

SAFEMAY INC.

COMPLAINT AND INVESTIGATION PROTOCOL FOR ACCOUNTING, INTERNAL ACCOUNTING CONTROLS, FRAUD OR AUDITING MATTERS

APPROVED BY THE AUDIT COMMITTEE -JUNE 20, 2003
ADOPTED BY THE BOARD OF DIRECTORS – AUGUST 14, 2003

WHISTLEBLOWER POLICY

- 1 It is the policy of SAFEMAY INC. (“Safeway” or the “Company”) to treat complaints about accounting, internal accounting controls, auditing matters, or deceptive financial practices seriously and expeditiously.
- 2 Employees will be given the opportunity to submit confidential and anonymous complaints about accounting, internal accounting controls, auditing matters, or any deceptive financial practices (including but not limited to fraud against investors, securities fraud, mail or wire fraud, bank fraud, or inaccurate statements to the SEC or members of the investing public) for review by representatives of Safeway. The Company will protect the confidentiality and anonymity of the employee when so requested. Such complaints are referred to in this policy as “Complaint”, “Complaints” or “Accounting or Securities Fraud Complaints.”
- 3 Complaints will be investigated by persons that have sufficient familiarity with the subject area to conduct an effective investigation.
- 4 Safeway counsel will be advised of the Complaints and may direct the investigation of the Complaint.
- 5 No employee will be terminated or otherwise retaliated against (as defined below) for lawfully submitting a Complaint under this procedure if the employee acts lawfully and reasonably believes that the Complaint involves a violation of federal securities or anti-fraud laws. Retaliatory action includes discharging, demoting, suspending, threatening or harassing an employee.

PROCEDURE

A. Confidential, Anonymous Complaint Procedure

- 1 This policy allows employees to submit confidential, anonymous Accounting or Securities Fraud Complaints by any of the methods set forth below. A summary of this policy will be displayed on the Company’s website, www.safeway.com.
- 2 Telephone Hotline: Employees with Accounting or Securities Fraud Complaints can call 1-866-239-1376 to submit their Complaint. The hotline is available 24 hours a day, seven days a week. The number is a recorded line on which an employee can confidentially leave his/her Complaint and any information related to the Complaint. Employees who call this number need not leave their name or other personal information.

The investigation that follows from this call will be conducted in a manner that protects the confidentiality and anonymity of the employee making the call. An internal Corporate Security employee specifically designated to receive hotline calls will log in the call. The following information is requested:

- a. The employee's name and the division of Safeway in which he/she works (unless anonymous);
- b. Date of the call;
- c. Any relevant information concerning the allegations.

The information from the call will be documented and maintained by the Safeway Corporate Security Department in a secure database of anonymous Complaints and shall include at a minimum the full written description of the information received concerning the Complaint allegations.

3. Written Complaints: Employees may submit Accounting or Securities Fraud Complaints, in writing or via e-mail, to the Senior Vice President, Finance and Control, the Vice President of Internal Audit, the General Counsel, or the Company's Corporate Security Department. Employees submitting this information need not leave their names or other personal information. The investigation that follows from this Complaint will be conducted in a manner that protects the confidentiality and anonymity of the employee submitting the Complaint.

B. Receipt and Treatment of Complaint

1. Any Complaint made under these provisions shall be immediately directed to the Senior Vice President, Finance and Control, or the General Counsel, who report directly to the Audit Committee on such matters.
2. The Senior Vice President, Finance and Control, or the General Counsel shall review the Complaint, and may assign someone with familiarity with accounting, internal accounting controls, or auditing to investigate the Complaint. The General Counsel may direct that the individual conduct the investigation at the direction of or in conjunction with a Safeway attorney. If the Complaint contains a credible allegation of actual or potential ongoing criminal wrongdoing, the Senior Vice President, Finance and Control, the Vice President of Internal Audit, or anyone else who may have been assigned to investigate the Complaint shall immediately contact the General Counsel and fully inform him/her of the Complaint. In such cases, the General Counsel will establish a procedure for investigating the Complaint, which may include retaining outside counsel. The procedure chosen by the General Counsel shall be consistent with Safeway's desire to investigate thoroughly any Complaint regarding accounting, internal accounting controls, or auditing matters.
3. Unless otherwise directed by the General Counsel or his/her designee, the person assigned to investigate shall conduct a thorough investigation of the Complaint and shall prepare a report of his or her findings or recommendations. A monthly report of Complaints will be provided to the Vice President of Internal Audit.

4. At each regularly scheduled Audit Committee meeting and whenever else as deemed necessary, the Vice President of Internal Audit shall submit to the Audit Committee a report that summarizes each Complaint made during that quarter that is being investigated and shows specifically: (a) the complainant (unless anonymous, in which case the report will so indicate), (b) a detailed description of the substance of the Complaint, (c) the status of the investigation, (d) any conclusions reached by the investigator, and (e) findings and recommendations. The Vice President of Internal Audit also shall provide to the Audit Committee an update on the status of any Complaints outstanding from prior quarters. To the extent any Complaint contains attorney client privileged information, or attorney work product, the document should be marked as privileged and confidential, subject to the attorney work product.
5. Safeway Counsel, if necessary, shall provide a summary of such Complaints to Safeway's external auditors.
6. At any time with regard to any Complaint, the General Counsel may specify a different procedure for investigating and treating such a Complaint, for example, when the Complaint concerns pending litigation. The procedure chosen by the General Counsel shall be consistent with Safeway's desire to investigate thoroughly any Complaint regarding accounting, internal accounting controls, or auditing matters.

C. Retention of records

All Complaints and documents relating to such Complaints made through the procedures outlined above shall be retained for at least five years from the date of the Complaint, after which the information may be destroyed unless the information may be relevant to any pending or potential litigation, inquiry, or investigation, in which case the information may not be destroyed and must be retained for the duration of that litigation, inquiry, or investigation and thereafter as necessary.