



News Release

Safeway Inc. Announces Consent Solicitation for \$680 Million Principal Amount of Outstanding Senior Notes Due 2016, 2017 and 2019

PLEASANTON, CA -- (Marketwired) -- 09/22/14 -- Safeway Inc. (NYSE: SWY) ("Safeway") today announced that it is soliciting consents from holders of \$680 million aggregate principal amount of three series of Senior Notes described in the table below (the "Senior Notes") and is offering to pay cash consent fees to holders who consent to a proposed amendment with respect to the Senior Notes.

The proposed amendment would remove Safeway's obligation to offer to repurchase the Senior Notes, at \$1,010 per \$1,000 principal amount, plus accrued and unpaid interest, upon the closing of its proposed merger with an affiliate of Albertson's, LLC (the "Merger"), which is expected to occur during the fourth quarter of 2014.

The consent solicitation is being made upon the terms and subject to the conditions set forth in the Consent Solicitation Statement dated September 22, 2014 (the "Solicitation Statement"), which is being distributed to holders of the Senior Notes.

<i>Title of Security</i>	<i>Principal Amount Outstanding</i>	<i>CUSIP No.</i>	<i>Cash Consent Fee Per \$1,000 Principal Amount</i>
3.40% Senior Notes due December 1, 2016	\$80,000,000	786514BT5	\$5.00
6.35% Senior Notes due August 15, 2017	\$100,000,000	786514BP3	\$2.50
5.00% Senior Notes due August 15, 2019	\$500,000,000	786514BR9	\$10.00

In order to receive the consent fees, holders of Senior Notes need to validly deliver (and not revoke) their consents prior to 5:00 p.m., New York City time, on October 3, 2014 (the "Expiration Date"). Holders of Senior Notes of any series who do not submit consents prior to the Expiration Date will not receive any consent fees, even though Safeway will have no obligation to offer to repurchase any Notes of that series as long as valid consents are received from holders of a majority in outstanding principal amount of that series.

Payment of the consent fees for any series is subject to the receipt of the requisite majority consents from that series and to the other customary conditions described in the Solicitation Statement. Payment of the consent fees is NOT conditioned on closing of the Merger. Subject to the foregoing, the consent fees will be paid promptly after the Expiration Date.

With respect to any consent accepted by Safeway, Safeway will pay the relevant retail broker a fee of 0.25% of the principal amount of the Senior Notes as to which the consent was validly delivered, provided that such fee will only be paid with respect to consents by a beneficial owner of Senior Notes having an aggregate principal amount of \$250,000 or less and provided such broker is appropriately designated by their beneficial holder client to receive this fee.

Safeway may, in its sole discretion, terminate, extend or amend the consent solicitation at any time as described in the Solicitation Statement. Except for the amendment described above, there are no other amendments to the terms of the Senior Notes being sought in connection with the consent solicitation.

IMPORTANT: Beneficial owners of the Senior Notes whose Senior Notes are held in the name of a broker, dealer, commercial bank, trust company or other intermediary should contact such broker or other intermediary

promptly and obtain and follow their instructions with respect to the applicable consent procedures and deadlines, which may be earlier than the deadlines set out in the Solicitation Statement.

Safeway also announced that, whether or not the proposed amendment is approved, all three series of the Senior Notes described above that remain outstanding following the Merger will be secured by substantially all of the assets of Safeway and Albertsons. Such series of the Senior Notes will benefit from all the same collateral and guarantees as, and be secured on an equal and ratable basis with, the new senior secured notes due 2022 that will be issued as part of the financing for the Merger. Other series of Safeway's senior notes and debentures, consisting of the 3.95% Senior Notes due 2020, the 4.75% Senior Notes due 2021, the 7.45% Senior Debentures due 2027 and the 7.25% Senior Debentures due 2031 that remain outstanding following the Merger will become secured by certain assets of Safeway and its subsidiaries, but not by the other assets of Safeway and Albertson's that will secure the new second lien notes or the three series of Senior Notes described above.

Safeway has retained BofA Merrill Lynch to act as solicitation agent in connection with the Consent Solicitation and D.F. King & Co. Inc. to act as the information agent for the consent solicitation. Questions regarding the terms and conditions of the consent solicitation may be directed to BofA Merrill Lynch at (888) 292-0070 (toll free) or (980) 388-3646 (collect). Requests for documents and questions regarding the procedures for submission of consents may be directed to D.F. King & Co. Inc. at (800) 967-7635. Investors may also obtain the Solicitation Statement and other relevant documents without charge by accessing <http://www.dfking.com/safeway>.

This announcement is for information purposes only and is neither an offer to sell nor a solicitation of an offer to buy any security. This announcement is also not a solicitation of consents with respect to the proposed amendment or any securities. No recommendation is being made as to whether holders of Senior Notes should consent to the proposed amendment. The solicitation of consents is not being made in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such solicitation under applicable state or foreign securities or "blue sky" laws.

About Safeway Inc.

Safeway Inc. is a Fortune 100 company and one of the largest food and drug retailers in North America based on sales. Safeway operates 1,331 stores in the United States and had annual sales of \$35.1 billion in 2013.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are indicated by words or phrases such as "expects," "will," "plans," "intends," "committed to," "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. These factors include: failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory or other approvals; failure to consummate or delay in consummating the transactions described herein for any other reasons; changes in laws or regulations; and changes in general economic conditions. 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.

Source: Safeway Inc.