



#34438

TO: ALL CLEARING MEMBERS

DATE: APRIL 9, 2014

SUBJECT: SAFEWAY INC. - DISTRIBUTION
OPTION SYMBOLS: SWY/2SWY
NEW SYMBOLS: SWY1/2SWY1
FUTURES SYMBOLS: SWY1C/SWY1D
NEW SYMBOLS: SWY2C/SWY2D
DATE: 4/15/14
***** UPDATE *****

CONTRACT ADJUSTMENT - OPTIONS

EFFECTIVE DATE: April 15, 2014

OPTION SYMBOLS: SWY changes to SWY1
2SWY changes to 2SWY1

STRIKE PRICES: No Change

NUMBER OF CONTRACTS: No Change

MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 35 yields \$3,500)

NEW DELIVERABLE PER CONTRACT

- 1) 100 Safeway Inc. (SWY) Common Shares
- 2) **16** Blackhawk Network Holdings Inc. (HAWKB) Class B Common Shares
- 3) Cash in lieu of **0.4291** fractional HAWKB Shares

SETTLEMENT ALLOCATION:

SWY:	90%
HAWKB:	10%

CUSIPS:

SWY:	786514208
HAWKB:	09238E203

THE SETTLEMENT ALLOCATION OF THE TOTAL STRIKE PRICE AMOUNT IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

PRICING

Until the cash in lieu amount is determined, the underlying price for SWY1/2SWY1 will be determined as follows:

$$\text{SWY1} = \text{SWY} + 0.164291 \text{ (HAWKB)}$$

DELAYED SETTLEMENT

The SWY and HAWKB components of the SWY1/2SWY1 deliverables will settle through National Securities Clearing Corporation (NSCC). OCC will delay the cash portion of the deliverable until the cash in lieu of fractional HAWKB Common Shares is determined. Upon determination of the cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount.

CONTRACT ADJUSTMENT - FUTURES

EFFECTIVE DATE: April 15, 2014

FUTURES SYMBOLS: SWY1C changes to SWY2C
SWY1D changes to SWY2D

SETTLEMENT PRICES: No Change

NUMBER OF CONTRACTS: No Change

MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150)

NEW DELIVERABLE PER CONTRACT

- 1) 100 Safeway Inc. (SWY) Common Shares
- 2) **16** Blackhawk Network Holdings Inc. (HAWKB) Class B Common Shares
- 3) Cash in lieu of **0.4291** fractional HAWKB Shares

SETTLEMENT ALLOCATION:

SWY:	90%
HAWKB:	10%

CUSIPS:

SWY:	786514208
HAWKB:	09238E203

THE SETTLEMENT ALLOCATION IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

PRICING

Until the cash in lieu amount is determined, the underlying price for the SWY2C/SWY2D Futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{SWY2C} = \text{SWY} + 0.164291 \text{ (HAWKB)}$$

Please note that the valuation would apply only to the SWY2C/SWY2D deliverables in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement

price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

DELAYED SETTLEMENT

The SWY and HAWKB components of the SWY2C/SWY2D deliverables will settle through National Securities Clearing Corporation (NSCC). OCC will delay the cash portion of the deliverable until the cash in lieu of fractional HAWKB Common Shares is determined. Upon determination of the cash in lieu amount, OCC will require delivery of the appropriate cash amount.

BACKGROUND

Safeway Inc. (SWY) has announced a distribution of Blackhawk Network Holdings Inc. (HAWKB) Class B Common Shares. The distribution ratio is **0.164291** HAWKB Class B Common Shares for each SWY share held. The record date is April 3, 2014; the mail date is April 14, 2014. The New York Stock Exchange (NYSE) has set April 15, 2014, as the ex-distribution date for this distribution.

Blackhawk Network Holdings Inc. Class B Common Shares began trading on a when issued basis on April 1, 2014 on Nasdaq Global Select Market under the trading symbol HAWKV.

DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

Questions regarding this memo can be addressed to Member Services at (800) 544-6091. Within Canada call (800) 424-7320.

CATEGORY: CONTRACT ADJUSTMENT