



ALBERTSON'S, INC. COMPANY PROFILE

2001

**CONTENTS**

TABLE OF CONTENTS

1	Company Overview
2	Company Values
4	Albertson's Food & Drug Stores (map)
6	The New Albertson's
7	Company Timeline
8	Career Opportunities
10	Community Involvement
12	Environmental Affairs
14	Retail Operations
16	Retail Locations
17	Retail Formats
18	Store Development
19	Distribution Operations
20	Information Technology
22	Five-Year Trends
27	Five-Year Quarterly Statistics
28	Five-Year Annual Statistics
30	Footnotes
32	Forward-Looking Information
<i>Inside Back Cover</i>	Albertson's Family of Stores

Information in this document is as of the Company's fiscal year-end, January 31, 2002, unless noted otherwise.

**COMPANY OVERVIEW**

*The Company*

Albertson's, Inc., is one of the largest retail food and drug chains in the world. Reflecting market exits subsequent to year end, the Company operates more than 2,300 stores in 31 states across the country. Retail operations are supported by 19 (17 without Tulsa and Houston) Company distribution centers. Albertson's is headquartered in Boise, Idaho, and employs over 200,000 people. See Subsequent Events section below.

*Business Profile*

On June 23, 1999, Albertson's, Inc., and American Stores Company consummated a merger with the issuance of 177 million shares of Albertson's common stock. The merger constituted a tax-free reorganization and has been accounted for as a pooling of interests for accounting and financial reporting purposes. The pooling of interests method of accounting is intended to present, as a single interest, two or more common stockholders' interests that were previously independent. Accordingly, Albertson's Company Profile presents historical financial information as though the companies had always been combined.

*Subsequent Events*

Subsequent to year-end, Albertson's announced market exits from Houston and San Antonio, Texas; Memphis and Nashville, Tennessee; and the Springfield/Joplin, Missouri market. In addition, the Company closed its food stores in Kansas and Mississippi, and drug stores in Des Moines, Iowa. In connection with the market exits, Albertson's announced the sale of its Tulsa, Oklahoma distribution center and closure of its Houston, Texas distribution center. Information that has been adjusted for market exits has been footnoted.

*Investor Relations*

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*Stockholder Information*

- › Stock symbol: ABS
- › Listed on the New York and Pacific stock exchanges
- › Options traded on the American and Philadelphia stock exchanges
- › Shares of common stock outstanding on January 31, 2002: 406,553,000
- › Fiscal year-end: Thursday closest to January 31
- › Annual Meeting of Stockholders:  
9:00 a.m. Pacific Daylight Time, Thursday, June 6, 2002 ~ Reno, Nevada
- › Fiscal 2002 (52-week year) quarter end dates:  
May 2, 2002    August 1, 2002    October 31, 2002    January 30, 2003



THE COMPANY

BUSINESS PROFILE

SUBSEQUENT EVENTS

INVESTOR RELATIONS

PUBLIC AFFAIRS

STOCKHOLDER INFORMATION

COMPANY VALUES

VISION

*Vision*

Albertson's is a unified team of energized associates obsessed with creating the world's number one food and drug retailer in the areas of market value, scale, profitability, customer service and associate satisfaction.

MISSION

*Mission*

Guided by relentless focus on our five imperatives, we will constantly strive to implement the critical initiatives required to achieve our vision.

In doing this, we will deliver operational excellence in every corner of the Company and meet or exceed our commitments to the many constituencies we serve.

All of our long-term strategies and short-term actions will be molded by a set of core values that are shared by each and every associate.

FIVE STRATEGIC IMPERATIVES

*Five Strategic Imperatives*

- 1 Aggressive Cost & Process Control
- 2 Maximize Return on Invested Capital
- 3 Customer-Focused Approach to Growth
- 4 Company-Wide Focus on Technology
- 5 Energized Associates

COMPANY VALUES

CORE VALUES

*Core Values*

With an unyielding commitment to integrity, quality and compliance we will...

- 1 Drive & passionately implement the spirit of **customer first, second to none...** every day... in all we do.
- 2 Embrace a strong **commitment to community citizenship... sharing with those in need** our time & our resources.
- 3 See **change as an opportunity** for growth & renewal...not as a threat.
- 4 Demonstrate **bias for action & speed** to establish & sustain competitive advantage.
- 5 Foster a mindset of **continuous improvement** in every process, person & product...creating a culture that **values the ideas of every associate...** relentlessly searches out & transfers **best practices...** believing that there is an infinite capacity to improve everything we do.
- 6 Create an **uplifting atmosphere for associates...** by practicing **positive leadership** each day... understanding that an organization's attitude always determines its altitude.
- 7 Build a strong **commitment to diversity...** constantly striving to build an associate population at every level that mirrors our customer base, while also developing formats & products that meet the diverse needs of our society.
- 8 Establish an uplifting environment of **recognition & reward...** both in the wallet & the heart.
- 9 Show a clear **intolerance for bureaucracy...** insisting on **excellence in execution... & accountability** for delivering results.
- 10 **Partner with & reward vendors** who assist us in creating compelling offers for customers & maximizing returns for shareowners.

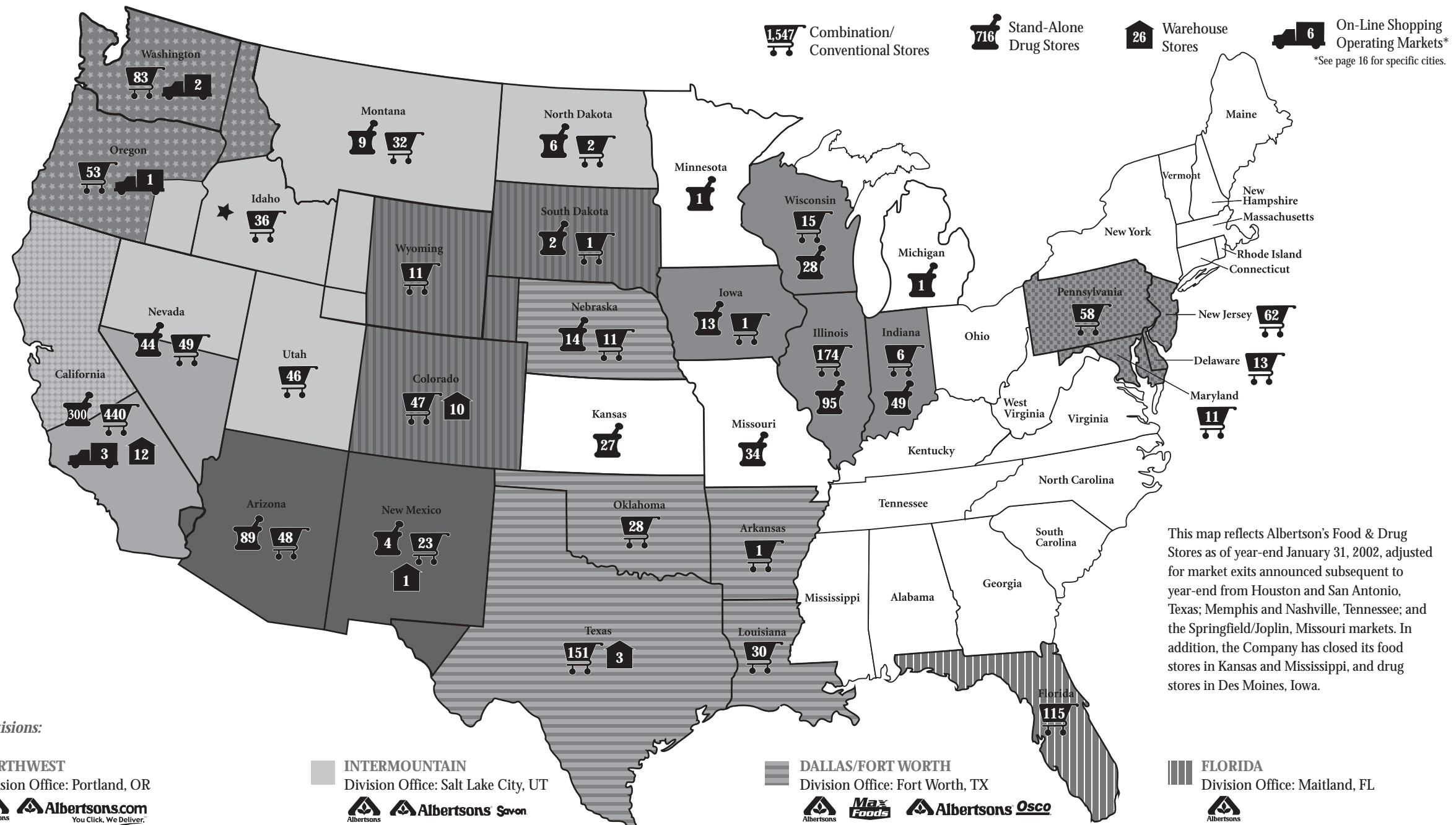
**ALBERTSON'S FOOD & DRUG STORES**

(As of 1/31/02, adjusted for market exits.)

ALBERTSON'S  
FOOD & DRUG  
STORES MAP

**ALBERTSON'S FOOD & DRUG STORES**

ALBERTSON'S  
FOOD & DRUG  
STORES MAP



This map reflects Albertson's Food & Drug Stores as of year-end January 31, 2002, adjusted for market exits announced subsequent to year-end from Houston and San Antonio, Texas; Memphis and Nashville, Tennessee; and the Springfield/Joplin, Missouri markets. In addition, the Company has closed its food stores in Kansas and Mississippi, and drug stores in Des Moines, Iowa.

*Divisions:*

**NORTHWEST**  
Division Office: Portland, OR  
Albertsons  
Albertsons.com  
You Click. We Deliver.

**NORTHERN CALIFORNIA**  
Division Office: San Leandro, CA  
Albertsons  
Albertsons.com  
You Click. We Deliver.  
SUPER SAVER FOOD

**SOUTHERN CALIFORNIA**  
Division Office: Fullerton, CA  
Albertsons  
Albertsons Savon  
Albertsons.com  
You Click. We Deliver.  
SUPER SAVER FOOD  
Max Foods

**INTERMOUNTAIN**  
Division Office: Salt Lake City, UT  
Albertsons  
Albertsons Savon

**ROCKY MOUNTAIN**  
Division Office: Aurora, CO  
Albertsons  
Max Foods

**SOUTHWEST**  
Division Office: Tolleson, AZ  
Albertsons  
Albertsons Osco

**DALLAS/FORT WORTH**  
Division Office: Fort Worth, TX  
Albertsons  
Max Foods  
Albertsons Osco

**MIDWEST**  
Division Office: Melrose Park, IL  
Jewel  
Jewel-Osco  
OscoDrug

**EASTERN**  
Division Office: Malvern, PA  
ACME

**FLORIDA**  
Division Office: Maitland, FL  
Albertsons

**DRUG**  
Division Office: Scottsdale, AZ  
OscoDrug  
Savon drugs.

**HEADQUARTERS**  
Boise, ID

*The New Albertson's*

The New Albertson's, one of the world's preeminent grocery and drug store companies, has been restructured to create a new class of highly efficient retailers that is well-positioned to capitalize on the opportunities that abound in a dramatically changed marketplace.

The quality products and superior customer service that are so much a part of Albertson's long and illustrious history continue to be the watchwords of today. However, a series of initiatives, guided by a finely tuned list of five strategic imperatives, has energized associates and focused the entire Company on maximizing shareholder value.

The recent restructuring marks the latest major step in the Company's rise to prominence in the global business community, and validates the 1999 decision to merge two of the nation's leading supermarket and drug store retailers: Albertson's and American Stores Company.

Albertson's founder, J.A. "Joe" Albertson, and American Stores Company founder, Samuel M. Skaggs, were pioneers in the industry. In 1939, Joe Albertson left his position as district manager for Safeway and opened his first food store, Albertson's Food Center, in Boise, Idaho. The store differed from others of its time in that it enclosed 10,000 square feet—eight times the competitors' average—and had plenty of free parking, a butcher shop, a bakery and an ice cream shop. With these innovations, Joe Albertson was a key developer of the "supermarket" concept in food retailing. Albertson's refined the concept further in 1951 by opening its first combination food and drug store, a 60,000-square-foot superstore.

In 1915, Samuel M. Skaggs opened his first Skaggs Cash Store. In 1939, the Skaggs family purchased four drug stores in Utah, Idaho and Montana, and in 1965, they incorporated under the name Skaggs Drug Centers, Inc. The company grew initially through the acquisition of drug stores in the West and South.

In 1969, Albertson's and Salt Lake City-based drug store chain Skaggs formed a partnership and jointly operated large Skaggs-Albertson's food and drug combination stores in Arkansas, Louisiana, Oklahoma, Texas and Florida. Albertson's and Skaggs dissolved their partnership in 1977, each taking half of the stores. Twenty-two years later, the two companies again joined forces to become one of the largest food and drug chains in the industry.

In 1979, Skaggs Drug Centers, Inc., acquired American Stores Company and adopted the American Stores Company name. This pairing combined the grocery expertise of American Stores Company's Alpha Beta and Acme subsidiaries with the drug, general merchandise and combination store expertise of the Skaggs entities.

American Stores acquired Jewel Companies in 1984, adding Jewel Food Stores, Jewel-Osco combination stores and the Osco and Sav-on drug stores to the company's family of retail operations.

In 1988, American Stores acquired Lucky Stores, Inc., California's leading grocery retailer and the only chain to have significant operations in both northern and southern California.

Over the years, Albertson's continued to grow through both internal growth and acquisitions. In 1992, the Company purchased 74 Jewel-Osco combination food and drug stores in Arkansas, Florida, Oklahoma and Texas from American Stores. In 1998, Albertson's acquired Seessel's, Smitty's, Buttrey's and some Bruno's stores. As the Company made plans to open its 1,000th store, it also announced plans to merge with American Stores Company and that merger between Albertson's and American Stores was completed in June 1999.

Today, change is the only constant in any successful business venture. The evolution of Albertson's has been characterized by a series of strategic changes that keeps the Company in tune with the demands of consumers, the well being of its immense family of associates, the need for responsible corporate citizenship, and the expectations of its shareholders.

*Timeline*

- 1891 Acme founders Samuel Robinson and Robert Crawford open first Acme Market.
- 1899 Frank Ross and Frank Skiff begin Jewel as a company of door-to-door salesmen selling tea and coffee from the back of horse-drawn wagons.
- 1915 Samuel M. Skaggs opens the first Skaggs Cash Store.
- 1917 Acme merges with four Philadelphia grocery stores to form American Stores Company.
- 1931 Charles Crouch, Lucky Stores founder, and four investors purchase six stores on the San Francisco peninsula — Peninsula Stores, Ltd.
- 1932 Jewel purchases a chain of 77 stores, creating Jewel Food Stores.
- 1934 L.J. Skaggs opens the first self-service drug store in Tacoma, Washington, under the Pay Less Drug name.
- 1935 Peninsula Stores, Ltd., changes name to Lucky Stores.
- 1937 L.L. Skaggs and Harold Finch found Payless Drug—eventually Osco Drug—in Rochester, Minnesota.
- 1939 Joe Albertson enters into a partnership with L.S. Skaggs and Tom Cuthbert, Mr. Skaggs' accountant, and opens his first store, in Boise, Idaho. Skaggs family purchases four drug stores in Utah, Idaho and Montana.
- 1942 Owners Service Company forms from the dissolved Payless Drug operation, and new Osco Drug stores open.
- 1945 C.J. Call and Ira Brown open first Sav-on Drugs store in San Bernardino, California.
- 1948 Pay Less Drug changes name to Skaggs Drug Stores.
- 1951 Albertson's opens first combination food and drug store, a 60,000-square-foot superstore.
- 1956 Lucky acquires 48 stores in Southern California, doubling the size of the chain.
- 1957 Albertson's begins incorporating drug stores in new Albertson's Food Centers with the purchase of Sugarhouse Drug in Salt Lake City. Jewel and Eisner Food of Champaign, Illinois, merge.
- 1961 Jewel forms a partnership with Osco Drug for combination food and drug stores.
- 1962 Jewel acquires Turn\*Style department stores.
- 1965 Skaggs Drug Stores incorporates under the name Skaggs Drug Centers, Inc.
- 1966 Jewel acquires Buttrey Food and Drug Stores in Montana.
- 1968 Lucky Stores acquires Illinois-based Eagle Stores, establishing a national presence.
- 1969 Albertson's listed on the New York Stock Exchange as ABS. Albertson's/Skaggs partner to create Skaggs-Albertson's combination food and drug stores.
- 1977 Albertson's/Skaggs partnership dissolves amicably. Jointly held assets are evenly divided.
- 1978 Albertson's builds Boise General Office.
- 1979 Skaggs Drug Centers, Inc., acquires American Stores Company and adopts the American Stores Company name — company headquarters moves to Salt Lake City, Utah.
- 1980 Jewel Companies, Inc. acquires Sav-on Drugs.
- 1984 American Stores Company acquires Jewel Companies, Inc.
- 1988 American Stores Company acquires Lucky Stores, Inc.
- 1992 Albertson's purchases 74 Jewel-Osco combination food and drug stores from American Stores Company.
- 1998 Albertson's acquires Seessel's, Smitty's, Buttrey's, and certain Bruno's stores.
- 1999 Albertson's and American Stores Company merge. Lucky Stores change name to Albertson's.
- 2001 Larry Johnston joins Albertson's as Chairman and Chief Executive Officer. Restructuring begins.

ENERGIZED ASSOCIATES

BECOMING AN EMPLOYER OF CHOICE

ATTRACTING & RETAINING DIVERSE ASSOCIATES

*Energized Associates*

Albertson's transformation is centered on our most-important asset, our people. Our fifth strategic imperative — Energized Associates — is driving our diversity, recruiting, retention, and reward programs across our business.

*Becoming an Employer of Choice*

Albertson's is committed to becoming an Employer of Choice. We're not building associate programs—we're transforming our culture. By looking at best practices, we're reconnecting our business needs with the needs of our associates and building a strong commitment to knowledge, communication and diversity.

We're developing succession planning, education processes and career plans to ensure that we have diverse, qualified associates ready for leadership positions. We're redefining our compensation, where initiative is encouraged and extraordinary effort is rewarded. We're closely aligning our business needs with education efforts. We're changing the way that we develop our leaders. We're talking with our associates in town hall sessions across the country and looking at ways to provide a constant stream of multi-channel communication as we grow our technology infrastructure. Our leaders will be measured not only on their ability to achieve, but also the embodiment of our Core Values. We're transforming our culture, becoming a Best in Class Employer of Choice.

*Attracting & Retaining Diverse Associates*

**DIVERSITY LEADERSHIP COUNCIL** Albertson's formed the Diversity Leadership Council (DLC) to coordinate and manage diversity outreach initiatives. Comprised of Company leaders from across all areas of our business, the DLC is driving change across Albertson's by helping our Company accomplish four objectives:

- 1 Our workforce must continuously build diversity.
- 2 Our diversity culture is a complex and ever-changing blend of attributes, perspectives, and talents.
- 3 Our policies, systems, and practices must contain diverse components.
- 4 Increasing our customer satisfaction and growth depends on our connection with the external marketplace.

**EMPLOYING A DIVERSE WORKFORCE** The Company participates in minority job fairs and college campus recruiting across the country to seek out the best candidates. All divisions work with schools, government agencies and other organizations to hire and train diverse associates. Out of our workforce of over 220,000 associates, approximately 54% of our associates are female and 32% are minority, as classified by the Equal Employment Opportunity Commission, at year-end.

**ATTRACTING DIVERSE CANDIDATES** The goal of our Accelerated Management Development Program is to attract new or recent college graduates into the retail food and drug industry. The program seeks potential leaders, with an emphasis on female and minority students. This fast-paced, 16-month training program is designed to prepare trainees to become part of Albertson's retail management team.

**TAILORING STORES TO DIVERSE CUSTOMERS** Specific proactive diversity projects are identified to ensure that customer needs and preferences are met. For example, community relations activities are planned for selected new store sites. Customer surveys are conducted, particularly in urban markets, to develop marketing data and identify store product and service preferences. Female and minority entrepreneurs and companies are utilized in Albertson's construction and procurement activities.

ATTRACTING & RETAINING DIVERSE ASSOCIATES CONTINUED

MOTIVATING & INSPIRING ASSOCIATES

ENSURING ADVANCEMENT OPPORTUNITIES

**COURTESY, DIGNITY & RESPECT TRAINING** This important program gives our managers and management trainees the tools to encourage and promote courtesy, dignity and respect in the workplace. Through videos and interactive training, they learn different solutions to workplace concerns to maintain a positive and harassment free environment.

**COMPUTER GUIDED TRAINING** The Company's Computer Guided Training (CGT) program is currently available to associates in eight operating divisions and is currently being piloted in our Company's Midwest Division. It will be implemented Company-wide by the end of 2003. CGT programs enable new associates to use their skills to increase sales and improve customer service, while feeling confident in their job.

**KEEPING ASSOCIATES WELL INFORMED** Our Leadership Team believes that better communication will lead to improved trust — and when combined, communication and trust will foster spirited and unbeatable teamwork... focused on winning. Our Company uses many vehicles to communicate to our associates including monthly corporate publications, division communication meetings, division publications, division videos and broadcasts, E-News, and an associate annual report.

*Motivating & Inspiring Associates*

**MANAGING FOR INSPIRED PERFORMANCE** The "Managing for Inspired Performance" three-day workshop is an important developmental experience for managers and officers throughout the Company.

**SERVICE FIRST** Associates recognized in the Service First program share a common commitment—giving people more than they expect. Each quarter, store directors, division offices, distribution centers and support offices select a Service First recipient based on consistently outstanding customer service performance and eagerness to help fellow team members.

**PROVIDING COMPETITIVE COMPENSATION AND BENEFITS** On an ongoing basis through collective bargaining and marketplace evaluations, Albertson's reviews wages for each position within the Company and offers competitive wages and benefits to all associates.

**ASRE** Albertson's Savings and Retirement Estates (ASRE) offers Albertson's associates who are generally covered by Company-sponsored plans one of the premier retirement benefit packages in the country. The Company makes a profit-sharing contribution for each eligible associate. Additionally, eligible participating associates can make a 401(k) contribution to the plan and receive a contribution match from the Company based on the amount of eligible compensation contributed by the associate.

*Ensuring Advancement Opportunities*

**JOB POSTING PROGRAM** Our Company-wide Job Posting Program standardizes the way we notify associates of available positions in our stores and distribution centers. It gives associates an equal opportunity to apply for available positions to advance their career and work experience.

**CAREER INTEREST SURVEY** Store associates may voluntarily complete a Career Interest Survey. These surveys enable Albertson's to identify associates interested in advancing their career or expanding their work experience in other departments. When career goals are discussed with associates, information such as training programs and requirements for management positions are provided.

**CAREER ADVANCEMENT PROGRAM** For qualified associates who express an interest in supervisory and managerial positions within our stores, our Career Advancement Program (CAP) is the first step they will take. The CAP series teaches necessary operational and supervisory skills to run a department, including in-depth food safety and sanitation training.

**INTERNAL ADVANCEMENT OPPORTUNITIES** Promotions from within the Company give associates the opportunity to advance their careers. Cross-functional and cross-divisional experiences are encouraged to ensure the management team has a broad base of skills and abilities.

*Community Involvement*

Albertson's continues to be a good neighbor by contributing to the quality of life in the many diverse communities we serve. With our focus on hunger relief, health and nutrition, and education and the development of our youth, Albertson's provided more than \$67 million in cash and in-kind support to assist in meeting community needs.

*Hunger Relief*

**FOOD DONATIONS** In 2001, Albertson's donated more than 20 million pounds of food and non-food items to America's Second Harvest food banks and other local hunger-relief programs throughout our operating areas. In addition, Albertson's donated day-old bakery products to local food banks and soup kitchens, participated in local food drives and partnered with vendors to distribute food to needy families.

**SHARING IT DAY** In November, Jewel-Osco participated in Chicago's Sharing It Day at the Merchandise Mart: the largest one-day corporate food drive benefiting the Greater Chicago Depository. This year, Jewel-Osco donated two truckloads of food and transported the food donations to the Food Depository.

**HOLIDAY MEALS** Acme and Kraft joined forces to help feed the hungry during the 2001 holiday season. The partnership raised more than \$100,000, providing over 2,000 meals to families in southeast Pennsylvania, Delaware, New Jersey and Maryland.

**FOOD FOR ALL** Albertson's continued its support of hunger relief through the FOOD FOR ALL program. Customers and associates across the country pitched in and raised over \$645,000, helping to feed the less fortunate throughout the year.

*Health & Nutrition*

Albertson's is dedicated to helping ensure the availability of quality health care and human service support in our communities, as well as supplying valuable information and services to help customers and associates maintain active, healthy lifestyles. From in-store pharmacy flu immunizations to health screening for diabetes, cholesterol and osteoporosis, and risk assessments for heart disease and stroke, Albertson's pharmacy associates provide valuable health and nutrition information and health screenings at little or no cost.

**DIETITIAN PROGRAM** The Albertson's Dietitian Program, managed by highly respected professional registered dietitians, educates thousands of customers through our Healthy Eating program. The dietitians educate our customers through in-store tours and appearances, Internet chat groups, brochures and on-camera appearances.

**MUSCULAR DYSTROPHY ASSOCIATION** Since 1982, Albertson's has been involved with MDA by supporting many special events and programs throughout the year that are meaningful to our customers and associates including Muscle Team events, Shamrock Sales, and Albertson's sponsored golf tournaments. The money raised by Albertson's customers helps MDA provide families right in your community with MDA clinics and support groups, wheelchairs and braces, and MDA youth summer camps. During the month of March our associates and customers raised over \$2.5 million while creating a St. Patrick's holiday atmosphere by selling MDA Shamrock mobiles to raise money for MDA families.

*Education & The Development of Our Youth*

Albertson's is committed to providing support to our young people through a variety of programs dedicated to educational excellence and nurturing opportunities. During 2001, Albertson's developed many partnerships in the communities in which it does business. Some of the highlights during the year included:

- › Partnering with Campbell's to give one million Labels for Education to Emerald Park Elementary in Kent, Washington.
- › Working with Unilever to send more than 5,100 kids to visit National Parks through the America's Best Classroom program.
- › Giving nearly \$200,000 to Big Brothers Big Sisters chapters from the Albertson's Pillsbury Kid's Bake-Off events.
- › Partnering with Albertson's vendors to support a variety of programs with local Boys and Girls Clubs.

**COMMUNITY PARTNERS CARD** In 2001, Albertson's Community Partners Card program – a simple and innovative fund-raising program for community organizations – helped nearly 23,000 organizations by donating more than \$14 million back to our communities across America.

The Community Partners Card program is a partnership between Albertson's and schools (pre-12), churches and non-profit organizations directly benefiting youth. Albertson's donates a percentage of purchases made by the supporters of participating organizations. At the end of each fiscal quarter, we total their supporters' purchases and donate a percentage of the dollar amount of their purchases to the participating organization.

Donated More Than \$14 Million Back To Our Communities



**COLLEGE SCHOLARSHIPS** Albertson's helps young people across the country achieve their dream of a college degree through a number of scholarship programs. For example, Albertson's program at the University of Colorado School of Pharmacy has helped over 140 students graduate with degrees in pharmacy since 1992. The Summer Enrichment and Scholarship Program assists students who are economically or educationally disadvantaged and has resulted in a 94% graduation rate.

*Other Charitable Contributions*

**SEPTEMBER 11TH** In response to the American Red Cross call for disaster assistance in the wake of the 9-11 tragedy, our customers and associates rallied together and raised more than \$7 million for those in need. Whether it is a flood in Texas, wildfires in Oregon or an earthquake in Washington, Albertson's stands ready to offer assistance.

**UNITED WAY** Albertson's, in conjunction with our associates, donated nearly \$3 million to United Way and the social service programs it supports.

*Awards*

Albertson's continues to receive accolades for its resource conservation and sustainability efforts. A few of the awards bestowed upon the Company last year include:

- › Salt Lake Organizing Committee Winter Olympics 2002 Spirit of the Land for Outstanding Achievement in Environmental Education.
- › The Pennsylvania Governor's Environmental Excellence Award.
- › The Businesses for the Bay 2001 Excellence Award for reducing negative impacts upon the Chesapeake Bay watershed.
- › All California Albertson's stores (over 700 stores) once again received the Waste Reduction Award from the California Integrated Waste Management Board.
- › The King County, Washington, Green Globe Award.

*Energy Management*

In 2001, Albertson's further expanded its energy conservation efforts implemented in 2000. As a result:

- › In 281 California stores, display case and sales floor lighting controls were installed which curtail power usage during "California Energy Emergencies." Stores with existing controls were reprogrammed to curtail power.
- › Solid state lighting controls were installed in stores to cycle-off 50% of the sales floor lights during stocking or low-use hours.
- › Anti-sweat heaters were installed in over 700 stores reducing the energy required to restrict condensation on reach-in doors.
- › Lighting retrofits were performed in 178 stores and five distribution centers replacing inefficient magnetic fluorescent light ballasts and T-12 bulbs with higher efficiency electronic ballasts and T-8 bulbs.
- › Additional efforts included improvements to store HVAC systems and in-store initiatives encouraging store associates to turn off electrical equipment when not in use, maintain proper store and product temperatures, and turn off lights when not needed.
- › These efforts reduced electrical energy consumption by almost 437 million kilowatt-hours (enough energy to power over 283,000 homes) and saved the Company \$31 million.

*Waste Management & Diversion Opportunities*

The Company's rollout of the compactor pressure gauge was completed in 2001. First implemented in Idaho, this cost-saving device makes it easier for store personnel to determine when a compactor should be hauled. Quarterly comparisons of pre- and post-gauge usage indicate dramatic reductions in the frequency of compactor hauls and, consequently, operating costs.

Additionally, stores from New Jersey to California continue to divert hundreds of tons of organic wastes from landfills to composting operations. Once again, conservation of resources means conservation of profit.

*Waste Reduction*

Our distribution centers use returnable plastic totes to deliver both pharmaceuticals and health and beauty care items to our stand-alone drug stores. To facilitate best use of shelf space and product rotation, smaller quantities are sent in the returnable plastic totes. The totes can be used repeatedly, need washing infrequently and never travel further than 500 miles from the distribution center. The drug stores return the nested totes to the distribution centers on the next delivery truck making this closed-loop system very efficient.

*Trees for Schools*

Trees are important to our communities. In celebration of new store openings, we joined forces with the National Arbor Day Foundation to donate tree seedlings to neighborhood schools. We donated 4,370 trees during 2001 and over 20,000 seedling trees to schools over the past four years.

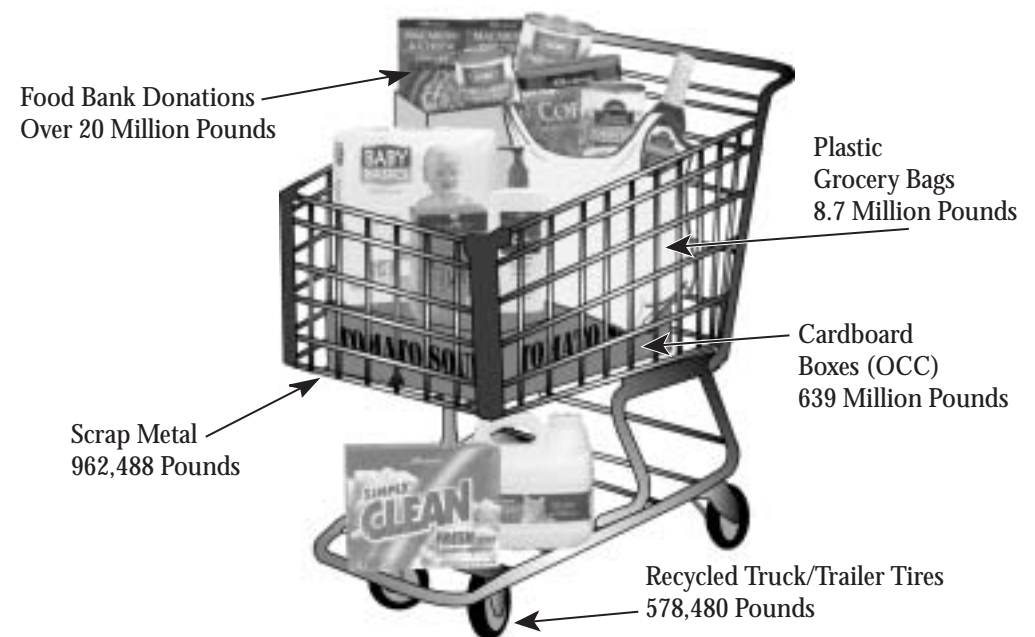
*Packaging Update*

Albertson's continues to support innovations that reduce costs, improve recycling and increase efficiencies. The Common Footprint produce container, developed with Albertson's assistance, now carries 50% of the produce shipped to Albertson's stores. This container enhances produce protection and shipping efficiencies while reducing waste generation because it's recyclable. Our current efforts are toward improving poultry and seafood packaging, making it easier to recycle containers shipped to our stores.

*Recycling*

Our stores continue to recycle corrugated cardboard, plastics, wooden pallets, bakery buckets, cooking oil, meat and bone scraps, single-use cameras and printer cartridges.

Our distribution centers continue to recycle corrugated cardboard, plastic pallet wrap, metal, wooden pallets, used equipment, used oil, antifreeze and tires.





*Retail Operations*

Albertson's food and drug retail operations are located in major metropolitan markets, as well as in secondary markets with substantial growth opportunity. We continue to seek a first, second, or third market share position with our network of combination food and drug stores, stand-alone drug stores, and fuel centers.

**SERVICE FIRST, SECOND TO NONE** In March 2001, Albertson's introduced its "Service First, Second to None" initiative to measure customer satisfaction across the Company in its stores, as well as those of our competitors. This comprehensive audit program has allowed the Company to benchmark customer satisfaction data and use the results to focus its team on the Company's strengths and on areas of opportunity.

Our Service First initiative shows that our customer satisfaction levels rose from 80% in May to 85% at the end of the year. This was a major change and was achieved through programs that have energized our associates and sensitized them to the importance of customer service.

**PRIVATE LABEL** Albertson's is leading one of the most powerful private label programs in the supermarket industry. The Company offers more than 5,000 products across 220 categories, including everything from peanut butter to diabetic monitors. We recognize there is an incredible opportunity to increase our private label penetration through more aggressive market support and the development of a premium private label.

*Focus on Fresh*

One of our core competencies and a significant point of differentiation between our stores and supercenter or club competitors is our superior variety and quality of fresh product. In 2001, the Company introduced "Focus on Fresh," an initiative dedicated to focusing our associates on maintaining the highest quality and freshest products throughout the store.

"Focus on Fresh" dedicates our stores to superior fresh presentation in the Service Deli, Bakery, Floral, Produce, Dairy, Meat, and Meat/Seafood departments, and commits our Company to a culture that achieves superior fresh distinction in the minds of our customers.

*Dual-Branded Combos*

In September and October 2001, Albertson's introduced its enhanced combination store format in the Tucson, Arizona and Reno, Nevada markets. The format combines the Company's expertise as an operator of both stand-alone drug stores and traditional food stores and focuses on customer shopping convenience.

The dual-branded combo format demonstrates Albertson's commitment to gaining market share across the country. Unlike any other industry operator, Albertson's has solid, well-established reputations for both food stores and drug stores. This combination enhances the shopping experience by effectively combining two stores under one roof. In addition, the format doubles the general merchandise product selection while maintaining the store's food product variety. Dual-branded combos feature one-hour photo finishing, a greater variety of seasonal products, and an expanded cosmetics and beauty care department featuring cosmeticians.

*Loyalty Marketing*

**PREFERRED SAVINGS CARD** In November 2001, Albertson's announced the expansion of its loyalty-marketing program—the Preferred Savings Card—to the Dallas/Fort Worth and North Texas markets. The card was developed as a proprietary marketing tool for the Dallas/Fort Worth Division, yet it also incorporates the best practices of successful loyalty card programs from the Company's Jewel and Acme divisions. Loyalty Marketing allows us to:

- › Develop one-to-one relationships with our customers while maintaining privacy;
- › Monitor shopping patterns and offer in-store discounts or incentives based on specific shopping behavior;
- › Tailor merchandising and display activity based on customer shopping patterns;
- › Grow identical store sales;
- › Improve our price image with consumers;
- › Prevent market share erosion;
- › Protect primary shopper loyalty and grow our share of secondary shopper spending.

**CATALINA MARKETING NETWORK** In 2001, the Company expanded its Catalina Marketing Network from four metro markets to an additional 800 - plus stores, creating a nationwide system and another loyalty marketing tool. This tool allows the Company to offer our customers:

- › Coupons delivered at the checkstands based on the customers' actual purchase behavior;
- › Incentives for products purchased, such as a competitive brand;
- › Household targeting where participating brands can identify loyal, occasional, never-buy, new or competitive users and influence buying behavior;
- › Support proprietary marketing themes, corporate brand initiatives and specific department promotions.

**RETAIL LOCATIONS**

(As of 1/31/02)

RETAIL  
LOCATIONS  
BY DIVISION

*Retail Locations By Division*

DIVISION	TOTAL STORES 1/31/02 <sup>1</sup>	COMBINATION FOOD & DRUG STORES	CONVENTIONAL SUPERMARKETS	STAND-ALONE DRUG STORES	WAREHOUSE STORES	ADDITIONAL INFORMATION	
						FUEL CENTERS	PROPOSED STORE CLOSURES RELATED TO MARKET EXITS <sup>2</sup>
<b>DRUG STORE</b>	<b>634</b>			<b>634</b>			<b>15</b>
SOUTHERN CALIFORNIA	306	229	66		11	12	
MIDWEST	279	181	15	83		10	
NORTHERN CALIFORNIA	183	108	74		1		
EASTERN	144	81	63			1	
NORTHWEST	138	117	21			21	
DALLAS/FORT WORTH	134	131			3	30	4
INTERMOUNTAIN	127	101	26			20	
FLORIDA	115	115				11	
SOUTHWEST	90	75	1	14		16	
HOUSTON	76	76				37	45 <sup>3</sup>
ROCKY MOUNTAIN	69	56	2		11	9	
GREAT PLAINS	52	52				17	14 <sup>3</sup>
SAN ANTONIO	45	45				10	25 <sup>3</sup>
MID SOUTH	29	28	1			9	29
<b>TOTAL—ALL DIVISIONS</b>	<b>2,421</b>	<b>1,395</b>	<b>269</b>	<b>731</b>	<b>26</b>	<b>203</b>	<b>132</b>

<sup>1</sup> Does not include Fuel Centers

<sup>2</sup> See Subsequent Events section on page 1.

<sup>3</sup> Remaining stores will be reassigned to remaining divisions.

*On-Line Shopping*

**ALBERTSONS.COM** Albertsons.com is a Web-based grocery shopping service offering shoppers a secure site to order from an on-line selection of over 20,000 food, drug and non-perishable items 24-hours-a-day, seven days a week. Albertson's has launched on-line shopping in the following operating markets:

- › Los Angeles/Orange County, California
- › San Francisco/Bay Area, California
- › Portland, Oregon
- › Seattle, Washington
- › San Diego/Riverside, California
- › Vancouver, Washington

**SAVON.COM** Savon.com, Albertson's on-line drug store, serves the Company's customers nationwide. The site offers a full range of sundry items, new and refill prescriptions and consumer health information. The web site allows customers across the country the freedom to have new or refilled prescriptions ready for pick-up at any local Albertson's food or drug store, or have their prescriptions mailed to their doorstep.

**SAVONHEALTH.COM** SavonHealth.com offers complete, reliable health information services. Created by health care professionals, customers will find tools and resources related to a wealth of specialized health topics.

ON-LINE  
SHOPPING

**RETAIL FORMATS**

(As of 1/31/02)

*Combination Food & Drug Stores*

Combination stores are supermarket/drug stores combined under one roof. Most offer prescription drugs, an expanded section of cosmetics and other non-food items, and specialty departments such as service seafood and meat, bakery, lobby/video, service delicatessen, liquor and floral. Many also offer meal centers, party supply centers, coffee bars, in-store banks, dry cleaning, photo processing and destination categories for beverages, snacks, pet care products, paper products and baby care merchandise.

**SIZE 54,500 average square feet**  
**1,395 stores in 31 states**

*Conventional Supermarkets*

Conventional supermarkets offer a full selection in the basic departments of grocery, meat, produce and dairy as well as limited non-food lines. Many conventional stores have an in-store bakery and a service delicatessen.

**SIZE 27,000 average square feet**  
**269 stores in 15 states**

*Warehouse Stores*

Warehouse stores are no-frills stores offering significant savings with special emphasis on discounted meat and produce. Warehouse stores offer shoppers the opportunity to save by purchasing in quantity.

**SIZE 47,000 average square feet**  
**26 stores in 4 states**

*Stand-Alone Drug Stores*

Stand-alone drug stores are free-standing or in-line drug stores that offer convenient shopping and prescription pickup as well as a wide assortment of general merchandise, health and beauty care products, over-the-counter medications, greeting cards and photo processing services.

**SIZE 18,600 average square feet**  
**731 stores in 16 states**

*Fuel Centers*

Fuel Centers, conveniently located near existing stores, feature three to six fuel pumps and a small building, ranging in size from a pay-only kiosk to a convenience store featuring such items as candy, soft drinks and snack foods.

**SIZE 70 - 3,000 square feet**  
**203 centers in 22 states**

*Specialty Services & Departments*

General Merchandise	2,420	Lobby/Video	978
Pharmacy	1,945	Banking	925
Service Delicatessen	1,648	Coffee Bar	308
Bakery	1,624	Drive-Thru Pharmacy	227
Butcher Block	1,610	Fuel Center	203
Liquor	1,590	24-Hour Pharmacy	116
1-Hour Photo	1,378	Car Wash	7
Floral	1,282		

COMBINATION  
FOOD & DRUG  
STORES

CONVENTIONAL  
SUPERMARKETS

WAREHOUSE  
STORES

STAND-ALONE  
DRUG STORES

FUEL CENTERS

SPECIALTY  
SERVICES &  
DEPARTMENTS

**STORE DEVELOPMENT**

NEIGHBORHOOD  
MARKETING

*Neighborhood Marketing*

Store sites are selected and developed using a neighborhood marketing approach to maximize sales and profits. This process utilizes cross-functional development teams to increase the efficiency and continuity in developing new stores. Each of the 22 new-store development teams is composed of a real estate specialist, an attorney, an architect and a construction manager and includes a mixture of corporate and division team members. Economic research analysts, store planners, engineers and purchasing agents support these teams in an effort to develop stores that are designed specifically to meet the shopping needs of a particular neighborhood.

In our neighborhood marketing focus, community input is fundamental to the design of new buildings and remodeling of existing buildings. Every store's exterior elevation is designed for its neighborhood.

MARKET  
LEADERSHIP

*Market Leadership*

**ANALYTICAL TOOLS** Albertson's has implemented new analytical tools and market leadership strategies to build successful stores in the right markets. These tools allow Albertson's senior executives to focus on return on invested capital and to thoroughly evaluate our capital investments so that the Company only invests in value-enhancing markets.

**INFORMATION SYSTEM** Albertson's has a Store Development Information System that tracks all new store, remodel and fuel center projects. All prospective store sites are visited and approved by a minimum of three members of our senior management team.

In 2001, Albertson's was accredited with the following:

- › Opened 77 combination food & drug stores, 3 warehouse stores and 64 drug stores.
- › Opened 58 fuel centers under the names Albertson's Express, Jewel Express and Acme Express.
- › Added 58 in-store banks.
- › Completed 103 store remodels, including 11 expansions.
- › Added destination categories and departments in many new stores and remodels including: natural foods, beverages, snacks, video, party supplies, floral, pet care, paper products, baby care, beauty care, reading, dry cleaning, coffee/ice cream, university booster supplies, home care (maintenance and cleaning supplies), photo and wine.
- › Closed 45 combination stores, 44 conventional supermarkets, 6 warehouse stores and 140 drug stores as part of Albertson's effort to continually review all stores and eliminate marginal performers.
- › Owned 51% of the retail stores we operate, including owned stores on leased land.
- › Ended the year with 154 fuel centers with convenience stores ranging in size from 1,200 to 3,000 square feet and 49 fuel centers with kiosks averaging approximately 100 square feet.

In 2002, Albertson's plans to open approximately 65 combination food and drug stores, 39 drug stores, 69 fuel centers, and complete 201 remodels.

**DISTRIBUTION OPERATIONS**

(As of 1/31/02)

*Major Distribution Facilities*

	GROCERY	FROZEN FOOD	LIQUOR	PRODUCE	MEAT & DELI	ICE CREAM PLANT	HEALTH & BEAUTY CARE	HIGH VOLUME HEALTH & BEAUTY CARE	GENERAL MERCHANDISE	PHARMACEUTICALS	SQUARE FOOTAGE
LANCASTER, PENNSYLVANIA	•			•	•		•		•		1,412,700
MELROSE PARK, ILLINOIS	•	•		•	•						1,330,000
LA HABRA, CALIFORNIA			•				•		•	•	1,203,100
BREA, CALIFORNIA	•	•			•						1,197,400
FORT WORTH, TEXAS	•	•		•	•						1,131,200
PLANT CITY, FLORIDA	•	•	•	•	•			•			1,010,900
IRVINE, CALIFORNIA	•			•							996,900
ELK GROVE, ILLINOIS							•		•	•	968,000
PORTLAND, OREGON	•	•		•	•						862,500
VACAVILLE, CALIFORNIA	•										854,000
TULSA, OKLAHOMA (1)	•	•		•	•						780,500
PHOENIX, ARIZONA	•	•	•	•	•						765,700
HOUSTON, TEXAS (2)	•	•		•	•						759,400
SALT LAKE CITY, UTAH	•	•		•	•						659,600
SAN LEANDRO, CALIFORNIA		•		•	•						475,200
SACRAMENTO, CALIFORNIA	•	•	•	•	•						440,900
PONCA CITY, OKLAHOMA							•		•	•	420,000
DENVER, COLORADO	•	•		•	•						388,400
BOISE, IDAHO							•		•		302,300

*Other Distribution Facilities*

LAS VEGAS, NEVADA			•								30,000
INDIANAPOLIS, INDIANA			•								22,000
BOISE, IDAHO						•					11,000
<b>TOTAL SQUARE FOOTAGE – ALL DISTRIBUTION FACILITIES</b>											<b>16,021,700</b>

(1) The Company intends to sell this facility (see Subsequent Events section on page 1).

(2) The Company intends to close this facility (see Subsequent Events section on page 1).

MAJOR  
DISTRIBUTION  
FACILITIES

OTHER  
DISTRIBUTION  
FACILITIES

TOTAL SQUARE  
FOOTAGE

*Information Technology*

Information technology is an investment priority. This investment allows the Company to use information technology tools to serve customers better, to increase sales and profits and to manage operating expenses at both the retail and distribution levels. In addition, we continually seek out and use information technology applications that satisfy our customers' needs and make our associates' jobs easier.

Based on the complexities of the organization and the need for rapid technology solutions, we are focusing on the following information technology initiatives:

- › Continue to weave technology into the strategies of the entire Company.
- › Evaluate all investments in technology using the same value-based decision tools used on all other capital investments.
- › Address only the external and internal solutions that will create value in our business.
- › Develop solutions in a timely and affordable fashion—focused on the architecture, business model, processes and human resources.

*Networking*

A private wide-area network of phone lines and satellites, coupled with the Internet and local-area networks at each store, distribution center and administrative office, helps serve our Company's information needs. This infrastructure provides the framework for information distribution across all areas of our organization and links our large-scale computers, in-store processors and personal computers to customers, suppliers and associates. In addition, this network provides the infrastructure for distributing training via the Web or video broadcasts.

*Front-End Systems*

Fast, friendly customer service is critical in our business. We use technological applications in our front-end systems to give customers at our check stands the most positive experience possible, with the proper balance of efficiency and customer service. Our front ends are equipped with PC-based registers, computerized intuitive keyboards for our checkers and color display screens for our customers. We have increased customer convenience and checkout speed by using systems that allow customers to pay with debit cards, credit cards or electronic benefit payments and our customer-friendly national check authorization system. Handheld scanners at check stands and selected departments, such as liquor, lobby and pharmacy, make our associates' jobs more efficient. Our front-end system can print detailed customer receipts showing overall promotional savings and continuity points for loyalty card customers. In selected stores, we are testing self-checkout systems to enhance our customers' shopping experience.

*Front-End Sales Forecasting*

Today's busy lifestyles leave less time for shopping than in the past. To ensure our customers' visits to our stores flow as smoothly as possible, our front-end managers focus on checkout effectiveness. Forecasting systems that are based on store activity help our store managers to customize staffing schedules to fit customer flow and sales patterns in each store. The end result? We can ensure excellent service for our customers at all times.

*Pharmacy Computer Systems*

A state-of-the-art computer system helps our pharmacists assist our customers. This system provides enhanced drug-interaction and allergy screening, insurance billing, patient counseling information and drug information to increase accuracy of all prescriptions. Customers can refill prescriptions over the Internet or over the phone. We also are giving both customers and pharmacists more access to on-line health-related information to help them manage disease and promote good health.

*Knowledge Management*

Knowledge management systems allow us to capture and track everything from store sales to associate time and attendance figures and then share that information from one business function to another. These data warehouse systems work to make our daily business functions more productive and efficient. For example, in-store computers capture daily sales and product-movement information, associate time and attendance figures, price audit information, inventories and store delivery invoice data. The computers then transmit the data to corporate and division offices electronically and the data is stored in a large data repository. This information is used to power decision making in all aspects of the business.

*Mobile Computing*

Wireless, radio-frequency handheld units are connected to each store's local-area network. These units increase store associates' productivity and accuracy in ordering and receiving products, auditing shelf prices and managing inventory. Wireless platforms are also used to reduce the costs of wiring for cash registers and scales in selected new stores.

*Business to Business (B2B)*

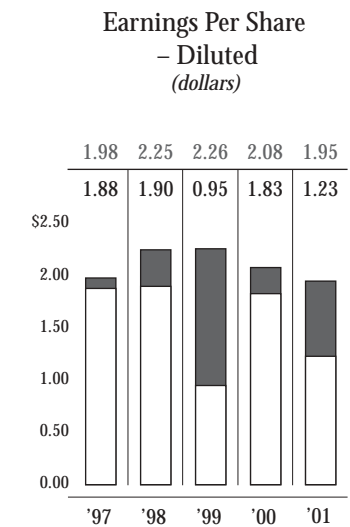
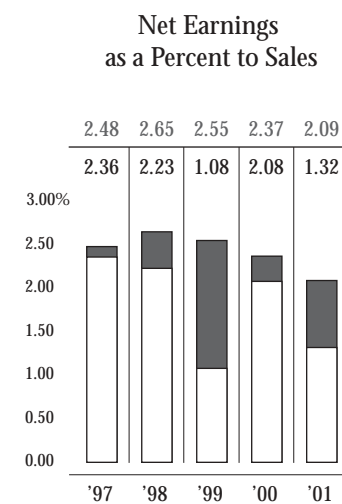
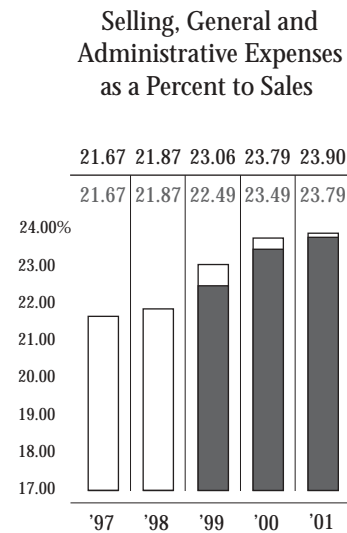
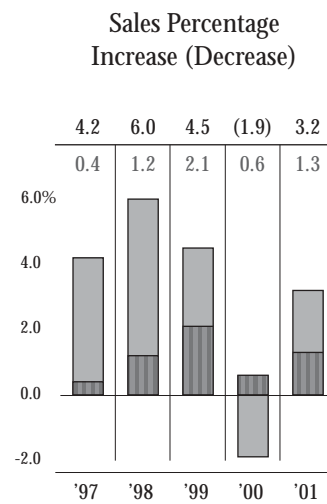
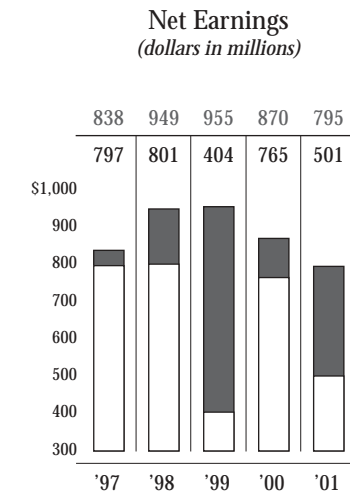
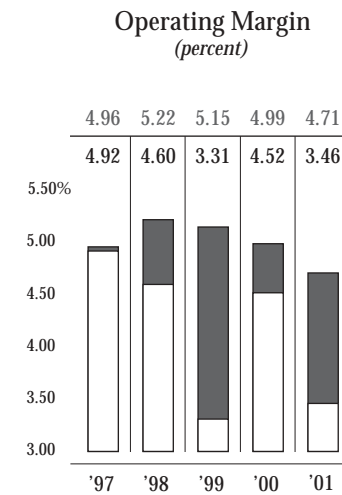
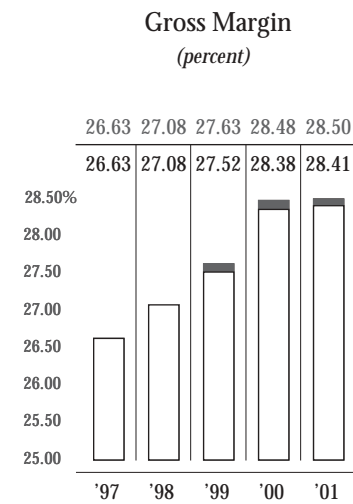
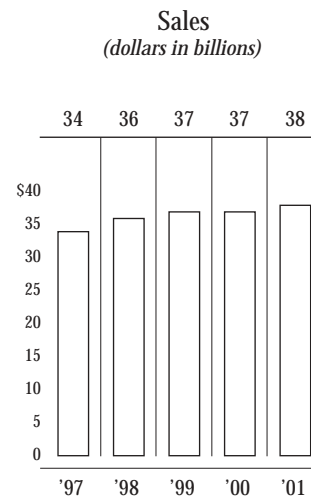
**TRADING EXCHANGES** Trading exchanges unite the buy and sell sides of a business process and add efficiencies and cost reductions that are substantial. Albertson's is a founding member, along with 16 other retailers, of the World Wide Retail Exchange (WWRE) established in March 2000 for the retail community. Through e-procurement and supply-side Web initiatives, the supply chain costs — both for the retailers and the suppliers — will decrease considerably for products we buy both to resell to our customers and for internal usage. E-procurement and, more specifically, on-line auctions are already creating tremendous savings for Albertson's.

**ELECTRONIC DATA INTERCHANGE** In addition, 2,200 suppliers communicate with our distribution centers via an Electronic Data Interchange (EDI) for purchase order pricing, shipping criteria and invoice information. Select direct-delivery suppliers also use EDI for price and product maintenance. We use Internet technology in conjunction with EDI to reduce the cost of communication between our stores, divisions, distribution centers and vendors.

FIVE-YEAR TRENDS

FIVE-YEAR TRENDS

Income Statement



SALES

GROSS MARGIN

SALES PERCENT INCREASE (DECREASE)

SELLING, GENERAL & ADMINISTRATIVE EXPENSES AS A PERCENT TO SALES

OPERATING MARGIN

NET EARNINGS

NET EARNINGS AS A PERCENT TO SALES

EARNINGS PER SHARE - DILUTED

- Comparable Store Sales: Stores open two full fiscal years, including replacement stores.
- Identical Store Sales Increase (Decrease) – Stores open two full fiscal years, excluding replacement stores; (0.04%) in 1997, 0.5% in 1998, 1.7% in 1999, 0.3% in 2000 and 0.8% in 2001.
- 1999 was a 53-week year. 1999 sales increased 5.4% when compared on a 52-week basis to 1998 and excluding sales from divested stores from both years. 2000 sales increased 3.8% when compared on a 52-week basis to 1999 and excluding divested stores' sales from both years.
- This presentation excludes restructuring and other non-routine items. (see Footnotes on pages 30 - 31)

□ Certain reclassifications have been made in prior years to conform to classifications used in the current year.

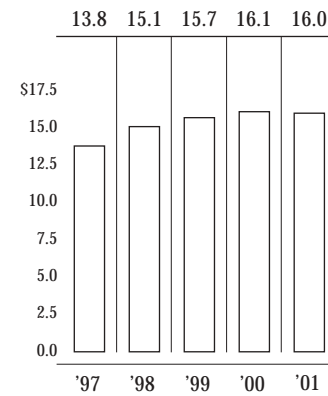
FIVE-YEAR TRENDS

FIVE-YEAR TRENDS

Balance Sheet

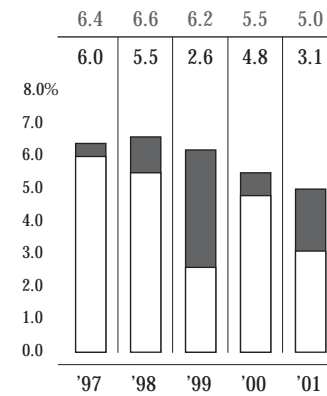
TOTAL ASSETS

Total Assets  
(dollars in billions)



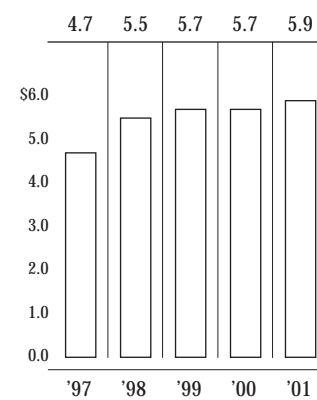
RETURN ON AVERAGE ASSETS

Return on Average Assets  
(percent)



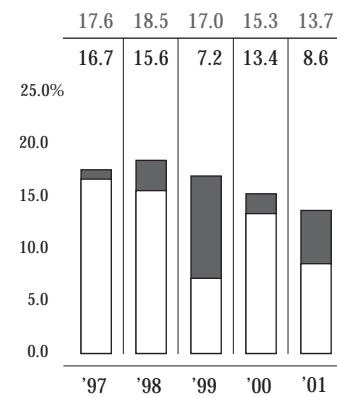
STOCKHOLDERS' EQUITY

Stockholders' Equity  
(dollars in billions)

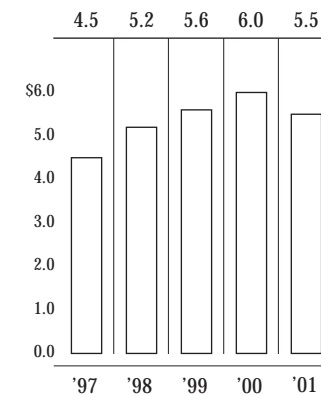


RETURN ON AVERAGE STOCKHOLDERS' EQUITY

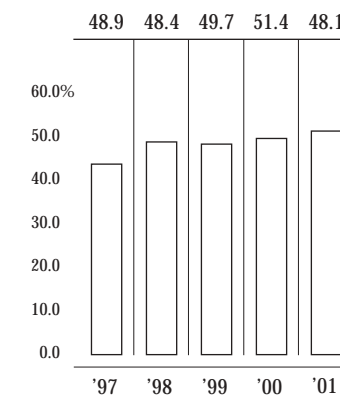
Return on Average Stockholders' Equity  
(percent)



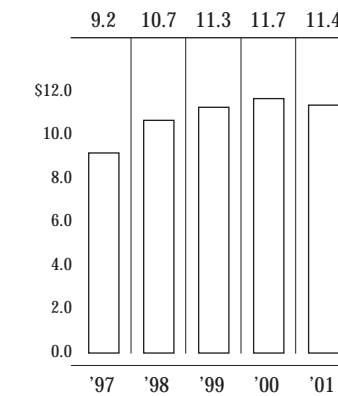
Total Debt\*  
(dollars in billions)



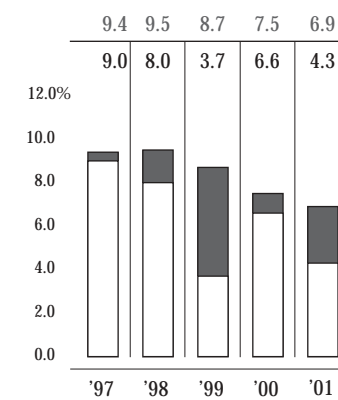
Total Debt\* as a Percent to Total Capital\*\*



Total Capital\*\*  
(dollars in billions)



Return on Average Total Capital\*\*  
(percent)



TOTAL DEBT

TOTAL CAPITAL

TOTAL DEBT AS A PERCENT TO TOTAL CAPITAL

RETURN ON AVERAGE TOTAL CAPITAL

■ This presentation excludes restructuring and other non-routine items. (see Footnotes on pages 30 - 31)

□ Certain reclassifications have been made in prior years to conform to classifications used in the current year.

□ Balance sheet amounts are as of the fiscal year end.

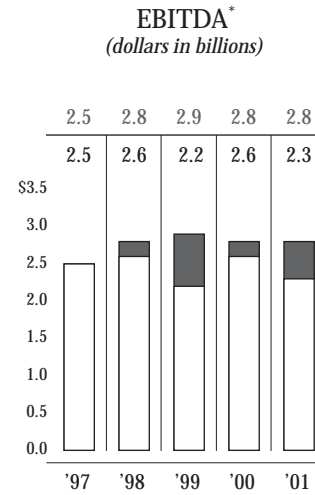
\* Total debt includes short-term and long-term debt and capitalized lease obligations.

\*\* Total capital includes stockholders' equity and total debt.

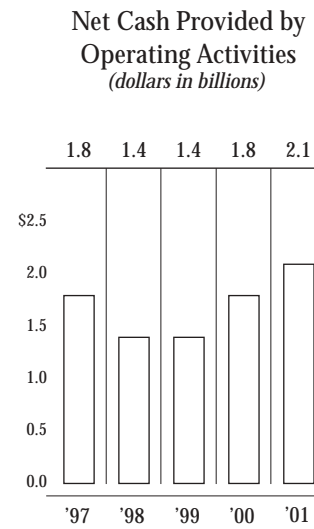
**FIVE-YEAR TRENDS**

*Cash Flow & Dividends*

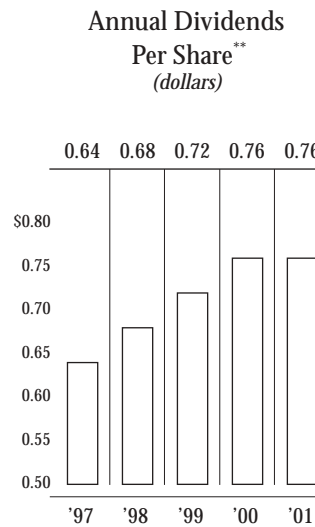
EBITDA



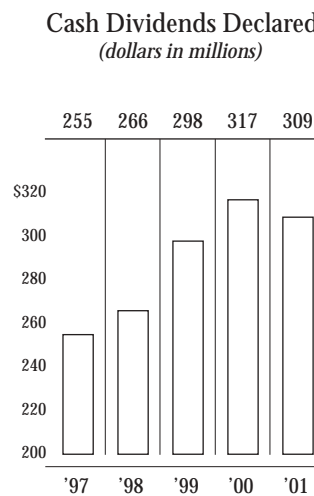
NET CASH PROVIDED BY OPERATING ACTIVITIES



ANNUAL DIVIDENDS PER SHARE



CASH DIVIDENDS DECLARED



■ This presentation excludes restructuring and other non-routine items. (See Footnotes on pages 30 - 31)

\* Earnings before interest, taxes, depreciation and amortization (FIFO basis).

\*\* Albertson's Only

**FIVE-YEAR QUARTERLY STATISTICS**

FIVE-YEAR QUARTERLY STATISTICS

(dollars in millions except per share amounts)

	FIRST	SECOND	THIRD	FOURTH
<b>SALES</b>				
2001	\$ 9,331	\$ 9,577	\$ 9,363	\$ 9,660
2000	9,013	9,214	8,991	9,544
1999	9,215	9,381	8,983	9,899
1998	8,721	8,945	8,838	9,368
1997	8,355	8,444	8,259	8,770
<b>SALES INCREASE (DECREASE) OVER PRIOR YEAR</b>				
2001	3.5%	3.9%	4.1%	1.2%
2000	(2.2)4.2 <sup>1</sup>	(1.8)4.6 <sup>1</sup>	0.1/2.9 <sup>1</sup>	(3.6)3.9 <sup>2</sup>
1999	5.7	4.9	1.6	5.7/4.5 <sup>2</sup>
1998	4.4	5.9	7.0	6.8
1997	5.4	4.2	4.0	3.4
<b>OPERATING MARGIN</b>				
2001	4.65%	4.42%	4.53%	5.23%
2000	5.03	4.84	4.57	5.48
1999	4.87	5.01	4.38	6.23
1998	4.53	4.95	5.07	6.24
1997	4.51	4.70	4.66	5.91
<b>NET EARNINGS</b>				
2001	\$ 186	\$ 184	\$ 180	\$ 245
2000	226	211	187	246
1999	224	236	185	310
1998	195	217	218	319
1997	184	199	184	271
<b>NET EARNINGS PERCENT TO SALES</b>				
2001	1.99%	1.92%	1.92%	2.54%
2000	2.50	2.29	2.09	2.57
1999	2.43	2.52	2.06	3.13
1998	2.24	2.42	2.47	3.40
1997	2.20	2.36	2.22	3.09
<b>EARNINGS PER SHARE - DILUTED</b>				
2001	\$ 0.46	\$ 0.45	\$ 0.44	\$ 0.60
2000	0.53	0.50	0.45	0.60
1999	0.53	0.56	0.44	0.73
1998	0.46	0.52	0.52	0.75
1997	0.43	0.47	0.44	0.65
<b>LIFO CHARGES (CREDITS) BEFORE INCOME TAXES</b>				
2001	\$ 7	\$ 7	\$ 8	\$ (17)
2000	6	6	8	(43)
1999	9	9	9	3
1998	13	8	10	(16)
1997	19	17	4	(28)

<sup>1</sup> Sales increase excluding sales from divested stores.

<sup>2</sup> Sales increase compared on a 13-week basis and excluding sales from divested stores.

NOTES > This presentation excludes restructuring and other non-routine items. (See Footnotes on pages 30 - 31)

> Fourth quarter 1999 was a 14-week quarter.

> Due to rounding and different periods used to compute weighted average outstanding shares, the sum of the quarterly Earnings Per Share - Diluted may not equal the annual Earnings Per Share - Diluted.

> Year refers to the calendar year in which fiscal year commences.

> Certain reclassifications have been made to prior years to conform to classifications used in the current year.

FIVE-YEAR ANNUAL STATISTICS

(dollars in millions except per share amounts)

YEAR	SALES	PERCENT INCREASE (DECREASE)	COMPARABLE 52/53 WEEK % INCREASE <sup>1</sup>	GROSS PROFIT	GROSS MARGIN	SELLING, GENERAL & ADMINISTRATIVE EXPENSES	SELLING, GENERAL & ADMINISTRATIVE EXPENSES % TO SALES
2001	\$ 37,931	3.2%		\$ 10,811	28.50%	\$ 9,024	23.79%
2000	36,762	(1.9)	3.8%	10,470	28.48	8,637	23.49
1999	37,478	4.5	5.4	10,356	27.63	8,427	22.49
1998	35,872	6.0		9,716	27.08	7,845	21.87
1997	33,828	4.2		9,007	26.63	7,330	21.67

YEAR	OPERATING PROFIT	OPERATING MARGIN	EARNINGS BEFORE INCOME TAXES	INCOME TAXES	EFFECTIVE TAX RATE	NET EARNINGS	NET EARNINGS % TO SALES
2001	\$ 1,787	4.71%	\$ 1,347	\$ 552	41.0%	\$ 795	2.09%
2000	1,833	4.99	1,445	575	39.8	870	2.37
1999	1,929	5.15	1,589	634	39.9	955	2.55
1998	1,871	5.22	1,558	609	39.1	949	2.65
1997	1,677	4.96	1,397	559	40.1	838	2.48

YEAR	NET EARNINGS % INCREASE (DECREASE)	DEPRECIATION & AMORTIZATION	GOODWILL AMORTIZATION	RENT EXPENSE	INTEREST EXPENSE DEBT	INTEREST EXPENSE CAPITALIZED LEASES	LIFO CHARGE (CREDIT) BEFORE INCOME TAXES
2001	(8.6)%	\$ 970	\$ 56	\$ 309	\$ 408	\$ 30	\$ 5
2000	(8.9)	944	57	302	366	27	(23)
1999	0.6	853	58	301	350	27	30
1998	13.3	803	58	274	322	25	16
1997	(0.4)	744	53	266	288	22	12

<sup>1</sup> When compared on a 52-week basis to the prior year and excluding sales from divested stores from both years.

NOTES › This presentation excludes restructuring and other non-routine items. (See Footnotes on pages 30 - 31)

- › Fiscal 1999 was a 53-week year.
- › Due to rounding and different periods used to compute weighted average outstanding shares, the sum of the quarterly Earnings Per Share - Diluted may not equal the annual Earnings Per Share - Diluted.
- › Year refers to the calendar year in which fiscal year commences.
- › Certain reclassifications have been made to prior years to conform to classifications used in the current year.

FIVE-YEAR ANNUAL STATISTICS

YEAR	EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (FIFO BASIS)	EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION % TO SALES (FIFO BASIS)	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL	LAND, BUILDINGS & EQUIPMENT, NET	TOTAL ASSETS
2001	\$ 2,815	7.42%	\$ 4,609	\$ 3,582	\$ 1,027	\$ 9,282	\$ 15,967
2000	2,809	7.64	4,342	3,395	947	9,558	16,078
1999	2,883	7.69	4,591	4,069	522	8,911	15,719
1998	2,772	7.73	4,208	3,351	857	8,545	15,131
1997	2,501	7.39	3,902	3,381	521	7,696	13,767

YEAR	INVENTORIES (LIFO)	CAPITAL EXPENDITURES (INCLUDING OPERATING LEASES)	CURRENT & LONG-TERM DEBT	CURRENT & LONG-TERM CAPITALIZED LEASE OBLIGATIONS	STOCKHOLDERS' EQUITY	SHARES OUTSTANDING (NET OF TREASURY) (IN MILLIONS)	EARNINGS PER SHARE - BASIC
2001	\$ 3,196	\$ 1,686	\$ 5,183	\$ 290	\$ 5,915	407	\$ 1.96
2000	3,364	1,932	5,777	247	5,694	405	2.08
1999	3,481	2,098	5,423	206	5,702	424	2.26
1998	3,249	2,097	4,955	220	5,522	420	2.27
1997	3,043	1,864	4,318	211	4,741	418	1.99

YEAR	EARNINGS PER SHARE - DILUTED	CASH DIVIDENDS PER SHARE*	CASH DIVIDENDS DECLARED*	PRICE RANGE OF STOCK (NYSE)	FISCAL YEAR END STOCK PRICE	FISCAL YEAR END P/E RATIO	NUMBER OF STORES
2001	\$ 1.95	\$ 0.76	\$ 309	\$36.99 - 27.00	\$ 28.75	14.7%	2,421
2000	2.08	0.76	317	39.25 - 20.06	28.63	13.8	2,512
1999	2.26	0.72	298	61.94 - 29.00	30.00	13.3	2,492
1998	2.25	0.68	266	67.13 - 44.00	61.69	27.4	2,564
1997	1.98	0.64	255	48.63 - 30.50	47.50	24.0	2,435

\*Albertson's Only



FOOTNOTES

ANNUAL  
EARNINGS  
ADJUSTMENTS

Annual Earnings Adjustments

	NET OF TAX (IN MILLIONS)	EPS BASIC	EPS DILUTED
ADJUSTMENTS RECOGNIZED IN 2001			
Net earnings as reported Y/E 1/31/02	\$ 501	\$ 1.23	\$ 1.23
Merger-related costs	(4)	(0.01)	(0.01)
Management change	6	0.01	0.01
Restructuring	345	0.85	0.85
New England Osco drug stores sale	(32)	(0.08)	(0.08)
Benefit plan amendment	(21)	(0.05)	(0.05)
Net earnings excluding adjustments	\$ 795	\$ 1.96 <sup>1</sup>	\$ 1.95

	NET OF TAX (IN MILLIONS)	EPS BASIC	EPS DILUTED
ADJUSTMENTS RECOGNIZED IN 2000			
Net earnings as reported Y/E 2/1/01	\$ 765	\$ 1.83	\$ 1.83
Merger-related costs	93	0.22	0.22
Impairment - lease contingency	12	0.03	0.03
Net earnings excluding adjustments	\$ 870	\$ 2.08	\$ 2.08

	NET OF TAX (IN MILLIONS)	EPS BASIC	EPS DILUTED
ADJUSTMENTS RECOGNIZED IN 1999			
Net earnings as reported Y/E 2/3/00	\$ 404	\$ 0.96	\$ 0.95
Merger-related costs	529	1.25	1.25
Litigation settlement	22	0.05	0.05
Net earnings excluding adjustments	\$ 955	\$ 2.26	\$ 2.26 <sup>1</sup>

	NET OF TAX (IN MILLIONS)	EPS BASIC	EPS DILUTED
ADJUSTMENTS RECOGNIZED IN 1998 (1ST & 4TH QUARTERS)			
Net earnings as reported Y/E 1/28/99	\$ 801	\$ 1.91	\$ 1.90
Merger-related stock option charge	133	0.32	0.31
Impairment - store closures	15	0.04	0.04
Net earnings excluding adjustments	\$ 949	\$ 2.27	\$ 2.25

	NET OF TAX (IN MILLIONS)	EPS BASIC	EPS DILUTED
ADJUSTMENTS RECOGNIZED IN 1997 (1ST QUARTER)			
Net earnings as reported Y/E 1/30/98	\$ 797	\$ 1.89	\$ 1.88
Sale of stock by a major ASC stockholder	33	0.08	0.08
Sale of a division of ASC's communications subsidiary	8	0.02	0.02
Net earnings excluding adjustments	\$ 838	\$ 1.99	\$ 1.98

<sup>1</sup> Due to rounding and different periods used to compute weighted average outstanding shares, the sum of the adjustments or the quarterly Earnings Per Share (Basic or Diluted) may not equal the annual Earnings Per Share (Basic or Diluted).

FOOTNOTES

QUARTERLY  
DILUTED  
EARNINGS PER  
SHARE (EPS)  
ADJUSTMENTS

Quarterly Diluted Earnings Per Share (EPS) Adjustments

2001	1ST	2ND	3RD	4TH	YEAR
Diluted EPS as reported	\$ 0.46	\$ (0.37)	\$ 0.43	\$ 0.71	\$ 1.23
Merger-related costs	(0.01)				(0.01)
Management change	0.01				0.01
Restructuring		0.82	0.01	0.02	0.85
New England Osco drug stores sale				(0.08)	(0.08)
Benefit plan amendment				(0.05)	(0.05)
Diluted EPS without one-time costs	\$ 0.46	\$ 0.45	\$ 0.44	\$ 0.60	\$ 1.95

2000	1ST	2ND	3RD	4TH	YEAR
Diluted EPS as reported	\$ 0.42	\$ 0.46	\$ 0.41	\$ 0.54	\$ 1.83
Merger-related costs:					
Period and restructuring costs	0.08	0.04	0.04	0.06	0.22
Impairment - lease contingency	0.03				0.03
Diluted EPS without one-time costs	\$ 0.53	\$ 0.50	\$ 0.45	\$ 0.60	\$ 2.08

1999	1ST	2ND	3RD	4TH	YEAR
Diluted EPS as reported	\$ 0.56	\$ (0.54)	\$ 0.31	\$ 0.62	\$ 0.95
Merger-related costs:					
Stock option charge (income) - pre-merger	(0.04)				(0.04)
Period and restructuring costs		1.05	0.08	0.11	1.23 <sup>1</sup>
Extraordinary item		0.05			0.05
First quarter period costs <sup>2</sup>	0.01				0.01
Litigation settlement			0.05		0.05
Diluted EPS without one-time costs	\$ 0.53	\$ 0.56	\$ 0.44	\$ 0.73	\$ 2.26 <sup>1</sup>

1998	1ST	2ND	3RD	4TH	YEAR
Diluted EPS as reported	\$ 0.42	\$ 0.52	\$ 0.52	\$ 0.45	\$ 1.90 <sup>1</sup>
Merger-related costs:					
Stock option charge (income) - pre-merger				0.31	0.31
Impairment - store closures	0.04			(0.01)	0.04 <sup>1</sup>
Diluted EPS without one-time costs	\$ 0.46	\$ 0.52	\$ 0.52	\$ 0.75	\$ 2.25

1997 - Adjustments all relate to First Quarter, see page 30.

<sup>1</sup> Due to rounding and different periods used to compute weighted average outstanding shares, the sum of the adjustments or the quarterly Earnings Per Share (Basic or Diluted) may not equal the annual Earnings Per Share (Basic or Diluted).

<sup>2</sup> The \$0.01 per share represents merger-related period costs incurred before the merger was completed.

Merger-Related Costs & Restructuring Charges

(IN MILLIONS)	MERGER RELATED COSTS PROJECTED	ACTUAL <sup>3</sup>	RESTRUCTURING CHARGES PROJECTED	ACTUAL <sup>5</sup>
Costs/Charges	\$1,000	\$ 853	\$ 585	\$ 560 <sup>4</sup>
Tax Benefits	300	219	225	215
Costs/charges after tax	\$ 700	\$ 634 <sup>4</sup>	\$ 360	\$ 345

<sup>3</sup> Merger-related costs incurred in 1999, 2000 and 2001 (excluding first quarter of 1999).

<sup>4</sup> The Company does not expect to exceed its original projections.

<sup>5</sup> Restructuring charges incurred during 2001.

*Cautionary Statement for Purposes of "Safe Harbor Provisions" of the Private Securities Litigation Reform Act of 1995*

From time to time, information provided by the Company, including written or oral statements made by its representatives, may contain forward-looking information as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as integration of the operations of acquired or merged companies, expansion and growth of the Company's business, future capital expenditures and the Company's business strategy, contain forward-looking information. In reviewing such information it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based on various factors and was derived using various assumptions. Many of these factors have previously been identified in filings or statements made by or on behalf of the Company.

Important assumptions and other important factors that could cause actual results to differ materially from those set forth in the forward-looking information include changes in the general economy, changes in interest rates, changes in consumer spending, actions taken by competitors, particularly those intended to improve their market share, and other factors affecting the Company's business in or beyond the Company's control. These factors include changes in the rate of inflation, changes in state or federal legislation or regulation, adverse determinations with respect to litigation or other claims (including environmental matters), labor negotiations, the cost and stability of energy sources, the Company's ability to recruit, retain and develop employees, its ability to develop new stores or complete remodels as rapidly as planned, its ability to implement new technology successfully, the stability of product costs, the Company's ability to integrate the operations of acquired or merged companies, the Company's ability to execute its restructuring plans, and the Company's ability to achieve its five strategic imperatives.

Other factors and assumptions not identified above could also cause the actual results to differ materially from those set forth in the forward-looking information. The Company does not undertake to update forward-looking information contained herein or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.



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