



#35004

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**DATE:** JULY 22, 2014

**SUBJECT:** ADJUSTED SAFEWAY INC. - ANTICIPATED FURTHER  
ADJUSTMENT  
OPTION SYMBOL: SWY1  
DATE: ???  
\* \* \* CORRECTION \* \* \*

Adjusted Safeway Inc. (option symbol SWY1) options were adjusted on April 15, 2014. The new deliverable became 1) 100 Safeway Inc. (SWY) Common Shares, 2) 16 Blackhawk Network Holdings Inc. (HAWKB) Class B Common Shares, and 3) \$10.38 Cash (see OCC Information Memos #34438 and 34533).

On July 25, 2014, Shareholders of Safeway Inc. (SWY) will vote concerning the proposed merger with a wholly-owned subsidiary of AB Acquisition LLC, a wholly-owned subsidiary of Albertson's Holdings LLC. If the merger is approved and consummated, adjusted Safeway Inc. will be further adjusted, and each existing SWY Common Share will be converted into the right to receive \$32.50 net cash per share, subject to adjustment as described in the SWY Prospectus dated June 19, 2014. Additionally, SWY shareholders may receive an additional pro rata cash amount ("additional merger consideration") from the sale of certain assets as described in the SWY Prospectus dated June 19, 2014. However, if the sale of these assets is not completed by the time the merger is consummated, SWY shareholders will instead receive non-transferable Contingent Value Rights (CVR) as described in the Prospectus dated June 19, 2014.

NOTE: The Contingent Value Rights represent a non-transferable contractual right to receive an additional payment. Further adjusted SWY options will not be adjusted to call for the delivery of the non-transferable Contingent Value Rights (CVRs).

**CONTRACT ADJUSTMENT - OPTIONS**

**EFFECTIVE DATE:** Effective the opening of the business day after the merger is consummated. Contract adjustment is expected to occur in the fourth quarter of 2014.

**OPTION SYMBOL:** SWY1 remains SWY1

**STRIKE PRICES:** No Change

**NUMBER OF CONTRACTS:** No Change

**MULTIPLIER:** 100 (e.g., a premium of 1.50 yields \$150; a strike of 35 yields \$3,500)

**NEW DELIVERABLE  
PER CONTRACT**

- 1) 16 Blackhawk Network Holdings Inc. (HAWKB) Common Shares
- 2) **\$3,260.38 Cash (\$10.38 + \$32.50 x 100), subject to adjustment as described in the Proxy Statement, plus the additional merger consideration, if any(x 100), resulting from the sale of certain assets as described in the Proxy Statement.**

CUSIP:

HAWKB: 09238E203

**PRICING**

Unit the final cash amount of the merger consideration is determined, the underlying price for SWY1 will be determined as follows:

$$\text{SWY1} = 0.16 (\text{HAWKB}) + 32.6038$$

**DISCLAIMER**

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

**CATEGORY: CONTRACT ADJUSTMENT**

**For questions regarding this memo, call 1-888-678-4667 or email [investorservices@theocc.com](mailto:investorservices@theocc.com).**