

August 31, 2011

Mr. Colehour Bondera
President
Kona Coffee Farmers Association
P.O. Box 5436
Kailua Kona, Hawaii 96745

Dear Mr. Bondera:

As promised during our early August meeting with your board member Paul Uster, we have considered the Kona Coffee Farmers Association's issue regarding the content and labeling of our Safeway Select Whole Bean Kona Blend Coffee, which is currently sold only in mainland Safeway stores.

As both Paul and Russell Kokebun acknowledged, Safeway is not violating any law since this product is only sold outside of Hawaii. This important fact notwithstanding, we recognize the importance and significance of this issue to your members. Likewise, Safeway seeks to support the communities in which we live and do business. In light of these considerations, we have decided to take the following actions:

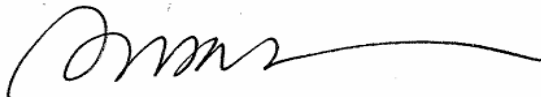
- The Kona blend packaging will be modified to reflect that the Kona "blend" coffee will contain a minimum of 10 percent Kona beans; and
- The Kona blend packaging will be further modified to indicate the geographical locations of other beans used in the blend. This new packaging will coincide with the implementation of Hawaii statute 486-120.6, effective July 2012.

We hope that these actions demonstrate not only our desire to work collaboratively, but also our shared interest in preserving the integrity of the Kona bean.

As you may be aware, our Hawaiian stores currently sell eight different 100 percent Kona bean coffee varieties (*Royal Kona, Mulvadi, Lion and Maui Coffee Company*). We have decided to add a new offering of Royal Kona Coffee (100%) in select California stores (Northern and Southern) effective April 2012. Safeway is proud to support you in this manner.

We have started the process with our advertising agencies to make the necessary packaging changes. Once finalized, we will send you a copy of the "new look" so that you can share this with your members in advance of the product hitting our stores. Please let me know if you have any questions and thank you for your patience.

Sincerely,



Susan M. Houghton
Director, Public Affairs and Government Relations

cc Russell Kokubun, Paul Uster, Bruce Corker