I. Combination Rationale

II. Our Companies
   i. Albertsons Overview
   ii. Rite Aid Overview

III. Synergies

IV. Omni-channel Approach

V. Financials

VI. Bringing it All Together
RITE AID MISSION, STRATEGY AND CULTURE

Our Mission: Improve the health and wellness of our communities

Grow Front End through convenient shopping & tailored offering
- Refine merchandising across Own Brand, assortment and layout while tailoring to key markets
- Relaunch wellness+ to drive growth of new and retention of existing customers
- Continue differentiating wellness format using customer data and analytics

Serve as the Trusted Advisor for our pharmacy customers
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- Leverage Health Dialog to deploy an enhanced analytical engine

DIGITAL ENABLED CUSTOMER EXPERIENCE

GROWTH AS LEADERS AT ALL LEVELS

Speaker: Kermit Crawford
RITE AID EXPERIENCE

Common Purpose
“We Create Caring Moments by Delivering What Matters Most For Our Customers”

Chain of Excellence

Leadership Effectiveness
Associate Experience
Customer Experience
Business Growth

Business growth is the reward when we provide an exceptional associate and customer experience. If our customers have a great experience AND they build an emotional connection with us, they will be loyal and give us their repeat business!
Customer in-store round-up campaign with The Rite Aid Foundation’s KidCents program resonates with our best customers

446 local KidCents Charities focused on improving children’s health and wellbeing in local communities

National partnerships with Children’s Miracle Network Hospitals, Folds of Honor, and the award-winning Daniel Tiger’s Neighborhood television series

In total, we have today contributed more than $126 MILLION to the communities Rite Aid serves with the help of our associates, supplier partners and customers—including nearly $87 MILLION for Children's Miracle Network Hospitals.
RITE AID OVERVIEW

Business Overview

- 2,550 stores in 19 states
- Operates under two segments: Retail Pharmacy and Pharmacy Services (PBM)
- Full service PBM (EnvisionRxOptions)
- 215 million scripts per year\(^{(1)}\)
- Wellness+ loyalty program (over 13 million members)
- 8.5 million customers per week

Segment Breakdown

<table>
<thead>
<tr>
<th></th>
<th>Retail Pharmacy</th>
<th>Pharmacy Services</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$15,833</td>
<td>$5,897</td>
<td>$21,529</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$475(^{(4)})</td>
<td>$172</td>
<td>$647</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>3.0%</td>
<td>2.9%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Differentiated Healthcare Platform

- Health and Beauty & General Merchandise Own Brands
- Award Winning Loyalty Program
- Vitamins and Mineral Supplements (GNC)
- Innovative Wellness Store Format
- Pharmacy, Clinical Services and Immunizations
- Portfolio of Health and Wellness Offerings: EnvisionRxOptions, Health Dialog and RediClinic

EnvisionRx Overview

- Founded in 2001, acquired in 2015
- Added traditional capabilities with MedTrak acquisition
- Steadfast commitment to customer savings and service
- Recognized as Top-Tier PBM\(^{(2)}\)
- Aggregates ~22 million lives across all businesses
- Leading PDP through Envision Insurance Company (“EIC”), serving over 500k members nationally
- ~1,500 employees

Note: Financial figures and statistics are as of Fiscal Year ended March 3, 2018. Rite Aid information is pro forma for its store divestitures to WBA. The sale of all stores under the asset purchase agreement with WBA was completed in March 2018; the transfer of three remaining distribution centers and related inventory is expected to begin after September 1, 2018.

\(^{(1)}\) Based on 30-day equivalent.
\(^{(2)}\) Pro forma for full year TSA service fees.
RITE AID MISSION, STRATEGY AND CULTURE

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DIGITAL ENABLED
CUSTOMER EXPERIENCE

GROWTH AS LEADERS
AT ALL LEVELS
RITE AID HAS AN ATTRACTIVE, DIFFERENTIATED OWN BRANDS PORTFOLIO

Differentiated assortment and great quality to build customer loyalty

Comprehensive integrated marketing campaign to increase penetration of our Own Brands

Speaker: Bryan Everett
RELAUNCHED WELLNESS+ REWARDS WITH ENHANCED BENEFITS, EXPANDED DEALS, MORE LOYALTY

- Program now offering BonusCash
- Enhanced personalization with new platform that incorporates machine learning
- Integration with mobile app
- 24/7 exclusive access to a pharmacist at 1-800-RITE-AID or online chat

Weekly sales price for members

<table>
<thead>
<tr>
<th>Weekly Offers / Coupons</th>
<th>BonusCash</th>
<th>ExtraBucks</th>
<th>Balance Rewards Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Script Rewards</td>
<td>wellness+ Points</td>
<td>ExtraBucks</td>
<td>Balance Rewards Points</td>
</tr>
<tr>
<td>Loyalty Discount</td>
<td>Up to 20%</td>
<td>2%</td>
<td>None</td>
</tr>
</tbody>
</table>

Speaker: Bryan Everett
OUR WELLNESS+ CUSTOMERS ARE SOME OF OUR MOST ACTIVE AND LOYAL CUSTOMERS

Wellness+ Average Customer Basket

Wellness+ Penetration

Over 1.3M customers
10% of cardholders

96% retention rate
23% of non-pharmacy transactions

25% of non-pharmacy sales

Front End Sales

Members 77%
Non-members 23%

Prescriptions

Members 52%
Non-members 48%

Over 13m Active Members

(1) Based on results for LTM ended April 30, 2018.
(2) Active member defined as a customer who shopped a store two or more times in the last six months.
HYPER-PERSONALIZATION DRIVES SALES AND ENGAGEMENT ACROSS ALL CHANNELS
OUR MOBILE APP IMPROVES PHARMACY LOYALTY AND ADHERENCE

Easy-to-scan script refills is most frequently used feature

Additional features include prescription history and services, among others

Rated 4.7 stars in Apple App Store
New store renovations have resulted in improved comp results that continue to exceed chain average\(^{(1)}\):

- Front end sales growth outperformance of 173 bps in Q4’17
- Script count growth outperformance of 259 bps in Q4’17
- Average 5-year ROI of 25%

\(^{(1)}\) Calculation compares the comp results of Wellness stores remodeled in the last 24 months to the remainder of the chain.
PIECE PICK AND ECOMMERCE FULFILLMENT CAPABILITIES ARE DIFFERENTIATORS FOR OUR DISTRIBUTION NETWORK

- Six Distribution Centers
  - 4.5 million square feet of space in use
  - 1.1 billion units picked and shipped annually

- Multiple central pick locations

- **96% Piece Pick** vs case and/or pallet pick

- Use deconsolidation centers for imports vs. straight delivery to distribution centers

- Automated replenishment technology

- Supports eCommerce fulfillment

*Note: Map does not include Distribution Centers expected to be sold to WBA.*
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**DIGITAL ENABLED CUSTOMER EXPERIENCE**

**GROWTH AS LEADERS AT ALL LEVELS**
TECHNOLOGY: IMPROVING THE PATIENT EXPERIENCE & PHARMACY EFFICIENCY

Automated Courtesy Refills
- Prescription refills processed automatically

One Trip Refills
- Sync multiple prescriptions, offering convenience to patients while driving adherence

Mobile App
- Provides mobile pharmacy solutions for patients on the go
- Scan refills, transfer prescription and view personal profile

Rx Status Notifications
- Convenient updates on prescriptions via text, email or phone

Workload Balancing
- Move prescriptions from high volume to lower volume stores

E-Script Prioritization
- Prioritize and fill electronic prescriptions base on location of origin

Central Fill
- Send targeted maintenance prescriptions to be filled at Central Fill Facility

Prescription Prioritization
- Ability to escalate prescriptions to accommodate patient expectations

Speaker: Jocelyn Konrad
CLINICAL ENGAGEMENT: REDUCING COSTS & IMPROVING OUTCOMES

A. Adherence
- Predictive analytics used to identify patient opportunities at risk of being non-adherent
- Decrease overall healthcare costs and deliver on pay for performance contracts
- Key focus on adherence rates for all key Star Measures: Diabetes, Hypertension, Cholesterol
  - ~4% two year improvement in EQUIPP PDC ratings on key measures

I. Immunization
- Personalized immunization recommendations by pharmacist
- Pharmacist prevent disease through vaccinating appropriately in a lower-cost setting while keeping communities we serve healthy
  - 17% YOY
  - Flu Immunization Growth
  - 114% Increase YTD in all immunization (primarily ancillary immunization) over last year through May 18th, 2018

M. Medical Therapy Management
- One-on-one care provided by pharmacists to maximize effectiveness of drug therapy through counseling and medication reviews
- Improve overall healthcare outcomes through collaboration with other healthcare providers
  - Most Innovative Pharmacy Chain Award 2017
  - 65% YOY Growth in Claims MTM

~$290bn in avoidable healthcare costs
Vaccines avert between 2-3 million deaths each year
Polychronic patients account for 17% of population = 50% of healthcare costs in the US

Speaker: Jocelyn Konrad
Video: Flu video
PATIENT SAFETY IS A TOP PRIORITY

### Naloxone Program

- Available at all Rite Aid locations without a prescription
  - Pharmacists complete a two (2) hour training
  - Available to any customer upon request; Pharmacists proactively identify “at-risk” patients and recommend Naloxone
  - Stocked in all stores

### Red Flag Process

- Procedure for validating “high alert” controlled substance prescriptions
  - Our dispensing system incorporates a validation process to document the Pharmacist’s due diligence when reviewing controlled substance prescriptions
  - Ensures the prescription is valid and legitimate

### Safe Medication Disposal Strategy

- Multi-pronged solution for patients and communities we serve to dispose of opioid medications
  - Local law enforcement safe medication disposal kiosks – ~200 installed or in progress
  - Saleable drug take back envelopes
  - Participate in bi-annual DEA drug take back events with local law enforcement

---

Speaker: Jocelyn Konrad
PROPRIETARY PHARMACY SYSTEM ENABLING PATIENT CARE

Clinical Decision Engine using Aggregated Data
- Opportunities presented directly to pharmacist in workflow to drive health outcomes
- Adherence (P4P/DIR)
- Immunizations
- MTM

Outcomes Driven

Patient Safety and Convenience Tools
- Red Flag Process
- Predictive Refill (OTR/ACR)
- Text messaging enrollment
- Personalized preferences

Patient Centric

Platform Integration

Time Management Tools to allow Pharmacists More Time with Patients
- Automatic Prioritization
- Cloud Workload Balancing
- Centralized Services

Efficiency

Easy Access to Health Platforms
- Single Sign On
- Access to tools, registries, health information, vaccine control
- POX messaging

NexGen
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**DIGITAL ENABLED CUSTOMER EXPERIENCE**

**GROWTH AS LEADERS AT ALL LEVELS**
## PHARMACY NETWORKS OVERVIEW

### 3 Types of Pharmacy Networks

<table>
<thead>
<tr>
<th>Open / Broad Networks</th>
<th>Preferred Networks</th>
<th>Narrow / Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Access: members have access to largest network of pharmacies</td>
<td>■ Two-tier network with co-pay differential</td>
<td>■ At least one chain / PSAO(^{(1)}) from client’s market is excluded from the network</td>
</tr>
<tr>
<td>■ Out-of-pocket costs: same at all pharmacies in the network</td>
<td>■ Access: members retain option of using any pharmacy in the network</td>
<td>■ Access: members must use specific list of pharmacies</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Pharmacy Services Administrative Organization.
CONTINUED GROWTH OF LIMITED AND PREFERRED NETWORKS IN COMMERCIAL PLANS

% of Employees

2015 2016 2017

Preferred Network

Limited Network

Source: Drug Channels Institute.

Note: PDP stands for prescription drug plan.
MEDICARE PART D PDP’S WITH PREFERRED PHARMACY NETWORKS

Number of Regional Prescription Drug Plans (PDP’s)

<table>
<thead>
<tr>
<th>Year</th>
<th>Open Pharmacy Network</th>
<th>Preferred Cost Sharing Pharmacy Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,026</td>
<td>83</td>
</tr>
<tr>
<td>2012</td>
<td>892</td>
<td>140</td>
</tr>
<tr>
<td>2013</td>
<td>520</td>
<td>511</td>
</tr>
<tr>
<td>2014</td>
<td>328</td>
<td>841</td>
</tr>
<tr>
<td>2015</td>
<td>131</td>
<td>870</td>
</tr>
<tr>
<td>2016</td>
<td>132</td>
<td>754</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>633</td>
</tr>
<tr>
<td>2018E</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of PDPs with Preferred Pharmacy Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2018E</td>
</tr>
</tbody>
</table>

Source: Drug Channels Institute.
Note: PDP stands for prescription drug plan.
Preferred Networks Drive Traffic

1. Preferred pharmacies provide lower costs to payors in exchange for increased traffic.
2. Payors offer customers lower costs at preferred pharmacies.
3. Customers choose preferred pharmacies for lower costs.
4. Our combined business can convert valuable pharmacy customers to grocery customers.
WHY WOULD PAYORS PARTNER WITH US?

- Leverage the convenience of a pharmacy and grocery retail model with a very competitive preferred or limited network offering

- Utilize the combined network of over 300 retail-based clinics to serve its members

- Implement a highly discounted retail/mail limited network option for 90-day maintenance medications

- Develop a unique regional pharmacy-based clinical services offering to improve medication adherence, reduce adverse drug events and increase drug therapy management
  - All of which lowers payors’ overall medical cost

- Provide payors of all types with a fully integrated specialty pharmacy solution

- Leverage an integrated PBM/retail-based Medication Therapy Management (MTM) partner to improve Medicare STAR ratings through Medicare Comprehensive Medication Review (CMR) excellence
LEVERAGE WBAD OPTION TO ENHANCE PHARMACY PURCHASING AND ENABLE NARROW NETWORK PARTICIPATION

- Option currently available to Rite Aid
  - Option expires May 2019
  - Need to coordinate with McKesson contract expiration (March 2019)
  - Requires brands to be sourced through AmerisourceBergen
  - Meaningful benefit was identified in clean room process

- Request for proposal process to achieve lowest possible drug cost prior to exercising option
  - Expect to conduct bidding process, which could include other wholesalers
EnvisionRxOptions (ERxO) was founded in order to create a disruptive, nimble “pass-through” PBM, focused on customer-alignment and transparency.

Today, a full-service PBM platform with:

- Comprehensive suite of services offered as a bundle or à la carte
- Patented Point-of-Service (POS) rebate technology
- Laker Software is claims adjudicator for ~20 other PBMs
- Aggregates ~22 million lives across all businesses
- $5.9bn in Revenue and $172m in Adjusted EBITDA in fiscal year ended March 3, 2018
  - FY’15 – FY’18 revenue CAGR: 11%
  - FY’15 – FY’18 EBITDA CAGR: 19%

Customers Served:

- Mid - Large Employers / TPA
- Unions / Taft - Hartley
- Health Plans
- Hospitals / Health Systems
- Medicare / Insured Products
- Medicare / Health Systems
- Health Plans
- Hospitals / Health Systems
- Medicare / Insured Products

ERxO Value Proposition:

- Operational Flexibility
- On-Going Insights
- Bottom Line Impact
- Transparent Performance
- Quality Assured

EnvisionRx
- Transparent Pass-through PBM
- Mail Order/Specialty Pharmacy

EnvisionInsurance
- Medicare Approved Insurance Company

DesignRx
- Cash-pay Infertility Treatment

EnvisionPharmacies
- Mail Order/Specialty Pharmacy

LakerSoftware
- Third-party Claims Adjudication

MedTrakRx
- Traditional PBM

EnvisionSavings
- Discount Card

Diverse Client Base:

- Employers
- Managed Care
- Consultants / Brokers
- Medicare Part D
- Consumers
- Workers Comp
- Other PBMs
- Hospital Systems
ENVISION INSURANCE COMPANY ("EIC") DRIVES MED-D GROWTH

**Business Description**

- National provider of Medicare Part D prescription drug plans focused on Chooser and Employer Group Waiver Plan ("EGWP") segments
- Integrated Part D and PBM operations and communication allows for best-in-class service and administration
- 50 state insurance licenses plus two territories

**Customer Served**

<table>
<thead>
<tr>
<th>Choosers</th>
<th>Auto-Assigned</th>
<th>EGWP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Highlights**

- Shifted membership growth from Low Income Subsidy ("LIS") to Choosers in order to ensure long-term profitability through lower MLR, healthier members, and better STAR rating
- Significant upside for membership growth and improved membership mix with low utilizing Chooser members
- All systems specifically designed to support Medicare plan administration
- Processing infrastructure, call center, manufacturer relationships, and pharmacy contracts

---

**Medicare Med-D growth**

(1)

<table>
<thead>
<tr>
<th>Lives covered by EnvisionRx</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income Subsidy (LIS) Members</td>
</tr>
<tr>
<td>2016A</td>
</tr>
<tr>
<td>21</td>
</tr>
<tr>
<td>77</td>
</tr>
<tr>
<td>286</td>
</tr>
<tr>
<td>384</td>
</tr>
</tbody>
</table>

*Speaker: Kermit Crawford*

(1) On a calendar year basis.
REDICLINICS PROVIDE FURTHER GROWTH OPPORTUNITIES

- **Mission**
  - To provide consumers with easy access to high-quality, affordable health care

- **Scope of services**
  - Acute, episodic care
  - Preventive care
  - Weight management (weigh forward)

- **Experienced operator**

- **Healthcare system partnering model**
  - Strategic or financial partnerships with healthcare systems in four markets
  - Partners currently provide co-branding, physician oversight, and marketing support
    - Potential for leveraging payor contracts

- **End-to-end Athena EMR (clinical/billing) solution**

Albertsons Has 200+ Stores That Are “Clinic Ready”
HEALTH DIALOG: INTEGRATED POPULATION HEALTH MANAGEMENT SOLUTION

Outcomes-Based Partner for Managing the Health of Your Population(s)

Cost Effective Programs
- Total Population Health
- Chronic Care Management
- Wellness Programs
- 24/7 Nurse Line
- Medication Therapy Management

Powerful Tools and Services
- Care Pathways Analytics
- Interact Personal Health Portal
- Interact Diabetes Mobile App
- Telephonic Coaching
- Shared Decision Making
- In-Person Coaching

Rite Aid/Envision Rx Options Adherence Solutions
- Predictive Analytics
- Star Measures Adherence Outreach
  - Telephonic Coaching
  - IVR Calls
- Medication Therapy Management

Speaker: Kermit Crawford
Combined Albertsons & Rite Aid expertise, offering and branding creates a greater reach across the health and wellness spectrum.

Speaker: Kermit Crawford.
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COMBINATION CREATES OPPORTUNITIES TO DRIVE TRAFFIC AND GROWTH

Incremental Revenue Opportunities of $3.6 Billion

<table>
<thead>
<tr>
<th>Category</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narrow Networks</td>
<td>Approach payors and PBMs to create preferred network leveraging numerous convenient locations across multiple states</td>
</tr>
<tr>
<td>Network Effect</td>
<td>Increase traffic in stores and basket size by rebranding the pharmacies as Rite Aid(2) and merging and cross-offering loyalty programs</td>
</tr>
<tr>
<td>Broader Health Value Proposition</td>
<td>Broaden health and wellness value proposition and create a best-in-class omni-channel retail experience</td>
</tr>
<tr>
<td>Enhanced Merchandising Experience</td>
<td>Leverage Front End capabilities and pharmacy expertise to enhance customer offering</td>
</tr>
<tr>
<td>Digital &amp; eCommerce</td>
<td>Creating long term solutions to meet our customers where, when and how they want to shop</td>
</tr>
</tbody>
</table>

~65% of total revenue opportunities

(1) Expected to be realized by the end of February 2022, with associated one-time costs of $300 million.

(2) Excludes Jewel Osco.
### WHAT DOES THE COMBINED COMPANY NETWORK LOOK LIKE?

<table>
<thead>
<tr>
<th>State</th>
<th>Pharmacy Counters</th>
<th>Counter Share&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Total Pharmacy Counters</th>
<th>Counter Share&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
<td>569</td>
<td>10.4%</td>
<td>945</td>
<td>17.3%</td>
<td>#2</td>
</tr>
<tr>
<td>PA&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>614</td>
<td>19.6%</td>
<td>676</td>
<td>21.6%</td>
<td>#1</td>
</tr>
<tr>
<td>WA</td>
<td>138</td>
<td>13.3%</td>
<td>329</td>
<td>31.7%</td>
<td>#1</td>
</tr>
<tr>
<td>OR</td>
<td>73</td>
<td>12.9%</td>
<td>182</td>
<td>32.0%</td>
<td>#1</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Share based on number of pharmacy counters in the market.

<sup>(2)</sup> Includes all Philadelphia area CBSAs.
PARTNERSHIPS DRIVE CUSTOMER COUNT & SPEND

Significant Opportunity to Convert Lives

- Total Lives: ~50 million
- Addressable Lives\(^{(1)}\)
- Lives in Partnership\(^{(2)}\)
- New Grocery and Rx Customers

Integrated Healthcare Network

- Combined pharmacy network increases choice, convenience and access to the ~50 million lives in West Coast markets
- Invest in preferred relationships with EnvisionRxOptions, other PBMs and regional payors to drive increased script growth
- Strengthens preferred relationships with additional service providers such as health clinics and dieticians
- Expand Envision Insurance Medicare Part D plan to West Coast regions

Every additional 100,000 lives drives $200m in incremental combined grocery and drug revenue per year

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\(^{(1)}\) Total lives less current Albertsons / Rite Aid customers and less lives in open networks.

\(^{(2)}\) Addressable lives that are converted into partnership customers through EnvisionRx, other PBMs and regional payors.
WE WILL LEVERAGE EACH COMPANY’S STRONG LOYALTY PROGRAMS TO DRIVE CROSS SHOPPING

Multi-touch approach will be used to convert our most engaged, and loyal customers to shop in the brand (Rite Aid or Albertsons)

Journey

Drive cross-enrollment and /or customer mapping

Drive to store

Drive regular shopping habits

How to influence?

Enrollment incentives

1st trip driver incentives

Continuity/basket building

>6m households shopping at Rite Aid live within 5 miles of an Albertsons

>10m households shopping at Albertsons live within 5 miles of a Rite Aid

We will also build a sustainable, best-in-class loyalty program that gives the combined company an ongoing competitive advantage

Synergies calculations assume only 3% of conversion of households
BRAND, LOCATION AND CONVENIENCE

4,327 Pharmacy locations

One Recognized Pharmacy Brand

With the combination of a single National Drug Brand and the Leading Local Grocery Brands in many markets providing increased brand recognition and loyalty for both banners

More Locations / More Convenience

With over 4,868 locations in 38 States and D.C. across the US allowing customers more convenience and more ways to buy desired products
CROSS MERCHANDISING

Albertsons can expand its Health and Beauty care offering

- Albertsons has private label HHPC products (e.g., Signature Care) but can benefit from Rite Aid’s private label health and beauty offerings
- Products include
  - Nail care
  - First aid
  - Lotions
  - Over the counter drugs

Improve Fresh & Own Brands Offering at Rite Aid

- Improve and expand Rite Aid’s fresh offerings (e.g., yogurt, fruit cups, sandwiches)
- Start to offer private label dry grocery in Rite Aid stores
- Albertsons can leverage its strong fresh and Own Brands grocery items at Rite Aid by offering various products such:
  - Branded fruits and veggies, cheeses, meats, dairy, and dry grocery (e.g., O Organics, Open Nature, Lucerne)
  - Bottled water and sodas (e.g., Refreshe)

Speaker: Jim Donald + Kermit Crawford
PROVIDE ENHANCED PATIENT CARE EXPERIENCE IN OUR CLINICS

Expand and enhance clinic operations for the combined company by utilizing existing well-invested, built-out space in Albertsons stores and leveraging Rite Aid’s experience and expertise in operating RediClinic

Albertsons Clinics
- More than $400m of Capex spent to build out facilities with waiting rooms and 1 - 2 patient rooms
- Organically grown ~250 clinics locations filled by partners, providing services including blood draw labs, urgent care and telemedicine
- Clinics are staffed by nurse practitioners

Rite Aid’s RediClinic Operations
- RediClinic is an experienced, well established operator
- 75 locations, including strategic partnerships with healthcare systems, with experience operating in grocery environment (HEB)
- Provides customers with easy access to low cost, convenient and high quality care

Additional ~200 locations within Albertsons are available for use
EXPAND OMNI-CHANNEL CAPABILITIES ACROSS THE COMPANY

Expand Delivery Capabilities

Create unique offerings to provide a compelling omni-channel experience to the customer

- Attract new customers by offering both Grocery and Rx delivery in one trip
- Expand delivery services to Rite Aid’s front of store
- Offer Drive up and Go at most locations to create optionality for the customer

Innovative Solutions

Leverage Plated capabilities to offer dietary specific meal kits for patients with Polychronic conditions

- Selling meal kit subscriptions at Rite Aid stores
- Plated approval in National Health Plans so Doctors can Prescribe
- Use Plated capabilities to drive growth in the “Weigh Forward” weight loss program

Video: eCommerce delivery
Speaker: Shane Sampson
## OPPORTUNITY TO DELIVER SIGNIFICANT COST SYNERGIES

### Expected Cost Synergies: $375 million EBITDA Contribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Synergy Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded Savings &amp; Merchandising</td>
<td>Leverage combined scale to increase vendor funding and reduce direct store delivery costs</td>
<td>$90m</td>
</tr>
<tr>
<td>Private Label</td>
<td>Albertsons general merchandise and health and beauty care penetration increase to Rite Aid levels and Rite Aid dry grocery penetration increase to Albertsons levels, which is margin accretive</td>
<td>$90m</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>Purchasing, formulary optimization, and expansion of central fill capabilities</td>
<td>$75m</td>
</tr>
<tr>
<td>Supply Chain &amp; Manufacturing</td>
<td>Consolidate Rite Aid and Albertsons distribution centers, supply divisions and plants</td>
<td>$25m</td>
</tr>
<tr>
<td>Marketing &amp; Advertising, Insurance, Utilities, GNFR</td>
<td>Reduced combined spend on print advertising, agency and production Lower insurance costs, reduction in Rite Aid credit card swipe fees and improved costs for GNFR (Goods Not for Resale)</td>
<td>$55m</td>
</tr>
<tr>
<td>Corporate &amp; Regional Functions</td>
<td>Consolidate certain back office corporate administrative functions Consolidate regional pharmacy operations</td>
<td>$40m</td>
</tr>
</tbody>
</table>

*Represents 0.5% of Feb’19E COGS*

*Represents 0.5% of Feb’19E SG&A*

(1) Expected to be realized by the end of February 2022, with associated one-time costs of $400 million. Approximately 2/3 of synergies are expected to be achieved within the first two fiscal years following completion of the merger.
Albertsons has exceeded the initial synergy target in the Safeway integration.

(1) Estimated four year time frame to achieve $800m in synergies provided in Albertsons Companies, Inc. S-1 registration statement filed with the SEC on July 7, 2015, as amended. Completion of Safeway transaction occurred on January 30, 2015.
(2) FY’18 ends February 2019.
WE ARE FOCUSED ON INTEGRATION & SYNERGY REALIZATION

Our Team
- We have a dedicated Integration Management Office (IMO) that for Albertsons has internally managed the integration of Safeway (to be completed September’18) and for Rite Aid has managed the transition of stores to WBA and the related transition services
- Full support from both executive teams and all functional leads

Our Guiding Principles
- Improving customer experience and minimizing interruption is our #1 priority
- All integration that is important for synergies realization will be completed in the first 36 months

Organizational Structure
- **Grocery Division**: Leveraging Albertsons’ proven decentralized operating playbook, Division Presidents will continue to be responsible for grocery merchandising and operations
- **Drug Division**: GM / HBC and Rx will be centrally managed, with shared accountability from divisions

Focus on Narrow Network Access
- The EnvisionRx PBM team has established narrow network rates for Rite Aid and is working on gaining access to narrow networks in specific geographic regions (CA, OR, and WA)

Working Collaboratively on all Functional Areas
- **Merchandising**: Comparing layouts and reviewing plans to expand grocery, fresh and liquor sections in Rite Aid
- **Loyalty**: Plan to integrate loyalty programs
- **Own Brands**: Own Brand introduction shortly after closing
- **IT**: Evaluated technology solutions
- **Finance**: Integration of financial and management reporting
- **Supply chain**: Optimization and DC consolidation
- **HR**: Program in place to identify the best talent from both companies and build a deep bench
I. Combination Rationale

II. Our Companies
   i. Albertsons Overview
   ii. Rite Aid Overview

III. Synergies

IV. Omni-channel Approach

V. Financials

VI. Bringing it All Together
AGGRESSIVELY GROW OUR OMNI-CHANNEL EXPERIENCE

Constellation of Brands and Offerings

- Fresh / Prepared Foods
- Meal Kits / Replacements
- Floral / Gifts
- Grocery
- Baby
- Pet
- Rx / Wellness
- Vitamins & Supplements
- GM / HBC
- Wine / Alcohol
- Fuel & Convenience
- Stores / Fuel Centers / Rx
- Home Delivery
- Drive Up & Go
- Delivery Dark Store / DC
- DC Automation
- Albertsons Direct
- Fulfillment by Albertsons
- Supplier Direct
- 3rd Party Marketplace
- Marketplace / Infinite Aisle
- Store retail
- Artificial Intelligence / Data Science & Analytics
- User Experience
- Scan and Go
- Robotic Inventory Mgt.
- Loyalty & Digital Marketing
- Pricing / Promotions
- Data Science Platform
- Vendor Mgmt. / Assortment
- Store Labor / Shrink Mgmt.
- Demand Forecasting
- Web-site and App
- Providing what our customers want, where, when and how they want it

Indicates initiative is in-progress.
In Place / Solution Rolling Out.
ROBUST ROADMAP TO DEVELOPING INTEGRATED PLATFORM

Integrated digital platform that is complementary to our brick-and-mortar stores
All our capabilities are built around our customers

Complete mobile functionality
Fresh clean modern look; consistent design language
Single sign-on across all our websites / apps
High quality images, improved search

Shopping
- Home delivery
- Rush delivery
- Drive Up & Go
- Other mail delivery / subscription
- Integrated infinite aisle marketplace linked to other services such as Plated

In-store mode
- Store navigator
- Order ahead
- Scan - bag - go capabilities
- Other real time offers available only in the “in store” mode

Content
- Shoppable recipes
- Other food & wellness content
- Rich CPG content (sponsored)

Coupons & rewards
- Personalized coupons (based on shopping and browsing history)
- National / manufacturers coupons
- Rewards for shopping

Multi-channel patient engagement
- Effective patient interaction
- Access to content, tools and resources to support wellness improvement
ROBUST LOYALTY PROGRAMS

Benefits of Loyalty Programs

- Supported by strong data analytic capabilities
- Loyalty Program shoppers are more loyal households
- Basket size is ~3x that of non-loyalty users
- Shoppers purchase in more categories across the store
- Leverage best customer data to drive basket size, frequency of visit and share of wallet

(1) Albertsons loyalty programs.
(2) Rite Aid loyalty program.
DATA DRIVEN MARKETING

**Digital & Social Marketing**

Facebook Grocery Value Proposition:
Real People come into your stores. Real people come onto our platforms. Real People is what fuels both of our businesses.

200m+ Individuals in our social media DMA everyday

- 26m known individuals
- 39m known individuals

**Performance Media**

- Partner with CPGs to deliver marketing messages across web and mobile to drive baskets, trials and sales
- Enhanced layers of targeting – using Albertsons transaction data, Loyalty data, coupon clip / intent data, behavioral and geo-based targeting
- Media used to drive new item success rate, event amplification, brand loyalty or key seasonal events

**Connect with the shopper and win with the brands because we can prove sales attribution and ROI**

Identify who we want to talk to and why

Develop relevant audiences

Determine the most relevant media channels

Develop Communication and Content to support strategy

Activate Marketing & Measure ROI
LEVERAGING DATA & ADVANCED ANALYTICS

Customer Centric Retailing
- Aggressively implementing insights from our customer data to drive assortment and promotional planning decisions within our stores
- Continue to monitor pricing vs competition and overlay customer insights to ensure we are priced right on items important to our most loyal customers
- Machine learning segmentation and targeting capabilities

Suite of Tools
- Optimize section adjacencies, flows and section sizes to drive trips and baskets with our customers
- Tools leverage Shopper 360° data
- Improve speed to market with new items
- Becomes one source of truth for all systems to know item placement by store, aisle and shelf

Targeted Engagement
- Maximize strategies to engage with Elite & Best Households
- Integrate customer with traditional financial KPI’s to support category business planning
- Enable fact based decisions to drive trips and baskets in an efficient manner
- Leverage data to drive share of wallet
- More direct channel vs. mass communication
LEVERAGING INTELLIGENT INFORMATION TO ENHANCE OPERATIONS

**Data Science Platform**
Enable advanced analytics capabilities within organization

<table>
<thead>
<tr>
<th><strong>Revenue Synergies</strong></th>
<th><strong>Loyalty &amp; Digital Marketing</strong></th>
<th><strong>Pricing</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Convert pharmacy customers to grocery customers</td>
<td>Personalization &amp; digitally enabled marketing to drive loyalty</td>
<td>Improve price perception to drive loyalty and trips</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Promotions</strong></th>
<th><strong>Vendor</strong></th>
<th><strong>Assortment</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable customer centric promotions to maximize ROI</td>
<td>Joint business planning to align category plans and maximize funding</td>
<td>Deliver a customer centric assortment plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Store Labor</strong></th>
<th><strong>Shrink Management</strong></th>
<th><strong>Demand Forecasting</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize store labor allocation to minimize cost</td>
<td>Reduce shrink across entire organization</td>
<td>Item level forecasting to maximize accuracy and improve inventory cost</td>
</tr>
</tbody>
</table>

**Analytical Talent**
Hired Chief Data and Analytics Officer, Identified talented people internally who have begun to work on the details within each use case. Hiring core team of data scientists to enable Artificial Intelligence products.
MODERNIZING TECHNOLOGY AND STORES

Check out

- “Quick dip” EMV for card processing optimized to reduce processing time <2 seconds
- Eliminate signature requirement for cards with EMV chip
- Enhance and expand digital receipt - will reduce time for check-out, and help us Capture real time customer experience data

SCAN – BAG – GO

- Developing scan – bag – go technologies for faster check-out
- Omni-channel offering with shopping and check-out options
- Pilot “Amazon Go” like capability in our stores for a limited set of products like Plated and other prepared foods
- Self checkout capabilities and app for mobile checkout

Modernization

- In-store digital signage to reduce costs & engage shoppers
- High quality, reliable Wi-Fi in all our stores
- Enhance bandwidth and resiliency of our retail telecom network
- Beacon technology to serve up real time / personalized offers
- Handheld checkout device to offer better customer service and faster checkpoints

One touch fuel

- Mobile 1-Touch: Pump & Go
- In-house industry leading solution recognizing customer upon entrance to fuel center
- One touch on phone enables customer to start fueling automatically
- In process of filing a patent for this capability
# Diverse Ecommerce Capabilities

**Ecommerce Current Capabilities**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000 delivery trucks &amp; 1,200+ drivers</td>
<td>Subscription, instore, delivery</td>
</tr>
<tr>
<td>100+ locations</td>
<td>Business-to-Business</td>
</tr>
<tr>
<td>1,700+ Rush delivery stores</td>
<td>Themed virtual store fronts</td>
</tr>
<tr>
<td>Modern updated platform</td>
<td>Ready-to-eat foods</td>
</tr>
</tbody>
</table>

**Exploring Breadth of Services & Depth of Customer Choices with New and Developing Capabilities**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>100k Items on infinite aisle</td>
<td>Wine, floral, baby &amp; pet</td>
</tr>
<tr>
<td>Multiple virtual store fronts</td>
<td>Membership &amp; subscription offering</td>
</tr>
</tbody>
</table>
I. Combination Rationale

II. Our Companies
   i. Albertsons Overview
   ii. Rite Aid Overview

III. Synergies

IV. Omni-channel Approach

V. Financials

VI. Bringing it All Together
ALBERTSONS HISTORICAL FINANCIAL OVERVIEW & FY’18 GUIDANCE

Revenue

<table>
<thead>
<tr>
<th>Date</th>
<th>Revenue</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2015</td>
<td>$57,497</td>
<td></td>
</tr>
<tr>
<td>2/27/2016</td>
<td>$58,734</td>
<td></td>
</tr>
<tr>
<td>2/25/2017</td>
<td>$59,678</td>
<td></td>
</tr>
<tr>
<td>2/24/2018</td>
<td>$59,829</td>
<td>~$61,000</td>
</tr>
<tr>
<td>FY’18E</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gross Profit / % Margin

<table>
<thead>
<tr>
<th>Date</th>
<th>Gross Profit</th>
<th>% Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2015</td>
<td>$15,483</td>
<td>26.9%</td>
</tr>
<tr>
<td>2/27/2016</td>
<td>$16,062</td>
<td>27.3%</td>
</tr>
<tr>
<td>2/25/2017</td>
<td>$16,641</td>
<td>27.9%</td>
</tr>
<tr>
<td>2/24/2018</td>
<td>$16,361</td>
<td>27.3%</td>
</tr>
<tr>
<td>FY’18E</td>
<td>~$17,000</td>
<td>27.9%</td>
</tr>
</tbody>
</table>

Adj. EBITDA / % Margin

<table>
<thead>
<tr>
<th>Date</th>
<th>Adj. EBITDA</th>
<th>% Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2015</td>
<td>$2,367</td>
<td>4.1%</td>
</tr>
<tr>
<td>2/27/2016</td>
<td>$2,681</td>
<td>4.6%</td>
</tr>
<tr>
<td>2/25/2017</td>
<td>$2,817</td>
<td>4.7%</td>
</tr>
<tr>
<td>2/24/2018</td>
<td>$2,398</td>
<td>4.0%</td>
</tr>
<tr>
<td>FY’18E</td>
<td>$2,700</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

Free Cash Flow / % Conversion (1)

<table>
<thead>
<tr>
<th>Date</th>
<th>Free Cash Flow</th>
<th>% Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2015</td>
<td>$1,519</td>
<td>64.2%</td>
</tr>
<tr>
<td>2/27/2016</td>
<td>$1,721</td>
<td>64.2%</td>
</tr>
<tr>
<td>2/25/2017</td>
<td>$1,402</td>
<td>49.8%</td>
</tr>
<tr>
<td>2/24/2018</td>
<td>$851</td>
<td>35.5%</td>
</tr>
<tr>
<td>FY’18E</td>
<td>$1,500</td>
<td>55.6%</td>
</tr>
</tbody>
</table>

Note: Fiscal year end represents February of year forward per Albertsons. FY’14 financials represent unaudited pro forma financials including Safeway results prior to the acquisition date of 1/30/2015.

(1) Free cash flow defined as Adjusted EBITDA – Capex. Conversion defined as Adjusted EBITDA – Capex / Adjusted EBITDA.
Total sales during Q4’17 increased 1.6% to $14.0bn compared to $13.8bn in Q4’16 primarily due to ID sales increase of 0.6% and higher fuel sales, principally driven by higher average pump prices.

- ID sales improved sequentially by 240 basis points compared to the third quarter as a result of investments in promotions and price.

Excluding fuel, gross margin during Q4’17 decreased 30 basis points year over year primarily due to investments in promotions and price to drive identical store sales as well as higher shrink expense due to system conversions.

- Although shrink increased year over year, we experienced sequential improvement in shrink expense as a percentage of sales from Q3’17 to Q4’17.

Adjusted EBITDA during Q4’17 increased $25m to $712m or 5.1% of sales.

- The increase in Adjusted EBITDA was primarily driven by our sales growth partially offset by our investments in promotions and prices.

Capex increased to $415m in the quarter as we continue to focus on remodels and accelerated investment in our Digital & eCommerce technology.

---

**Summary Financials**

<table>
<thead>
<tr>
<th></th>
<th>Actual 12 Weeks 24-Feb-18</th>
<th>Actual 12 Weeks 25-Feb-17</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$14,034</td>
<td>$13,817</td>
<td>1.6%</td>
</tr>
<tr>
<td><strong>ID Sales %</strong></td>
<td>0.6%</td>
<td>(3.3%)</td>
<td>3.9%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$3,948</td>
<td>$3,934</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Gross Margin %</strong></td>
<td>28.1%</td>
<td>28.5%</td>
<td>(34) bps</td>
</tr>
<tr>
<td><strong>Excluding Fuel</strong></td>
<td></td>
<td></td>
<td>(30) bps</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$712</td>
<td>$687</td>
<td>3.7%</td>
</tr>
<tr>
<td><strong>Margin %</strong></td>
<td>5.1%</td>
<td>5.0%</td>
<td>10 bps</td>
</tr>
<tr>
<td>Capex (Excl. Integration)</td>
<td>$415</td>
<td>$273</td>
<td>$142</td>
</tr>
<tr>
<td>Integration Capex</td>
<td>$68</td>
<td>$90</td>
<td>($22)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong>(1)</td>
<td>$297</td>
<td>$413</td>
<td>($116)</td>
</tr>
<tr>
<td><strong>% Conversion</strong>(2)</td>
<td>41.7%</td>
<td>60.2%</td>
<td>(18.5%)</td>
</tr>
</tbody>
</table>

---

**Note:** Q4’17 and FY’17 refer to the period ended February 24, 2018.

(1) Free cash flow defined as Adjusted EBITDA – Capex (excl. Integration Capex).

(2) Conversion defined as Adjusted EBITDA – Capex (excl. Integration Capex) / Adjusted EBITDA.
ALBERTSONS’ FY’18 GUIDANCE

**FY’18 Outlook**

- We expect continuation of positive ID sales momentum and ID sales to growth of 1.5% to 2.0% in FY’18
- We expect continued improvement in our operating results and are confident in achieving EBITDA of ~$2,700m, which is primarily attributable to:
  - $170m of improvement in shrink expense (30 bps), which had been elevated in part by system conversion activities
  - $100m of incremental Safeway synergies from DC consolidation and elimination of TSA fees paid to SUPERVALU as we convert all remaining stores in Jewel, Shaws and Acme and associated DCs
  - $30m of other items include identified cost reduction initiatives, margin improvement from increasing Own Brands penetration and fresh mix-shift, partially offset by union contract, minimum wage and other normal cost increases
- We expect to spend ~$1.2bn in Capex in FY’18
- Continue to upgrade our stores by focusing on remodels and resets, accelerate investment in technology, eCommerce, supply chain automation as well as file buys

**FY’17 – FY’8E Adj. EBITDA Bridge**

<table>
<thead>
<tr>
<th>EBITDA FY 2017A</th>
<th>Inventory Shrink Improvement</th>
<th>Remaining Safeway Synergies</th>
<th>Other (3)</th>
<th>EBITDA FY 2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,398</td>
<td>~$170</td>
<td>~$100</td>
<td>~$30</td>
<td>~$2,700</td>
</tr>
</tbody>
</table>

Source: Management estimates.

(1) Based on FY 2018E Albertsons management outlook as reported in Albertsons’ Form 8-K filed with the SEC on April 11, 2018.
(2) Represents estimates for FY’19E ending February 2019.
(3) Includes offset of union contract, minimum wage and other normal cost increases.
RITE AID HISTORICAL FINANCIAL OVERVIEW & FY’18 GUIDANCE

### Revenue (1) (FYE, $ in millions)

<table>
<thead>
<tr>
<th>Date</th>
<th>PBM</th>
<th>Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2015</td>
<td>$16,558</td>
<td>$16,558</td>
<td>$33,116</td>
</tr>
<tr>
<td>2/27/2016</td>
<td>$16,667</td>
<td>$4,104</td>
<td>$20,771</td>
</tr>
<tr>
<td>3/4/2017 (3)</td>
<td>$16,534</td>
<td>$6,394</td>
<td>$22,928</td>
</tr>
<tr>
<td>3/3/2018</td>
<td>$15,632</td>
<td>$5,897</td>
<td>$21,529</td>
</tr>
</tbody>
</table>

### Gross Profit / % Margin (FYE, $ in millions)

<table>
<thead>
<tr>
<th>Date</th>
<th>PBM</th>
<th>Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2015</td>
<td>$4,719</td>
<td>28.5%</td>
<td>$4,719</td>
</tr>
<tr>
<td>2/27/2016</td>
<td>$4,992</td>
<td>23.9%</td>
<td>$4,761</td>
</tr>
<tr>
<td>3/4/2017 (3)</td>
<td>$5,065</td>
<td>21.9%</td>
<td>$4,672</td>
</tr>
<tr>
<td>3/3/2018</td>
<td>$4,780</td>
<td>22.0%</td>
<td>$4,780</td>
</tr>
</tbody>
</table>

### Adjusted EBITDA / % Margin (FYE, $ in millions)

<table>
<thead>
<tr>
<th>Date</th>
<th>PBM</th>
<th>Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2015</td>
<td>$845</td>
<td>5.1%</td>
<td>$845</td>
</tr>
<tr>
<td>2/27/2016</td>
<td>$945</td>
<td>4.5%</td>
<td>$945</td>
</tr>
<tr>
<td>3/4/2017 (3)</td>
<td>$825</td>
<td>3.6%</td>
<td>$825</td>
</tr>
<tr>
<td>3/3/2018</td>
<td>$647</td>
<td>3.0%</td>
<td>$647</td>
</tr>
</tbody>
</table>

### Free Cash Flow / % Conversion (2) (FYE, $ in millions)

<table>
<thead>
<tr>
<th>Date</th>
<th>PBM</th>
<th>Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/28/2015</td>
<td>$470</td>
<td>55.6%</td>
<td>$470</td>
</tr>
<tr>
<td>2/27/2016</td>
<td>$464</td>
<td>49.1%</td>
<td>$464</td>
</tr>
<tr>
<td>3/4/2017 (3)</td>
<td>$531</td>
<td>64.4%</td>
<td>$531</td>
</tr>
<tr>
<td>3/3/2018</td>
<td>$433</td>
<td>66.8%</td>
<td>$433</td>
</tr>
</tbody>
</table>

Note: Fiscal year end on Saturday closest to February 28th or 29th. Fiscal year end references for Rite Aid have been conformed in this presentation to Albertsons fiscal year naming convention (i.e., February of year forward).

(1) Total revenue is inclusive of intersegment eliminations.
(2) Free cash flow defined as Adjusted EBITDA – Capex. Conversion defined as Adjusted EBITDA – Capex / Adjusted EBITDA.
(3) Excludes 53rd week.
RITE AID BUSINESS HAS STABILIZED

Performance Update

Pharmacy sales, margin, and reimbursement rates negatively impacted in recent years, while Front End maintained margin stability

Rite Aid maintained effective SG&A cost control throughout the extended WBA merger and asset sale process

With the clarity of the outcome of the WBA asset sale, Rite Aid began to restore its business relationships with payors and has gained increased visibility into reimbursement rates going forward

This overall business stabilization enables increased investment in Wellness remodels, script buys, and EnvisionRx to drive further growth

Achieved $647m of PF Adjusted EBITDA in FY2018

Rite Aid Adj. EBITDA Has Stabilized

($ in millions)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1'15</td>
<td>$196</td>
</tr>
<tr>
<td>Q2'15</td>
<td>$231</td>
</tr>
<tr>
<td>Q3'15</td>
<td>$251</td>
</tr>
<tr>
<td>Q4'15</td>
<td>$267</td>
</tr>
<tr>
<td>Q1'16</td>
<td>$209</td>
</tr>
<tr>
<td>Q2'16</td>
<td>$220</td>
</tr>
<tr>
<td>Q3'16</td>
<td>$215</td>
</tr>
<tr>
<td>Q4'16</td>
<td>$181</td>
</tr>
<tr>
<td>Q1'17</td>
<td>$160</td>
</tr>
<tr>
<td>Q2'17</td>
<td>$161</td>
</tr>
<tr>
<td>Q3'17</td>
<td>$153</td>
</tr>
<tr>
<td>Q4'17</td>
<td>$173</td>
</tr>
</tbody>
</table>

(1) Results are pro forma for the full amount of TSA fees.
(2) Represents 13th weeks.
## RITE AID Q4’17 RESULTS

### Commentary
- For Q4’17, Rite Aid achieved front end ID Sales of (0.6%), ID script count growth of (1.8%), resulting in Pharmacy ID sales of (2.3%) and total retail ID sales of (1.7%)
  - Pharmacy sales were negatively impacted by ~138bps from new generic introductions
  - Script count decline in part due to exclusion from certain pharmacy networks
- Adjusted EBITDA of $173m for Q4’17 shows continued stabilization of the business:
  - Gross Margin improved 60bps YoY, driven by stabilization of reimbursement rates and improvement in generic purchasing
  - Record number of immunizations
  - Strong cost control through labor and other operating expense
- EnvisionRx EBITDA declined by $11m, primarily due to a decline in revenue related to the shift in Medicare Part D covered lives
  - Business is off to a strong start in the new commercial selling season, and also experienced strong 2018 Med D bid
- Remodeled 38 stores, bringing the total number of wellness stores to 1,649(3)

### Summary Financials

<table>
<thead>
<tr>
<th></th>
<th>Q4’17</th>
<th>Q4’16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13 Weeks</td>
<td>14 Weeks</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>$5,394</td>
<td>$5,903</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$1,270</td>
<td>$1,349</td>
</tr>
<tr>
<td><strong>Gross Margin %</strong></td>
<td>23.5%</td>
<td>22.9%</td>
</tr>
<tr>
<td><strong>PF Adjusted EBITDA</strong></td>
<td>$173</td>
<td>$181</td>
</tr>
<tr>
<td><strong>Margin %</strong></td>
<td>3.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Envision Rx EBITDA</strong></td>
<td>$33</td>
<td>$44</td>
</tr>
<tr>
<td><strong>Margin %</strong></td>
<td>2.3%</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>$54</td>
<td>$60</td>
</tr>
<tr>
<td><strong>Free Cash Flow(1)</strong></td>
<td>$119</td>
<td>$121</td>
</tr>
<tr>
<td><strong>% Conversion (2)</strong></td>
<td>68.9%</td>
<td>66.9%</td>
</tr>
</tbody>
</table>

### Note:
- Q4’17 and FY’17 refer to the period ended March 3, 2018 which corresponds to Q4’18 and FY’18 per Rite Aid’s existing financial reporting. Script Counts are adjusted for 30 day equivalent Rx’s.
- Free cash flow defined as Adjusted EBITDA – Capex (excl. integration Capex).
- Conversion defined as Adjusted EBITDA – Capex (excl. integration Capex) / Adjusted EBITDA.
- Excludes stores sold to WBA.

**Speaker:** Darren Karst
RITE AID FY’18 GUIDANCE

**Commentary**

- Sales expected to be $21.7 – $22.1bn, with same store sales of flat – 1.0%
- Adjusted EBITDA expected to be in the range of $615m to $675m ($645m midpoint) and Net Loss to be in the range of ($95m) to ($40mm)
- Positive Front End Sales comps of ~1%
  - Focus on Consumables, Beauty, Vitamins & Supplements
  - Relaunch “Wellness + with Bonus Cash”
- Script loss of 1.8%
  - Driven by cycling of FY 17 plan losses, partially offset by file buys and immunizations
- Rx GP net rate improvement as cost concessions and inflation exceed projected reimbursement rate reductions
- EnvisionRx revenue expected to increase due to investments in commercial and Med D business, but EBITDA expected to decline due to investments necessary to support the business
- $250m of CapEx (primarily File Buys and Wellness remodels)
- 142 Wellness remodels yield incremental sales, GP, and EBITDA

**Summary Financials**

<table>
<thead>
<tr>
<th>FY 2018 Outlook Guidance Range</th>
<th>Low</th>
<th>High</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loss</td>
<td>($95)</td>
<td>($40)</td>
<td>($68)</td>
</tr>
</tbody>
</table>

**Adjustments:**

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>High</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense</td>
<td>210</td>
<td>210</td>
<td>210</td>
</tr>
<tr>
<td>Income Tax Benefit</td>
<td>(15)</td>
<td>(10)</td>
<td>(13)</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>380</td>
<td>380</td>
<td>380</td>
</tr>
<tr>
<td>LIFO Charge</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Loss on Debt Retirements</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Store Closing and Impairment Charges</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Other</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$615</td>
<td>$675</td>
<td>$645</td>
</tr>
</tbody>
</table>
PRO FORMA HISTORICAL & PROJECTED FINANCIAL OVERVIEW

### Revenue
(FYE, $ in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Albertsons food retail</td>
<td>$74,055</td>
<td>$79,504</td>
<td>$82,606</td>
<td>$81,358</td>
<td>$83,000</td>
</tr>
<tr>
<td>Rite Aid drug retail</td>
<td>$16,558</td>
<td>$16,667</td>
<td>$16,534</td>
<td>$15,632</td>
<td></td>
</tr>
<tr>
<td>Envision Rx</td>
<td>$57,497</td>
<td>$58,734</td>
<td>$59,678</td>
<td>$59,829</td>
<td></td>
</tr>
</tbody>
</table>

### Gross Profit / % Margin
(FYE, $ in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>$20,203</td>
<td>$21,054</td>
<td>$21,705</td>
<td>$21,141</td>
<td></td>
</tr>
<tr>
<td>Envision Rx</td>
<td>$20,203</td>
<td>$20,823</td>
<td>$21,313</td>
<td>$20,733</td>
<td></td>
</tr>
<tr>
<td>% Gross Margin</td>
<td>27.3%</td>
<td>26.5%</td>
<td>26.3%</td>
<td>26.0%</td>
<td></td>
</tr>
</tbody>
</table>

### Adj. EBITDA / % Margin
(FYE, $ in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma EBITDA</td>
<td>$3,211</td>
<td>$3,626</td>
<td>$3,653</td>
<td>$3,045</td>
<td>$3,425</td>
</tr>
<tr>
<td>% EBITDA margin</td>
<td>4.3%</td>
<td>4.6%</td>
<td>4.4%</td>
<td>3.7%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

### Free Cash Flow / % Conversion (1)
(FYE, $ in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>$1,988</td>
<td>$2,360</td>
<td>$2,194</td>
<td>$1,484</td>
<td>$2,000</td>
</tr>
<tr>
<td>Envision Rx</td>
<td>–</td>
<td>$231</td>
<td>$393</td>
<td>$408</td>
<td></td>
</tr>
<tr>
<td>% Conversion</td>
<td>61.9%</td>
<td>65.1%</td>
<td>60.1%</td>
<td>48.7%</td>
<td>58.4%</td>
</tr>
</tbody>
</table>

Note: Fiscal year end on Saturday closest to February 28th or 29th. Fiscal year end references for Rite Aid have been conformed in this presentation to Albertsons fiscal year naming convention (i.e., February of year forward). FY’14 financials represent unaudited pro forma financials including Safeway results prior to the acquisition date of 1/30/2015.

(1) Free cash flow defined as Adjusted EBITDA – Capex. Conversion defined as Adjusted EBITDA – Capex / Adjusted EBITDA.

Speaker: Bob Dimond
ATTRACTION GROWTH OUTLOOK

Core Retail Business
Safeway Synergies / Shrink / Other
PBM
Synergies

Expected revenue growth 3.5% – 4.5%
Low
1.0%
1.5%
1.0%
1.5%

High
1.5%
2.0%
1.0%

Expected Adj. EBITDA growth 11% – 15%
Low
5.0%
4.0%
0.2%

High
6.5%
5.2%
0.3%

Revenue
Adj. EBITDA
Adj. EPS

Interest expense of ~$1.0bn in year one ended Feb 2019
Tax rate is expected to be 25 – 27%
Depreciation and amortization expected to be in the range of ~2.5 – 2.7% of revenue
Capex is expected to be $1.4bn – 1.5bn annually for the combined company
### Capitalization

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>Pro Forma 2/24/18</th>
<th>Net Debt / FY'18 Adj. EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$859</td>
<td></td>
</tr>
<tr>
<td>New ABL ($5.0bn)</td>
<td>1,191</td>
<td></td>
</tr>
<tr>
<td>New ABL FILO Term Loan</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>ACL Term Loans</td>
<td>5,720</td>
<td></td>
</tr>
<tr>
<td>Capital Leases and Other Debt</td>
<td>936</td>
<td></td>
</tr>
<tr>
<td>New Senior Secured Bridge Facility</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Uptiered Rite Aid Unsecured Notes (’27 &amp; ’28)</td>
<td>423</td>
<td></td>
</tr>
<tr>
<td>FV adjustment to Rite-Aid Unsecured Notes (’27 &amp; ’28)</td>
<td>(63)</td>
<td></td>
</tr>
<tr>
<td>Debt Discounts and Issuance Costs</td>
<td>(197)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Secured Debt</strong></td>
<td><strong>$10,011</strong></td>
<td><strong>2.5x</strong></td>
</tr>
<tr>
<td>Albertsons Senior Unsecured Notes (’24 &amp; ’25)</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Safeway Notes</td>
<td>1,285</td>
<td></td>
</tr>
<tr>
<td>New Albertsons L.P. Notes</td>
<td>1,572</td>
<td></td>
</tr>
<tr>
<td>Other Unsecured Debt</td>
<td>242</td>
<td></td>
</tr>
<tr>
<td>Debt Discounts and Issuance Costs</td>
<td>(218)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td><strong>$15,392</strong></td>
<td><strong>3.9x</strong></td>
</tr>
<tr>
<td><strong>Net Total Debt</strong></td>
<td><strong>$14,534</strong></td>
<td><strong>3.9x</strong></td>
</tr>
</tbody>
</table>

### Net Leverage

- Intent to maintain strong financial position and stable balance sheet liquidity with strong free cash flow driven by steady margins, prudent capital expenditures and moderate working capital requirements
- Opportunity to generate significant free cash flow generation to pay down debt and reduce leverage, in addition to investing in the business
- Management’s goal is to delever to <2.75x net leverage within 36 months

#### Capitalization

- **Rite Aid**
  - FY'18 Adj. EBITDA: $645
- **Albertsons**
  - FY'18 Adj. EBITDA: $2,700
- **Combined**
  - FY'18 Adj. EBITDA: $3,425
  - **Cost Synergies (Run-Rate)**: $295

#### Cost Synergies ($ in millions)

- **Rite Aid**
  - $645
- **Albertsons**
  - $2,700
- **Combined**
  - $3,425
  - **Cost Synergies**
    - $295

#### Debt Breakdown

- **2018**
  - Drawn ABL Revolver: $269
  - Undrawn ABL Revolver: $137
- **2019E**
  - ABS/Safeway Term Loans: $2,998
  - New Senior Secured Notes: $1,134
- **2020E**
  - ALB Unsecured Notes: $1,191
- **2021E**
  - Safeway Notes: $1,588
- **2022E**
  - NAI Notes: $1,158
- **2023E**
  - New ABL FILO Term Loan: $1,250
- **2024E**
  - $500
- **2025E**
  - $158
- **2026E**
  - $128
- **2027E**
  - $128
- **2028E**
  - $600
- **Thereafter**
  - $1,190

**Note:** Debt shown at face value. Pro Forma Maturity Profile does not include ~$225 million of NAI Medium Term Notes due 2017-2028, ~$950 million of Capital Leases, and ~250 million of Other Unsecured Debt.

(1) Combined EBITDA of $3,425m represents estimates for both companies for FY’18E ending February 2019 and $80m in expected cost synergies realization. $295m represents run rate cost synergies of $375m less the $80m of expected cost synergy realization.
I. Combination Rationale

II. Our Companies
   i. Albertsons Overview
   ii. Rite Aid Overview

III. Synergies

IV. Omni-channel Approach

V. Financials

VI. Bringing it All Together
Empowering you to take care of yourself, your family, and your community

With leading food and wellness offerings

Conveniently available however you want to shop

MAKING EVERY DAY... BETTER. TOGETHER
DIFFERENT BECAUSE...

Unparalleled combination of wellness resources to improve the quality of your life

Freshest high quality perishables

Unique products available only from us

Personalized and compelling value proposition

Available where, when and how you want to interact
HOW IT COMES TO LIFE

Cook from scratch, use a meal kit or enjoy a fully prepared meal -- all made from the freshest ingredients

Engage with our meat, produce, deli and bakery experts to choose the right fresh foods or have them prepared for you

Receive medications, counseling and advice from our pharmacies

Lose weight, exercise more, quit smoking and conquer other behavioral change with the help of our healthcare coaches

Find the unique wellness or beauty products that meet your individual needs

Redeem personalized offers that give you the best value on the products and services you want

We provide a tremendous level of personalized service, both in person or through our digital experience
WHAT IT LOOKS LIKE

- Convenient network of retail locations with well established local supermarket brands and a single well respected pharmacy brand
- Team that is highly focused on providing the best customer experience
- Differentiated merchandising leading with the freshest high quality perishables and unique products (owned brand and local) in our supermarkets
- Emphasis on organic and natural consumable products combined with a deep selection of health, beauty and general merchandise in our retail drugstores and supermarket drugstores
- One digital platform that combines loyalty rewards, personalized promotions, omni-channel shopping, relevant content and clinical interactions
- Portfolio of best-in-class Own Brands with a strong focus on natural and organic
- Manufacturing capabilities that will produce high quality products to drive Own Brands differentiation
- Strategic relationships with healthcare partners that bring patients into our network
THE END RESULT

We have deeper relationships with our customers because of our integrated food, health and wellness model

Customers are using our health and wellness capabilities to improve their quality of life

Customers are achieving positive outcomes that lower medical costs

Customers choose us more frequently and to a greater extent because of our superior customer experience

We are a leader in innovation

Speaker: John Standley

Video: Cerberus video
# ALBERTSONS – NET INCOME TO EBITDA RECONCILIATION

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Fiscal Year Ending February of Following Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014PF</td>
</tr>
<tr>
<td>Net (loss) Income</td>
<td>($327)</td>
</tr>
<tr>
<td>(Gain) loss on interest rate and commodity hedges, net</td>
<td>2</td>
</tr>
<tr>
<td>Facility closures and related transition costs</td>
<td>--</td>
</tr>
<tr>
<td>Acquisition and integration costs</td>
<td>113</td>
</tr>
<tr>
<td>Termination of long-term incentive plans</td>
<td>78</td>
</tr>
<tr>
<td>Equity-based compensation expense</td>
<td>168</td>
</tr>
<tr>
<td>Net loss (gain) on property dispositions, asset impairments and lease exit costs</td>
<td>13</td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>--</td>
</tr>
<tr>
<td>LIFO expense (benefit)</td>
<td>38</td>
</tr>
<tr>
<td>Amortization and write-off of original issue discount, deferred financing costs and loss on extinguishment of debt</td>
<td>62</td>
</tr>
<tr>
<td>Collington acquisition; Pension and post-retirement expense, net of cash contribution</td>
<td>52</td>
</tr>
<tr>
<td>Amortization of intangible assets resulting from acquisitions</td>
<td>374</td>
</tr>
<tr>
<td>Other</td>
<td>28</td>
</tr>
<tr>
<td>Effect of tax restructuring, tax reform, and reversal of valuation allowance</td>
<td>--</td>
</tr>
<tr>
<td>Tax impact of adjustments to Adjusted Net Income</td>
<td>(359)</td>
</tr>
<tr>
<td>Adjusted Net Income</td>
<td>$242</td>
</tr>
<tr>
<td>Tax impact of adjustments to Adjusted Net Income</td>
<td>359</td>
</tr>
<tr>
<td>Effect of tax restructuring, tax reform, and reversal of valuation allowance</td>
<td>--</td>
</tr>
<tr>
<td>Income tax benefit</td>
<td>(206)</td>
</tr>
<tr>
<td>Amortization and write-off of original issue discount, deferred financing costs and loss on extinguishment of debt</td>
<td>(62)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>844</td>
</tr>
<tr>
<td>(Gain) loss on debt extinguishment</td>
<td>--</td>
</tr>
<tr>
<td>Amortization of intangible assets resulting from acquisitions</td>
<td>(374)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,564</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$2,367</td>
</tr>
</tbody>
</table>
# RITE AID – NET INCOME TO EBITDA RECONCILIATION

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Fiscal Year Ending February of Following Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (loss) income—continuing operations</td>
<td>$2,012</td>
</tr>
<tr>
<td>Interest expense</td>
<td>117</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(1,740)</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>277</td>
</tr>
<tr>
<td>LIFO (credit) charge</td>
<td>(10)</td>
</tr>
<tr>
<td>Lease termination and impairment charges</td>
<td>37</td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>--</td>
</tr>
<tr>
<td>Loss on debt retirements, net</td>
<td>19</td>
</tr>
<tr>
<td>Walgreens Boots Alliance merger termination fee</td>
<td>--</td>
</tr>
<tr>
<td>Other</td>
<td>36</td>
</tr>
<tr>
<td>Adjusted EBITDA—continuing operations</td>
<td>$749</td>
</tr>
<tr>
<td>Adjustment to reflect a full TSA fee</td>
<td>96</td>
</tr>
<tr>
<td>Pro Forma Adjusted EBITDA—continuing operations</td>
<td>$845</td>
</tr>
</tbody>
</table>
The Leader in Food, Health and Wellness