



August 28, 2009

Dear Vendors, Suppliers, and Carriers:

Safeway has recently received a number of freight bills for shipments that should have been delivered to Safeway prepaid. LTL shipments have been particularly troublesome in this regard. We are therefore writing to reiterate Safeway's policy that, unless there is a specific contractual agreement to the contrary, **bills of lading for all freight received by Safeway must be marked PREPAID.**

We are finding that many shippers are either filling out BOL's improperly (stating "collect" instead of "prepaid") or are short-paying carrier freight bills, and that carriers, in response, are sending their balance-due invoices to Safeway. Such carriers should understand that these charges are the responsibility of the relevant vendor, not of Safeway.

Any invoices Safeway receives that don't comply with these requirements will be denied and returned to the vendor or the carrier. Any balance-due invoices for Sort/Segregate, Detention, Redelivery, Weight Verification or Delivery Notification for any freight (other than freight dispatched by Safeway) will also be rejected and returned "Denied." **Please note that the following services are the responsibility of the vendor, and Safeway will not be responsible for the related charges:**

- Sort and segregate charges
- Notification charges
- Detention charges
- Unloading charges
- Standby time
- Non-business hours delivery fee
- Previously addressed and denied
- Comments

Per Safeway's Continuing Commodity Guaranty and Indemnity Agreement, part VI: Shipment/Delivery section B "Seller [vendor] shall be responsible for all expenses of delivering the Goods to the "Ship-To" address, stacked, sorted, segregated, and palletized on [Safeway's] loading dock." In order to fulfill this responsibility, vendors and carriers may hire the lumber service available at each Safeway warehouse.

The purpose of this letter is to clearly state Safeway's policies so as to ensure that freight bills are routed correctly for timely payment and to avoid unnecessary dispute. Your adherence to the aforementioned policies is greatly appreciated.