



Weis Markets, one of the top regional chains in the country, celebrates its 100th anniversary.



Giant/Landover president Anthony Hucker shares his views on the upcoming year.
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TAKING STOCK

Ahold, Safeway Headed In Different Expansion Directions

Two of the supermarket industry's most iconic companies – Safeway and Ahold – have in recent



By Jeff Metzger

years defined themselves, in part, by their expansion attempts.

Ahold, with a \$3 billion acquisition kitty on hand,

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UFCW's McNutt: Unions Will Seek Wage Increases In Giant, Safeway Bargaining

"We must get off the defensive and take the offensive because we will not be dictated to by management, we will not tolerate their usual tricks, we will not be lectured to about how our employers somehow can't compete, and we will not accept the notion that retail workers don't belong in the middle class." Those words, uttered by United Food and Commercial Workers Local 400 (covering the Washington, DC metropolitan area) president Thomas P. McNutt, have set the tone for the bargaining of new contracts for approximately 30,000 clerks and meatcutters employed by Giant/Landover and Safeway in the Baltimore-Washington market.

The current four year pacts are

due to expire on April 1 and clearly McNutt and his counterpart at UFCW Local 27 (Baltimore, Eastern Shore), George Murphy, have change on their minds.

McNutt believes that while the current contract, which was negotiated in 2008, provided some meaningful gains for his members (introduction of new tier of hospitalization coverage at affordable rates), certain key issues were left on the table (improving the pension fund liability which affects all parties).

This time around McNutt, who has been president of the region's largest UFCW Local since 2010 (he has been a member of Local 400 since 1988 and his father, Thomas R. McNutt, served as

president of Local 400 from 1976-1997) not only wants to attempt to provide more stability to the joint pension trust fund, he sees other

key initiatives that he feels his members deserve.

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THE MID-ATLANTIC NETWORK OF EXECUTIVE WOMEN HELD A LUNCHEON LAST MONTH AT THE WILLARD INTERCONTINENTAL IN WASHINGTON, DC. Among those on hand for the networking and the panel discussion were (l-r): Bill Kies, Kies Consulting; Bobbie O'Hare, JOH; Leslie Sarasin, FMI; and Mark Baum, ASMC. More photos are on page 10.

Giant/Carlisle To Acquire 16 Units, Three Stores To Close; Other Deals Expected To Be Announced Shortly

Safeway Exiting Philly With Sales, Closings Of Genuardi's

In a long-expected announcement, Safeway Inc. said it intends to exit the Philadelphia market where it operates 27 Genuardi's stores. The Giant/Carlisle division of Ahold USA has agreed to purchase 16 of those stores (all in Pennsylvania) for \$106 million. Safeway also announced plans to

shutter three locations and said the remaining eight stores in the market are for sale. It is expected in the next few weeks that several other retailers, including Weis Markets and Whole Foods, will acquire some of those units.

"We have made the decision to exit the greater Philadelphia mar-

ket, including four stores in New Jersey, and focus our resources in those operating areas where we have a stronger presence," said Steve Neibergall, president of Safeway's Eastern Division. "We will be working with the purchasers to ease the transition for our store employees and making efforts to

facilitate continued employment for as many of them as possible."

The three stores that will be closed are: Exton, PA; Norristown, PA (1930 Main St.); and Royersford, PA.

"Giant is always looking for con-
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McNutt: Fixing Pension Fund A Priority

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"There are operational issues that are important to address as the market keeps evolving, McNutt noted. "We've been more flexible in tolerating vendors to work in the stores at the expense of potential hours to our members. And last time, we agreed to switch our wage schedule to number of hours worked versus length of service. These issues will have to be reviewed."

McNutt also pointed to the need to retain the current "maintenance of benefits" (where the employers pay health care increases) that has existed since the first contract was negotiated 38 years ago.

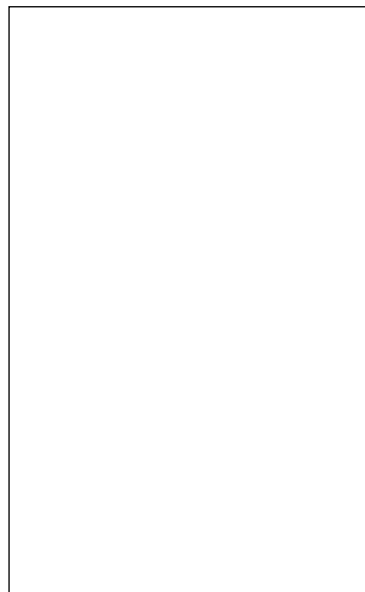
"I'm aware that Giant and Safeway think 'MOB' is archaic, but the actual cost to the employers is less than 1 percent and the goodwill that it provides to our members is immeasurable," McNutt asserted.

Above everything, in McNutt's view is wages. He claimed that Locals 400 and 27 (which negotiate jointly with Giant and Safeway) had agreed to wage freezes (for top rated classified positions) over the last contract, but given the profitability and leadership market shares of Giant/Ahold and Safeway, it's time that the companies' clerks and meatcutters share in their successes.

"Safeway had earnings of nearly \$1.2 billion last year, and almost \$11 million in compensation was paid to Safeway's CEO Steve Burd in 2010. Just think about that," McNutt commented. "He's making the equivalent of \$5,286 an hour. In a single work day, he earns \$42,285 – more than many of our members make in an entire year. So, if he comes and tells us to accept lower wages or fewer health benefits or to pay more for our retirement, we're going to remind him of this fact – Safeway is profitable because Local 400 members make Safeway profitable!"

As for Giant/Landover, McNutt stated that Ahold USA (Giant's parent) grew by 5.1 percent

last year while the company's European operations declined by



Thomas P. McNutt

3.5 percent.

"It's the USA that's keeping Ahold in the black," McNutt said. "It's Giant/Landover and Stop & Shop that are keeping Ahold USA profitable. It's time for our members to receive more of the wealth their hard work is generating."

McNutt acknowledged that the Baltimore-Washington landscape has changed over the past decade with more non-union entities entering the region and gaining market share at the expense of the organized retailers.

"I think we've been sensitive to their needs and have made the adjustments by creating new medical hospitalization plans and lengthening eligibility requirements," he stated. "The chains have clearly benefited from some of those concessions. Of approximately 30,000 members, only 1,100 members hired prior to 1983 (the most highly compensated employees) remain. Most of our current members were hired after 1983. We've absorbed much of the cost reduction in recent contracts through some freezes and buyouts. We will look for more balanced contracts this time around."

In order to communicate the UFCW message to its rank and file, Local 400 has held three shop steward seminars over the past seven months. Additionally, more than 10,000 face-to-face meetings have been held with members on-

premises at the stores and away from stores.

"Communication is the key. Today's member wants to be more engaged. We are in an era of greater transparency, not only from our leadership to our members, but also from our employers to us," McNutt said. "As the bargaining ensues, we will be expanding our efforts to enhance communications with our membership including the use of digital communication and social networking."

Along with McNutt and George Murphy, Local 400 secretary-treasurer Mark Federici and his counterparts from UFCW Local 27, Eric Masten and Tim Goins, will head the bargaining from the union side. Expected to be at the table from Safeway are Frank Stegman and Donna Gwin, while Ira Kress and Dave Gillis are expected to represent Giant/Landover. Also expected at the bargaining table representing the chains is Harry Burton, veteran labor attorney from Morgan Lewis, who has been part of many previous contract negotiations.

The first bargaining session is slated for January 11, with at least three more meetings scheduled through late February.

Asked if he expected that negotiations would require an extension before the April 1 contract expiration date, McNutt commented: "Perhaps only a day or two at most. I've made it clear that I want to get this done at least a week before expiration, so all parties can have enough time to effectively communicate the details of the contract."

Is McNutt confident that a deal could be reached that would mutually satisfy both sides, the 53 year old labor leader said: "I'm always confident about that. There is enough ground here for compromise and still be fair to everyone. Our position is that it's time that the playing field becomes more level, because our members are the foundation of the success that both Giant and Safeway have enjoyed for many years in Baltimore and Washington."

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rise to about 65 units, all in Pennsylvania.

And despite the difficulty in having to tell several thousand associates that their careers at Genuardi's are over, from a business perspective the shedding of 27 Genuardi's stores will provide a long-term benefit to Safeway.

While the \$106 million in proceeds thus far will most likely be utilized for future store-related investment, the emotional and financial drain that Genuardi's had become will now be eliminated and Eastern Division management can better concentrate on its core Baltimore-Washington stores.

And as I've stated several times over the last year, the Genuardi's deal is likely only the first of several other sales/closures in the Northeast in 2012, especially when you consider the recent track record of A&P's store performance as well as that of Supervalu's banners – Acme, Shaw's and Shoppers.

A&P Settles With Unions; Reorg Hearing Set For Feb.6

After almost a year of sometimes contentious negotiations, 13 United Food and Commercial Workers locals based in Pennsylvania, New Jersey, New York, Connecticut and Maryland representing approximately 36,000 clerks and meatcutters have agreed on new five year contracts with A&P.

The new pacts will take effect two days after A&P exits from its Chapter 11 status. Before that occurs, a two-day hearing will begin on February 6 in U.S. Bankruptcy Court in White Plains, NY where A&P will seek confirmation of its reorganization plan.

With the union contracts now approved by its labor unions and also given bankruptcy court blessing, the \$490 million buyout of the retailer by Yucaipa Cos., Goldman Sachs Asset Management and Mount Kellett Capital Management can move forward.

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