

February 7, 2008



Paul Shapiro
Senior Director, Factory Farming Campaign
The Humane Society of the United States
2100 L St., NW
Washington, DC 20037

Dear Paul:

Here are Safeway's policies as it relates to the three issues that we have been discussing.

Controlled Atmosphere Stunning (CAS)

Safeway is actively looking for ways to increase the amount of poultry products from suppliers that use controlled atmosphere stunning (CAS). The company has been purchasing some processed poultry product from manufacturers using CAS. The company will now give buying preference to poultry manufacturers in North America who use or switch to an animal-welfare friendly controlled-atmosphere slaughter system.

Gestation Stalls

Safeway has begun an initiative to increase the amount of pork from North American suppliers that are phasing out gestation crates to confine sows. The company will give buying preference to vendors who are moving away from gestation crates. The company is currently purchasing a quantity of pork from vendors who are phasing out the crates. Safeway will increase that business by purchasing an additional 5% in year one, 10% in year two and 15% in year three.

Cage Free Eggs:

As part of its overall commitment to animal welfare, Safeway has undertaken an initiative to significantly increase the quantity of cage free eggs it makes available to its customers. We have recently added 12 regional and national cage free brands across our stores in the U.S. and Canada. Last year Safeway launched its own private label brand of cage free eggs under the "Lucerne Cage Free" name.

In addition, Safeway will implement a new policy that gives buying preference to cage free eggs. This buying preference is intended to favor producers who are converting away from battery-cage confinement systems. Nearly 3% of the eggs that Safeway sells are from cage free egg producers. This is among the highest in the supermarket industry. Over the next two years, Safeway's focus will be to more than double that amount to 6% of Safeway's overall egg volume, against current and realistic availability in the cage free egg market. We hope this new policy will encourage the egg industry to move away from confining laying hens in battery cages.

These are significant and industry-leading numbers in this emerging segment of the business. This initiative will make Safeway one of the first major retailers to undertake such an effort and sends an important message to suppliers and customers about these critical issues.

Please call me if you have questions, Paul.

Sincerely,

Brian G. Dowling
Vice President, External Affairs