



LTL Optimization Program

Albertson's Companies has designed a program for all dry LTL freight going into the Grocery and GM docks. Only preferred carriers chosen by Albertson's Co. will be permitted to deliver freight into these warehouses. The preferred carriers are ABF, Estes, Old Dominion Freight Lines and Tony's Express.

We are confident that this program will increase overall service level for ALBERTSON'S COMPANIES stores, our vendor partners, and our collective consumers as we have already seen in practice in the other divisions that are participating in the program.

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 **ALBERTSON'S COMPANIES will require that only the LTL preferred carrier partners be used for prepaid and CPU shipments.** Please help us respond to you in a timely manner by sending all questions to albertsons@transaver.com.

On Time Delivery

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

Shipment Preparation

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

Routing Procedures

1. Prepaid shipments shall only be tendered to the preferred carriers below for LTL shipments for dry Grocery/GM warehouses. 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 ALBERTSON'S COMPANIES's rate and service days.

- a) **Suppliers interested in CPU conversion can contact ALBERTSON'S COMPANIES 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 ALBERTSON'S COMPANIES 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 ALBERTSON'S COMPANIES 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.

Small Parcel

Shipments must be shipped via: UPS – Please refer to ALBERTSON'S COMPANIES Routing Guide (suppliers.safeway.com/routing.asp)

Less than Truckload

Shipments are determined to be LTL if they are hauled by an LTL carrier and must be shipped via the preferred carriers. This is a guideline not a strict weight requirement.

THIS PROGRAM ONLY APPLIES TO ONLY DRY LTL SHIPMENTS! - THIS DOES NOT APPLY TO PERISHABLE/FROZEN

Here is the list of DC's that are currently participating in the program:

DISTRIBUTION CENTER	LOCATION	PROGRAM START DATE
Tracy	16900 W. Schulte Road, Tracy CA 95376	2/2/2014
Tempe	1115 W. Alameda Drive, Tempe AZ 85282	8/11/2014
Santa Fe Springs	12801 Excelsior Street, Santa Fe Springs CA 90670	8/11/2014
Brea	200 N Puente Street Brea, CA 92821	3/23/2017
Irvine	9300 Toledo Way Irvine, CA 92618	3/23/2017
El Monte	4300 Shirley Avenue El Monte CA 91731	8/11/2014
Auburn	3520 Pacific Ave South, Auburn WA 98047	1/15/2015
Spokane	3435 East Rowan Avenue, Spokane, WA 99217	1/15/2015
Houston	10700 Telge Road, Houston TX 77095	1/15/2015
Dallas	743 Henrietta Creek Road, Roanoke TX 76262	1/15/2015
Portland	17505 NE San Rafael Street, Portland, OR 97230	2/3/2017
Salt Lake	620 W 600 N, North Salt Lake, UT 84054	2/20/2017

Vendors are strongly encouraged to review the program guidelines as laid out on the ALBERTSON'S COMPANIES Vendor Portal (suppliers.safeway.com) prior to contacting ALBERTSON'S COMPANIES. These instructions were also sent to them via EDI.

Grocery and GM All Divisions LTL Vendor Routing Guide (Shipping and Routing Instructions) Frequently Asked Questions

Question: *How does the vendor process shipments for this program?*

Answer: Shipment processing is very similar to the normal process for vendor delivered shipments. The exception being that vendors can only use the ALBERTSON'S COMPANIES selected carriers as laid out on the ALBERTSON'S COMPANIES Vendor Portal document. If a vendor wishes to investigate CPU opportunities they are encouraged to contact the Strategic Development team (Strategic.Support@safeway.com). Vendors who currently utilize the ALBERTSON'S COMPANIES CPU program will notice no change.

Question: *Do ALBERTSON'S COMPANIES's vendor partners have to use one of the designated LTL carriers listed on the Vendor Routing Guide?*

Answer: Yes. ALBERTSON'S COMPANIES limits the number of LTL carriers so that it can most efficiently balance the receiving and distribution of a vendor's product, reduce trapped freight, and improve service level to benefit our mutual customers.

Question: *What happens if I choose not to use an ALBERTSON'S COMPANIES preferred carrier?*

Answer: As of 1/19/2015 non-preferred LTL carriers will not be able to book delivery appointments in One Network. As such they will be subject to delivery compliance penalties. The other option is for the non-preferred carrier to interline the product with an ALBERTSON'S COMPANIES preferred carrier. This would be done at the carrier/vendor's expense.

Question: *After the vendor's delivered shipment has been processed is there a need for the vendor to contact ALBERTSON'S COMPANIES?*

Answer: No. The vendor only needs to contact ALBERTSON'S COMPANIES if they have questions regarding the program. Otherwise all vendor delivered business should be handled directly with an ALBERTSON'S COMPANIES preferred LTL carrier.

Question: *Are there any non-compliance fees incurred by the vendor?*

Answer: The goal of the program is to optimize our LTL supply chain. The intent is not to generate a revenue stream via compliance fees. ALBERTSON'S COMPANIES, however, limits the carriers allowed to deliver. Non-preferred carriers will be subject to the standard delivery compliance fees as applicable.

Question: *If a vendor already has a select LTL carrier in place but is not an ALBERTSON'S COMPANIES preferred LTL carrier can they use them instead?*

Answer: No. Vendors are expected to comply with the program and only use the LTL carriers selected by ALBERTSON'S COMPANIES. Truckload shipments are not subject to this policy.

Question: *If the vendor does not have a contract with one of ALBERTSON'S COMPANIES's authorized carriers will the vendor need to negotiate rates with this carrier for all outbound vendor delivered shipments?*

Answer: Yes. In order to bring more efficiency to its supply chain, ALBERTSON'S COMPANIES has select carriers set up which meet its inbound requirements. Please contact these carriers to set up rates using the numbers provided in the Vendor Routing Guide. If a vendor would rather provide a freight allowance and ship CPU they should contact ALBERTSON'S COMPANIES Strategic Development (Strategic.Support@safeway.com).

Question: *If the vendor has contracted a logistics company to manage all of its LTL freight, can the vendor continue to use them?*

Answer: Yes, however, the vendor's logistics company must follow the guidelines laid out for this program.

Question: *Does the vendor need to coordinate small parcel shipments through ALBERTSON'S COMPANIES?*

Answer: No. Prepaid small parcel shipments, are generally less than 75 lbs., are not subject to the programs guidelines. They can be handled normally via the small parcel by the use of UPS.

Question: *How will carriers schedule delivery appointments?*

Answer: Nothing has changed in regards to delivery appointments. All delivery appointments are to be scheduled by the carrier through One Network's scheduling platform. ALBERTSON'S COMPANIES's preferred LTL partners are familiar with the requirements.

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Question: *What are shipping terms and the different types?*

Answer: Shipping terms identifies who is responsible for paying the carrier.

Types:

- Vendor Delivered Shipments/Outbound Prepaid: Vendor pays an authorized carrier to ship freight to ALBERTSON'S COMPANIES's locations.
- Customer Pickup/Inbound Collect: ALBERTSON'S COMPANIES pays authorized carrier to pick up freight from a vendor and deliver to their location.
- Third Party: A party other than the shipper or consignee is responsible for the freight charges. The 3rd party payer and their bill to address must be noted on the Bill of Lading.

Please feel free to reach out with any questions:

LTL Optimization team email: Albertsons@transaver.com

Thank you!
Albertson's Co. LTL Optimization Team