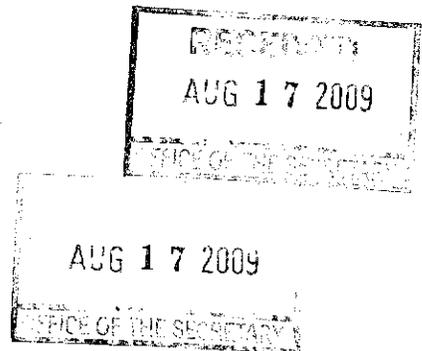




August 14, 2009

*Via Email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)*

Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549



Re: File No. S7-10-09 (June 10, 2009)  
Release Nos. 33-9046; 34-60089; and IC-28765  
Facilitating Shareholder Director Nominations

Dear Ms. Murphy:

Safeway Inc. welcomes the opportunity to comment on the referenced release on Facilitating Shareholder Director Nominations issued by the Securities and Exchange Commission (the "Commission" or "SEC"). Safeway is a Fortune 50 company and one of the largest food and drug retailers in North America based on sales. We operate 1,735 stores in the United States and Canada. Our common stock is traded on the New York Stock Exchange under the symbol SWY.

While we recognize the fundamental stockholder right under state law to nominate and elect directors to oversee the management of a corporation, we oppose proposed Rule 14a-11 for the following reasons:

- The "one size fits all" approach of Rule 14a-11 is neither necessary nor appropriate; and
- Amendments to Rule 14a-8(i)(8) offer a better, "private ordering" approach.

*Rule 14a-11 Is neither Necessary nor Appropriate*

We do not believe a federal proxy access right is necessary. Proposed Rule 14a-11 unnecessarily infringes on an area of corporate governance that has traditionally been the domain of state law. As the Commission is aware, Delaware has adopted new Sections 112 and 113 of the Delaware General Corporation Law, effective as of August 1, 2009, to enable stockholders to adopt bylaws that provide for proxy access for director nominations. Other states will likely soon follow Delaware's lead by enacting statutes expressly authorizing proxy access bylaws.

Proposed Rule 14a-11 would establish a "one size fits all" approach for stockholder access to

company proxy materials that does not reflect the breadth and variety of companies' unique circumstances (such as capital structures, board structures and share ownership profiles). The proposal would preempt state law with an approach that eliminates the ability of boards and stockholders to tailor a proxy access approach to the particular needs of the company, including the right of stockholders to modify or eliminate the access right. We believe that a proxy access system dictated by Commission rule deprives stockholders and companies of the state law flexibility to establish or reject a proxy access system and to tailor such system appropriately.

Stockholders may wish to establish criteria for stockholder nominations of directors that differ from the thresholds and triggers in proposed Rule 14a-11. They may favor a higher minimum ownership requirement than is reflected in proposed Rule 14a-11 or different ownership requirements for individual stockholders and stockholder groups, or to limit the allowable size of the sponsoring group (i.e., the stockholders aggregating their shares to meet the requisite level of ownership). They may wish to establish a minimum shareholding period that varies from the period in the proposed rule. Stockholders may determine that it is not appropriate for the "first in" to be able to nominate director candidates and may instead opt to enable the stockholder with the largest ownership stake, or longest duration of ownership, to have priority when nominating candidates. They may wish to require that director candidates nominated under proxy access meet their company's director independence standards, which may be more stringent than the applicable stock exchange independence standards. They may wish to address other director eligibility standards such as a maximum age for board membership and limits on "over-boarding."

There has been tremendous change in corporate governance practices over the past several years, largely owing to the willingness of companies to engage with their stockholders on issues that are meaningful and workable for them, such as majority voting in uncontested director elections, annual elections of all directors and similar matters. These changes have occurred through a dialogue between directors and stockholders, all without government mandates. This flexibility has served American companies and stockholders well. Preserving and fostering this flexibility to devise a structure that best fits the needs of companies and stockholders should be the touchstone for corporate governance reform.

The best process by which to recruit effective directors is an independent and objective one, managed by a nominating committee of the board most familiar with the functioning, strengths and needs of the company and the board. An effective nominating committee continually assesses areas of strength and ability, and areas of need, and proactively recruits director candidates with the experience and expertise to help the board effectively oversee company management and strategy. The Safeway Board has a robust process to ensure the nomination and election of a diverse Board of Directors comprised of individuals with the wide range of knowledge, experience and expertise necessary to best serve Safeway. Procedures adopted by our Nominating and Corporate Governance Committee include an examination of the candidate's qualifications in light of our standards for overall structure

and composition of the Board and the minimum director qualifications set forth in our Corporate Governance Guidelines and the Committee's charter, in addition to the candidate's independence under our Director Independence Standards and the New York Stock Exchange listing standards. The Nominating and Corporate Governance Committee also considers candidates for director recommended by any stockholder who is, and has been for a period of at least six months, the beneficial owner of more than 1% of the outstanding shares of our Common Stock. Candidates nominated by stockholders are evaluated in the same manner as any candidate identified by a Committee member.

The overall effectiveness of boards of directors may suffer if stockholder nominees defeat board nominees with particular expertise or experience needed by the board and company. Individual stockholders are often not representative of the broad interests of a company. They may represent short-term financial interests or narrow agendas and constituencies that may conflict with the long-term best interests of the corporation. Proposed Rule 14a-11 could have serious consequences, such as promoting a focus on short-term financial gain, opening the door to special interest directors and eroding board focus on the long-term health and vitality of the company and its stockholders as a whole. In addition, a federal proxy access right has the potential to turn director elections into contentious, expensive and disruptive proxy contests.

#### *Private Ordering Approach Through Amendments to Rule 14a-8(i)(8)*

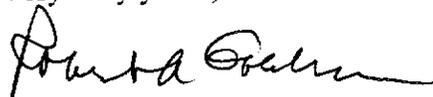
If the Commission decides that federal action is needed at this time, we ask that you consider adopting revised amendments to Rule 14a-8(i)(8) instead of a federally mandated proxy access right. Amending Rule 14a-8(i)(8) to allow proxy access stockholder proposals would further the state law interest addressed above and would enable companies and their stockholders to tailor an access system to the unique needs of the individual company. This would permit state-by-state, corporation-by-corporation experimentation with different forms of proxy access. Corporations and their stockholders would have the opportunity to use proxy access subject to a variety of different conditions. Over time, a variety of best practices with respect to proxy access likely would develop.

#### *Summary*

In summary, we do not believe that a mandatory federal proxy access system is necessary or appropriate. We urge the Commission to refrain from adopting proposed Rule 14a-11, which poses numerous issues. Instead, we support amending Rule 14a-8(i)(8) to allow for a private ordering approach to proxy access. This will encourage dialogue among companies and their stockholders and will allow practice and experience to guide companies.

Thank you for providing the opportunity to comment on the proposed rules of Facilitating Shareholder Director Nominations.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert A. Gordon". The signature is fluid and cursive, with a large initial "R" and "G".

Robert A. Gordon  
Senior Vice President, Secretary and  
General Counsel

cc: Mary L. Schapiro, Chairman  
Luis A. Aguilar, Commissioner  
Kathleen L. Casey, Commissioner  
Troy A. Paredes, Commissioner  
Elisse B. Walter, Commissioner  
Meredith B. Cross, Director, Division of Corporation Finance