



News Release

Safeway Inc. Announces Receipt of Requisite Consents for Its Senior Notes Due 2016 and Extension of Its Consent Solicitation for Its Senior Notes Due 2017 With an Increased Consent Fee

PLEASANTON, CA -- (Marketwired) -- 10/06/14 -- Safeway Inc. (NYSE: SWY) ("Safeway") today announced the results of its consent solicitation (the "Consent Solicitation") from holders of the three series of Senior Notes described in the table below (the "Senior Notes") with respect to a proposed amendment relating to each series of the Senior Notes. Pursuant to the terms of the Consent Solicitation Statement dated September 22, 2014, (the "Consent Solicitation Statement") the Consent Solicitation was set to expire at 5:00 p.m., New York City time, on October 3, 2014 (the "Original Expiration Date").

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

Safeway received the requisite consents from holders of a majority in outstanding principal amount of the 2016 Notes. As a result, Safeway will execute a supplemental indenture effecting the proposed amendment with respect to the 2016 Notes that will remove Safeway's obligation to offer to repurchase the 2016 Notes in connection with its proposed merger with Albertsons. The consent fee of \$5.00 in cash per \$1,000 principal amount of the 2016 Notes will be paid to the consenting holders of such notes on or before October 7, 2014.

Safeway is also amending the Consent Solicitation Statement and distributing a supplement dated October 6, 2014 (the "Supplement") to holders of the 2017 Notes. Safeway is amending the terms of the Consent Solicitation to extend the expiration date of the Consent Solicitation with respect to the 2017 Notes to 5:00 p.m., New York City time, on October 8, 2014 (the "New Expiration Date"), unless further extended or terminated by Safeway and increasing the consent fee applicable to the 2017 Notes. Holders of 2017 Notes who validly deliver (and do not revoke) consents to the proposed amendment on or prior to the New Expiration Date will now be eligible to receive a consent fee equal to \$5.00 in cash per \$1,000 principal amount of 2017 Notes if the proposed amendment becomes effective. The higher consent fee will be payable to holders of 2017 Notes who have previously delivered (and not revoked) consents if the proposed amendment becomes effective. All other terms and conditions of the Consent Solicitation with respect to the 2017 Notes remain as set forth in the Consent Solicitation Statement.

As of 5:00 p.m., New York City time, on Friday, October 3, 2014, holders had validly consented and not withdrawn approximately \$47.13 million (or approximately 47%) of the 2017 Notes.

Safeway is not extending the expiration date for the consent solicitation for the 2019 Notes. Safeway did not receive the requisite consents from holders of a majority in outstanding principal amount of the 2019 Notes prior to the Original Expiration Date. As a result, Safeway will not execute a supplemental indenture effecting the proposed amendment with respect to the 2019 Notes and no consent fee will be paid or become payable to holders of such notes.

BofA Merrill Lynch is acting as solicitation agent in connection with the Consent Solicitation and D.F. King & Co. Inc. is acting as 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.

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.