



Invites you to enroll in the Albertsons Companies Executive Deferred Compensation Plan (“EDCP”) for the 2023 plan year.



## What You Need to Know

Under the Albertsons Companies 401(k) Plan (“401(k) Plan”), Internal Revenue Code (“IRC”) limitations and non-discrimination testing may reduce both the amount you can save, and how much the employer can match in your account. That’s where the EDCP comes in.

When you participate in the EDCP, you can defer up to 50% of your annual base salary and 100% of your fiscal year quarterly and annual bonuses. **You can receive these additional benefits by deferring as little as 1% of base salary or 1% of your bonus:**

- Albertsons Companies will match your deferrals up to 7% of your compensation (less the amount of any matching contribution made in the 401(k) Plan).
- Amounts under the 401(k) Plan that are treated as excess contributions or excess matching contributions that would otherwise be returned or forfeited under the 401(k) Plan because of IRS nondiscrimination testing will instead be credited to your EDCP account.



But you **must enroll each year** to get these benefits.

## What You Need to Do

**The annual enrollment window is Nov. 28–Dec. 16, 2022.**

If you want to defer a percentage of your base salary and/or bonus earned during FY 2023 to the EDCP—and be eligible for EDCP matching contributions or credits of 2023 excess 401(k) Plan contributions and 401(k) matching contributions (that might otherwise be forfeited)—**you must enroll by midnight, Eastern time, Dec. 16, 2022.**

### Important Information:

The EDCP is a “nonqualified deferred compensation plan” that is not subject to the IRC limitations and IRS nondiscrimination testing applicable to tax-qualified plans. The EDCP is also an unfunded plan and all benefits under the plan are a contractual promise and paid from the general assets of Albertsons Companies. Because EDCP benefits are unfunded, in the event of the bankruptcy or dissolution of Albertsons Companies, the claims of its creditors may have priority over your claim for payments from the EDCP, in which case you may lose all or a portion of your account balance credited to the EDCP. This document is not intended to provide any legal or financial advice and you should discuss the implications of participating in the EDCP with your financial planner and/or tax advisor.

This document is a summary of a portion of the terms of the EDCP created to assist you in your decisions about enrolling in the EDCP. If there is any conflict between this summary and the EDCP document, the terms of the EDCP will control.



See how it works on page.....4

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 Enroll now at [netbenefits.com](https://netbenefits.com)

## What to Know

The EDCP is designed to help you defer income tax liability on your current pay and let you focus on tomorrow's financial needs. When you participate in the EDCP, you can defer more than you would generally be able to defer to the 401(k) Plan, increase your amount of company matching contributions, and receive credit for 401(k) matching contributions that you might otherwise forfeit.



### You must enroll every year.

Enrollment doesn't roll over from year to year. So even if you enrolled in the EDCP for 2022, you will need to enroll again if you want to participate for 2023.



### Once you enroll, you can't change your deferrals for the year.

When you enroll for any given year, you will not be able to stop or change the amount of your deferrals to the EDCP during that year. Your deferral elections apply to base salary paid during the 2023 calendar year and to bonuses earned during the 2023 fiscal year of Albertsons Companies.



### After you make a distribution election, your ability to change it is limited.

At the same time you make your deferral elections, you will also elect the time and form of payment. (See "**When and how are my deferrals paid**" on page 6 for election choices.) The IRS limits the changes you can make to your distribution elections. Most importantly, you cannot accelerate your distribution; you can only delay it. Your new distribution date must be at least five years after the distribution date you originally selected, and your change must be made at least 12 months before the date you originally selected to start receiving payments.



### Access your EDCP resources.

Visit the [EDCP page](#) on the Albertsons benefits website to access a variety of EDCP resources.

## Is the EDCP right for you?

If you think your 401(k) contributions will be restricted for plan year 2023 by IRC limits or IRS nondiscrimination testing requirements, consider enrolling in the EDCP to make up for those restrictions.

When you participate:

- Albertsons will contribute the full Company match you are eligible for—a percentage determined each year of 7% of your compensation (less the match made in the 401(k) Plan); and
- Credit to your EDCP account any excess 401(k) contributions and 401(k) matching contributions that might otherwise be returned or even forfeited. Any deferral amount—even as little as 1% of either base salary or bonus—counts as participation in the EDCP.

## But you have to enroll first.

## How It Works

### Who is eligible?

You are eligible for the EDCP if you are a Store Director/Manager level or above, non-union Pharmacy Manager, or equivalent; a non-union Director-level employee and above; a non-union full-time Pharmacist; or a non-union employee with compensation above the level determined annually by the Albertsons Companies Retirement Benefit Administrative Committee (\$130,000 for 2023).

### When can I enroll?

You will be notified of your eligibility to enroll in the EDCP each year. For 2023, the annual enrollment window is Nov. 28-Dec. 16, 2022.

**Unlike the 401(k) Plan, participation in the EDCP doesn't automatically roll over from year to year. So, if you want to participate in the EDCP for 2023, you must enroll by midnight, Eastern time, Dec. 16, 2022.**

### How much can I defer to the EDCP?

For each year you enroll, you elect to defer base salary paid during the 2023 calendar year and bonus earned during Albertsons Companies' 2023 fiscal year. You can defer up to 50% of your eligible base salary (paid during the calendar year) and/or up to 100% of your eligible bonus (earned during the fiscal year). However, any bonuses paid after the date of your termination of employment are not eligible to be deferred to the EDCP.

**Please note:** If you receive a Quarterly Bonus, your current election will continue to apply through the Bonus payable in the quarter following the end of the fiscal quarter performance period. If you receive an Annual Bonus, you are making an election for the bonus payable in the fiscal year following the end of the fiscal-year performance period. Both of these bonuses are included in your bonus deferral election for the 2023 fiscal year. Keep in mind: Deferrals from bonus payments will not be taken if the bonus payment is received after separation of employment.

## How do the 401(k) Plan and EDCP work together?

The amount that can be contributed to the 401(k) Plan is limited by several IRC requirements, while the EDCP is not. Here's how the two plans can work together for your benefit:

- **IRS nondiscrimination testing requirement:** The 401(k) Plan must be tested every year to ensure that it does not discriminate in favor of highly compensated employees. If the Plan fails the test in any given year, some of your 401(k) Plan contributions from that year may be returned to you and you may forfeit any related matching contributions. However, if you are enrolled in the EDCP for that year, Albertsons will credit the amount of those excess contributions and excess matching contributions to your EDCP account.
- **Deferral limit:** You may contribute up to the IRC deferral limit (\$22,500 in 2023, or \$30,000 if you are 50 or older\*) to the 401(k) Plan. You can defer more than this to the EDCP if you wish.
- **Compensation limit:** In 2023, the IRC sets a compensation limit (\$330,000 in 2023) when calculating the percentage of compensation that may be matched in the 401(k) Plan. The EDCP does not have a compensation limit, so your maximum match under the EDCP is calculated using your full compensation. In this way, you have a chance to earn more matching contributions in the EDCP.



## How It Works continued

### Does Albertsons contribute to the EDCP?

Albertsons Companies will match your deferrals using the same formula\* as the annual match provided in the 401(k) Plan (but without application of the 401(k) Plan's compensation limits under IRC sections 401(a)(17) and 415). The matching contribution you receive in the 401(k) Plan will be used to reduce the matching contributions provided under the EDCP. You are not eligible for a matching contribution if you are not employed with Albertsons Companies as of the end of the Plan Year (12/31) unless you are age 57 or older at time of separation of employment, or deceased.

### When am I vested in my EDCP account?

Vesting is a term used to describe the portion of your account balance to which you are entitled under the Plan's rules.

- You are immediately 100% vested in your contributions made to the EDCP, as well as any related earnings.
- You are 50% vested in company matching contributions and any associated earnings after completing two years of service.
- You are 100% vested in company matching contributions after completing three years of service.

### Can I invest my deferrals?

The EDCP provides you with a selection of investment crediting options and your EDCP account balance will be adjusted based on the earnings (gains and losses) of the investment crediting options you select. Your deferrals to the EDCP are payable from the general operating assets of the company, rather than from a trust fund or any other institution. As a result, the amount of the compensation you defer is tracked in a bookkeeping account in your name but not actually invested in the options you choose. Rather, the earnings are calculated and credited to your account as if your deferrals were invested in the options. Keep in mind that past performance is not a guarantee of future results.

### You decide which investment options will apply to your EDCP account.

- The EDCP offers the same menu of investment crediting options available under the 401(k) Plan. A complete description of the 401(k) Plan's investment options and their performance, as well as planning tools to help you choose an investment mix, are available at [netbenefits.com](https://netbenefits.com).
- If you wish to change your investment options any time during the plan year, the remaining contributions for the year will be credited with any earnings (gains and losses) from the new investments you select.
- If you do not currently have investment elections on file, your contributions will be credited with earnings (gains and losses) by default based on the Blackrock LifePath® Index fund closest to the year you will turn age 65. These target date funds are an asset mix of stocks, bonds and other investments that automatically become more conservative as the fund approaches its target retirement date and beyond. The principal amount from your account credited to an investment option is not guaranteed.

\*Historically, Albertsons has matched 50% of every dollar contributed, up to 7% of pay you contribute.

## How It Works continued

### When and how are my deferrals paid?

Each year you enroll in the EDCP, you decide when and how you want to be paid the compensation you're deferring (along with any earnings credited to those deferrals). The elections you make will also apply to when you are paid any 401(k) excess contributions that are credited to your EDCP deferral account.

#### Separation from Service Election:

- You may choose to have your 2023 deferral account paid when you leave or retire from Albertsons. This is called the Separation from Service Election.
- You may elect to receive your benefit in a lump sum, or annual installments over 2 to 10 years.
- There is a six-month distribution delay on this election. Distributions will be paid the first month after satisfying the six-month delay after termination.

#### Specific Date Election:

- If you wish, you may also choose to receive all or a portion of the amount deferred in a given year (adjusted for any gains or losses). You must choose a date that is two or more years after the year of deferral.
- The year you choose may reflect an "in-service" distribution (while you're still working for Albertsons), or a time in the future after your retirement or termination.
- You may elect to receive your benefit in a lump sum, or annual installments over 2 to 10 years.
- All Specific Date distributions will be processed on the first business day of March. For example, if you elect to receive all the amounts deferred in 2023 after two years, your 2023 deferrals (adjusted by any gains or losses) would be distributed to you in March 2025.

**Please note:** The vested portion of your match account on the date of separation from service will be paid in a lump sum. For any year you are enrolled in the EDCP, any 401(k) excess matching contributions will be credited to your match account. If your total account balance (both deferral and match accounts) is less than \$50,000 when you terminate, it will be paid out in a lump sum.

### What happens if I die, am disabled, or have an unforeseeable emergency?

If you die or are disabled, your vested account balance will be paid in a lump sum to you or to your beneficiary. Payments to your beneficiary will be paid as soon as practicable, but no later than the last day of the first calendar year after the calendar year of your death.

If you experience an unforeseeable financial emergency and are not eligible for a distribution, you may request an immediate payout of your deferrals or request future deferrals be suspended. Your request must be submitted in writing. Please contact the Albertsons Companies Retirement Benefits Administrative Committee for information regarding the requirements you must satisfy to be eligible for this distribution.

### Can I change my distribution elections?

You can request changes to your distribution elections, with a few limitations:

- You must request the change at least 12 months prior to the date your distribution was originally scheduled to be made.
- The new distribution date must be at least five years after the original distribution date.

## 401(k) vs. EDCP

There are several key differences between the 401(k) Plan and the EDCP.

	401(k) PLAN	EDCP
<b>When can I enroll?</b>	You can enroll in the 401(k) Plan at any time.	You must enroll each year during the annual enrollment window to defer compensation in the following year.
<b>Can I contribute before taxes?</b>	Yes.	Yes.
<b>How much can I contribute?</b>	You can contribute up to 75% of compensation you receive in the current year, up to the annual IRS pretax contribution limit (\$22,500 in 2023, or \$30,000 if age 50 or older.)	You can defer up to 50% of base pay (paid in calendar year) and up to 100% of bonuses earned in fiscal year 2023, including 2023 bonuses that are paid in the following year. IRS deferral limits do not apply.
<b>Can I change my elections?</b>	Yes, you can change or stop your contribution elections at any time.	No, you cannot change your deferral elections during the year. You can make changes to distribution elections, subject to limitations.
<b>Are loans available?</b>	Yes, loans are available.	No, loans are not available.
<b>Can I roll money into an IRA?</b>	Yes, rollovers from the 401(k) Plan into an IRA are permitted.	No, rollovers from the EDCP into an IRA are not permitted.
<b>Does the Plan offer tax advantages?</b>	Yes, earnings can accumulate tax deferred.	Yes, earnings can accumulate tax deferred.
<b>How do withdrawals work?</b>	Withdrawals are generally permitted at termination of employment, age 59½, or upon disability as defined by the Plan. Withdrawals for financial hardships are also available.	Each time you enroll, you make a distribution election to indicate how and when that year's deferrals will be paid. Changes to your elections, and withdrawals for unforeseeable emergencies, are limited.
<b>Do taxes apply?</b>	Yes, FICA (Social Security/Medicare taxes) and state disability insurance are withheld.  When you withdraw money from the 401(k) Plan, an estimated amount for federal, state, and local taxes is withheld from distributions; you may owe more or less when you file taxes. Distributions before age 59½ also may be subject to an early withdrawal penalty.	Yes, FICA (Social Security/Medicare taxes), state disability insurance and, in a few cases, state and local taxes are withheld.  When you withdraw money from the EDCP, an estimated amount for federal, state, and local taxes is withheld from distributions; you may owe more or less when you file taxes.
<b>Are my benefits protected?</b>	Yes, benefits are protected if Albertsons should become insolvent.	No, benefits are not protected if Albertsons should become insolvent.

## EXAMPLES



**Sindhu**

I did not realize that the 401(k) Plan is tested every year to ensure that it doesn't discriminate in favor of highly compensated employees. To meet the testing requirements last year, some of my 401(k) contributions were returned to me, and I lost the matching contributions that I would have received on those contributions.

If I had enrolled in the EDCP for last year, Albertsons would have credited those contributions and related matching contributions to the EDCP. I'm enrolling now to help make sure this doesn't happen next year.



**Quinn**

I would like to contribute 15% of my eligible pay to the 401(k) Plan, but my financial advisor told me that will put me over the IRS deferral limit in the 401(k) (\$22,500 in 2023, or \$30,000 if you are 50 or older).

My advisor explained how nonqualified plans like the EDCP work and suggested I consider it. I did not realize that the Albertsons EDCP isn't governed by the limits that apply to the 401(k) Plan. After working with my advisor, I decided to enroll in the EDCP now. That way, I can contribute \$22,500 to the 401(k) during 2023, plus save more in the EDCP.



**Akia**

For the first time ever, I was not able to earn the full match in the 401(k) last year. Turns out, you can only receive 401(k) matching contributions on the 401(k) contributions you make up to a percentage of pay that is capped by the IRS compensation limit (\$330,000 in 2023), and I earned more than the limit last year.

I talked over my options with Fidelity and learned that the EDCP does not have a compensation limit, and it allows me to earn matching contributions. I decided to enroll so I can get the full match.

Hypothetical examples for illustration only.



## Questions & Answers

### What is a nonqualified deferred compensation plan?

A nonqualified deferred compensation plan is a type of tax-deferred, employer-sponsored plan that is not subject to the IRC contribution and compensation limits that apply to tax-qualified plans (like a 401(k) plan). Generally, these plans represent an agreement or promise by an employer to defer payment of compensation to the employee at some future date. As a result, a nonqualified plan like the EDCP allows you to defer your current tax liability, while focusing on tomorrow's financial needs.

Nonqualified plans must be unfunded and may only be offered to a select group of management or highly compensated employees of the employer. For this reason, nonqualified plans are exempt from most of the substantive provision of the Employee Retirement Income Security Act ("ERISA"). As an unfunded plan, benefits are paid solely from the general assets of Albertsons Companies. If Albertsons Companies were to become insolvent, then the claims of the company's creditors may have priority over payment of your benefit from the nonqualified plan and you could lose all or a portion of your benefits under the EDCP.

### What will happen to my EDCP plan contributions if the planned Kroger/Albertsons merger occurs?

No decisions have been made regarding the EDCP. Under the terms of the plan document, if the plan is terminated at any point, your vested benefits will be paid to you as soon as is practicable. Plan distributions under these plans are taxable in the year distributed.

### Once I've made my EDCP deferral election for the year, can I change it?

No. Once you've made your deferral election for a particular plan year and the election window for that plan year has closed, your election is irrevocable and cannot be changed.

### Does my EDCP enrollment carry over from year to year?

No. You must enroll each year if you want to participate.

### In past years, some of my 401(k) contributions were returned to me. How can I avoid that in the future?

Contributions to the 401(k) Plan may be returned to you if they exceed the IRS contribution limits or if you are a highly compensated employee and the 401(k) Plan does not pass IRS nondiscrimination testing. The EDCP is not subject to these limits. If you think your 401(k) contributions will be restricted in 2023 due to IRC limits or IRS nondiscrimination testing requirements, consider enrolling in the EDCP.

- When you participate in the EDCP for 2023, Albertsons will credit to the EDCP any excess 401(k) contributions that would be returned (in March 2024) and 401(k) matching contributions that might otherwise be forfeited.
- Any deferral amount—even as little as 1%—counts as participation in the EDCP.
- **But you have to enroll in the EDCP each year in order to participate.**

### When can I enroll in the EDCP and what compensation can I defer?

The EDCP has one enrollment window each year. During that window, you can elect to defer up to 50% of base pay (paid in calendar year) and/or up to 100% of any bonuses that you may earn during fiscal year 2023. Remember that some of your bonus may not be paid until 2024.

## Questions & Answers continued

### When I make distribution elections, do they apply to all of the money in my EDCP account?

No. When you make an election to defer compensation for a particular year, you must also make an election for how you want that particular year's deferrals to be paid. For example, if you elect to defer compensation in 2023, you will also need to make distribution elections for those deferrals. Your elections apply only to deferrals made in 2023 (and any earnings credited to those deferrals). They will not affect distribution elections for deferrals you may have made in previous years. However, if your total account balance is under \$50,000 at the time you separate employment from Albertsons, your account will be paid as a lump sum (6-month delay will apply).

Note: You are not allowed to make a distribution election for your match account. The vested portion of your matching contributions (including any 401(k) excess matching contributions) will be paid as a lump sum. (Note that a six-month delay applies to the distribution.)

### Can I change my EDCP distribution election once I've made it?

Yes, but the law limits changes. Most importantly, you can only delay a payment; you can't accelerate it. If you want to change a distribution election, you must:

- Defer the first payment for at least five years after the payment date you originally chose; and
- Make the change at least 12 months before the payment date you originally elected.

For example, suppose you chose to have some of your deferred compensation paid in January 2026, but later decide to change that election. Your new payment date cannot be earlier than January 2031, and your change must be in place by January 2025.

### Can I borrow from my EDCP account, pledge my account to secure a loan, or otherwise assign or transfer my account to another person?

No. Federal tax laws prohibit these actions. In particular, the EDCP will not recognize any attempts to transfer or assign benefits except pursuant to a domestic relations order. Remember to elect a beneficiary at [netbenefits.com](https://netbenefits.com) so your account assets are distributed according to your wishes in the event of your death.

### Can I roll over my EDCP distribution?

No. Distributions from the EDCP cannot be directly rolled over to an IRA or another employer's qualified or nonqualified plan.

### How are EDCP distributions taxed?

Payments from the Plan are taxed as ordinary income when they are distributed to you and subject to mandatory withholding of applicable federal, state and local income taxes.

### When can I change my investment crediting options?

You can change your investment crediting options at any time by logging into your account at [netbenefits.com](https://netbenefits.com).

## The Enrollment Window is Nov. 28–Dec. 16, 2022

Be sure to review your enrollment decision(s) with your personal tax advisor or financial planner to assess your overall financial picture.

When you're ready, Fidelity NetBenefits® makes enrolling easy. Log on to Fidelity NetBenefits with your username and password, select the link for the Executive Deferred Compensation Plan and follow the steps outlined here.

**Enroll by midnight on Dec. 16, 2022,  
at [netbenefits.com](https://netbenefits.com).**

## Questions?

Call Fidelity at **866-956-3433** Monday through Friday from 8:30 a.m. to midnight Eastern time (excluding most holidays). Para español, llame al **800-587-5282**.

### STEP 1:

#### Your Deferrals

Enter the percentage you want to defer. You can defer from 1% – 50% of your 2023 base pay (paid during calendar year) and/or from 1% – 100% of any bonus you may earn during fiscal year 2023.

### STEP 2:

#### Your Distribution Elections

Make a separate distribution election for each source of your deferrals. Select the type of compensation you are deferring, and select a payment option (i.e., lump sum or annual installments).

### STEP 3:

#### Your Allocations

If desired, select your investment options and the percentage you wish to assign to each. Review the information for each investment option before you make your choices and confirm that you have read the prospectuses for investment crediting options you select. Please note that any investment changes you make during the annual enrollment period will be effective immediately.

### STEP 4:

#### Review & Submit

Review your elections carefully to confirm your choices. If the information is correct, click "Submit" to advance to the Confirmation screen. Your enrollment is not final until you click "Submit."

### STEP 5:

#### Confirm Your Elections

View your confirmation notice. Your enrollment is complete and your elections have been saved. Print your confirmation notice and retain it for your records. If something is not correct, you can make a change as long as the enrollment window is still open.



### Investing involves risk, including risk of loss.

This document provides only a summary of the main features of the Albertsons Companies Executive Deferred Compensation Plan, and the plan document will govern in the event of any discrepancies.

This plan is an unfunded, nonqualified plan, and no funded account has been established for you. Any account is only a recordkeeping account that records your deferred compensation and any notional earnings applicable to your deferred compensation. In the event of a bankruptcy or insolvency, you would be an unsecured, general creditor of the employer or service recipient. For more information on the plan, please refer to the plan documents.

If there is a discrepancy between any information on this site and the plan document, the plan document will govern.

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