

To: Sales, Brokers, Customer Service, Transportation and Shipping Representatives

Date: 8/19/15

Reference: Safeway LTL Shipping and Routing Instructions

Dear Supplier Partner:

Our Safeway LTL optimization program is widely known and we will continue with this program. We would like to welcome the newest preferred carrier in **OLD DOMINION FREIGHT LINES**. Old Dominion has a long history of servicing LTL freight and we are glad we are able to add them as a partner. They will service every division that participates in the program (Denver, Eastern and Hebron excluded).

Safeway is implementing a LTL (less than truckload) efficiencies program starting 8/19/2015. This program will streamline all LTL shipments consigned to our all our general merchandise and grocery distribution centers. **Any truckload shipments are exempt. This program is for ALL divisions Grocery and GM except Denver and Eastern.** We are confident that this program will increase overall service level for Safeway stores, our vendor partners, and our collective consumers.

Our mission is to optimize dock performance at our distribution center, reduce trapped freight for increased service level, and finding win-win solutions with potential CPU (customer pick up) conversions. To accomplish these goals **Safeway will require that only the LTL preferred carrier partners listed below be used for prepaid and CPU shipments.**

Thank you for your compliance in our new program. We know that you may have questions before and after the transition. Please help us respond to you in a timely manner by sending all questions to LTL.Optimization@safeway.com.

**On Time
Delivery**

Lead Time Problems and Shipping Delays for prepaid shipments must be reported immediately to the Safeway buyer per standard practice. On time delivery is measured against the Safeway issued due date on each PO.

Shipment Preparation

Palletizing is important to the safety of your product and Safeway's associates. Please refer to the Safeway Supplier Portal (suppliers.safeway.com) for all pallet requirements.

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**Routing
Procedures**

1. **Prepaid shipments shall only be tendered to the preferred carriers below for LTL shipments for Grocery/GM.** Any full truckloads or loads needing to stop at multiple locations and/or warehouses are exempt from this requirement. Suppliers are responsible for unloading, breakdown and sorting of all prepaid shipments.

2. **Customer Pick-Up (CPU) is also available.** Suppliers will have the opportunity to utilize Safeway's rate and service days.
 - a. **Suppliers interested in CPU conversion can contact Safeway Corporate Traffic (Strategic.Support@safeway.com).** *Please only inquire if interested in full conversion of the business to CPU. CPU conversion cannot be done at a transactional level.*
 - b. **Suppliers will need to provide the following information to Safeway for CPU consideration:**
 - Ship origin address and contact info
 - Product type
 - Pick up allowance offered. *Freight allowances will be deducted off the supplier's accounts payable invoice.*

3. **CPU will be at the discretion of Safeway and can be terminated at any time.** *Termination notice must be provided. Prepaid conversion will happen after 30 calendar days unless otherwise specified and agreed upon by both parties.*

Do not use Less than Truckload Carriers other than those listed in the required routing methods*. Safeway limits the number of Less than Truckload carriers so that it can most efficiently balance the receiving and distribution of your product.

*Required Routing Methods
Small Parcel <i>Shipments are generally 150 lb or less and must be shipped via:</i>
UPS – <i>Please refer to Safeway Routing Guide (suppliers.safeway.com/routing.asp)</i>

Less than Truckload
Ships via an LTL carrier:

ABF Freight System, Inc.
Estes Express Lines
Tony's Express (CA and AZ)
Old Dominion

Please refer to Routing Guide for contact info (suppliers.safeway.com/routing.asp)