



February 11, 2004

Mr. Steven A. Burd  
Chairman, President and Chief Executive Officer  
Safeway Inc.  
5918 Stoneridge Mall Road  
Pleasanton, CA 94588-3229

Dear Mr. Burd:

It has come to our attention that in your recent "Message from Safeway to our Customers," you state that your company has "asked employees to pay a small portion of their premium for health care coverage – just \$5 dollars a week for individual employees and \$15 a week for employees and their families."

We simply do not understand why you feel it is necessary to so clearly mislead the public. It is our understanding that Safeway's offer would under-fund the current health care program by nearly \$700 million over three years. In addition to this massive underpayment, Safeway proposes to establish an unfair two-tiered health care system that establishes two categories of employees. It is a mischaracterization to suggest that you are asking for a fair share when you would completely undermine health care benefits your employees will earn.

We have reviewed Safeway's benefits funding proposal for new hires as outlined on your company's web site. Your assertion that your proposal for new hires merely asks them to contribute \$5 to \$15 weekly co-pay is a cynical mischaracterization of your company's position. It is clear that your proposal will provide almost no health benefits for new employees. Moreover, as new hires replace incumbent workers, employees of your company will no longer have access to affordable family health benefits. Your proposal specifically directs that benefits be cut and employee costs be increased without limit. Given the meager company funding proposed and current projected increases in health care costs, it is obvious that your intent is to eliminate health benefits in the future. Do you expect the taxpayers of California to take on the burden of providing health care for the new class of poverty wage workers you are attempting to create?

It is plainly obvious that the impact of segregating new hires from current employees would have a devastating effect on the funding of health care coverage for current employees. As employees are replaced, the funding base for those now current employees will continue to shrink until benefits have to be cut or co-pays have to be increased well beyond the \$5 to \$15 a week. Comprehensive, affordable family health benefits simply cannot be maintained under your proposal.

The bottom line is that 70,000 jobs that now come with affordable, family health coverage will not come with that coverage in the future. Hundreds of millions of dollars will be taken out of the pockets of working families and out of the Southern California economy into corporate coffers. If you succeed in accomplishing your goals in Southern California this year, it is obvious that you will be making the similar demands in Northern California next year.

Your employees have made your company one of the most profitable and successful in the supermarket industry. They deserve the right to affordable health care and a decent standard of living. Your industry can remain profitable without destroying the middle class lives of hundreds of thousands of hard working Californians and their families.

We urge you to stop misleading the public, withdraw your unreasonable demands to gut health care benefits, and that you return to bargaining in good faith and reach an agreement that provides dignity, living wages and comprehensive health benefits for working families. These workers have helped make billions in profits for Safeway. It is time that you consider doing the right thing. Settle this strike now.

Sincerely,

John Burton  
President Pro Tem  
State Senate

Herb Wesson  
Speaker of the Assembly

Fabian Nuñez  
Speaker-Elect  
State Assembly

Kevin Shelley  
Secretary of State

Steve Westly  
Controller

John Garamendi  
Insurance Commissioner

Phil Angelides  
Treasurer