

October 27, 2005

Mr. Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street NW  
Washington, DC 20549-0609

Re: Proposed Rule: Revisions To Accelerated Filer Definition and Accelerated  
Deadlines for Filing Periodic Reports  
Release Nos. 33-8617 and 34-52419  
File No. S7-08-05

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Dear Mr. Katz:

Safeway Inc. is a California based corporation with a principal place of business at 5918 Stoneridge Mall Road, Pleasanton, California 94588-3229. We are one of the largest food and drug retailers in North America, operating a total of ten divisions in the United States and western Canada. We are pleased to respond to the request for comment by the Securities and Exchange Commission (the "Commission") on its proposal contained in Release Nos. 33-8617 and 34-52491, *Proposed Rule: Revisions to Accelerated Filer Definition and Accelerated Deadlines for Filing Periodic Reports* (the "Proposed Rule").

The Proposed Rule, in its current form, would create a new category of accelerated filer for issuers that have an aggregate worldwide public float of at least \$700 million (defined by the Proposed Rule as a "large accelerated filer"), and would require such issuers to file annual reports on Form 10-K within 60 days of their fiscal year end instead of the current 75-day requirement. Safeway would be classified as a large accelerated filer as our worldwide public float is well in excess of \$700 million.

Safeway is committed to providing high quality and thorough disclosure to our investors and the financial markets, which requires significant time and effort, as detailed below, on the part of our employees, our Audit Committee and our internal and external auditors. While our internal reporting resources may be extensive, they are also fully engaged with changing laws and accounting standards and data analysis. We believe that to further compress the deadline for annual reports to 60 days will over-burden our internal reporting resources, as well as those of other large issuers, with a potential negative impact on the quality of disclosure. Therefore, we strongly encourage the Commission to reconsider the Proposed Rule and not to create the new category of large accelerated filer and to maintain the 75-day Form 10-K filing requirement for

all accelerated filers. We do, however, support the Commission's proposal to maintain the current 40-day filing requirement for quarterly reports on Form 10-Q.

The Commission notes in the Proposed Rule that large issuers have more significant internal reporting resources and that it is "appropriate to fully implement the 60-day accelerated deadline for annual reports for large accelerated filers, given their internal reporting resources . . . ." While we agree that large issuers may have more significant internal reporting resources, the reality is that these resources are already fully engaged. Their responsibilities include keeping informed of the many changing laws and accounting standards that affect financial reporting and disclosures, as well as gathering and analyzing large amounts of data resulting from national and international operations. We do not believe that the Commission gives adequate weight to these factors when it attempts to balance investors' needs for timely Exchange Act reports against the needs of companies and their auditors "to conduct, without undue cost, high-quality and thorough assessments and audits of the companies' financial information. . . ." See Proposed Rule, page 35.

While our resources may be more extensive than smaller companies, our size and geographic reach necessitates a more detailed and time-consuming internal and external review process. We take very seriously the processes implemented and/or formalized by the Commission over the last several years aimed at improving the quality of public disclosure, including disclosure controls and procedures, internal controls over financial reporting and management certifications of Exchange Act reports. To prepare for the filing of Safeway's Form 10-K, among other steps discussed below, our internal resources must work with outside experts to understand all of the new or amended laws and accounting standards which require new or different disclosure, as well as changes in our processes to prepare financial statements. Our Disclosure Committee must confirm that our controls and procedures have captured all material disclosures, a key group of employees must review the entire draft Form 10-K and all accounting reconciliations, and our Audit Committee must review and discuss our draft Form 10-K and recommend its filing to the Board of Directors. The thorough implementation of all of the necessary processes at a complex, large company with global operations takes a significant amount of time and resources. With a compressed overall timeline, the time that we would be able to devote to each of these processes would be necessarily curtailed at the possible risk of decreasing the accuracy of reported financial information.<sup>1</sup>

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<sup>1</sup> We also note that in May 2002, in connection with the Commission's then-proposed rule: *Acceleration of Periodic Report Filing Dates and Disclosure Concerning Website Access to Reports* (Release Nos. 33-8089 and 34-45741), the American Society of Corporate Secretaries, Inc. ("ASCS") provided to the Commission results of a survey of its members relating to issuers' ability to file Form 10-K in 60 days. In its May 22, 2002 letter to the Commission, ASCS discloses the following results of its survey:

- 100 companies (45%) report that they will be able to meet that deadline.
- 51 companies (23%) report that they cannot file in 60 days.
- 67 companies (30%) report that they are not sure whether they can file within 60 days.

As of December 31, 2004, Safeway had more than 191,000 employees operating in 10 divisions in the Western, Southwestern, Rocky Mountain, Midwestern and Mid-Atlantic regions of the United States and in western Canada. Further, we have many different subsidiaries whose financial statements are consolidated into the annual and quarterly financial results of the parent corporation. In September 2002, when the Commission adopted new rules requiring accelerated filing of reports with phased-in deadlines, we took steps to prepare our internal reporting resources to file our Form 10-K in 75 days rather than 90 days. New employees were hired, existing employees were asked to work longer hours and numerous systems were enhanced or replaced in order to meet the 75-day deadline. Currently, a key group of employees devotes a significant portion of their time in order to stay current with changes in laws, regulations, pronouncements and guidelines and to prepare our Exchange Act reports and other Commission filings.

It is also important to note a key group of individuals must assure the quality and accuracy of the work product regardless of the number of existing employees, the additional employees who could be hired, our enhanced systems and the additional systems that could be enhanced. This small group of individuals must thoroughly review, among other matters, the draft Form 10-K (including financial statements) and accounting reconciliations in order to assure that high quality and thorough disclosure is being made to our investors and the financial markets, and these individuals are considerably pressed for time to meet the current 75-day deadline.

We have listed below some of the significant matters that we address in preparing Safeway's consolidated financial statements and annual disclosure in order to file our Form 10-K with the Commission.<sup>2</sup>

- Close the books at fiscal year end for each of our significant subsidiaries for both the fourth quarter and the year; compile and analyze data from each of those entities and prepare initial results of operations for the fourth quarter and the year for each of those entities
- Review new regulations, pronouncements and guidelines that may impact the preparation of financial statements
- Prepare consolidated financial statements
- Independent auditors audit consolidated financial statements
- Implement company-wide disclosure controls and procedures
- Consult with experts, including actuaries and valuation experts
- Draft Form 10-K and the notes to financial statements
- Review of draft Form 10-K by the Disclosure Committee and in-house counsel
- Review of draft Form 10-K by outside counsel and independent auditors
- Undertake an internal Sarbanes-Oxley certification process which includes over 125 employees across many departments and functional areas

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<sup>2</sup> This list is not necessarily in chronological order as various matters are addressed concurrently.

- Test and document internal controls over financial reporting in preparation of Sarbanes-Oxley Section 404 assessment
- Assist independent auditors in their review and testing of our internal controls over financial reporting
- Thorough review of draft Form 10-K, including financial statements and footnotes, by our Audit Committee; Audit Committee meets with management, the full Board, the independent auditor and the internal auditor in connection with the audit
- Prepare Sarbanes-Oxley certifications by each of the Chief Executive Officer and Chief Financial Officer
- Review of draft Form 10-K by the full Board of Directors; obtain signature pages from each Board member
- Edgarize and proof Form 10-K

Preparing consolidated financial statements, which is only one of the steps outlined above, is in itself a complex and time-consuming process for a company of our size. Additionally, we must stay current with new accounting regulations, pronouncements and guidelines that impact our disclosure. To illustrate this point, we have listed below several examples of recently enacted accounting regulations, pronouncements and guidelines that have significantly impacted the processes for preparing our financial statements.

- Evaluate the effectiveness of the design and operation of our internal controls and procedures as required by Section 404 of the Sarbanes Oxley Act
- FASB Statement No. 123 (revised 2004), "Share-Based Payment," issued December 2004
- FASB Statement No. 142, "Goodwill and Other Intangible Assets," issued June 2001
- FASB Statement No. 144, "Accounting for the Impairment and Disposal of Long-Lived Assets," issued August 2001
- FASB Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," issued June 2002

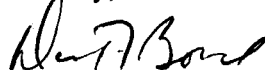
As the Commission can see, a tremendous amount of work is required by our internal resources, especially the key group of employees who are involved in a majority of the significant matters listed above, as well as outside experts to produce an accurate and complete Form 10-K. Due to the heightened scrutiny placed on issuer reports many of our experts now require additional review time. Also, we note that the length of our Form 10-K has grown considerably in the past few years due to the adoption of laws and regulations requiring additional disclosure. The financial portions of Safeway's Form 10-K (beginning with the Five-Year Summary Financial Information through the Independent Auditor's Report) for fiscal year 2000 numbered 28 pages while the same portions of our Form 10-K for fiscal year 2004 numbered 38 pages. Further compressing the timeline for the required activities could negatively impact the quality of our disclosure.

We also question whether the benefit to investors of having access to the Form 10-K for large accelerated filers 15 days sooner outweighs the costs of shortening the deadline. With the adoption of the new Form 8-K disclosure rules set forth in Release No. 34-49424, *Additional Form 8-K Disclosure Requirements and Acceleration of Filing Date*, whereby investors now have access within four business days to certain material events regarding an issuer's operations, presumably much of what the Commission believes is material to an investor is making its way to the marketplace much more quickly.

In summary, we respectfully submit that for the reasons discussed above, decreasing the filing time for large accelerated filers will place a more significant burden on the systems and employees that constitute our internal reporting resources, particularly in light of the shift over the past few years to more transparent and complete disclosure, while increasing the risk that the overall quality of such disclosure may decrease.

We appreciate the opportunity to comment on the Proposed Rule. If the Commission or the staff has any questions concerning the foregoing, please call me at (925) 467-3142.

Sincerely,



David F. Bond  
Senior Vice President, Finance & Control

cc: Steven A. Burd, Chairman, President and Chief Executive Officer  
Robert L. Edwards, Executive Vice President and Chief Financial Officer  
Paul Hazen, Chair of the Safeway Inc. Audit Committee