

Recession? Safeway Execs and Stockholders Are Doing Fine.

Like most big corporations, Safeway Inc. is recovering much faster from our current recession than working families, who continue to struggle with low wages, high unemployment, mortgage foreclosures and mountains of credit card debt.

In 2010, the company reported sales of \$41.5 billion, an increase of half a percentage point from \$40.85 billion the year before. As a proportion of sales, operating profits of \$1.159 billion were down from 3.3% in FY 2009 to 2.8% in FY2011.

For that year, Safeway President and CEO Steve Burd received \$10.994 million in total compensation, an increase over his 2009 compensation of \$10.901.

Continuing strong performance in the first quarter of 2011, total sales for the company rose 4.8% to \$9.8 billion, as compared to \$9.3 billion in the same quarter the year before.

Burd said, "Our first quarter results are in line with our expectations, and we are pleased with our improving sales trend."

Excluding a one-time tax charge, the company's net income for the quarter was \$105.3 million, compared to \$96.0 million for the first quarter in 2010.

Less than a month after these results were released, the Safeway, Inc. Board of Directors approved a regular quarterly cash dividend payment to stockholders of \$0.145 per share, an increase of 21% over its last dividend.

For the second quarter of 2011, the company reported sales of \$10.2 billion, an increase of 7.1% over sales of \$9.5 billion in the second quarter of 2010.

Burd said, "Second quarter earnings results exceeded our expectations. We remain focused on building customer loyalty and expect sales to gradually improve through the second half of this year."

In July 2011, Jeffries Equity Research analyst Scott Mushkin wrote: "While Safeway is working hard to drive sales, and is seeing nice results from its private label program, macro headwinds (bad economic conditions) remain...offsetting this are strong cash flow, a focus on cost control, improving execution and share-buybacks, which should help results."

In August 2011, the Board of Directors announced another dividend of \$0.145 per share.

Safeway Inc. is a Fortune 500 company and one of the largest food and drug retailers in North America. The company operates 1,678 stores in the United States and Canada, with 1,463 stores in the U.S. By the end of 2010, Safeway Inc. employed 180,000 workers; around 80% are union-represented.