SAFEWAY INC Form 4 August 25, 2009

FORM 4

OMB APPROVAL

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

January 31, Expires: 2005

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response... 0.5

Form 4 or Form 5 obligations may continue. See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1(b).

1. Name and Address of Reporting Person * SHANNON MICHAEL S

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

SAFEWAY INC [SWY]

(Month/Day/Year)

08/25/2009

(First) (Middle) (Last)

3. Date of Earliest Transaction

X_ Director 10% Owner Officer (give title Other (specify

(Check all applicable)

C/O SAFEWAY INC., 5918 STONERIDGE MALL ROAD

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year)

Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

below)

PLEASANTON, CA 94588

(City) (State) (Zip)

(Street)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following

7. Nature of 6. Ownership Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership (Instr. 4) (Instr. 4)

(A) or Code V Amount (D) Price Reported Transaction(s) (Instr. 3 and 4)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of 3. Transaction Date 3A. Deemed 5. Number of

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of 8 **Underlying Securities** (Instr. 3 and 4)

Derivative Conversion (Month/Day/Year) Security or Exercise

Execution Date, if any

TransactionDerivative Code Securities

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(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr.	-	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy) (1)	\$ 19.25	08/25/2009		A <u>(1)</u>		20,000		(2)	08/25/2019	Common Stock	20,000

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

SHANNON MICHAEL S

C/O SAFEWAY INC. 5918 STONERIDGE MALL ROAD PLEASANTON, CA 94588

Signatures

/s/ Laura A. Donald, Attorney-in-Fact 08/25/2009

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Granted under the Safeway Inc. 2007 Equity and Incentive Award Plan, which is a Rule 16b-3 plan.
- (2) The option becomes exercisable in successive annual increments of 1/3 of the original number of shares subject to the option, beginning on the first anniversary of the date of the grant; the option becomes fully exercisable on 08/25/2012.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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