PA
RI

5/2/94

Benefits at Work event

PHOTOCOPY
PRESERVATION

SAFEWAY INC.

COMPANY DESCRIPTION

Safeway Inc. is one of the world's largest food retailers. The company operates approximately 1,100 stores in the western, rocky mountain, southwestern, and mid-atlantic regions of the United States and in western Canada. In support of its stores, the company has an extensive network of distribution, manufacturing and food processing facilities.

Safeway also holds a 35% interest in The Vons Companies, Inc. the largest supermarket chain in southern California, and a 49% interest in Casa Ley, S.A. De C.V., which operates food/variety, clothing and wholesale outlet stores in western Mexico.

FAX COVER SHEET

TO: Marilyn Yeager

COMPANY:

FAX NUMBER: (202) 456-6218

FROM: MELISSA PLAISANCE
VICE PRESIDENT, INVESTOR RELATIONS & PUBLIC AFFAIRS
SAFEWAY INC.
201 4TH STREET
OAKLAND, CA 94607
PHONE: 510-891-3136
FAX: 510-452-2306

TOTAL NUMBER OF PAGES (EXCLUDING THIS COVER SHEET): 16

PLEASE CALL GINA QUIRICONI AT 510-891-3419 IF YOU HAVE PROBLEMS WITH THIS TRANSMISSION.

COMMENTS:

This may be more than you need - or not enough - please let me know if you need further information.

JIM DONALD

SENIOR VICE PRESIDENT AND EASTERN DIVISION MANAGER

SAFEWAY INC.

Jim Donald is Senior Vice President and Division Manager of Safeway's 125 store Eastern Division. He joined Safeway in February 1994. Prior to joining Safeway, Jim was Vice President in charge of food merchandising for Wal-Mart's SuperCenter operation.

Jim began his career in food retailing as a trainee with Publix Super Markets, Inc. in 1971. He left there to join Albertson's Inc. in 1976 and rapidly rose through Albertson's managerial ranks in its Florida, Alabama and Texas divisions. In 1989, he assumed command of Albertson's operations in the highly competitive Phoenix market. Wal-Mart hired him away from Albertson's in 1991 to launch and lead its ambitious efforts in its high volume, low cost food supercenters.

Jim and his wife Laura recently moved from Bentonville, Arkansas to Annapolis, Maryland, and have one son.

4/29/94

MELISSA PLAISANCE

VICE PRESIDENT, INVESTOR RELATIONS & PUBLIC AFFAIRS

SAFEWAY INC.

Melissa Plaisance is Vice President, Investor Relations & Public Affairs for Safeway Inc. and is a key contact in the Company's commercial and investment banking relationships.

Melissa joined Safeway in September 1990, as Director of Investor Relations. She was promoted to Vice President in 1993, and took on the additional responsibilities for Public Affairs in 1994. Prior to joining Safeway, she was a relationship manager with Bankers Trust where she held positions in New York and San Francisco before becoming a Vice President in the bank's leveraged buyout group in Los Angeles.

Ms. Plaisance graduated *cum laude* from Bucknell University in Lewisburg, PA with a B.S. in Business Administration and received an MBA from the UCLA Anderson Graduate School of Management. She also passed the NASD Series 7 and 63 exams while at Bankers Trust.

She currently serves as Vice President, Programs on the Board of the San Francisco Chapter of the National Investor Relations Institute, and is a member of the 1994 NIRI Annual Conference Committee. She is on the Finance Committee of the Lantern Bay Homeowners' Association, and is an Alumni interviewer for Bucknell.

She and her husband Joel live in Alameda, California and have one daughter.

4/29/94

ABOUT THE SAFEWAY FACT BOOK

This booklet provides detailed financial and operating information about Safeway. It is intended to be used as a supplement to the annual report, and therefore does not include the Company's consolidated financial statements and notes.

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

May 1, 1994

CONTENTS (SELECTED SECTIONS ONLY)

Note: The information in this Fact Book is prepared for the use of Safeway Inc. investors and the financial community. It is not to be construed as an offer to sell or a solicitation of an offer.

I. SAFEWAY AT A GLANCE

Safeway Inc. is the third largest supermarket chain in North America, operating 1,078 stores with annual sales in excess of $15 billion. The Company has six divisions in the U.S. and three divisions in Canada.

Safoway also has a 35% interest in Vons, the leading food retailer in Southern California, and a 49% interest in Casa Ley, a prominent food and general merchandise retailer operating 54 stores in Western Mexico.

Corporate Office

Safeway Inc.
Fourth & Jackson Streets
Oakland, CA 94660
(510) 891-3000

Investor Relations Contact

Melissa C. Plaisance
Vice President, Investor Relations & Public Affairs
Fourth & Jackson Streets
Oakland, CA 94660

PHONE: (510) 891-3136
FAX: (510) 452-2306

II. RETAIL OPERATIONS

Overview Safeway's marketing strategy is to offer superior quality perishables, selection and service at competitive prices in first class facilities. Safeway implements this strategy through its outstanding specialty departments (e.g. bakeries, delis), as well as its customer-oriented employees.

Store Formats By Division as of January 1, 1994:

U.S. Divisions:	Conventional Stores	Superstores	Total Stores
Denver	37	76	113
Eastern	67	60	127
Northern California	131	124	255
Phoenix	20	58	78
Portland	54	48	102
Seattle	80	94	174
Total U.S.	389	460	849

Canadian Divisions:	Conventional Stores	Superstores	Total Stores
Alberta	33	50	83
Vancouver	46	38	82
Winnipeg	29	33	62
Total Canada	108	121	235
Total U.S. & Canada	497	581	1078

As of January 1, 1994: Superstores, which are at least 35,000 sq. ft., account for 53% of total stores.

- Percentage of Stores with Specialty Departments:

	1988	1993
Bakery	60%	72%
Deli	70%	87%
Pharmacy	26%	49%
Seafood	44%	48%
Floral	61%	87%

Primary Competitors

U.S. Divisions:

Denver	Kroger, Albertsons, Cub Foods
Eastern	Giant, Great A&P, Shoppers
Northern California	American Stores, Raleys, Albertsons
Phoenix	Kroger, ABCO, Smitty's, Basha's, Smiths
Portland	Fred Meyer, Albertsons, Thriftway
Seattle	Albertsons, Carr's, QFC, Fred Meyer

Canada Divisions:

Alberta	Loblaw, Co-op, IGA, Overwaitea
Vancouver	Overwaitea, Loblaw, IGA
Winnipeg	Loblaw

III. RETAIL SUPPORT OPERATIONS

Distribution

The retail operations are supplied by 11 distribution-warehousing centers. These centers are equipped to service and maintain our tractors and trailers.

- Composition of transportation fleet, facilities locations and sizes:

U.S. Divisions	Location	Size (Sq. Ft.)	Tractors	Trailers
Denver	Denver, CO	1,246,000	50	235
Eastern	Landover, MD	1,071,800	121	424
N. California	Tracy, CA	1,800,000	223	582
Phoenix	Tempe, AZ	743,950	66	156
Portland	Clackamas, OR	732,100	66	226
Seattle	Bellevue, WA	858,900	110	384
	Spokane, WA	304,700		
		TOTAL U.S.	636	2,007

Canada Divisions	Location	Size (Sq. Ft.)	Tractors	Trailers
Alberta	Calgary, Alberta	352,500	21	93
	Edmonton, Alberta	545,400	20	133
Vancouver	Burnaby, B.C.	562,300	69	205
Winnipeg	Winnipeg, Manitoba	503,600	48	101
		TOTAL CANADA	158	532
		TOTAL U.S. & CANADA	794	2,539

Manufacturing

- Manufacturing and processing facilities by type and location as of January 1, 1994.

	U.S.	Canada
Bakery Plants	8	3
Cheese and Meat Plants	5	2
Grocery Plants	11	7
Ice Cream Plants	5	3
Milk Plants	7	3
Total	36	18

- Current Safeway Brand Names:

Bel-Air
Captain's Choice
Crown Colony
Edwards
Lucerne
Manor House
Mrs. Wright's
Nature's Cupboard
Safeway
Safeway SELECT
Smok-A-Roma
TownHouse
Trophy
White Magic

- Currently distributed by Glencourt, a subsidiary of Safeway:

Best Buy	Gardenside	Trader Horn	Real Roast
Blossom Time	Marigold	Snow Star	Scotch Buy
Coldbrook	Ovenjoy	Dairy Glen	
Dairyland	Par	Piedmont	

VI. DIRECTORS AND EXECUTIVE OFFICERS

Directors

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

Sam Ginn
Chairman and Chief Executive Officer
Pacific Telesis Group

James H. Greene, Jr.
General Partner
Kohlberg Kravis Roberts & Co.

Paul Hazen
President and Chief Operating Officer
Wells Fargo & Co.
Wells Fargo Bank, N.A.

Henry R. Kravis
General Partner
Kohlberg Kravis Roberts & Co.

Robert I. MacDonnell
General Partner
Kohlberg Kravis Roberts & Co.

Peter A. Magowan
Chairman of the Board
Safeway Inc.

George R. Roberts
General Partner
Kohlberg Kravis Roberts & Co.

Michael T. Tokarz
General Partner
Kohlberg Kravis Roberts & Co.

Executive Officers

Steven A. Burd
President and Chief Executive Officer

Julian C. Day
Executive Vice President
Chief Financial Officer

Kenneth W. Oder
Executive Vice President
Labor Relations, Human Resources, Law and Public Affairs

E. Richard Jones
Executive Vice President
Distribution and Manufacturing

F. J. Dale
Group Vice President
Finance

Larree M. Renda
Senior Vice President
Corporate Retail Operations

Michael C. Ross
Senior Vice President, Law
Secretary and General Counsel

Wilber L. Schinner
Senior Vice President
Director of Marketing

Donald P. Wright
Senior Vice President
Real Estate and Engineering

George D. Marshall
Vice President
Labor Relations

Richard A. Wilson
Vice President
Tax

VII. CORPORATE HISTORY

1926

- Merrill Lynch forms holding company and acquires the assets of Safeway Stores, Inc. The new corporation is registered 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 parent 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.

1955

- Lingan A. Warren retires as President and Director. Robert A. Magowan, who gives operational autonomy to Safeway divisions, is lured away from Merrill Lynch to become Chairman. Milton A. Selby is President.

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

- Company establishes operations in another international market with the acquisition of several Big Bar 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 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, who spearheads Safeway's move into one-stop shopping superstores that feature a variety of specialty departments, succeeds Mitchell as President.

• Safeway consolidates its manufacturing divisions in a modern Walnut Creek, CA facility.

1979

• Peter A. Magowan, who revises Safeway's strategy and redirects its merchandising thrust, becomes Chairman and CEO, succeeding Mitchell.

1981

• Safeway enters into a joint venture agreement with Casa Ley, S.A., giving the Company a 49% interest in its 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. Safeway receives a 20% interest in Woolworth's Ltd.

1986

- Company taken private via leveraged buyout by Kohlberg Kravis Roberts & Co.

- Safeway sells its 20% interest in Woolworth's Ltd.

1987

- Company divests UK, Dallas, Salt Lake, Liquor Barn, El Paso and Oklahoma divisions.

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 Vons. The Company receives a 30% interest in The Vons Companies, Inc.

1990

- Safeway returns to public status. Sells 11.5 million shares at $11.25 per share.

- Company announces 5-year $3.2 billion capital expenditures program.

- New Company name: Safeway Inc.

1991

- Safeway sells an additional 17.5 million shares of common stock at $20.50 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 billion of public subordinated debt.

- Steve Burd, a long-time consultant to Safeway, is appointed President. Peter Magowan remains as Chairman and CEO.

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 memeber of Safeway's Board of Directors, replacing a vacant seat.

- Julian C. Day joins the company as Executive Vice President and Chief Financial Officer.

pressing company

Contacts

4:45

John Decker -

union Greg Danier 4661591

~~Melissa~~

→ Plaisance

510 891 3136

→ Sunday 301-977-6175

→ John Deckard

301-918-6804

h 410-757-1036

. middle class

- Safeway
  - info on chain
  - specific store

- Safeway & health care
  Meege

- union
  - political
  - health care - Lux/Fire

- Benefits through the workplace
  - briefing?

- Jim Donald, sr VP
- releasing press statement
- Arnie Dowell, store man
  Decker, pr. manager

→ employee

* prove that there are businesses standing up for hc reform → Hill

→ others are doing similar

"share the President's belief in principles"

→ Eleanor Holmes Norton