



#36136

DATE: JANUARY 30, 2015

SUBJECT: SAFEWAY INC. - CASH SETTLEMENT
OPTION SYMBOL: SWY
DATE: 1/30/15

On July 25, 2014, Shareholders of Safeway Inc. (SWY) approved the proposed merger with a wholly-owned subsidiary of AB Acquisition LLC, a wholly-owned subsidiary of Albertson's Holdings LLC. The merger was subsequently consummated before the open on January 30, 2015. As a result, each existing SWY Common Share will be converted into the right to receive \$32.50 net cash per share. Additionally, SWY shareholders may receive an additional pro rata cash amount ("additional merger consideration") from the sale of certain assets as described in the Proxy Statement; however, if the sale of these assets is not completed by the effective time of the merger, SWY shareholders will receive non-transferable Contingent Value Rights (CVR) instead of the additional merger consideration.

NOTE: The Contingent Value Rights (CVR) represent a non-transferable contractual right to receive an additional payment. **If SWY Shareholders receive nontransferable CVRs instead of the additional merger consideration, the adjusted SWY option deliverable will not include the non-transferable CVRs.**

CONTRACT ADJUSTMENT

DATE: January 30, 2015

NEW DELIVERABLE
PER CONTRACT: \$3,250.00 Cash (\$32.50 x 100), plus the additional merger consideration, if any* (x 100), resulting from the sale of certain assets as described in the Proxy Statement.

*** As stated above, the SWY contract adjustment will not include the non-transferable CVR. Any proceeds from the sale of assets that is part of the CVR will not be included in the SWY deliverable.**

SETTLEMENT: OCC will delay settlement of the SWY deliverable until the final cash merger consideration is confirmed. Once the final amount is determined, settlement in SWY options will take place through OCC's cash settlement system. Settlement will be accomplished by payment of the difference between the extended strike amount and the cash deliverable.

ACCELERATION OF EXPIRATIONS

Pursuant to OCC Rule 807, equity stock option contracts whose deliverables are adjusted to call for cash-only delivery will be subject to **an acceleration of the expiration dates for outstanding option series** (See OCC Information Memo 23988).

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.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theooc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theooc.com.

CATEGORY: CONTRACT ADJUSTMENT