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We determine fair value of unvested and issued awards on the grant date using an option pricing model, adjusted for a lack of marketability and using an expected term or time to liquidity based on judgments made by management. We also consider forfeitures for equity-based grants which are not expected to vest. Expected volatility is calculated based upon historical volatility data from a group of comparable companies over a time frame consistent with the expected life of the awards. The expected risk-free rate is based on the U.S. Treasury yield curve rates in effect at the time of the grant using the term most consistent with the expected life of the award. Dividend yield was estimated at zero as we do not anticipate making regular future distributions to stockholders. Changes in these inputs and assumptions can materially affect the measurement of the estimated fair value of our equity-based compensation expense.

We are required to estimate the enterprise value underlying our equity-based awards when performing fair value calculations. Due to the prior absence of a market for our equity interests, enterprise value is determined by management with the assistance of valuation specialists. The most recent valuation was performed as of January 2015 and uses a Market and Income approach weighted at 50% each. The Market Approach uses the Guideline Public Company Method, which focuses on comparing the subject entity to selected reasonably similar (or guideline) publicly traded companies. Under this method, valuation multiples are: (i) derived from the operating data of selected guideline companies; (ii) evaluated and adjusted based on the strengths and weaknesses of the subject entity relative to the selected guideline companies; and (iii) applied to the operating data of the subject entity to arrive at an indication of value. The Income Approach utilized the Discounted Cash Flow ("DCF") Method. The DCF Method measures the value of the enterprise by estimating the present worth of the net economic benefit (cash receipts less cash outlays) to be received over the life of the company. The steps followed in applying this approach include estimating the expected after-tax cash flows attributable to the company over its life and discounts the cash flows using a rate of return that accounts for both the time value of money and investment risk factors. Management utilized future projections discounted using a present value factor of 9% and a long-term terminal growth rate of 2.4%. Grants subsequent to our initial public offering will be based on the trading value of our common stock.

The Series 1 Incentive Units and Investor Incentive Units granted in January 2015 were valued at \$22.11 per unit with a \$403.7 million aggregate fair value. Factors contributing to the January 2015 fair value included the significant improvement of the stores acquired as part of the NAI acquisition in 2013 and realization of operational synergies, the acquisition of United and the acquisition of Safeway, as well as market valuations of comparable publicly traded grocers, and general capital market conditions in the U.S.

The Phantom Units granted in the first quarter of fiscal 2015 were valued at \$21.82 per unit with a \$250.2 million aggregate fair value. The per unit fair value of the March 2015 unit grants approximated the January 2015 unit grants.

The following assumptions were used for the January and March 2015 equity awards issued and granted:

Valuation Date	First Quarter 2015	Fiscal 2014
	March 2015	January 2015
Dividend yield	0.0%	0.0%
Expected volatility	41.7%	42.4%
Risk free interest rate	0.6%	0.47%
Expected term, in years	1.9 years	2.0 years
Discount for lack of marketability	16.0%	16.0%