



Holding the Line

Strike Update
Issue #12

Safeway Stock Takes a Hit Keeping Customers Out Keeps Profits Down

Upcoming Events

Rally with ILWU and
Los Angeles County
Federation of Labor
at Albertsons
in San Pedro

Monday, Nov. 10, 6-8 p.m.
28090 S. Western
San Pedro

“This strike will be won by keeping customers out of the store and the cash registers empty,” said International President Doug Dority as he visited picket line last week.

On November 6, the Los Angeles Times reported the effectiveness of the strike in keeping profits down:

“Safeway Inc. took two hits Wednesday, as a ratings agency raised a cautionary flag on its debt and Smith Barney downgraded the company's stock to a ‘sell,’ citing in part the ‘likely damaging effect’ of the Southland supermarket strike.

“The downgrade is the first by a major Wall Street brokerage since the United Food and Commercial Workers union went on strike Oct. 11 against Pleasanton, Calif.-based Safeway's Vons and Pavilions stores. Ralphs and Albertsons Inc. locked out their UFCW workers hours after the strike began.

“‘We believe the negative impact from the strike itself could run as high as \$300 million-plus for all three retailers (\$160 million-plus for Safeway) should the strike last through Thanksgiving,’ analyst Lisa F. Cartwright wrote.

“In the other setback, Fitch Ratings lowered its rating outlook from ‘stable’ to ‘negative’ on \$7.5 billion of Safeway debt. Fitch also cited the strike and the aborted Dominick's sale.

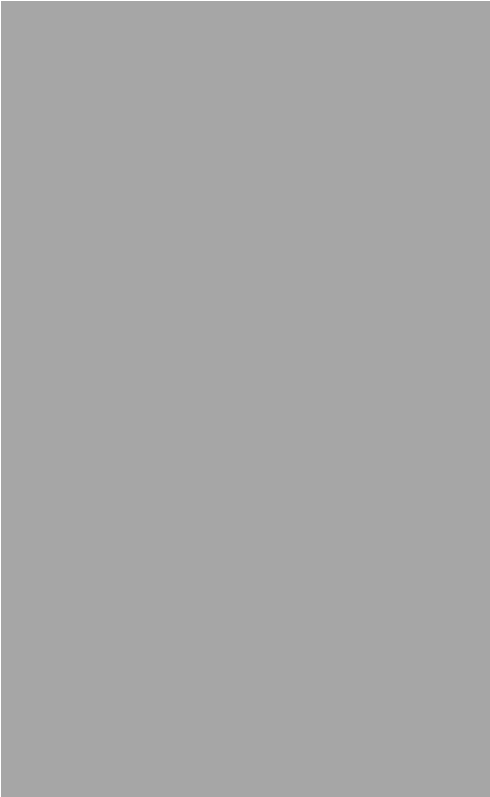
“Safeway's stock fell Wednesday for the fifth straight session, dipping 15 cents to close at \$20.05 on the New York Stock Exchange, down from \$23.83 on Oct. 10, the day before the strike began. Safeway's shares are down more than 14% this year.”



Picket Lines Spread to Northern California

- Informational picket lines will go up at selected Northern California Safeway stores in the next several days and will continue indefinitely. UFCW members working in those stores will continue on the job according to their contracts, but pickets will ask customers to honor the line and to shop elsewhere. The Northern California action is the first step in the nationalization of the strike.

- In advance of the picket lines, the UFCW launched a multi-station radio ad campaign on November 7. One spot targets Safeway CEO Steve Burd's stock sales immediately prior to the onset of the strike. According to the ad, Burd dumped about \$20 million worth of stock before the strike. Safeway stock prices have plummeted since the dispute began. Other ads feature a working mom and a child of a striking worker asking shoppers not to patronize Safeway.



(Left:) Picket line at Albertsons in Claremont.

(Above:) Los Angeles City Councilmember Tony Cardenas visited picket line in the San Fernando valley.