

**CHARTER OF THE  
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE  
OF SAFEWAY INC.**

**Adopted February 25, 2003, as Amended through December 4, 2007**

This Charter of the Nominating and Corporate Governance Committee was adopted by the Board of Directors (the “Board”) of Safeway Inc. (the “Company”) on February 25, 2003 and amended on August 16, 2005, October 23, 2007 and December 4, 2007, and is intended to replace and supersede the Nominating Committee Charter dated May 8, 2001.

**I. Purpose**

The purpose of the Nominating and Corporate Governance Committee (the “Committee”) is to assist the Board with the Board’s responsibilities regarding:

- (i) the identification of individuals qualified to become Board members;
- (ii) the selection of, or recommendation that the Board select, the director nominees for the next annual meeting of stockholders;
- (iii) the selection of, or recommendation that the Board select, director candidates to fill any vacancies on the Board; and
- (iv) the development and recommendation to the Board of a set of corporate governance guidelines and principles applicable to the Company (the “Corporate Governance Guidelines”).

In so doing, the Committee will endeavor to maintain free and open means of communication between the members of the Committee, other members of the Board and management of the Company.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s Bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

## **II. Committee Composition and Member Qualifications**

The Committee will be composed of two (2) or more directors, each of whom, in the business judgment of the Board, has experience that would be valuable in providing broad direction to the Board on matters related to corporate governance. The Committee members will be appointed by action of the Board and shall serve at the discretion of the Board. Each member of the Committee also will satisfy the “independence” requirements of the New York Stock Exchange and the Company’s Director Independence Standards. The General Counsel of the Company, the Compliance Officer or such other officer as is designated by the Board to do so will provide any member of the Committee with a copy of the current “independence” requirements of the New York Stock Exchange upon request.

## **III. Organization and Procedures**

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and, with input from the Lead Independent Director, set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s Bylaws that are applicable to the Committee.

All non-management directors that are not members of the Committee may attend and observe meetings of the Committee but may not vote and shall not participate in any discussion or deliberation unless invited to do so by the Committee. The Committee may, at its discretion, include in its meetings members of the Company’s management, representatives of the independent auditor, the internal auditor or any other personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director who is not a member of the Committee.

The Committee shall have the sole authority, as it deems appropriate, to retain and/or replace, as needed, any independent counsel and other outside experts or advisors that the Committee believes to be necessary or appropriate. The Committee may also utilize the services of the Company’s regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such persons retained by the Committee. The Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve such search firm’s fees and other retention terms.

## **IV. Goals and Responsibilities**

The goals and responsibilities of the Committee are to:

- assist in the recruiting of directors, including evaluation of executives recruited or promoted to positions eligible for Board membership;

- in consultation with the Chairman of the Board and Chief Executive Officer, recommend to the Board (as soon as is reasonably practicable after a vacancy arises or a director advises the Board of his or her intention to resign) new directors for election annually by the stockholders and otherwise by appointment by the Board to fill vacancies, in compliance with the selection criteria outlined below;
- annually review the suitability for continued service of individual directors and evaluate the slate of nominees for re-election as directors;
- consider potential nominees for membership on the Board submitted by stockholders in accordance with the notice provisions and procedures set forth in the Bylaws of the Company and/or the Company's Process for Identifying and Evaluating Director Nominees;
- annually review and make recommendations to the Board or the Executive Compensation Committee regarding director compensation and benefits;
- review and make recommendations to the Board regarding the membership and composition of the Board committees, including the size of the Board (which shall be made in consultation with the Chairman of the Board, the Lead Independent Director and the Chief Executive Officer), and Board committees;
- review and oversee any orientation programs for newly elected members of the Board and continuing director education programs and assist the Board in implementing any such programs;
- determine the authority of the Committee and the other Board committees to form and delegate authority to subcommittees;
- oversee the Board's annual review of the performance of the Board (including diversity of skills, background and experience, in-person attendance and organization) and make appropriate recommendations for improving performance;
- review and approve non-Board services, if any, provided by directors to the Company and/or its subsidiaries;
- annually review and approve the outside activities, if any, of executive officers that could interfere with an officer's ability to provide full-time attention to his or her position with the Company;
- review periodically with the Chairman of the Board and the Chief Executive Officer the succession plans relating to positions held by executive officers;

- in consultation with the Chairman of the Board, the Lead Independent Director and the Chief Executive Officer, develop, interpret, periodically review and recommend to the Board the Corporate Governance Guidelines;
- make recommendations to the Board regarding various corporate governance matters, including, but not limited to, the Company's certificate of incorporation, Bylaws, this Charter, the charters of the Company's other committees and the Company's Corporate Governance Guidelines;
- evaluate its own performance on an annual basis, including diversity of skills, background, experience and its compliance with this Charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in procedures or policies governing the Committee (and this evaluation and review shall be conducted in such manner as the Committee deems appropriate);
- evaluate each stockholder proposal to determine if such proposal is in the best interest of the Company and make a recommendation to the Board regarding each proposal;
- periodically report to the Board on findings and actions;
- disclose interpretations of the New York Stock Exchange rules that the Committee and the Board make;
- periodically review social and environmental issues affecting the Company; and
- oversee the Company's ethics program and receive periodic reports on such program from appropriate members of management.

## **V. Board Member Selection Criteria**

In order to be deemed "independent," non-employee Board member candidates must meet the independence requirements of the New York Stock Exchange and those set forth in the Company's Director Independence Standards.

The Committee may also consider the following criteria in recommending candidates for election to the Board:

- educational and professional background;
- experience in corporate governance, such as an officer or former officer of a publicly held company;
- experience as a board member of another publicly held company;
- demonstrated character and judgment;

- ability to provide a sufficient time commitment;
- expertise in an area of the Company's operations; and
- other criteria deemed relevant by the Board.

## **VI. Committee Selection Criteria**

Each individual nominated to a Board committee will satisfy the following qualifications:

- members of the chartered committees must meet the independence requirements of the New York Stock Exchange and those set forth in the Company's Director Independence Standards; and
- members of each chartered committee must satisfy the selection criteria specified in its respective charter and, in the business judgment of the Committee and the entire Board, have experience that would be valuable in providing broad direction to the Board on matters related to the committee on which they serve.

## **VII. Committee Resources**

The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve such search firm's fees and other retention terms.

## **VIII. Disclosure of Charter**

This Charter will be made available on the Company's website at "www.safeway.com" and to any stockholder who otherwise requests a copy. The Company's Annual Report to Stockholders shall state the foregoing.