Employee Retirement Plan of Safeway Inc. and its Domestic Subsidiaries

SUMMARY PLAN DESCRIPTION

Non-Union Participants

Safeway • Vons • Dominick's • Genuardi's
Randalls • Tom Thumb • Pavilions • Carrs/Safeway

Live Life
Live Long
Live Well™

This summary of the Employee Retirement Plan of Safeway Inc. and its Domestic Subsidiaries (referred to as the Safeway Retirement Plan or Plan) is designed to explain its provisions in everyday language. This booklet summarizes and explains the most important features of the Plan and describes how the Plan works for non-union employees. Other employee groups also participate in this Plan. Those employees are provided with a Summary Plan Description (SPD) describing the provisions applicable to their group. If there is any conflict between the wording of this SPD and the Plan Document, the Plan Document governs.

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Introduction

The Safeway Retirement Plan was established in December 1946. The primary purpose is to provide you with income when you retire.

Once you meet the eligibility requirements, you are automatically enrolled in the Plan. All assets are held in a trust fund for the exclusive benefit of the Plan participants and their beneficiaries.

Safeway Inc. (referred to as Safeway) and certain of its domestic subsidiaries maintain the Plan for the eligible employees. The Plan is intended to provide a foundation on which you can build a well-planned retirement. Along with your 401(k) plan, personal savings and Social Security, the Plan can be a part of your total retirement strategy.

Safeway pays the full cost of the Plan; you are not permitted to make any contributions.

Safeway, as the Plan Administrator, has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect your eligibility for benefits. Safeway will also answer any questions that you may have, but for specific questions about your eligibility, and to request benefit estimates or election packets, please call the Safeway Companies Benefits Service Center at 1-877-SWY-PLAN (1-877-799-7526).

Eligibility

To be eligible to participate in the Plan, you must:

- Be employed by Safeway or a domestic subsidiary that participates in the Plan, and
- Be age 21 or over, and
- Have completed one year of service.

For eligibility purposes, one year of service means a 12-month period during which you are employed by Safeway and its domestic subsidiaries (collectively, the company) for at least one day in which you had an hour of service (described in the "*Break in Service*" section, page 6) in each of six separate months. In determining whether you meet this requirement, the Plan will first look at the 12-month period beginning on your date of hire. If necessary, the Plan will also determine whether you completed a year of service by looking at your employment during each Plan Year following your date of hire.

If you participate in, or are eligible for coverage under, another pension or retirement plan to which Safeway or a subsidiary that participates in the Plan makes contributions (such as a collectively bargained plan), you may not participate in this Plan.

Safeway.com employees (other than Backstage employees) who are eligible to participate in the Safeway 401(k) Plan, and Project Employees, are not eligible to participate in this Plan.

When Participation Begins

Participation begins on the first day of the month following the date you satisfy the requirements described in the *"Eligibility"* section. If you meet the requirements on the first day of a month, participation begins on that date.

If you have previously participated in the Plan and are rehired (or otherwise become eligible again for this Plan), your participation resumes on the first day of the following month. If you are rehired (or otherwise become eligible again) on the first day of a month, your participation resumes on that date.

Safeway automatically enrolls you in the Plan when you satisfy the eligibility requirements. You do not need to complete an enrollment form.

Vesting: Your Right to a Benefit

Vesting refers to your right to receive a benefit. If you leave the employment of the company at any time after you are vested, you will be eligible to receive a benefit, either as a lump sum or a monthly amount. You become vested if you:

- Have completed three years of vesting service after the age of 18,
- Reach age 55 while employed by the company, or
- Die while employed by the company.

You generally will earn one year of vesting service for each Plan Year during which you are employed by the company for at least one day in which you had an hour of service in each of six separate months.

If your employment ends before you become vested, you forfeit any benefits you have accrued under the Plan. There is no partial vesting of your benefit.

If your employment ends and you are later rehired, your years of vesting service may be affected (see next section on *"Break in Service").*

Break in Service

You will have a one-year break in service for any Plan Year in which you have no hours of service. However, certain exceptions may apply.

You receive an hour of service for each hour of employment with the company for which you are paid or entitled to payment for performing services, and for vacation, sick leave, disability and back pay. Also, you will receive hours of service for break in service purposes as a result of either of the following situations:

- If you are on an approved paid leave, or paid or unpaid maternity or paternity leave as described below.
- If you are in military service with U.S. Armed Forces, as long as you return to the company within the period that your re-employment rights are protected by law.

For purposes of this Plan, maternity or paternity leave is:

- pregnancy,
- birth of your child,
- placement of a child with you in connection with your adoption of that child, or
- caring for a child for a period of time following birth or adoption.

You may receive up to 501 hours of service credit for maternity, paternity or other leave.

Breaks in Service Before Vesting

If you leave the company, are not vested, and are rehired with the company ***before*** five consecutive one-year breaks in service, you keep your prior years of vesting service and any prior benefit already accrued.

If you leave the company, are not vested, and are rehired with the company ***after*** five consecutive one-year breaks in service, you lose your prior years of vesting service and any prior benefit already accrued.

Breaks in Service After Vesting

If you have a break in service after you are vested, your years of vesting service before the break in service remain credited to you under the Plan.

How Your Benefit is Determined*

Safeway sets up an account once you are eligible and that account grows with interest credits and pay-based credits. The following section goes into more detail.

How Your Account Grows

Your account grows with pay-based credits and interest credits. Here's a quick review of what these terms mean:

- **Pay-based credits** are calculated as a percentage of your eligible pay and are credited to your account at the end of each month. The credits increase from 3% to 6.5% of your eligible pay, based on your years of Plan participation at the end of the preceding month.
- **Eligible pay** includes base pay, non-discretionary bonuses, and most other types of pay, such as overtime, sick pay, vacation pay and holiday pay. Eligible pay does not include discretionary pay such as relocation expenses and awards. Eligible pay also includes deferred compensation as of the date you would normally be paid, up to a maximum amount of deferred compensation equal to two times the amount of your other (non-deferred) compensation. Deferred compensation means any salary or bonus deferral amounts elected under the Safeway Executive Deferred Compensation Plan. Compensation will not include any amounts you receive from the Safeway Executive Deferred Compensation Plan.

Note: The Internal Revenue Service limits the amount of compensation a plan can take into account when calculating benefits. The amount may vary each year.

- **Interest credits** are credited at the end of each month based on the balance in your account at the end of the preceding month. The interest rate is set in November each year for the following calendar year and is based on the average rate of return for 30-year Treasury securities, but will not be less than 2.34%.

Federal law may also restrict benefit accruals, depending on the funding status of the Plan. If any of these restrictions become applicable, you will be notified by the Plan Administrator.

***Special Notes:**

If you were a participant in the Plan prior to July 1, 1999, you may be entitled to a minimum benefit. Please contact the Safeway Companies Benefits Service Center at 1-877-SWY-PLAN (1-877-799-7526) for further information. If you were previously employed by Randalls Food Markets and you were a participant in the Randalls Food Markets Hourly Employees' Retirement Plan (the "Randalls Plan") prior to its merger into the Plan as of July 1, 2003, you may be entitled to an additional retirement benefit from the Randalls Plan. Please see the Randalls Plan Summary Plan Description in effect as June 30, 2003 for details about the Randalls Plan benefit.

Years of Participation and Pay-Based Credits

Your years of Plan participation determine where you fall on the pay-based credit chart. Generally, participation includes all periods of employment during which you actually participated in the Plan, excluding any periods for which you have either received a single lump sum payment or for any periods for which you are receiving a monthly annuity. If you are rehired after a break in service, your years of participation may also be impacted (see "Break in Service," page 6).

As a reminder, for periods of employment during which you are covered by a collective bargaining agreement, you only participate in the Plan (and thereby earn years of participation), if the agreement provides for participation in the Safeway Retirement Plan.

Your years of participation include partial years (measured in months) and is updated on the first day of each month.

PAY–BASED CREDITS

Years of Participation in the Plan	Pay-Based Credits
	12/31/2008 and later*
0 to 4	3.0%
5 to 9	3.5%
10 to 14	4.0%
15 to 19	4.5%
20 to 24	5.5%
25 or more	6.5%

**Prior to December 31, 2008 the pay-based credit chart was different. Please see your SPD in effect prior to December 31, 2008, or contact the Safeway Companies Benefits Service Center for details about the pay-based credit chart for years prior to December 31, 2008.*

The following example shows how an account can grow with pay-based credits and interest credits. For illustration purposes, we have shown yearly credits in the example. Your actual pay-based and interest credits are determined at the end of each month. This means your account will grow even faster, because interest begins to accumulate even sooner.

For this example, let's assume:

- A Participant has just become eligible to participate in the Plan,
- Eligible pay starts at $25,000 per year,
- Eligible pay increases $1,000 each year, and
- Interest credits are 5% each year.

Years of Plan Participation	Eligible Pay	x	Pay-Based	Credits	+	Interest Credits	=	Total Cash Balance
0	$25,000	x	3%	$750	+	$0	=	$750
1	$26,000	x	3%	$780	+	$38	=	$1,568
2	$27,000	x	3%	$810	+	$78	=	$2,456
3	$28,000	x	3%	$840	+	$123	=	$3,419
4	$29,000	x	3%	$870	+	$171	=	$4,460
5	$30,000	x	3.5%	$1,050	+	$223	=	$5,733
6	$31,000	x	3.5%	$1,085	+	$287	=	$7,105
7	$32,000	x	3.5%	$1,120	+	$355	=	$8,580
8	$33,000	x	3.5%	$1,155	+	$429	=	$10,164
9	$34,000	x	3.5%	$1,190	+	$508	=	$11,862
10	$35,000	x	4%	$1,400	+	$593	=	$13,855

These are only examples and do not guarantee continued employment, salary increases, interest rates or that the Plan will continue in its current form.

Based on this example, a cash balance of $13,855 would accumulate after 11 years of Plan participation.

If You Participate in More Than One Plan

If you are a participant in this Plan and become covered or eligible for coverage in another pension plan to which Safeway or a subsidiary that participates in the Plan contributes (for example, any collectively bargained pension plan), benefits under this Plan may be reduced. This reduction will be made for any period of service you receive benefit credits under both plans.

Receiving Your Benefits

Although the Plan defines Normal Retirement Age as age 65, you can retire at any time after you are vested and receive the total amount of your account in a lump sum – or you can convert your account to an annuity benefit.

You may continue working after age 65. Your Late Retirement date is the first day of the month following your termination date. If you elect to work after age 65, you continue to accrue additional pay-based credits and interest credits, but will not begin to receive benefits until you leave the company.

Additional Information about Receiving Your Benefits

If you decide to take a lump sum distribution, you can generally roll that amount over to an Individual Retirement Account (IRA) or another employer's qualified retirement program. If the lump sum value of your total vested benefit is more than $1,000, you may leave it in the Plan until age 65.

If your vested benefit is $1,000 or less, you must immediately take a lump sum distribution.

If You Are Rehired After You Begin Receiving Monthly Payments

If you are rehired after you have begun receiving monthly benefits from the Plan, those payments will continue whether or not you begin accruing additional retirement benefits. After you terminate again, you can elect to receive the value of your additional retirement benefit in a lump sum, another form of benefit payment, or have your monthly benefit increased to reflect the value of the additional benefit you have accumulated during the period of re-employment. However, your first payment election cannot change and that portion of your monthly benefit must continue to be paid as previously elected. You may choose another payment form for the benefit you accrued during your subsequent period of employment.

If You Are Rehired Before You Begin Receiving Monthly Payments

If you are rehired within 90 days of your termination of employment and payment of your benefit has not begun, you must wait until you subsequently terminate employment to elect to begin receiving your benefit under the Plan.

Forms of Benefit Payment

When you retire or terminate employment, you may receive a benefit from the Plan – as long as you are vested. You may begin receiving your benefit immediately or you may choose to delay receiving your benefit (but no later than your Normal Retirement Age). There are several forms of benefit payment from which to choose, including a full or partial lump sum option. The lump sum payment is equal to your cash balance account on the date the payment is made.

If the lump sum value of your total vested retirement benefit is $5,000 or less, the only available form is a single lump sum payment. If the lump sum value of your total vested retirement benefit is $1,000 or less when you terminate your employment, you will receive a lump sum payment as soon as administratively feasible.

If the lump sum value of your vested benefit is greater than $5,000, your normal form of benefit payment depends on your marital status when you begin receiving your benefits. If you are single, the normal form of benefit payment is a Single Life Annuity starting on your normal retirement date. If you are married, the normal form is a Joint and 100% Survivor Annuity starting on your normal retirement date.

If you are married and want any form of payment that does not provide a lifetime benefit for your spouse, your spouse must consent to your election in writing, and your spouse's consent must be witnessed by a notary public. Notarized spousal consent is also required if you are married and you make a retro-active election to commence your benefits on any date prior to the date of your election, even if the form of benefit you elect provides a lifetime benefit for your spouse.

You may elect one of the following optional forms of payment, provided that the lump sum value of your benefit exceeds $5,000:

- **Full Lump Sum Distribution** – You receive a lump sum payment of your benefit, with no further benefits paid from the Plan.
- **Partial Lump Sum Distribution with Annuity** – You receive a combination of part (25%, 50% or 75%) of your benefit in a lump sum payment and the remaining benefit through one of the annuity options described below.
- **Single Life Annuity** – You receive a monthly benefit until you die, then payments stop. No further benefits will be paid following your death.
- **Joint and Survivor Annuity (*Married Participants Only*)** – You receive a monthly benefit until you die. After you die, your surviving spouse receives either 50% or 100% of your monthly benefit for life depending on which option you elect. Benefits end when both you and your spouse have died.
- **Period Certain and Life Annuity** – You receive a monthly benefit until you die. However, if you die before the end of the period certain you elect (either 5, 10 or 15 years), your beneficiary will receive the value of the remaining monthly benefits paid in a lump sum payment unless your beneficiary elects to continue to receive monthly benefits for the remainder of the period certain. If your beneficiary dies before the end of the period certain, your beneficiary's designated beneficiary will receive the actuarial equivalent amount of the payments remaining in the period certain in a lump sum payment. If you die after the end of the period certain, no further benefits are paid from the Plan.
- **Combination Joint and Survivor/Period Certain Annuity**
  (Married Participants Only) – You receive a monthly benefit until you die. If you die before the end of the period certain you elect (either 5, 10 or 15 years), your surviving spouse continues to receive your monthly benefits for the remainder of that certain period. At the end of the certain period, monthly benefits to your spouse will continue at either 50% or 100% of your benefit, depending on the option you elect. If you die after the end of the period certain, your surviving spouse receives either 50% or 100% of your benefit depending on which option you elect.

If both you and your spouse die prior to the end of the period certain, your beneficiary will receive the value of the remaining monthly benefits paid in a lump sum payment unless your beneficiary elects to receive monthly benefits for the remainder of the period certain. If both you and your spouse die after the end of the period certain, no further benefits are paid from the Plan.

Keep in mind: All annuity forms of benefit payment, other than a single life annuity, are less than the amount paid under a single life annuity to reflect the fact that they provide benefits for a beneficiary.

Please Note: *All distributions from the Plan (other than any after-tax employee contributions) are considered taxable income. Lump sum distributions generally may be rolled over into another qualified plan or an IRA or certain other tax-sheltered plans, which will allow you to continue to defer taxes on the amount rolled over. Be sure to consult a tax advisor before choosing a form of benefit payment. In addition, you will find important information about receiving your Plan benefits in the Special Tax Notice provided in your retirement package following termination. Federal law may limit the payment options available to you depending on the funding status of the Plan. If any of these restrictions become applicable, you will be notified by the Plan Administrator.*

Retroactive Annuity Starting Date

If you elect to receive your benefit in the form of a Qualified Joint and Survivor Annuity, a Life Annuity, or a Period Certain and Life Annuity (or any combination of those benefit distribution forms), you may also elect to begin receiving your benefit as of a "Retroactive Annuity Starting Date." A Retroactive Annuity Starting Date is an Annuity Starting Date that is before the date you receive your general notice of distribution and before the date you actually begin receiving your benefit (your "Benefit Commencement Date"). You may make this election by contacting the Safeway Companies Benefits Service Center. Your Retroactive Annuity Starting Date may not be earlier than the earliest date on which you could have elected to receive your benefit and may not be more than 12 months (if you have not attained age 65) before your Benefit Commencement Date.

If you elect to receive your benefits as of a Retroactive Annuity Starting Date, your regular monthly payments will actually begin on your Benefit Commencement Date. In addition, within 30 days after your Benefit Commencement Date, you will receive a lump sum payment representing the total monthly payments payable to you for the period between your Retroactive Annuity Starting Date and your Benefit Commencement Date, plus interest at the rate of 8% per year. If you elect to receive your benefits as of a Retroactive Annuity Starting Date, the amount of your future monthly benefit payments may be slightly less than if you did not make the election, to take into account the additional benefit payments you will receive for the period between your Retroactive Annuity Starting Date and your Benefit Commencement Date. If you are married, your spouse must consent in writing in the presence of a notary public to your election to receive your benefits as of a Retroactive Annuity Starting Date, even if the form of benefit you elect provides a lifetime benefit to your spouse.

For example: a married participant requests to receive his benefits in the form of a Qualified Joint and Survivor Annuity on April 1, 2012. He requests that his benefit payments begin on January 1, 2012 (his Retroactive Annuity Starting Date). The Plan Administrator provides the participant with his general notice of distribution on April 15, 2012 and his benefit payments are scheduled to actually commence on June 1, 2012 (his Benefit Commencement Date). In order for the participant to begin receiving his benefits on January 1, 2012, his spouse must consent in writing (in the presence of a notary public) to his Retroactive Annuity Starting Date election. If his spouse consents, the participant will receive a lump sum payment by July 1, 2012 representing the monthly payments between January 1, 2012 and May 31, 2012, including interest at a rate of 8% per year. The participant's future monthly benefit payments begin on June 1, 2012, and may be less than the monthly payments he would have received if he had a June 1, 2012 commencement without any Retroactive Annuity Starting Date.

Converting Your Retirement Benefit into Forms of Benefit Payment

When you are ready to receive your benefit, it will be converted into the Plan payment form you select. The conversion will be based on the following (although not all factors apply to all forms of payment):

- Your age
- The age of your spouse (if applicable to that type of annuity)
- The interest and mortality rates at the time your payments begin, and
- The form of payment you select.

Example

Let's assume the participant retires at age 65 and her spouse is also age 65. With a lump sum balance of $80,000 and an interest rate of 5%, here are some possible benefit amounts (rounded) that the participant can elect based on the various forms of payment.

This Form of Payment	**Participant Receives**		**When Participant Dies, the Spouse or Beneficiary Receives**
	Lump Sum	Monthly Annuity	
Full Lump Sum Distribution	$80,000	None	$0
25% Partial Lump Sum Distribution with 100% Joint and Survivor Annuity	$20,000	$380 a month	$380 a month
50% Partial Lump Sum Distribution with Single Life Annuity	$40,000	$280 a month	$0
Single Life Annuity	None	$560 a month	$0
50% Joint and Survivor Annuity	None	$520 a month	$260 a month
10-Year Period Certain and Single Life Annuity	None	$545 a month	$545 a month for remainder of 10 years or the value of the remaining monthly benefits paid in a lump sum payment
Combination 100% Joint and Survivor/10-Year Period Certain Annuity	None	$490 a month	Spouse: $490 a month Beneficiary: If spouse dies, $490 a month for remainder of 10 years or the value of the remaining monthly benefits paid in a lump sum payment

The amounts shown above are based on an assumed interest rate of 5%. The actual relative amounts of the monthly annuity versus lump sum value of your benefit will be based on the applicable mortality and interest rates in effect when you begin receiving your vested benefits and will result in different relative amounts than shown above.

Death Benefits

If you die while employed by the company, you will automatically become vested and the value of your benefit will be paid to your beneficiary.

If you die after you terminate employment with the company and you were vested at the time of your termination, your beneficiary will be eligible for a death benefit from the Plan. If you die after you terminate employment with the company and you were not vested at the time of your termination, no death benefits will be paid to your beneficiary. As a non-vested participant, any benefits accrued were forfeited at the time of your termination.

If you are single, you must designate a beneficiary when you become eligible to participate in the Plan. Your beneficiary may receive a Lump Sum Distribution when you die or select an installment payment for 5, 10 or 15 years. Your beneficiary may rollover a lump sum distribution to an IRA which is established for the purpose of receiving such distribution.

If you are married, you may not designate a beneficiary other than your spouse unless your spouse consents in writing, and your spouse's consent is witnessed by a notary public. If you die, your spouse will receive a life annuity benefit commencing at age 65 (or later, if older). Your spouse may also choose a lump sum distribution, period certain annuity for 5, 10 or 15 years or any optional form of payment (other than a Joint and Survivor Annuity) described in *"Forms of Benefit Payment*." Your spouse may also elect a payment date earlier than age 65. Your spouse may rollover a lump sum distribution to an IRA, a Roth IRA, or another employer's qualified plan or certain other tax-sheltered plans.

If you are married, and are subsequently divorced, and your former spouse is designated as your beneficiary at the time of your divorce, your former spouse will no longer be considered your designated beneficiary unless either:

1. Following your divorce you execute a valid Beneficiary Designation Form that clearly names your former spouse as your beneficiary; or
2. A Qualified Domestic Relations Order ("QDRO") is provided that explicitly requires you to maintain your former spouse as your beneficiary.

If you did not name a beneficiary, benefits go to the first of the following survivors:

- Your spouse
- Your child(ren)
- Your parents
- Your brothers and sisters
- Your estate

What You Should Know About Taxes

You are responsible for reporting any payments you receive from the Plan as taxable income on your annual federal, state and local tax returns. You are also responsible for paying all applicable taxes. If you elect to have your Plan benefit paid as an annuity, you will need to complete a federal income tax withholding election.

IRS regulations require that the Plan withhold 20% of your taxable lump sum distribution against the federal income taxes you may owe. You can avoid this withholding by directly rolling over this taxable amount to an IRA, Roth IRA or another employer's qualified plan or certain other tax-sheltered plans. If you receive a lump sum payment before age 59½, you may also be subject to an additional 10% early distribution penalty, which you must claim when you file your tax return. Keep in mind that the amount withheld may not represent your actual tax liability.

Claiming Benefits

All claims for benefits under the Plan should be made in writing to the Benefit Plans Committee. (See "*Your Rights Under ERISA*," page 16 for additional information on your right to have a claim reviewed.)

Distribution paperwork will be sent to you after your termination date. To help you make your election, your Retirement Package will include:

- A Distribution Request Form explaining the various payment options you may request,
- Relative Value Notice that compares the optional forms of payment available,
- Special Tax Notice discussing the tax consequences of the various payment options,
- A W4-P Form so you can select the amount of withholding to be taken from your monthly pension payment,
- A Beneficiary Designation Form, and
- A Direct Deposit Form.

You may change your benefit payment method at any time before the first day of the month in which benefit payments begin; you will not be allowed to change your benefit payment method after that date. If you die before pension payments begin, benefits are paid as described under Death Benefits on page 13. To change your election, complete the appropriate form, available from the Safeway Companies Benefits Service Center.

Failure to Claim Benefits

If you are no longer employed with the company, it is important for you to keep the Safeway Companies Benefits Service Center informed of any changes in your address. If the company is unable to locate you (or your beneficiary or personal representative if you are not living) and has not paid benefits for a period of five years after any benefit becomes due, you could lose that benefit and any future benefits to which you are entitled. However, the right to receive the benefit(s) will be reinstated if you, your beneficiary or your personal representative is later located.

Assignment of Benefits

Because the purpose of the Plan is to provide you with income when you retire, borrowing against your benefits or assigning them to satisfy debts or liabilities would defeat this purpose and is not allowed. However, your benefit may be assigned by a "qualified domestic relations order" (see *"Limitations on Rights")*.

Important Plan Information

The Plan is a defined benefit pension plan that is administered through the Benefit Plans Committee, appointed by Safeway. The Committee consists of three to seven members who serve without pay. They elect a chair from the Committee. The Committee is the Plan Administrator and has discretionary authority to interpret provisions of the Plan, determine eligibility for participation and benefits, make rules for Plan administration, establish a funding policy, maintain records of fiscal transactions, and approve payments made from assets of the trust fund. Decisions made by a majority of the Committee are final.

The Committee may employ any agents, attorneys, pension plan specialists, investment managers, clerical, accounting and actuarial services it needs to carry out its administrative responsibilities.

No Employment Rights Under the Plan

Plan participation does not guarantee your continued employment with Safeway or its subsidiaries. Unless your employment is covered by a collective bargaining agreement or other written contract that expressly provides otherwise, your employment with Safeway or its subsidiaries is for no specific term and is terminable at any time and for any reason at the will of either party or notice to the other.

Plan Termination or Amendments

Safeway retains the right to amend or terminate the Plan in whole or in part, at any time. The authority to make such Plan changes generally rests with the Safeway Inc. Board of Directors. Any such amendment or termination of the Plan will be made by a resolution adopted by the Board of Directors. If material changes are made, employees will receive written notification within 210 days after the end of the Plan Year in which the change occurred.

The Plan (including any amendments) may be subject to IRS approval. From time to time, changes in the Plan may be required by the IRS, although no Plan amendments may take away benefits you have earned.

If the company terminates or partially terminates the Plan, affected participants generally become fully vested in their benefits as of the Plan termination date to the extent the Plan is funded.

Plan participants affected by a Plan termination will normally be eligible to receive their accrued benefit in one of the distribution forms allowed by the Plan.

Retirement Plan Insurance

Your pension benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most participants receive all of the pension benefits they would have received under their plan, but some participants may lose certain benefits.

The PBGC guarantee generally covers:

1. Normal and early retirement benefits,
2. Disability benefits if you become disabled before the Plan terminates, and
3. Certain benefits for your survivors.

The PBGC guarantee generally does not cover:

1. Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates,
2. Some or all of the benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates,
3. Benefits that are not vested because you have not worked long enough for the company,
4. Benefits for which you have not met all of the requirements at the time the Plan terminates,
5. Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age, and
6. Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the Plan has and on how much the PBGC collects from the employers. For more information about the PBGC and the benefits it guarantees, ask the Plan Administrator or contact the PBGC. Address inquiries to the PBGC:

PBGC
Insurance Operations Department
P.O. Box 151750
Alexandria, VA 22315-9923

The PBGC can also be reached by calling 1-800-400-7242. TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 800-400-7242. Additional information about the PBGC's pension insurance program is available through the PBGC's website at www.pbgc.gov.

Top-Heavy Provisions

A top-heavy plan, as defined by the Internal Revenue Service, generally means a plan that has at least 60% of total plan benefits attributable to “key” employees. Key employees include certain officers, shareholders, owners, and highly compensated employees. If the Plan becomes top-heavy, you will be notified. Special rules apply for any period of time a plan is top-heavy.

Limitations on Rights

Your vested benefit belongs to you and you cannot sell, transfer, or assign it. However, under certain circumstances, a court may award all or part of your benefit under the Plan to a present or former spouse, child or other dependent through a “qualified domestic relations order,” or QDRO.

A QDRO is a court order, judgment or decree that:

- Is made under a state domestic relations law (including community property laws),
- Relates to child support, alimony payments or marital property rights, and
- Creates or recognizes an alternate payee’s right to receive all or part of your benefits under the Plan.

If you are affected by a QDRO, you or your attorney should contact the Benefits Service Center to make sure the appropriate paperwork is filed.

If the QDRO so provides, your Plan benefit as of a specific date may be divided. In this instance, a separate benefit may be set up for your spouse, former spouse, child or dependent in the Plan. Your spouse, former spouse, child or dependent will then be able to elect benefits depending on the provisions in the QDRO.

The QDROs that do not specify immediate allocation of accrued benefits as of the date of divorce or separation usually include a formula for allocating benefits when you either leave the company or reach your earliest retirement age. If this is the case, a notation will be made to your record indicating that a portion of the total benefit shown on your statements will be paid at a later date to your alternate payee.

You, your spouse, former spouse, children, and beneficiaries can obtain, at no charge, a copy of the procedures governing QDROs. Contact the Safeway Companies Benefits Service Center for details.

Your Rights Under ERISA

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Receive Information About Your Plan and Benefits
- Examine, without charge, at the Plan Administrator’s office and/or at other specified locations, such as worksites and union halls, all documents governing the Plan, including collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan including the collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan’s annual funding notice. The Plan Administrator is required by law to furnish each participant with a copy of this annual funding notice.
- Obtain a statement telling you whether you have the right to receive a pension at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve months. It must be provided free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit to which you are entitled, or from exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules (see "*Claim Review Procedures*"*)*.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. However, you must first seek your benefits under the Plan's claims procedure (described below) before filing suit in court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator. If you have questions about this statement of your rights under ERISA, or if you need further assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Agent for Service of Legal Process:

General Counsel
Safeway Inc.
5918 Stoneridge Mall Road
Pleasanton, CA 94588-3229
(925) 467-3000

Legal process may also be served on the Plan Administrator or Trustee.

Claim Review Procedures

You, or your authorized representative, may submit a benefits claim for review by the Benefit Plans Committee. Your request for a review must be in writing and must include a statement requesting review by the Benefit Plans Committee, must set forth all of the grounds upon which your benefits claim is based and any facts in support of your claim, and must set forth any issues or comments which you deem relevant to your benefits claim.

You or your representative will have an opportunity to review relevant materials, other than legally privileged documents, in preparing the request for review. The Benefit Plans Committee will review the benefits claim and written materials submitted in connection with the claim, and may request additional information as part of the review.

The Benefit Plans Committee generally will send you written notification of the approval or denial of your benefits claim within 90 days after receiving your claim. If your benefits claim is denied, this notice will include specific reasons for the denial, references to the specific Plan provisions on which the denial was based, a description of any additional material or information necessary to perfect your claim, an explanation of why such material or information is necessary, and a description of the Plan's claim review procedures and the time limits applicable to the procedures (and your right to bring a civil action under Section 502(a) of ERISA following a denial of your benefits claim on appeal). If special circumstances exist, the Committee may take up to an additional 90 days to respond to your benefits claim. If an extension is required, you will be notified. The notice will include the special circumstances requiring the extension and the date by which the Benefit Plans Committee expects to render a decision on your benefits claim.

You, or your authorized representative, may appeal the Benefit Plans Committee's decision on your benefits claim in writing within 60 days after receiving the written notice of denial of your claim. Your appeal should be addressed to the Benefit Plans Committee and you may provide written comments, documents, records or other information relating to your benefits claim. You or your authorized representative will be provided upon request, free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your benefits claim. The appeal will review all comments, documents, records, and other information that you or your authorized representative submit, without regard to whether that information was submitted or considered in the review of your benefits claim.

If your benefits claim is denied and you appeal that decision, the Benefit Plans Committee will send you a final decision on your benefits claim in writing. If your appeal is denied, this final decision will state the specific reasons for the denial, references to the specific Plan provisions on which the denial was based, a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your benefits claim, and a statement of your right to bring a civil action under Section 502(a) of ERISA (which must be filed within one year of the date you receive the final denial). This final decision generally will be provided to you within 60 days after the Benefit Plans Committee has received your written appeal, unless the Committee determines that special circumstances require further time for processing of the appeal. If special circumstances exist, the Committee may take up to an additional 60 days to respond to your appeal. If an extension is required, you will be notified. The notice will include the special circumstances requiring the extension and the date by which the Benefit Plans Committee expects to render a decision on your appeal.

Plan Directory

Official Plan Name

Employee Retirement Plan of Safeway Inc. and its Domestic Subsidiaries

Employer Identification Number

94-3019135

Plan Number

001

Plan Year

December 31 to December 30

Effective Date of Plan

Originally established December 1, 1946;
Restated December 31, 2004

Type of Plan

Defined Benefit Pension Plan

Plan Administrator

Benefit Plans Committee

Safeway Inc.
5918 Stoneridge Mall Road
Pleasanton, CA 94588-3229
(925) 467-3000

For questions regarding the Plan, please visit the Safeway Benefits portal at www.myaisleone.com or www.benefitsweb.com/safeway.html. You may also. call the Safeway Companies Benefits Service Center at 1-877-SWY-PLAN (1-877-799-7526).

Plan Trustee

The Northern Trust Company
50 South La Salle Street
Chicago, IL 60675

Plan Sponsor

Safeway Inc.
5918 Stoneridge Mall Road
Pleasanton, CA 94588-3229
(925) 467-3000

Agent for Service of Legal Process

General Counsel

Safeway Inc.
5918 Stoneridge Mall Road
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Legal process may also be served on the Plan Administrator or Trustee.

June 2012