

Table of Contents

## SAFEWAY INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

- (2) Estimated net future cash flows for Dominick's stores closed during the fourth quarter of 2013.
- (3) Net cash flows, interest accretion, changes in estimates of net future cash flows for all stores other than Dominick's stores disposed of in 2014.
- (4) Net cash flows, interest accretion, changes in estimates of net future cash flows for Dominick's stores disposed of in 2014.

Store lease exit costs are included as a component of operating and administrative expense, with the exception of Dominick's locations closed in the fourth quarter of 2013 which are included in the loss on disposal of operations. For all stores, the liability is included in accrued claims and other liabilities.

**Note G: Financing**

Notes and debentures were composed of the following at year end (in millions):

	2014	2013
Term credit agreement, unsecured	\$ —	\$ 400.0
Mortgage notes payable, secured	4.7	46.8
5.625% Senior Notes due 2014, unsecured	—	250.0
3.40% Senior Notes due 2016, unsecured	80.0	400.0
6.35% Senior Notes due 2017, unsecured	100.0	500.0
5.00% Senior Notes due 2019, unsecured	500.0	500.0
3.95% Senior Notes due 2020, unsecured	500.0	500.0
4.75% Senior Notes due 2021, unsecured	400.0	400.0
7.45% Senior Debentures due 2027, unsecured	150.0	150.0
7.25% Senior Debentures due 2031, unsecured	600.0	600.0
Other notes payable, unsecured	141.4	21.4
	<u>2,476.1</u>	<u>3,768.2</u>
Less current maturities	(3.2)	(252.9)
Long-term portion	<u>\$ 2,472.9</u>	<u>\$ 3,515.3</u>

**Commercial Paper** During 2014, the average commercial paper borrowing was \$28.5 million and had a weighted-average interest rate of 0.63%. During 2013, the average commercial paper borrowing was \$43.9 million which had a weighted-average interest rate of 0.68%.

**Bank Credit Agreement** At January 3, 2015, the Company had a \$1,500.0 million credit agreement (the "Credit Agreement") with a syndicate of banks that was scheduled to terminate on June 1, 2015. The Credit Agreement provided to Safeway (i) a four-year revolving domestic credit facility of up to \$1,250.0 million for U.S. dollar advances and (ii) a \$400.0 million subfacility of the domestic facility for issuance of standby and commercial letters of credit. The Credit Agreement also provided for an increase in the credit facility commitments up to an additional \$500.0 million, subject to the satisfaction of certain conditions. On June 30, 2014, the Company terminated a \$250.0 million Canadian credit facility. The Credit Agreement contained various covenants that restricted, among other things and subject to certain exceptions, the ability of Safeway and its subsidiaries to incur certain liens, make certain asset sales, enter into certain mergers or amalgamations, engage in certain transactions with stockholders and affiliates and alter the character of its business from that conducted on the closing date. The Credit Agreement also contained two financial maintenance covenants: (i) an interest coverage ratio that required Safeway not to permit the ratio of consolidated Adjusted EBITDA,