


Steven A. Burd  
Chairman, President and  
Chief Executive Officer

October 17, 2007

Ms. Elizabeth Terry



Dear Ms. Terry:

Thank you for writing again, this time about the use of plastic sacks in one of the Vons stores in Anaheim.

As you probably know, the "paper vs. plastic" debate has been raging for years. Early on in the debate, paper was the overwhelming preference of consumers who wanted to show their concern for the environment. However, you may be surprised to learn that plastic is now preferred by most grocery shoppers and accounts for about 90% of our bag usage. Its increasing popularity in recent years is easing the drain on scarce timber resources while reducing the level of harmful chemical residues that end up in rivers and streams as by-products of the paper-making process.

You're probably aware that, for many years now, we have been recycling plastic grocery sacks and produce bags returned to our stores. You should also always be able to request paper sacks in our stores; unfortunately, in the instance you described, this store had run out of them temporarily. As you've seen in our Bay Area stores, we also sell convenient, reusable tote bags at a very attractive price to further reduce the use of paper and plastic sacks. These are available at Vons, too.

We have investigated the bags you suggest – those made from corn, sugar and potato starch. Unfortunately, the jury is still out on their practicality, and they are prohibitively expensive, costing almost 50 times as much as plastic bags! In regard to your concerns about the plastic roll bags in the produce department, so far we have nothing better to replace them and, frankly, these aren't the plastic bags causing most of the problems with litter and pollution. In areas where plastic grocery sacks are banned, stores are still allowed to use plastic produce bags.

You may be interested to know that, within the grocery industry, Safeway has been a leading proponent of waste reduction and recycling for more than 40 years. We began recycling corrugated cardboard in 1960, years before other

food retailers, and shortly thereafter we pioneered aluminum recycling in supermarkets. Since then, we've also been recycling plastics, wooden pallets, and motor oil in our distribution centers, and using recycled material in our grocery sacks, private-label paper products and the packaging for our eggs, cereals, detergents, cookies and crackers, stuffing, dry pet food, flavorings, pudding and gelatin, cocoa and dry milk. We also use bio-diesel fuel in our California and Arizona trucking fleets, with a commitment to roll out more of our fleet with this "greener" fuel alternative soon.

Our thanks again for taking the time to write, Ms. Terry. We share your concern for the environment and are committed to good corporate citizenship – here in California and everywhere else we operate.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steven A. Burd".

Steven A. Burd

SAB/ha

cc w/att: Bruce L. Everette  
Thomas C. Keller  
Karl Schroeder