

January 17, 2011

To Safeway Supplier:

This letter serves to inform you of a Safeway compliance initiative that is taking effect immediately and requires action on your part.

Safeway is committed to protecting its customers, its associates, and the environment. Your cooperation with the WERCSmart compliance initiative, described more fully below, will help Safeway better manage handling and disposition of chemical-containing products* and thus address many consumer concerns and regulatory challenges Safeway faces.

Safeway has selected The WerCS WERCSmart solution to manage its regulatory compliance requirements for chemical-containing products. The specific regulations include, but are not limited to, Federal and State requirements for proper transportation of hazardous materials (U.S. DOT) and proper handling and disposal of hazardous wastes (U.S. EPA).

New Procedure and General Specification:

Effective as of March 31, 2011, as a condition to continuing to sell such products through our retail outlets and as a General Specification for purposes of Safeway's Continuing Commodity Guaranty and Indemnity Agreement Terms and Conditions, all chemical containing products supplied to Safeway must be registered in the WERCSmart system.

You may register these products any time between now and the March 31, 2011 date. (NOTE FOR PRIVATE LABEL (SAFEWAY CONSUMER BRANDS) PRODUCTS, ONLY: WERCSmart will be able to redirect data to Safeway for your products already in their system with identical formulations, but not until approximately March 4, 2011. Please refrain from requesting WERCSmart to redirect these products until you are notified that their system is capable of this.)

For Items Safeway Currently Carries

Suppliers can register chemical-containing items that Safeway carries by visiting the WERCS website (<http://www.supplierwercs.com>) and following the steps required to have each product assessed by The WerCS, including payment of processing fees. If a product has already been registered in the WERCSmart system for another retailer, you can satisfy this requirement by authorizing The WerCS to send Safeway your chemical assessment data and paying any transmission fee that may apply. Suppliers new to the WERCSmart system will be required to set up an account and to input the required information.

For Items Newly Introduced to Safeway

Suppliers can register new chemical-containing products at the WERCS website (<http://www.supplierwercs.com>) by following the steps required to have each product assessed by The Wercs, including payment of applicable processing fees (or transmission fees for product UPCs already registered in WERCSmart).

Starting late March 2011 (exact date to be determined), this process will be integrated with Safeway's eNIF process to systematically ensure new chemical-containing items are registered with WERCSmart before they are set up in Safeway systems. The exact date of this change will be communicated to suppliers approximately a week before it is implemented.

Safeway and The Wercs will provide additional information on this process as needed. In the meantime, if you have questions please contact your Safeway Consumer Demand Representative. We greatly appreciate your cooperation in our continued efforts to enhance compliance with State and Federal regulations, as well as to help us protect our environment.

Sincerely,



David Lee
President and General Manager, Non-Perishables

*Chemical-containing products may be chemical, pesticide, aerosol or OTC products and include (but are not necessarily limited to) the following:

- Chemical - a product that contains a powder, gel, paste or liquid that is not intended for human consumption.
- Pesticide - a product containing chemicals that is advertised or labeled to kill, repel or prevent the growth of any living organism.
- Aerosol - an item that contains a compressed gas or propellant.
- Over-The-Counter (OTC) medications and nutritional supplements