

Table of Contents**SAFeway INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

At the date the financial statements were issued, Forms 5500 were generally not available for the plan years ending in 2014. Additionally, for the plan year ending March 31, 2012, Safeway contributed more than 5% of the total contributions to the Southern California United Food and Commercial Workers Union and Food Employers Joint Pension Plan.

**Multiemployer post-retirement benefit plans other than pensions** Safeway contributes to a number of multiemployer post-retirement benefit plans other than pensions under the terms of its collective bargaining agreements that cover union-represented employees. These plans may provide medical, pharmacy, dental, vision, mental health and other ancillary benefits to active employees and retirees as determined by the trustees of each plan. These benefits are not vested. A significant portion of Safeway contributions benefit active employees and, as such, may not constitute contributions to a post-retirement benefit plan. Safeway is unable to separate all contribution amounts paid to benefit active participants in order to separately report contributions paid to provide post-retirement benefits for retirees.

It is estimated that Safeway may have contributed as much as \$312.4 million in 2014, \$302.0 million in 2013 and as much as \$473.3 million in 2012 to fund health and welfare plans for multiemployer post-retirement plans other than pension. Actual funding of post-retirement benefit plans other than pensions is likely much lower as this amount continues to include contributions which benefit active employees.

**Note P: Investment in Unconsolidated Affiliates**

At year-end 2014, 2013 and 2012, Safeway's investment in unconsolidated affiliates includes a 49% ownership interest in Casa Ley, which operated 206 food and general merchandise stores in Western Mexico at year-end 2014. See Note V.

Equity in earnings from Safeway's unconsolidated affiliates, which is included in other income, was income of \$16.2 million in 2014, \$17.6 million in 2013 and \$17.5 million in 2012.

**Note Q: Commitments and Contingencies**

**Legal Matters** Certain holders of Safeway common stock have sought appraisal rights under Section 262 of the Delaware General Corporation Law, requesting a determination that the per share merger consideration payable in the Merger does not represent fair value for their shares. On February 19, 2015, a petition for appraisal was filed in Delaware Chancery Court entitled *Third Motion Equities Master Fund Ltd v. Safeway Inc.*, by a stockholder claiming to hold 563,000 shares. On February 25, 2015, a petition for appraisal was filed in Delaware Chancery Court entitled *Merion Capital LP and Merion Capital II LP v. Safeway Inc.*, by stockholders claiming to hold approximately 10.5 million shares. The deadline for filing petitions has not yet expired. If these plaintiffs are successful in any appraisal proceeding, they could be entitled to more for their stock than the per share merger consideration payable in the Merger.

On August 18, 2001, a group of truck drivers from the Company's Tracy, CA distribution center filed an action in California Superior Court, San Joaquin County entitled *Cicairos, et al. v. Summit Logistics*, alleging that Summit Logistics, the entity with whom Safeway contracted to operate the distribution center until August 2003, failed to provide meal periods, rest periods and itemized wage statements to the drivers in violation of California state law. Under its contract with Summit, Safeway is obligated to defend and indemnify Summit Logistics in this lawsuit. On February 6, 2007, another