage limits under our insurance programs will be adequate to protect us against future claims, or that we will be able to maintain this insurance on acceptable terms in the future, or at all. Our results of operations, financial condition or cash flows may be materially adversely affected if in the future our insurance coverage proves to be inadequate or unavailable, or there is an increase in the liability for which we self-insure, or we suffer harm to our reputation as a result of an error or omission.

We are subject to numerous federal and state regulations. Each of our in-store pharmacies must be licensed by the state government. The licensing requirements vary from state to state. An additional registration certificate must be granted by the U.S. Drug Enforcement Administration, and, in some states, a separate controlled substance license must be obtained to dispense controlled substances. In addition, pharmacies selling controlled substances are required to maintain extensive records and often report information to state and federal agencies. If we fail to comply with existing or future laws and regulations, we could suffer substantial civil or criminal penalties, including the loss of our licenses to operate pharmacies and our ability to participate in federal and state healthcare programs. As a consequence of the severe penalties we could face, we must devote significant operational and managerial resources to complying with these laws and regulations.

Application of federal and state laws and regulations could subject our current practices to allegations of impropriety or illegality, or could require us to make significant changes to our operations. In addition, we cannot predict the impact of future legislation and regulatory changes on our pharmacy business or assure that we will be able to obtain or maintain the regulatory approvals required to operate our business.

Risks Related to Our Supply Chain

Product and raw material supply disruptions, especially those related to fresh products, may have an adverse effect on our profitability and operating results.

Reflecting consumer preferences, we have a significant focus on fresh products. We rely on various suppliers and vendors to provide and deliver our fresh and other product inventory on a continuous basis and to supply the raw materials to manufacture certain of our Own Brands products. We could suffer significant fresh and other product inventory losses and significant lost revenue in the event of the loss or a shutdown of a major supplier or vendor, disruption of our distribution network, extended power outages, natural disasters, foreign conflicts or other catastrophic or unexpected occurrences. Due to the COVID-19 pandemic and the resulting dislocation of

workplaces and the economy, the ability of vendors to supply required products may be impaired because of illness or absenteeism in their workforces, government mandated shutdown orders or impaired financial conditions. In the past, we have observed that the supply of meat products, for example, was impacted by the shutdown of certain key production facilities due to workforce illness. The impact of COVID-19 on labor and transportation has continued to be felt along our supply chain, resulting in shipping and stocking delays. Specifically, staffing shortages caused by employees sick with, or exposed to, COVID-19 resulted in significant delays in transporting products from warehouses to retail shelves throughout fiscal 2021. The supply of each product may return to pre-COVID-19 levels at different times, if at all, and there can be no assurance that our efforts to ensure in-stock positions for all of the products that our customers require will be successful. Furthermore, our staffing challenges are affected by the uncertainties of potential future viral variants, and the governmental and regulatory responses thereto, which are difficult to predict. We could experience raw material shortages for certain materials that are sourced from Ukraine and surrounding areas due to armed conflict in the area. We cannot predict whether hostilities or other armed conflict will continue in this area or any other area from which we source raw materials.

Severe weather, natural disasters and other climate changes may adversely affect our business.

Severe weather conditions such as hurricanes, earthquakes, floods, wildfires, winter storms, tornadoes, as well as other natural disasters in areas in which we have stores or distribution centers have caused and may cause physical damage to our properties, closure of one or more of our stores, manufacturing facilities or distribution centers, lack of an adequate work force, disruption in the manufacture and supply of products, disruption and delays in transportation and delivery of goods, reduction in customer traffic and generally a reduction in the availability of products in our stores.

In addition, adverse climate conditions, weather patterns and the impact of such conditions and patterns such as drought, flood, wildfires, mudslides and rising ambient temperatures adversely impact product cultivation conditions for farmers, ranchers and fishermen, including by disrupting ecosystems and severely altering the growing conditions, nutrient levels, soil moisture, and water availability necessary for the growth and cultivation of crops and raising of animals. As extreme shifts in climate conditions make it more difficult to raise and produce crops, livestock, and seafood, there may be a decrease in the product quality and the yield quantity of food products. Consequently, such a decreased food supply may adversely affect the availability or cost of certain products within the grocery supply chain, which could lead to shortages or reduced gross profit margins as such products become more expensive. At the global level, the impact of climate change on food supply is more likely to lead to food insecurity in countries which, unlike the United States, have climates insufficient to sustain diverse food production. Thus, there may be increased demand for agricultural exports from regions that experience production difficulties yet have sufficient wealth to purchase imports. This may impact the availability of products for us to purchase.

In addition, future legislative and regulatory efforts to combat climate change or other environmental issues could result in new or more stringent forms of oversight and mandatory or voluntary reporting, diligence and disclosure, which could increase costs, result in additional taxes and other expenses, and further impact our business, results of operations and financial condition.

Threats or potential threats to security of food and drug safety, the occurrence of a widespread health epidemic and/or pandemic or regulatory concerns in our supply chain may adversely affect our business.

Acts or threats, whether perceived or real, of war or terror or other criminal activity directed at the food and drug industry or the transportation industry, whether or not directly involving our stores, could increase our operating costs and operations, or impact general consumer behavior and consumer spending. Other events that give rise to actual or potential food contamination, drug contamination or food-borne illnesses, or a widespread regional, national or global health epidemic and/or pandemic, such as of influenza or, specifically, the COVID-19 pandemic, could have an adverse effect on our operating results or disrupt production and delivery of the products we sell, our

ability to appropriately and safely staff our stores and cause customers to avoid public gathering places or otherwise change their shopping behaviors.

We source our products from vendors and suppliers and related networks across the globe who may be subject to regulatory actions or face criticism due to actual or perceived social injustices, including human trafficking, non-sustainable practices, child labor or environmental, health and safety violations. A disruption in our supply chain due to any regulatory action or social injustice could have an adverse impact on our supply chain and ultimately our business, including potential harm to our reputation.

The costs associated with implementing and maintaining the safety measures designed to protect our associates and customers in the COVID-19 pandemic have to date been more than offset by increased sales, but in the event our sales decline as stay-at-home guidance subsides or consumers elect to consume meals away from home, we may be required to continue to implement and maintain these protective measures despite lower sales, thereby reducing our profitability.

We could be affected if consumers lose confidence in the food supply chain or the quality and safety of our products.

We could be adversely affected if consumers lose confidence in the safety and quality of certain food products. Adverse publicity about these types of concerns, such as the concerns relating to the COVID-19 pandemic, whether valid or not, may discourage consumers from buying our products or cause production and delivery disruptions. To the extent that a pathogen is food-borne, or perceived to be food-borne, future outbreaks may adversely affect the price and availability of certain food products and cause our customers to eat less of such product. In addition, recalls or withdrawals of food products may involve costs to us or reputational harm to us. The real or perceived sale of contaminated food products by us could result in product liability claims, a loss of consumer confidence and product recalls, which could have a material adverse effect on our business.

Fuel prices and availability may adversely affect our results of operations.

We currently operate 402 fuel centers that are adjacent to many of our store locations. As a result, we sell a significant amount of gasoline. Increased regulation or significant increases in wholesale fuel costs could result in lower gross margins on fuel sales, and demand could be affected by retail price increases as well as by concerns about the effect of emissions on the environment. We are unable to predict future regulations, environmental effects, political unrest, geopolitical tensions, hostilities or boycotts, acts of terrorism, the actions of major oil producing countries to regulate oil production and other matters that may affect the cost and availability of fuel, and how our customers will react, which could adversely affect our results of operations.

Increased commodity prices may adversely impact our profitability.

We make in-store pricing decisions on a regional basis depending on the competitive landscape. We also set our pricing based on the cost of doing business on a regional basis, as a result of occupancy and labor costs that vary by region. At the same time, we frequently discuss ways to lower our costs with our consumer packaged goods partners based upon our scale and sales momentum. Many of our own and sourced products include ingredients such as wheat, corn, oils, milk, sugar, proteins, cocoa and other commodities. Commodity prices can be volatile and commodities such as wheat and corn have recently been impacted by the armed conflict between Russia and Ukraine. Any increase in commodity prices may cause an increase in our input costs or the prices our vendors seek from us. Although we typically are able to pass on modest commodity price increases or mitigate vendor efforts to increase our costs, we may be unable to continue to do so, either in whole or in part, if commodity prices increase materially or there is significantly inflationary pressures. Suppliers, like us, are incurring additional costs to respond to the COVID-19 pandemic and may seek to pass those costs through to us. If we are forced to increase prices, our

customers may reduce their purchases at our stores or trade down to less profitable products. Both may adversely impact our profitability as a result of reduced revenue or reduced margins.

Risks Related to Our Workforce

A significant majority of our employees are unionized, and our relationship with unions, including labor disputes or work stoppages, could have an adverse impact on our operations and financial results.

As of February 26, 2022, approximately 200,000 of our employees were covered by collective bargaining agreements. As of February 26, 2022, collective bargaining agreements covering approximately 115,000 employees have expired or are scheduled to expire in fiscal 2022, including collective bargaining agreements covering approximately 74,000 employees that have been renegotiated subsequent to the end of fiscal 2021. In future negotiations with labor unions, we expect that health care, pension costs and/or contributions and wage costs, among other issues, will be important topics for negotiation. If, upon the expiration of such collective bargaining agreements, we are unable to negotiate acceptable contracts with labor unions, it could result in strikes by the affected workers and thereby significantly disrupt our operations. As part of our collective bargaining agreements, we may need to fund additional pension contributions, which would negatively impact our operating costs. Further, if we are unable to control health care and pension costs provided for in the collective bargaining agreements, we may experience increased operating costs and an adverse impact on our financial results.

Increased pension expenses, contributions and surcharges may have an adverse impact on our financial results.

We currently contribute to 27 multiemployer pension plans for a substantial majority of employees represented by unions pursuant to collective bargaining agreements that require us to contribute to these plans. Under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the PBGC has the authority to petition a court to terminate an underfunded pension plan in limited circumstances. In the event that our defined benefit pension plans are terminated for any reason, we could be liable for the entire amount of the underfunding, as calculated by the PBGC based on its own assumptions (which would result in a larger obligation than that based on the actuarial assumptions used to fund such plans). Under ERISA and the Internal Revenue Code (the "Code"), the liability under these defined benefit plans is joint and several with all members of our control group, such that each member of our control group is potentially liable for the defined benefit plans of each other member of the control group. We continue to monitor any potential exposure to underfunded multiemployer plans.

Based on an assessment of the most recent information available, we believe that most of the multiemployer plans to which we contribute are underfunded, which is the amount by which the actuarial determined plan liabilities exceed the value of the plan assets. We are only one of a number of employers contributing to these plans and the underfunding of any of these plans to which we contribute are not our liability. Though we are not obligated nor the guarantor for any of the underfunding of multiemployer plans to which we contribute, as of December 31, 2021, we attempted to estimate our allocable share of the underfunding of multiemployer plans to which we contribute, based on the ratio of our contributions to the total of all contributions to these plans in a year. Our estimate of the Company's allocable share of the underfunding of multiemployer plans to which we contribute was $4.9 billion. Our estimate is based on the most current information available to us including actuarial evaluations and other data (that includes the estimates of others), and such information may be outdated or otherwise unreliable. Our estimate could also change based on the amount contributed to the plans, investment returns on the assets held in the plans, actions taken by trustees who manage the plans' benefit payments, interest rates, the amount of withdrawal liability payments made to the plans, if the employers currently contributing to these plans cease participation, and requirements under the Pension Protection Act of 2006, the Multiemployer Pension Reform Act of 2014 and applicable provisions of the Code.

The American Rescue Plan Act ("ARP Act"), which was signed into law on March 11, 2021, establishes a special financial assistance program for financially troubled multiemployer pension plans. Under the ARP Act, eligible

multiemployer plans can apply to receive a one-time cash payment in the amount needed to pay pension benefits through the plan year ending 2051. We participate in 16 multiemployer plans that may be eligible for the special financial assistance. Under the interim PBGC guidance, which is expected to be finalized in 2022, these multiemployer plans can apply for assistance based on a priority designation set by the PBGC starting in March 2023 through March 2024.

In the event we were to exit certain markets or otherwise cease contributing to these plans, we could trigger a substantial withdrawal liability. Any accrual for withdrawal liability will be recorded when a withdrawal is probable and can be reasonably estimated, in accordance with GAAP. All trades or businesses in the employer's control group are jointly and severally liable for the employer's withdrawal liability.

We are also the sponsors of defined benefit retirement plans for certain employees. We recognize a liability for the underfunded status of our sponsored employer defined benefit plans as a component of pension and post-retirement benefit obligations. The funded status of these plans is a significant factor in determining annual pension expense and cash contributions to fund the plans. Unfavorable investment performance, increased pension expense and cash contributions may have an adverse impact on our financial results.

See "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II—Item 8. Financial Statements and Supplementary Data—Note 12" for more information relating to these pension plans.

The minimum wage continues to increase and is subject to factors outside of our control. Changes to wage regulations could have an impact on our future results of operations.

A considerable number of our employees are paid at rates related to the federal minimum wage. Additionally, many of our stores are located in states, including California, where the minimum wage is greater than the federal minimum wage and where a considerable number of employees receive compensation equal to the state's minimum wage which are also slated to increase over the next few years. As examples, as of February 26, 2022, we employed approximately 72,500 associates in California, where the current minimum wage was increased to $15.00 per hour effective January 1, 2022 and in Massachusetts, where we employed approximately 11,500 associates as of February 26, 2022, the minimum wage increased to $13.50 per hour, effective January 1, 2021, and will reach $15.00 per hour by 2023. Moreover, municipalities may set minimum wages above the applicable state standards. Increases in the federal minimum wage or the enactment of additional state or local minimum wage increases could increase our labor costs, which may adversely affect our results of operations and financial condition.

The food retail industry is labor intensive. Our ability to meet our labor needs, while controlling wage and labor-related costs, is subject to numerous external factors, including the availability of qualified persons in the workforce in the local markets in which we are located, unemployment levels within those markets, prevailing wage rates, changing demographics, attitudes toward employment in the food and drug retail industry, the perception of our corporate values and business strategy, health and other insurance costs and changes in employment and labor laws. Such laws related to employee hours, wages, job classification and benefits could significantly increase our operating costs. In the event of increasing wage rates, if we fail to increase our wages competitively, the quality of our workforce could decline, causing our customer service to suffer, while increasing wages for our employees could cause our gross margins to decrease. If we are unable to hire and retain employees capable of meeting our business needs and expectations, our business and brand image may be impaired. Any failure to meet our staffing needs or any material increase in turnover rates of our employees may adversely affect our business, results of operations and financial condition.

Failure to attract and retain qualified associates could materially adversely affect our financial performance and our ability to successfully execute our business strategy.

Our ability to continue to conduct and expand our operations depends on our ability to attract and retain a large and growing number of qualified associates. Our ability to meet our labor needs, including our ability to find qualified personnel to fill positions that become vacant at our existing stores and distribution centers, while controlling our associate wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the markets in which we operate, unemployment levels within those markets, prevailing wage rates, changing demographics, attitudes toward employment in the food and drug retail industry, the perception of our corporate values and business strategy, health and other insurance costs and adoption of new or revised employment and labor laws and regulations. If we are unable to locate, to attract or to retain qualified personnel, the quality of service we provide to our customers may decrease and our financial performance may be adversely affected.

The continued successful implementation of our business strategy depends in large part upon the ability and experience of members of our senior management. In addition, our performance is dependent on our ability to identify, hire, train, motivate and retain qualified management, technical, sales and marketing and retail personnel. If we lose the services of members of our senior management or are unable to continue to attract and retain the necessary personnel, we may not be able to successfully execute our business strategy, which could have an adverse effect on our business.

Legal and Regulatory Risks

Unfavorable changes in government regulation may have a material adverse effect on our business.

Our stores are subject to various federal, state, local and foreign laws, regulations and administrative practices. We must comply with numerous provisions regulating health and sanitation standards, food labeling, energy, environmental, equal employment opportunity, minimum wages, pension, health insurance and other welfare plans, licensing for the sale of food, drugs and alcoholic beverages and any new provisions relating to the COVID-19 pandemic. We cannot predict either the nature of future laws, regulations, interpretations or applications, or the effect either additional governmental laws, regulations or administrative procedures, when and if promulgated, or disparate federal, state, local and foreign regulatory schemes would have on our future business. In addition, governmental or regulatory changes could require the reformulation of certain products to meet new standards, the recall or discontinuance of certain products not able to be reformulated, additional record keeping, expanded documentation of the properties of certain products, expanded or different labeling and/or scientific substantiation or a decrease in government assistance programs such as SNAP, that our customers use to purchase products. Any or all of such requirements could have an adverse effect on our business.

Tax matters could adversely affect our results of operations and financial conditions.

We may be affected by higher rates of federal, state, or local tax imposed as a result of political developments or economic conditions, which could affect our effective tax rate. Our effective tax rate and future tax liability could be adversely affected by regulatory and legal changes, the results of tax audits and examinations, and changes in accounting principles and interpretations relating to tax matters, all of which could negatively impact our business. In addition, changes in tax laws and regulations that impact our customers or the economy generally may also impact our financial condition and results of operations.

Unfavorable changes in, failure to comply with or increased costs to comply with environmental laws and regulations could adversely affect us. The storage and sale of petroleum products could cause disruptions and expose us to potentially significant liabilities.

Our operations, including our 402 fuel centers, are subject to various laws and regulations relating to the protection of the environment, including those governing the storage, management, disposal and cleanup of hazardous materials. Some environmental laws, such as the Comprehensive Environmental Response, Compensation and Liability Act and similar state statutes, impose strict, and under certain circumstances joint and several, liability for costs to remediate a contaminated site, and also impose liability for damages to natural resources.

Third-party claims in connection with releases of or exposure to hazardous materials relating to our current or former properties or third-party waste disposal sites can also arise. In addition, the presence of contamination at any of our properties could impair our ability to sell or lease the contaminated properties or to borrow money using any of these properties as collateral. The costs and liabilities associated with any such contamination could be substantial and could have a material adverse effect on our business. Under current environmental laws, we may be held responsible for the remediation of environmental conditions regardless of whether we lease, sublease or own the stores or other facilities and regardless of whether such environmental conditions were created by us or a prior owner or tenant. In addition, the increased focus on climate change, waste management and other environmental issues may result in new environmental laws or regulations that negatively affect us directly or indirectly through increased costs on our suppliers. There can be no assurance that environmental contamination relating to prior, existing or future sites or other environmental changes will not adversely affect us through, for example, business interruption, cost of remediation or adverse publicity.

We are subject to, and may in the future be subject to, legal or other proceedings that could have a material adverse effect on us.

From time to time, we are a party to legal proceedings, including matters involving personnel and employment issues, personal injury, antitrust claims, packaging or product claims, claims related to the sale of drug or pharmacy products, such as opioids, intellectual property claims and other proceedings arising in or outside of the ordinary course of business. In addition, there are an increasing number of cases being filed against companies generally, including class-action allegations under federal and state wage and hour laws. We may also be exposed to legal proceedings arising out of the COVID-19 pandemic, including potential wrongful death actions brought on behalf of employees that contracted COVID-19 and allegations of improper pricing of necessities during the COVID-19 pandemic. We estimate our exposure to these legal proceedings and establish reserves for the estimated liabilities. Assessing and predicting the outcome of these matters involves substantial uncertainties. Although not currently anticipated by management, unexpected outcomes in these legal proceedings or changes in management's forecast assumptions or predictions could have a material adverse impact on our results of operations.

We use a combination of insurance and self-insurance to address potential liabilities for workers' compensation, automobile and general liability, property risk (including earthquake and flood coverage), director and officers' liability, employment practices liability, pharmacy liability and employee health care benefits.

We use a combination of insurance and self-insurance to address potential liabilities for workers' compensation, automobile and general liability, property risk (including earthquake and flood coverage), director and officers' liability, employment practices liability, pharmacy liability and employee health care benefits and cyber and terrorism risks. We estimate the liabilities associated with the risks retained by us, in part, by considering historical claims experience, demographic and severity factors and other actuarial assumptions which, by their nature, are subject to a high degree of variability. Among the causes of this variability are unpredictable external factors affecting future inflation rates, discount rates, litigation trends, legal interpretations, benefit level changes and claim settlement patterns.

The majority of our workers' compensation liability is from claims occurring in California, where workers' compensation has received intense scrutiny from the state's politicians, insurers, employers and providers, as well as the public in general.

Risks Related to Information Security, Cybersecurity and Data Privacy

We may be adversely affected by risks related to our dependence on IT systems. Any future changes to or intrusion into these IT systems, even if we are compliant with industry security standards, could materially adversely affect our reputation, financial condition and operating results.

We have complex IT systems that are important to the success of our business operations and marketing initiatives. If we were to experience failures, breakdowns, substandard performance or other adverse events affecting these systems, or difficulties accessing the proprietary business data stored in these systems, or in maintaining, expanding or upgrading existing systems or implementing new systems, we could incur significant losses due to disruptions in our systems and business. These risks may be further exacerbated by the deployment and continued refinement of cloud-based enterprise solutions. In a cloud computing environment, we could be subject to outages by third-party service providers and security breaches to their systems, which we may have little control over. Unauthorized parties have obtained in the past, and may in the future obtain, access to cloud-based platforms used by companies.

Improper activities by third parties, exploitation of encryption technology, new data-hacking tools and discoveries and other events or developments may result in future intrusions into or compromise of our networks, payment card terminals or other payment systems.

The techniques used by cyber criminals to obtain unauthorized access to sensitive data change frequently and often cannot be recognized until launched against a target; accordingly, we may not be able to anticipate these frequently changing techniques or implement adequate preventive measures for all of them. In addition, the recent geopolitical conflict in Ukraine and related sanctions against Russia may increase the risk of cyberattacks. Any unauthorized access into our customers' sensitive information, or data belonging to us or our suppliers, even if we are compliant with industry security standards, could put us at a competitive disadvantage, result in deterioration of our customers' confidence in us and subject us to potential litigation, liability, fines and penalties and consent decrees, resulting in a possible material adverse impact on our financial condition and results of operations.

As a merchant that accepts debit and credit cards for payment, we are subject to the Payment Card Industry ("PCI") Data Security Standard ("PCI DSS"), issued by the PCI Council. PCI DSS contains compliance guidelines and standards with regard to security surrounding the physical administrative and technical storage, processing and transmission of individual cardholder data. By accepting debit cards for payment, we are also subject to compliance with American National Standards Institute ("ANSI") data encryption standards and payment network security operating guidelines. Failure to be PCI compliant or to meet other payment card standards may result in the imposition of financial penalties or the allocation by the card brands of the costs of fraudulent charges to us. As well, the Fair and Accurate Credit Transactions Act ("FACTA") requires systems that print payment card receipts to employ personal account number truncation so that the consumer's full account number is not viewable on the slip. Despite our efforts to comply with these or other payment card standards and other information security measures, we cannot be certain that all of our IT systems will be able to prevent, contain or detect all cyber-attacks or intrusions. To the extent that any disruption results in the loss, damage or misappropriation of information, we may be adversely affected by claims from customers, financial institutions, regulatory authorities, payment card associations and others. In addition, privacy and information security laws and standards continue to evolve and could expose us to further regulatory burdens. The cost of complying with stricter laws and standards, including PCI DSS, ANSI and FACTA data encryption standards and the California Privacy Rights Act and other state laws, could be significant.

The loss of confidence from a data security incident involving our customers or employees could hurt our reputation and cause customer retention and employee recruiting challenges.

We receive and store personal information in connection with our business including from processing credit card data, digital marketing and human resources records. The protection of our customer and employee data is critically important to us. Despite our considerable efforts to secure our computer networks, security could be compromised, confidential information could be misappropriated or system disruptions could occur, as has occurred with a number of other retailers. If we experience a data security incident, we could be exposed to government enforcement actions, possible assessments from the card brands if credit card data was involved and potential litigation. In addition, our customers could lose confidence in our ability to protect their personal information, which could cause them to stop shopping at our stores altogether.

Unauthorized computer intrusions could adversely affect our brands and could discourage customers from shopping with us.

While we have implemented security software and hardware designed to provide protections against unauthorized intrusions, there can be no assurance that unauthorized individuals will not discover a means to circumvent our security. Cyber criminals are increasingly sophisticated and operate large-scale and complex attacks. As such, they may be able to penetrate our security controls and misappropriate or compromise sensitive personal, proprietary or confidential information, create system disruptions or cause shutdowns. They also may be able to develop and deploy malicious software programs that attack our systems or otherwise exploit any security vulnerabilities. Computer intrusions could adversely affect our brands, may result in us incurring legal and other fees, may cause us to incur additional expenses for additional security measures and could discourage customers from shopping in our stores.

Risks Related to Our Indebtedness

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our indebtedness.

As of February 26, 2022, we had approximately $7.5 billion of debt outstanding (other than finance lease obligations), and, subject to our borrowing base, we would have been able to borrow an additional $3.8 billion under our asset-based loan ("ABL") facility (the "ABL Facility"). As of February 26, 2022, we and our subsidiaries had approximately $0.6 billion of finance lease obligations.

Our indebtedness could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes, including acquisitions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

In addition, there can be no assurance that we will be able to refinance any of our debt or that we will be able to refinance our debt on commercially reasonable terms. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as:

- sales of assets;

- sales of equity; or
- negotiations with our lenders to restructure the applicable debt.

Our debt instruments may restrict, or market or business conditions may limit, our ability to obtain additional indebtedness, refinance our indebtedness or use some of our options.

We may incur substantially more debt in the future.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the credit agreement that governs the ABL Facility and the indentures that govern our indebtedness, as disclosed in "Part II—Item 8. Financial Statements and Supplementary Data—Note 12", permit us to incur significant additional debt, subject to certain limitations. If new indebtedness is added to our and our subsidiaries' current debt levels, the related risks that we and they now face would increase.

To service our indebtedness, we require a significant amount of cash, and our ability to generate cash depends on many factors beyond our control.

Our ability to make cash payments on and to refinance the indebtedness and to fund planned capital expenditures will depend on our ability to generate significant operating cash flow in the future, as described in the section entitled "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report on Form 10-K. This ability is, to a significant extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Our business may not generate sufficient cash flow from operations to enable us to pay our indebtedness or to fund our other liquidity needs. In any such circumstance, we may need to refinance all or a portion of our indebtedness, on or before maturity. We may not be able to refinance any indebtedness on commercially reasonable terms, or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions and investments. Any such action, if necessary, may not be effected on commercially reasonable terms or at all. The instruments governing our indebtedness may restrict our ability to sell assets and our use of the proceeds from such sales.

If we are unable to generate sufficient cash flow or are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our credit agreement, or any replacement revolving credit facility in respect thereof, could elect to terminate their revolving commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

In addition, borrowings under our ABL Facility and certain of the NALP Notes bear interest at variable rates, primarily based on the London Interbank Offered Rate "LIBOR" as the reference rate. LIBOR is subject to national and international proposals for reform. Certain tenors of LIBOR ceased publication after December 31, 2021 and other tenors of LIBOR (including overnight and one, three, six and 12 months) will cease publication after June 30, 2023. Organizations are currently working on industry wide and company specific transition plans as it relates to financial and other derivative contracts exposed to LIBOR. We have the ability to incorporate relatively standardized replacement rate provisions into our ABL Facility, including a spread adjustment mechanism designed to equate to the current LIBOR "all in" rate. There is significant uncertainty with respect to the implementation of the phase out and what alternative indexes will be adopted which will ultimately be determined by the market as a whole. It therefore remains uncertain how such changes will be implemented and the effects such changes would have on us and the financial markets generally. If future rates based upon a successor reference rate are higher or

more volatile than LIBOR rates as currently determined or if our lenders have increased costs due to changes in LIBOR, we may experience potential increases in interest rates on any variable rate debt. While we do not expect that the transition from LIBOR and risks related thereto will have a material adverse effect on our financing costs, it is still uncertain at this time. For more information, see "Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk."

Our debt instruments limit our flexibility in operating our business.

Our debt instruments contain various covenants that limit our and our restricted subsidiaries' ability to engage in specified types of transactions. A breach of any of these covenants could result in a default under our debt instruments. Any debt agreements we enter into in the future may further limit our ability to enter into certain types of transactions. In addition, certain of the covenants governing the ABL Facility and our existing notes restrict, among other things, our and our restricted subsidiaries' ability to:

- incur additional indebtedness or provide guarantees in respect of obligations of other persons;
- pay dividends on, repurchase stock from or make distributions to our stockholders, or make other restricted payments or make certain investments;
- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures;
- sell or otherwise dispose of certain assets;
- incur liens;
- engage in sale leaseback transactions;
- restrict dividends, loans or asset transfers from our subsidiaries;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into a new or different line of business; and
- enter into certain transactions with our affiliates.

In addition, the restrictive covenants in our ABL Facility require us, in certain circumstances, to maintain a specific fixed charge coverage ratio. Our ability to meet that financial ratio can be affected by events beyond our control, and there can be no assurance that we will meet it. A breach of this covenant could result in a default under such facilities. Moreover, the occurrence of a default under our ABL Facility could result in an event of default under our other indebtedness. Upon the occurrence of an event of default under our ABL Facility, the lenders could elect to declare all amounts outstanding under the ABL Facility to be immediately due and payable and terminate all commitments to extend further credit. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us.

Increases in interest rates and/or a downgrade of our credit ratings could negatively affect our financing costs and our ability to access capital.

We have exposure to future interest rates based on the variable rate debt under our ABL Facility and to the extent we raise additional debt in the capital markets to meet maturing debt obligations, to fund our capital expenditures and working capital needs and to finance future acquisitions. Daily working capital requirements are typically financed with operational cash flow and through the use of our ABL Facility. The interest rate on these borrowing arrangements is generally determined from the inter-bank offering rate at the borrowing date plus a pre-set margin. Although we employ risk management techniques to hedge against interest rate volatility, significant and sustained increases in market interest rates could materially increase our financing costs and negatively impact our reported results.

We rely on access to bank and capital markets as sources of liquidity for cash requirements not satisfied by cash flows from operations. A downgrade in our credit ratings from the internationally recognized credit rating agencies could negatively affect our ability to access the bank and capital markets, especially in a time of uncertainty in either of those markets. A rating downgrade could also impact our ability to grow our business by substantially increasing the cost of, or limiting access to, capital.

We may have liability under certain operating leases that were assigned to third parties.

We may have liability under certain operating leases that were assigned to third parties. If any of these third parties fail to perform their obligations under the leases, we could be responsible for the lease obligation. Due to the wide dispersion among third parties and the variety of remedies available, we believe that if an assignee became insolvent it would not have a material effect on our financial condition, results of operations or cash flows.

Risks Related to Owning Our Common Stock

The price of our common stock may be volatile or may decline regardless of our operating performance, and you may suffer a decline in value.

The market price of our common stock is volatile and may be influenced by many factors, some of which are beyond our control, including:

- the failure of securities analysts to cover our common stock, or changes in financial estimates by analysts;
- changes in, or investors' perception of, the food and drug retail industry;
- the activities of competitors;
- future issuances and sales of our common stock, including in connection with acquisitions;
- future sales of our common stock by our large stockholders, including our holders of Convertible Preferred Stock;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- regulatory or legal developments in the U.S.;
- litigation involving us, our industry, or both; and
- general economic conditions, including the impact of inflation.

In addition, the stock market often experiences extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. As a result of these factors, you may suffer a decline in value.

We are controlled by Cerberus, Klaff Realty, L.P., Schottenstein Stores Corp., Lubert-Adler Partners, L.P. and Kimco Realty Corporation (collectively, the "Sponsors") and they may have conflicts of interest with other stockholders in the future.

Our Sponsors control in the aggregate approximately 75% of our common stock. As a result, our Sponsors are able to control the election of our directors, determine our corporate and management policies and determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. Four of our 14 directors are either employees of, or advisors to, members of our Sponsors. Our Sponsors also have sufficient voting power to amend our organizational documents. The interests of our Sponsors may not coincide with the interests of other holders of our common stock. Additionally, our Sponsors are in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses

that compete directly or indirectly with us. Our Sponsors may also pursue, for their own account, acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as our Sponsors continue to own a significant amount of the outstanding shares of our common stock, our Sponsors will continue to be able to strongly influence or effectively control our decisions, including potential mergers or acquisitions, asset sales and other significant corporate transactions.

We are a "controlled company" within the meaning of the NYSE rules and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements. Our stockholders will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Our Sponsors, as a group, control a majority of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the NYSE rules. Under the NYSE rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

We currently utilize, and intend to continue to utilize, these exemptions. As a result, we do not have a majority of independent directors nor do our nominating and corporate governance and compensation committees consist entirely of independent directors. Accordingly, our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

Provisions in our charter documents, certain agreements governing our indebtedness, our stockholders agreement with our Sponsors, dated June 25, 2020 (the "Stockholders' Agreement") and Delaware law could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.

Provisions in our amended and restated certificate of incorporation, as amended ("certificate of incorporation"), and our amended and restated bylaws ("bylaws") may discourage, delay or prevent a merger, acquisition or other change in control that some stockholders may consider favorable, including transactions in which our stockholders might otherwise receive a premium for their shares of our common stock. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, possibly depressing the market price of our common stock.

In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace members of our management team. Examples of such provisions are as follows:

- from and after such date that our Sponsors and their respective Affiliates (as defined in Rule 12b-2 of the Exchange Act), or any person who is an express assignee or designee of their respective rights under our certificate of incorporation (and such assignee's or designee's Affiliates) ceases to own, in the aggregate, at least 50% of the then-outstanding shares of our common stock (the "50% Trigger Date"), the authorized number of our directors may be increased or decreased only by the affirmative vote of two-thirds of the then-outstanding shares of our common stock or by resolution of our board of directors;

- prior to the 50% Trigger Date, only our board of directors and the Sponsors are expressly authorized to make, alter or repeal our bylaws and, from and after the 50% Trigger Date, our stockholders may only amend our bylaws with the approval of at least two-thirds of all of the outstanding shares of our capital stock entitled to vote;
- from and after the 50% Trigger Date, the manner in which stockholders can remove directors from the board will be limited;
- from and after the 50% Trigger Date, stockholder actions must be effected at a duly called stockholder meeting and actions by our stockholders by written consent will be prohibited;
- from and after such date that our Sponsors and their respective Affiliates (or any person who is an express assignee or designee of our Sponsors' respective rights under our certificate of incorporation (and such assignee's or designee's Affiliates)) ceases to own, in the aggregate, at least 35% of the then-outstanding shares of our common stock (the "35% Trigger Date"), advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors will be established;
- limits on who may call stockholder meetings;
- requirements on any stockholder (or group of stockholders acting in concert), other than, prior to the 35% Trigger Date, the Sponsors, who seeks to transact business at a meeting or nominate directors for election to submit a list of derivative interests in any of our Company's securities, including any short interests and synthetic equity interests held by such proposing stockholder;
- requirements on any stockholder (or group of stockholders acting in concert) who seeks to nominate directors for election to submit a list of "related party transactions" with the proposed nominee(s) (as if such nominating person were a registrant pursuant to Item 404 of Regulation S-K, and the proposed nominee was an executive officer or director of the "registrant"); and
- our board of directors is authorized to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquiror, effectively preventing acquisitions that have not been approved by our board of directors.

Our certificate of incorporation authorizes our board of directors to issue up to 100,000,000 shares of preferred stock. The preferred stock may be issued in one or more series, the terms of which may be determined by our board of directors at the time of issuance or fixed by resolution without further action by the stockholders. These terms may include voting rights, preferences as to dividends and liquidation, conversion rights, redemption rights, and sinking fund provisions. The issuance of preferred stock could diminish the rights of holders of our common stock, and therefore could reduce the value of our common stock. In addition, specific rights granted to holders of preferred stock could be used to restrict our ability to merge with, or sell assets to, a third party. The ability of our board of directors to issue preferred stock could delay, discourage, prevent, or make it more difficult or costly to acquire or effect a change in control, thereby preserving the current stockholders' control.

Certain rights of the holders of the Company's Series A-1 convertible preferred stock ("Series A-1 Preferred Stock") and Series A convertible preferred stock ("Series A Preferred Stock" and together with the Series A-1 Preferred Stock, the "Convertible Preferred Stock") could delay or prevent an otherwise beneficial takeover or takeover attempt of the Company.

Certain rights of the holders of the Convertible Preferred Stock could make it more difficult or more expensive for a third party to acquire us. For example, if a Fundamental Change (as defined in each of the certificate of designations of the Series A-1 Preferred Stock (the "Series A-1 Certificate of Designations") and the certificate of designations of the Series A Preferred Stock (the "Series A-1 Certificate of Designations" and together with the Series A Certificate of Designations, the "Certificate of Designations")) were to occur, holders of the Convertible Preferred Stock, if issued, may have the right to convert their Convertible Preferred Stock, in whole or in part, at an increased conversion rate and will also be entitled to receive a make-whole amount equal to the present value of all remaining

dividend payments on their Convertible Preferred Stock as described in the Certificate of Designations governing the Convertible Preferred Stock. The holders of our Convertible Preferred Stock (the "Preferred Investors") also hold the Investor Exchange Right (as defined in the Certificate of Designations governing the Convertible Preferred Stock) which may be exercised if any of the following were to occur: (i) the seventh anniversary of June 9, 2020, so long as any shares of Convertible Preferred Stock are outstanding, (ii) the fourth anniversary of an initial public offering, if a Fundamental Change occurs and the related Fundamental Change Stock Price (as defined in the Certificate of Designations governing the Convertible Preferred Stock) is less than the conversion price, (iii) a downgrade by one or more gradations (including gradations within ratings categories as well as between ratings categories) or withdrawal of our credit rating, as a result of which our credit rating is B- (or Moody's equivalent) or lower, (iv) the failure by us to pay a dividend on the Convertible Preferred Stock, which failure continues for 30 days after such dividend's due date, or (v) a bankruptcy filing. These features of the Convertible Preferred Stock could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management.

Our certificate of incorporation and bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim for breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders; (c) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL"), our certificate of incorporation or our bylaws; or (d) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds more favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations. Because the applicability of the exclusive forum provision is limited to the extent permitted by law, we do not intend that the exclusive forum provision would apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Additionally, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any action asserting a cause of action arising under the Securities Act. Investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

If a substantial number of shares of our common stock becomes available for sale and are sold in a short period of time, the market price of our common stock could decline and our stockholders may be diluted.

If our stockholders sell substantial amounts of our common stock in the public market, the market price of our common stock could decrease. The perception in the public market that our stockholders might sell shares of Common Stock could also create a perceived overhang and depress the market price of our common stock. The market price for shares of our common stock may also drop when the restrictions on resale by certain of our stockholders and independent directors lapse or in anticipation of such restrictions on resale lapsing.

The Preferred Investors were previously subject to transfer restrictions with respect to the Convertible Preferred Stock and the shares of Common Stock issuable pursuant to the Convertible Preferred Stock (the "Conversion Shares"). All such transfer restrictions expired in December 2021, and certain of the Preferred Investors elected to exercise their conversion rights pursuant to the Convertible Preferred Stock and sell their underlying Conversion Shares in the public market. The end of such transfer restrictions and resulting sales of such Conversion Shares may have impacted the trading price of our common stock since December 2021 and further conversions and resulting sales in the public market may further impact the trading price of our common stock.

In addition, our Sponsors and the Preferred Investors have substantial demand registration rights which they can exercise pursuant to the Registration Rights Agreement we have entered into with the Sponsors and the Preferred Investors. We have also filed a registration statement on Form S-8 under the Securities Act to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our equity incentive plans. Any shares registered under any registration statement are or will be available for sale in the open market. A decline in the market price of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the market price of our common stock could decline.

The trading market for our common stock likely will be influenced by the research and reports that equity and debt research analysts publish about the industry, us and our business. The market price of our common stock could decline if one or more securities analysts downgrade our shares or if those analysts issue a sell recommendation or other unfavorable commentary or cease publishing reports about us or our business. If one or more of the analysts who elect to cover us downgrade our shares, the market price of our common stock would likely decline.

Our ability to pay dividends to our stockholders is restricted by applicable laws and regulations and requirements under certain of our securities and debt agreements, including the ABL Facility, our existing notes and the Convertible Preferred Stock.

Holders of our common stock are only entitled to receive such cash dividends as our board of directors, in its sole discretion, may declare out of funds legally available for such payments. We have established a dividend policy pursuant to which we intend to pay a quarterly dividend on our common stock, which we increased from $0.10 per common share to $0.12 per common share in October 2021. Our board of directors may change or eliminate the payment of future dividends to our common stockholders at its discretion, without notice to our stockholders. Any future determination relating to our dividend policy will be dependent on a variety of factors, including our financial condition, earnings, legal requirements, our general liquidity needs, and other factors that our board deems relevant. Our ability to declare and pay dividends to our stockholders is subject to certain laws, regulations, and policies, including minimum capital requirements and, as a Delaware corporation, we are subject to certain restrictions on dividends under the DGCL. Under the DGCL, our board of directors may not authorize payment of a dividend unless it is either paid out of our surplus, as calculated in accordance with the DGCL, or if we do not have a surplus, it is paid out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. In addition, so long as any shares of our Convertible Preferred Stock remain outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Convertible Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Finally, our ability to pay dividends to our stockholders may be limited by covenants in any financing arrangements that we are currently a party to, including the ABL Facility and our existing notes, to or may enter into in the future. As a consequence of these various limitations and restrictions, we may not be able to make, or may have to reduce or eliminate at any time, the payment of dividends on our common stock.

Our stockholders may be diluted by the future issuance of additional common stock in connection with our equity incentive plans, acquisitions or otherwise.

As of February 26, 2022, we had approximately 412,095,717 shares of Class A common stock and 150,000,000 shares of Class A-1 common stock authorized but unissued under our certificate of incorporation, excluding 81,242,418 shares of common stock and Class A-1 common stock reserved for issuance upon conversion of the Convertible Preferred Stock. We are authorized to issue these shares of common stock and options, rights, warrants and appreciation rights relating to common stock for consideration and on terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise.

We have reserved a maximum of 43,563,800 shares of our common stock for issuance under existing awards of restricted stock units (following the conversion of our outstanding phantom units granted under our phantom unit plan) and for awards that may be issued under the Incentive Plan. Any common stock that we issue, including under our 2020 Omnibus Incentive Plan or other equity incentive plans that we may adopt in the future, may result in additional dilution to our stockholders.

In the future, we may also issue our securities, including shares of our common stock, in connection with investments or acquisitions. We regularly evaluate potential acquisition opportunities, including ones that would be significant to us. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

Our common stock ranks junior to the Convertible Preferred Stock with respect to the payment of dividends and amounts payable in the event of our liquidation, dissolution or winding-up of our affairs.

Our common stock ranks junior to the Convertible Preferred Stock with respect to the payment of dividends and amounts payable in the event of our liquidation, dissolution or winding-up of our affairs. This means that, unless accumulated and unpaid dividends have been declared and paid, or set aside for payment, on all outstanding shares of the Convertible Preferred Stock, for all preceding dividend periods, no dividends may be declared or paid on our common stock and we are not permitted to purchase, redeem or otherwise acquire any of our common stock, subject to limited exceptions. Likewise, in the event of our voluntary or involuntary liquidation, dissolution or winding-up of our affairs, no distribution of our assets may be made to holders of our common stock until we have paid to holders of the Convertible Preferred Stock a liquidation preference equal to $1,000 per share plus accumulated and unpaid dividends.

Our subsidiary ACI Real Estate Company LLC, a Delaware limited liability company ("RE LLC"), which owns a significant portion of our real estate, is subject to certain restrictions under the Amended and Restated Real Estate Agreement by and between ACI Real Estate Company LLC and AL RE Investor Holdings, LLC ("RE Investor"), dated June 9, 2020 (as amended, the "Real Estate Agreement"), which could affect our ability to execute our operational and strategic objectives.

Prior to June 9, 2020, we underwent a real estate reorganization. As a result of such reorganization, certain subsidiaries of RE LLC (such subsidiaries, the "SPEs") that are subsidiaries of RE LLC own the real property assets ("Real Estate Assets"), consisting of approximately 240 fee owned store properties which were to have an appraised value of approximately $2.9 billion. RE LLC also deposited approximately $36.5 million with an escrow agent (the "Escrow Agent") in connection with such transactions. Immediately prior to June 9, 2020, RE Holdings I, RE Holdings II, RE LLC and each of the SPEs (collectively, the "RE LLC Entities") entered into amended and restated operating agreements. Our wholly-owned subsidiary Safeway is the only member of RE Holdings I with the ability to vote on any matters. Each of the RE LLC Entities has a board of five members, which includes two independent directors. However, the RE Investor was admitted to each of the RE LLC Entities as a "Special Non-Economic Member." As a Special Non-Economic Member, the RE Investor has certain approval rights relating to the real

estate portfolio, that Unitary Master Sublease between ACI Real Estate Company LLC, as landlord, and the entities set forth therein, as tenant, dated June 9, 2020 (the "Master Lease Agreement"), affiliate transactions and the issuance of securities or other instruments that rank pari passu or senior. These approval rights could limit our ability to implement future strategic objectives.

The RE Investor could exercise the Investor Exchange Right, which provides it with certain unilateral rights, upon the occurrence of specified trigger events, that could cause us to lose ownership of all or part of our indirect interest in the SPEs or their Real Estate Assets unless we redeem all of the outstanding Convertible Preferred Stock.

The Real Estate Agreement provides the RE Investor with the unilateral right, upon the occurrence of specified trigger events, to exercise the Investor Exchange Right to exchange all of the outstanding Convertible Preferred Stock for certain Real Estate Assets or the equity of the SPEs holding such Real Estate Assets. The Investor Exchange Right may be exercised if any of the following were to occur: (i) the seventh anniversary of June 9, 2020, so long as any shares of Convertible Preferred Stock are outstanding, (ii) the fourth anniversary of an initial public offering, if a Fundamental Change occurs and the related Fundamental Change Stock Price is less than the conversion price, (iii) a downgrade by one or more gradations (including gradations within ratings categories as well as between ratings categories) or withdrawal of our credit rating, as a result of which our credit rating is B- (or Moody's equivalent) or lower, (iv) the failure by us to pay a dividend on the Convertible Preferred Stock, which failure continues for 30 days after such dividend's due date, or (v) a bankruptcy filing. The Investor Exchange Right may be exercised unless we redeem all of the outstanding Convertible Preferred Stock at a redemption price, if such redemption occurs after we receive a notice of intent to exercise the Investor Exchange Right, equal to the product of (x) the aggregate Fixed Liquidation Preference (as defined in the applicable Certificate of Designations) of the Convertible Preferred Stock of such holder then outstanding and (y) 110%, plus accrued and unpaid dividends to, but not including, the date of redemption. However, after receiving a notice of intent to exercise the Investor Exchange Right we may not be able to effectuate the redemption at that time.

If we do not redeem the Convertible Preferred Stock, the RE Investor can exercise the Investor Exchange Right by delivering to RE LLC and the Escrow Agent a notice directing the Escrow Agent to release from escrow: (1) at our election, any cash that may be held by the Escrow Agent and (2) at the RE Investor's option, (A) special warranty deeds for the transfer to the RE Investor or its designee of Real Estate Assets (collectively, the "Transfer Instruments") with respect to the SPEs, selected in the RE Investor's sole discretion, which collectively own Real Estate Assets having an aggregate appraised value (as set forth in an appraisal (an "Initial Exchange Appraisal") for each Real Estate Asset) equal to not more than (x) 130% of the Real Estate Proceeds Target Amount (as defined in the Real Estate Agreement) less (y) the Cash Distribution Amount (as defined in the Real Estate Agreement), if any, multiplied by 118.18% or (B) Transfer Instruments with respect to the such Real Estate Assets.

Upon consummation of the Real Estate Settlement (as defined in the Real Estate Agreement), the SPEs selected by the RE Investor or, in the case of Real Estate Assets selected by the RE Investor, a special purpose entity newly formed by the RE Investor will automatically enter into a master lease with the applicable tenant substantially the same as the Master Lease Agreement solely with respect to the Real Estate Assets that have been transferred, directly or indirectly to the RE Investor and the Master Lease Agreement will be amended to remove such transferred Real Estate Assets. Following the delivery of the release notice by the RE Investor to RE LLC and Escrow Agent, the RE Investor will have 180 days (the "Initial Realization Period") to sell the SPEs or Real Estate Assets that are released to the RE Investor by the Escrow Agent (the "Owned Sale Properties").

If during the Initial Realization Period, bona fide bids indicate aggregate Real Estate Proceeds (as defined in the Real Estate Agreement) that are less than the Real Estate Proceeds Target Amount, we may elect to pay cash to the RE Investor in an amount equal to the shortfall. If we do not elect to pay the shortfall, the RE Investor will have an additional 90 days (the "Subsequent Realization Period" and together with the Initial Realization Period, if any, the "Realization Period") to market Owned Sale Properties together with SPEs and/or Real Estate Assets then owned by

RE LLC (collectively, the "Sale Properties"). Upon the sale of each Sale Property, the buyer will be required to enter into an amended and restated Master Lease Agreement solely with respect to the Sale Properties applicable to such buyer.

If, at the conclusion of the Realization Period, the RE Investor has not received bona fide offers for the Sale Properties that would result in the RE Investor receiving Real Estate Proceeds that are at least equal to the Real Estate Proceeds Target Amount (such event a "Failed Auction"), the RE Investor can elect to have released from the escrow account all of the remaining Transfer Instruments with respect to SPEs and/or Real Estate Assets and retain any or all of the Sale Properties (such retained Sale Properties, the "Retained Properties"). If a Failed Auction occurs, during the period beginning on the expiration of the Realization Period and ending on the three year anniversary of the expiration of the Realization Period (the "ROFO Period"), if the RE Investor intends to sell Retained Properties with an aggregate appraised value (as set forth in the Initial Exchange Appraisals) of $250 million or more in a single sale process, RE LLC will have a right of first offer on the Retained Properties proposed to be sold (the "ROFO Properties"). RE LLC shall have 10 days following the receipt of notice by the RE Investor of the RE Investor's intent to sell the ROFO Properties to provide a written offer to the RE Investor to purchase such ROFO Properties for cash, along with a purchase and sale agreement executed by RE LLC and 60 days following the execution by the RE Investor of such agreement to consummate such transaction. If the RE Investor rejects RE LLC's offer, then the RE Investor shall only be permitted to sell the ROFO Properties to a third party at a purchase price that is greater than or equal to the purchase price offered by RE LLC. If RE LLC does not submit an offer or does not consummate the transaction within 60 days after the RE Investor executes the purchase and sale agreement, then the RE Investor shall be permitted to sell the ROFO Properties to a third party at a price determined by the RE Investor in its sole discretion.

Item 1B - Unresolved Staff Comments

None.

Item 2 - Properties

As of February 26, 2022, we operated 2,276 stores located in 34 states and the District of Columbia as shown in the following table:

Location	Number of stores	Location	Number of stores	Location	Number of stores
Alaska	25	Iowa	1	North Dakota	1
Arizona	134	Louisiana	16	Oregon	121
Arkansas	1	Maine	20	Pennsylvania	50
California	593	Maryland	68	Rhode Island	8
Colorado	105	Massachusetts	76	South Dakota	3
Connecticut	7	Montana	38	Texas	209
Delaware	18	Nebraska	5	Utah	6
District of Columbia	12	Nevada	51	Vermont	19
Hawaii	23	New Hampshire	26	Virginia	39
Idaho	43	New Jersey	87	Washington	217
Illinois	183	New Mexico	34	Wyoming	14
Indiana	4	New York	19		

The following table summarizes our stores by size as of February 26, 2022:

Square Footage	Number of stores	Percent of total
Less than 30,000	221	9.7 %
30,000 to 50,000	781	34.3 %
More than 50,000	1,274	56.0 %
Total stores	2,276	100.0 %

We own or ground-lease approximately 39% of our operating stores and 51% of our industrial properties (distribution centers, warehouses and manufacturing plants).

Our corporate headquarters are located in Boise, Idaho. We own our headquarters. The premises is approximately 250,000 square feet in size. In addition to our corporate headquarters, we have corporate offices in Pleasanton, California, Phoenix, Arizona and Plano, Texas. We believe our properties are well maintained, in good operating condition and suitable for operating our business.

Item 3 - Legal Proceedings

The Company is subject from time to time to various claims and lawsuits arising in the ordinary course of business, including lawsuits involving trade practices, lawsuits alleging violations of state and/or federal wage and hour laws (including alleged violations of meal and rest period laws and alleged misclassification issues), real estate disputes and other matters. Some of these suits purport or may be determined to be class actions and/or seek substantial damages. It is the opinion of the Company's management that although the amount of liability with respect to certain of the matters described herein cannot be ascertained at this time, any resulting liability of these and other matters, including any punitive damages, will not have a material adverse effect on the Company's business or financial condition. See also the matters under the caption *Legal Proceedings* in "Part II—Item 8. Financial Statements and Supplementary Data—Note 14."

The Company continually evaluates its exposure to loss contingencies arising from pending or threatened litigation and believes it has made provisions where the loss contingency can be reasonably estimated and an adverse outcome is probable. Nonetheless, assessing and predicting the outcomes of these matters involves substantial uncertainties. Management currently believes that the aggregate range of reasonably possible loss for the Company's exposure in excess of the amount accrued is expected to be immaterial to the Company. It remains possible that despite management's current belief, material differences in actual outcomes or changes in management's evaluation or predictions could arise that could have a material effect on the Company's financial condition, results of operations or cash flows.

Environmental Matters

Our operations are subject to regulation under environmental laws, including those relating to waste management, air emissions and underground storage tanks. In addition, as an owner and operator of commercial real estate, we may be subject to liability under applicable environmental laws for clean-up of contamination at our facilities. SEC regulations require us to disclose certain environmental matters arising under federal, state or local environmental provisions if we reasonably believe that such proceedings may result in monetary sanctions above a stated threshold. Pursuant to SEC regulations, we use a threshold of $1 million for purposes of determining whether disclosure of any such proceedings is required. We are currently in negotiations to resolve an investigation being conducted by the Office of the Attorney General of the State of California, as well as the District Attorneys' offices of the counties of Contra Costa, Placer, Sacramento, San Joaquin, and Solano. The investigation has focused on whether or not we violated California regulations that govern the maintenance and operation of underground storage tanks located at our fueling stations within the state. In lieu of litigating the matter, we have agreed to implement certain enhancements to improve our compliance with the applicable regulations. In addition, we may be required to pay civil penalties and other fees and costs. While we cannot predict the ultimate outcome of this matter at this time, the penalties or settlement costs could exceed $1 million.

Item 4 - Mine Safety Disclosures

None.

PART II

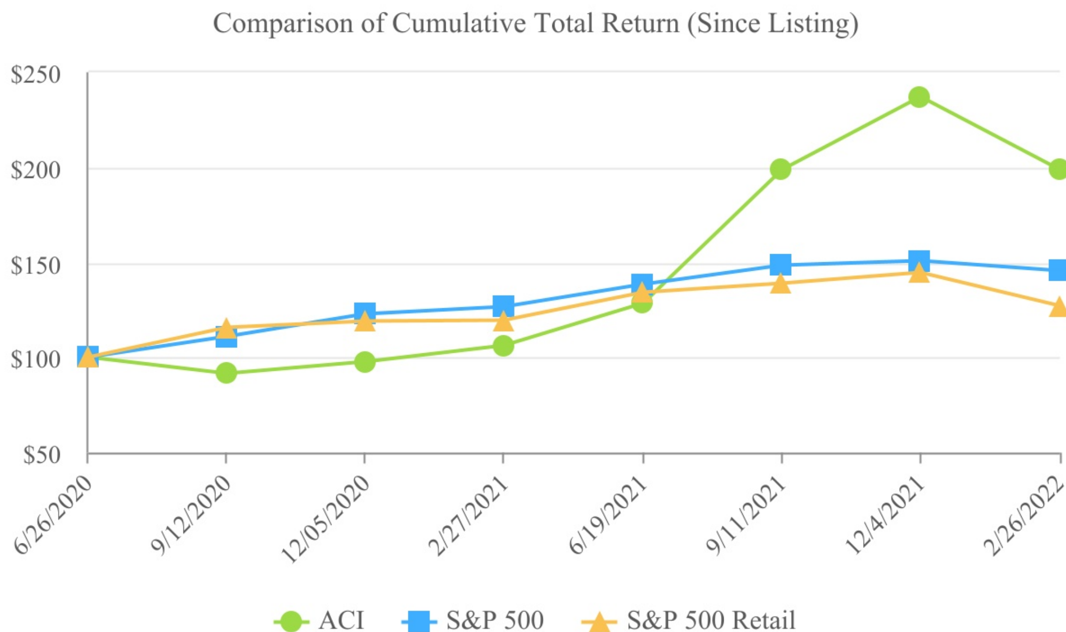
Item 5 - Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

The Company's Class A common stock ("Common Stock") began trading on the NYSE on June 26, 2020 under the symbol "ACI." Prior to that date, there was no public market for the Company's Common Stock. As of April 19, 2022, there were 149 holders of record of our Common Stock.

Performance Graph

The following graph shows a comparison of the total cumulative stockholder return on our Common Stock with the total return for (i) the S&P 500 Index and (ii) the S&P 500 Retail Index for the period from June 26, 2020 (the date our Common Stock commenced trading on the NYSE) through February 26, 2022. The graph assumes an investment of $100 in our Common Stock at market close on June 26, 2020 and the reinvestment of dividends. The comparisons in the table are not intended to forecast or be indicative of possible future performance of our Common Stock.



	6/26/20	9/12/20	12/5/20	2/27/21	6/19/21	9/11/21	12/4/21	2/26/22
ACI	$ 100.00	$ 91.59	$ 97.42	$ 105.93	$ 128.55	$ 198.74	$ 237.20	$ 198.34
S&P 500	100.00	111.03	122.93	126.66	138.46	148.17	150.83	145.72
S&P 500 Retail	100.00	115.51	119.00	119.26	134.28	138.73	144.63	126.98

Issuer Purchases of Equity Securities

On October 14, 2020, the Company's board of directors authorized a share repurchase program that allows the Company to repurchase up to $300.0 million of the Company's Common Stock. As of February 26, 2022, authorization for $180.9 million of share repurchases remained under the share repurchase program. We did not repurchase any shares of our Common Stock during fiscal 2021.

Unregistered Sales of Equity Securities

During fiscal 2021, certain holders of the Company's Convertible Preferred Stock converted approximately 350,813 shares of Convertible Preferred Stock into approximately 20,369,582 shares of the Company's Common Stock, which were issued from the Company's treasury stock account. Each share of Convertible Preferred Stock is convertible at a rate of 58.064 shares of the Company's Common Stock (with cash delivered in lieu of any fractional shares of Common Stock). The shares of Common Stock were issued in exchange for Convertible Preferred Stock in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act"), under Section 3(a)(9) of the Act.

Item 6 - [Reserved]

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and related notes found in "Part II—Item 8. Financial Statements and Supplementary Data" in this Form 10-K, as well as "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended February 27, 2021 filed with the SEC on April 28, 2021, which provides comparisons of fiscal 2020 and fiscal 2019. This discussion contains forward-looking statements based upon current expectations that involve numerous risks and uncertainties. Our actual results may differ materially from those contained in any forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in the section entitled "Special Note Regarding Forward-Looking Statements" set forth in Part I and in Item 1A. "Risk Factors."

Our last three fiscal years consisted of the 52 weeks ended February 26, 2022 ("fiscal 2021"), the 52 weeks ended February 27, 2021 ("fiscal 2020") and the 53 weeks ended February 29, 2020 ("fiscal 2019"). In this Management's Discussion and Analysis of Financial Condition and Results of Operations of Albertsons Companies, Inc., the words "Albertsons," the "Company," "we," "us," "our" and "ours" refer to Albertsons Companies, Inc., together with its subsidiaries.

EXECUTIVE SUMMARY - FISCAL 2021 OVERVIEW

We are one of the largest food retailers in the United States, with 2,276 stores across 34 states and the District of Columbia. We operate 24 banners including *Albertsons, Safeway, Vons, Pavilions, Randalls, Tom Thumb, Carrs, Jewel-Osco, Acme, Shaw's, Star Market, United Supermarkets, Market Street, Haggen, Kings Food Markets* and *Balducci's Food Lovers Market*, with approximately 290,000 talented and dedicated employees, as of February 26, 2022, who serve on average 34 million customers each week. Additionally, as of February 26, 2022, we operated 1,722 pharmacies, 1,317 in-store branded coffee shops, 402 adjacent fuel centers, 22 dedicated distribution centers, 20 manufacturing facilities and various digital platforms.

During fiscal 2021, we made significant progress against all of our strategic priorities, including in-store excellence, accelerating our digital and omnichannel capabilities, driving productivity and strengthening our talent and culture. Identical sales, excluding fuel, decreased 0.1% during fiscal 2021, which was impacted by the significantly elevated demand at the onset of the COVID-19 pandemic in the first quarter of fiscal 2020. On a two-year stacked basis, identical sales, excluding fuel, increased 16.8%. In the fourth quarter of fiscal 2021, we gained market share in food market and Multi Outlet ("MULO") on both a one and two-year basis. Food market generally includes traditional supermarkets while MULO includes most food market, drug, mass merchants, club, dollar and military stores that sell food.

Our digital initiatives continue to resonate with our customers, underscoring our strong omnichannel capabilities that allow customers to complete their shopping with us in any way they want. During fiscal 2021, digital sales, which include home delivery and Drive Up & Go curbside pickup, increased 5% compared to fiscal 2020 and 263% on a two-year stacked basis. During fiscal 2021, we expanded our Drive Up & Go curbside pickup service to over 2,000 locations and added five micro fulfillment centers ("MFCs") for a total of seven MFCs in operation. In our online delivery service, we expanded third-party partnerships to offer more choices and accelerate the speed of delivery.

In digital, we are beginning to capitalize on our rich and proprietary data, recently launching the Albertsons Media Collective ("AMC") in the first quarter of fiscal 2022. AMC offers new and existing business partners a robust digital marketing platform that reaches our extensive customer network and leverages our strong market share, especially in the 68% of markets where we hold a #1 or #2 share position. We believe AMC will be a leading growth and profit driver over the next several years.

In the *just for U* loyalty program, ongoing benefit enhancements continued to accelerate membership growth, which increased 18% in the fourth quarter of fiscal 2021 compared to the fourth quarter of fiscal 2020, reaching 29.9 million members, and is up approximately 45% or more than 9 million members since the fourth quarter of fiscal 2019. Within the program, our retention rate of actively engaged members, those that redeemed coupons, fuel or grocery rewards, was over 90% at the end of fiscal 2021. In loyalty, we launched a new unified mobile app (the "UMA") and we introduced a meal planning tool that offers recipes, including those that address dietary preferences, such as vegetarian or gluten-free. Customers can seamlessly add all recipe ingredients to their shopping list or immediately purchase them in the UMA.

We offer nearly 14,000 high-quality products under our Own Brands portfolio. Our Own Brands products resonate well with our shoppers, as evidenced by Own Brands sales of over $15.3 billion in fiscal 2021. Own Brands continues to deliver on innovation with 837 new items launched in fiscal 2021. During fiscal 2021, Own Brands was awarded four Private Label Manufacturing Association awards and won recognition from *Store Brands Magazine* for innovation in private brand marketing.

Driving productivity allowed us to continue to fund future growth and offset inflation. During fiscal 2021, we continued to drive incremental productivity savings as we enhanced our pricing and promotion capabilities, further rationalized indirect spend and expanded our national buying initiatives. We expect to achieve our targeted three-year $1.5 billion savings by the end of fiscal 2022 and are working on the next phase to identify incremental productivity savings beyond fiscal 2022.

Our capital allocation strategy balances investing for the future, strengthening our balance sheet and returns to shareholders through a combination of dividends and opportunistic share repurchases. Capital expenditures were approximately $1,607 million during fiscal 2021, primarily including investments in the modernization of our store fleet, including 236 remodels and the opening of 10 new stores, and the building of our digital and technology platforms. We continue to make progress in strengthening the balance sheet, reducing our Net debt ratio to 1.2x as of the end of fiscal 2021 compared to 1.5x at the end of fiscal 2020. Capital returns to shareholders in fiscal 2021 included $207.4 million in common stock dividends ($0.44 per common share).

In addition, during fiscal 2021, along with the Albertsons Companies Foundation, we contributed nearly $200 million in food and financial support, including approximately $40 million through our Nourishing Neighbors program to ensure those living in our communities have enough to eat. We have continued to partner with the Department of Health and Human Services and local health authorities to administer COVID-19 vaccines to our local communities and have administered more than 12 million doses.

We have continued to settle labor contracts that provide an overall wage and benefit package that rewards our existing team members for their significant contributions and strengthens our competitive positioning in the markets we serve. During the fourth quarter of fiscal 2021, we settled contracts in Denver, Portland, Montana, Idaho, Oregon and the Mid-Atlantic. Subsequent to the end of fiscal 2021, through April 22, 2022, we have also reached tentative settlements in our Northern California, Southern California and Seattle divisions.

Fiscal 2021 highlights

In summary, our financial and operating highlights for fiscal 2021 include:

- Identical sales decreased 0.1%; on a two-year stacked basis identical sales growth was 16.8%
- Digital sales increased 5%; on a two-year stacked basis digital sales growth was 263%
- Net income of $1,620 million, or $2.70 per Class A common share
- Adjusted net income of $1,781 million, or $3.07 per Class A common share
- Adjusted EBITDA of $4,398 million

- Operating cash flows of $3,513 million
- Reduced Net debt ratio to 1.2x at the end of fiscal 2021 compared to 1.5x at the end of fiscal 2020
- Continued modernization of our store fleet, including completing 236 remodels and opening 10 new stores
- Expanded Drive Up & Go to over 2,000 locations
- Added five MFCs for a total of seven in operation

Stores

The following table shows stores operating, acquired, opened and closed during the periods presented:

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Stores, beginning of period	2,277	2,252	2,269
Acquired (1)	3	26	—
Opened	7	9	14
Closed	(11)	(10)	(31)
Stores, end of period	2,276	2,277	2,252

(1) Fiscal 2021 includes one store acquired from Kings and Balducci's in fiscal 2020 that transferred to us in fiscal 2021.

The following table summarizes our stores by size:

	Number of Stores		Percent of Total		Retail Square Feet (1)	
Square Footage	February 26, 2022	February 27, 2021	February 26, 2022	February 27, 2021	February 26, 2022	February 27, 2021
Less than 30,000	221	221	9.7 %	9.7 %	5.0	5.1
30,000 to 50,000	781	789	34.3 %	34.7 %	32.7	33.0
More than 50,000	1,274	1,267	56.0 %	55.6 %	75.3	74.9
Total Stores	2,276	2,277	100.0 %	100.0 %	113.0	113.0

(1) In millions, reflects total square footage of retail stores operating at the end of the period.

NON-GAAP FINANCIAL MEASURES

We define EBITDA as generally accepted accounting principles ("GAAP") earnings (net loss) before interest, income taxes, depreciation and amortization. We define Adjusted EBITDA as earnings (net loss) before interest, income taxes, depreciation and amortization, further adjusted to eliminate the effects of items management does not consider in assessing our ongoing core performance. We define Adjusted net income as GAAP net income adjusted to eliminate the effects of items management does not consider in assessing our ongoing core performance. We define Adjusted net income per Class A common share as Adjusted net income divided by the weighted average diluted Class A common shares outstanding, as adjusted to reflect all restricted stock units and awards outstanding at the end of the period, as well as the conversion of Convertible Preferred Stock when it is antidilutive for GAAP. We define Net debt as total debt (which includes finance lease obligations and is net of deferred financing costs and original issue discount) minus unrestricted cash and cash equivalents and we define Net debt ratio as the ratio of Net debt to Adjusted EBITDA for the rolling 52 or 53 week period.

EBITDA, Adjusted EBITDA, Adjusted net income, Adjusted net income per Class A common share and Net debt ratio (collectively, the "Non-GAAP Measures") are performance measures that provide supplemental information we believe is useful to analysts and investors to evaluate our ongoing results of operations, when considered alongside other GAAP measures such as net income, operating income, gross margin and net income per Class A common share. These Non-GAAP Measures exclude the financial impact of items management does not consider in assessing our ongoing core operating performance, and thereby provide useful measures to analysts and investors of our operating performance on a period-to-period basis. Other companies may have different definitions of Non-GAAP Measures and provide for different adjustments, and comparability to our results of operations may be impacted by such differences. We also use Adjusted EBITDA and Net debt ratio for board of director and bank compliance reporting. Our presentation of Non-GAAP Measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Non-GAAP Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Non-GAAP Measures only for supplemental purposes.

RESULTS OF OPERATIONS

The following information summarizes the components of our Consolidated Statements of Operations for fiscal 2021 compared to fiscal 2020.

Summary of Consolidated Statements of Operations (dollars in millions, except per share data):

	Fiscal 2021		Fiscal 2020		Fiscal 2019	
Net sales and other revenue	$ 71,887.0	100.0 %	$ 69,690.4	100.0 %	$ 62,455.1	100.0 %
Cost of sales	51,164.6	71.2	49,275.9	70.7	44,860.9	71.8
Gross margin	20,722.4	28.8	20,414.5	29.3	17,594.2	28.2
Selling and administrative expenses	18,300.5	25.5	18,835.8	27.0	16,641.9	26.6
Gain on property dispositions and impairment losses, net	(15.0)	—	(38.8)	(0.1)	(484.8)	(0.7)
Operating income	2,436.9	3.3	1,617.5	2.4	1,437.1	2.3
Interest expense, net	481.9	0.7	538.2	0.8	698.0	1.1
Loss on debt extinguishment	3.7	—	85.3	0.1	111.4	0.2
Other (income) expense, net	(148.2)	(0.2)	(134.7)	(0.2)	28.5	—
Income before income taxes	2,099.5	2.8	1,128.7	1.7	599.2	1.0
Income tax expense	479.9	0.7	278.5	0.4	132.8	0.2
Net income	$ 1,619.6	2.1 %	$ 850.2	1.3 %	$ 466.4	0.8 %
Basic net income per Class A common share	$ 2.73		$ 1.53		$ 0.80	
Diluted net income per Class A common share	2.70		1.47		0.80	

Net Sales and Other Revenue

Net sales and other revenue increased $2,196.6 million, or 3.2%, from $69,690.4 million in fiscal 2020 to $71,887.0 million in fiscal 2021. The primary increase in Net sales and other revenue in fiscal 2021 as compared to fiscal 2020 was driven by higher fuel sales and sales related to the stores acquired and opened since fiscal 2020, offset by our 0.1% decrease in identical sales, which was impacted by the significantly elevated demand at the onset of the COVID-19 pandemic in the first quarter of fiscal 2020. Our identical sales for fiscal 2021 was favorably impacted by retail price inflation and incremental pharmacy sales related to administering COVID-19 vaccines. The components of the change in Net sales and other revenue for fiscal 2021 were as follows (in millions):

	Fiscal 2021
Net sales and other revenue for fiscal 2020	$ 69,690.4
Increase in fuel sales	1,511.0
Increase in sales due to new store openings, net of store closures	602.9
Identical sales decrease of 0.1%	(67.8)
Other, net	150.5
Net sales and other revenue for fiscal 2021	$ 71,887.0

Identical Sales, Excluding Fuel

Identical sales include stores operating during the same period in both the current year and the prior year, comparing sales on a daily basis. Direct to consumer digital sales are included in identical sales, and fuel sales are excluded from identical sales. Acquired stores become identical on the one-year anniversary date of the acquisition. Identical sales results, on an actual basis, for the past three fiscal years were as follows:

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Identical sales, excluding fuel	(0.1)%	16.9%	2.1%

The following table represents Net sales and other revenue by product type (in millions):

	Fiscal 2021		Fiscal 2020	
	Amount (1)	% of Total	Amount (1)(2)	% of Total
Non-perishables (3)	$ 36,486.7	50.8 %	$ 37,520.0	53.8 %
Fresh (4)	24,636.8	34.3 %	23,674.5	34.0 %
Pharmacy	5,823.3	8.1 %	5,195.8	7.4 %
Fuel	3,747.5	5.2 %	2,236.5	3.2 %
Other (5)	1,192.7	1.6 %	1,063.6	1.6 %
Total (6)	$ 71,887.0	100.0 %	$ 69,690.4	100.0 %

(1) Digital related sales are included in the categories to which the revenue pertains.

(2) In the fourth quarter of fiscal 2021, to better align with internal management reporting, the Company revised its presentation of sales revenue by product type, primarily to reclassify dairy sales from "Perishables" to "Non-perishables" and then titled its former "Perishables" product category "Fresh." Fiscal 2020 has been adjusted to reflect this presentation.

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

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

(5) Consists primarily of wholesale revenue to third parties, commissions and other miscellaneous revenue.

Gross Margin

Gross margin represents the portion of Net sales and other revenue remaining after deducting the Cost of sales during the period, including purchase and distribution costs. These costs include, among other things, purchasing and sourcing costs, inbound freight costs, product quality testing costs, warehousing and distribution costs, Own Brands program costs and digital-related third-party delivery and handling costs. Advertising, promotional expenses and vendor allowances are also components of Cost of sales.

Gross margin rate decreased 50 basis points to 28.8% in fiscal 2021 compared to 29.3% in fiscal 2020. Excluding the impact of fuel, gross margin rate increased five basis points. The increase in fiscal 2021 as compared to fiscal 2020 was primarily due to productivity initiatives, improved pharmacy margins related to administering COVID-19 vaccines and favorable product mix, offset by lower gross margin rates across certain product categories due to the rate impact of increased product costs and higher supply chain costs driven by the current inflationary environment predominantly experienced in the third and fourth quarters of fiscal 2021.

Selling and Administrative Expenses

Selling and administrative expenses consist primarily of store level costs, including wages, employee benefits, rent, depreciation and utilities, in addition to certain back-office expenses related to our corporate and division offices.

Selling and administrative expenses decreased 150 basis points to 25.5% of Net sales and other revenue in fiscal 2021 from 27.0% in fiscal 2020. Excluding the impacts of fuel and the Combined Plan and UFCW National Fund withdrawals, Selling and administrative expenses as a percentage of Net sales and other revenue increased 35 basis points during fiscal 2021 compared to fiscal 2020. The increase in Selling and administrative expenses as a percentage of Net sales and other revenue during fiscal 2021 compared to fiscal 2020 was primarily attributable to higher employee costs, depreciation and other expenses related to our investments in our digital and omnichannel capabilities and other strategic priorities. The increase in employee costs was the result of additional labor to support the increase in fresh sales, market-driven wage rate increases and higher equity-based compensation expense. These increases were partially offset by lower COVID-19 related costs and execution of productivity initiatives.

Gain on Property Dispositions and Impairment Losses, Net

For fiscal 2021, net gain on property dispositions and impairment losses was $15.0 million, primarily driven by $44.6 million of gains from the sale of assets, partially offset by $31.1 million of asset impairments, primarily related to right-of-use assets and intangible assets. For fiscal 2020, net gain on property dispositions and impairment losses was $38.8 million, primarily driven by $69.0 million of gains from the sale of assets, including the sale of a distribution center, partially offset by $30.2 million of asset impairments, primarily related to underperforming or closed stores and certain surplus properties.

Interest Expense, Net

Interest expense, net was $481.9 million in fiscal 2021 and $538.2 million in fiscal 2020. The decrease in Interest expense, net for fiscal 2021 compared to fiscal 2020 was primarily due to lower average outstanding borrowings and lower average interest rates. The weighted average interest rate was 5.5% and 5.8% during fiscal 2021 and fiscal 2020, respectively, excluding amortization of debt discounts and deferred financing costs.

Loss on Debt Extinguishment

During fiscal 2021, we redeemed the remaining $200.0 million aggregate principal amount outstanding (the "2025 Redemption") of our 5.750% senior unsecured notes due September 2025 (the "2025 Notes"), using cash on hand, at a redemption price of 101.438% of the principal amount thereof plus accrued and unpaid interest. The Company

recorded a $3.7 million loss on debt extinguishment related to the 2025 Redemption, comprised of a $2.9 million redemption premium and a $0.8 million write-off of deferred financing costs.

During fiscal 2020, we completed the issuance of $750.0 million in aggregate principal amount of 3.250% senior unsecured notes due March 15, 2026, $750.0 million in aggregate principal amount of 3.500% senior unsecured notes due March 15, 2029 (the "2029 Notes) and $600.0 million in aggregate principal amount of additional 2029 Notes. The proceeds from these issuances along with cash on hand were used to fund various redemptions of senior unsecured notes. In connection with these redemptions, we incurred a loss on debt extinguishment of $85.3 million, comprised of $71.6 million of redemption premiums and $13.7 million of write-offs of debt discounts.

Other (Income) Expense, Net

For fiscal 2021, other income, net was $148.2 million primarily driven by non-service cost components of net pension and post-retirement expense, realized and unrealized gains from non-operating investments and income related to our equity investment, partially offset by unrealized losses from non-operating investments. For fiscal 2020, other income, net was $134.7 million primarily driven by unrealized gains from non-operating investments, non-service cost components of net pension and post-retirement expense and income related to our equity investment, partially offset by recognized losses on interest rate swaps.

Income Taxes

Income tax expense was $479.9 million, representing a 22.9% effective tax rate, in fiscal 2021, and $278.5 million, representing a 24.7% effective tax rate, in fiscal 2020. The decrease in the effective tax rate was primarily driven by incremental discrete state income tax benefits related to statute expirations and audit settlements, as well as non-deductible transaction costs in fiscal 2020.

Net Income and Adjusted Net Income

Net income was $1,619.6 million or $2.70 per share during fiscal 2021 compared to $850.2 million or $1.47 per share during fiscal 2020. Adjusted net income was $1,781.0 million, or $3.07 per share, during fiscal 2021 compared to $1,891.4 million, or $3.24 per share, during fiscal 2020.

Adjusted EBITDA

Adjusted EBITDA was $4,398.4 million, or 6.1% of Net sales and other revenue, during fiscal 2021 compared to $4,524.0 million, or 6.5% of Net sales and other revenue, during fiscal 2020.

Supplemental Two-Year Results - Fiscal 2021 Compared to Fiscal 2019

The following table provides a comparison of fiscal 2021 to fiscal 2019 for certain financial measures, including a compounded annual growth rate ("CAGR"), to demonstrate the two-year growth in the Company's business. The Company believes these supplemental comparisons provide meaningful and useful information to investors about the trends in its business relative to pre-COVID-19 pandemic periods.

	Fiscal 2021 Supplemental Two-Year Results
Identical sales two-year stacked (1)	16.8 %
Net income per Class A common share two-year CAGR	83.7 %
Adjusted net income per Class A common share two-year CAGR	71.8 %
Net income two-year CAGR	86.3 %
Adjusted net income two-year CAGR	70.6 %
Adjusted EBITDA two-year CAGR	24.6 %
% of net sales and other revenue:	
Gross margin (2)	Increased 60 basis points
Selling and administrative expenses (3)	Decreased 115 basis points

(1) Calculated as the sum of fiscal 2021 and fiscal 2020 identical sales, excluding fuel, of (0.1)% and 16.9%, respectively.

(2) Excluding fuel.

(3) Excluding fuel and the Combined Plan withdrawal.

Net Sales and Other Revenue

Net sales and other revenue was $71.9 billion during fiscal 2021 compared to $62.5 billion during fiscal 2019. The increase in sales compared to fiscal 2019 was primarily due to the 16.8% increase in two-year stacked identical sales, partially offset by the impact of the 53rd week in fiscal 2019.

Gross Margin

Gross margin rate increased to 28.8% during fiscal 2021 compared to 28.2% during fiscal 2019. Excluding the impact of fuel, gross margin rate increased by approximately 60 basis points compared to fiscal 2019, primarily driven by productivity initiatives, sales leverage and improved pharmacy margins related to administering COVID-19 vaccines, partially offset by an increase in product and supply chain costs and growth in digital sales.

Selling and Administrative Expenses

Selling and administrative expenses decreased to 25.5% of net sales and other revenue during fiscal 2021 compared to 26.6% of net sales and other revenue for fiscal 2019. Excluding the impacts of fuel and the Combined Plan withdrawal, selling and administrative expenses as a percentage of net sales and other revenue decreased approximately 115 basis points primarily due to sales leverage and the execution of productivity initiatives, partially offset by increases in employee costs and other expenses related to the Company's investments in its digital and omnichannel capabilities and strategic priorities, as well as incremental COVID-19 expenses.

Reconciliation of Non-GAAP Measures

The following tables reconcile Net income to Adjusted net income, and Net income per Class A common share to Adjusted net income per Class A common share (dollars in millions, except per share data):

	Fiscal 2021	**Fiscal 2020**	**Fiscal 2019**
Numerator:			
Net income	$ 1,619.6	$ 850.2	$ 466.4
Adjustments:			
(Gain) loss on interest rate and commodity hedges, net (d)	(22.8)	16.9	50.6
Facility closures and transformation (1)(b)	56.6	58.0	18.3
Acquisition and integration costs (2)(b)	8.6	12.6	60.5
Equity-based compensation expense (b)	101.2	59.0	32.8
Gain on property dispositions and impairment losses, net (3)	(15.0)	(38.8)	(484.8)
LIFO expense (a)	115.2	58.7	18.4
Discretionary COVID-19 pandemic related costs (4)(b)	—	134.6	—
Government-mandated incremental COVID-19 pandemic related pay (5) (b)	57.9	1.8	—
Civil disruption related costs (6)(b)	—	13.0	—
Transaction and reorganization costs related to Convertible Preferred Stock issuance and initial public offering (b)	—	23.8	3.7
Amortization of debt discount and deferred financing costs (c)	23.2	20.3	73.9
Loss on debt extinguishment	3.7	85.3	111.4
Amortization of intangible assets resulting from acquisitions (b)	48.5	55.8	273.6
Combined Plan and UFCW National Fund withdrawal (7)(b)	(106.3)	892.9	—
Miscellaneous adjustments (8)(f)	(63.4)	2.4	35.0
Tax impact of adjustments to Adjusted net income	(46.0)	(355.1)	(47.7)
Adjusted net income	$ 1,781.0	$ 1,891.4	$ 612.1
Denominator:			
Weighted average Class A common shares outstanding - diluted	475.3	578.1	580.3
Adjustments:			
Convertible Preferred Stock (9)	97.7	—	—
Restricted stock units and awards (10)	7.4	6.3	6.6
Adjusted weighted average Class A common shares outstanding – diluted	580.4	584.4	586.9
Adjusted net income per Class A common share - diluted	$ 3.07	$ 3.24	$ 1.04
Supplemental Two-Year CAGR:			
Net income two-year CAGR	86.3 %		
Adjusted net income two-year CAGR	70.6 %		

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Net income per Class A common share - diluted	$ 2.70	$ 1.47	$ 0.80
Convertible Preferred Stock (9)	0.13	—	—
Non-GAAP adjustments (11)	0.28	1.80	0.25
Restricted stock units and awards (10)	(0.04)	(0.03)	(0.01)
Adjusted net income per Class A common share - diluted	$ 3.07	$ 3.24	$ 1.04
Supplemental Two-Year CAGR:			
Net income per Class A common share two-year CAGR	83.7 %		
Adjusted net income per Class A common share two-year CAGR	71.8 %		

The following table is a reconciliation of Adjusted net income to Adjusted EBITDA:

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Adjusted net income (12)	$ 1,781.0	$ 1,891.4	$ 612.1
Tax impact of adjustments to Adjusted net income	46.0	355.1	47.7
Income tax expense	479.9	278.5	132.8
Amortization of debt discount and deferred financing costs (c)	(23.2)	(20.3)	(73.9)
Interest expense, net	481.9	538.2	698.0
Amortization of intangible assets resulting from acquisitions (b)	(48.5)	(55.8)	(273.6)
Depreciation and amortization (e)	1,681.3	1,536.9	1,691.3
Adjusted EBITDA (13)	$ 4,398.4	$ 4,524.0	$ 2,834.4
Supplemental Two-Year CAGR:			
Adjusted EBITDA two-year CAGR	24.6 %		

(1) Includes costs related to closures of operating facilities and third-party consulting fees related to our strategic priorities and associated business transformation.

(2) Related to conversion activities and related costs associated with integrating acquired businesses. Also includes expenses related to management fees paid in prior fiscal years connection with acquisition and financing activities.

(3) Primarily due to gains related to sale leaseback transactions in the second quarter of fiscal 2019.

(4) Includes $44.7 million in bonus payments to front-line associates during the third quarter of fiscal 2020. Also includes $53 million of charitable contributions to our communities for hunger relief and $36.9 million in final reward payments to front-line associates at the end of the first quarter of fiscal 2020.

(5) Represents incremental pay that is legislatively required in certain municipalities in which we operate.

(6) Primarily includes costs related to store damage, inventory losses and community support as a result of the civil disruption during late May 2020 and early June 2020 in certain markets.

(7) Related to the Combined Plan during the fourth quarter of fiscal 2021 and the fourth quarter of fiscal 2020, and the withdrawal from the UFCW National Fund during the third quarter of fiscal 2020. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 12" for more information.

(8) Miscellaneous adjustments include the following (see table below):

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Non-cash lease-related adjustments	$ 9.7	$ 5.3	$ 21.2
Lease and lease-related costs for surplus and closed stores	27.5	46.0	21.5
Net realized and unrealized gain on non-operating investments	(57.8)	(85.1)	(1.1)
Certain legal and regulatory accruals and settlements, net	(31.0)	12.0	(22.2)
Other (i)	(11.8)	24.2	15.6
Total miscellaneous adjustments	$ (63.4)	$ 2.4	$ 35.0

(i) Primarily includes adjustments for pension settlement gain, unconsolidated equity investments and certain contract terminations.

(9) Represents the conversion of Convertible Preferred Stock to the fully outstanding as-converted Class A common shares as of the end of each respective period, for periods in which the Convertible Preferred Stock is antidilutive under GAAP.

(10) Represents incremental unvested RSUs and unvested RSAs to adjust the diluted weighted average Class A common shares outstanding during each respective period to the fully outstanding RSUs and RSAs as of the end of each respective period.

(11) Reflects the per share impact of Non-GAAP adjustments for each period. See the reconciliation of Net income to Adjusted net income above for further details.

(12) See the reconciliation of Net income to Adjusted net income above for further details.

(13) Fiscal 2019 includes an estimated $54 million of incremental Adjusted EBITDA due to the impact of the additional week in fiscal 2019.

Non-GAAP adjustment classifications within the Consolidated Statements of Operations:

(a) Cost of sales

(b) Selling and administrative expenses

(c) Interest expense, net

(d) (Gain) loss on interest rate and commodity hedges, net:

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Cost of sales	$ (19.5)	$ (2.6)	$ 2.7
Other (income) expense, net	(3.3)	19.5	47.9
Total (Gain) loss on interest rate and commodity hedges, net	$ (22.8)	$ 16.9	$ 50.6

(e) Depreciation and amortization:

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Cost of sales	$ 164.7	$ 172.6	$ 171.5
Selling and administrative expenses	1,516.6	1,364.3	1,519.8
Total Depreciation and amortization	$ 1,681.3	$ 1,536.9	$ 1,691.3

(f) Miscellaneous adjustments:

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Selling and administrative expenses	$ (6.9)	$ 73.8	$ 21.0
Other (income) expense, net	(56.5)	(71.4)	14.0
Total Miscellaneous adjustments	$ (63.4)	$ 2.4	$ 35.0

LIQUIDITY AND FINANCIAL RESOURCES

The following table sets forth the major sources and uses of cash and cash equivalents and restricted cash at the end of each period (in millions):

	February 26, 2022	February 27, 2021	February 29, 2020
Cash and cash equivalents and restricted cash at end of period	$ 2,952.6	$ 1,767.6	$ 478.9
Cash flows provided by operating activities	3,513.4	3,902.5	1,903.9
Cash flows used in investing activities	(1,538.9)	(1,572.0)	(378.5)
Cash flows used in financing activities	(789.5)	(1,041.8)	(2,014.2)

Net Cash Provided By Operating Activities

Net cash provided by operating activities was $3,513.4 million during fiscal 2021 compared to net cash provided by operating activities of $3,902.5 million during fiscal 2020. The decrease in cash flow from operating activities during fiscal 2021 compared to fiscal 2020 was due to the deferral of the employer-paid portion of social security taxes in fiscal 2020 and related partial payment of such deferral in fiscal 2021, increases in inventory purchases and lower Adjusted EBITDA. These decreases were partially offset by an increase in accounts payable from fiscal 2020, less cash paid for income taxes and interest, both the UFCW National Fund withdrawal payment and the UFCW & Employers Midwest Pension Fund settlement in fiscal 2020 and a decrease in contributions to our defined benefit pension plans and post-retirement benefit plans.

Net Cash Used In Investing Activities

Net cash used in investing activities during fiscal 2021 was $1,538.9 million primarily due to payments for property, equipment and intangibles of $1,594.8 million, partially offset by proceeds from the sale of assets of $51.9 million. Payments for property, equipment and intangibles included the completion of 236 remodels, the opening of 10 new stores and continued investment in our digital and technology platforms.

Net cash used in investing activities during fiscal 2020 was $1,572.0 million primarily due to payments for property, equipment and intangibles of $1,643.2 million and the Kings and Balducci's acquisition of $97.9 million, partially offset by proceeds from the sale of assets of $161.6 million. Payments for property, equipment and intangibles included the completion of 409 remodels, the opening of nine new stores and continued investment in our digital and technology platforms.

In fiscal 2022, we expect capital expenditures to be in the range of $2.0 billion to $2.1 billion.

Net Cash Used In Financing Activities

Net cash used in financing activities was $789.5 million in fiscal 2021 primarily consisting of payments on long-term debt and finance leases of $408.9 million and dividends paid on our Class A common stock and Convertible Preferred Stock. Payments on long-term debt principally consisted of the 2025 Redemption and the full payment on our Safeway 4.75% notes at maturity.

Net cash used in financing activities was $1,041.8 million in fiscal 2020 consisting of payments on long-term debt and finance leases of $4,526.6 million, partially offset by proceeds from the issuance of long-term debt of $4,094.0 million. Payments on long-term debt and proceeds from the issuance of long-term debt principally consisted of the $2,100 million issuance and subsequent $2,300 million redemption of Senior Unsecured Notes, the $2,000 million borrowing and subsequent repayment under the ABL Facility, the repurchase of outstanding Class A

common stock, the issuance of the Convertible Preferred Stock and dividends paid on our Class A common stock and Convertible Preferred Stock.

See "Part II—Item 8. Financial Statements and Supplementary Data—Note 7 and Note 9" for additional information.

Debt Management

Total debt, including both the current and long-term portions of finance lease obligations, net of debt discounts and deferred financing costs, decreased $348.5 million to $7,965.1 million as of the end of fiscal 2021 compared to $8,313.6 million as of the end of fiscal 2020.

Outstanding debt, including current maturities, net of debt discounts and deferred financing costs, principally consisted of (in millions):

	February 26, 2022
Senior Unsecured Notes, Safeway Inc. Notes and New Albertson's L.P. Notes	$ 7,339.5
Finance lease obligations	579.4
Other financing obligations and mortgage notes payable	46.2
Total debt, including finance leases	$ 7,965.1

On November 1, 2021, we redeemed the remaining $200.0 million aggregate principal amount outstanding of our 2025 Notes, using cash on hand. The Company recorded a $3.7 million loss on debt extinguishment. We also repaid, using cash on hand, the remaining $130.0 million in aggregate principal amount of Safeway's 4.75% Notes due 2021 on their maturity date, December 1, 2021.

As of February 26, 2022, we had no borrowings outstanding under our ABL Facility and total availability of approximately $3,750.6 million (net of letter of credit usage). On December 20, 2021, the existing ABL Facility was amended and restated to, among other things, extend the maturity date of the facility to December 20, 2026, reduce the unused line fee to 0.25% per annum and reduce the interest rate based on availability. The ABL Facility contains no financial maintenance covenants unless and until (a) excess availability is less than (i) 10% of the lesser of the aggregate commitments and the then-current borrowing base at any time or (ii) $250.0 million at any time or (b) an event of default is continuing. If any such event occurs, we must maintain a fixed charge coverage ratio of 1.0:1.0 from the date such triggering event occurs until such event of default is cured or waived and/or the 30th day that all such triggers under clause (a) no longer exist.

During fiscal 2021 and fiscal 2020, there were no financial maintenance covenants in effect under the ABL Facility because the conditions listed above had not been met.

See "Part II—Item 8. Financial Statements and Supplementary Data—Note 7" for additional information.

Dividends

The holders of Convertible Preferred Stock are entitled to a quarterly dividend at a rate per annum of 6.75% of the liquidation preference per share of the Convertible Preferred Stock. In addition, the holders of Convertible Preferred Stock will participate in cash dividends that we pay on our common stock to the extent that such cash dividends exceed $206.25 million per fiscal year. Cash dividends paid to holders of the Convertible Preferred Stock were $114.6 million and $66.0 million during fiscal 2021 and fiscal 2020, respectively. On March 15, 2022, we declared a quarterly cash dividend of $22.8 million to holders of Convertible Preferred Stock, which was paid on March 31, 2022.

In connection with the Initial Public Offering, we established a dividend policy pursuant to which we intend to pay a quarterly dividend on our Class A common stock. Cash dividends paid on our Class A common stock were $207.4 million ($0.44 per common share) and $93.7 million ($0.20 per common share) during fiscal 2021 and fiscal 2020, respectively. On April 12, 2022, we announced the next quarterly dividend payment of $0.12 per share of Class A common stock to be paid on May 10, 2022 to stockholders of record as of the close of business on April 26, 2022.

Liquidity and Factors Affecting Liquidity

We estimate our liquidity needs over the next fiscal year to be approximately $6,000 million, which includes anticipated requirements for incremental working capital, capital expenditures, pension obligations, interest payments and scheduled principal payments of debt, dividends on Class A common stock and Convertible Preferred Stock, operating leases and finance leases. Based on current operating trends, we believe that cash flows from operating activities and other sources of liquidity, including borrowings under our ABL Facility, will be adequate to meet our liquidity needs for the next 12 months and for the foreseeable future. We believe we have adequate cash flow to continue to maintain our current debt ratings and to respond effectively to competitive conditions. In addition, we may enter into refinancing transactions from time to time. There can be no assurance, however, that our business will continue to generate cash flow at or above current levels or that we will maintain our ability to borrow under our ABL Facility.

The table below presents our material cash requirements as of February 26, 2022 (in millions) [(1)]:

	Payments Due Per Year				
	Total	**2022**	**2023-2024**	**2025-2026**	**Thereafter**
Long-term debt (2)	$ 7,484.6	$ 750.8	$ 17.8	$ 2,774.2	$ 3,941.8
Estimated interest on long-term debt (3)	2,202.2	367.7	682.4	644.0	508.1
Operating leases (4)	8,742.7	935.6	1,841.1	1,504.5	4,461.5
Finance leases (4)	844.6	114.3	221.2	162.0	347.1
Other obligations (5)	1,886.6	422.2	520.7	207.4	736.3
Purchase obligations (6)	601.6	168.0	247.8	102.2	83.6
Total contractual obligations	$ 21,762.3	$ 2,758.6	$ 3,531.0	$ 5,394.3	$ 10,078.4

(1) The cash requirements table excludes funding of pension and other postretirement benefit obligations, which totaled $29.8 million in fiscal 2021 and is expected to total approximately $21 million in fiscal 2022. This table also excludes recurring contributions under various multiemployer pension plans, which totaled $523.7 million in fiscal 2021 and is expected to total approximately $550 million in fiscal 2022. This table also excludes the 6.75% annual dividend to holders of Convertible Preferred Stock, which currently totals approximately $73 million per year.

(2) Long-term debt amounts exclude any debt discounts and deferred financing costs. See "Part II—Item 8. Financial Statements and Supplementary Data—Note 7" for additional information.

(3) Amounts include contractual interest payments using the stated fixed interest rate as of February 26, 2022. See "Part II—Item 8. Financial Statements and Supplementary Data—Note 7" for additional information.

(4) Represents the minimum rents payable under operating and finance leases, excluding common area maintenance, insurance or tax payments, for which we are obligated.

(5) Consists of self-insurance liabilities, which have not been reduced by insurance-related receivables, as well as payment obligations related to the Combined Plan, the Excess Plan and the UFCW National Fund. The table excludes the unfunded pension and postretirement benefit obligation of $357.9 million. The potential settlement payments related to unrecognized tax benefits have been excluded from the contractual obligations table because a reasonably reliable estimate of the timing of future tax settlements cannot be determined. Also excludes deferred tax liabilities and certain other deferred liabilities that will not be settled in cash.

(6) Purchase obligations include various obligations that have specified purchase commitments. As of February 26, 2022, future purchase obligations primarily relate to fixed asset, marketing and information technology commitments, including fixed price contracts. In addition, not included in the contractual obligations table are supply contracts to purchase product for resale to consumers which are typically of a short-term nature with limited or no purchase commitments. We also enter into supply contracts which typically include either volume commitments or fixed expiration dates, termination provisions and other customary contractual considerations. The supply contracts that are cancelable have not been included above.

Multiemployer Pension Plans

We currently contribute to 27 multiemployer plans which provide retirement benefits to participants based on their service to contributing employers. The benefits are paid from assets held in trust for that purpose and the respective plan trustees are responsible for determining the level of benefits to be provided to participants, the management of the plan assets and plan administration. We continue to monitor any potential exposure to underfunded multiemployer plans for our associates who are beneficiaries of these plans. The underfunding of any of these plans to which we contribute are not our liability and though we are not obligated nor the guarantor for any of the underfunding, we have estimated, based on the ratio of our contributions to the total of all contributions to these plans, our allocable share of the underfunding (the amount by which the actuarial determined plan liabilities exceed the value of the plan assets) of these multiemployer plans to which we contribute to be approximately $4.9 billion.

The American Rescue Plan Act ("ARP Act") establishes a special financial assistance program for financially troubled multiemployer pension plans. Under the ARP Act, eligible multiemployer plans can apply to receive a one-time cash payment in the amount projected by the Pension Benefit Guaranty Corporation ("PBGC") to pay pension benefits through the plan year ending 2051. The payment received by the multiemployer plan under this special financial assistance program would not be considered a loan and would not need to be paid back. Any financial assistance received by the multiemployer plan would need to be segregated from the other assets of the multiemployer plans and invested in investment grade bonds or other investments permitted by the PBGC.

Of the 27 multiemployer plans to which we contribute, 16 plans are classified as "Critical" or "Critical and Declining" and potentially eligible for some level of relief under the special financial assistance program through the ARP Act. On July 9, 2021, the PBGC issued its interim final rule with respect to the special financial assistance program. The PBGC interim final rule provides direction on the application requirements, identifies which plans will have priority, eligibility requirements, the determination of the amount of financial assistance to be provided and establishes conditions and restrictions that apply to plans that receive assistance. Though the amount of financial assistance that each of these 16 plans could receive will vary by plan, we currently estimate that these 16 plans represent over 90% of the $4.9 billion estimated underfunding. We expect the special financial assistance program under these regulations to provide the funding for these plans to remain solvent for at least the next 25 to 30 years and continue to provide benefits to our associates who are beneficiaries of these multiemployer plans. We will continue to make our contributions based on collective bargaining agreements for each of the multiemployer plans to which we contribute. Our contributions to multiemployer plans were $523.7 million, $524.0 million and $469.3 million during fiscal 2021, fiscal 2020 and fiscal 2019, respectively, and we expect to contribute approximately $550 million in fiscal 2022. Refer to "Part I—Item 1A. Risk Factors" and "Part II—Item 8. Financial Statements and Supplementary Data—Note 12" for additional information.

Guarantees

We are party to a variety of contractual agreements pursuant to which we may be obligated to indemnify the other party for certain matters. These contracts primarily relate to our commercial contracts, operating leases and other real estate contracts, trademarks, intellectual property, financial agreements and various other agreements. Under

these agreements, we may provide certain routine indemnifications relating to representations and warranties (for example, ownership of assets, environmental or tax indemnifications) or personal injury matters. The terms of these indemnifications range in duration and may not be explicitly defined. We believe that if we were to incur a loss in any of these matters, the loss would not have a material effect on our financial statements.

We are liable for certain operating leases that were assigned to third parties. If any of these third parties fail to perform their obligations under the leases, we could be responsible for the lease obligation. Because of the wide dispersion among third parties and the variety of remedies available, we believe that if an assignee became insolvent it would not have a material effect on our financial condition, results of operations or cash flows.

In the ordinary course of business, we enter into various supply contracts to purchase products for resale and purchase and service contracts for fixed asset and information technology commitments. We have also entered into fixed price contracts to purchase electricity and natural gas for a portion of our energy needs. These contracts typically include volume commitments or fixed expiration dates, termination provisions and other standard contractual considerations.

Letters of Credit

We had letters of credit of $249.4 million outstanding as of February 26, 2022. The letters of credit are maintained primarily to support our performance, payment, deposit or surety obligations. We typically pay bank fees of 1.25% plus a fronting fee of 0.125% on the face amount of the letters of credit.

NEW ACCOUNTING POLICIES

See "Part II—Item 8. Financial Statements and Supplementary Data—Note 1" for new accounting pronouncements.

CRITICAL ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

We have chosen accounting policies that we believe are appropriate to report accurately and fairly our operating results and financial position, and we apply those accounting policies in a fair and consistent manner. See "Part II—Item 8. Financial Statements and Supplementary Data—Note 1" for a discussion of our significant accounting policies.

Management believes the following critical accounting policies reflect its more subjective or complex judgments and estimates used in the preparation of our consolidated financial statements.

Self-Insurance Liabilities

We are primarily self-insured for workers' compensation, property, automobile and general liability. The self-insurance liability is undiscounted and determined actuarially, based on claims filed and an estimate of claims incurred but not yet reported. We have established stop-loss amounts that limit our further exposure after a claim reaches the designated stop-loss threshold. In determining our self-insurance liabilities, we perform a continuing review of our overall position and reserving techniques. Since recorded amounts are based on estimates, the ultimate cost of all incurred claims and related expenses may be more or less than the recorded liabilities.

Any actuarial projection of self-insured losses is subject to a high degree of variability. Litigation trends, legal interpretations, benefit level changes, claim settlement patterns and similar factors influenced historical development trends that were used to determine the current year expense and, therefore, contributed to the variability in the annual expense. However, these factors are not direct inputs into the actuarial projection, and thus their individual impact cannot be quantified.

Long-Lived Asset Impairment

We regularly review our individual stores' operating performance, together with current market conditions, for indications of impairment. When events or changes in circumstances indicate that the carrying value of an individual store's assets may not be recoverable, its future undiscounted cash flows are compared to the carrying value. If the carrying value of store assets to be held and used is greater than the future undiscounted cash flows, an impairment loss is recognized to record the assets at fair value. For property and equipment held for sale, we recognize impairment charges for the excess of the carrying value plus estimated costs of disposal over the fair value. Fair values are based on discounted cash flows or current market rates. These estimates of fair value can be significantly impacted by factors such as changes in the current economic environment and real estate market conditions. Long-lived asset impairment losses were $31.1 million, $30.2 million and $77.4 million in fiscal 2021, fiscal 2020 and fiscal 2019, respectively.

Goodwill

As of February 26, 2022, our goodwill totaled $1,201.0 million, of which $917.3 million related to our acquisition of Safeway. We review goodwill for impairment in the fourth quarter of each year, and also upon the occurrence of triggering events. We perform reviews of each of our reporting units that have goodwill balances. We review goodwill for impairment by initially considering qualitative factors to determine whether it is necessary to perform a quantitative analysis. If it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative analysis is performed to identify goodwill impairment. If it is determined that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, it is unnecessary to perform a quantitative analysis. We may elect to bypass the qualitative assessment and proceed directly to performing a quantitative analysis.

Goodwill has been allocated to all of our reporting units, and none of our reporting units have a zero or negative carrying amount of net assets. As of February 26, 2022, there is one reporting unit with no goodwill. There are eleven reporting units with an aggregate goodwill balance of $1,201.0 million, of which we believe the fair value of each reporting unit was substantially in excess of its carrying value, which indicates a remote likelihood of a future impairment loss. However, the estimates of fair value can be significantly impacted by factors such as changes in current market conditions within each of the geographies that our reporting units operate, therefore future potential declines in market conditions or other factors could negatively impact the estimated future cash flows and valuation assumptions used to determine the fair value of our reporting units and lead to future impairment charges.

The annual evaluation of goodwill performed for our reporting units during the fourth quarters of fiscal 2021, fiscal 2020 and fiscal 2019 did not result in impairment.

Income Taxes and Uncertain Tax Positions

We review the tax positions taken or expected to be taken on tax returns to determine whether and to what extent a benefit can be recognized in our consolidated financial statements. Various taxing authorities periodically examine our income tax returns. These examinations include questions regarding our tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating these various tax filing positions, including state and local taxes, we assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and

information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in our financial statements. A number of years may elapse before an uncertain tax position is examined and fully resolved. As of February 26, 2022, we are no longer subject to federal income tax examinations for fiscal years prior to 2012 and in most states, we are no longer subject to state income tax examinations for fiscal years before 2012. Tax years 2012 through 2020 remain under examination. The assessment of our tax position relies on the judgment of management to estimate the exposures associated with our various filing positions.

Item 7A - Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from a variety of sources, including changes in interest rates and commodity prices. We have from time to time selectively used derivative financial instruments to reduce these market risks. Our market risk exposures related to interest rates and commodity prices are discussed below.

Interest Rate Risk and Long-Term Debt

We are exposed to market risk from fluctuations in interest rates. From time to time, we manage our exposure to interest rate fluctuations through the use of interest rate swaps. At the time of entering into interest rate swap contracts, our risk management objective and strategy is to utilize them to protect us against adverse fluctuations in interest rates by reducing our exposure to variability in cash flows relating to interest payments on a portion of our outstanding debt. As further described in Note 7 - Long-term debt and finance lease obligations, we significantly reduced our exposure to changes in LIBOR, which is the designated benchmark we hedge, with the extinguishment of our term loan facility on February 5, 2020. In connection with the term loan extinguishment, we discontinued hedge accounting, and changes in the fair value of these instruments are now recognized in earnings. We continue to make scheduled payments on the swaps that were previously designated as cash flow hedges of our term loan facility in accordance with the terms of the contracts.

As a result of the term loan extinguishment, our principal exposure to LIBOR now relates to our ABL Facility, and we believe a 100 basis point increase on our variable interest rates would not have a material impact on our interest expense.

The table below provides information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including debt instruments and interest rate swaps. For debt obligations, the table presents principal amounts due and related weighted average interest rates by expected maturity dates. For interest rate swaps, the table presents average notional amounts and weighted average interest rates by expected (contractual) maturity dates (dollars in millions):

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Thereafter	Total	Fair Value
Long-Term Debt								
Fixed Rate - Principal payments	$ 750.8	$ 0.9	$ 16.9	$ 14.1	$ 2,760.1	$ 3,941.8	$ 7,484.6	$ 7,531.5
Weighted average interest rate (1)	3.50%	6.04%	4.61%	1.50%	4.98%	5.17%	4.92%	

(1) Excludes debt discounts and deferred financing costs.

	Pay Fixed / Receive Variable					
	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Thereafter
Interest Rate Swaps						
Average notional amount outstanding	$ 593.0	$ 49.0	$ —	$ —	$ —	$ —
Average pay rate	2.94 %	2.94 %	— %	— %	— %	— %
Average receive rate	1.44 %	2.24 %	— %	— %	— %	— %

Commodity Price Risk

We have entered into fixed price contracts to purchase electricity and natural gas for a portion of our energy needs. We expect to take delivery of these commitments in the normal course of business, and, as a result, these commitments qualify as normal purchases. We also manage our exposure to changes in diesel prices utilized in our distribution process through the use of short-term heating oil derivative contracts. These contracts are economic hedges of price risk and are not designated or accounted for as hedging instruments for accounting purposes. Changes in the fair value of these instruments are recognized in earnings. We do not believe that these energy and commodity swaps would cause a material change to our financial position.

Item 8 - Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Albertsons Companies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Albertsons Companies, Inc. and subsidiaries (the "Company") as of February 26, 2022 and February 27, 2021, the related consolidated statements of operations and comprehensive income, cash flows, and stockholders' equity for the 52 weeks ended February 26, 2022, the 52 weeks ended February 27, 2021, and the 53 weeks ended February 29, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 26, 2022 and February 27, 2021, and the results of its operations and its cash flows for each of the three years in the period ended February 26, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 26, 2022, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 26, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Self-Insurance Liabilities—Refer to Note 1 to the financial statements

Critical Audit Matter Description

The Company is self-insured for workers' compensation automobile, property, and general liability. The self-insurance liability is undiscounted and determined actuarially based on claims filed and an estimate of claims incurred but not yet reported. The Company has established stop-loss amounts that limit the Company’s liability. Self-insurance liabilities as of February 26, 2022, were $1,171.1 million.

We identified the evaluation of the Company's self-insurance liabilities as a critical audit matter because estimating the projected settlement value of reported and unreported claims involves significant estimation by management. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists when performing audit procedures to evaluate whether self-insurance liabilities were appropriately recorded as of February 26, 2022.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the self-insurance liabilities included the following, among others:

We tested the effectiveness of controls over management's self-insurance process, including controls over the review of the actuarial report and evaluation of the external actuarial expert’s qualifications, competency, and objectivity and evaluation of the underlying data sent to the external actuary.

We evaluated the methods and assumptions used by management to estimate the self-insurance liability by:

- Reading the Company’s insurance policies and comparing the coverage and terms to the assumptions used by management.
- Testing the underlying data that served as the basis for the actuarial analysis, including historical claims, to test that the inputs to the actuarial estimate were accurate and complete.
- Involving actuarial specialists with specialized skills, industry knowledge, and relevant experience who assisted in:
  - Comparing management's prior year assumptions of expected development and ultimate loss to actuals incurred during the current year to identify potential bias in the determination of the self-insurance liability.
  - Developing an independent expectation of the self-insurance liabilities and comparing them to the amounts recorded by management.
  - Evaluating the key assumptions and methodologies used by management to determine the liability.
  - Evaluating the qualifications of the Company's actuaries by assessing their certifications and determining whether they met the Qualification Standards of the American Academy of Actuaries to render the statements of actuarial opinion implicit in their analyses.

/s/ Deloitte & Touche LLP

Boise, Idaho
April 26, 2022

We have served as the Company's auditor since 2006.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Albertsons Companies, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Albertsons Companies, Inc. and subsidiaries (the "Company") as of February 26, 2022, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 26, 2022, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and the related notes (collectively referred to as the "financial statements") as of and for the year ended February 26, 2022, of the Company and our report dated April 26, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Boise, Idaho
April 26, 2022

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

	February 26, 2022	February 27, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,902.0	$ 1,717.0
Receivables, net	560.6	550.9
Inventories, net	4,500.8	4,301.3
Prepaid assets	301.6	317.2
Other current assets	101.4	101.6
Total current assets	8,366.4	6,988.0
Property and equipment, net	9,349.6	9,412.7
Operating lease right-of-use assets	5,908.4	6,015.6
Intangible assets, net	2,285.0	2,108.8
Goodwill	1,201.0	1,183.3
Other assets	1,012.6	889.6
TOTAL ASSETS	$ 28,123.0	$ 26,598.0
LIABILITIES		
Current liabilities		
Accounts payable	$ 4,236.8	$ 3,487.3
Accrued salaries and wages	1,554.9	1,474.7
Current maturities of long-term debt and finance lease obligations	828.8	212.4
Current operating lease obligations	640.6	605.3
Current portion of self-insurance liability	333.3	321.4
Taxes other than income taxes	344.6	339.1
Other current liabilities	409.5	392.0
Total current liabilities	8,348.5	6,832.2
Long-term debt and finance lease obligations	7,136.3	8,101.2
Long-term operating lease obligations	5,419.9	5,548.0
Deferred income taxes	799.8	533.7
Long-term self-insurance liability	837.8	837.7
Other long-term liabilities	1,277.6	1,821.8
Commitments and contingencies		
Series A convertible preferred stock, $0.01 par value; 1,750,000 shares authorized, 745,410 and 924,000 shares issued and outstanding as of February 26, 2022 and February 27, 2021, respectively	681.1	844.3
Series A-1 convertible preferred stock, $0.01 par value; 1,410,000 shares authorized, 653,776 and 826,000 shares issued and outstanding as of February 26, 2022 and February 27, 2021, respectively	597.4	754.8
STOCKHOLDERS' EQUITY		
Undesignated preferred stock, $0.01 par value; 96,840,000 shares authorized, no shares issued as of February 26, 2022 February 27, 2021	—	—
Class A common stock, $0.01 par value; 1,000,000,000 shares authorized, 587,904,283 and 585,574,666 shares issued as of February 26, 2022 and February 27, 2021, respectively	5.9	5.9
Class A-1 convertible common stock, $0.01 par value; 150,000,000 shares authorized, no shares issued as of February 26, 2022 and February 27, 2021	—	—
Additional paid-in capital	2,032.2	1,898.9
Treasury stock, at cost, 99,640,065 shares held as of February 26, 2022 and 120,009,647 shares held as of February 27, 2021, respectively	(1,647.4)	(1,907.0)
Accumulated other comprehensive income	69.0	63.5
Retained earnings	2,564.9	1,263.0
Total stockholders' equity	3,024.6	1,324.3
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 28,123.0	$ 26,598.0

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

Albertsons Companies, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income
(in millions, except per share data)

	52 weeks ended February 26, 2022	52 weeks ended February 27, 2021	53 weeks ended February 29, 2020
Net sales and other revenue	$ 71,887.0	$ 69,690.4	$ 62,455.1
Cost of sales	51,164.6	49,275.9	44,860.9
Gross margin	20,722.4	20,414.5	17,594.2
Selling and administrative expenses	18,300.5	18,835.8	16,641.9
Gain on property dispositions and impairment losses, net	(15.0)	(38.8)	(484.8)
Operating income	2,436.9	1,617.5	1,437.1
Interest expense, net	481.9	538.2	698.0
Loss on debt extinguishment	3.7	85.3	111.4
Other (income) expense, net	(148.2)	(134.7)	28.5
Income before income taxes	2,099.5	1,128.7	599.2
Income tax expense	479.9	278.5	132.8
Net income	$ 1,619.6	$ 850.2	$ 466.4
Other comprehensive income (loss), net of tax:			
Recognition of pension gain (loss)	5.8	183.0	(210.5)
Other	(0.3)	(1.0)	0.7
Other comprehensive income (loss)	$ 5.5	$ 182.0	$ (209.8)
Comprehensive income	$ 1,625.1	$ 1,032.2	$ 256.6
Net income per Class A common share:			
Basic net income per Class A common share	$ 2.73	$ 1.53	$ 0.80
Diluted net income per Class A common share	2.70	1.47	0.80
Weighted average Class A common shares outstanding:			
Basic	469.6	500.3	579.4
Diluted	475.3	578.1	580.3

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 26, 2022	52 weeks ended February 27, 2021	53 weeks ended February 29, 2020
Cash flows from operating activities:			
Net income	$ 1,619.6	$ 850.2	$ 466.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on property dispositions and impairment losses, net	(15.0)	(38.8)	(484.8)
Depreciation and amortization	1,681.3	1,536.9	1,691.3
Operating lease right-of-use assets amortization	623.9	581.5	570.3
LIFO expense	115.2	58.7	18.4
Deferred income tax	219.0	(112.3)	(5.9)
Pension and post-retirement benefits income	(54.7)	(36.4)	(2.0)
Contributions to pension and post-retirement benefit plans	(29.8)	(60.0)	(11.0)
(Gain) loss on interest rate swaps and commodity hedges, net	(22.8)	16.9	50.6
Deferred financing costs	23.4	20.9	39.8
Loss on debt extinguishment	3.7	85.3	111.4
Equity-based compensation expense	101.2	59.0	32.8
Other operating activities	(77.0)	(143.0)	2.5
Changes in operating assets and liabilities, net of effects of acquisition of businesses:			
Receivables, net	(22.4)	0.4	60.8
Inventories, net	(313.8)	9.2	(38.1)
Accounts payable, accrued salaries and wages and other accrued liabilities	679.5	787.4	85.3
Operating lease liabilities	(604.6)	(563.3)	(584.4)
Pension withdrawal liabilities	(131.0)	672.3	(62.3)
Self-insurance assets and liabilities	18.6	6.5	(4.0)
Other operating assets and liabilities	(300.9)	171.1	(33.2)
Net cash provided by operating activities	3,513.4	3,902.5	1,903.9
Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(25.4)	(97.9)	—
Payments for property, equipment and intangibles, including lease buyouts	(1,606.5)	(1,630.2)	(1,475.1)
Proceeds from sale of assets	51.9	161.6	1,096.7
Other investing activities	41.1	(5.5)	(0.1)
Net cash used in investing activities	(1,538.9)	(1,572.0)	(378.5)

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

	52 weeks ended February 26, 2022	52 weeks ended February 27, 2021	53 weeks ended February 29, 2020
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	$ —	$ 4,094.0	$ 3,874.0
Payments on long-term borrowings	(330.9)	(4,446.7)	(5,676.6)
Payments of obligations under finance leases	(78.0)	(79.9)	(109.3)
Payment of redemption premium on debt extinguishment	(2.9)	(71.6)	—
Payments for debt financing costs	(11.0)	(21.9)	(53.2)
Dividends paid on common stock	(207.4)	(93.7)	—
Dividends paid on convertible preferred stock	(114.6)	(66.0)	—
Proceeds from convertible preferred stock	—	1,680.0	—
Third party issuance costs on convertible preferred stock	—	(80.9)	—
Treasury stock purchase, at cost	—	(1,881.2)	—
Employee tax withholding on vesting of restricted stock units	(29.4)	(14.1)	(18.8)
Other financing activities	(15.3)	(59.8)	(30.3)
Net cash used in financing activities	(789.5)	(1,041.8)	(2,014.2)
Net increase (decrease) in cash and cash equivalents and restricted cash	1,185.0	1,288.7	(488.8)
Cash and cash equivalents and restricted cash at beginning of period	1,767.6	478.9	967.7
Cash and cash equivalents and restricted cash at end of period	$ 2,952.6	$ 1,767.6	$ 478.9
Reconciliation of capital investments:			
Payments for property, equipment and intangibles, including payments for lease buyouts	$ (1,606.5)	$ (1,630.2)	$ (1,475.1)
Lease buyouts	11.7	(13.0)	7.7
Total payments for capital investments, excluding lease buyouts	$ (1,594.8)	$ (1,643.2)	$ (1,467.4)
Supplemental cash flow information:			
Non-cash investing and financing activities were as follows:			
Additions of finance lease obligations, excluding business acquisitions	$ 81.0	$ 38.8	$ —
Purchases of property and equipment included in accounts payable	499.7	360.8	230.8
Interest and income taxes paid:			
Interest paid, net of amount capitalized	480.3	574.3	718.5
Income taxes paid	240.9	366.2	228.8

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

Albertsons Companies, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(in millions, except share data)

	Class A Common Stock		Additional paid in capital	Treasury Stock		Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity
	Shares	Amount		Shares	Amount			
Balance as of February 23, 2019	579,443,146	$ 5.8	$ 1,811.2	3,671,621	$ (25.8)	$ 91.3	$ (431.8)	$ 1,450.7
Issuance of common stock to Company's parents	3,554,105	—	—	—	—	—	—	—
Equity-based compensation	—	—	32.8	—	—	—	—	32.8
Employee tax withholding on vesting of restricted stock units	—	—	(18.8)	—	—	—	—	(18.8)
Adoption of new accounting standards, net of tax	—	—	—	—	—	16.6	558.0	574.6
Net income	—	—	—	—	—	—	466.4	466.4
Other comprehensive loss, net of tax	—	—	—	—	—	(226.4)	—	(226.4)
Other activity	—	—	(0.9)	—	—	—	(0.3)	(1.2)
Balance as of February 29, 2020	582,997,251	5.8	1,824.3	3,671,621	(25.8)	(118.5)	592.3	2,278.1
Issuance of common stock to Company's parents	1,312,859	—	—	—	—	—	—	—
Equity-based compensation	—	—	59.0	—	—	—	—	59.0
Shares issued and employee tax withholding on vesting of restricted stock units	1,264,556	0.1	(14.1)	—	—	—	—	(14.0)
Equity reclassification	—	—	30.0	—	—	—	—	30.0
Repurchase of common stock	—	—	—	116,338,026	(1,881.2)	—	—	(1,881.2)
Cash dividends declared on common stock ($0.20 per common share)	—	—	—	—	—	—	(93.7)	(93.7)
Dividends accrued on convertible preferred stock	—	—	—	—	—	—	(86.0)	(86.0)
Net income	—	—	—	—	—	—	850.2	850.2
Other comprehensive income, net of tax	—	—	—	—	—	182.0	—	182.0
Other activity	—	—	(0.3)	—	—	—	0.2	(0.1)
Balance as of February 27, 2021	585,574,666	5.9	1,898.9	120,009,647	(1,907.0)	63.5	1,263.0	1,324.3
Equity-based compensation	—	—	101.2	—	—	—	—	101.2
Shares issued and employee tax withholding on vesting of restricted stock units	2,329,617	—	(29.4)	—	—	—	—	(29.4)
Convertible preferred stock conversions	—	—	61.0	(20,369,582)	259.6	—	—	320.6
Cash dividends declared on common stock ($0.44 per common share)	—	—	—	—	—	—	(207.4)	(207.4)
Dividends accrued on convertible preferred stock	—	—	—	—	—	—	(109.4)	(109.4)
Net income	—	—	—	—	—	—	1,619.6	1,619.6
Other comprehensive income, net of tax	—	—	—	—	—	5.5	—	5.5
Other activity	—	—	0.5	—	—	—	(0.9)	(0.4)
Balance as of February 26, 2022	587,904,283	$ 5.9	$ 2,032.2	99,640,065	$ (1,647.4)	$ 69.0	$ 2,564.9	$ 3,024.6

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

NOTE 1 - DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Albertsons Companies, Inc. and its subsidiaries (the "Company" or "ACI") is a food and drug retailer that, as of February 26, 2022, operated 2,276 retail stores together with 402 associated fuel centers, 22 dedicated distribution centers, 20 manufacturing facilities and various digital platforms. The Company's retail food businesses and in-store pharmacies operate throughout the United States under 24 banners including *Albertsons, Safeway, Vons, Pavilions, Randalls, Tom Thumb, Carrs, Jewel-Osco, Acme, Shaw's, Star Market, United Supermarkets, Market Street, Haggen, Kings Food Markets* and *Balducci's Food Lovers Market*. The Company has no separate assets or liabilities other than its investments in its subsidiaries, and all of its business operations are conducted through its operating subsidiaries.

Basis of Presentation

The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Intercompany transactions and accounts have been eliminated in consolidation for all periods presented. The Company's investments in unconsolidated affiliates are recorded using the equity method.

Significant Accounting Policies

Fiscal year: The Company's fiscal year ends on the last Saturday in February. Unless the context otherwise indicates, reference to a fiscal year of the Company refers to the calendar year in which such fiscal year commences. The Company's first quarter consists of 16 weeks, the second, third and fourth quarters generally each consist of 12 weeks, and the fiscal year generally consists of 52 weeks. For the fiscal years ended February 26, 2022 and February 27, 2021 the fiscal years consisted of 52 weeks. For the fiscal year ended February 29, 2020, the fourth quarter consisted of 13 weeks, and the fiscal year consisted of 53 weeks.

Use of estimates: The preparation of the Company's Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting periods presented. Certain estimates require difficult, subjective or complex judgments about matters that are inherently uncertain. Actual results could differ from those estimates.

Cash and cash equivalents: Cash equivalents include all highly liquid investments with original maturities of three months or less at the time of purchase and outstanding deposits related to credit and debit card sales transactions that settle within a few days. Cash and cash equivalents related to credit and debit card transactions were $538.8 million and $525.3 million as of February 26, 2022 and February 27, 2021, respectively. The Company has significant amounts of cash and cash equivalents that are in excess of federally insured limits. Though the Company has not experienced any losses on its cash and cash equivalents to date and it does not anticipate incurring any losses, the Company cannot be assured that it will not experience losses on its cash and cash equivalents.

Restricted cash: Restricted cash is included in Other current assets and Other assets within the Consolidated Balance Sheets and primarily relates to surety bonds and funds held in escrow. As of both February 26, 2022 and February 27, 2021, the Company had $50.6 million of restricted cash.

Receivables, net: Receivables consist primarily of trade accounts receivable, pharmacy accounts receivable, tenant receivables and vendor receivables. Management makes estimates of the uncollectibility of its accounts receivable. In determining the adequacy of the allowances for doubtful accounts, management analyzes the value of collateral,

historical collection experience, aging of receivables and other economic and industry factors. It is possible that the accuracy of the estimation process could be materially impacted by different judgments, estimations and assumptions based on the information considered and could result in a further adjustment of receivables. The allowance for doubtful accounts and bad debt expense were not material for any of the periods presented.

Inventories, net: Substantially all of the Company's inventories consist of finished goods valued at the lower of cost or net realizable value and net of vendor allowances.

As of February 26, 2022, and February 27, 2021, approximately 83.7% and 84.9%, respectively, of the Company's inventories were valued under the last-in, first-out ("LIFO") method. The Company primarily uses the retail inventory or the item-cost method to determine inventory cost before application of any LIFO adjustment. Under the retail inventory method, inventory cost is determined, before the application of any LIFO adjustment, by applying a cost-to-retail ratio to various categories of similar items to the retail value of those items. Under the item-cost method, the most recent purchase cost is used to determine the cost of inventory before the application of any LIFO adjustment. Replacement or current cost was higher than the carrying amount of inventories valued using LIFO by $317.4 million and $202.2 million as of February 26, 2022 and February 27, 2021, respectively. During fiscal 2021, fiscal 2020 and fiscal 2019, inventory quantities in certain LIFO layers were reduced. These reductions resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the cost of fiscal 2021, fiscal 2020 and fiscal 2019 purchases. As a result, cost of sales decreased by $11.3 million, $11.8 million and $12.9 million in fiscal 2021, fiscal 2020 and fiscal 2019, respectively. Cost for the remaining inventories, which consists primarily of perishable and fuel inventories, was determined using the most recent purchase cost, which approximates the first-in, first-out ("FIFO") method. Perishables are counted every four weeks and are carried at the last purchased cost which approximates FIFO cost. Fuel inventories are carried at the last purchased cost, which approximates FIFO cost. The Company records inventory shortages based on actual physical counts at its facilities and also provides allowances for inventory shortages for the period between the last physical count and the balance sheet date.

Property and equipment, net: Property and equipment is recorded at cost or fair value for assets acquired as part of a business combination, and depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally as follows: buildings - seven to 40 years; leasehold improvements - the shorter of the remaining lease term or ten to 20 years; fixtures and equipment - three to 20 years; and specialized supply chain equipment - six to 25 years.

Property and equipment under finance leases are recorded at the lower of the present value of the future minimum lease payments or the fair value of the asset and are amortized on the straight-line method over the lesser of the lease term or the estimated useful life. Interest capitalized on property under construction was immaterial for all periods presented.

Leases: The Company leases certain retail stores, distribution centers, office facilities and equipment from third parties. The Company determines whether a contract is or contains a lease at contract inception. Operating and finance lease assets and liabilities are recognized at the lease commencement date. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease obligations and long-term operating lease obligations on the Consolidated Balance Sheets. Finance leases are included in Property and equipment, net, current maturities of long-term debt and finance lease obligations and long-term debt and finance lease obligations on the Consolidated Balance Sheets. Operating lease assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are based on the present value of remaining lease payments over the lease term. As the rate implicit in the Company's leases is not readily determinable, the Company's applicable incremental borrowing rate, which is estimated to approximate the interest rate on a collateralized basis with similar terms, is used in calculating the present value of the sum of the lease payments. Operating lease assets are based on the lease liability, adjusted for any prepayments, lease incentives and initial direct costs incurred. The typical real estate lease period is 15 to 20

years with renewal options for varying terms and, to a limited extent, options to purchase. The Company includes renewal options that are reasonably certain to be exercised as part of the lease term.

The Company has lease agreements with non-lease components that relate to the lease components. Certain leases contain percent rent based on sales, escalation clauses or payment of executory costs such as property taxes, utilities, insurance and maintenance. Non-lease components primarily relate to common area maintenance. Non-lease components and the lease components to which they relate are accounted for together as a single lease component for all asset classes. The Company recognizes lease payments for short-term leases as expense either straight-line over the lease term or as incurred depending on whether lease payments are fixed or variable.

Impairment of long-lived assets: The Company regularly reviews its individual stores' operating performance, together with current market conditions, for indicators of impairment. When events or changes in circumstances indicate that the carrying value of the individual store's assets may not be recoverable, its future undiscounted cash flows are compared to the carrying value. If the carrying value of store assets to be held and used is greater than the future undiscounted cash flows, an impairment loss is recognized to record the assets at fair value. For assets held for sale, the Company recognizes impairment charges for the excess of the carrying value plus estimated costs of disposal over the fair value. Fair values are based on discounted cash flows or current market rates. These estimates of fair value can be significantly impacted by factors such as changes in the current economic environment and real estate market conditions. Long-lived asset impairments are recorded as a component of Gain on property dispositions and impairment losses, net.

Intangible assets, net: Intangible assets with finite lives consist primarily of trade names, naming rights, customer prescription files and internally developed software. Intangible assets with finite lives are amortized on a straight-line basis over an estimated economic life ranging from three to 40 years. The Company reviews finite-lived intangible assets for impairment in accordance with its policy for long-lived assets. Intangible assets with indefinite useful lives, which are not amortized, consist of restricted covenants and liquor licenses. The Company reviews intangible assets with indefinite useful lives and tests for impairment annually on the first day of the fourth quarter and also if events or changes in circumstances indicate the occurrence of a triggering event. The review consists of comparing the estimated fair value of the cash flows generated by the asset to the carrying value of the asset.

Cloud computing arrangements that are service contracts: The Company enters into hosted cloud computing arrangements that are considered to be service contracts and capitalizes certain development costs related to implementing the cloud computing arrangement. As of February 26, 2022 and February 27, 2021, the Company had capitalized implementation costs of $186.4 million and $107.0 million, respectively, included in Other assets. The Company amortizes the costs over the related service contract period of the hosting arrangement. Amortization expense for the implementation costs was $38.3 million, $15.2 million and $0.6 million for fiscal 2021, fiscal 2020 and fiscal 2019 respectively, and is included within Selling and administrative expenses.

Goodwill: Goodwill represents the difference between the purchase price and the fair value of assets and liabilities acquired in a business combination. Goodwill is not amortized as the Company reviews goodwill for impairment annually on the first day of its fourth quarter and also if events or changes in circumstances indicate the occurrence of a triggering event. The Company reviews goodwill for impairment by initially considering qualitative factors to determine whether it is necessary to perform a quantitative analysis. If it is determined that it is more likely than not that the fair value of reporting unit is less than its carrying amount, a quantitative analysis is performed to identify goodwill impairment. If it is determined that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, it is unnecessary to perform a quantitative analysis. The Company may elect to bypass the qualitative assessment and proceed directly to performing a quantitative analysis. Based on the qualitative analysis performed in fiscal 2021, the Company determined that there was no goodwill impairment.

Business combination measurements: In accordance with applicable accounting standards, the Company estimates the fair value of acquired assets and assumed liabilities as of the acquisition date of business

combinations. These fair value adjustments are input into the calculation of goodwill related to the excess of the purchase price over the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed in the acquisition.

The fair value of assets acquired and liabilities assumed are determined using market, income and cost approaches from the perspective of a market participant. The fair value measurements can be based on significant inputs that are not readily observable in the market. The market approach indicates value for a subject asset based on available market pricing for comparable assets. The market approach used includes prices and other relevant information generated by market transactions involving comparable assets, as well as pricing guides and other sources. The income approach indicates value for a subject asset based on the present value of cash flows projected to be generated by the asset. Projected cash flows are discounted at a required market rate of return that reflects the relative risk of achieving the cash flows and the time value of money. The cost approach, which estimates value by determining the current cost of replacing an asset with another of equivalent economic utility, was used for certain assets for which the market and income approaches could not be applied due to the nature of the asset. The cost to replace a given asset reflects the estimated reproduction or replacement cost for the asset, adjusted for obsolescence, whether physical, functional or economic.

Equity method investments: Investments in certain companies over which the Company exerts significant influence, but does not control the financial and operating decisions, are accounted for as equity method investments. For equity method investments, the Company regularly reviews its investments to determine whether there is a decline in fair value below carrying value. If there is a decline that is other-than-temporary, the investment is written down to fair value. As of February 26, 2022 and February 27, 2021, the Company has equity method investments of $247.9 million and $182.0 million, respectively, included in Other assets. Equity in earnings from unconsolidated affiliates was $63.5 million, $59.2 million and $1.5 million for fiscal 2021, fiscal 2020 and fiscal 2019 respectively, and is included in Other (income) expense, net.

The Company's equity method investments include an equity interest in Mexico Foods Parent LLC and La Fabrica Parent LLC ("El Rancho"), a Texas-based specialty grocer. The investment represents a 45% ownership interest in El Rancho which the Company is accounting for under the equity method. The Company has the option to acquire the remaining 55% of El Rancho at any time until six months after the delivery of El Rancho's financial results for the fiscal year ended December 31, 2021. If the Company elects to exercise the option to acquire the remaining equity of El Rancho, the price to be paid will be calculated using a predetermined market-based formula.

Other investments: Investments in equity securities with a readily determinable fair value, not accounted for under the equity method, are recorded at fair value with realized and unrealized gains and losses included in Other (income) expense, net. For equity securities without a readily determinable fair value, the investment is recorded at cost, less any impairment, plus or minus adjustments related to observable transactions for the same or similar securities, with realized and unrealized gains and losses included in Other (income) expense, net. As of February 26, 2022 and February 27, 2021, the Company has other investments of $118.6 million and $152.8 million, respectively, included in Other assets. Net realized and unrealized gains were $15.5 million, $43.0 million and $11.5 million for fiscal 2021, fiscal 2020 and fiscal 2019, respectively.

Company-Owned life insurance policies ("COLI"): The Company has COLI policies that have a cash surrender value. The Company has loans against these policies. The Company has no intention of repaying the loans prior to maturity or cancellation of the policies. Therefore, the Company offsets the cash surrender value by the related loans. As of February 26, 2022 and February 27, 2021, the cash surrender values of the policies were $139.7 million and $148.3 million, and the balances of the policy loans were $82.6 million and $89.9 million, respectively. The net balance of the COLI policies is included in Other assets.

Derivatives: The Company has entered into several pay fixed, receive variable interest rate swap contracts ("Swaps") to manage its exposure to changes in interest rates. Swaps are recognized in the Consolidated Balance

Sheets at fair value. The Swaps are not designated as cash flow hedges, and as a result, all changes in fair value are recorded in current period earnings, rather than through other comprehensive income (loss).

The Company has also entered into contracts to purchase electricity and natural gas at fixed prices for a portion of its energy needs. The Company expects to take delivery of the electricity and natural gas in the normal course of business. Contracts that qualify for the normal purchase exception under derivatives and hedging accounting guidance are not recorded at fair value. Energy purchased under these contracts is expensed as delivered. The Company also manages its exposure to changes in diesel prices utilized in the Company's distribution process through the use of short-term heating oil derivative contracts. These contracts are economic hedges of price risk and are not designated or accounted for as hedging instruments for accounting purposes. Changes in the fair value of these instruments are recognized in current period earnings.

Self-Insurance liabilities: The Company is primarily self-insured for workers' compensation, property, automobile and general liability. The self-insurance liability is undiscounted and determined actuarially, based on claims filed and an estimate of claims incurred but not yet reported. The Company has established stop-loss amounts that limit the Company's further exposure after a claim reaches the designated stop-loss threshold. Stop-loss amounts for claims incurred for the years presented range from $0.25 million to $5.0 million per claim, depending upon the type of insurance coverage and the year the claim was incurred. In determining its self-insurance liabilities, the Company performs a continuing review of its overall position and reserving techniques. Since recorded amounts are based on estimates, the ultimate cost of all incurred claims and related expenses may be more or less than the recorded liabilities.

The Company has reinsurance receivables of $20.5 million and $24.6 million recorded within Receivables, net and $44.5 million and $47.0 million recorded within Other assets as of February 26, 2022 and February 27, 2021, respectively. The self-insurance liabilities and related reinsurance receivables are recorded gross.

Changes in self-insurance liabilities consisted of the following (in millions):

	February 26, 2022	February 27, 2021
Beginning balance	$ 1,159.1	$ 1,147.4
Expense, net of actuarial adjustments	310.5	285.6
Claim payments	(298.5)	(273.9)
Ending balance	1,171.1	1,159.1
Less current portion	(333.3)	(321.4)
Long-term portion	$ 837.8	$ 837.7

Benefit plans and Multiemployer plans: Substantially all of the Company's employees are covered by various contributory and non-contributory pension, profit sharing or 401(k) plans, in addition to sponsored defined benefit plans. Certain employees participate in a long-term retention incentive bonus plan. The Company also provides certain health and welfare benefits, including short-term and long-term disability benefits to inactive disabled employees prior to retirement.

The Company recognizes a liability for the underfunded status of the defined benefit plans as a component of Other long-term liabilities. Actuarial gains or losses and prior service costs or credits are recorded within Other comprehensive income (loss). The determination of the Company's obligation and related expense for its sponsored pensions and other post-retirement benefits is dependent, in part, on management's selection of certain actuarial assumptions in calculating these amounts. These assumptions include, among other things, the discount rate and expected long-term rate of return on plan assets.

Most union employees participate in multiemployer retirement plans pursuant to collective bargaining agreements, unless the collective bargaining agreement provides for participation in plans sponsored by the Company. Pension expense for the multiemployer plans is recognized as contributions are funded.

Equity-based compensation: The Company recognizes equity-based compensation expense for restricted stock units ("Restricted Stock Units" or "RSUs") and restricted common stock of the Company ("RSAs") granted to employees and non-employee directors. Actual forfeitures are recognized as they occur. Equity-based compensation expense is based on the fair value on the grant date and is recognized over the requisite service period of the award, generally between one and five years from the date of the award. The fair value of the RSUs and RSAs with a service condition or performance-based condition is generally determined using the fair market value of the Company's Class A common stock on the grant date.

Revenue recognition: Revenues from the retail sale of products are recognized at the point of sale to the customer, net of returns and sales tax. Pharmacy sales are recorded upon the customer receiving the prescription. Third-party receivables from pharmacy sales were $247.5 million and $262.5 million as of February 26, 2022 and February 27, 2021, respectively. For digital related sales, which include home delivery and Drive Up & Go curbside pickup, revenues are recognized upon either pickup in store or delivery to the customer and may include revenue for separately charged delivery services. Discounts provided to customers by the Company at the time of sale are recognized as a reduction in sales as the products are sold. Discounts provided to customers by vendors, usually in the form of coupons, are not recognized as a reduction in sales, provided the coupons are redeemable at any retailer that accepts coupons. The Company recognizes revenue and records a corresponding receivable from the vendor for the difference between the sales prices and the cash received from the customer. The Company records a contract liability when rewards are earned by customers in connection with the Company's loyalty programs. As rewards are redeemed or expire, the Company reduces the contract liability and recognizes revenue. The contract liability balance was immaterial in fiscal 2021 and fiscal 2020.

The Company records a contract liability when it sells its own proprietary gift cards. The Company records a sale when the customer redeems the gift card. The Company's gift cards do not expire. The Company reduces the contract liability and records revenue for the unused portion of gift cards ("breakage") in proportion to its customers' pattern of redemption, which the Company determined to be the historical redemption rate. The Company's contract liability related to gift cards was $104.3 million and $98.1 million as of February 26, 2022 and February 27, 2021, respectively.

Disaggregated Revenues

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

	Fiscal 2021		Fiscal 2020		Fiscal 2019	
	Amount (1)	**% of Total**	**Amount (1)(2)**	**% of Total**	**Amount (1)(2)**	**% of Total**
Non-perishables (3)	$ 36,486.7	50.8 %	$ 37,520.0	53.8 %	$ 31,897.2	51.1 %
Fresh (4)	24,636.8	34.3 %	23,674.5	34.0 %	20,885.8	33.4 %
Pharmacy	5,823.3	8.1 %	5,195.8	7.4 %	5,236.8	8.4 %
Fuel	3,747.5	5.2 %	2,236.5	3.2 %	3,430.4	5.5 %
Other (5)	1,192.7	1.6 %	1,063.6	1.6 %	1,004.9	1.6 %
Total (6)	$ 71,887.0	100.0 %	$ 69,690.4	100.0 %	$ 62,455.1	100.0 %

(1) Digital related sales are included in the categories to which the revenue pertains.

(2) In the fourth quarter of fiscal 2021, to better align with internal management reporting, the Company revised its presentation of sales revenue by product type, primarily to reclassify dairy sales from "Perishables" to "Non-perishables" and then titled its former "Perishables" product category "Fresh." Fiscal 2020 and fiscal 2019 have been adjusted to reflect this presentation.

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

(4) Consists primarily of produce, meat, deli and prepared foods, bakery, floral and seafood.

(5) Consists primarily of wholesale revenue to third parties, commissions and other miscellaneous revenue.

(6) Fiscal 2019 includes approximately $1.1 billion of incremental Net sales and other revenue due to the additional 53rd week.

Cost of sales and vendor allowances: Cost of sales includes, among other things, purchasing and sourcing costs, inbound freight costs, product quality testing costs, warehousing and distribution costs, Own Brands program costs and digital-related third-party delivery and handling costs.

The Company receives vendor allowances or rebates ("Vendor Allowances") for a variety of merchandising initiatives and buying activities. The terms of the Company's Vendor Allowances arrangements vary in length but are primarily expected to be completed within a quarter. The Company records Vendor Allowances as a reduction of Cost of sales when the associated products are sold. Vendor Allowances that have been earned as a result of completing the required performance under terms of the underlying agreements but for which the product has not yet been sold are recognized as reductions of inventory. The reduction of inventory for these Vendor Allowances was $54.1 million and $57.9 million as of February 26, 2022 and February 27, 2021, respectively.

Advertising costs are included in Cost of sales and are expensed in the period the advertising occurs. Cooperative advertising funds are recorded as a reduction of Cost of sales when the advertising occurs. Advertising costs were $440.5 million, $385.1 million and $405.6 million, net of cooperative advertising allowances of $72.9 million, $72.7 million and $91.9 million for fiscal 2021, fiscal 2020 and fiscal 2019, respectively.

Selling and administrative expenses: Selling and administrative expenses consist primarily of store and corporate employee-related costs such as salaries and wages, health and welfare, workers' compensation and pension benefits, as well as marketing and merchandising, rent, occupancy and operating costs, amortization of intangibles and other administrative costs.

Income taxes: The Company's income before taxes is primarily from domestic operations. Deferred taxes are provided for the net tax effects of temporary differences between the financial reporting and income tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Valuation allowances are established where management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized. The Company reviews tax positions taken or expected to be taken on tax returns to determine whether and to what extent a tax benefit can be recognized. The Company evaluates its positions taken and establishes liabilities in accordance with the applicable accounting guidance for uncertain tax positions. The Company reviews these liabilities as facts and circumstances change and adjusts accordingly. The Company recognizes any interest and penalties associated with uncertain tax positions as a component of Income tax expense. U.S. shareholders of a controlled foreign corporation are required to provide U.S. taxes on its share of global intangible low-taxed income ("GILTI"). The current and deferred tax impact of GILTI is not material to the Company. Accordingly, the Company will report the tax impact of GILTI as a period cost and not provide deferred taxes for the basis difference that would be expected to reverse as GILTI.

Segments: The Company and its subsidiaries offer grocery products, general merchandise, health and beauty care products, pharmacy, fuel and other items and services in its stores or through digital channels. The Company's retail operating divisions are geographically based, have similar economic characteristics and similar expected long-term financial performance. The Company's operating segments and reporting units are its 12 divisions, which are reported in 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 division offers, through its stores and digital channels, the same general mix of products with similar pricing to similar categories of customers, has similar

distribution methods, operates in similar regulatory environments and purchases merchandise from similar or the same vendors.

Recently issued accounting standards: In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06 "*Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*" ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for certain convertible instruments, amends guidance on derivative scope exceptions for contracts in an entity's own equity and modifies the guidance on diluted earnings per share calculations as a result of these changes. ASU 2020-06 will take effect for public entities for annual reporting periods beginning after December 15, 2021, and interim periods within those fiscal years. The Company currently does not expect the adoption of this standard to have a material impact on its Consolidated Financial Statements and related disclosures, but evaluation is continuing.

NOTE 2 - ACQUISITIONS

On January 23, 2021, the Company acquired 27 stores operated by Kings Food Markets and Balducci's Food Lovers Market ("Kings and Balducci's"). The purchase price was $98.1 million, and the transaction was accounted for under the acquisition method of accounting. The purchase price was allocated to the fair values of the identifiable assets and liabilities. Net assets acquired of $102.0 million primarily consisted of fixed assets, intangibles and inventory, valued at $41.0 million, $31.6 million and $18.1 million, respectively. Intangible assets acquired primarily consisted of tradenames. The Company recognized a bargain purchase gain of $3.9 million as the amount by which the fair value of the net assets acquired exceeded the purchase consideration paid. The bargain purchase was recognized as a gain within Selling and administrative expenses for fiscal 2020. The Company believes it was able to acquire the net assets for lower than fair value due to the financial condition of Kings and Balducci's which was in bankruptcy proceedings. Pro forma results are not presented as the acquisition was not considered material to the Company. Third-party acquisition-related costs were immaterial for fiscal 2020 and were expensed as incurred as a component of Selling and administrative expenses.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in millions):

	February 26, 2022	February 27, 2021
Land	$ 2,124.0	$ 2,096.8
Buildings	5,211.3	4,880.6
Property under construction	661.0	938.9
Leasehold improvements	2,176.1	1,887.1
Fixtures and equipment	7,542.0	6,630.5
Property and equipment under finance leases	750.0	755.0
Total property and equipment	18,464.4	17,188.9
Accumulated depreciation and amortization	(9,114.8)	(7,776.2)
Total property and equipment, net	$ 9,349.6	$ 9,412.7

Depreciation expense was $1,392.0 million, $1,297.7 million and $1,244.7 million for fiscal 2021, fiscal 2020 and fiscal 2019, respectively. Amortization expense related to finance lease assets was $63.8 million, $67.4 million and $90.2 million in fiscal 2021, fiscal 2020 and fiscal 2019, respectively. Fixed asset impairment losses of $2.6 million, $8.0 million and $21.8 million were recorded as a component of Gain on property dispositions and impairment losses, net in fiscal 2021, fiscal 2020 and fiscal 2019, respectively. The impairment losses primarily relate to assets

in underperforming stores, certain surplus properties and fiscal 2019 also includes certain leasehold interests and equipment related to the Plated meal kit subscription and delivery business.

NOTE 4 - INTANGIBLE ASSETS

The Company's Intangible assets, net consisted of the following (in millions):

		February 26, 2022			February 27, 2021		
	Estimated useful lives (Years)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Trade names	40	$ 1,935.8	$ (361.9)	$ 1,573.9	$ 1,941.7	$ (312.5)	$ 1,629.2
Customer prescription files	5	1,430.8	(1,375.8)	55.0	1,511.3	(1,458.6)	52.7
Internally developed software	3 to 5	1,126.3	(564.3)	562.0	777.5	(441.1)	336.4
Other intangible assets (1)	3 to 6	58.2	(52.1)	6.1	52.3	(48.8)	3.5
Total finite-lived intangible assets		4,551.1	(2,354.1)	2,197.0	4,282.8	(2,261.0)	2,021.8
Liquor licenses and restricted covenants	Indefinite	88.0	—	88.0	87.0	—	87.0
Total intangible assets, net		$ 4,639.1	$ (2,354.1)	$ 2,285.0	$ 4,369.8	$ (2,261.0)	$ 2,108.8

(1) Other intangible assets includes covenants not to compete, specialty accreditation and licenses and patents.

Amortization expense for intangible assets was $187.2 million, $156.6 million and $355.8 million for fiscal 2021, fiscal 2020 and fiscal 2019, respectively. Estimated future amortization expense associated with the net carrying amount of intangibles with finite lives is as follows (in millions):

Fiscal Year	Amortization Expected
2022	$ 244.7
2023	216.2
2024	171.5
2025	124.8
2026	60.1
Thereafter	1,379.7
Total	$ 2,197.0

In fiscal 2021 and fiscal 2019 there were $12.3 million and $34.1 million of intangible asset impairment losses, respectively, recorded as a component of Gain on property dispositions and impairment losses, net. There were no intangible asset impairment losses in fiscal 2020. The fiscal 2019 impairment loss was driven by the continued under performance of the Plated meal kit subscription and delivery operations and primarily relates to the Plated tradename, and to a lesser extent, certain other Plated intangible assets. The fair value was determined using an income approach which included a relief-from-royalty method and relied on inputs with unobservable market prices including the assumed revenue growth rate, royalty rate, discount rate and estimated tax rate.

NOTE 5 - FAIR VALUE MEASUREMENTS

The accounting guidance for fair value established a framework for measuring fair value and established a three-level valuation hierarchy for disclosure of fair value measurement. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability at the measurement date. The three levels are defined as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;

Level 3 - Unobservable inputs in which little or no market activity exists, requiring an entity to develop its own assumptions that market participants would use to value the asset or liability.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table presents assets and liabilities which are measured at fair value on a recurring basis as of February 26, 2022 (in millions):

	Fair Value Measurements			
	Total	**Quoted prices in active markets for identical assets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Short-term investments (1)	$ 14.4	$ 4.9	$ 9.5	$ —
Non-current investments (2)	114.7	10.9	103.8	—
Derivative contracts (3)	18.6	—	18.6	—
Total	$ 147.7	$ 15.8	$ 131.9	$ —
Liabilities:				
Derivative contracts (4)	$ 10.4	$ —	$ 10.4	$ —
Total	$ 10.4	$ —	$ 10.4	$ —

(1) Primarily relates to Mutual Funds (Level 1) and Certificates of Deposit (Level 2). Included in Other current assets.

(2) Primarily relates to investments in publicly traded stock (Level 1) and certain equity investments, U.S. Treasury Notes and Corporate Bonds (Level 2). Included in Other assets.

(3) Primarily relates to energy derivative contracts. Included in Other assets.

(4) Primarily relates to interest rate swaps. Included in Other current liabilities.

The following table presents assets and liabilities which are measured at fair value on a recurring basis as of February 27, 2021 (in millions):

	Fair Value Measurements			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Short-term investments (1)	$ 11.9	$ 4.4	$ 7.5	$ —
Non-current investments (2)	110.2	40.3	69.9	—
Total	$ 122.1	$ 44.7	$ 77.4	$ —
Liabilities:				
Derivative contracts (3)	$ 40.0	$ —	$ 40.0	$ —
Total	$ 40.0	$ —	$ 40.0	$ —

(1) Primarily relates to Mutual Funds and Certificates of Deposit (Level 2). Included in Other current assets.

(2) Primarily relates to investments in publicly traded stock (Level 1) and U.S. Treasury Notes and Corporate Bonds (Level 2). Included in Other assets.

(3) Primarily relates to interest rate swaps. Included in Other current liabilities.

The estimated fair value of the Company's debt, including current maturities, was based on Level 2 inputs, being market quotes or values for similar instruments, and interest rates currently available to the Company for the issuance of debt with similar terms and remaining maturities as a discount rate for the remaining principal payments. As of February 26, 2022, the fair value of total debt was $7,531.5 million compared to a carrying value of $7,484.6 million, excluding debt discounts and deferred financing costs. As of February 27, 2021, the fair value of total debt was $8,150.7 million compared to the carrying value of $7,815.5 million, excluding debt discounts and deferred financing costs.

Assets Measured at Fair Value on a Nonrecurring Basis

The Company measures certain assets at fair value on a non-recurring basis, including long-lived assets and goodwill, which are evaluated for impairment. Long-lived assets include store-related assets such as property and equipment, operating lease assets and certain intangible assets. The inputs used to determine the fair value of long-lived assets and a reporting unit are considered Level 3 measurements due to their subjective nature.

The Company recorded long-lived asset impairment losses of $31.1 million, $30.2 million and $77.4 million during fiscal 2021, fiscal 2020 and fiscal 2019, respectively.

NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

The aggregate notional amount of all Swaps as of February 26, 2022 and February 27, 2021, were $593.0 million and $1,653.0 million, respectively, of which none were designated as cash flow hedges as defined by GAAP.

On February 5, 2020, the Company repaid in full its term loans using cash on hand and proceeds from the issuance of new notes (as further discussed in Note 7 - Long-term debt and finance lease obligations). Consequently, the Company discontinued cash flow hedge accounting for the interest rate swap agreements that were entered into to hedge the interest rate risk on the then existing variable rate term loans. In accordance with hedge accounting guidance, the net unrealized loss of $37.1 million, associated with the discontinued hedging relationship, recorded within Accumulated other comprehensive income (loss), was reclassified into Other (income) expense, net in fiscal 2019 in the Consolidated Statements of Operations and Comprehensive Income.

Activity related to the Swaps consisted of the following (in millions):

	Fiscal 2021	Fiscal 2020	Fiscal 2019	Location of gain (loss) recognized from derivatives
Gain (loss) on undesignated portion of interest rate swaps	$ 3.3	$ (19.5)	$ (47.9)	Other (income) expense, net
Loss on designated portion of interest rate swaps	$ —	$ —	$ (3.4)	Other comprehensive income (loss), net of tax

NOTE 7 - LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS

The Company's long-term debt as of February 26, 2022 and February 27, 2021, net of debt discounts of $41.4 million and $44.8 million, respectively, and deferred financing costs of $57.5 million and $69.8 million, respectively, consisted of the following (in millions):

	February 26, 2022	February 27, 2021
Senior Unsecured Notes due 2023 to 2030, interest rate range of 3.25% to 7.50%	$ 6,492.5	$ 6,680.5
Safeway Inc. Notes due 2027 to 2031, interest rate range of 7.25% to 7.45%	374.4	504.3
New Albertsons L.P. Notes due 2026 to 2031, interest rate range of 6.52% to 8.70%	472.6	469.1
Other financing obligations	29.1	29.4
Mortgage notes payable, secured	17.1	17.6
Finance lease obligations (see Note 8)	579.4	612.7
Total debt	7,965.1	8,313.6
Less current maturities	(828.8)	(212.4)
Long-term portion	$ 7,136.3	$ 8,101.2

As of February 26, 2022, the future maturities of long-term debt, excluding finance lease obligations, debt discounts and deferred financing costs, consisted of the following (in millions):

2022	$ 750.8
2023	0.9
2024	16.9
2025	14.1
2026	2,760.1
Thereafter	3,941.8
Total	$ 7,484.6

The Company's asset-based loan ("ABL") facility (the "ABL Facility") and certain of the outstanding notes and debentures have, restrictive covenants, subject to the right to cure in certain circumstances, calling for the acceleration of payments due in the event of a breach of a covenant or a default in the payment of a specified amount of indebtedness due under certain debt arrangements. There are no restrictions on the Company's ability to receive distributions from its subsidiaries to fund interest and principal payments due under the ABL Facility and the Company's senior unsecured notes (the "Senior Unsecured Notes"). Each of the ABL Facility and the Senior Unsecured Notes restrict the ability of the Company to pay dividends and distribute property to the Company's stockholders. As a result, all of the Company's consolidated net assets are effectively restricted with respect to their ability to be transferred to the Company's stockholders. Notwithstanding the foregoing, the ABL Facility and the

Senior Unsecured Notes each contain customary exceptions for certain dividends and distributions, including the ability to make cumulative distributions under the Senior Unsecured Notes of up to the greater of $1.0 billion or 4.0% of the Company's total assets (which is measured at the time of such distribution) and the ability to make distributions if certain payment conditions are satisfied under the ABL Facility. The Company was in compliance with all such covenants and provisions as of and for the fiscal year ended February 26, 2022.

ABL Facility

At both February 26, 2022 and February 27, 2021, there were no borrowings outstanding under the Company's ABL Facility, and letters of credit issued under the LOC sub-facility were $249.4 million and $354.6 million, respectively. On December 20, 2021, the Company's existing ABL Facility, which provides for a $4,000.0 million senior secured revolving credit facility, was amended and restated to, among other things, extend the maturity date of the facility to December 20, 2026 and reduce the unused fee to 0.25%. The new ABL Facility has an interest rate of LIBOR plus a margin ranging from 1.25% to 1.50% and also provides for a letters of credit ("LOC") sub-facility of $1,500.0 million. As part of the amendment, the Company capitalized $11.0 million of deferred financing costs, recorded within Other assets in the Consolidated Balance Sheets, and wrote-off $3.5 million of unamortized deferred financing costs to interest expense in the Consolidated Statements of Operations and Comprehensive Income.

On March 12, 2020, the Company provided notice to the lenders to borrow $2,000.0 million under the Company's ABL Facility as a precautionary measure in order to increase its cash position and preserve flexibility in light of the uncertainty in the global markets resulting from the COVID-19 pandemic. The Company repaid the $2,000.0 million in full on June 19, 2020.

The ABL Facility is guaranteed by the Company's existing and future direct and indirect wholly owned domestic subsidiaries that are not borrowers, subject to certain exceptions. The ABL Facility is secured by, subject to certain exceptions, (i) a first-priority lien on substantially all of the ABL Facility priority collateral and (ii) a first-priority lien on substantially all other assets (other than real property). The ABL Facility contains no financial covenant unless and until (a) excess availability is less than (i) 10.0% of the lesser of the aggregate commitments and the then-current borrowing base at any time or is (ii) $250.0 million at any time or (b) an event of default is continuing. If any of such events occur, the Company must maintain a fixed charge coverage ratio of 1.0 to 1.0 from the date such triggering event occurs until such event of default is cured or waived and/or the 30th day that all such triggers under clause (a) no longer exist.

Senior Unsecured Notes

Fiscal 2019

On August 15, 2019, the Company and substantially all of its subsidiaries completed the issuance of $750.0 million in aggregate principal amount of 5.875% senior unsecured notes due February 15, 2028 (the "2028 Notes"). Interest on the 2028 Notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2020. Proceeds from the 2028 Notes were used to partially fund the fiscal 2019 term loan repayment (see *Albertsons Term Loans* below).

On November 22, 2019, the Company and substantially all of its subsidiaries completed the issuance of $750.0 million in aggregate principal amount of 4.625% senior unsecured notes due January 15, 2027 (the "2027 Notes"). Interest on the 2027 Notes is payable semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2020. Proceeds from the 2027 Notes were used to partially fund the fiscal 2019 term loan repayment (see *Albertsons Term Loans* below).

On February 5, 2020, the Company and substantially all of its subsidiaries completed the issuance of $750.0 million in aggregate principal amount of new 3.50% senior unsecured notes due February 15, 2023 (the "2023 Notes"), $600.0 million in aggregate principal amount of additional 2027 Notes (the "Additional 2027 Notes") and $1,000.0 million in aggregate principal amount of new 4.875% senior unsecured notes due February 15, 2030 (the "2030 Notes" and together with the 2023 Notes and Additional 2027 Notes, the "February Notes"). The Additional 2027 Notes were issued as "additional securities" under the indenture governing the outstanding 2027 Notes. The Additional 2027 Notes are expected to be treated as a single class with the outstanding 2027 Notes for all purposes and have the same terms as those of the outstanding 2027 Notes. Interest on the 2023 Notes and 2030 Notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2020. The proceeds received from the issuance of the February Notes, together with approximately $18 million of cash on hand, were used to (i) to partially fund the fiscal 2019 term loan repayment (see *Albertsons Term Loans* below) and (ii) pay fees and expenses related to the fiscal 2019 term loan repayment and the issuance of the February Notes.

Fiscal 2020

On August 31, 2020, the Company and substantially all of its subsidiaries completed the issuance of $750.0 million in aggregate principal amount of 3.250% senior unsecured notes due March 15, 2026 (the "New 2026 Notes") and $750.0 million in aggregate principal amount of 3.500% senior unsecured notes due March 15, 2029 (the "2029 Notes" and together with the New 2026 Notes, the "August Notes"). Interest on the August Notes is payable semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2021. On September 11, 2020, a portion of the proceeds from the issuance of the August Notes, together with approximately $60 million of cash on hand, were used to fund the full redemption of the $1,250.0 million aggregate principal amount outstanding of the Company's 6.625% senior unsecured notes due 2024 (the "2024 Redemption"). In connection with the 2024 Redemption, the Company paid an associated redemption premium of $41.4 million. The Company recorded a $49.1 million loss on debt extinguishment related to the 2024 Redemption, comprised of the $41.4 million redemption premium and $7.7 million write-off of deferred financings costs.

On September 16, 2020, remaining proceeds from the issuance of the August Notes were used to fund the partial redemption of $250.0 million of the $1,250.0 million in aggregate principal amount outstanding (the "September Partial 2025 Redemption") of the Company's 5.750% senior unsecured notes due September 2025 (the "2025 Notes"). In connection with the September Partial 2025 Redemption, the Company paid an associated redemption premium of $7.2 million. The Company recorded an $8.6 million loss on debt extinguishment related to the September Partial 2025 Redemption, comprised of the $7.2 million redemption premium and a $1.4 million write-off of deferred financing costs.

On December 22, 2020, the Company and substantially all of its subsidiaries completed the issuance of $600.0 million in aggregate principal amount of additional 2029 Notes (the "Additional 2029 Notes"). The Additional 2029 Notes were issued as "additional securities" under the indenture governing the outstanding 2029 Notes. The Additional 2029 Notes are expected to be treated as a single class with the outstanding 2029 Notes for all purposes and have the same terms as those of the outstanding 2029 Notes. On January 4, 2021, proceeds from the issuance of the Additional 2029 Notes, together with approximately $230 million of cash on hand, were used to fund a partial redemption of $800.0 million of the $1,000.0 million in aggregate principal amount outstanding of the 2025 Notes (the "January Partial 2025 Redemption"). In connection with the January Partial 2025 Redemption, the Company paid an associated redemption premium of $23.0 million. The Company recorded a $27.6 million loss on debt extinguishment related to the January Partial 2025 Redemption, comprised of the $23.0 million redemption premium and a $4.6 million write-off of deferred financing costs.

Fiscal 2021

On November 1, 2021, the Company redeemed the remaining $200.0 million aggregate principal amount outstanding of its 2025 Notes (the "2025 Redemption"), which were redeemed using cash on hand, at a redemption price of 101.438% of the principal amount thereof plus accrued and unpaid interest. The Company recorded a $3.7 million loss on debt extinguishment related to the 2025 Redemption, comprised of a $2.9 million redemption premium and a $0.8 million write-off of deferred financing costs.

The 2023 Notes, the $600.0 million in aggregate principal amount of 7.5% senior unsecured notes due March 15, 2026 (the "2026 Notes"), the New 2026 Notes, the 2027 Notes, the Additional 2027 Notes, the 2028 Notes, the 2029 Notes, the Additional 2029 Notes and the 2030 Notes have not been and will not be registered with the SEC. Each of these notes are also fully and unconditionally guaranteed, jointly and severally, by substantially all of the Company’s subsidiaries that are not issuers under the indenture governing such notes.

The Company, an issuer and direct or indirect parent of each of the other issuers of the 2023 Notes, the 2026 Notes, the New 2026 Notes, the 2027 Notes, the Additional 2027 Notes, the 2028 Notes, the 2029 Notes, the Additional 2029 Notes and the 2030 Notes, has no independent assets or operations. All of the direct or indirect subsidiaries of the Company, other than subsidiaries that are issuers, or guarantors, as applicable, of the 2023 Notes, the 2026 Notes, the New 2026 Notes, the 2027 Notes, the Additional 2027 Notes, the 2028 Notes, the 2029 Notes, the Additional 2029 Notes and the 2030 Notes are minor, individually and in the aggregate.

Safeway Notes

On May 24, 2019, the Company completed a cash tender offer and early redemption of Safeway notes with a par value of $34.1 million and a book value of $33.3 million for $32.6 million, plus accrued and unpaid interest of $0.7 million (the "Safeway Tender"). Including related fees, the Company recognized a loss on debt extinguishment related to the Safeway Tender of $0.5 million.

The Company repaid the remaining $136.8 million in aggregate principal amount of Safeway's 3.95% Notes due 2020 on their maturity date, August 15, 2020. The Company also repaid the remaining $130.0 million in aggregate principal amount of Safeway's 4.75% Notes due 2021 on their maturity date, December 1, 2021.

NALP Notes

On May 24, 2019, the Company completed a cash tender offer and early redemption of New Albertsons L.P.'s ("NALP") Notes with a par value of $402.9 million and a book value of $363.7 million for $382.7 million, plus accrued and unpaid interest of $8.2 million (the "NALP Notes Tender"). Including related fees, the Company recognized a loss on debt extinguishment related to the NALP Notes Tender of $19.1 million.

Also during fiscal 2019, the Company repurchased NALP Notes on the open market with an aggregate par value of $553.9 million and a book value of $502.0 million for $547.5 million plus accrued and unpaid interest of $11.3 million (the "NALP Notes Repurchase"). Including related fees, the Company recognized a loss on debt extinguishment related to the NALP Notes Repurchase of $46.2 million.

Albertsons Term Loans

Through a series of repayments and refinancing transactions during fiscal 2019, the Company repaid $4,662.9 million of aggregate principal amount under its term loan facilities, which effectively represented the full repayment of the entire outstanding term loan balance, along with accrued and unpaid interest and fees and expenses. In connection with these repayments and refinancing transactions, the Company used approximately $864 million of cash on hand and proceeds from the issuance of the 2027 Notes, the 2028 Notes and the February Notes. In connection with the repayments and refinancing transactions, the Company wrote-off $15.2 million of deferred financing costs and $29.9 million of original issue discount which was included as a component in Loss on debt extinguishment, and expensed $20.6 million of deferred financing costs and $27.6 million of original issue discount which was included as a component of Interest expense, net.

Deferred Financing Costs and Interest Expense, Net

Financing costs incurred to obtain all financing, except for ABL Facility financing, are recognized as a direct reduction from the carrying amount of the debt liability and are amortized over the term of the related debt using the effective interest method. Financing costs incurred to obtain ABL Facility financing are capitalized and amortized over the ABL Facility term using the straight-line method. Deferred financing costs associated with ABL Facility financing are included in Other assets and were $25.0 million and $25.9 million as of February 26, 2022 and February 27, 2021, respectively.

Interest expense, net consisted of the following (in millions):

	Fiscal 2021	Fiscal 2020	Fiscal 2019
ABL Facility, senior secured and unsecured notes, term loans and debentures	$ 400.0	$ 463.4	$ 565.3
Finance lease obligations	61.6	70.5	79.8
Amortization of deferred financing costs (1)	23.4	20.9	39.8
Amortization of debt (premiums) discounts, net	(0.2)	(0.6)	34.1
Other interest income	(2.9)	(16.0)	(21.0)
Interest expense, net	$ 481.9	$ 538.2	$ 698.0

(1) Fiscal 2021 amortization of deferred financing costs includes $3.5 million of deferred financing costs expensed in connection with the ABL amendment. Fiscal 2019 amortization of deferred financing costs included $20.6 million of deferred financing costs expensed in connection with the term loan amendment and repayments.

NOTE 8 - LEASES

The components of total lease cost, net consisted of the following (in millions):

	Classification	Fiscal 2021	Fiscal 2020	Fiscal 2019
Operating lease cost (1)	Cost of sales and Selling and administrative expenses (3)	$ 1,046.9	$ 1,016.2	$ 1,011.6
Finance lease cost				
Amortization of lease assets	Cost of sales and Selling and administrative expenses (3)	63.8	67.4	90.4
Interest on lease liabilities	Interest expense, net	61.6	70.5	79.8
Variable lease cost (2)	Cost of sales and Selling and administrative expenses (3)	428.6	423.8	402.9
Sublease income	Net sales and other revenue	(84.3)	(91.3)	(111.8)
Total lease cost, net		$ 1,516.6	$ 1,486.6	$ 1,472.9

(1) Includes short-term lease cost, which is immaterial.

(2) Represents variable lease costs for both operating and finance leases. Includes contingent rent expense and other non-fixed lease related costs, including property taxes, common area maintenance and property insurance.

(3) Supply chain-related amounts are included in Cost of sales.

Balance sheet information related to leases as of February 26, 2022 and February 27, 2021 consisted of the following (in millions):

	Classification	February 26, 2022	February 27, 2021
Assets			
Operating	Operating lease right-of-use assets	$ 5,908.4	$ 6,015.6
Finance	Property and equipment, net	373.4	384.9
Total lease assets		$ 6,281.8	$ 6,400.5
Liabilities			
Current			
Operating	Current operating lease obligations	$ 640.6	$ 605.3
Finance	Current maturities of long-term debt and finance lease obligations	78.0	81.5
Long-term			
Operating	Long-term operating lease obligations	5,419.9	5,548.0
Finance	Long-term debt and finance lease obligations	501.4	531.2
Total lease liabilities		$ 6,639.9	$ 6,766.0

The following table presents cash flow information for leases (in millions):

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 1,001.6	$ 973.7	$ 995.8
Operating cash flows from finance leases	61.6	70.5	79.8
Financing cash flows from finance leases	78.0	79.9	109.3
Right-of-use assets obtained in exchange for operating lease obligations	606.2	763.1	1,195.2
Right-of-use assets obtained in exchange for finance lease obligations	75.4	35.8	—
Gains on sale leaseback transactions, net	—	—	487.1
Impairment of right-of-use operating lease assets	14.7	15.9	15.4
Impairment of right-of-use finance lease assets	1.5	6.3	6.1

The following table presents the weighted average lease term and discount rate for leases:

	February 26, 2022	February 27, 2021
Weighted average remaining lease term - operating leases	11.1 years	11.7 years
Weighted average remaining lease term - finance leases	9.0 years	8.8 years
Weighted average discount rate - operating leases	6.5 %	6.7 %
Weighted average discount rate - finance leases	11.2 %	12.3 %

Future minimum lease payments for operating and finance lease obligations as of February 26, 2022 consisted of the following (in millions):

	Lease Obligations	
Fiscal year	Operating Leases	Finance Leases
2022	$ 935.6	$ 114.3
2023	962.3	118.8
2024	878.8	102.4
2025	791.6	89.1
2026	712.9	72.9
Thereafter	4,461.5	347.1
Total future minimum obligations	8,742.7	844.6
Less interest	(2,682.2)	(265.2)
Present value of net future minimum lease obligations	6,060.5	579.4
Less current portion	(640.6)	(78.0)
Long-term obligations	$ 5,419.9	$ 501.4

The Company subleases certain property to third parties. Future minimum tenant operating lease payments remaining under these non-cancelable operating leases as of February 26, 2022 was $239.7 million.

During the second quarter of fiscal 2019, the Company, through three separate transactions, completed the sale and leaseback of 53 store properties and one distribution center for an aggregate purchase price, net of closing costs, of $931.3 million. In connection with the sale leaseback transactions, the Company entered into lease agreements for each of the properties for initial terms ranging from 15 to 20 years. The aggregate initial annual rent payment for the properties is approximately $53 million and includes 1.50% to 1.75% annual rent increases over the initial lease terms. All of the properties qualified for sale leaseback and operating lease accounting, and the Company recorded total gains of $463.6 million, which is included as a component of Gain on property dispositions and impairment losses, net. The Company also recorded operating lease right-of-use assets and corresponding operating lease liabilities of $602.5 million.

NOTE 9 - STOCKHOLDERS' EQUITY AND CONVERTIBLE PREFERRED STOCK

Common Stock

On June 8, 2020, the Company amended and restated its certificate of incorporation to authorize 1,150,000,000 shares of common stock, par value $0.01 per share, of which 1,000,000,000 shares were classified as Class A common stock ("Class A common stock") and 150,000,000 shares were classified as Class A-1 convertible common stock ("Class A-1 common stock" and together with the Class A common stock, the "Common Stock"). As of February 26, 2022, there were 587,904,283 and 488,264,218 shares of Class A common stock issued and outstanding, respectively, and no shares of Class A-1 common stock issued or outstanding. As of February 27, 2021, there were 585,574,666 and 465,565,019 shares of Class A common stock issued and outstanding, respectively. For all prior periods presented, use of Class A common stock refers to the Company's common stock pre-reclassification.

The terms of the Class A common stock are substantially identical to the terms of the Class A-1 common stock, except that the Class A-1 common stock does not have voting rights. Each holder of Class A common stock is entitled to one vote for each share owned of record on all matters voted upon by stockholders. A majority vote is required for all action to be taken by stockholders, except as otherwise provided for in the Company's amended and restated certificate of incorporation and amended and restated bylaws or as required by law. Subject to preferences that may be applicable to any then outstanding preferred stock, holders of the Company's Common Stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds. In the event of the Company's liquidation, dissolution or winding-up, the holders of Common Stock are entitled to share equally and ratably in the Company's assets, if any, remaining after the payment of all of debts and liabilities and the liquidation preference of any outstanding preferred stock. Shares of Class A-1 common stock would be issued upon the conversion of the Company's outstanding Series A-1 preferred stock. When permitted under the relevant antitrust restrictions, any issued shares of Class A-1 common stock would automatically convert on a one-for-one basis to voting shares of Class A common stock.

The Company has established a dividend policy pursuant to which the Company intends to pay a quarterly dividend on its Class A common stock. The Company paid cash dividends on its Class A common stock of $207.4 million and $93.7 million during fiscal 2021 and fiscal 2020, respectively. On April 12, 2022, the Company announced the next quarterly dividend payment of $0.12 per share of Class A common stock to be paid on May 10, 2022 to stockholders of record as of the close of business on April 26, 2022. Future dividends will be made at the discretion of the Company's board of directors and will depend on, among other things, general and economic conditions, industry standards, the Company's financial condition and operating results, the Company's available cash and current and anticipated cash needs, restrictions under the documentation governing certain of the Company's indebtedness, including the ABL Facility and Senior Unsecured Notes, capital requirements, regulations and contractual, legal, tax and regulatory restrictions, and such other factors as the Company's board of directors may deem relevant.

Initial Public Offering

The Company's Class A common stock began trading on the New York Stock Exchange on June 26, 2020 under the symbol "ACI" and on June 30, 2020, certain selling stockholders completed the sale of a total of 50,000,000 shares of Class A common stock at an initial price to the public of $16.00 per share. The Company did not receive any proceeds from the sale of shares of Class A common stock by the selling stockholders in the Initial Public Offering ("IPO").

Convertible Preferred Stock and Investor Exchange Right

On June 8, 2020, the Company amended and restated its certificate of incorporation to authorize 100,000,000 shares of convertible preferred stock, par value $0.01 per share, of which 1,750,000 shares were designated Series A convertible preferred stock ("Series A preferred stock") and 1,410,000 shares were designated Series A-1 convertible preferred stock ("Series A-1 preferred stock" and together with the Series A preferred stock, the "Convertible Preferred Stock"). On June 9, 2020 (the "Preferred Closing Date"), the Company sold and issued (i) an aggregate of 1,410,000 shares of Series A-1 preferred stock and (ii) an aggregate of 340,000 shares of Series A preferred stock. The Company received aggregate proceeds of $1,680.0 million from the sale and issuance of the Convertible Preferred Stock which has an aggregate liquidation preference of $1,750.0 million. The Convertible Preferred Stock is presented outside of permanent equity at its original issuance price less costs incurred, due to it being contingently redeemable, as described below.

The terms of the Series A preferred stock are substantially identical to the terms of the Series A-1 preferred stock, except that the Series A preferred stock will vote together with Class A common stock on an as-converted basis, but the Series A-1 preferred stock cannot vote with Class A common stock on an as converted basis. When permitted under the relevant antitrust restrictions, shares of the Company's Series A-1 preferred stock will convert on a one-for-one basis to shares of voting Series A preferred stock. On June 29, 2020, holders of 584,000 shares of Series A-1 preferred stock were relieved from the relevant antitrust restrictions resulting in the automatic conversion into 584,000 shares of voting Series A preferred stock. The Convertible Preferred Stock, with respect to dividend rights and/or distribution rights upon the liquidation, winding-up or dissolution, as applicable, ranks senior to each class of Common Stock and junior to existing and future indebtedness and other liabilities.

The Series A-1 preferred stock is convertible at the option of the holders thereof at any time into shares of Class A-1 common stock (which are identical to the Class A common stock, except that the Class A-1 common stock does not include voting rights) and the Series A preferred stock is convertible at the option of the holders thereof at any time into shares of Class A common stock, each at an initial conversion price of $17.22 per share and an initial conversion rate of 58.064 shares of Common Stock per share of Convertible Preferred Stock, subject to certain anti-dilution adjustments. At any time after June 30, 2023, if the last reported sale price of the Class A common stock has equaled or exceeded $20.50 per share (or 119% of the initial conversion price), as may be adjusted, for at least 20 trading days in any period of 30 consecutive trading days, the Company will have the right to cause all, or any portion, of the outstanding Series A-1 preferred stock or Series A preferred stock to convert into the relevant number of shares of Class A-1 common stock or Class A common stock, as applicable; provided that the Company will not be permitted to effect a mandatory conversion with respect to more than one-third of the aggregate outstanding shares, as of the date of the first notice date, of Series A-1 preferred stock and Series A preferred stock in any 12-month period unless the last reported sale price of the Class A common stock has equaled or exceeded $23.42 (or 136% of the initial conversion price), as may be adjusted, for at least 20 trading days in any period of 30 consecutive trading days.

During the fourth quarter of fiscal 2021, certain holders of the Company's Convertible Preferred Stock converted 350,813 shares of Convertible Preferred Stock into 20,369,582 shares of the Company's Class A common stock, which were issued from treasury stock. See *Treasury Stock* below and the Consolidated Statements of Stockholders' Equity for additional information. There were 1,399,186 and 1,750,000 shares of Convertible Preferred Stock outstanding as of February 26, 2022 and February 27, 2021, respectively. Subsequent to the end of fiscal 2021, through April 19, 2022, certain holders of the Company's Convertible Preferred Stock converted approximately 312,640 shares of Convertible Preferred Stock into 18,153,134 shares of the Company's Class A common stock. As a result, the Company has issued, in the aggregate, 38,522,716 shares of Class A common stock to holders of Convertible Preferred Stock related to these non-cash conversions, representing approximately 38% of the originally issued Convertible Preferred Stock.

The holders of Convertible Preferred Stock are entitled to a quarterly dividend at a rate per annum of 6.75% of the liquidation preference per share of the Convertible Preferred Stock. In the event that the Company does not declare and pay any dividends in cash, the Company may instead, only for two quarters, pay such dividends by increasing the liquidation preference of the Convertible Preferred Stock at a rate equal to the applicable cash dividend rate plus 2.25% on such dividend payment date. In addition, the holders of Convertible Preferred Stock participate in cash dividends that the Company pays on its common stock to the extent that such cash dividends exceed $206.25 million per fiscal year. The Company paid cash dividends to holders of the Convertible Preferred Stock of $114.6 million and $66.0 million during fiscal 2021 and fiscal 2020, respectively. On March 15, 2022, the Company declared a quarterly cash dividend of $22.8 million to holders of Convertible Preferred Stock, which was paid on March 31, 2022.

At any time following June 9, 2026, the Company may redeem all, but not less than all, of the Convertible Preferred Stock then outstanding at a redemption price equal to the product of the liquidation preference of the Convertible Preferred Stock then outstanding and 105%, plus accrued and unpaid dividends. In the event that the Company receives a notice of an intention to exchange the shares of Convertible Preferred Stock for equity interests in certain of the Company's subsidiaries pursuant to the real estate agreement (as discussed below), the Company will have the right to redeem all, but not less than all, of its Convertible Preferred Stock then outstanding at a redemption price equal to the product of the aggregate liquidation preference of the Convertible Preferred Stock of such holder then outstanding and 110%, plus accrued and unpaid dividends. The Convertible Preferred Stock is also convertible, at the option of the holder, upon the occurrence of certain fundamental change events, including a change in control or delisting of the Company at the applicable conversion rate plus an additional number of shares determined by reference to the price paid for the Company's Common Stock upon such change in control, plus in certain conditions accrued and unpaid dividends through June 30, 2023 or June 30, 2024, as applicable.

Concurrent with the issuance and sale of the Convertible Preferred Stock, a newly formed consolidated real estate subsidiary of the Company entered into a real estate agreement with an affiliate of the holders ("RE Investor") of the Convertible Preferred Stock. Under the terms of the real estate agreement, prior to the closing of the Convertible Preferred Stock, the Company was to place into its real estate subsidiary fee owned real estate properties with an appraised value of 165% of the liquidation preference of the Convertible Preferred Stock or a combination of real estate properties and cash. This resulted in the Company contributing approximately $36.5 million of cash into a restricted escrow account to make up for the shortfall on the appraised value of owned properties placed into the real estate subsidiary. The real estate agreement provides the RE Investor with the unilateral right, upon the occurrence of specified trigger events, to exercise an investor exchange right to exchange all of the outstanding Convertible Preferred Stock for certain real estate assets or the real estate subsidiary's equity interests in its subsidiary special purpose entities holding such real estate assets, subject to certain provisions as further defined in the real estate agreement (the "Investor Exchange Right"). The Investor Exchange Right may be exercised if any of the following were to occur: (i) the Convertible Preferred Stock remains outstanding as of June 9, 2027, (ii) if a fundamental change occurs after June 30, 2024 and the related fundamental change stock price is less than the conversion price, (iii) a downgrade by one or more gradations or withdrawal of the Company's credit rating by certain rating agencies, as a result of which the Company's credit rating is B- (or its equivalent) or lower, (iv) the

failure by the Company to pay a dividend on the Convertible Preferred Stock, which failure continues for 30 days after such dividend's due date, or (v) a bankruptcy filing. The target amount of real estate assets (net of taxes and fees) to be received in exchange for the Convertible Preferred Stock will be the product of the liquidation preference and 110%, plus an amount equal to any accrued and unpaid dividends. The Investor Exchange Right may be exercised unless the Company redeems all of the outstanding Convertible Preferred Stock at a redemption price, if such redemption occurs after the Company receives a notice of intent to exercise the Investor Exchange Right, equal to the product of the aggregate liquidation preference of the Convertible Preferred Stock then outstanding and 110%, plus accrued and unpaid dividends. Upon completion of the Investor Exchange Right, subsidiaries of the Company, as the applicable tenant, will enter into a master lease agreement with the RE Investor or designated affiliate as the landlord, solely with respect to the real estate properties that have been transferred directly or indirectly to the RE Investor, substantially the same as the current master lease agreements between the Company's consolidated real estate subsidiaries and the Company's consolidated operating subsidiaries.

The Company assessed the Convertible Preferred Stock for any beneficial conversion features or embedded derivatives, including the conversion option and investor exchange right, and did not identify any features that would require bifurcation from the Convertible Preferred Stock and receive separate accounting treatment.

Treasury Stock

On June 9, 2020, the Company used $1,680.0 million, an amount equal to the proceeds from the sale and issuance of the Company's Convertible Preferred Stock, to repurchase 101,611,736 shares of Class A common stock from the Company's parents (the "June 2020 Repurchase"). The proceeds received by the Company's parents from the June 2020 Repurchase were distributed to their members, which include the Company's sponsors and current and former members of management.

On September 14, 2020, the Company entered into a stock repurchase agreement with a stockholder pursuant to which the Company repurchased 6,837,970 shares of its Class A common stock held by the stockholder for an aggregate purchase price of $82.0 million. The stockholder was subject to a court-mandated wind-down, and a court-appointed receiver was directed to liquidate the stockholder's assets. The price was agreed to between the Company and the receiver (on behalf of the stockholder). In establishing the price, the parties took into account, among many other factors that they each deemed relevant, an applicable discount related to the selling restrictions that a third-party buyer would have had if such third-party buyer purchased the shares, including relevant lock-up agreements.

On October 14, 2020, the Company's board of directors authorized a share repurchase program that allows the Company to repurchase up to $300.0 million of its Class A common stock. As part of the share repurchase program, during fiscal 2020, the Company, through a series of open-market transactions, repurchased 7,888,320 shares of its Class A common stock for an aggregate purchase price of $119.1 million.

During the fourth quarter of fiscal 2021, the Company reissued 20,369,582 shares of treasury stock, at cost, upon conversion of approximately 350,813 shares of Convertible Preferred Stock into Class A common stock, as discussed above. Shares of treasury stock are reissued based on specific identification.

NOTE 10 - EQUITY-BASED COMPENSATION

The Company maintains the Albertsons Companies, Inc. Restricted Stock Unit Plan (the "Restricted Stock Unit Plan"). Under the Restricted Stock Unit Plan, subsequent to the IPO, 43.6 million shares of Class A common stock have been authorized for issuance as equity awards. As of February 26, 2022, 37.7 million shares of Class A common stock remained available for future awards.

Under the Restricted Stock Unit Plan, the Company recognizes equity-based compensation expense for RSUs and RSAs granted to employees and non-employee directors. Upon vesting, RSUs and RSAs will be settled in shares of the Company's Class A common stock. RSUs generally vest over three years from the grant date, based on a service period, or upon a combination of both a service period and achievement of certain performance-based thresholds, and RSAs generally vest over five years from the grant date, with 50% based solely on a service period and 50% upon a service period and achievement of certain performance-based thresholds. For performance-based RSUs and RSAs granted in fiscal 2021, the number of shares of the Company's Class A common stock to be received at vesting can be adjusted within a predetermined range based on the Company's actual performance for fiscal 2021 relative to the fiscal 2021 performance target.

Equity-based compensation expense recognized in the Consolidated Statements of Operations, net of forfeitures, was as follows (in millions):

	Fiscal 2021	Fiscal 2020	Fiscal 2019
RSUs	$ 93.2	$ 53.5	$ 28.9
RSAs	8.0	5.5	3.9
Total equity-based compensation expense	$ 101.2	$ 59.0	$ 32.8
Total related tax benefit	$ 23.9	$ 13.7	$ 7.5

During fiscal 2021, the Company issued 4.8 million RSUs to its employees and directors, of which 3.5 million shares were granted for accounting purposes. The 3.5 million issued and granted awards consist of 2.9 million RSUs that have solely time-based vesting and 0.6 million performance-based RSUs that were granted upon the establishment of the fiscal 2021 performance target and that would vest upon both the achievement of such performance target and continued service through the vesting period. Additionally, 2.2 million previously issued performance-based RSUs and RSAs were granted in fiscal 2021 upon the establishment of the fiscal 2021 annual performance target and that would vest upon both the achievement of such performance target and continued service through the vesting period. The 5.7 million RSUs and RSAs granted in fiscal 2021 have an aggregate grant date value of $113.2 million. The aggregate grant date value of RSUs and RSAs granted was $94.5 million and $20.0 million in fiscal 2020 and fiscal 2019, respectively.

The following summarizes the activity of RSUs and RSAs during fiscal 2021:

	Time-Based		Performance-Based	
	Number of shares (in millions)	Weighted average grant date fair value	Number of shares (in millions)	Weighted average grant date fair value
Unvested, February 27, 2021	6.0	$ 11.95	2.2	$ 14.39
Granted	2.9	21.33	2.8	17.95
Vested	(3.8)	12.68	(0.5)	17.59
Forfeited or cancelled	(0.3)	13.72	—	—
Unvested, February 26, 2022	4.8	$ 16.98	4.5	$ 16.26

During fiscal 2021, fiscal 2020 and fiscal 2019, the aggregate fair value of RSUs and RSAs that vested was $120.9 million, $54.3 million and $29.3 million, respectively. The number of RSUs and RSAs vested includes shares of common stock that the Company withheld on behalf of employees to satisfy statutory tax withholding requirements.

As of February 26, 2022, the Company had $94.4 million of unrecognized compensation cost related to 8.3 million unvested granted RSUs. That cost is expected to be recognized over a weighted average period of 1.7 years. As of

February 26, 2022, the Company had $3.6 million of unrecognized costs related to 1.0 million unvested granted RSAs. That cost is expected to be recognized over a weighted average period of 2.2 years.

Upon the establishment of the annual performance target for fiscal 2022 and fiscal 2023, the remaining 1.6 million issued performance-based RSUs and 0.3 million performance-based RSAs will be granted for accounting purposes, as applicable.

NOTE 11 - INCOME TAXES

The components of income tax expense consisted of the following (in millions):

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Current			
Federal (1)	$ 211.1	$ 307.0	$ 87.2
State (2)	49.2	84.5	49.2
Foreign	0.6	(0.7)	2.3
Total Current	260.9	390.8	138.7
Deferred			
Federal	198.3	(92.5)	(14.1)
State	12.4	(27.3)	(1.1)
Foreign	8.3	7.5	9.3
Total Deferred	219.0	(112.3)	(5.9)
Income tax expense	$ 479.9	$ 278.5	$ 132.8

(1) Federal current tax expense net of $0.5 million, $5.7 million and $66.8 million tax benefit of net operating losses ("NOL") in fiscal 2021, fiscal 2020 and fiscal 2019, respectively.

(2) State current tax expense net of $16.7 million and $22.6 million tax benefit of NOLs in fiscal 2020 and fiscal 2019, respectively. There was no tax benefit of NOLs in fiscal 2021.

The difference between the actual tax provision and the tax provision computed by applying the statutory federal income tax rate of 21% to Income before income taxes was attributable to the following (in millions):

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Income tax expense at federal statutory rate	$ 440.9	$ 237.0	$ 125.8
State income taxes, net of federal benefit	100.7	58.0	32.3
Change in valuation allowance	(2.5)	(0.5)	(7.2)
Unrecognized tax benefits	(33.9)	8.6	7.7
Charitable donations	(6.1)	(8.2)	(6.9)
Tax Credits	(20.3)	(23.3)	(23.5)
Other	1.1	6.9	4.6
Income tax expense	$ 479.9	$ 278.5	$ 132.8

Deferred income taxes reflect the net tax effects of temporary differences between the bases of assets and liabilities for financial reporting and income tax purposes. The Company's deferred tax assets and liabilities consisted of the following (in millions):

	February 26, 2022	February 27, 2021
Deferred tax assets:		
Compensation and benefits	$ 229.5	$ 275.0
Net operating loss	107.0	118.4
Pension & postretirement benefits	280.2	333.1
Self-Insurance	275.3	271.0
Tax credits	30.7	39.0
Lease obligations	1,740.7	1,785.7
Other	97.4	96.2
Gross deferred tax assets	2,760.8	2,918.4
Less: valuation allowance	(113.6)	(130.4)
Total deferred tax assets	2,647.2	2,788.0
Deferred tax liabilities:		
Depreciation and amortization	1,348.3	1,233.7
Inventories	361.8	335.9
Operating lease assets	1,530.1	1,570.4
Other	206.8	181.7
Total deferred tax liabilities	3,447.0	3,321.7
Net deferred tax liability	$ (799.8)	$ (533.7)
Noncurrent deferred tax asset	$ —	$ —
Noncurrent deferred tax liability	(799.8)	(533.7)
Total	$ (799.8)	$ (533.7)

The valuation allowance activity on deferred tax assets was as follows (in millions):

	February 26, 2022	February 27, 2021	February 29, 2020
Beginning balance	$ 130.4	$ 135.1	$ 139.5
Additions charged to income tax expense	2.1	2.7	3.5
Reductions credited to income tax expense	(4.6)	(3.2)	(10.7)
Changes to other comprehensive income or loss and other	(14.3)	(4.2)	2.8
Ending balance	$ 113.6	$ 130.4	$ 135.1

The Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, as of February 26, 2022, a valuation allowance of $113.6 million has been recorded for the portion of the deferred tax asset that is not more likely than not to be realized, consisting primarily of tax credits and carryovers in jurisdictions where the Company has minimal presence or does not expect to have future taxable income. The Company will continue to evaluate the need to adjust the valuation allowance. The amount of the deferred tax asset considered realizable, however, could be adjusted depending on the Company's performance in certain subsidiaries or jurisdictions.

The Company currently has federal and state NOL carryforwards of $21.2 million and $1,397.5 million, respectively, which will begin to expire in 2022 and continue through the fiscal year ending February 2042. As of February 26, 2022, the Company had $30.7 million of state credit carryforwards, the majority of which will expire in 2023. The Company had no federal credit carryforwards as of February 26, 2022.

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

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Beginning balance	$ 368.8	$ 373.8	$ 376.2
Increase related to tax positions taken in the current year	1.2	1.5	0.9
Increase related to tax positions taken in prior years	0.3	1.8	3.0
Decrease related to tax position taken in prior years	(0.1)	(1.1)	(2.2)
Decrease related to settlements with taxing authorities	(72.9)	(3.7)	(4.1)
Decrease related to lapse of statute of limitations	(21.3)	(3.5)	—
Ending balance	$ 276.0	$ 368.8	$ 373.8

Included in the balance of unrecognized tax benefits as of February 26, 2022, February 27, 2021 and February 29, 2020 are tax positions of $202.6 million, $277.4 million and $268.2 million, respectively, which would reduce the Company's effective tax rate if recognized in future periods. Of the $202.6 million that could impact tax expense, the Company has recorded $7.2 million of indemnification assets that would offset any future recognition. As of February 26, 2022, the Company is no longer subject to federal income tax examinations for the fiscal years prior to 2012 and in most states, is no longer subject to state income tax examinations for fiscal years before 2012. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. For fiscal 2021, fiscal 2020 and fiscal 2019, the Company recognized expense related to interest and penalties, net of settlement adjustments, of $3.0 million, $8.2 million and $9.6 million, respectively.

The Company believes it is reasonably possible that the reserve for uncertain tax positions may be reduced by approximately $186.2 million in the next 12 months due to ongoing tax examinations and expiration of statutes of limitations.

The Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law on March 27, 2020. The Company analyzed the various income tax and non-income tax provisions of the CARES Act based on currently available technical guidance and determined that aside from an impact to the timing of cash flows, there is no material impact to the Company's Consolidated Financial Statements. Specifically, as it relates to the Company, the CARES Act allowed for deferred payment of the employer-paid portion of social security taxes through the end of 2020, with 50% due on December 31, 2021 and the remainder due on December 31, 2022. The $213.3 million deferred as of February 26, 2022 was recorded in Accrued salaries and wages, and the $426.6 million deferred as of February 27, 2021 was recorded in Accrued salaries and wages and Other long-term liabilities.

NOTE 12 - EMPLOYEE BENEFIT PLANS AND COLLECTIVE BARGAINING AGREEMENTS

Employer Sponsored Pension Plans

The Company 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 Safeway Plan is frozen to non-union employees but continues to remain fully open to union employees and past service benefits, including future interest credits, for non-union employees continue to be accrued under the Safeway Plan. The Company also sponsors a defined benefit pension plan (the "Shaw's Plan") covering union employees under the Shaw's banner. Under the United banner, the Company sponsors a frozen plan (the "United Plan") covering certain United employees and an unfunded Retirement Restoration Plan that provides death benefits and supplemental income payments for certain executives after retirement.

Other Post-Retirement Benefits

In addition to the Company's pension plans, the Company provides 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. These plans are unfunded.

The following table provides a reconciliation of the changes in the retirement plans' benefit obligation and fair value of assets over the two-year period ended February 26, 2022 and a statement of funded status as of February 26, 2022 and February 27, 2021 (in millions):

	Pension		Other Post-Retirement Benefits	
	February 26, 2022	**February 27, 2021**	**February 26, 2022**	**February 27, 2021**
Change in projected benefit obligation:				
Beginning balance	$ 2,370.5	$ 2,516.2	$ 21.2	$ 20.9
Service cost	21.8	15.7	—	—
Interest cost	39.9	48.6	0.2	0.4
Actuarial (gain) loss	(52.4)	11.9	(0.4)	1.3
Plan participant contributions	—	—	—	0.2
Benefit payments (including settlements)	(379.3)	(221.9)	(2.0)	(1.6)
Plan amendments	0.7	—	—	—
Ending balance	$ 2,001.2	$ 2,370.5	$ 19.0	$ 21.2
Change in fair value of plan assets:				
Beginning balance	$ 1,941.6	$ 1,743.7	$ —	$ —
Actual return on plan assets	72.1	361.2	—	—
Employer contributions	27.9	58.6	2.0	1.4
Plan participant contributions	—	—	—	0.2
Benefit payments (including settlements)	(379.3)	(221.9)	(2.0)	(1.6)
Ending balance	$ 1,662.3	$ 1,941.6	$ —	$ —
Components of net amount recognized in financial position:				
Other current liabilities	$ (6.2)	$ (6.3)	$ (2.7)	$ (2.8)
Other long-term liabilities	(332.7)	(422.6)	(16.3)	(18.4)
Funded status	$ (338.9)	$ (428.9)	$ (19.0)	$ (21.2)

The actuarial gain for fiscal 2021 related to the projected benefit obligation was primarily driven by an increase in discount rates. The actuarial loss related to the projected benefit obligation for fiscal 2020 was immaterial.

Amounts recognized in Accumulated other comprehensive income (loss) consisted of the following (in millions):

	Pension		Other Post-Retirement Benefits	
	February 26, 2022	**February 27, 2021**	**February 26, 2022**	**February 27, 2021**
Net actuarial (gain)	$ (84.5)	$ (76.7)	$ (8.4)	$ (8.4)
Prior service cost	1.8	1.4	—	—
	$ (82.7)	$ (75.3)	$ (8.4)	$ (8.4)

Information for the Company's pension plans, all of which have an accumulated benefit obligation in excess of plan assets as of February 26, 2022 and February 27, 2021, is shown below (in millions):

	February 26, 2022	February 27, 2021
Projected benefit obligation	$ 2,001.2	$ 2,370.5
Accumulated benefit obligation	1,997.5	2,366.4
Fair value of plan assets	1,662.3	1,941.6

The following table provides the components of net pension and post retirement (income) expense for the retirement plans and other changes in plan assets and benefit obligations recognized in Other comprehensive income (loss) (in millions):

	Pension			Other Post-Retirement Benefits		
	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2021	Fiscal 2020	Fiscal 2019
Components of net (income) expense:						
Estimated return on plan assets	$ (101.1)	$ (103.9)	$ (110.1)	$ —	$ —	$ —
Service cost	21.8	15.7	14.7	—	—	0.6
Interest cost	39.9	48.6	80.6	0.2	0.4	0.7
Amortization of prior service cost	0.3	0.2	0.4	—	1.9	3.7
Amortization of net actuarial loss (gain)	0.8	2.0	0.5	(0.4)	(0.6)	(0.5)
(Income) loss due to settlement accounting	(16.2)	(0.7)	7.4	—	—	—
(Income) expense, net	(54.5)	(38.1)	(6.5)	(0.2)	1.7	4.5
Changes in plan assets and benefit obligations recognized in Other comprehensive income (loss):						
Net actuarial (gain) loss	(23.2)	(245.8)	318.9	(0.4)	1.3	(2.6)
Amortization of net actuarial (loss) gain	(0.8)	(2.0)	(0.5)	0.4	0.6	0.5
Prior service cost	0.7	—	(1.1)	—	—	—
Amortization of prior service cost	(0.3)	(0.2)	(0.4)	—	(1.9)	(3.7)
Settlement income (loss)	16.2	0.7	(7.4)	—	—	—
Total recognized in Other comprehensive income (loss)	(7.4)	(247.3)	309.5	—	—	(5.8)
Total net expense and changes in plan assets and benefit obligations recognized in Other comprehensive income (loss)	$ (61.9)	$ (285.4)	$ 303.0	$ (0.2)	$ 1.7	$ (1.3)

During fiscal 2021, the Company purchased a group annuity policy and transferred $203.5 million of pension plan assets to an insurance company (the "Annuity Purchase"), thereby reducing the Company's defined benefit pension obligations by $205.4 million. As a result of the Annuity Purchase, the Company recorded a settlement gain of $11.1 million during fiscal 2021.

Prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. When the accumulation of actuarial gains and losses exceeds 10% of the greater of the projected benefit obligation and the fair value of plan assets, the excess is amortized over either the average remaining lifetime of all participants or the average remaining service period of active participants. No significant prior service

costs or estimated net actuarial gain or loss is expected to be amortized from Other comprehensive income (loss) into periodic benefit cost during fiscal 2022.

Assumptions

The weighted average actuarial assumptions used to determine year-end projected benefit obligations for pension plans were as follows:

	February 26, 2022	February 27, 2021
Discount rate	3.26 %	2.84 %
Rate of compensation increase	3.01 %	3.01 %
Cash balance plan interest crediting rate	2.35 %	2.35 %

The weighted average actuarial assumptions used to determine net periodic benefit costs for pension plans were as follows:

	February 26, 2022	February 27, 2021	February 29, 2020
Discount rate	2.60 %	2.83 %	4.17 %
Expected return on plan assets	5.73 %	6.18 %	6.36 %
Cash balance plan interest crediting rate	2.35 %	2.40 %	3.05 %

Discount Rate Assumption. The discount rate reflects the current rate at which the pension obligations could be settled at each measurement date. In all years presented, the discount rates were determined by matching the expected plan benefit payments against a spot rate yield curve constructed to replicate above median yields of AA-graded corporate bonds.

Asset Return Assumption. Expected return on pension plan assets is based on historical experience of the Company's portfolios and the review of projected returns by asset class on broad, publicly traded equity and fixed-income indices, as well as target asset allocation.

Retirement and Mortality Rates. On February 26, 2022, the Company adopted the new MP-2021 mortality improvement projection scale which assumes an improvement in life expectancy at a marginally faster rate than the MP-2020 projection scale. The change in mortality assumption and future mortality improvement resulted in an immaterial increase in the Company's current year benefit obligations and future expenses.

Investment Policies and Strategies. The Company has adopted and implemented an investment policy for the defined benefit pension plans that incorporates a strategic long-term asset allocation mix designed to meet the Company's long-term pension requirements. This asset allocation policy is reviewed annually and, on a regular basis, actual allocations are rebalanced to the prevailing targets. The investment policy also emphasizes the following key objectives: (1) maintaining a diversified portfolio among asset classes and investment styles; (2) maintaining an acceptable level of risk in pursuit of long-term economic benefit; (3) maximizing the opportunity for value-added returns from active investment management while establishing investment guidelines and monitoring procedures for each investment manager to ensure the characteristics of the portfolio are consistent with the original investment mandate; and (4) maintaining adequate controls over administrative costs.

The following table summarizes actual allocations for the Safeway Plan which had $1,371.8 million in plan assets as of February 26, 2022:

		Plan Assets	
Asset category	**Target**	**February 26, 2022**	**February 27, 2021**
Equity	65%	65.4 %	68.3 %
Fixed income	35%	32.7 %	31.2 %
Cash and other	—%	1.9 %	0.5 %
Total	100%	100.0 %	100.0 %

The following table summarizes the actual allocations for the Shaw's Plan which had $252.3 million in plan assets as of February 26, 2022:

		Plan Assets	
Asset category	**Target**	**February 26, 2022**	**February 27, 2021**
Equity	65%	60.5 %	69.2 %
Fixed income	35%	31.1 %	28.2 %
Cash and other	—%	8.4 %	2.6 %
Total	100%	100.0 %	100.0 %

The following table summarizes the actual allocations for the United Plan which had $38.2 million in plan assets as of February 26, 2022:

		Plan Assets	
Asset category	**Target (1)**	**February 26, 2022**	**February 27, 2021**
Equity	50%	48.1 %	45.0 %
Fixed income	50%	41.4 %	55.0 %
Cash and other	—%	10.5 %	— %
Total	100%	100.0 %	100.0 %

(1) The target market value of equity securities for the United Plan is 50% of plan assets. If the equity percentage exceeds 60% or drops below 40%, the asset allocation is adjusted to target.

Pension Plan Assets

The fair value of the Company's pension plan assets as of February 26, 2022, excluding pending transactions of $67.7 million payable to an intermediary agent, by asset category are as follows (in millions):

		Fair Value Measurements			
Asset category	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Assets Measured at NAV**
Cash and cash equivalents (1)	$ 12.0	$ 12.0	$ —	$ —	$ —
Short-term investment collective trust (2)	72.5	—	72.5	—	—
Common and preferred stock: (3)					
Domestic common and preferred stock	160.3	160.3	—	—	—
International common stock	58.2	58.2	—	—	—
Collective trust funds (2)	648.1	—	—	—	648.1
Corporate bonds (4)	120.5	—	120.5	—	—
Mortgage- and other asset-backed securities (5)	32.7	—	32.7	—	—
Mutual funds (6)	240.8	150.1	90.7	—	—
U.S. government securities (7)	319.4	—	319.4	—	—
Other securities (8)	65.5	—	21.7	—	43.8
Total	$ 1,730.0	$ 380.6	$ 657.5	$ —	$ 691.9

The fair value of the Company's pension plan assets as of February 27, 2021, excluding pending transactions of $76.1 million payable to an intermediary agent, by asset category are as follows (in millions):

		Fair Value Measurements			
Asset category	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Assets Measured at NAV**
Cash and cash equivalents (1)	$ 5.3	$ 15.3	$ (10.0)	$ —	$ —
Short-term investment collective trust (2)	63.1	—	63.1	—	—
Common and preferred stock: (3)					
Domestic common and preferred stock	169.8	169.8	—	—	—
International common stock	56.3	56.3	—	—	—
Collective trust funds (2)	868.6	—	—	—	868.6
Corporate bonds (4)	120.9	—	120.9	—	—
Mortgage- and other asset-backed securities (5)	34.1	—	34.1	—	—
Mutual funds (6)	346.4	178.7	61.0	—	106.7
U.S. government securities (7)	282.0	—	282.0	—	—
Other securities (8)	71.2	—	25.2	—	46.0
Total	$ 2,017.7	$ 420.1	$ 576.3	$ —	$ 1,021.3

(1) The carrying value of these items approximates fair value.

(2) These investments are valued based on the Net Asset Value ("NAV") of the underlying investments and are provided by the fund issuers. There are no unfunded commitments or redemption restrictions for these funds.

(3) The fair value of common stock is based on the exchange quoted market prices. When quoted prices are not available for identical stock, an industry valuation model is used which maximizes observable inputs.

(4) The fair value of corporate bonds is generally based on yields currently available on comparable securities of the same or similar issuers with similar credit ratings and maturities. When quoted prices are not available for identical or similar bonds, the fair value is based upon an industry valuation model, which maximizes observable inputs.

(5) The fair value of mortgage- and other asset-backed securities is generally based on yields currently available on comparable securities of the same or similar issuers with similar credit ratings and maturities. When quoted prices are not available for comparable securities, the fair value is based upon an industry valuation model which maximizes observable inputs.

(6) These investments are open-ended mutual funds that are registered with the SEC which are valued using the NAV. The NAV of the mutual funds is a published price in an active market. The NAV is determined once a day after the closing of the exchange based upon the underlying assets in the fund, less the fund's liabilities, expressed on a per-share basis. There are no unfunded commitments, or redemption restrictions for these funds, and the funds are required to transact at the published price.

(7) The fair value of U.S. government securities is based on quoted market prices when available. When quoted prices are not available, the fair value of U.S. government securities is based on yields currently available on comparable securities or on an industry valuation model which maximizes observable inputs.

(8) Level 2 Other securities, which consist primarily of U.S. municipal bonds, foreign government bonds and foreign agency securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Also included in Other securities is a commingled fund valued based on the NAV of the underlying investments and is provided by the issuer and exchange-traded derivatives that are valued based on quoted prices in an active market for identical derivatives, assets and liabilities. Funds meeting the practical expedient are included in the Assets Measured at NAV column. Exchange-traded derivatives are valued based on quoted prices in an active market for identical derivatives assets and liabilities. Non-exchange-traded derivatives are valued using industry valuation models, which maximize observable inputs, such as interest-rate yield curve data, foreign exchange rates and applicable spot and forward rates.

Contributions

In fiscal 2021, fiscal 2020 and fiscal 2019, the Company contributed $29.8 million, $60.0 million and $11.0 million, respectively, to its pension and post-retirement plans. The Company's funding policy for the defined benefit pension plan is to contribute the minimum contribution required under the Employee Retirement Income Security Act of 1974, as amended, and other applicable laws as determined by the Company's external actuarial consultant. At the Company's discretion, additional funds may be contributed to the defined benefit pension plans. The Company expects to contribute approximately $21 million to its pension and post-retirement plans in fiscal 2022. The Company will recognize contributions in accordance with applicable regulations, with consideration given to recognition for the earliest plan year permitted.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid to plan participants (in millions):

	Pension Benefits	Other Benefits
2022	$ 193.1	$ 2.7
2023	186.0	2.6
2024	179.7	2.3
2025	172.9	2.0
2026	166.3	1.7
2027 – 2031	668.7	5.8

Multiemployer Pension Plans

The Company currently contributes to 27 multiemployer pension plans. These multiemployer plans generally provide retirement benefits to participants based on their service to contributing employers. The benefits are paid from assets held in trust for that purpose. Plan trustees typically are responsible for determining the level of benefits to be provided to participants, the investment of the assets and plan administration. Expense is recognized in connection with these plans as contributions are funded.

The risks of participating in these multiemployer plans are different from the risks associated with single-employer plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- Though the unfunded obligations of a multiemployer plan are not a liability of the Company, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- With respect to some multiemployer plans, if the Company chooses to stop participating, or makes market exits or store closures or otherwise has participation in the plan fall below certain levels, the Company may be required to pay the plan an amount based on the underfunded status of the plan, referred to as withdrawal liability. The Company generally records the actuarially determined liability at an undiscounted amount.

The Company's participation in these plans is outlined in the table below. The EIN-Pension Plan Number column provides the Employer Identification Number ("EIN") and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act of 2006 ("PPA") zone status available for fiscal 2021 and fiscal 2020 is for the plan's year ending at December 31, 2020 and December 31, 2019, respectively. The zone status is based on information received from the plans and is certified by each plan's actuary. The FIP/RP Status Pending/Implemented column indicates plans for which a funding improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented by the plan trustees.

The following tables contain information about the Company's multiemployer plans. Certain plans have been aggregated in the Other funds line in the following table, as the contributions to each of these plans are not individually material.

Pension fund	EIN - PN	Pension Protection Act zone status (1)		Company's 5% of total plan contributions		FIP/RP status pending/implemented
		2021	2020	2020	2019	
UFCW-Northern California Employers Joint Pension Trust Fund	946313554 - 001	Red	Red	Yes	Yes	Implemented
Western Conference of Teamsters Pension Plan	916145047 - 001	Green	Green	No	No	No
Southern California United Food & Commercial Workers Unions and Food Employers Joint Pension Plan (4)	951939092 - 001	Red	Red	Yes	Yes	Implemented
Combined Plan (8)	526128473 - 001	Red	Red	Yes	Yes	Implemented
Sound Retirement Trust (6)	916069306 - 001	Red	Red	Yes	Yes	Implemented
Bakery and Confectionery Union and Industry International Pension Fund	526118572 - 001	Red	Red	Yes	Yes	Implemented
UFCW Union and Participating Food Industry Employers Tri-State Pension Fund	236396097 - 001	Red	Red	Yes	Yes	Implemented
Rocky Mountain UFCW Unions & Employers Pension Plan	846045986 - 001	Green	Green	Yes	Yes	No
UFCW Local 152 Retail Meat Pension Fund (5)	236209656 - 001	Red	Red	Yes	Yes	Implemented
Desert States Employers & UFCW Unions Pension Plan	846277982 - 001	Green	Green	Yes	Yes	No
UFCW International Union - Industry Pension Fund (5)(9)	516055922 - 001	Green	Green	No	Yes	No
Retail Food Employers and UFCW Local 711 Pension Trust Fund	516031512 - 001	Red	Red	Yes	Yes	Implemented
Oregon Retail Employees Pension Trust	936074377 - 001	Red	Green	Yes	Yes	Implemented
Intermountain Retail Store Employees Pension Trust (7)	916187192 - 001	Red	Red	Yes	Yes	Implemented

Pension fund	Contributions of Company (in millions) 2021	2020	2019	Surcharge imposed (2)	Expiration date of collective bargaining agreements	Total collective bargaining agreements	Most significant collective bargaining agreement(s)(3) Count	Expiration
UFCW-Northern California Employers Joint Pension Trust Fund	$ 128.1	$ 123.2	$ 103.8	No	8/3/2019 to 10/9/2021	85	78	10/9/2021
Western Conference of Teamsters Pension Plan	68.6	66.9	64.9	No	3/4/2020 to 2/28/2027	53	10	9/21/2025
Southern California United Food & Commercial Workers Unions and Food Employers Joint Pension Plan (4)	138.4	133.7	116.1	No	3/11/2018 to 3/6/2026	45	43	3/6/2022
Combined Plan (8)	—	26.6	26.2	No	10/26/2019 to 2/24/2024	19	15	10/28/2023
Sound Retirement Trust (6)	61.4	53.8	44.3	No	5/4/2019 to 1/25/2025	129	14	5/7/2022
Bakery and Confectionery Union and Industry International Pension Fund	18.2	18.7	18.5	No	10/2/2016 to 1/23/2027	109	35	9/6/2020
UFCW Union and Participating Food Industry Employers Tri-State Pension Fund	12.0	12.0	14.9	No	1/25/2022 to 12/31/2026	6	2	1/25/2022
Rocky Mountain UFCW Unions & Employers Pension Plan	15.7	15.5	12.3	No	1/8/2022 to 2/15/2025	85	25	2/19/2022
UFCW Local 152 Retail Meat Pension Fund (5)	11.6	11.1	10.9	No	5/2/2024	4	4	5/2/2024
Desert States Employers & UFCW Unions Pension Plan	11.6	8.9	8.9	No	11/3/2022 to 10/21/2023	16	13	10/21/2023
UFCW International Union - Industry Pension Fund (5)(9)	—	4.6	9.5	No	8/3/2019 to 2/21/2026	28	6	6/11/2022
Retail Food Employers and UFCW Local 711 Pension Trust Fund	8.6	8.6	7.3	No	5/3/2022 to 12/17/2023	7	4	3/5/2022
Oregon Retail Employees Pension Trust	12.0	10.0	8.9	No	7/31/2021 to 11/12/2022	129	20	1/29/2022
Intermountain Retail Store Employees Pension Trust (7)	7.9	6.9	5.8	No	5/19/2018 to 6/20/2024	54	17	4/6/2024
Other funds	29.6	23.5	17.0					
Total Company contributions to U.S. multiemployer pension plans	$ 523.7	$ 524.0	$ 469.3					

(1) PPA established three categories (or "zones") of plans: (1) "Green Zone" for healthy; (2) "Yellow Zone" for endangered; and (3) "Red Zone" for critical. These categories are based upon multiple factors, including the funding ratio of the plan assets to plan liabilities.

(2) Under the PPA, a surcharge may be imposed when employers make contributions under a collective bargaining agreement that is not in compliance with a rehabilitation plan. As of February 26, 2022, the collective bargaining agreements under which the Company was making contributions were in compliance with rehabilitation plans adopted by the applicable pension fund.

(3) These columns represent the number of most significant collective bargaining agreements aggregated by common expiration dates for each of the pension funds listed above.

(4) The information for this fund was obtained from the Form 5500 filed for the plan's year-end at March 31, 2021 and March 31, 2020.

(5) The information for this fund was obtained from the Form 5500 filed for the plan's year-end at June 30, 2020 and June 30, 2019.

(6) The information for this fund was obtained from the Form 5500 filed for the plan's year-end at September 30, 2020 and September 30, 2019.

(7) The information for this fund was obtained from the Form 5500 filed for the plan's year-end at August 31, 2020 and August 31, 2019.

(8) As further described below, effective December 31, 2020, the Mid Atlantic Pension Fund combined into the Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund to form the Combined Plan, and immediately upon combination the Company withdrew from the Combined Plan under the terms of the agreement with the applicable local unions, the largest contributing employer and the PBGC.

(9) As further described below, effective June 30, 2020, the Company withdrew from the UFCW National Fund and began contributing to the UFCW National VAPP.

FELRA and MAP: The Company was the second largest contributing employer to the Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund ("FELRA") which was projected by FELRA to become insolvent in the first quarter of 2021, and to the Mid-Atlantic UFCW and Participating Pension Fund ("MAP"). The Company continued to fund all of its required contributions to FELRA and MAP.

On December 31, 2020, the Company reached agreement with the two local unions, along with the largest contributing employer, and the Pension Benefit Guaranty Corporation ("PBGC") to combine MAP into FELRA (the "Combined Plan") effective December 31, 2020. As a result, the Company withdrew from the Combined Plan under the terms of the agreement with the applicable unions, the largest contributing employer and the PBGC and received a release of all withdrawal liability and mass withdrawal liability from FELRA, MAP, the Combined Plan and the PBGC. Commencing February 2021, the Company is required to annually pay $23.2 million to the Combined Plan for the next 25 years. This payment replaces the Company's previous annual contribution to both FELRA and MAP. In addition to the $23.2 million annual payment, the Company will begin to contribute to a new multiemployer pension plan limited to providing benefits to the former participants in MAP and FELRA in excess of the benefits the PBGC insures under law (the "Excess Plan"). These contributions were expected to commence in June 2022 and were expected to be approximately $13.7 million annually for 10 years. The Company recorded a non-cash pre-tax charge of $607.2 million ($449.4 million, net of tax) in the fourth quarter of fiscal 2020 to record the pension obligation for these benefits earned for prior service. The pension obligation was determined using a risk-free rate commensurate with the respective payment term related to the Combined Plan and the Excess Plan. Furthermore, the Company has established and will contribute to a new Variable Annuity Pension Plan (the "Combined VAPP") that provides benefits to participants for future services, effective January 1, 2021. The Company will contribute approximately $4 million to the Combined VAPP to fund certain administrative expenses and establish a stabilization reserve for the Combined VAPP.

The American Rescue Plan Act ("ARP Act"), which was signed into law on March 11, 2021, established a special financial assistance program for financially troubled multiemployer pension plans. Under the ARP Act, eligible multiemployer plans can apply to receive a one-time cash payment in the amount projected by the PBGC to pay pension benefits through the plan year ending 2051. On July 9, 2021, the PBGC issued its interim final rule with respect to the special financial assistance program. The PBGC interim final rule provided direction on the application and eligibility requirements, including which plans will have priority, the determination of the amount of financial assistance to be provided and conditions and restrictions that apply to plans that receive the assistance. The Combined Plan was eligible to receive one-time special financial assistance and qualified to submit its application for $1.2 billion in special financial assistance in the fourth quarter of fiscal 2021. The $1.2 billion in special financial assistance is expected to provide the funding for the Combined Plan to remain solvent for at least 25 years. Although the special financial assistance will have no impact on the Company's $23.2 million payment obligation to the Combined Plan, the Company's estimated funding requirements for the Excess Plan were reduced as the contributions are now not expected to commence until approximately 2045. As a result, in the fourth quarter of fiscal 2021, the Company recorded a non-cash pre-tax gain of $106.3 million ($78.7 million, net of tax) to reduce the pension liability for the Excess Plan to approximately $19 million.

National Fund: On July 21, 2020, the Company announced that it had entered into an agreement with the trustees of the United Food and Commercial Workers International Union ("UFCW") Union-Industry Pension Fund ("National Fund"), providing that the Company will permanently cease to have any obligation to contribute to the National Fund, a multiemployer pension plan, and will completely withdraw from the National Fund, effective as of June 30, 2020. The Company and nine UFCW local unions entered into a Memorandum of Understanding that permitted the withdrawal and required the establishment of a new Variable Annuity Pension Plan (the "National VAPP") that will provide benefits to participants for future services, effective as of July 1, 2020. On November 30, 2020, these agreements became effective upon ratification by the membership of each of these nine local unions and the related agreements with the local unions whose members participate in the National Fund and are employed by the two largest contributors to the National Fund. As a result, the Company agreed to pay an aggregate of $285.7 million to the National Fund, in full satisfaction of the Company's withdrawal liability amount and mass withdrawal

liability amount. The Company recorded a pre-tax charge of approximately $285.7 million ($213.0 million, net of tax) in the third quarter of fiscal 2020 to record the withdrawal liability. The Company paid $147.3 million in fiscal 2020 and will pay the remaining amount in two equal installments of $69.2 million no later than each June 30, 2022 and June 30, 2023, any portion of which may be prepaid, in whole or in part. During fiscal 2021, the Company also pre-funded a transition reserve in the National VAPP to support certain grandfathered participants of approximately $8 million to the National VAPP.

Midwest Plan: As a part of the Safeway acquisition, the Company assumed withdrawal liabilities related to Safeway's 2013 closure of its Dominick's division. The Company recorded a $221.8 million multiemployer pension withdrawal liability related to Safeway's withdrawal from these plans. One of the plans, the UFCW & Employers Midwest Pension Fund (the "Midwest Plan"), had asserted the Company may be liable for mass withdrawal liability, if the plan had a mass withdrawal, in addition to the liability the Midwest Plan already had assessed. The Company disputed that the Midwest Plan would have the right to assess mass withdrawal liability on the Company and the Company also disputed in arbitration the amount of the withdrawal liability the Midwest Plan had assessed. On March 12, 2020, the Company agreed to a settlement of these matters and the withdrawal liability with the Midwest Plan's Board of Trustees. As a result of the settlement, the Company agreed to pay $75.0 million, in a lump sum, which was paid in the first quarter of fiscal 2020, and forego any amounts already paid to the Midwest Plan. The Company recorded a gain of $43.3 million in the fourth quarter of fiscal 2019 to reduce the previously recorded estimated withdrawal liability to the settlement amount.

Collective Bargaining Agreements

As of February 26, 2022, the Company had approximately 290,000 employees, of which approximately 200,000 were covered by collective bargaining agreements. During fiscal 2021, collective bargaining agreements covering approximately 60,000 employees were renegotiated. As of February 26, 2022, collective bargaining agreements covering approximately 115,000 employees have expired or are scheduled to expire in fiscal 2022, including collective bargaining agreements covering approximately 74,000 employees that have been renegotiated subsequent to the end of fiscal 2021.

Multiemployer Health and Welfare Plans

The Company makes contributions to multiemployer health and welfare plans in amounts specified in the applicable collective bargaining agreements. These plans provide medical, dental, pharmacy, vision, and other ancillary benefits to active employees and retirees as determined by the trustees of each plan. The majority of the Company's contributions cover active employees and as such, may not constitute contributions to a postretirement benefit plan. However, the Company is unable to separate contribution amounts to postretirement benefit plans from contribution amounts paid to active employee plans. Total contributions to multiemployer health and welfare plans were $1.2 billion, for each of fiscal 2021, fiscal 2020 and fiscal 2019.

Defined Contribution Plans and Supplemental Retirement Plans

Many of the Company's employees are eligible to contribute a percentage of their compensation to defined contribution plans ("401(k) Plans"). Participants in the 401(k) Plans may become eligible to receive a profit-sharing allocation in the form of a discretionary Company contribution based on employee compensation. In addition, the Company may also provide matching contributions based on the amount of eligible compensation contributed by the employee. All Company contributions to the 401(k) Plans are made at the discretion of the Company's board of directors. The Company provides supplemental retirement benefits through a Company sponsored deferred executive compensation plan, which provides certain key employees with retirement benefits that supplement those provided by the 401(k) Plans. Total contributions accrued for these plans were $75.5 million, $85.8 million and $63.2 million for fiscal 2021, fiscal 2020 and fiscal 2019, respectively.

NOTE 13 - RELATED PARTIES

In connection with the Safeway acquisition, the Company entered into a four-year management agreement, as extended through fiscal 2019, with Cerberus Capital Management, L.P. ("Cerberus") and the consortium of investors, which commenced on January 30, 2015, requiring an annual management fee of $13.8 million. The agreement was extended again in fiscal 2020, payable in quarterly installments, effective through the IPO date. Prior to the IPO, the Company made one quarterly payment for management fees of $3.4 million in fiscal 2020.

The Company paid Cerberus Operations and Advisory Company, LLC ("COAC"), an affiliate of Cerberus, fees totaling approximately $0.2 million, $0.1 million and $0.3 million for fiscal 2021, fiscal 2020 and fiscal 2019, respectively, for consulting services provided in connection with improving the Company's operations.

The Company paid Cerberus Technology Solutions ("CTS"), an affiliate of Cerberus, fees totaling approximately $7.0 million, $5.5 million, and $4.4 million for fiscal 2021, fiscal 2020 and fiscal 2019, respectively, for information technology advisory and implementation services in connection with modernizing the Company's information systems.

NOTE 14 - COMMITMENTS AND CONTINGENCIES AND OFF BALANCE SHEET ARRANGEMENTS

Guarantees

California Department of Industrial Relations: On October 24, 2012, the Company entered into a Collateral Substitution Agreement with the California Self-Insurers' Security Fund to provide collateral related to certain California self-insured workers' compensation obligations pursuant to applicable regulations. The collateral not covered by the California Self-Insurers' Security Fund is covered by surety bonds for the benefit of the State of California Office of Self-Insurance Plans. A portion of the surety bonds is covered by irrevocable LOCs. The collateral requirements are adjusted annually based on semi-annual filings of an actuarial study reflecting liabilities as of December 31 of each year reduced by claim closures and settlements. The related LOC was $9.2 million as of February 26, 2022 and $40.1 million as of February 27, 2021.

Lease Guarantees: The Company may have liability under certain operating leases that were assigned to third parties. If any of these third parties fail to perform their obligations under the leases, the Company could be responsible for the lease obligation. Because of the wide dispersion among third parties and the variety of remedies available, the Company believes that if an assignee became insolvent, it would not have a material effect on the Company's financial condition, results of operations or cash flows.

The Company also provides guarantees, indemnifications and assurances to others in the ordinary course of its business.

Legal Proceedings

The Company is subject from time to time to various claims and lawsuits arising in the ordinary course of business, including lawsuits involving trade practices, lawsuits alleging violations of state and/or federal wage and hour laws (including alleged violations of meal and rest period laws and alleged misclassification issues), real estate disputes, as well as other matters. Some of these claims or suits purport or may be determined to be class actions and/or seek substantial damages. It is the opinion of the Company's management that although the amount of liability with respect to certain of the matters described herein cannot be ascertained at this time, any resulting liability of these and other matters, including any punitive damages, will not have a material adverse effect on the Company's business or financial condition.

The Company continually evaluates its exposure to loss contingencies arising from pending or threatened litigation and believes it has made provisions where the loss contingency is probable and can be reasonably estimated. Nonetheless, assessing and predicting the outcomes of these matters involves substantial uncertainties. Management currently believes that the aggregate range of reasonably possible loss for the Company's exposure in excess of the amount accrued is expected to be immaterial to the Company. It remains possible that despite management's current belief, material differences in actual outcomes or changes in management's evaluation or predictions could arise that could have a material effect on the Company's financial condition, results of operations or cash flows.

False Claims Act: Two qui tam actions alleging violations of the False Claims Act ("FCA") have also been filed against the Company and its subsidiaries. Violations of the FCA are subject to treble damages and penalties of up to a specified dollar amount per false claim.

In *United States ex rel. Proctor v. Safeway*, filed in the United States District Court for the Central District of Illinois, the relator alleges that Safeway overcharged federal government healthcare programs by not providing the federal government, as part of its usual and customary prices, the benefit of discounts given to customers in pharmacy membership discount and price-matching programs. The relator filed his complaint under seal on November 11, 2011, and the complaint was unsealed on August 26, 2015. The relator amended the complaint on March 31, 2016. On June 12, 2020, the Court granted Safeway's motion for summary judgment, holding that the relator could not prove that Safeway acted with the intent required under the FCA, and judgment was issued on June 15, 2020. On July 10, 2020, the relator filed a motion to alter or amend the judgment and to supplement the record, which Safeway opposed. On November 13, 2020, the Court denied relator's motion, and on December 11, 2020, relator filed a notice of appeal. Oral argument took place September 9, 2021 and the Seventh Circuit Court of Appeals affirmed the judgement in the Company's favor on April 5, 2022.

In *United States ex rel. Schutte and Yarberry v. SuperValu, New Albertson's, Inc., et al.*, also filed in the Central District of Illinois, the relators allege that defendants (including various subsidiaries of the Company) overcharged federal government healthcare programs by not providing the federal government, as a part of usual and customary prices, the benefit of discounts given to customers who requested that defendants match competitor prices. The complaint was originally filed under seal and amended on November 30, 2015. On August 5, 2019, the Court granted relators' motion for partial summary judgment, holding that price-matched prices are the usual and customary prices for those drugs. On July 1, 2020, the Court granted the defendants' motions for summary judgment and dismissed the case, holding that the relator could not prove that defendants acted with the intent required under the FCA. Judgment was issued on July 2, 2020. On July 9, 2020, the relators filed a notice of appeal. Oral argument was held on January 19, 2021. On August 12, 2021, the Court of Appeals for the Seventh Circuit affirmed the grant of summary judgment in the Company's favor. On September 23, 2021, the relators filed a petition for rehearing *en banc* with the Seventh Circuit. On December 3, 2021, the Seventh Circuit denied relators' petition. On April 1, 2022, relators filed a petition to seek review by the U.S. Supreme Court.

In both of the above cases, the federal government previously investigated the relators' allegations and declined to intervene. The relators elected to pursue their respective cases on their own and in each case have alleged FCA damages in excess of $100 million before trebling and excluding penalties. The Company is vigorously defending each of these matters and believes each of these cases is without merit. The Company has recorded an estimated liability for these matters.

Pharmacy Benefit Manager (PBM) Litigation: The Company (including its subsidiary, Safeway Inc.) is a defendant in a lawsuit filed on January 21, 2021, in Minnesota state court, captioned *Health Care Service Corp. et al. v. Albertsons Companies, LLC, et al.* The action challenges certain prescription-drug prices reported by the Company to a pharmacy benefit manager, Prime Therapeutics LLC ("Prime"), which in turn contracted with the health-insurer plaintiffs to adjudicate and process prescription-drug reimbursement claims.

On December 7, 2021, the Company filed a motion to dismiss the complaint. On January 14, 2022, the court denied the Company's motion to dismiss as to all but one count, plaintiffs' claim of negligent misrepresentation. On January 21, 2022, the Company and co-defendant SUPERVALU, Inc. ("SUPERVALU") filed a third-party complaint against Prime, asserting various claims, including: indemnification, fraud and unjust enrichment. On February 17, 2022, the Company filed in the Minnesota Court of Appeals (the "Appeals Court") an interlocutory appeal of the denial of their motion to dismiss on personal jurisdiction grounds (the "Jurisdictional Appeal"). On February 24, 2022, the Company and SUPERVALU filed in the trial court an unopposed motion to stay proceedings, pending the resolution of the Jurisdictional Appeal. The parties agreed on March 6, 2022, to an interim stay in the trial court pending a ruling on the unopposed motion to stay proceedings. The Jurisdictional Appeal is currently pending.

The Company is vigorously defending the claims filed against it, and believes the claims are without merit. The Company also intends to prosecute its claims against Prime with equal vigor. The Company has recorded an estimated liability for these matters.

Opioid Litigation: The Company is one of dozens of companies that have been named in various lawsuits alleging that defendants contributed to the national opioid epidemic. At present, the Company is named in over 90 suits pending in various state courts as well as in the United States District Court for the Northern District of Ohio, where over 2,000 cases have been consolidated as Multi-District Litigation ("MDL") pursuant to 28 U.S.C. §1407. Most of these cases have been stayed pending bellwether trials. At present, the most active case is a matter in New Mexico state court where we have been in active discovery and where a September 2022 trial date has been set. A trial has also been scheduled in Nevada state court for April 2023. The MDL Court and a state court in Utah are currently considering position statements from the parties in connection with scheduling bellwether trials and it is likely that the Company may be included in one or more of those anticipated bellwether trials. The Company is vigorously defending these matters and believes that these cases are without merit. At this stage in the proceedings, the Company is unable to determine the probability of the outcome of these matters or the range of reasonably possible loss, if any.

Plated Litigation: On September 1, 2020, a complaint entitled *Shareholder Representative Services LLC v. Albertsons Companies Inc.* was filed in Delaware Chancery Court where Shareholder Representative Services LLC sued on behalf of former shareholders and rightsholders of DineInFresh, Inc. d/b/a Plated ("Plated"). Plaintiff alleged that, following the Company's acquisition of Plated, pursuant to a September 19, 2017 Agreement and Plan of Merger, the Company intentionally engaged in conduct to prevent Plated from reaching certain milestones that would have resulted in post-acquisition consideration paid to Plated shareholders and rightsholders. Plaintiff alleged breach of contract, breach of the implied covenant of good faith and fair dealing, and fraudulent inducement. On October 21, 2020, the Company filed a motion to dismiss the complaint. On June 7, 2021, the Court granted the motion in part, dismissing all claims except for the breach-of-contract claim. The Company is vigorously defending itself in the lawsuit and believes that the case is without merit. At this stage in the proceedings, the Company is unable to determine the probability of the outcome of the matter or the range of reasonably possible loss, if any.

FACTA: On May 31, 2019, a putative class action complaint entitled *Martin v. Safeway* was filed in the California Superior Court for the County of Alameda, alleging the Company failed to comply with the Fair and Accurate Credit Transactions Act ("FACTA") by printing receipts that failed to adequately mask payment card numbers as required by FACTA. The plaintiff claims the violation was "willful" and exposes the Company to statutory damages provided for in FACTA. On January 8, 2020, the Company commenced mediation discussions with plaintiff's counsel and reached a settlement in principle on February 24, 2020. The parties have sought court approval of the settlement. A hearing is scheduled for May 4, 2022 during which the court will review the settlement for approval. The Company has recorded an estimated liability for this matter.

Other Commitments

In the ordinary course of business, the Company enters into various supply contracts to purchase products for resale and purchase and service contracts for fixed asset and information technology commitments. These contracts typically include volume commitments or fixed expiration dates, termination provisions and other standard contractual considerations.

NOTE 15 - OTHER COMPREHENSIVE INCOME OR LOSS

Total comprehensive earnings are defined as all changes in stockholders' equity during a period, other than those from investments by or distributions to stockholders. Generally, for the Company, total comprehensive income equals net income plus or minus adjustments for pension and other post-retirement liabilities. Total comprehensive earnings represent the activity for a period net of tax

While total comprehensive earnings are the activity in a period and are largely driven by net earnings in that period, accumulated other comprehensive income or loss ("AOCI") represents the cumulative balance of other comprehensive income, net of tax, as of the balance sheet date. Changes in the AOCI balance by component are shown below (in millions):

	Fiscal 2021		
	Total	**Pension and Post-retirement benefit plan items**	**Other**
Beginning AOCI balance	$ 63.5	$ 61.3	$ 2.2
Other comprehensive income (loss) before reclassifications	22.1	22.9	(0.8)
Amounts reclassified from Accumulated other comprehensive income (1)	(15.5)	(15.5)	—
Tax (expense) benefit	(1.1)	(1.6)	0.5
Current-period other comprehensive income (loss), net	5.5	5.8	(0.3)
Ending AOCI balance	$ 69.0	$ 67.1	$ 1.9

	Fiscal 2020		
	Total	**Pension and Post-retirement benefit plan items**	**Other**
Beginning AOCI balance	$ (118.5)	$ (121.7)	$ 3.2
Other comprehensive income (loss) before reclassifications	242.5	244.5	(2.0)
Amounts reclassified from Accumulated other comprehensive income (1)	2.8	2.8	—
Tax (expense) benefit	(63.3)	(64.3)	1.0
Current-period other comprehensive income (loss), net	182.0	183.0	(1.0)
Ending AOCI balance	$ 63.5	$ 61.3	$ 2.2

(1) These amounts are included in the computation of net pension and post-retirement (income) expense. For additional information, see Note 12 - Employee benefit plans and collective bargaining agreements.

NOTE 16 - NET INCOME PER COMMON SHARE

The Company calculates basic and diluted net income per Class A common share using the two-class method. The two-class method is an allocation formula that determines net income per Class A common share for each share of Class A common stock and Convertible Preferred Stock, a participating security, according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to Class A common shares and Convertible Preferred Stock based on their respective rights to receive dividends. The holders of Convertible Preferred Stock participate in cash dividends that the Company pays on its common stock to the extent that such cash dividends exceed $206.25 million per fiscal year. In applying the two-class method to interim periods, the Company allocates income to its quarterly periods independently and discretely from its year-to-date and annual periods. Basic net income per Class A common share is computed by dividing net income allocated to Class A common stockholders by the weighted average number of Class A common shares outstanding for the period, including Class A common shares to be issued with no prior remaining contingencies prior to issuance. Diluted net income per Class A common share is computed based on the weighted average number of shares of Class A common stock outstanding during each period, plus potential Class A common shares considered outstanding during the period, as long as the inclusion of such awards is not antidilutive. Potential Class A common shares consist of unvested RSUs and RSAs and Convertible Preferred Stock, using the more dilutive of either the two-class method or as-converted stock method. Performance-based RSUs are considered dilutive when the related performance criterion has been met.

The components of basic and diluted net income per common share were as follows (in millions, except per share data):

	Fiscal 2021	Fiscal 2020	Fiscal 2019
Basic net income per Class A common share			
Net income	$ 1,619.6	$ 850.2	$ 466.4
Accrued dividends on Convertible Preferred Stock	(109.4)	(86.0)	—
Earnings allocated to Convertible Preferred Stock	(226.2)	—	—
Net income allocated to Class A common stockholders - Basic	$ 1,284.0	$ 764.2	$ 466.4
Weighted average Class A common shares outstanding - Basic (1)	469.6	500.3	579.4
Basic net income per Class A common share	$ 2.73	$ 1.53	$ 0.80
Diluted net income per Class A common share			
Net income allocated to Class A common stockholders - Basic	$ 1,284.0	$ 764.2	$ 466.4
Accrued dividends on Convertible Preferred Stock	—	86.0	—
Earnings allocated to Convertible Preferred Stock	—	—	—
Net income allocated to Class A common stockholders - Diluted	$ 1,284.0	$ 850.2	$ 466.4
Weighted average Class A common shares outstanding - Basic (1)	469.6	500.3	579.4
Dilutive effect of:			
Restricted stock units and awards	5.7	4.1	0.9
Convertible Preferred Stock (2)	—	73.7	—
Weighted average Class A common shares outstanding - Diluted (3)	475.3	578.1	580.3
Diluted net income per Class A common share	$ 2.70	$ 1.47	$ 0.80

(1) Fiscal 2021, fiscal 2020 and fiscal 2019 include 2.7 million, 1.1 million and 1.3 million common shares remaining to be issued, respectively.

(2) Reflects the number of shares of Convertible Preferred Stock issued, if converted into Common Stock for the period outstanding. For fiscal 2021, 97.7 million potential common shares outstanding related to Convertible Preferred Stock were antidilutive.

(3) There were no potential common shares outstanding that were antidilutive for fiscal 2021, fiscal 2020 and fiscal 2019.

Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A - Controls and Procedures

Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In

designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of February 26, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of February 26, 2022.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework set forth in the report entitled *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under such framework, our management concluded that our internal control over financial reporting was effective as of February 26, 2022.

The attestation of Deloitte & Touche LLP, our independent registered public accounting firm, on the effectiveness of our internal control over financial reporting is included in "Part II—Item 8. Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of fiscal 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B - Other Information

None.

Item 9C - Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10 - Directors, Executive Officers and Corporate Governance

For information concerning executive officers, see "Executive Officers of the Registrant" located under "Part I—Item 1. Business" herein.

Information concerning directors and certain other corporate governance matters is included under the captions "Proposal 1 - Election of Directors," "Delinquent Section 16(a) Reports" and "Corporate Governance" in the Proxy Statement for our 2022 Annual Meeting of Stockholders, to be filed within 120 days after the end of fiscal 2021, and that information is incorporated by reference herein.

We have adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. We have made a current copy of the code available on our website, www.Albertsonscompanies.com and is also available to any stockholder who requests a copy of the code. In addition, we intend to post on our website all disclosures that are required by law or NYSE listing standards concerning any amendments to, or waivers from, any provision of the code.

Item 11 - Executive Compensation

Information required by this Item is included under the captions "Compensation Discussion and Analysis," "Director Compensation," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" in the Proxy Statement for our 2022 Annual Meeting of Stockholders, to be filed within 120 days after the end of fiscal 2021, and that information is incorporated by reference herein.

Item 12 - Security Ownership of Certain Beneficial Owners and Management, and Related Member Matters

Information required by this Item is included under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in the Proxy Statement for our 2022 Annual Meeting of Stockholders, to be filed within 120 days after the end of fiscal 2021, and that information is incorporated by reference herein.

Item 13 - Certain Relationships and Related Transactions, and Director Independence

Information required by this Item is included under the captions "Certain Relationships and Related Party Transactions" and "Corporate Governance" in the Proxy Statement for our 2022 Annual Meeting of Stockholders, to be filed within 120 days after the end of fiscal 2021, and that information is incorporated by reference herein.

Item 14 - Principal Accountant Fees and Services

Information required by this Item is included under the caption "Proposal 2 - Ratification of Independent Registered Accounting Firm" in the Proxy Statement for our 2022 Annual Meeting of Stockholders, to be filed within 120 days after the end of fiscal 2021, and that information is incorporated by reference herein.

PART IV

Item 15 - Exhibits, Financial Statement Schedules

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	Notes to Consolidated Financial Statements	72

(a)2. Financial Statement Schedules:

There are no Financial Statement Schedules included in this filing for the reason that they are not applicable or are not required or the information is included elsewhere in this Form 10-K.

(a)3.&(b) Exhibits:

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Albertsons Companies, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2020)
3.1.1	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Albertsons Companies, Inc. (incorporated by reference to Exhibit 3.1.1 to the Company's Registration Statement on Form S-1 filed with the SEC on June 18, 2020)
3.1.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Albertsons Companies, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on October 20, 2021)
3.2	Amended and Restated Bylaws of Albertsons Companies, Inc. (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2020)
3.3	Certificate of Designations of 6.75% Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2020)
3.3.1	Certificate of Amendment to the Certificate of Designations of 6.75% Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2020)
3.4	Certificate of Designations of 6.75% Series A-1 Convertible Preferred Stock (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2020)
3.4.1	Certificate of Amendment to the Certificate of Designations of 6.75% Series A-1 Convertible Preferred Stock (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2020)
4.1	Stockholders' Agreement by and among Albertsons Companies, Inc. and holders of stock of Albertsons Companies, Inc. signatory thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2020)
4.2	Registration Rights Agreement by and among Albertsons Companies, Inc. and the other parties thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2020)
4.2.1	Amendment No. 1, dated as of December 9, 2021, to the Registration Rights Agreement by and among Albertsons Companies, Inc. and the investors party thereto, dated June 9th 2020 (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on January 12, 2022)
4.3	Form of Lock-Up Agreement by and among Albertsons Companies, Inc. and the other parties thereto (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 filed with the SEC on June 18, 2020)

Exhibit No.	Description
4.4	Indenture, dated September 10, 1997, between Safeway Inc., and the Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to the Albertsons Companies, LLC's Registration Statement on Form S-4 filed with the SEC on May 19, 2017)
4.5	Form of Officers' Certificate establishing the terms of Safeway Inc.'s 7.45% Senior Debentures due 2027, including the form of Notes (incorporated by reference to Exhibit 4.6 to the Albertsons Companies, LLC's Registration Statement on Form S-4 filed with the SEC on May 19, 2017)
4.6	Form of Officers' Certificate establishing the terms of Safeway Inc.'s 7.25% Debentures due 2031, including the form of Notes (incorporated by reference to Exhibit 4.7 to the Albertsons Companies, LLC's Registration Statement on Form S-4 filed with the SEC on May 19, 2017)
4.7	Indenture, dated May 1, 1992, between New Albertson's, Inc. (as successor to Albertson's, Inc.) and U.S. Bank Trust National Association (as successor to Morgan Guaranty Trust Company of New York), as trustee (as supplemented by Supplemental Indenture No. 1, dated as of May 7, 2004; Supplemental Indenture No. 2, dated as of June 1, 2006; Supplemental Indenture No. 3, dated as of December 29, 2008 and Supplemental Indenture No. 4, dated as of December 3, 2017) (incorporated by reference to Exhibit 4.10 to the Company's Registration Statement on Form S-4 filed with the SEC on April 6, 2018)
4.8	Indenture, dated May 1, 1995, between American Stores Company, LLC and Wells Fargo Bank, National Association (as successor to The First National bank of Chicago), as trustee (as further supplemented) (incorporated by reference to Exhibit 4.11 to the Albertsons Companies, LLC's Registration Statement on Form S-4 filed with the SEC on May 19, 2017)
4.9	Indenture, dated as of February 5, 2019, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as Trustee with respect to the 7.5% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 5, 2019)
4.9.1	First Supplemental Indenture, dated as of April 17, 2019, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as trustee with respect to the 7.5% Senior Notes due 2026 (incorporated by reference to Exhibit 4.11.1 to the Company's Annual Report on Form 10-K filed with the SEC on April 24, 2019)
4.9.2	Second Supplemental Indenture, dated as of June 9, 2020, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as trustee with respect to the 7.5% Senior Notes due 2026 (incorporated by reference to Exhibit 4.13.2 to the Company's Registration Statement on Form S-1 filed with the SEC on June 10, 2020)
4.10	Indenture, dated as of August 15, 2019, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as Trustee with respect to the 5.875% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on August 15, 2019)
4.10.1	First Supplemental Indenture, dated as of June 9, 2020, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as trustee with respect to the 5.875% Senior Notes due 2028 (incorporated by reference to Exhibit 4.14.1 to the Company's Registration Statement on Form S-1 filed with the SEC on June 10, 2020)
4.11	Indenture, dated as of November 22, 2019, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as Trustee with respect to the 4.625% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on November 22, 2019)
4.11.1	First Supplemental Indenture, dated as of June 9, 2020, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as trustee with respect to the 4.625% Senior Notes due 2027 (incorporated by reference to Exhibit 4.15.1 to the Company's Registration Statement on Form S-1 filed with the SEC on June 10, 2020)
4.12	Indenture, dated as of February 5, 2020, by and among Albertsons Companies Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as Trustee, with respect to the 3.50% Senior Notes due 2023 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 5, 2020)
4.12.1	First Supplemental Indenture, dated as of June 9, 2020, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as trustee with respect to the 3.50% Senior Notes due 2023 (incorporated by reference to Exhibit 4.16.1 to the Company's Registration Statement on Form S-1 filed with the SEC on June 10, 2020)

Exhibit No.	Description
4.13	Indenture, dated as of February 5, 2020, by and among Albertsons Companies Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as Trustee, with respect to the 4.875% Senior Notes due 2030 (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the SEC on February 5, 2020)
4.13.1	First Supplemental Indenture, dated as of June 9, 2020, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons, L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as trustee with respect to the 4.875% Senior Notes due 2030 (incorporated by reference to Exhibit 4.17.1 to the Company's Registration Statement on Form S-1 filed with the SEC on June 10, 2020)
4.14	Indenture, dated as of August 31, 2020, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as Trustee, with respect to the 3.250% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on August 31, 2020)
4.15	Indenture, dated as of August 31, 2020, by and among Albertsons Companies, Inc., Safeway Inc., New Albertsons L.P., Albertson's LLC, the guarantors party thereto from time to time, and Wilmington Trust, National Association, as Trustee, with respect to the 3.500% Senior Notes due 2029 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on August 31, 2020)
4.16*	Description of Registrant's Securities
10.1	Third Amended and Restated Asset-Based Revolving Credit Agreement, dated as of November 16, 2018, among Albertsons Companies, Inc., as lead borrower, the subsidiary borrowers and guarantors from time to time party thereto, the lenders from time to time party thereto and Bank of America, N.A. as administrative and collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on November 16, 2018)
10.1.1	Amendment No. 1, dated as of May 20, 2020, to the Third Amended and Restated Asset-Based Revolving Credit Agreement, dated as of November 16, 2018, among Albertsons Companies, Inc., as lead borrower, the subsidiary borrowers and guarantors from time to time party thereto and Bank of America, N.A. as administrative and collateral agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on May 27, 2020)
10.1.2	Fourth Amended and Restated Asset-Based Revolving Credit Agreement, dated as of December 20, 2021, by and among Albertsons Companies, Inc. certain of its subsidiaries signatory thereto, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 23, 2021)
10.2†	Employment Agreement, dated March 25, 2019, between Albertsons Companies, Inc. and Vivek Sankaran (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 29, 2019)
10.3†	Emeritus Agreement, dated March 25, 2019, between Albertsons Companies, Inc. and Robert G. Miller (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 29, 2019)
10.4†	Emeritus Agreement, dated December 16, 2019, between Albertsons Companies, Inc. and Robert G. Miller (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on January 8, 2020)
10.5†	Amended and Restated Employment Agreement, effective as of April 25, 2019, by and between Albertsons Companies, Inc. and James L. Donald (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 22, 2019)
10.6†	Amended and Restated Employment Agreement, dated May 1, 2019, between Albertsons Companies, Inc. and Anuj Dhanda (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on January 8, 2020)
10.7†	Amended and Restated Employment Agreement, dated May 1, 2019, between Albertsons Companies, Inc. and Susan Morris (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on January 8, 2020)
10.8†	Employment Agreement, dated August 19, 2019, between Albertsons Companies, Inc. and Michael Theilmann (incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-1 filed with the SEC on March 6, 2020)
10.9†	Amended and Restated Employment Agreement, dated December 1, 2019, between Albertsons Companies, Inc. and Christine Rupp (incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-1 filed with the SEC on March 6, 2020)

Exhibit No.	Description
10.10†	Employment Agreement, dated June 15, 2020, between Albertsons Companies, Inc. and Juliette Pryor (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on July 29, 2021)
10.11†	Employment Agreement, dated August 4, 2021, between Albertsons Companies, Inc. and Sharon McCollam (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 11, 2021)
10.12	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-1 filed with the SEC on March 6, 2020)
10.13†	Albertsons Companies, Inc. 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.23 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on June 18, 2020)
10.14†	Albertsons Companies, Inc. Restricted Stock Unit Plan (incorporated by reference to Exhibit 10.24 to Amendment No. 2 to the Company's Registration Statement on Form S-1 filed with the SEC on June 10, 2020)
10.15	Amended and Restated Investment Agreement by and among Albertsons Companies, Inc. and the investors party thereto, dated June 9, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2020)
10.15.1	Amendment No.1, dated as of June 25, 2020, to the Amended and Restated Investment Agreement, dated as of June 9, 2020, by and among Albertsons Companies, Inc. and each of the investors named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2020)
10.16	Amended and Restated Real Estate Agreement by and between ACI Real Estate Company LLC and AL RE Investor Holdings, LLC, dated June 9, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2020)
10.17	Unitary Master Sublease between ACI Real Estate Company LLC, as Landlord, and the entities set forth therein, as Tenant, dated June 9, 2020 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2020)
10.18†	Form of time-based restricted stock unit agreement (fiscal 2021 award cycle) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on July 29, 2021)
10.19†	Form of performance-based restricted stock unit agreement (fiscal 2021 award cycle) (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on July 29, 2021)
10.19.1†*	Amendment No. 1, dated February 23, 2022, to 2021 performance-based restricted stock unit award agreement
10.20†*	Form of time-based restricted stock unit agreement (fiscal 2022 award cycle)
10.21†*	Form of performance-based restricted stock unit agreement (fiscal 2022 award cycle)
21.1*	Schedule of Subsidiaries of Albertsons Companies, Inc.
23.1*	Consent of Deloitte and Touche LLP
31.1*	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Filed herewith.
** Furnished herewith.
† Constitutes a compensatory plan or arrangement required to be filed with this Form 10-K.

Item 16 - Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Albertsons Companies, Inc.

Date: April 26, 2022

By: /s/ Vivek Sankaran
Vivek Sankaran
Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Vivek Sankaran Vivek Sankaran	Chief Executive Officer and Director (Principal Executive Officer)	April 26, 2022
/s/ Sharon McCollam Sharon McCollam	President and Chief Financial Officer (Principal Financial Officer)	April 26, 2022
/s/ Robert B. Larson Robert B. Larson	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	April 26, 2022
/s/ James L. Donald James L. Donald	Co-Chairman	April 26, 2022
/s/ Chan Galbato Chan Galbato	Co-Chairman	April 26, 2022
/s/ Sharon L. Allen Sharon L. Allen	Director	April 26, 2022
/s/ Shant Babikian Shant Babikian	Director	April 26, 2022
/s/ Steven A. Davis Steven A. Davis	Director	April 26, 2022
/s/ Kim Fennebresque Kim Fennebresque	Director	April 26, 2022

Signature	Title	Date
/s/ Allen M. Gibson Allen M. Gibson	Director	April 26, 2022
/s/ Hersch Klaff Hersch Klaff	Director	April 26, 2022
/s/ Jay L. Schottenstein Jay L. Schottenstein	Director	April 26, 2022
/s/ Alan H. Schumacher Alan H. Schumacher	Director	April 26, 2022
/s/ B. Kevin Turner B. Kevin Turner	Vice Chairman	April 26, 2022
/s/ Mary Beth West Mary Beth West	Director	April 26, 2022
/s/ Scott Wille Scott Wille	Director	April 26, 2022

Exhibit 4.16

**DESCRIPTION OF REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The following summary of the terms of the Class A common stock of Albertsons Companies, Inc., a Delaware corporation (the "Company," "we," "our," or "us") is not meant to be complete and is qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation ("certificate of incorporation") and our Amended and Restated Bylaws ("bylaws"), which are filed as exhibits to the Annual Report on Form 10-K of which this forms a part and are incorporated by reference herein, and the Delaware General Corporation Law (the "DGCL").

General

Our authorized capital stock consists of 1,150,000,000 shares of common stock, par value $0.01 per share, of which 1,000,000,000 shares have been designated Class A common stock, or common stock, and 150,000,000 shares have been designated Class A-1 common stock, and 100,000,000 shares of preferred stock, par value $0.01 per share, of which 1,750,000 shares have been designated as Series A preferred stock and 1,410,000 shares have been designated as Series A-1 preferred stock (which together constitute the "Convertible Preferred Stock").

As of February 26, 2022, there were 488,264,218 shares of our Class A common stock and 1,399,186 shares of our Convertible Preferred Stock issued and outstanding. Only our Class A common stock is registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The following is a summary of information concerning our Class A common stock and, to the extent applicable, the material limitations or qualifications on the rights of our common stock by our currently outstanding Convertible Preferred Stock.

Class A Common Stock

Dividend Rights

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our Class A common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Voting Rights

Each holder of our Class A common stock is entitled to one vote for each share owned of record on all matters voted upon by stockholders. A majority vote is required for all action to be taken by stockholders, except as otherwise provided for in our certificate of incorporation and bylaws or as required by law, including the election of directors in an election that is determined by our board of directors to be a contested election, which requires a plurality. Our certificate of incorporation provides that our board of directors and, prior to the date that Cerberus Capital Management, L.P., Klaff Realty, L.P., Schottenstein Stores Corp., Lubert-Adler Partners, L.P. and Kimco Realty Corporation (collectively, the "Sponsors") and their respective affiliates, or any person who is an express assignee or designee of their respective rights under our certificate of incorporation (and such assignee's or designee's affiliates) ceases to own, in the aggregate, at least 50% of the then-outstanding shares of our Class A common stock (the "50%

Trigger Date"), the Sponsors, voting together, are expressly authorized to make, alter or repeal our bylaws and that our stockholders may only amend our bylaws after the 50% Trigger Date with the approval of at least two-thirds of the total voting power of the outstanding shares of our capital stock entitled to vote in any annual election of directors.

Liquidation Rights

In the event of our liquidation, dissolution or winding-up, the holders of our Class A common stock are entitled to share equally and ratably in our assets, if any, remaining after the payment of all of our debts and liabilities and the liquidation preference of any outstanding preferred stock.

Other Rights

Our Class A common stock has no preemptive rights, no cumulative voting rights and no redemption, sinking fund or conversion provisions.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law and of our certificate of incorporation and bylaws could have the effect of delaying, deferring or discouraging another party from acquiring control of the Company. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of the Company to first negotiate with our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals, other than proposals made by or at the direction of our board of directors or, prior to the date that our Sponsors and their respective affiliates, or any person who is an express assignee or designee of their respective rights under our certificate of incorporation (and such assignee's or designee's affiliates) ceases to own, in the aggregate, at least 35% of the then-outstanding shares of our Class A common stock, by the Sponsors, voting together. Our bylaws also establish advance notice procedures with respect to the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or by a committee appointed by our board of directors. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed, and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

Calling Special Stockholder Meetings

Our certificate of incorporation and bylaws provide that special meetings of our stockholders may be called only by our board of directors or by stockholders owning at least 25% in amount of our entire capital stock issued and outstanding, and entitled to vote.

Stockholder Action by Written Consent

The DGCL permits stockholder action by written consent unless otherwise provided by our certificate of incorporation. Our certificate of incorporation precludes stockholder action by written consent after the 50% Trigger Date.

Undesignated Preferred Stock

Our board of directors is authorized to issue, without stockholder approval, preferred stock with such terms as our board of directors may determine. The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of the Company.

Delaware Anti-Takeover Statute

We have elected not to be governed by Section 203 of the DGCL, an anti-takeover law ("Section 203"). This law prohibits a publicly-held Delaware corporation from engaging under certain circumstances in a business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines "business combination" to include: any merger or consolidation involving us and the interested stockholder; any sale, transfer, pledge or other disposition of 10% or more of our assets involving the interested stockholder; in general, any transaction that results in the issuance or transfer by us of any of our stock to the interested stockholder; or the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through us. In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any such entity or person. A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or bylaws approved by its stockholders. We have opted out of this provision. Accordingly, we will not be subject to any anti-takeover effects of Section 203.

Removal of Directors; Vacancies

Our certificate of incorporation provides that, following the 50% Trigger Date, directors may be removed with or without cause upon the affirmative vote of holders of at least two-thirds of the total voting power of the outstanding shares of the capital stock of the Company entitled to vote in any annual election of directors or class of directors, voting together as a single class. In addition, our certificate of incorporation provides that vacancies, including those resulting from newly created directorships or removal of directors, may only be filled (i) by the Sponsors, voting together, or by a majority of the directors then in office, prior to the 50% Trigger Date, and (ii) after the 50% Trigger Date, by a majority of the directors then in office, in each case although less than a quorum, or by a sole remaining director. This may deter a stockholder from increasing the size of our board of directors and gaining control of the board of directors by filling the remaining vacancies with its own nominees.

Limitation on Director's Liability

Our certificate of incorporation and bylaws will indemnify our directors to the fullest extent permitted by the DGCL. The DGCL permits a corporation to limit or eliminate a director's personal liability to the corporation or the holders of its capital stock for breach of duty. This limitation is generally unavailable for acts or omissions by a director which (i) were in bad faith, (ii) were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or (iii) involved a financial profit or other advantage to which such director was not legally entitled. The DGCL also prohibits limitations on director liability for acts or omissions which resulted in a violation of a statute prohibiting certain dividend declarations, certain payments to stockholders after dissolution and particular types of loans. The effect of these provisions is to eliminate the rights of our company and our stockholders (through stockholders' derivative suits on behalf of our company) to recover monetary damages against a director for breach of fiduciary duty as a director (including breaches resulting from grossly negligent behavior), except in the situations described above. These provisions will not limit the liability of directors under the federal securities laws of the United States.

Choice of Forum

Our certificate of incorporation and bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders; (c) any action asserting a claim pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws; or (d) any action asserting a claim governed by the internal affairs doctrine. However, it is possible that a court could find our forum selection provision to be inapplicable or unenforceable. Because the applicability of the exclusive forum provision is limited to the extent permitted by law, we do not intend that the exclusive forum provision would apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Additionally, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any action asserting a cause of action arising under the Securities Act of 1933, as amended (the "Securities Act"). Investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Stockholders' Agreement

As of June 25, 2020, we entered into a stockholders agreement with our Sponsors (the "Stockholders' Agreement"). The Stockholders' Agreement provides for designation rights for the Sponsors to nominate directors to the board of directors. Pursuant to the Stockholders' Agreement, we will be required to appoint to our board of directors individuals designated by and voted for by our Sponsors. If Cerberus Capital Management, L.P. (or a permitted transferee or assignee) has beneficial ownership of at least 20% of our then-outstanding common stock, it shall have the right to designate four directors to our board of directors. If Cerberus Capital Management, L.P. (or a permitted transferee or assignee) owns less than 20% but at least 10% of our then-outstanding Class A common stock, it shall have the right to designate two directors to our board of directors. If Cerberus Capital Management, L.P. (or a permitted transferee or assignee) owns less than 10% but at least 5% of our then-outstanding Class A common stock, it shall have the right to designate one director to our board of directors. If Klaff Realty, L.P. (or a permitted transferee or assignee) owns at least 5% of our then-outstanding Class A common stock, it shall have the right to designate one director to our board of directors. If Schottenstein Stores Corp. (or a permitted transferee or assignee) owns at least 5% of our then-outstanding Class A common stock, it shall have the right to designate one director to our board of directors. Each Sponsor will agree to vote the Class A common stock owned by them in favor of each other Sponsor's nominees to the board of directors.

Registration Rights Agreement

As of June 9, 2020, we entered into a registration rights agreement (as amended, the "Registration Rights Agreement") with certain of our stockholders as of immediately prior to the closing of our initial public offering (the "Pre-IPO Stockholders") and the holders of our Convertible Preferred Stock (the "Preferred Investors" and together with the Pre-IPO Stockholders, the "Holders"). We further amended the Registration Rights Agreement on December 8, 2021.

Pursuant to the Registration Rights Agreement, we granted the Holders certain registration rights with respect to the registrable securities, which registrable securities include the shares of Class A common stock issuable pursuant to the Convertible Preferred Stock (the "Conversion Shares"), but not Convertible Preferred Stock. These rights include certain demand registration rights for our Sponsors and "piggyback" registration rights for all Holders. Additionally, we granted certain demand registration rights for our holders of Convertible Preferred Stock (the "Preferred Investor Shelf Registration Statement"). The registration rights only apply to registrable securities, and shares of our Class A common stock cease to be registrable securities under certain conditions including (i) they are sold pursuant to an effective registration statement, (ii) they are sold pursuant to Rule 144, or (iii) they are eligible to be resold without regard to the volume or public information requirements of Rule 144 and the resale of such shares is not prohibited by the lock-up agreements described below. The registration rights are subject to certain delay, suspension and cutback provisions. The Registration Rights Agreement includes customary indemnification and contribution provisions. All fees, costs and expenses related to registrations generally will be borne by us, other than underwriting discounts and commissions attributable to the sale of registrable securities. The Holders may be required to deliver lock-up agreements to underwriters in connection with registered offerings of shares.

Demand Registration Rights for Non-Shelf Registered Offerings Granted to Sponsors. The Registration Rights Agreement grants our Sponsors certain demand registration rights. Until we are eligible to file a registration statement on Form S-3, our Sponsors will be limited to a single demand right for an underwritten offering pursuant to a registration statement on Form S-1. Such registration statement would be required to include at least 5% of the total number of shares of our Class A common stock outstanding immediately prior to our initial public offering, which we refer to as the pre-IPO Class A common stock, or all of the remaining registrable securities of the

demanding holder, and such request will require the consent of the holders of at least a majority of the outstanding registrable securities.

Shelf Registration Rights Granted to Sponsors. When we become eligible to file a registration statement on Form S-3, the Registration Rights Agreement grants our Sponsors certain rights to demand that we file a shelf registration statement covering any registrable securities that Sponsors are permitted to sell pursuant to the lock-up agreements with us described below or any other lock-up restrictions. The number of shares covered by the shelf registration statement may also be reduced by us based on any advice of any potential underwriters, after consultation with us, to limit such number of shares.

Demand Registration Rights for Shelf Takedowns Granted to Sponsors. The Registration Rights Agreement grants our Sponsors certain rights to demand takedowns from a shelf registration statement. For underwritten offerings pursuant to the Registration Rights Agreement (which may include the offering on Form S-1 described above), any such takedown demand would be required to include at least 5% of the pre-IPO Class A common stock or all of the remaining registrable securities of the demanding holder. Sponsors lose their remaining demand registration rights when they cease to beneficially own at least 5% of our Class A common stock. Further, we are not required to effect more than one demand registration in any 30-day period (with such 30-day period commencing on the closing date of any underwritten offering pursuant to a preceding demand registration).

The Preferred Investor Shelf Registration Statement. The Registration Rights Agreement provides that, upon a demand from certain of the holders of Convertible Preferred Stock, we must file and maintain effective the Preferred Investor Shelf Registration Statement for all registrable securities, which registrable securities include Conversion Shares, but not Convertible Preferred Stock, held by the Preferred Investors. The Preferred Investors shall have the right, at any time and from time to time, to demand takedowns from the Preferred Investor Shelf Registration Statement, provided that such takedown demand would be required to include at least 5% of the pre-IPO Class A common stock or all of the remaining registrable securities of the demanding Preferred Investor. Such takedown may be for an underwritten marketed offering, non-marketed or underwritten offering or for a block trade or overnight transaction.

"Piggyback" Registration Rights. The Registration Rights Agreement grants all Holders "piggyback" registration rights. If we register any of our shares of Class A common stock, either for our own account or for the account of other stockholders, including an exercise of demand rights, all Holders will be entitled, subject to certain exceptions, to include its shares of Class A common stock in the registration. To the extent that the managing underwriters in an offering advise that the number of shares proposed to be included in the offering exceeds the amount that can be sold without adversely affecting the distribution, the number of shares included in the offering will be limited as follows:

- in the case of an offering pursuant to a demand by a Sponsor under the Registration Rights Agreement, (1) the Pre-IPO Stockholders that are parties to the Registration Rights Agreement will have first priority to include their registrable securities, (2) the Preferred Investors will have second priority to include their registrable securities, (3) we will have third priority to the extent that we elect to sell any shares for our own account and (4) any other holders with registration rights will have fourth priority;

- in the case of an offering pursuant to a demand by a Preferred Investor to takedown shares from the Preferred Investor Shelf Registration Statement under the Registration Rights Agreement, (1) the Preferred Investors will have first priority to include their registrable securities, (2) the Pre-IPO Stockholders that are parties to the Registration Rights Agreement will have second priority to include their registrable securities, (3) we will have third priority to the extent that we elect to sell any shares for our own account and (4) any other holders with registration rights will have fourth priority;

- in the case of any offering not pursuant to a demand by a Sponsor or Preferred Investor under the Registration Rights Agreement, (1) we will have first priority to the extent that we elect to sell any shares for our own account, (2) the Holders will have second priority to include their registrable securities on a pro rata basis as among the Holders and (3) any other holders with registration rights will have third priority.

Underwriter Lock-ups. Notwithstanding the registration rights described above, if there is an offering of our Class A common stock, we, our directors and executive officers and certain of the Holders will agree to deliver lock-up agreements to the underwriters of such offering to restrict transfers of their Class A common stock. The restrictions will apply for up to 90 days in connection with or prior to the second underwritten offering demanded pursuant to the Registration Rights Agreement and up to 45 days in connection with any offering thereafter.

Suspension Periods. We may postpone the filing or the effectiveness of a demand registration, including an underwritten shelf takedown (whether demanded by a Sponsor or a Preferred Investor from the Preferred Investor Shelf Registration Statement), if, based on our good faith judgment, upon consultation with outside counsel, such filing, the effectiveness of a demand registration, or the consummation of an underwritten shelf takedown, as the case may be, would (i) reasonably be expected to materially impede, delay, interfere with or otherwise have a material adverse effect on any material acquisition of assets (other than in the ordinary course of business), merger, consolidation, tender offer, financing or any other material business transaction by us or any of our subsidiaries or (ii) require disclosure of material information that has not been, and is otherwise not required to be, disclosed to the public, the premature disclosure of which we, after consultation with our outside counsel, believes would be detrimental to us; *provided* that we will not be permitted to impose any such blackout period more than two times in any 12 month period and *provided*, *further*, that any such delay will not be more than an aggregate of 120 days in any 12 month period.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC. The address of the transfer agent and registrar is 6201 15th Avenue, Brooklyn, New York 11219.

Listing

Our Class A common stock is listed on the NYSE under the symbol "ACI."

Exhibit 10.20

ALBERTSONS COMPANIES, INC.
2020 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Albertsons Companies, Inc. (the "Company"), pursuant to the Albertsons Companies, Inc. 2020 Omnibus Incentive Plan (the "Plan"), hereby grants to the Participant named below an Award of Restricted Stock Units. Unless otherwise defined herein, the capitalized terms used in this Restricted Stock Unit Award Agreement (the "Agreement"), which includes the Notice of Grant (the "Notice of Grant") and the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, shall have the meanings ascribed to such terms in the Plan.

NOTICE OF GRANT

Participant:	[Name]
Grant Date:	[Month] [●], 2022
Award:	[●] Restricted Stock Units
Vesting Schedule:	The Participant shall become vested in the Award in three equal installments on the last day of each of the next three (3) fiscal years of the Company (excluding fiscal years of less than 12 months) (each, a "Fiscal Year"), as follows: (a) one-third (1/3) on the last day of the Company's [-----] Fiscal Year; (b) one-third (1/3) on the last day of the Company's [-----] Fiscal Year; and (c) one-third (1/3) on the last day of the Company's [-----] Fiscal Year.

The Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Agreement, including the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, all of which are incorporated into this Agreement.

ALBERTSONS COMPANIES, INC.	PARTICIPANT:
By:________	________
Name:	Name:
Title:	

<u>EXHIBIT A</u>

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. <u>Grant</u>. The Company hereby grants to the individual named in the Notice of Grant (the "<u>Participant</u>") an Award of Restricted Stock Units set forth in the Notice of Grant, subject to all of the terms and conditions in this Agreement and the Plan.

2. <u>Definitions</u>.

"<u>Cause</u>" shall have the meaning ascribed to such term in the Plan.

"<u>Change in Control Period</u>" means the 24-month period following a Change in Control.

"<u>Competitive Activity</u>" means the Participant's engagement, directly or indirectly, as principal, agent, independent contractor, consultant, director, officer, employee, employer, advisor, stockholder, partner, member or in any other individual or representative capacity whatsoever, whether paid or unpaid, either for the Participant's own benefit or the benefit of any other person or entity, other than on behalf of the Company, to organize, establish, own, operate, manage, control, engage in, participate in, invest in, permit the Participant's name to be used by, act as a consultant or advisor to, render services for (alone or in association with any person, firm, corporation or business organization), or otherwise assist any person or entity that engages in or owns, invests in, operates, manages or controls any venture or enterprise which engages or proposes to engage in (a) the business conducted by the Company or any of its subsidiaries on the date of the Participant's Termination of Service in the geographic locations where the Company or any of its subsidiaries engage in such business or (b) any business which, to the Participant's knowledge, the Company or any of its subsidiaries propose to engage in within the twelve (12) month period following the date of the Participant's Termination of Service in the geographic locations where the Company or any of its subsidiaries propose to engage in such business.

"<u>Data</u>" shall have the meaning set forth in Section 9(q).

"<u>Disability</u>" shall have the meaning ascribed to such term in the Plan.

"<u>Early Retirement</u>" means, prior to the Participant's attainment of age 62, the Participant's Termination of Service for any reason, other than for Cause, death or Disability, on or after the Participant's (i) attainment of age 55 and (ii) completion of 10 years of continuous service with the Company or any of its subsidiaries. A Participant's years of service shall be determined by the Committee in accordance with predetermined, nondiscretionary rules established by the Company.

"<u>Good Reason</u>" has the meaning set forth in the Participant's written employment agreement with the Company, if any. If the participant does not have a written employment agreement with the Company that defines such term, then this definition, and the corresponding parenthetical set forth in Section 5(d)(iii), is inapplicable to the Participant.

"<u>Normal Retirement</u>" means the Participant's Termination of Service for any reason, other than for Cause, death or Disability, on or after the Participant's attainment of age 62, and forbearance from engaging in any work or activity that would constitute Competitive Activity. Notwithstanding the foregoing, if the Participant's primary place of employment or services as of the Participant's Termination of Service is California, North Dakota, Oklahoma or any state that prohibits the enforcement of post-employment non-competition agreements, the

Participant's engaging in any work or activity that would constitute Competitive Activity after the Participant's Termination of Service shall not cause the Participant to fail to qualify for Normal Retirement.

3. Vesting. Except as otherwise set forth in Section 5, the Award shall vest in accordance with the vesting schedule set forth in the Notice of Grant.

4. Dividend Equivalent Rights. If the Company declares a cash dividend on the shares of Common Stock, the Participant shall be credited with an additional number of Restricted Stock Units equal to: (i) the product of (A) the number of Restricted Stock Units subject to this Award (including additional Restricted Stock Units previously credited in accordance with this Section 4) that have not been settled as of the dividend payment date, and (B) the amount of the cash dividend paid per share of Common Stock; divided by (ii) the Fair Market Value (which shall be equal to the closing price) of a share of Common Stock on the dividend payment date. Each additional Restricted Stock Unit credited pursuant to this Section 4 shall be subject to the same vesting and settlement and other terms, conditions and restrictions as the underlying Restricted Stock Unit to which such additional Restricted Stock Unit relates.

5. Termination of Service.

(a) Unvested Restricted Stock Units. Except as otherwise provided in this Section 5, upon the Participant's Termination of Service for any reason, any portion of the Award in which the Participant has not yet become vested shall be immediately forfeited by the Participant and cancelled, without the payment of consideration.

(b) Death or Disability. Upon the Participant's Termination of Service due to the Participant's death or Disability at any time, the Participant shall become immediately vested in any portion of the Award in which the Participant has not yet become vested, to the extent not previously forfeited or cancelled.

(c) Retirement.

(i) If the Participant incurs a Termination of Service that qualifies as an Early Retirement, the Participant shall become immediately vested in a number of Restricted Stock Units equal to the product of (A) the number of Restricted Stock Units subject to the Award that would have otherwise vested at the end of the Fiscal Year in which the Participant's Early Retirement occurs and (B) a fraction, the numerator of which is the number of days elapsed in the period beginning on the first day of the Fiscal Year in which the Participant's Early Retirement occurs and ending on the date the Participant's Termination of Service occurs and the denominator of which is the number of days in the Fiscal Year in which the Participant's Early Retirement occurs. [1]

(ii) If the Participant incurs a Termination of Service that qualifies as a Normal Retirement, the Participant shall continue to vest in the Award in accordance with the vesting schedule set forth in the Notice of Grant, with delivery of the shares of Common Stock in respect of such Restricted Stock Units to be made at the same time as if Participant had remained employed by the Company through the applicable vesting dates, provided that, in the event of the Participant's death following the Participant's Normal Retirement, the Participant shall become immediately vested in any portion of the Award in which the Participant has not yet become vested, to the extent not previously forfeited or cancelled. Notwithstanding anything in this Section 5(c)(ii) to the contrary, if the Participant

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[1] To the extent the vesting dates are based on non-fiscal year-ends, the proration period will be aligned with the anniversary years of such vesting dates.

engages in work or other activity that causes the Participant to no longer qualify for Normal Retirement treatment (such as Competitive Activity) following the Participant's Termination of Service, (i) with respect to a Participant who is otherwise eligible for Early Retirement (i.e., age 62 or older with 10 years of service), they will be eligible for Early Retirement treatment, and (ii) otherwise, the Participant will no longer be qualified to receive and retain any portion of the Award that has not yet vested as of the date the Participant engages in activity that causes the Participant to no longer qualify for Normal Retirement. For the avoidance of any doubt, if a Participant engages in Competitive Activity prior to the end of the Fiscal Year in which they incur a Termination of Service, any Restricted Stock Units that would vest in the Fiscal Year of the Termination of Service in accordance with Section 5(c)(i) shall be settled in accordance with the first sentence of Section 5(c)(ii) and all other Restricted Stock Units that have not yet vested will be forfeited and cancelled. If a Participant engages in Competitive Activity after the Fiscal Year of the Termination of Service, all Restricted Stock Units that have not yet vested will be forfeited and cancelled. The Participant must immediately provide notice to the Company as set forth in Section 9(b) if the Participant engages in Competitive Activity.

(d) Change in Control. Notwithstanding anything in this Agreement to the contrary, if, during a Change in Control Period, the Participant incurs a Termination of Service (i) due to the Participant's death or Disability, (ii) that qualifies as an Early Retirement or Normal Retirement, or (iii) by the Company for any reason other than for Cause (including for the avoidance of doubt, a Participant's resignation for Good Reason to the extent the Participant has an employment agreement with the Company that defines Good Reason), the Participant shall become immediately vested in any portion of the Award in which the Participant has not yet become vested, to the extent not previously forfeited or cancelled.

(e) Termination of Service for Cause. Upon the Participant's Termination of Service by the Company for Cause, the entire Award, including all of the Restricted Stock Units subject to the Award, whether vested or unvested, shall be immediately forfeited by the Participant and cancelled, without the payment of consideration.

6. Award Settlement. Subject to Section 7 of this Agreement, and subject to Section 13(b) of the Plan, upon the Participant becoming vested in any portion of the Award, the Company shall deliver to the Participant one share of Common Stock for each vested Restricted Stock Unit in accordance with this Agreement (with any fractional shares of Common Stock being rounded to the nearest whole share of Common Stock). Delivery of such shares of Common Stock shall be made as soon as reasonably practicable following the applicable date the Participant becomes vested in the Restricted Stock Units, but in no event later than the fifteenth day of the third month following the end of the Fiscal Year in which the Participant becomes vested in the Restricted Stock Units; provided, that, if the Award is considered "nonqualified deferred compensation" (within the meaning of Section 409A of the Code), delivery of such shares of Common Stock shall be within the calendar year in which the Participant becomes vested in the Restricted Stock Units.

7. Section 409A Compliance. To the extent the Award constitutes "nonqualified deferred compensation" (within the meaning of Section 409A of the Code), then (a) this Agreement is intended to comply with the requirements of Section 409A of the Code and the Restricted Stock Units subject to this Agreement shall be interpreted in a manner consistent with this intent; and (b) if the Participant is a "specified employee" as defined in Section 409A of the Code at the time of the Participant's Termination of Service, then solely to the extent necessary to comply with Section 409A of the Code, no shares of Common Stock shall be delivered in respect of any Restricted Stock Units until the date that is six months following the date of the Participant's Termination of Service or, if earlier, the Participant's death.

8. Taxes. The Company shall have the power and the right to require the Participant to remit to the Company the amount necessary to satisfy federal, state, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld, and to deduct or withhold shares of Common Stock (or, as applicable, the number of Restricted Stock Units in the Participant's Account) deliverable under the Award to satisfy such withholding obligation. Unless otherwise determined by the Compensation Committee, the Company shall withhold a number of shares of Common Stock (or, as applicable, the number of Restricted Stock Units in the Participant's Account) equal in value to the amount necessary to satisfy federal, state, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld. The amount withheld shall be the amount necessary to satisfy the Participant's tax liability up to the maximum expected tax liability, provided that such withholding does not result in adverse tax or accounting consequences to the Company.

9. General.

(a) Amendments. No amendment, suspension or termination of this Agreement shall materially and adversely affect the rights of the Participant under this Agreement without the consent of the Participant.

(b) Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be deemed to have been given (i) on the date of transmission, if delivered by facsimile or electronic mail, (ii) on the date of delivery, if delivered by hand, (iii) on the first (1st) business day following the date of mailing, if sent by a nationally recognized overnight express mail service, or (iv) on the fourth (4th) business day after the date of mailing, if sent by United States registered or certified mail, return receipt requested, postage prepaid, as follows:

(i) If to the Company, to:

Albertsons Companies, Inc.
250 Parkcenter Blvd.
Boise, ID 83706
Attention: Executive Vice President, Chief Human Resources Officer, Government Relations, Labor Relations, & Public Affairs
Telephone: (208) 395-5785
With a copy to: General Counsel

(ii) If to the Participant, to the address listed in the personnel records of the Company.

(c) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and permitted assigns. The Participant may not assign any of its rights or obligations under this Agreement without the prior written consent of the Company.

(d) Counterparts. This Agreement may be executed in two or more counterparts, each of which, when so executed and delivered, shall be deemed to be an original, but all of which counterparts, taken together, shall constitute one and the same instrument.

(e) Descriptive Headings, Etc. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein. Unless the context of this Agreement otherwise requires: (i) words of any gender shall be deemed to include each other gender; (ii) words using the singular or plural

number shall also include the plural or singular number, respectively; (iii) the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and paragraph references are to the Sections and paragraphs of this Agreement unless otherwise specified; (iv) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified; (v) "or" is not exclusive; and (vi) provisions apply to successive events and transactions.

(f) Severability. If any provision of this Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

(g) Choice of Law and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and to applicable federal laws. The parties agree that any legal claim arising from or related to this Agreement that may be pursued in a court of law shall be pursued exclusively in a court of competent subject matter jurisdiction located Idaho, and the parties consent to the personal jurisdiction of the courts located in Idaho and waive all objections to same (based on convenience, cost, location of witnesses or evidence, or otherwise); provided, however, that if for any reason personal jurisdiction cannot be maintained over a party in accordance with the forgoing choice of venue clause then it shall not apply.

(h) Waiver of Jury Trial. THE PARTIES HERETO HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE VALIDITY, INTERPRETATION OR ENFORCEMENT HEREOF. THE PARTIES HERETO AGREE THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND WOULD NOT ENTER INTO THIS AGREEMENT IF THIS SECTION WERE NOT PART OF THIS AGREEMENT.

(i) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants or undertakings relating to such subject matter, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties hereto with respect to such subject matter.

(j) Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) Construction. The Company and the Participant acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the Company and the Participant.

(l) Unfunded Status of Award. Except upon the issuance of shares of Common Stock pursuant to this Agreement, any rights of the Participant under the Plan and this Agreement shall be those of a general unsecured creditor of the Company, and neither the

Participant nor the Participant's permitted transferees or estate shall have any other interest in any assets of the Company or its subsidiaries by virtue of the Plan or this Agreement.

(m) Plan Governs. This Award is made pursuant to the terms and conditions of the Plan. In the event of a conflict between this Agreement and the Plan, the provisions of the Plan shall govern.

(n) No Employment Rights. Nothing in the Plan or this Agreement shall confer upon the Participant any right to continue in the Service of the Company or any of its subsidiaries or interfere in any way with the right of the Company or any of its subsidiaries to terminate the employment or other service relationship of the Participant for any reason or no reason at any time.

(o) No Rights as Stockholder. The Participant shall not have any rights as a stockholder with respect to the shares subject to this Award until shares of Common Stock are delivered to the Participant pursuant to this Agreement.

(p) Electronic Delivery and Acceptance. The Company may, in its sole discretion: (i) deliver any documents related to the Award by electronic means or (ii) request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive all documentation applicable to the Award by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or a third party vendor designated by the Company.

(q) Data Privacy. The Participant acknowledges and consents to the collection, use, processing and transfer of personal Data (defined below) as described in this subsection. The Company and its affiliates hold certain personal information about the Participant, including the Participant's name, home address, personal telephone number, email address, date of birth, social security number or other employee identification number, salary, nationality, job title, information regarding Shares held or equivalent benefits awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company and its affiliates may transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and its affiliates may each further transfer Data to any third parties assisting the Company or any such related entity in the implementation, administration and management of the Plan. The Participant acknowledges that the transferors and transferees of such Data may be located anywhere in the world and hereby authorizes each of them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired under the Plan (whether pursuant to the Award or otherwise).

Exhibit 10.21

ALBERTSONS COMPANIES, INC.
2020 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Albertsons Companies, Inc. (the "Company"), pursuant to the Albertsons Companies, Inc. 2020 Omnibus Incentive Plan (the "Plan"), hereby grants to the Participant named below an Award of Restricted Stock Units. Unless otherwise defined herein, the capitalized terms used in this Restricted Stock Unit Award Agreement (the "Agreement"), which includes the Notice of Grant (the "Notice of Grant") and Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A (including the Appendix), shall have the meanings ascribed to such terms in the Plan.

NOTICE OF GRANT

Participant:
Grant Date:
Award Term: 2022-2024

Target Number of Restricted Stock Units:

Fiscal Year:	2022	2023	2024
Target Number:	**[•]**	**[•]**	**[•]**

Vesting Schedule: See the Appendix to Exhibit A, attached hereto

The Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Agreement, including the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, all of which are incorporated into this Agreement.

ALBERTSONS COMPANIES, INC.

By:________
Name:
Title:

PARTICIPANT:

____
Name:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Grant (the "Participant") the right to be awarded Restricted Stock Units in respect of each Fiscal Year during the Award Term, subject to all of the terms and conditions in this Agreement and the Plan.

2. Awarding and Vesting. The Participant shall be awarded and become vested in the Restricted Stock Units subject to the Award as set forth on the Appendix.

3. Section 409A Compliance. To the extent the Award constitutes "nonqualified deferred compensation" (within the meaning of Section 409A of the Code), then (a) this Agreement is intended to comply with the requirements of Section 409A of the Code and the Restricted Stock Units subject to this Agreement shall be interpreted in a manner consistent with this intent; and (b) if the Participant is a "specified employee" as defined in Section 409A of the Code at the time of the Participant's Termination of Service, then solely to the extent necessary to comply with Section 409A of the Code, no shares of Common Stock shall be delivered in respect of any Restricted Stock Units until the date that is six months following the date of the Participant's Termination of Service or, if earlier, the Participant's death.

4. Taxes. The Company shall have the power and the right to require the Participant to remit to the Company the amount necessary to satisfy federal, state, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld, and to deduct or withhold shares of Common Stock (or, as applicable, the number of Restricted Stock Units in the Participant's Account) deliverable under the Award to satisfy such withholding obligation. Unless otherwise determined by the Compensation Committee, the Company shall withhold a number of shares of Common Stock (or, as applicable, the number of Restricted Stock Units in the Participant's Account) equal in value to the amount necessary to satisfy federal, state, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld. The amount withheld shall be the amount necessary to satisfy the Participant's tax liability up to the maximum expected tax liability, provided that such withholding does not result in adverse tax or accounting consequences to the Company.

5. General.

(a) Amendments. No amendment, suspension or termination of this Agreement shall materially and adversely affect the rights of the Participant under this Agreement without the consent of the Participant.

(b) Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be deemed to have been given (i) on the date of transmission, if delivered by facsimile or electronic mail, (ii) on the date of delivery, if delivered by hand, (iii) on the first business day following the date of mailing, if sent by a nationally recognized overnight express mail service, or (iv) on the fourth business day after the date of mailing, if sent by United States registered or certified mail, return receipt requested, postage prepaid, as follows:

(i) If to the Company, to:

Albertsons Companies, Inc.
250 Parkcenter Blvd.
Boise, ID 83706

Attention: Executive Vice President, Chief Human Resources Officer, Government Relations, Labor Relations, & Public Affairs
Telephone: (208) 395-5785
With a copy to: General Counsel

(ii) If to the Participant, to the address listed in the personnel records of the Company.

(c) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and permitted assigns. The Participant may not assign any of its rights or obligations under this Agreement without the prior written consent of the Company.

(d) Counterparts. This Agreement may be executed in two or more counterparts, each of which, when so executed and delivered, shall be deemed to be an original, but all of which counterparts, taken together, shall constitute one and the same instrument.

(e) Descriptive Headings, Etc. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein. Unless the context of this Agreement otherwise requires: (i) words of any gender shall be deemed to include each other gender; (ii) words using the singular or plural number shall also include the plural or singular number, respectively; (iii) the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and paragraph references are to the Sections and paragraphs of this Agreement unless otherwise specified; (iv) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified; (v) "or" is not exclusive; and (vi) provisions apply to successive events and transactions.

(f) Severability. If any provision of this Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

(g) Choice of Law and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and to applicable federal laws. The parties agree that any legal claim arising from or related to this Agreement that may be pursued in a court of law shall be pursued exclusively in a court of competent subject matter jurisdiction located Idaho, and the parties consent to the personal jurisdiction of the courts located in Idaho and waive all objections to same (based on convenience, cost, location of witnesses or evidence, or otherwise); provided, however, that if for any reason personal jurisdiction cannot be maintained over a party in accordance with the forgoing choice of venue clause then it shall not apply.

(h) Waiver of Jury Trial. THE PARTIES HERETO HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE VALIDITY, INTERPRETATION OR ENFORCEMENT HEREOF. THE PARTIES HERETO AGREE THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND WOULD NOT ENTER INTO THIS AGREEMENT IF THIS SECTION WERE NOT PART OF THIS AGREEMENT.

(i) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants or undertakings relating to such subject matter, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties hereto with respect to such subject matter.

(j) Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) Construction. The Company and the Participant acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the Company and the Participant.

(l) Unfunded Status of Award. Except upon the issuance of shares of Common Stock pursuant to this Agreement, any rights of the Participant under the Plan and this Agreement shall be those of a general unsecured creditor of the Company, and neither the Participant nor the Participant's permitted transferees or estate shall have any other interest in any assets of the Company or its subsidiaries by virtue of the Plan or this Agreement.

(m) Plan Governs. This Award is made pursuant to the terms and conditions of the Plan. In the event of a conflict between this Agreement and the Plan, the provisions of the Plan shall govern.

(n) No Employment Rights. Nothing in the Plan or this Agreement shall confer upon the Participant any right to continue in the Service of the Company or any of its subsidiaries or interfere in any way with the right of the Company or any of its subsidiaries to terminate the employment or other service relationship of the Participant for any reason or no reason at any time.

(o) No Rights as Stockholder. The Participant shall not have any rights as a stockholder with respect to the shares subject to this Award until shares of Common Stock are delivered to the Participant pursuant to this Agreement.

(p) Electronic Delivery and Acceptance. The Company may, in its sole discretion: (i) deliver any documents related to the Award by electronic means or (ii) request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive all documentation applicable to the Award by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or a third party vendor designated by the Company.

(q) Data Privacy. The Participant acknowledges and consents to the collection, use, processing and transfer of personal Data (defined below) as described in this subsection. The Company and its affiliates hold certain personal information about the Participant, including the Participant's name, home address, personal telephone number, email address, date of birth, social security number or other employee identification number, salary, nationality, job title, information regarding Shares held or equivalent benefits awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company and its affiliates may transfer Data

amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and its affiliates may each further transfer Data to any third parties assisting the Company or any such related entity in the implementation, administration and management of the Plan. The Participant acknowledges that the transferors and transferees of such Data may be located anywhere in the world and hereby authorizes each of them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired under the Plan (whether pursuant to the Award or otherwise).

APPENDIX

1. Definitions.

"Accrual Factor" means, with respect to a Fiscal Year, a number equal to the product of (i) the EPS Accrual Percentage (as determined in accordance with Section 2(a)) and (ii) the ROIC Modifier (as determined in accordance with Section 2(b)).

"Accrued RSUs" means the Restricted Stock Units credited to the Participant's RSU Account in accordance with this Appendix.

"Cause" shall have the meaning ascribed to such term in the Plan.

"Change in Control Period" means the 24-month period following a Change in Control.

"Competitive Activity" means the Participant's engagement, directly or indirectly, as principal, agent, independent contractor, consultant, director, officer, employee, employer, advisor, stockholder, partner, member or in any other individual or representative capacity whatsoever, whether paid or unpaid, either for the Participant's own benefit or the benefit of any other person or entity, other than on behalf of the Company, to organize, establish, own, operate, manage, control, engage in, participate in, invest in, permit the Participant's name to be used by, act as a consultant or advisor to, render services for (alone or in association with any person, firm, corporation or business organization), or otherwise assist any person or entity that engages in or owns, invests in, operates, manages or controls any venture or enterprise which engages or proposes to engage in (i) the business conducted by the Company or any of its subsidiaries on the date of the Participant's Termination of Service in the geographic locations where the Company or any of its subsidiaries engage in such business or (ii) any business which, to the Participant's knowledge, the Company or any of its subsidiaries propose to engage in within the twelve (12) month period following the date of the Participant's Termination of Service in the geographic locations where the Company or any of its subsidiaries propose to engage in such business.

"Closed Fiscal Year" means a Fiscal Year in the Award Term that has ended.

"Disability" shall have the meaning ascribed to such term in the Plan.

"Early Retirement" means, prior to the Participant's attainment of age 62, the Participant's Termination of Service for any reason, other than for Cause, death or Disability, on or after the Participant's (i) attainment of age 55 and (ii) completion of 10 years of continuous service with the Company or any of its subsidiaries. The Participant's years of service shall be determined by the Committee in accordance with predetermined, nondiscretionary rules established by the Company.

"EPS" means, with respect to a particular Fiscal Year, the Company's Adjusted Net Income Per Class A Common Share, as defined in the Company's Form 10-K for such Fiscal Year, as consistently applied to each Fiscal Year and in a manner determined and approved by the Committee within a reasonable time period following the commencement of the Fiscal Year.

"EPS Goal" means, with respect to a particular Fiscal Year, a target amount of EPS to be achieved by the Company during such Fiscal Year, as set by the Committee in its sole discretion.

"Final Date" means the final day of the third Fiscal Year of the Award Term.

"Fiscal Year" means a fiscal year of the Company (excluding fiscal years of less than 12 months).

"Good Reason" has the meaning set forth in the Participant's written employment agreement with the Company, if any. If the participant does not have a written employment agreement with the Company that defines such term, then this definition, and the corresponding provision set forth in Section 6(c) of this Appendix, is inapplicable to the Participant.

"Normal Retirement" means the Participant's Termination of Service for any reason, other than for Cause, death or Disability, on or after the Participant's attainment of age 62, and forbearance from engaging in any work or activity that would constitute Competitive Activity. Notwithstanding the foregoing, if the Participant's primary place of employment or services as of the Participant's Termination of Service is California, North Dakota, Oklahoma or any state that prohibits the enforcement of post-employment non-competition agreements, the Participant's engaging in any work or activity that would constitute Competitive Activity after the Participant's Termination of Service shall not cause the Participant to fail to qualify for Normal Retirement.

"Open Fiscal Year" means each Fiscal Year in the Award Term that has commenced but not yet ended or has not yet commenced.

"ROIC" means, with respect to a particular Fiscal Year, the Company's return on invested capital for a Fiscal Year, determined by dividing (i) the Company's adjusted operating profit for such Fiscal Year, by (ii) the Company's average invested capital for such Fiscal Year. For purposes of the calculation of ROIC, the Company's adjusted operating profit for a Fiscal Year shall exclude certain items included in the Company's U.S. GAAP operating profit that management does not consider in assessing core performance in addition to adjustments for LIFO charges (credits), depreciation and amortization and rent to the Company's U.S. GAAP operating profit for the Fiscal Year. For purposes of the calculation of ROIC, the Company's average invested capital for a Fiscal Year shall be calculated as the sum of (i) the average of the Company's total assets, (ii) the average LIFO reserve, (iii) the average accumulated depreciation and amortization; minus (i) the average taxes receivable, (ii) the average trade accounts payable, (iii) the average accrued salaries and wages, (iv) the average other current liabilities, excluding accrued income taxes and (v) certain other adjustments as appropriately determined. ROIC shall be consistently applied to each Fiscal Year and approved by the Committee within a reasonable time period following the commencement of the Fiscal Year.

"ROIC Goal" means, with respect to a particular Fiscal Year, a target amount of ROIC to be achieved by the Company during such Fiscal Year, as set by the Committee in its sole discretion.

"RSU Account" means an unfunded bookkeeping account, notionally established on behalf of the Participant, that will be credited with any Accrued RSUs pursuant to the terms of this Agreement.

"Target Number" means, with respect to a particular Fiscal Year, the target number of Restricted Stock Units in respect of such Fiscal Year specified in the Notice of Grant.

2. Performance Criteria. At the end of each Fiscal Year of the Award Term, the Participant's RSU Account shall be credited with that number of Accrued RSUs equal to the Target Number for such Fiscal Year multiplied by the Accrual Factor for such Fiscal Year.

(a) EPS Accrual Percentage. The "EPS Accrual Percentage" for a particular Fiscal Year shall be determined as indicated in the table below by comparing the

Company's EPS for such Fiscal Year to the EPS Goal for such Fiscal Year (expressed as a percentage):

Attainment of EPS Goal (EPS/EPS Goal)	EPS Accrual Percentage
Less than 66%	0%
66%	50%
100%	100%
Greater than or equal to 123%	160%

If the Company's EPS for a Fiscal Year as compared to the EPS Goal for such Fiscal Year falls between the percentiles specified in the table above, the EPS Accrual Percentage for such Fiscal Year shall be determined on a straight-line interpolated basis. In no event shall the EPS Accrual Percentage for a Fiscal Year be more than 160%.

(b) ROIC Modifier. The "ROIC Modifier" for a particular Fiscal Year shall be determined as indicated in the table below by comparing the Company's ROIC for such Fiscal Year to the ROIC Goal for such Fiscal Year (expressed as a percentage):

Attainment of ROIC Goal (ROIC/ROIC Goal)	ROIC Modifier
Less than or equal to 89%	75%
Greater than 89% but less than 107%	100%
Greater than or equal to 107%	125%

In no event shall the ROIC Modifier for a Fiscal Year be more than 125%.

3. Dividend Equivalent Rights. If the Company declares and pays a cash dividend on the shares of Common Stock, the Participant's RSU Account will be credited with an additional number of Accrued RSUs equal to: (a) the product of (i) the number of Accrued RSUs in the Participant's RSU Account (including additional Accrued RSUs previously credited to the Participant's RSU Account in accordance with this Section 3) for which shares of Common Stock have not been delivered to the Participant as of the dividend payment date, and (ii) the amount of the cash dividend paid per share of Common Stock; divided by (b) the Fair Market Value (which shall be equal to the closing price) of a share of Common Stock on the dividend payment date. Each additional Accrued RSU credited to the Participant's RSU Account pursuant to this Section 3 shall be subject to the same terms, conditions and restrictions as the underlying Accrued RSUs to which such additional Accrued RSU relates.

4. Termination of Service.

(a) If the Participant incurs a Termination of Service prior to the Final Date other than due to Participant's death, Disability, Early Retirement or Normal Retirement, the entire Award, including any Accrued RSUs credited to the Participant's RSU Account in respect of any Completed Fiscal Year, shall be immediately forfeited by the Participant and cancelled, without the payment of consideration.

(b) If the Participant incurs a Termination of Service due to the Participant's death or Disability:

(i) the Participant's RSU Account shall be immediately credited with that number of Accrued RSUs equal to the Target Number in respect of each Open Fiscal Year; and

(ii) the Participant shall not be entitled to have any additional Accrued RSUs credited to the Participant's RSU Account in respect of the Award Term or under this Agreement.

(c) If the Participant incurs a Termination of Service that qualifies as an Early Retirement:

(i) at the end of the Fiscal Year in which the Participant's Early Retirement occurs, the Participant's RSU Account shall be credited with that number of Accrued RSUs equal to the product of (A) that number of Accrued RSUs, calculated pursuant to Section 2 of this Appendix, which would have been credited to the Participant's RSU Account for the Open Fiscal Year in which the Participant's Early Retirement occurs, and (B) a fraction, the numerator of which is the number of days elapsed in the period beginning on the first day of the Fiscal Year in which the Participant's Early Retirement occurs and ending on the date the Participant's Early Retirement occurs and the denominator of which is the number of days in the Fiscal Year in which the Participant's Early Retirement occurs; and

(ii) the Participant shall not be entitled to have any additional Accrued RSUs credited to the Participant's RSU Account in respect of the Award Term or under this Agreement.

(d) If the Participant incurs a Termination of Service that qualifies as a Normal Retirement, at the end of each Open Fiscal Year, the Participant's RSU Account shall be credited with that number of Accrued RSUs, calculated pursuant to Section 2 of this Appendix which would have been credited to the Participant's RSU Account in respect of such Open Fiscal Year. Notwithstanding the foregoing, in the event of the Participant's death following the Participant's Normal Retirement but prior to the Final Date, the Participant's RSU Account shall be credited with that number of Accrued RSUs equal to the Target Number in respect of each Open Fiscal Year (determined as of the date of the Participant's death) and the Participant shall not be entitled to have any additional Accrued RSUs credited to the Participant's RSU Account in respect of the Award Term or under this Agreement. Notwithstanding anything in this Section 4(d) to the contrary, if the Participant engages in work or other activity that causes the Participant to no longer qualify for Normal Retirement treatment (such as Competitive Activity) following the Participant's Termination of Service, (i) with respect to a Participant who is otherwise eligible for Early Retirement (i.e., age 62 or older with 10 years of service), they will be eligible for Early Retirement treatment, and (ii) otherwise, the Participant will no longer be qualified to receive and retain any portion of the Award that has not yet vested as of the date the Participant engages in activity that causes the Participant to no longer qualify for Normal Retirement. The Participant must immediately provide notice to the Company as set forth in Section 5(b) of the Agreement if the Participant engages in Competitive Activity.

5. Award Settlement. Subject to Section 3 of the Agreement, as soon as reasonably practicable following the applicable settlement date, but in no event later than the fifteenth day of the third month following the end of the Fiscal Year in which the applicable settlement date occurs, the Company shall deliver to the Participant one share of Common Stock for each Accrued RSU in the Participant's RSU Account (with any fractional shares of Common Stock being rounded to the nearest whole share of Common Stock), to the extent not otherwise forfeited or cancelled pursuant to the terms of this Agreement (provided, that, if the Award is considered "nonqualified deferred compensation" (within the meaning of Section 409A of the Code), delivery of such Common Stock shall be within the calendar year in which the applicable

settlement date occurs). For purposes of this Section 5, the applicable settlement date shall be the Final Date, provided, however, if the Participant incurs a Termination of Service due to the Participant's death or Disability, the applicable settlement date shall be the Participant's Termination of Service.

6. Change in Control. Notwithstanding anything in this Appendix to the contrary, if a Change in Control occurs during the Award Term:

(a) Upon such Change in Control, the Participant's RSU Account shall immediately be credited with a number of Accrued RSUs equal to the Target Number in respect of each Open Fiscal Year as of the date of the Change in Control and thereafter Participant shall not be entitled to have any additional Accrued RSUs credited to the Participant's RSU Account in respect of the Award Term or under this Agreement.

(b) If, during a Change in Control Period, the Participant incurs a Termination of Service by the Company without Cause, the Participant shall become fully vested in any portion of the Award that has not yet vested (to the extent not previously forfeited or cancelled) immediately upon such Termination of Service by the Company.

(c) To the extent the Participant has an employment agreement with the Company that defines Good Reason, if the Participant resigns for Good Reason, the Participant shall become fully vested in any portion of the Award that has not yet vested (to the extent not previously forfeited or cancelled) immediately upon such Termination of Service.

(d) If, prior to the Change in Control, the Participant has incurred a Termination of Service which qualifies as an Early Retirement, then to the extent such Change in Control occurs in the Fiscal Year in which the Participant's Early Retirement occurs:

(i) the Participant's RSU Account shall immediately be credited with that number of Accrued RSUs equal to the product of (i) the Target Number for the Open Fiscal Year in which the Participant's Early Retirement occurs, and (B) a fraction, the numerator of which is the number of days elapsed in the period beginning on the first day of the Fiscal Year in which the Participant's Early Retirement occurs and ending on the date the Participant's Early Retirement occurs and the denominator of which is the number of days in the Fiscal Year in which the Participant's Early Retirement occurs; and

(ii) the Participant shall not be entitled to have any additional Accrued RSUs credited to the Participant's RSU Account in respect of the Award Term or under this Agreement.

(e) If, prior to the Change in Control, the Participant has incurred a Termination of Service which qualifies as a Normal Retirement, upon such Change in Control, the Participant's RSU Account shall immediately be credited with a number of Accrued RSUs equal to the Target Number in respect of each Open Fiscal Year as of the date of the Change in Control and thereafter the Participant shall not be entitled to have any additional Accrued RSUs credited to the Participant's RSU Account in respect of the Award Term or under this Agreement.

(f) Subject to Section 3 of this Agreement and Section 13(b) of the Plan, as soon as reasonably practicable following the applicable settlement date, but in no event later than the fifteenth day of the third month following the end of the Fiscal Year in which the applicable settlement date occurs, the Company shall deliver to the Participant one share of Common Stock for each Accrued RSU in the Participant's RSU Account (with any fractional shares of Common Stock being rounded to the nearest whole share of Common Stock), to the

extent not otherwise forfeited or cancelled pursuant to the terms of this Agreement (provided, that, if the Award is considered "nonqualified deferred compensation" (within the meaning of Section 409A of the Code), delivery of such Common Stock shall be within the calendar year in which the applicable settlement date occurs). For purposes of this Section 6(f), the applicable settlement date shall be the Final Date, provided, however, if the Participant incurs a Termination of Service during a Change in Control Period, the applicable Settlement Date shall be date of the Participant's Termination of Service.

7. Termination of Service for Cause. Notwithstanding anything in this Agreement or the Plan to the contrary, upon the Participant's Termination of Service by the Company for Cause, the entire Award, including any Accrued RSUs in the Participant's RSU Account, shall be immediately forfeited by the Participant and cancelled, without the payment of consideration.

Exhibit 10.19.1

ALBERTSONS COMPANIES, INC.

2020 OMNIBUS INCENTIVE PLAN

AMENDMENT NO. 1 TO
2021 PERFORMANCE-BASED RESTRICTED
STOCK UNIT AWARD AGREEMENT

This Amendment No. 1 (the "Amendment") is made to each Restricted Stock Unit Award Agreement granting Performance-Based Restricted Stock Units that was granted by Albertsons Companies, Inc. (the "Company") pursuant to its 2020 Omnibus Incentive Plan (the "Plan") on and after May 12, 2021 (each a "2021 PBRSU Award").

As of the original date of each 2021 PBRSU Award, each such 2021 PBRSU Award is amended as follows:

1. Section 6(b) of the Appendix is deleted and replaced in its entirety with the following:

   "(b) If, during a Change in Control Period, the Participant incurs a Termination of Service by the Company without Cause, the Participant shall become fully vested in any portion of the Award that has not yet vested (to the extent not previously forfeited or cancelled) immediately upon such Termination of Service by the Company."

2. To the extent that the terms of this Amendment are inconsistent with the terms of the 2021 PBRSU Award, this Amendment shall control.

3. Except as set forth herein, the terms and conditions of the 2021 PBRSU Award shall continue in full force and effect.

[*Signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed as of the date set forth below.

ALBERTSONS COMPANIES, INC.

By:	/s/ Juliette Pryor
Name:	Juliette Pryor
Title:	EVP & General Counsel
Date:	February 23, 2022

[Signature Page to 2021 PBRSU Award Amendment]

Exhibit 21.1

ALBERTSONS COMPANIES, INC.

SCHEDULE OF SUBSIDIARIES

The following is a list of the Company's subsidiaries and includes all subsidiaries deemed significant. The jurisdiction of each company is listed in parentheses. Thirty-eight (38) companies are not listed because they are not actively conducting business, they are maintained solely for the purpose of holding licenses, they hold no assets or because they are less than majority owned.

Albertsons Safeway LLC (DE)
AB Management Services Corp. (DE)
Albertson's LLC and its subsidiaries: (DE)
  ABS Real Estate Holdings LLC and its subsidiaries: (DE)
    ABS Mezzanine III LLC and its subsidiaries: (DE)
      ABS CA-GL LLC (DE)
      ABS CA-O DC1 LLC (DE)
      ABS CA-O DC2 LLC (DE)
      ABS CA-O LLC (DE)
      ABS ID-GL LLC (DE)
      ABS ID-O DC LLC (DE)
      ABS ID-O LLC and its subsidiary: (DE)
        Warm Springs Development, LLC and its subsidiary: (ID)
          Warm Springs & 10th LLC (ID)
      ABS MT-GL LLC (DE)
      ABS MT-O LLC (DE)
      ABS NV-GL LLC (DE)
      ABS NV-O LLC (DE)
      ABS OR-GL LLC (DE)
      ABS OR-O DC LLC (DE)
      ABS OR-O LLC (DE)
      ABS Surplus-O LLC (DE)
      ABS UT-GL LLC (DE)
      ABS UT-O DC LLC (DE)
      ABS UT-O LLC (DE)
      ABS WA-GL LLC (DE)
      ABS WA-O LLC (DE)
      ABS WY-GL LLC (DE)
      ABS WY-O LLC (DE)
    ABS Real Estate Company LLC (DE)
    ABS Real Estate Investor Holdings LLC and its subsidiary: (DE)
      ABS Mezzanine I LLC and its subsidiaries: (DE)
        ABS DFW Investor LLC and its subsidiary: (DE)
          ABS DFW Lease Investor LLC (DE)
        ABS FLA Investor LLC and its subsidiary: (DE)
          ABS FLA Lease Investor LLC (DE)
        ABS Realty Investor LLC (DE)
        ABS RM Investor LLC and its subsidiary: (DE)
          ABS RM Lease Investor LLC (DE)
        ABS SW Investor LLC and its subsidiary: (DE)
          ABS SW Lease Investor LLC (DE)

ABS TX Investor GP LLC (DE)
ABS TX Investor LP and its subsidiaries: (TX)
ABS TX Lease Investor GP LLC (DE)
ABS TX Lease Investor LP (TX)
ASP SW Investor LLC (DE)
ASR TX Investor GP LLC (DE)
ASR TX Investor LP and its subsidiary: (TX)
ASR Lease Investor LLC (DE)
ABS Real Estate Owner Holdings LLC and its subsidiary: (DE)
ABS Mezzanine II LLC and its subsidiaries: (DE)
ABS DFW Owner LLC and its subsidiary: (DE)
ABS DFW Lease Owner LLC (DE)
ABS FLA Owner LLC and its subsidiary: (DE)
ABS FLA Lease Owner LLC (DE)
ABS RM Owner LLC and its subsidiary: (DE)
ABS RM Lease Owner LLC (DE)
ABS SW Owner LLC and its subsidiaries: (DE)
ABS NoCal Lease Owner LLC (DE)
ABS SW Lease Owner LLC (DE)
ASP NoCal Lease Owner LLC (DE)
Lucky (Del) Lease Owner LLC (DE)
ABS TX Owner GP LLC (DE)
ABS TX Owner LP and its subsidiaries: (TX)
ABS TX Lease Owner GP LLC (DE)
ABS TX Lease Owner LP (TX)
ASP SW Owner LLC and its subsidiary: (DE)
ASP SW Lease Owner LLC (DE)
ASR Owner LLC and its subsidiary: (DE)
ASR TX Lease Owner GP LLC (TX)
ASR TX Lease Owner LP (TX)
EXT Owner LLC and its subsidiary: (DE)
EXT Lease Owner LLC (DE)
NHI TX Owner GP LLC (DE)
NHI TX Owner LP and its subsidiaries: (TX)
NHI TX Lease Owner GP LLC (TX)
NHI TX Lease Owner LP (TX)
Albertson's Liquors, Inc. (WY)
Albertson’s Stores Sub Holdings LLC and its subsidiary: (DE)
AB Acquisition LLC and its subsidiary: (DE)
Albertson’s Stores Sub LLC (DE)
American Food and Drug LLC and its subsidiaries: (DE)
American Stores Properties LLC (DE)
Jewel Osco Southwest LLC (IL)
Sunrich Mercantile LLC (CA)
American Stores Realty Company, LLC (DE)
Fresh Holdings LLC and its subsidiary: (DE)
Extreme LLC and its subsidiaries: (DE)
Newco Investments, LLC (DE)
NHI Investment Partners, LP (DE)
Good Spirits LLC (TX)
Malin Acquisitions, LLC (DE)
Spirit Acquisition Holdings LLC and its subsidiary: (DE)
United Supermarkets, L.L.C. and its subsidiary: (TX)
LLano Logistics, Inc. (DE)

Ink Holdings, LLC (DE)
Safeway Inc. and its subsidiaries: (DE)
Better Living Brands LLC (DE)
Casa Ley Services, Inc. (DE)
Cayam Energy, LLC (DE)
DineInFresh, LLC (DE)
Divario Ventures LLC (DE)
Dominick's Supermarkets, LLC and its subsidiary: (DE)
Dominick's Finer Foods, LLC and its subsidiary: (DE)
Dominick's Finer Foods, Inc. of Illinois (IL)
Eureka Land Management LLC and its subsidiary: (WA)
Eureka Development LLC (WA)
GFM Holdings I, Inc. and its subsidiary: (DE)
GFM Holdings LLC and its subsidiary: (DE)
Genuardi's Family Markets LP (DE)
JA Procurement LLC (DE)
Lehua Insurance Company, Inc. (HI)
Lucerne Foods, Inc. and its subsidiaries: (DE)
Eating Right LLC (DE)
Lucerne Dairy Products LLC (DE)
Lucerne North America LLC (DE)
O Organics LLC (DE)
Milford Insurance Brokerage Services, Inc. (DE)
NAI Holdings GP LLC (DE)
New Albertsons L.P. and its subsidiaries: (DE)
ABS Finance Co., Inc. (DE)
Albertsons Companies Specialty Care, LLC (DE)
American Stores Company, LLC and its subsidiaries: (DE)
American Drug Stores LLC and its subsidiary: (DE)
American Partners, L.P. (IN)
American Procurement and Logistics Company LLC and its subsidiary: (DE)
APLC Procurement, Inc. (UT)
ASC Media Services, Inc. and its subsidiary: (UT)
U.S. Satellite Corporation (UT)
ASP Realty, LLC (DE)
Beryl American Corporation (VT)
Jewel Companies, Inc. and its subsidiaries: (DE)
Acme Markets, Inc. and its subsidiary: (DE)
Giant of Salisbury, Inc. (MD)
Jewel Food Stores, Inc. and its subsidiary: (OH)
Jetco Properties, Inc. (DE)
Lucky Stores LLC (OH)
Scolari's Stores LLC (CA)
Medcart Specialty Care, LLC (DE)
NAI Saturn Eastern LLC and its subsidiary: (DE)
Collington Services LLC (DE)
SSM Holdings Company and its subsidiary: (DE)
Shaw's Supermarkets, Inc. and its subsidiaries: (MA)
28 Pond Street Realty, LLC (NH)
300 Main Street Realty, LLC (NH)
360 Chauncy Street Realty Trust (MA)
675 Randolph Realty Trust (MA)
693 Randolph Avenue LLC (MA)

739 Realty Trust (MA)
861 Edgell Road LLC (MA)
99 Water Street LLC (MA)
Adrian Realty Trust (MA)
Border Street Realty Trust (MA)
BP Realty, LLC (MA)
CH Project LLC (MA)
Clifford W. Perham, Inc. (ME)
Gorham Markets, LLC (NH)
Hayward Street Investment Trust and its subsidiary: (MA)
DLS Realty Trust (MA)
Heath Street, LLC (MA)
HNHP Realty, LLC (NH)
K&J Realty Trust (MA)
Keene Realty Trust (NH)
LRT Realty Trust (MA)
Mashpee Realty LLC (MA)
Michael's Realty Trust and its subsidiary: (MA)
EP Realty LLC (MA)
Milford Realty LLC (MA)
MK Investments LLC (MA)
PNHP Realty LLC (NH)
Shaw's Realty Co. and its subsidiary: (ME)
Arles, LLC (NH)
Shaw's Realty Trust and its subsidiary: (MA)
Galway Realty Trust (MA)
SNH Realty, LLC (MA)
SRA REALTY LLC (MA)
Star Markets Holdings, Inc. and its subsidiary: (MA)
Star Markets Company, Inc. (MA)
WP Properties, LLC (RI)
Wildcat Acquisition Holdings LLC and its subsidiary: (DE)
Vons REIT, Inc. and its subsidiary: (DE)
Wildcat Markets Opco LLC (DE)
Oakland Property Brokerage Inc. (DE)
Pak ’N Save, Inc. (CA)
Paradise Development LLC and its subsidiaries: (WA)
Paradise Real Property LLC and its subsidiary: (WA)
Boulder Investco LLC (DE)
Randall’s Holdings, Inc. and its subsidiaries: (DE)
Randall’s Finance Company, Inc. (DE)
Randall’s Food Markets, Inc. and its subsidiary: (DE)
Randall’s Food & Drugs LP and its subsidiary: (DE)
Randall’s Management Company, Inc. and its subsidiary: (DE)
Randall’s Beverage Company, Inc. (TX)
Randall’s Investments, Inc. (DE)
Safeway #0638 Exchange, LLC (OR)
Safeway Australia Holdings, Inc. (DE)
Safeway Canada Holdings, Inc. and its subsidiary: (DE)
Safeway New Canada, Inc. and its subsidiary: (DE)
CSL IT Services ULC (formerly Canada Safeway Limited) and its subsidiary: (British Columbia)
Mealime Meal Plans ULC (British Columbia)
Safeway Corporate, Inc. and its subsidiaries: (DE)

Safeway Stores 67, Inc. (DE)
Safeway Stores 68, Inc. (DE)
Safeway Stores 69, Inc. (DE)
Safeway Stores 70, Inc. (DE)
Safeway Dallas, Inc. and its subsidiaries: (DE)
Avia Partners, Inc. (DE)
Safeway Stores 78, Inc. (DE)
Safeway Stores 79, Inc. (DE)
Safeway Stores 80, Inc. (DE)
Safeway Stores 82, Inc. (DE)
Safeway Stores 85, Inc. (DE)
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Safeway Stores 92, Inc. (DE)
Safeway Stores 96, Inc. (DE)
Safeway Stores 97, Inc. (DE)
Safeway Stores 98, Inc. (DE)
Safeway Denver, Inc. and its subsidiaries: (DE)
Safeway Stores 44, Inc. (DE)
Safeway Stores 45, Inc. (DE)
Safeway Stores 46, Inc. (DE)
Safeway Stores 47, Inc. (DE)
Safeway Stores 48, Inc. (DE)
Safeway Stores 49, Inc. (DE)
Safeway Stores 50, Inc. (DE)
Safeway Gift Cards, LLC (AZ)
Safeway Holdings I, LLC and its subsidiary: (DE)
GroceryWorks.com, LLC and its subsidiary: (DE)
GroceryWorks.com Operating Company, LLC (DE)
Safeway Leasing, Inc. (DE)
Safeway Philtech Holdings, Inc. and its subsidiary: (DE)
Safeway Philtech Inc. (Philippines)
Safeway Realty LLC and its subsidiary: (DE)
ACI Real Estate Holding I Company LLC and its subsidiary: (DE)
ACI Real Estate Holding II Company LLC and its subsidiary: (DE)
ACI Real Estate Company LLC and its subsidiaries: (DE)
ACI Real Estate SPE 101, LLC (DE)
ACI Real Estate SPE 102, LLC (DE)
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ACI Real Estate SPE 165, LLC (DE)
ACI Real Estate SPE 166, LLC (DE)
ACI Real Estate SPE 167, LLC (DE)
ACI Real Estate SPE 168, LLC (DE)

SCHEDULE OF SUBSIDIARIES, Continued

ACI Real Estate SPE 169, LLC (DE)
ACI Real Estate SPE 170, LLC (DE)
ACI Real Estate SPE 171, LLC (DE)
Safeway Richmond, Inc. and its subsidiary: (DE)
Safeway Stores 58, Inc. and its subsidiary: (DE)
Safelease, Inc. (DE)
Safeway Select Gift Source, Inc. (DE)
Safeway Southern California, Inc. and its subsidiaries: (DE)
Safeway Stores 18, Inc. (DE)
Safeway Stores 26, Inc. (DE)
Safeway Stores 28, Inc. (DE)
Safeway Stores 31, Inc. (DE)
The Vons Companies, Inc. and its subsidiary: (MI)
Vons Sherman Oaks, LLC (OR)
Safeway Stores 42, Inc. (DE)
Safeway Stores 43, Inc. (DE)
Safeway Supply, Inc. and its subsidiaries: (DE)
Consolidated Procurement Services, Inc. (DE)
Safeway Stores 71, Inc. (DE)
Safeway Stores 72, Inc. (DE)
Safeway Stores 73, Inc. (DE)
Safeway Stores 74, Inc. (DE)
Safeway Stores 75, Inc. (DE)
Safeway Stores 76, Inc. (DE)
Safeway Stores 77, Inc. (DE)
Safeway Trucking, Inc. (DE)
Saturn Development I, Inc. (DE)
Saturn Development LLC (DE)
SRG, Inc. (DE)
SSI – AK Holdings, Inc. and its subsidiary: (DE)
Carr-Gottstein Foods Co. and its subsidiaries: (DE)
AOL Express, Inc. (AK)
APR Forwarders, Inc. (AK)
Stoneridge Holdings, LLC and its subsidiary: (DE)
Safeway Health Inc. (DE)
Taylor Properties, Inc. (DE)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-239520 on Form S-8 of our reports dated April 26, 2022, relating to the consolidated financial statements of Albertsons Companies, Inc. and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K for the 52 weeks ended February 26, 2022.

/s/ Deloitte & Touche LLP

Boise, Idaho
April 26, 2022

Exhibit 31.1

Certification of the Principal Executive Officer pursuant
to Section 302 of the Sarbanes-Oxley Act of 2002

I, Vivek Sankaran, certify that:

1. I have reviewed this Annual Report on Form 10-K of Albertsons Companies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2022

/s/ Vivek Sankaran
Vivek Sankaran
Chief Executive Officer and Director (Principal Executive Officer)

Exhibit 31.2

Certification of the Principal Financial Officer pursuant
to Section 302 of the Sarbanes-Oxley Act of 2002

I, Sharon McCollam, certify that:

1. I have reviewed this Annual Report on Form 10-K of Albertsons Companies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2022

/s/ Sharon McCollam

Sharon McCollam
President and Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350,

as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Albertsons Companies, Inc. (the "Company") on Form 10-K for the period ended February 26, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2022

/s/ Vivek Sankaran
Vivek Sankaran
Chief Executive Officer and Director (Principal Executive Officer)

/s/ Sharon McCollam
Sharon McCollam
President and Chief Financial Officer (Principal Financial Officer)