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## News Release

### **Safeway Inc. Provides Additional Contact Information Regarding Spin-Off of Blackhawk Network Holdings, Inc.; Computershare to Act as Distribution Agent**

PLEASANTON, CA -- (Marketwired) -- 03/31/14 -- Safeway Inc. (NYSE: SWY) announced today that Computershare, Inc. will act as the Distribution Agent for Safeway's previously announced special stock dividend of all of the 37,838,709 shares of Class B common stock of Blackhawk Network Holdings, Inc. owned by Safeway. As also previously announced, the special stock dividend will be made on April 14, 2014, the Distribution Date, to all Safeway stockholders of record on April 3, 2014 (the "Record Date"). The distribution will take place in the form of a pro rata dividend of Blackhawk Class B common stock to each Safeway stockholder of record on the Record Date. As of March 21, 2014, Safeway had approximately 230.3 million shares of its common stock outstanding. Accordingly, it is anticipated that Safeway stockholders will receive approximately 0.164308 of a share of Blackhawk Class B common stock for every share of Safeway common stock held as of the Record Date, less any shares of Blackhawk Class B common stock withheld in respect of applicable withholding taxes. The final distribution ratio for the stock dividend will be calculated by dividing the number of shares of Blackhawk Class B common stock to be distributed by the number of shares of Safeway common stock outstanding on the Record Date. No fractional shares of Blackhawk stock will be distributed. Instead, Safeway stockholders will receive cash in lieu of any fraction of a share of Blackhawk stock that they otherwise would have received.

#### ***Information Regarding the Distribution Agent***

No vote or action is required by Safeway's stockholders in order to receive the special stock dividend of shares of Blackhawk Class B common stock. Safeway stockholders of record on the Record Date will receive account statements reflecting their ownership interest in shares of Blackhawk Class B common stock. The Blackhawk shares issued in the distribution will be in book-entry form. Safeway stockholders who hold their shares through brokers or other nominees will have their shares of Blackhawk stock credited to their accounts by their nominees or brokers. For additional information, registered stockholders in the United States and Canada should contact the Distribution Agent, Computershare Shareholder Services, at (877) 498-8861 or +1 (781) 575-2879 from outside the United States and Canada.

Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A., is the transfer agent for Blackhawk. Wells Fargo Shareowner Services may be reached at (800) 242-0813 or +1 (651) 450-4064 from outside the United States. The Direct Registration System (DRS) statements reflecting Safeway stockholders' entitlement to shares of Blackhawk Class B common stock will be transmitted by Wells Fargo, and checks payable for cash in lieu of any fraction of a share of Blackhawk stock will be transmitted by Computershare.

Please note that Computershare will only have information regarding Safeway stockholders of record. Beneficial stockholders who hold their Safeway shares through an institution such as a brokerage firm, bank or other institution, should contact the broker, bank or other institution where they maintain their account regarding the pending distribution.

#### ***U.S. Federal Income Tax Consequences***

As previously announced, Safeway and Albertsons have announced an agreement under which AB Acquisition LLC will acquire Safeway (the "Merger"). Assuming that the acquisition of Safeway by AB Acquisition LLC is completed as contemplated by the Agreement and Plan of Merger entered into by Safeway and AB Acquisition LLC on March 6, 2014, it is expected that the stock dividend will constitute a taxable distribution to Safeway and Safeway's stockholders for U.S. federal income tax purposes. In anticipation of the completion of the Merger, Safeway intends to treat the special stock dividend as a taxable distribution to Safeway stockholders for U.S. federal income tax purposes, including for purposes of the U.S. federal tax withholding rules. Accordingly, the amount of the special stock dividend otherwise payable to certain Safeway stockholders, including non-U.S. stockholders, will be reduced in connection with any applicable withholding taxes. The U.S. federal income tax consequences of the special stock dividend will be described in greater detail in the information statement to be sent to stockholders and filed with the SEC on Form 8-K on or about April 8, 2014.

***Safeway stockholders are urged to contact their tax advisors regarding this transaction and the related tax consequences, including potential withholding tax consequences. Registered stockholders may contact Computershare at the telephone numbers above regarding withholding requirements and any related required documentation. Beneficial stockholders who hold their Safeway shares through an institution such as a brokerage firm, bank or other institution, should contact the broker, bank or other institution where they maintain their account regarding the pending distribution regarding withholding requirements and any related required documentation.***

### ***About Safeway Inc.***

Safeway Inc., which operates Safeway, Vons, Pavilions, Randalls, Tom Thumb, and Carrs stores, is a Fortune 100 company and one of the largest food and drug retailers in the United States with sales of \$36.1 billion in 2013. The company operates 1,335 stores in 20 states and the District of Columbia, 13 distribution centers and 20 manufacturing plants, and employs approximately 138,000 employees. The company's common stock is traded on the New York Stock Exchange under the symbol SWY. For more information, please visit [www.Safeway.com](http://www.Safeway.com).

### ***Forward-Looking Statements***

This press release contains certain forward-looking statements about the proposed spin-off of Blackhawk by Safeway, including about the effect thereof on the respective businesses and operations of the companies. These statements are based on management's assumptions and beliefs in light of the information currently available to it. These statements are indicated by words such as "expects," "will," "plans," "intends," "anticipates," "estimates" and "is." No assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur. Accordingly, actual results may differ materially and adversely from those expressed in any forward-looking statements. Neither Safeway nor any other person can assume responsibility for the accuracy and completeness of forward-looking statements. There are various important factors that could cause actual results to differ materially from those in any such forward-looking statements, many of which are beyond Safeway's control. Safeway undertakes no obligation (and expressly disclaims any such obligation) to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. For additional information please refer to Safeway's most recent Form 10-K, 10-Q and 8-K reports filed with the Securities and Exchange Commission ("SEC").

### ***Additional Information About the Acquisition and Where to Find it***

This press release does not constitute a solicitation of any vote or approval in respect of the proposed Merger transaction involving Safeway and Albertsons. In connection with the Merger, Safeway intends to file with the SEC and furnish to its stockholders a proxy statement and other relevant documents. Stockholders are urged to read the proxy statement and other relevant materials when they become available because they will contain important information about Safeway, Albertsons and the proposed transaction. The proxy statement and other relevant materials (when they become available), and any other documents we file with the SEC, may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov), at Safeway's website at [www.Safeway.com](http://www.Safeway.com) or by sending a written request to Safeway at 5918 Stoneridge Mall Road, Pleasanton, California 94588, Attention: Investor Relations.

### ***Participants in the Solicitation***

Safeway and its directors, executive officers and certain other members of management and employees may be deemed to be participants in soliciting proxies from the stockholders of Safeway in favor of the Merger. Information regarding the persons who may, under the rules of the SEC, be considered to be participants in the solicitation of Safeway's stockholders in connection with the proposed transaction will be set forth in the proxy statement. You can find more information about Safeway's executive officers and directors in its Annual Report on Form 10-K for the fiscal year ended December 28, 2013 and in its definitive proxy statement filed with the SEC on Schedule 14A on April 1, 2013.

Source: Safeway Inc.