

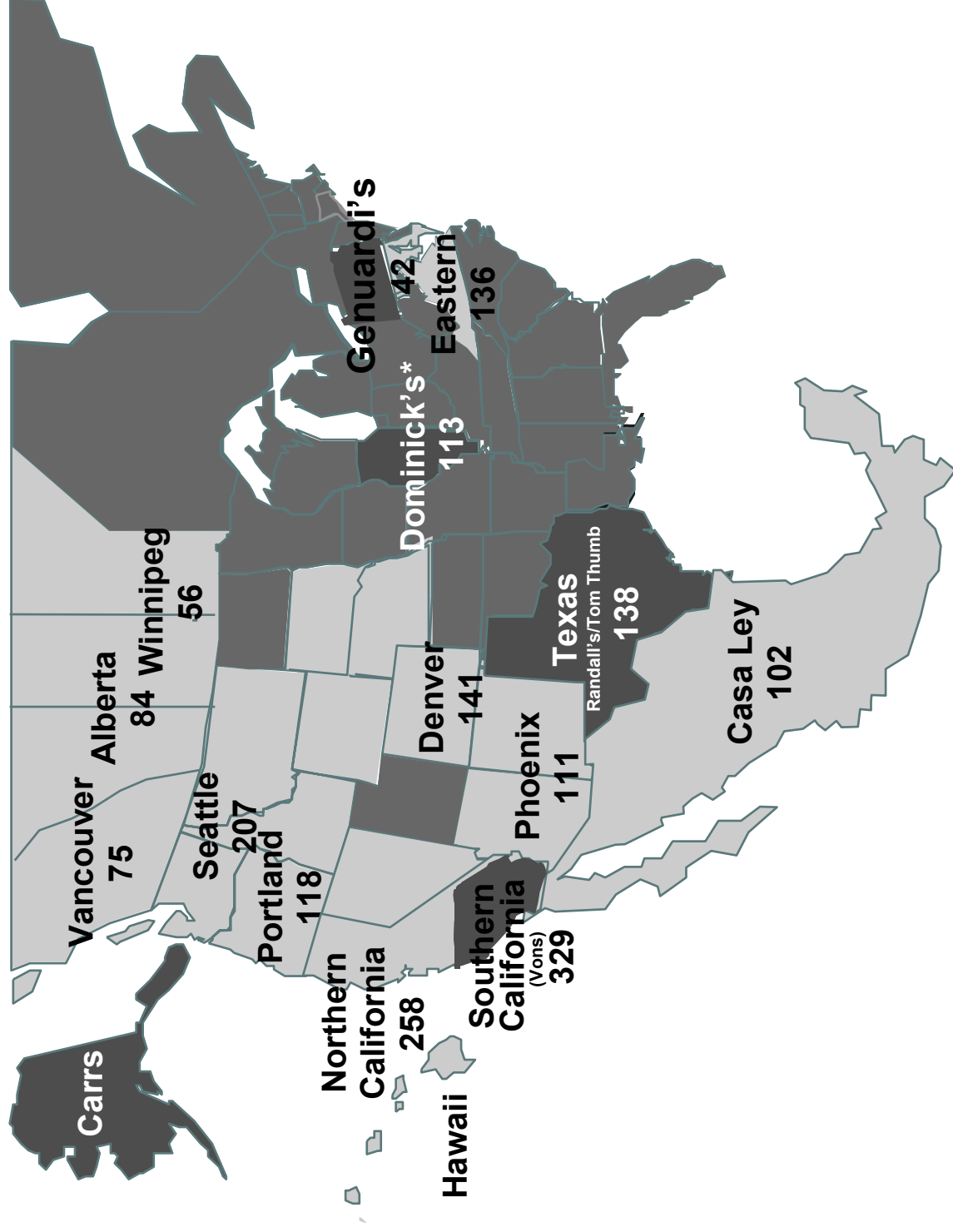


2003 FACTBOOK

SAFEWAY INC.
2003 FACT BOOK



Safeway Inc.



* Dominick's was classified as a discontinued operation on December 28, 2002.

ABOUT THE SAFEWAY FACT BOOK

This Fact Book provides certain financial and operating information about Safeway. It is intended to be used as a supplement to Safeway's 2002 Annual Report, Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and therefore does not include the Company's consolidated financial statements and notes.

Safeway believes that the information contained in this Fact Book is correct in all material respects as of the date set forth below. However, such information is subject to change.

May 2003

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Note: This Fact Book contains 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. Such statements relate to, among other things, capital expenditures, discontinued operations, share repurchases and are indicated by words or phrases such as "continuing", "on-going", "expects", "plans" and similar words or phrases. These statements are based on Safeway's current plans and expectations and involve risks and uncertainties that could cause actual events and results to vary significantly from those included in or contemplated or implied by such statements. Certain risks and uncertainties are described in Safeway's reports filed with the Securities and Exchange Commission.

I. SAFEWAY AT A GLANCE

Safeway is one of the largest food and drug retailers in North America. At year-end 2002, the Company operated 1,695 stores in the Western, Southwestern, Rocky Mountain, and Mid-Atlantic regions of the United States and in western Canada. In support of its stores, Safeway has an extensive network of distribution, manufacturing and food processing facilities.

Safeway also holds a 49% interest in Casa Ley, S.A. de C.V., which at year-end 2002 operated 102 food and general merchandise stores in western Mexico.

The majority of the information in the Fact Book is based on fiscal year 2002 numbers and is presented on a continuing operations basis unless otherwise noted. In addition, financial information has been adjusted, where appropriate, to reflect a two-for-one stock split effected on February 25, 1998.

Corporate Office

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SVP, Finance & Investor Relations

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Stock Information

- Stock symbol: SWY
- Listed on New York Stock Exchange
- Transfer Agent: EquiServe Trust Company, N.A.
P.O. Box 43023
Providence, RI 02940-3023
Phone: (877) 498-8861
(781) 575-2879
- 441.0 million common shares issued and outstanding as of December 28, 2002
- 473.8 million weighted average shares outstanding during 2002 (diluted)
- 2002 range of trading prices, NYSE: \$19.08 to \$46.09
- Two-for-one stock split effected February 25, 1998
- Two-for-one stock split effected January 30, 1996

Bond Information

- 3.625% *Senior Notes due 2003*
- 3.80% *Senior Notes due 2005*
- 4.80% *Senior Notes due 2007*
- 5.80% *Senior Notes due 2012*
- 6.05% *Senior Notes due 2003*
- 6.15% *Senior Notes Due 2006*
- 6.50% *Senior Notes due 2008*
- 6.50% *Senior Notes due 2011*
- 6.85% *Senior Notes due 2004*
- 7.00% *Senior Notes due 2007*
- 7.25% *Senior Notes due 2004*
- 7.25% *Senior Debentures due 2031*
- 7.45% *Senior Debentures due 2027*
- 7.50% *Senior Notes due 2009*
- 9.30% *Senior Secured Debentures due 2007*
- 9.65% *Senior Subordinated Debentures due 2004*
- 9.875% *Senior Subordinated Debentures due 2007*

Trustee & Paying Agent:

The Bank of New York
Bondholder Relations Department
Corporate Trust Division
Fiscal Agencies Department
101 Barclay Street, 7 - East
New York, NY 10286
(800) 548-5075

- *9.30% Senior Secured Debentures due 2007*

Trustee & Paying Agent:

Bank One Trust Company, N.A.

(800) 524-9472

Corporate Trust Services

Bondholder Relations

One Bank One Plaza, M/C IL1 - 0134

Chicago, IL 60670

- *8.48 – 8.75% Senior Medium Term Notes due 2002/3*

Trustee:

J.P. Morgan Trust Company, N.A.

(800) 275-2048

560 Mission Street, 13th Floor

San Francisco, CA 94105

Paying Agent:

Deutsche Bank Trust

(800) 735-7777

Company Americas

280 Park Avenue, 9th Floor

New York, NY 10017

II. RETAIL OPERATIONS

Overview

Safeway's operating strategy is to provide value to its customers by maintaining high store standards and a wide selection of quality products at competitive prices. To provide one-stop shopping for today's busy shoppers, the Company emphasizes high quality produce and meat, specialty departments including in-store bakery, delicatessen, floral and pharmacy, as well as customer-oriented employees, expert in the operations of each department.

Store Formats By Operating Area as of December 28, 2002

	<u>Conventional Stores</u>	<u>Superstores</u>	<u>Total Stores</u>
<i>U.S. Operating Areas:</i>			
Denver	21	120	141
Eastern (MD, VA, D.C., Genuardi's)	35	143	178
N. California (includes Hawaii)	82	176	258
Phoenix	8	103	111
Portland	27	91	118
Texas (Randalls/Tom Thumb)	14	124	138
Seattle (includes Alaska)	52	155	207
S. California (Vons)	<u>112</u>	<u>217</u>	<u>329</u>
Total U.S.	<u>351</u>	<u>1,129</u>	<u>1,480</u>
<i>Canada Operating Areas:</i>			
Alberta	18	66	84
Vancouver	34	41	75
Winnipeg	<u>19</u>	<u>37</u>	<u>56</u>
	<u>71</u>	<u>144</u>	<u>215</u>
Total U.S. & Canada	<u>422</u>	<u>1,273</u>	<u>1,695</u>

As of December 28, 2002, superstores (which are at least 35,000 square feet) accounted for 75% of total stores.

Store Count by State as of December 28, 2002

United States

Alaska	36
Arizona	110
California	537
Colorado	119
District of Columbia	16
Delaware	3
Hawaii	18
Idaho	6
Maryland	75
Montana	12
Nebraska	5
Nevada	32
New Jersey	6
New Mexico	4
Oregon	102
Pennsylvania	34
South Dakota	3
Texas	138
Virginia	44
Washington	169
Wyoming	<u>11</u>
TOTAL U.S.	1,480

Canada - Provinces

Alberta	81
British Columbia	78
Manitoba	35
Ontario	6
Saskatchewan	<u>15</u>
TOTAL CANADA	215

TOTAL U.S. & CANADA 1,695

Percentage of Stores with Specialty Departments

	<u>2002</u>	<u>1998</u>
Bakery	93%	85%
Deli	96%	93%
Floral	91%	88%
Pharmacy	70%	58%

Primary Competitors

Safeway U.S.

Operating Areas:

Conventional:

Other Competitors ^(*):

Denver	King Soopers (Kroger), Albertsons, Cub Foods	Wal-Mart Supercenter, Sam's Club, Costco
Eastern (MD, VA, D.C.)	Giant (Ahold), Super Fresh (Great Atlantic & Pacific), Food Lion (Delhaize), Shoppers Food Warehouse	Costco, Sam's Club, BJ's Wholesale Club, Whole Foods Market
Philadelphia (Genuardi's)	Acme (Albertsons), Shoprite, Pathmark, Giant (Ahold), Super Fresh (Great Atlantic & Pacific)	Sam's Club, Costco, BJ's Wholesale Club, Save-A-Lot
N. California (includes Hawaii)	Albertsons, Raley's, Nob Hill (Raley's), Ralphs (Kroger)	Costco
Phoenix	Fry's (Kroger), Albertsons, Bashas'	Wal-Mart Supercenter, Costco, Sam's Club
Portland	Fred Meyer (Kroger), Albertsons, Thriftway	Winco Foods, Costco
Texas (Randalls/Tom Thumb)	Kroger, Albertsons, H.E. Butt	Wal-Mart Supercenter, Sam's Club, Costco, SuperTarget Center
Seattle (includes Alaska)	Albertsons, Fred Meyer (Kroger), Quality Food Centers (Kroger)	Costco, Wal-Mart Supercenter
S. California	Albertsons, Ralphs (Kroger), Food 4 Less (Kroger), Stater Bros.	Costco, Sam's Club

Canada Operating Areas:

Conventional:

Other Competitors:

Alberta	IGA (Sobeys), Co-op, Extra Foods (Loblaws), Save-on-Foods (Overwaitea)	Real Canadian Superstore (Loblaws), Costco, Real Canadian Wholesale Club (Loblaws)
Vancouver	Save-on-Foods (Overwaitea), IGA (HY Louie/Sobeys), Extra Foods (Loblaws), Thriftys, Co-op	Real Canadian Superstore (Loblaws), Costco, Real Canadian Wholesale Club (Loblaws)
Winnipeg	IGA (Sobeys), Co-op, Extra Foods (Loblaws)	Real Canadian Superstore (Loblaws), Costco, Real Canadian Wholesale Club (Loblaws)

**Banners with grocery market share of 2% or greater.*

III. RETAIL SUPPORT OPERATIONS

Distribution

Each of Safeway's 11 retail operating areas is served by a regional distribution center consisting of one or more facilities. Safeway has 15 distribution/warehousing centers (12 in the United States and 3 in Canada), which collectively provide the majority of all products to stores operated by the Company. Safeway's distribution centers in Northern California, Maryland and British Columbia are operated by third parties.

<i>U.S. Operating Areas:</i>	<u>Location</u>	<u>Size (Sq. Ft.)</u>
Denver	Denver, CO	1,216,000
Eastern (MD, VA, D.C.)	Collington, MD	781,000
Northern California (includes Hawaii)	Tracy, CA	1,922,000
Phoenix	Tempe, AZ	788,000
Portland	Clackamas, OR	690,000
Seattle (includes Alaska)	Bellevue, WA Spokane, WA Anchorage, AK	879,000 292,000 233,000
Southern California (Vons)	Santa Fe Springs, CA El Monte, CA	989,000 862,000
Texas (Randalls/Tom Thumb)	Houston, TX Dallas, TX	686,000 1,019,000
	Total U.S.	<u>10,357,000</u>
<i>Canada Operating Areas:</i>		
Alberta	Calgary, Alberta Edmonton, Alberta	352,000 419,000
British Columbia	Vancouver, British Columbia	470,000
Winnipeg	Winnipeg, Manitoba	427,000
	Total Canada	<u>1,688,000</u>
Total U.S. & Canada		<u>12,025,000</u>

Safeway also sources product from six warehouses representing 886,000 square feet of space in the U.S., and two warehouses representing 276,000 square feet of space in Canada.

Manufacturing

The principal function of the Company's manufacturing operations is to purchase, manufacture and process private label merchandise sold in stores operated by the Company. As measured by sales dollars, approximately 28% of Safeway's private label merchandise is manufactured in Company-owned plants, and the remainder is purchased from third parties. The Company also manufactures private label and national brand products for a variety of U.S. and international customers.

Manufacturing and processing facilities by type and location as of year-end 2002 were as follows:

	<u>U.S.</u>	<u>Canada</u>
Milk Plants	7	3
Bread Baking Plants	6	2
Ice Cream Plants	2	2
Cheese and Meat Packaging Plants	-	2
Soft Drink Bottling Plants	4	-
Fruit and Vegetable Processing Plants	1	3
Biscuit Plant	1	-
Pet Food Plant	<u>1</u>	<u>-</u>
Total	<u><u>22</u></u>	<u><u>12</u></u>

Safeway stores offer a variety of corporate brand products across many categories. Safeway SELECT, the Company's premium tier, is offered in Safeway, Vons, Carrs, Randalls, Tom Thumb and Genuardi's stores.

Safeway's retail divisions also offer private brands under the following labels: Safeway, Vons, Remarkable (Randalls/Tom Thumb) and Genuardi's. Additional corporate brand labels available in our stores include Lucerne (Safeway) and Jerseymaid (Vons) dairy products and Mrs. Wright's (Safeway) bakery products.

IV. FINANCE AND ADMINISTRATION

Financial Transaction History

- ❖ In 1986 Safeway was acquired and taken private via a leveraged buyout by partnerships formed by Kohlberg Kravis Roberts & Co. ("KKR") and Safeway's senior management. At year-end 1986, total debt was \$5.7 billion.
- ❖ From 1986 through 1988, Safeway closed or sold approximately 1,000 stores and received proceeds of \$2.4 billion, which was used to repay debt.
- ❖ At year-end 1989, total debt was \$3.1 billion.
- ❖ In April 1990, Safeway became a public company once again by issuing 46 million shares at \$2.81 per share, with net proceeds of approximately \$120 million.
- ❖ In April 1991, the Company issued another 70 million shares at \$5.13 per share, with net proceeds of approximately \$340 million.
- ❖ From 1991-1992, the Company engaged in the following public debt activities:
 - 11-16-91: Redeemed \$565 million of 14.50% Junior Subordinated Debentures
 - 11-20-91: Issued \$300 million of 10.00% Senior Subordinated Notes due 2001
 - 12-20-91: Redeemed \$300 million of 11.75% Senior Subordinated Notes
 - 01-15-92: Issued \$300 million of 9.65% Senior Subordinated Debentures due 2004
 - 02-12-92: Issued \$100 million of 9.30% Senior Secured Debentures due 2007, which are secured by the distribution center in Tracy, California
 - 02-24-92: Redeemed \$300 million of 11.75% Senior Subordinated Notes
 - 03-17-92: Issued \$250 million of 9.35% Senior Subordinated Debentures due 1999 and \$150 million of 9.875% Senior Subordinated Debentures due 2007
 - 04-23-92: Redeemed remaining \$150 million of 11.75% Senior Subordinated Notes and redeemed \$250 million of 12.00% Senior Subordinated Debentures
 - 09-02-92: Filed a \$240 million shelf registration. Subsequently issued \$80 million of Medium-Term Notes in 1992 with maturities ranging from 3 to 10 years and \$80 million of Medium-Term Notes in 1993, with maturities ranging from 2 to 10 years.
- ❖ In 1994, Safeway retired public debt totaling \$292 million through open market purchases, consisting of \$44 million of senior debt and \$248 million of senior subordinated debt.

- ❖ In January 1995, Safeway acquired 31.8% of the partnership interests in SSI Equity Associates, L.P. for \$113 million with proceeds from bank borrowings. In October 1995, the Company acquired an additional 18.9% of such partnership interests for \$83 million with proceeds from bank borrowings. SSI Equity Associates, L.P. is a limited partnership whose sole asset consisted of warrants to purchase Safeway common stock at \$0.50 per share.
- ❖ In May 1995, Safeway entered into a new \$1.15 billion unsecured Bank Credit Agreement that was less restrictive than the previous credit agreements, extended the maturity date and provided lower borrowing costs. The new credit agreement was to mature in the year 2000 and had two one-year extension options. In connection with obtaining the new credit agreement, all collateral securing the prior credit agreement and the Company's subordinated debt was released.
- ❖ In May 1995, Standard & Poors upgraded Safeway's unsecured senior debt to BBB-.
- ❖ Effective January 30, 1996, Safeway's stock split two-for-one.
- ❖ On February 5, 1996, 45.9 million shares of Safeway Inc. were sold to the public by KKR at \$12.69 a share, reducing KKR's ownership of the Company to approximately 51%.
- ❖ In September and December 1996, Safeway acquired an additional 13.8% of the limited partnership interests in SSI Equity Associates, L.P. for \$127 million.
- ❖ In January 1997, Moody's upgraded Safeway's senior secured debt to Baa1.
- ❖ On April 8, 1997, Safeway completed the merger with Vons pursuant to which Safeway issued 83.2 million shares of Safeway common stock for all of the shares of Vons stock that it did not already own.
- ❖ In connection with the Vons merger, Safeway repurchased 64.0 million shares of Safeway common stock from a partnership affiliated with KKR at \$21.50 per share for an aggregate purchase price of \$1.376 billion.
- ❖ In April 1997, to facilitate the Vons merger, the Company entered into a new \$3.0 billion bank credit agreement. It provided for, among other things, increased borrowing capacity, extended maturities and the opportunity to pay lower interest rates based on interest coverage ratios or public debt ratings.
- ❖ On September 5, 1997, Safeway completed a tender offer for debt securities in the principal amount of approximately \$588 million:
 - \$95 million of 9.35% Senior Subordinated Notes due 1999
 - \$161 million of 10.00% Senior Subordinated Notes due 2001
 - \$53 million of 10.00% Senior Notes due 2002
 - \$147 million of 9.65% Senior Subordinated Debentures due 2004
 - \$46 million of 9.30% Senior Secured Debentures due 2007
 - \$86 million of 9.875% Senior Subordinated Debentures due 2007

- ❖ The Company simultaneously obtained consents to proposed amendments to the indentures governing the remaining securities.
- ❖ On September 5, 1997, the following securities were issued to partially finance the redemption outlined above:
 - \$200 million of 6.85% Senior Notes due 2004
 - \$200 million of 7.00% Senior Notes due 2007
 - \$150 million of 7.45% Senior Debentures due 2007
- ❖ In December 1997, the public offering of 56.5 million shares of common stock owned by affiliates of KKR was completed at \$29.88 per share, reducing KKR's ownership stake to approximately 22%.
- ❖ Effective February 25, 1998, Safeway's stock split two-for-one.
- ❖ In July 1998, the public offering of 28.8 million shares of common stock owned by affiliates of KKR was completed at \$45.00 a share, reducing KKR's ownership stake to approximately 17%.
- ❖ On August 6, 1998, Safeway and Carr-Gottstein Foods Co. jointly announced a definitive merger agreement in which Safeway would acquire all outstanding shares of Carr-Gottstein for \$12.50 cash per share and repay approximately \$239 million of Carrs' debt.
- ❖ On October 15, 1998, Safeway and Dominick's Supermarkets, Inc. jointly announced a definitive merger agreement in which Safeway would acquire all outstanding shares of Dominick's for \$49.00 cash per share and repay approximately \$560 million of Dominick's debt and lease obligations.
- ❖ On November 9, 1998, Safeway issued \$1.4 billion of senior debt associated with the acquisition of Dominick's. The four-tranche public offering consisted of:
 - \$400 million of 5.75% Notes due 2000
 - \$400 million of 5.875% Notes due 2001
 - \$350 million of 6.05% Notes due 2003
 - \$250 million of 6.50% Notes due 2008
- ❖ On November 12, 1998, Safeway was added to the S&P 500 index.
- ❖ On November 12, 1998, 20 million shares of common stock were sold by affiliates of KKR to underwriters at \$55.00 per share, reducing KKR's ownership stake to approximately 17%.
- ❖ On November 20, 1998, Safeway completed its acquisition of Dominick's Supermarkets, Inc.

- ❖ On February 10, 1999, 19.75 million shares of common stock were sold by affiliates of KKR at \$52.69 per share, reducing KKR's ownership stake to approximately 9%. In connection with the secondary offering, all warrants attributable to SSI Equity Associates partners other than Safeway were exercised. This resulted in Safeway holding 100% of the limited partnership interests in SSI Equity Associates.
- ❖ On April 16, 1999, Safeway completed its acquisition of Carr-Gottstein.
- ❖ On July 23, 1999, Safeway and Randall's Food Markets, Inc. jointly announced a definitive merger agreement in which Safeway would acquire all the outstanding shares of Randall's for total consideration of \$1.3 billion and repay approximately \$403 million of Randall's debt.
- ❖ On September 8, 1999, Safeway issued \$1.5 billion of senior debt associated with the acquisition of Randall's Food Markets, Inc. The three-tranche public offering consisted of:
 - \$600 million of 7.00% Notes due 2002
 - \$400 million of 7.25% Notes due 2004
 - \$500 million of 7.50% Notes due 2009
- ❖ On September 14, 1999, Safeway completed its acquisition of Randall's Food Markets, Inc.
- ❖ On January 27, 2000, Safeway announced it had repurchased 17.9 million shares of the Company's common stock for \$651 million during the fourth quarter of 1999.
- ❖ On April 28, 2000, two affiliates of KKR completed the private sale of 13.1 million shares of common stock, including approximately 8 million shares acquired in the Randall's merger.
- ❖ In June 5, 2000, Safeway and GroceryWorks.com signed a definitive agreement creating a strategic alliance between the two companies for GroceryWorks to be Safeway's online grocery channel.
- ❖ On December 5, 2000, Safeway and Genuardi's Family Markets, Inc. jointly announced a definitive agreement in which Safeway would acquire the assets of Genuardi's in a cash transaction for approximately \$530 million.
- ❖ On January 5, 2001, Safeway entered into an agreement with the Fleming Companies, Inc. to purchase 11 ABCO stores in Arizona.
- ❖ On January 31, 2001, Safeway issued \$600 million of 7.25% debentures due 2031, a portion of which was used to fund the Genuardi's acquisition.
- ❖ On February 5, 2001, Safeway completed its purchase of the assets of Genuardi's Family Markets, Inc.
- ❖ On February 28, 2001, Safeway completed the purchase of 11 ABCO stores from the Fleming Companies, Inc.

- ❖ On March 5, 2001, Safeway issued \$1.2 billion of senior debt to repay borrowings under its commercial paper program. The two-tranche public offering consisted of:
 - \$700 million of 6.15% Senior Notes due 2006
 - \$500 million of 6.50% Senior Notes due 2011
- ❖ On June 25, 2001, GroceryWorks.com, Safeway's exclusive online grocery channel, established a strategic relationship with Tesco PLC. Concurrently, Tesco made an equity investment for a 35% stake in GroceryWorks.
- ❖ On September 28, 2001, Safeway's Board of Directors increased the authorized level of the Company's stock repurchase program by \$500 million to \$1.5 billion.
- ❖ On November 5, 2001, Safeway issued \$400 million unsecured debt facilities consisting of 3.625% Notes due 2003.
- ❖ In November 2001, all warrants to purchase Safeway common stock held in SSI Equity Associates L.P. expired unexercised and were accounted for as a reduction to retained earnings.
- ❖ On January 24, 2002, Safeway announced it had repurchased 18.9 million shares of its common stock for \$781.3 million during 2001. Also, the Company's Board of Directors increased the authorized level of the Company's stock repurchase program by \$1.0 billion to \$2.5 billion. At year-end 2001, Safeway had bought back a total of \$1.4 billion worth of its shares, leaving \$1.1 billion available for repurchase under the \$2.5 billion program.
- ❖ On July 8, 2002, Safeway's Board of Directors increased the authorized level of the Company's stock repurchase program by \$1.0 billion to \$3.5 billion.
- ❖ On July 16, 2002, Safeway issued \$480 million of 4.80% senior debt due 2007 to repay borrowings under its commercial paper program.
- ❖ On August 12, 2002, Safeway issued \$1.025 billion of senior debt to repay borrowings under its commercial paper program. The two-tranche offering consisted of:
 - \$225 million of 3.80% Senior Notes due 2005
 - \$800 million of 5.80% Senior Notes due 2012
- ❖ In December 2002, Safeway decided to sell Dominick's and leave the Chicago market.
- ❖ On February 6, 2003, Safeway announced it had repurchased 50.1 million shares of its common stock for \$1.5 billion during 2002. At year end 2002, Safeway had bought back a total of \$2.9 billion worth of its shares, leaving \$0.6 billion available for repurchase under the \$3.5 billion program.

Property Development

The Company's capital expenditure program is designed to support long-term financial performance. Details include the following:

- ❖ In 1993, Safeway instituted a more analytical and disciplined approach to its capital program. Also, a 55,000-square-foot store prototype was adopted that cost approximately 20% less to build than its former 62,000-square-foot prototype, due primarily to store redesign and volume discounts achieved by centralized purchasing of fixtures and equipment.
- ❖ In 1999, Safeway invested \$1.2 billion in cash capital expenditures and opened 58 new stores and remodeled 240 stores.
- ❖ In 2000, Safeway invested \$1.4 billion in cash capital expenditures and opened 70 new stores and remodeled 236 stores.
- ❖ In 2001, Safeway invested \$1.7 billion in cash capital expenditures and opened 91 new stores and remodeled 231 stores.
- ❖ In 2002, Safeway invested \$1.4 billion in cash capital expenditures and opened 71 new stores and remodeled 191 stores.
- ❖ In 2003, Safeway plans to spend approximately \$1.1 - \$1.3 billion in cash capital expenditures and plans to open 50 - 55 new stores and remodel approximately 100 to 125 stores.
- ❖ Average store size as of year-end 2002 was approximately 44,000 square feet.

FIVE-YEAR HISTORY OF CAPITAL EXPENDITURE PROGRAM

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Beginning store count	1,368	1,383	1,545	1,570	1,656
Stores opened:					
New	27	26	40	55	49
Replacement	<u>18</u>	<u>32</u>	<u>30</u>	<u>36</u>	<u>22</u>
<i>Total</i>	45	58	70	91	71
Stores closed/sold	(30)	(45)	(45)	(44)	(32)
Net new stores	15	13	25	47	39
Acquired stores:					
Genuardi's	-	-	-	39 ^(a)	-
Randall's	-	117 ^(b)	-	-	-
Carr-Gottstein	-	32 ^(c)	-	-	-
Ending store count	<u>1,383</u>	<u>1,545</u>	<u>1,570</u>	<u>1,656</u>	<u>1,695</u>
Stores remodeled					
Expansions	28	33	28	31	33
"Four-Wall" remodels	<u>206</u>	<u>207</u>	<u>208</u>	<u>200</u>	<u>158</u>
<i>Total</i>	234	240	236	231	191
Retail square foot (MM)	54.7	63.9	66.5	71.8	74.6
% Square footage growth	2.8%	16.8%	4.1%	8.0%	3.9%
Sales per square foot	\$435.67	\$432.66	\$439.08	\$438.74	\$431.05

(a) The acquisition of Genuardi's in February 2001 added 39 stores with approximately 1.9 million square feet.

(b) The acquisition of Randall's in September 1999 added 117 stores with over 6.2 million square feet.

(c) The acquisition of Carr-Gottstein in April 1999 added 32 stores with over 1.0 million square feet.

Technology

In the information technology area, Safeway has continued to invest capital to reduce costs, increase efficiencies and serve customers better.

In 1994, Safeway announced a streamlining of its information technology organization and began a process to achieve common systems. The first steps were to eliminate both the costs of parallel development and the Vancouver Data Center. A detailed plan was developed to put the Company's accounting, buying, merchandising and warehouse systems on a common platform. Following the 1997 merger with Vons, data processing was consolidated into the Safeway Data Center in Salt Lake City.

The rollout of the common accounting system to the original Safeway divisions was completed by year-end 1996, to Vons in early 1998, Carrs in 1999, Randall's in mid-2000 and Genuardi's in 2001. Installation of the centralized accounting system allowed for the consolidation of all retail accounting functions into a single processing center in Phoenix, Arizona. The rollout of the merchandising, buying and retail systems to the original Safeway divisions was completed in the second quarter of 1998. The rollout of these systems to Vons was completed in the third quarter of 1999, to Carrs in 2000 and to Randall's and Genuardi's in 2001.

During 2002, the IT group supported the implementation of an enterprise wide financial system, the roll-out of a new warehouse information system and continued to support the company's club card database operation.

Administration

Number of employees:

Year-end 1998	151,000
Year-end 1999	176,000
Year-end 2000	175,000
Year-end 2001	179,000
Year-end 2002	172,000

Human Resources Programs

Workforce Diversity: Safeway strives to maintain a balanced workforce and seeks the best employees from every segment of the communities we serve, regardless of gender, age, race, sexual orientation, ethnicity or cultural background. Valuing and managing diversity is a vital part of every supervisor's job and helps the Company maximize individual employee productivity and achieve its business priorities. Safeway is committed to ensuring that its managers are trained and well equipped to manage a diverse workforce over the long term. In addition to training and education initiatives, Safeway has multi-level Diversity Advisory Boards that are charged with identifying opportunities and strategies to maximize the benefits of our diverse workforce.

Employee Development: Safeway believes that its employees are its most valuable asset. Employees are provided with the knowledge, skills and tools to be the leading retailer in our markets. Whether it is providing world-class customer service, offering exceptional products at a competitive price, or learning the latest in merchandising and display, the Company's training programs provide individuals with a solid foundation to achieve their best.

Retail Management Training: Store Managers are key to the daily operations and heartbeat of the Company. Potential managers are selected from high-performing store employees and outside candidates. Future store managers are given in-depth training on leadership, store operations, analyzing reports, technical knowledge and management skills. Our retail management training program prepares the individual for everyday challenges, as well as the changing landscape of the grocery industry.

Grocery Operations Training: Safeway provides its employees with the knowledge and skills to perform their best in any position they accept or are promoted into. The Company provides entry-level training using multi-media, mentors, and on-the-job learning in the areas of customer service, diversity, food safety, workplace safety, and a host of other topics and skills as they relate to each position.

Incentive Programs/ Stock Plans

Bonus System: The Company's bonus programs extend to over 21,000 employees from the in-store department manager level to senior management. Executive officers may elect to receive all, or a portion, of any performance bonus they earn in Company stock.

Stock Options: The Company's stock option program is available to approximately 15,000 employees.

Stock Ownership: A payroll deduction plan allows employees at all levels to buy Safeway stock commission-free. The Company's 401(k) plan provides eligible employees an option to invest their self-directed retirement funds in Safeway stock.

Corporate Responsibility

Charities: Safeway and its employees donate personal time and raise money for a variety of charitable purposes and organizations including educational institutions and local charities. The Company has been a corporate sponsor of Easter Seals since 1985. The Company also sponsors a variety of organizations that support and fund cancer research and treatment including the Susan G. Komen Foundation, and CaP CURE -- an organization dedicated to finding a cure for prostate cancer. The focus of these efforts is to support communities in which the Company operates. Stores are allocated budgets to address diverse community needs and are encouraged to work with local schools, youth organizations, social service groups and civic organizations.

In 2002, the Safeway Foundation was formed to support a range of different charitable causes in the company's operating areas including hunger relief, education, health and special needs related charities. The Safeway Foundation was funded by an initial start up grant from the company. Other fundraising events include a yearly employee giving campaign.

The company is a major supporter of food banks. Through product recovery centers, store bread donations and a range of special fundraising events, Safeway continues to be one of the largest food bank contributors in the U.S.

Environmental: Safeway's corporate Environmental Affairs and division Risk Management departments administer environmental programs that are designed to ensure compliance with applicable laws and regulations.

Safeway supply plants, distribution centers, and other facilities implement source reduction, re-use of materials, and recycling programs to reduce environmental impacts and costs associated with waste disposal. Programs to reduce chemical use, waste volume, and water usage have been implemented in many of our supply plants. Facilities are periodically assessed for opportunities to implement or improve waste and source reduction.

Safeway recycled over 400,000 tons of material from our stores in 2002. This included old corrugated cardboard, plastic wrap and bags, aluminum, wooden pallets, and paper. Other recycled materials from non-retail facilities include used oil, tires, and batteries. Organic waste products from stores and supply plants are collected for recycling into compost and animal feed. Safeway specifies recycled content in many materials such as packaging, office paper and supplies, and grocery bags. Safeway product packaging is periodically reviewed for source reduction opportunities.

CFC refrigerants have been replaced in over 95% of our store refrigeration systems. Non-ozone-depleting refrigerants are used in over 50% of these systems. Energy use in stores and other facilities has been reduced by means of more efficient lighting, refrigeration and mechanical systems.

Safeway conducts environmental assessments in the due diligence process for all real property transactions in an effort to identify and minimize potential environmental liabilities.

V. FINANCIAL AND OPERATING STATISTICS

(Dollars in millions, except per-share amounts)

Five-Year Summary

Year	Sales	% Change	Comparable Store Sales	Identical Store Sales
2002	\$32,399.2	1.9%	(0.6%)	(1.2%)
2001	\$31,797.0	8.0%	2.7%	2.0%
2000	\$29,441.5	11.9%	3.1%	2.5%
1999	\$26,299.8	9.3%	2.6%	2.0%
1998	\$24,068.9	7.1%	4.1%	3.7%

Year	Operating & Admin. Expense	O & A Margin	Operating Profit	Operating Margin
2002	\$7,718.9	23.8%	\$1,673.3 ^(a)	5.2% ^(a)
2001	\$7,212.9	22.7%	\$2,535.7	8.0%
2000	\$6,437.8	21.9%	\$2,264.5	7.7%
1999	\$5,850.9	22.3%	\$1,893.3	7.2%
1998	\$5,380.4	22.3%	\$1,595.1	6.6%

Year	Tax Rate	Income from Cont. Ops.	Income from Cont. Ops. as a % Sales	Diluted Earnings Per Share from Cont. Ops. ^(b)
2002	56.9% ^(c)	568.5 ^(a)	1.8% ^(a)	\$1.20 ^(a)
2001	39.4%	1,286.7	4.0%	\$2.51
2000	40.6%	1,154.2	3.9%	\$2.26
1999	41.1%	984.2	3.7%	\$1.91
1998	42.1%	807.7	3.4%	\$1.59

Year	Depreciation	Cash Capital Expenditures	Stock Price @ Year End	Stock Price Range
2002	\$812.5	\$1,370.5	\$23.26	\$19.08 to 46.09
2001	\$726.6	\$1,672.3	\$41.75	\$37.44 to 61.38
2000	\$640.4	\$1,435.7	\$62.50	\$30.75 to 62.67
1999	\$535.9	\$1,193.7	\$32.75	\$29.31 to 62.44
1998	\$466.7	\$1,022.9	\$60.94	\$30.50 to 61.38

a) Includes \$704.2 million goodwill impairment charge.

b) Income before taxes, loss on discontinued operations and cumulative effect of accounting change.

c) Includes the effect of a non-tax-deductible \$704.2 million goodwill impairment charge. The tax rate was 37.13% excluding this charge.

d) Per-share amounts have been restated for a two-for-one stock split effected on February 1998. Earnings per share have been restated in accordance with Statement of Financial Accounting Standards No. 128. Weighted average shares outstanding shown in millions.

e) Includes \$704.2 million goodwill impairment charge, \$696.6 million loss from discontinued operations, net of tax, and \$700 million goodwill impairment charge as a result of a cumulative effect of accounting change.

f) Total debt includes capital lease obligations.

Year	Cost of Goods Sold	Gross Profit	Gross Profit Margin
2002	\$22,302.8	\$10,096.4	31.2%
2001	\$21,947.4	\$9,849.6	31.0%
2000	\$20,652.0	\$8,789.5	29.9%
1999	\$18,491.8	\$7,808.0	29.7%
1998	\$17,042.7	\$7,026.2	29.2%

Year	Interest Expense	Pretax Income from Cont. Ops. ^(b)	Pretax Margin From Cont. Ops.
2002	\$368.6	\$1,320.2 ^(a)	4.1% ^(a)
2001	\$366.1	\$2,122.7	6.7%
2000	\$363.6	\$1,942.9	6.6%
1999	\$261.1	\$1,670.5	6.4%
1998	\$230.7	\$1,394.6	5.8%

Year	Net (Loss) Income	Diluted Earnings Per Share ^(d)	Weighted Average Shares Outstanding Diluted
2002	\$(828.1) ^(e)	\$(1.75) ^(e)	473.8
2001	\$1,253.9	\$2.44	513.2
2000	\$1,091.9	\$2.13	511.6
1999	\$970.9	\$1.88	515.4
1998	\$806.7	\$1.59	508.8

Year	Total Debt	Stockholders Equity	Total Debt to Capital (%) ^(f)
2002	\$8,327.0	\$3,627.5	69.7%
2001	\$7,271.5	\$5,889.6	55.2%
2000	\$6,352.3	\$5,389.8	54.1%
1999	\$6,777.6	\$4,085.8	62.4%
1998	\$4,768.4	\$3,082.1	60.7%

FINANCIAL AND OPERATING STATISTICS (cont'd)

Year	FIFO EBITDA	EBITDA Margin	Interest Coverage Ratio	Free Cash Flow
2002	\$3,173.8 ^(a)	9.8%	8.6 x	\$625.0
2001	\$3,422.2	10.8%	9.4 x	\$541.5
2000	\$3,001.8	10.2%	8.3 x	\$572.5

Reconciliation – Adjusted EBITDA from Continuing Operations

	52 weeks ended		
	2002	2001	2000
Adjusted EBITDA:			
Income from continuing operations	\$ 568.5	1,286.7	1,154.2
Add (subtract):			
Income taxes	751.7	836.0	788.7
Interest expense	368.6	366.1	363.6
Depreciation	812.5	726.6	640.4
Goodwill amortization	-	101.0	87.2
LIFO (income) expense	(17.6)	2.2	(1.1)
FBO, Furr's and Homeland Bankruptcy (reversal) charge	(14.3)	93.7	-
SFAS 142 Impairment charge	704.2	-	-
GroceryWorks impairment charge	-	30.1	-
Equity in losses (earnings) of unconsolidated affiliates, net	0.2	(20.2)	(31.2)
Total adjusted EBITDA	\$ 3,173.8	3,422.2	3,001.8
As a percent of sales	9.80%	10.76%	10.20%
Interest coverage ratio	8.61 x	9.35 x	8.26 x

Reconciliation – Free Cash Flow

	52 weeks ended		
	2002	2001	2000
Cash flow from operations	\$1,938.1	\$2,150.0	\$1,909.5
- Cash flow used by investing	(1,313.1)	(2,131.6)	(1,337.0)
+ Acquisition related	---	523.1	---
Free cash flow	\$625.0	\$541.5	\$572.5

a) Includes a \$704.2 million goodwill impairment charge.

Quarterly Data

Sales	First (12 Weeks)	Second (12 Weeks)	Third (12 Weeks)	Fourth (16 Weeks)	Year (52 Weeks)
2002	\$7,366.9	\$7,513.5	\$7,508.0	\$10,010.8	\$32,399.2
2001	\$7,084.0	\$7,399.9	\$7,386.4	\$9,926.7	\$31,797.0

Gross Profit	First (12 Weeks)	Second (12 Weeks)	Third (12 Weeks)	Fourth (16 Weeks)	Year (52 Weeks)
2002	\$2,314.1	\$2,375.3	\$2,309.1	\$3,097.9	\$10,096.4
2001	\$2,167.3	\$2,311.8	\$2,293.3	\$3,077.2	\$9,849.6

Operating Profit (Loss)	First (12 Weeks)	Second (12 Weeks)	Third (12 Weeks)	Fourth (16 Weeks)	Year (52 Weeks)
2002	\$586.2	\$565.9	\$530.2	\$(9.1) ^(a)	\$1,673.3
2001	\$568.5	\$624.7	\$595.3	\$747.3	\$2,535.7

Pretax Income (Loss) from Cont. Ops.	First (12 Weeks)	Second (12 Weeks)	Third (12 Weeks)	Fourth (16 Weeks)	Year (52 Weeks)
2002	\$515.1	\$489.2	\$448.1	\$(132.3) ^(a)	\$1,320.2
2001	\$487.5	\$516.1	\$521.0	\$598.2	\$2,122.7

Income (Loss) from Cont. Ops.	First (12 Weeks)	Second (12 Weeks)	Third (12 Weeks)	Fourth (16 Weeks)	Year (52 Weeks)
2002	\$325.0	\$305.0	\$280.9	\$(342.6) ^(a)	\$568.5
2001	\$293.3	\$303.9	\$327.3	\$362.3	\$1,286.7

Diluted Earnings (Loss) Per Share from Cont. Ops.	First (12 Weeks)	Second (12 Weeks)	Third (12 Weeks)	Fourth (16 Weeks)	Year (52 Weeks)
2002	\$0.66	\$0.62	\$0.60	\$(0.77) ^(a)	\$1.20
2001	\$0.57	\$0.59	\$0.64	\$0.71	\$2.51

Net Income (Loss)	First (12 Weeks)	Second (12 Weeks)	Third (12 Weeks)	Fourth (16 Weeks)	Year (52 Weeks)
2002	\$(367.9) ^(b)	\$309.3	\$281.3	\$(1,050.8) ^{(a)(c)}	\$(828.1)
2001	\$283.9	\$307.3	\$309.2	\$353.6	\$1,253.9

Diluted Earnings (Loss) Per Share	First (12 Weeks)	Second (12 Weeks)	Third (12 Weeks)	Fourth (16 Weeks)	Year (52 Weeks)
2002	\$(0.74) ^(b)	\$0.63	\$0.60	\$(2.37) ^{(a)(c)}	\$(1.75)
2001	\$0.55	\$0.59	\$0.60	\$0.70	\$2.44

a) Includes a \$704.2 million goodwill impairment charge.

b) Includes a \$700 million goodwill impairment charge as a result of a cumulative effect of accounting change.

c) Includes \$708.3 million loss from discontinued operations.

VI. DIRECTORS AND EXECUTIVE OFFICERS

Directors

Steven A. Burd
Chairman, President &
Chief Executive Officer
Safeway Inc.

James H. Greene, Jr.
Member
KKR & Co., LLC

Paul Hazen
Chairman
Accel - KKR
Former Chairman and
Chief Executive Officer
Wells Fargo & Co.

Hector Ley Lopez
General Director
Casa Ley, S.A. de C.V.

Robert I. MacDonnell
Retired Partner
KKR & Co.

Peter A. Magowan
Managing General Partner
& President
San Francisco Giants

George R. Roberts
Member
KKR & Co., LLC

Rebecca A. Stirn
Business Consultant

William Y. Tauscher
Private Investor
Former Chairman &
Chief Executive Officer
Vanstar Corporation

Executive Officers

Steven A. Burd
Chairman, President &
Chief Executive Officer

Bruce L. Everette
Executive Vice President

Vasant M. Prabhu
Executive Vice President &
Chief Financial Officer
President, E-Commerce Businesses

Larree M. Renda
Executive Vice President
Retail Operations, Human Resources,
Public Affairs, Labor & Gov't Relations,
Reengineering and Communications

David F. Bond
Senior Vice President
Finance & Control
David T. Ching
Senior Vice President &
Chief Information Officer

Robert A. Gordon
Senior Vice President &
General Counsel

Rojon D. Hasker
Senior Vice President
Marketing & Merchandising

Lawrence V. Jackson
Senior Vice President
Supply Operations

Melissa C. Plaisance
Senior Vice President
Finance & Investor Relations

Kenneth M. Shachmut
Senior Vice President
Reengineering &
Marketing Analysis

David R. Stern
Senior Vice President
Financial Planning &
Business Development

Donald P. Wright
Senior Vice President
Real Estate & Engineering

VII. CORPORATE HISTORY

1926

- ❖ Merrill Lynch forms holding company and acquires the assets of Safeway Stores, Inc. The new company is incorporated in Maryland.
- ❖ At year-end Safeway is operating 766 stores and is one of the first companies to offer cash-and-carry service.

1928

- ❖ M.B. Skaggs becomes President of Safeway Stores, Inc.
- ❖ Numerous acquisitions in Washington, D.C., Virginia and Maryland; others in Arkansas, Iowa, Kansas, Missouri and Texas.
- ❖ Total store count at year-end is 2,020, of which 855 contain meat markets.
- ❖ Safeway stock is listed on the NYSE.

1929

- ❖ Canada Safeway Limited is established in Winnipeg.

1931

- ❖ Safeway Stores, Inc. merges with 1,400-store MacMarr chain.
- ❖ Company reaches all-time high of 3,257 stores.

1934

- ❖ Skaggs relinquishes presidency to Langan A. Warren.

1955

- ❖ Warren retires as President and Director. Robert A. Magowan, who gives operational autonomy to Safeway divisions, leaves Merrill Lynch to become Chairman. Milton A. Selby is President, a post he would later relinquish to Magowan.

1962

- ❖ Company begins operating 11 stores of John Gardner Ltd. to establish roots in the United Kingdom.

1963

- ❖ Safeway enters the Australian market by purchasing three Pratt Supermarkets in the Melbourne area.

1964

- ❖ Safeway establishes operations in another international market with the acquisition of several Big Bear Basar stores in West Germany.

1966

- ❖ Central data processing located in Oakland, CA.
- ❖ Quentin Reynolds, who steered Safeway through an era of turbulent social upheaval, follows Robert Magowan as President.

1971

- ❖ Safeway divests itself of Super S drug stores after several unprofitable years.
- ❖ Robert Magowan steps down as Chairman and Chief Executive Officer; Reynolds assumes both posts. William S. Mitchell, under whose administration Safeway passes A&P to become the world's largest food retailer, follows Reynolds as President. Magowan stays on as Chairman of the Executive Committee.

1977

- ❖ Dale L. Lynch succeeds Mitchell as President and spearheads Safeway's move into one-stop shopping superstores that feature a variety of specialty departments.
- ❖ Safeway consolidates its manufacturing divisions in a modern Walnut Creek, CA complex.

1980

- ❖ Peter A. Magowan, who revises Safeway's strategy and redirects its merchandising thrust, succeeds Mitchell as Chairman and Chief Executive Officer.

1981

- ❖ Safeway enters into a joint venture agreement with Casa Ley, S.A., giving the Company a 49% interest in the 13-store chain in Western Mexico.

1982

- ❖ Omaha Division is sold.

1983

- ❖ James A. Rowland succeeds Lynch as President.
- ❖ San Diego and Los Angeles Divisions merge to form Southern California Division; Tulsa and Oklahoma City Divisions are combined to form Oklahoma Division.

1985

- ❖ Australia Division is sold to Woolworth's Ltd. Safeway receives a 20% interest in Woolworth's Ltd.

1986

- ❖ Company is taken private via a leveraged buyout by KKR and reincorporates in Delaware.
- ❖ Robert MacDonnell, Henry Kravis and George Roberts, General Partners of KKR Associates, L.P., are elected to Safeway's Board of Directors.
- ❖ Safeway sells its 20% interest in Woolworth's Ltd.

1987

- ❖ Company divests United Kingdom, Dallas, Salt Lake City, Liquor Barn, El Paso and Oklahoma Divisions.
- ❖ James Greene and Michael Tokarz, General Partners of KKR Associates, L.P., are elected to Safeway's Board of Directors

1988

- ❖ James Rowland retires. Peter Magowan assumes additional title of President.
- ❖ Company divests Kansas City, Little Rock, Houston and parts of Richmond Divisions.
- ❖ Safeway sells Southern California Division to The Vons Companies, Inc. The Company receives a 30% interest in Vons, in addition to cash proceeds.

1990

- ❖ Safeway returns to public status, selling 46.0 million shares in a public offering.
- ❖ Company announces five-year, \$3.2 billion capital expenditure program.
- ❖ New company name adopted: Safeway Inc.
- ❖ Paul Hazen, President and Chief Operating Officer of Wells Fargo & Co. and a member of its board, is elected to Safeway's Board of Directors.

1991

- ❖ Safeway sells an additional 70.0 million shares of common stock at \$5.125 per share.
- ❖ Safeway retires \$565 million of 14.5% LBO-related debt with a combination of cash and bank debt.

1992

- ❖ Safeway completes refinancing of \$1.0 billion of public subordinated debt.
- ❖ Steve Burd, a long-time consultant to Safeway, is appointed President. Peter Magowan remains as Chairman and Chief Executive Officer.

1993

- ❖ Peter Magowan steps down as Chief Executive Officer but continues to serve as Chairman of the Board. Steve Burd is elected Chief Executive Officer and becomes a member of Safeway's Board of Directors.
- ❖ Safeway sells 15 stores in the Richmond, Virginia area to Farm Fresh, Inc.

1994

- ❖ Safeway retires \$292 million of senior and senior subordinated debt in open market purchases with proceeds from bank borrowings.

1995

- ❖ In January 1995, Safeway acquires 31.8% of the limited partnership interests in SSI Equity Associates, L.P. for \$113 million with proceeds from bank borrowings.
- ❖ Safeway refinances Bank Credit Agreement on an unsecured basis and regains investment grade status on its senior unsecured debt from Standard & Poor's.
- ❖ In October 1995, Safeway acquires an additional 18.9% of the limited partnership interests in SSI Equity Associates, L.P. for \$83 million with proceeds from bank borrowings.

1996

- ❖ A two-for-one stock split is effected on January 30, 1996.
- ❖ In September and December 1996, Safeway acquired an additional 13.8% of the limited partnership interests in SSI Equity Associates, L.P. for \$127 million with proceeds from bank borrowings.

- ❖ Safeway Inc. and Vons jointly announce a definitive agreement for a business combination of the two companies.
- ❖ In connection with the Vons merger, Safeway agrees to repurchase 64.0 million shares of common stock from partnerships controlled by KKR.

1997

- ❖ On April 8, 1997, Safeway completes the acquisition of Vons and related stock repurchase from KKR. The combined company is the second largest grocery store chain in North America, with 1,377 stores and sales in excess of \$22 billion.

1998

- ❖ A two-for-one stock split is effected on February 25, 1998.
- ❖ Peter Magowan, Chairman of the Board, retires but remains a director.
- ❖ William Tauscher, Chairman and Chief Executive Officer of Vanstar Corporation, is elected to Safeway's Board of Directors.
- ❖ Safeway Inc. and Carr-Gottstein Foods Co. jointly announce a definitive merger agreement.
- ❖ Safeway Inc. and Dominick's Supermarkets, Inc. jointly announce a definitive merger agreement.
- ❖ Safeway is added to the S&P 500 on November 12, 1998.
- ❖ Safeway completes its acquisition of Dominick's Supermarkets, Inc.

1999

- ❖ In connection with a secondary offering, all warrants attributable to SSI Equity Associates' partners other than Safeway are exercised. Safeway now holds 100% of the limited partnership interests in SSI Equity Associates.
- ❖ Safeway completes its acquisition of Carr-Gottstein Foods Co.
- ❖ Rebecca Stirn, Vice President, Sales and Marketing of Collagen Aesthetics, Inc., is elected to Safeway's Board of Directors.
- ❖ Safeway and Randall's Food Markets, Inc. jointly announce a definitive merger agreement.
- ❖ Safeway completes its acquisition of Randall's.
- ❖ Safeway's Board of Directors authorizes a \$1.0 billion common stock repurchase program.

- ❖ Safeway repurchased 17.9 million shares of its common stock during the fourth quarter of 1999 for \$651 million.

2000

- ❖ Safeway announces it had joined 10 of the world's leading retailers as a founding member of the WorldWide Retail Exchange, a web-based business-to-business exchange for retailers operating in the food, general merchandise and drug retailing sectors.
- ❖ Hector Ley Lopez, General Director of Casa Ley, S.A. de C.V., is elected to the Company's Board of Directors, replacing Henry Kravis of KKR.
- ❖ Safeway and GroceryWorks.com sign a definitive agreement creating a strategic alliance between the two companies for GroceryWorks to be Safeway's online grocery channel.
- ❖ Safeway and Genuardi's Family Markets, Inc. announce a definitive agreement in which Safeway will purchase the assets of Genuardi's.

2001

- ❖ Safeway completes its purchase of the assets of Genuardi's Family Markets, Inc.
- ❖ Safeway purchases 11 ABCO stores in Arizona from the Fleming Companies, Inc.
- ❖ GroceryWorks.com, Safeway's exclusive online grocery channel establishes a strategic relationship with Tesco PLC.
- ❖ In the months following September 11, Safeway mobilized its retail operating divisions across the U.S. and Canada in a fundraising campaign to benefit the American Red Cross Disaster Relief Fund. Approximately \$4 million was raised, largely through customer and employee contributions.
- ❖ Safeway's Board of Directors authorizes an additional \$1.5 billion under its common stock repurchase program.
- ❖ Safeway repurchased 18.9 million shares of its common stock during 2001 for \$781 million. At year-end 2001, Safeway had bought back a total of \$1.4 billion worth of its shares leaving \$1.1 billion available for repurchase under the \$2.5 billion program.

2002

- ❖ GroceryWorks.com (doing business as Safeway.com) formally launches its Internet grocery service in Portland, Oregon, and Vancouver, Washington. GroceryWorks.com becomes available in Northern California, Southern California and Las Vegas.
- ❖ Safeway's Board of Directors authorizes an additional \$1.0 billion under its common stock repurchase program.

- ❖ Safeway purchases five stores in Houston from Albertson's and three stores in Dallas from Winn-Dixie.
- ❖ Safeway decides to sell Dominick's and exit the Chicago market.
- ❖ Safeway completes centralization of its marketing and procurement functions.
- ❖ Safeway repurchased 50.1 million shares of its common stock during 2002 for \$1.5 billion. At year-end 2002, Safeway had bought back a total of \$2.9 billion worth of its shares leaving \$0.6 billion available for repurchase under the \$3.5 billion program.