

# Fred Meyer grows with major buyout

A grocery empire founded when Fred Meyer began peddling coffee door to door in 1909 announced a \$4.8 billion deal to create the nation's fourth-largest supermarket chain.

Fred Meyer Inc. said it will buy Ralphs Grocery Co. of Los Angeles and Quality Food Centers Inc. of Bellevue, Wash., pushing the grocery business into the wave of consolidations that have swept others in the retail industry.

"Sure, you can still build new stores," said Robert G. Miller, chief executive officer of Portland-based Fred Meyer. "But with consolidation, you have lots of cost savings. It just makes us a much stronger retailer."

The acquisitions will create a \$15 billion multiregional supermarket chain with 88,000 employees and more than 800 food stores in 14 states. It also will make the chain the market leader in Los Angeles, Seattle, Salt Lake City, Las Vegas and Albuquerque, N.M., and No. 2 in Portland and Phoenix.

"We'll have the No. 1 and No. 2 market positions in most of the top 10 fastest-growing cities in the nation," said Stuart Sloan, chairman of Quality Food Centers.

It is the second major expansion this year for Fred Meyer after shareholders in September approved a \$1.9

billion acquisition of Smith's Food & Drug Centers Inc. of Salt Lake City.

Just three years ago, analysts were speculating whether the company could remain competitive following an 88-day grocery workers' strike.

Miller, who was hired away from rival Albertsons in 1991 to revive Fred Meyer, oversaw a transition back to a publicly traded company after the New York buyout firm Kohlberg Kravis Roberts took it private in 1981, three years after the death of founder Fred Meyer.

"Right after KKR sold their stake, people said that was the beginning of the end for Fred Meyer," said Laura Richardson, who follows the company for Pacific Crest Securities in Portland. "But they've showed they're a really smart management team that knows how to run a grocery chain and a retail chain."

Fred Meyer does not plan any changes for its customers or QFC customers, but it will wrap QFC's Hughes Family Markets in Southern California into the better known Ralphs chain.

Fred Meyer will assume about \$3 billion in debt, boosting its total to \$5 billion, but Miller was confident the combined chains will generate at least \$100 million a year in savings and

help it quickly pay down debt.

Sloan added that the combined stores will also have more buying power, reducing costs by purchasing in larger volumes, along with improved distribution.

"The big story here is distribution efficiency. That's at least 50 percent of their cost savings," said Lisa Sroufe of Ragen McKenzie in Seattle.

The QFC deal is valued at \$1.7 billion, and the Ralphs transaction at \$3.1 billion.

Under the QFC deal, valued at \$1.7 billion, each QFC shareholder would receive the greater of 1.9 shares of Fred Meyer stock or \$55 worth of Fred Meyer stock for each share of QFC stock, subject to a maximum exchange ratio of 2.3 shares of Fred Meyer stock.

On Friday, QFC stock closed at \$51.625, up 75 cents.

In a separate agreement, Fred Meyer would exchange 22.5 million shares of its stock for 100 percent of the equity of Ralphs' parent, Food 4 Less Holdings Inc., a private company controlled by Ron Burkle, who also is Fred Meyer chairman.

If the average Fred Meyer share price is less than \$26.67, the number of shares issued to Food 4 Less would be adjusted upward to a maximum of 24 million shares.



A warm welcome from founder Evelyn Collins goes out during the fall meeting for kids at the non-profit Grace Collins daycare and preschool in northeast Portland. (Photo by M. Washington)

## Miss Collins meets kids

## Campaign For Renters' Rights

The Community Alliance of Tenants is holding a Renters' Rights Neighborhood SpeakOut on the Westside of Portland as part of the Campaign for Renters' Rights. The SpeakOut will be held Wednesday, November 19th, 7:00 PM at the Vermont Hills United Methodist Church - SW 55th Dr. and Iowa St. - Bus #1 Vermont.

The SpeakOut is a chance for area

renters to learn about Oregon's Landlord Tenant Law, tell their own stories, and get involved with CAT's Campaign for Renters' Rights. There will also be a Renters' Rights Clinic -- staffed by volunteer lawyers and CAT hotline staff -- to answer specific questions in a one on one atmosphere.

The Neighborhood SpeakOut is a great opportunity to get involved with

the Renters' Rights Movement and win real protections for renters from abusive landlords. Anyone interested in Renters' rights and social justice issues should attend.

This event is free and wheelchair accessible. Free Childcare will be provided if arranged in advance. For more information or to register for childcare, call the Community Alliance of Tenants at 460-9702.

# Oregon's Furse Help Diabetes Fight

The Honorable Elizabeth Furse, was honored by the American Diabetes Association, Oregon Affiliate, during their Annual Gala Auction on November 8, 1997.

Because of her efforts on behalf of people with diabetes, Medicare will reimburse for supplies for all patients with diabetes, effective July 1, 1998. There will also be dramatically increased spending on diabetes

by the Department of Health and Human Services. Grants totaling over \$150 million will be awarded over five years toward research into the prevention and cure of type 1 diabetes. An additional \$150 million in grants over five years will be awarded for providing services for the prevention and treatment of diabetes among the Native American population. Furse led the non-parti-

san effort to get this coverage included in the Balanced Budget Act, which was signed by President Clinton in August.

The American Diabetes Association, serving Oregon and SW Washington, has renamed their diabetes grant program in honor of Furse. The program, now called the Elizabeth Furse Diabetes Grant Program, provides local funding for proposals

with a clear education or community service orientation. Funding for this year's grant program is made possible through individual donations and a grant from the Spirit Mountain Community Fund.

The Spirit Mountain Community Fund, established by the Confederated Tribes of the Grand Ronde Community of Oregon and the Spirit Mountain Casino, has approved a

grant of up to \$50,000 in honor of Congresswoman Furse to match individual donations. Kathryn Harrison, Chair of the Grand Ronde Tribal Council, made the notification of the grant monies during the Auction.

The Spirit Mountain Community Fund was created earlier this year under an historic gaming compact between the Confederated Tribes of

the Grande Ronde community and Oregon's Governor, John Kitzhaber. The Tribe annually contributes six percent of its net profits from Spirit Mountain Casino to the Spirit Mountain Community Fund to be used for grants to community projects in 11 northwestern Oregon counties. The estimated amount for the Spirit Mountain Community Fund in 1997 is \$2 million.

## HOUSING The Portland Observer

### Americorps And Habitat Get Things Done

Sleeping in the kitchen floor for three weeks, 12 Americorps \*NCCC members rise each morning with toolbelts ready to build homes in Northeast Portland with Habitat for Humanity. Motivated by their team's motto "getting things done," the 18 to 24-year-olds will keep living in the Habitat offices while working on Portland Habitat construction sites until Saturday, November 15, when they continue their Habitat for Humanity tour of Oregon.

Americorps \*NCCC (National Civilian Community Corps) is a 10-month residential national service program designed for young adults. Representing one of the five NCCC campuses, this team calls the Western Region's base home. The team, along with 22 other groups stationed in San Diego, travels around the nine states

included in the region performing various forms of community service. NCCC teams model their service after their mission statement: get things done, strengthen communities, encourage responsibility, and expand opportunity.

The members of this NCCC team have already accomplished a great deal in their first week working with Portland Habitat: they have roofed a women's build house, redesigned the Habitat warehouse, and prefabricated walls for a four-home project. Four of the NCCC women helped site supervisor Melissa Medeiros get the roofing done on Habitat's Women's Build. "Americorps women rock!" said Medeiros. "They have been a dedicated, hard-working, positive, and enthusiastic addition to our construction crew."

The team currently residing in Portland has focused two months

of its 10-month service on working to meet human needs by helping Habitat build homes with low-income families who are trying to establish permanent residence in the North and Northeast neighborhoods. Abbie Mitchell, the leader of the NCCC team here in Portland, spoke optimistically of working with the Habitat project. "We're very excited to be a part of Habitat's movement to help provide housing for low-income families in the Portland area, it's inspirational to see how much work can be accomplished on these houses in one day, even more so when working on them yourself."

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## ARE YOU HIV POSITIVE?

Do You Have Tooth Pain?

### Do You Have These Symptoms?

Do you have a persistent tooth ache, intermittent tooth pain, or swelling in your mouth or face? Have you been told your tooth needs a root canal?

### Participate In A New Free Research Study

You may qualify to participate in the *Oral Health Enhancement Study* being conducted by the Russell Street Dental Clinic, a part of OHSU. Volunteers must be HIV positive, 18 to 65 years of age and have at least 15 teeth.

### Benefits

Participants will receive free root canal treatment, free CD4 counts and viral load blood tests, free check-ups, and \$125 for participation. Participants will also be helping to improve the quality of life for people with HIV.

For more information, call: (503) 494-6300

## Mortgage Market Presents Continuing Education Class

### Class to cover Pro Techniques of Listing & Selling

Mortgage Market Inc. will be presenting the Institute of Real Estate Success's (IRES) "Pro Techniques of Listing & Selling" at 9:00 AM to 5:00 PM on November 14 at the Home Builders Association (HBA). The class, led by Ken Schwarz of IRES, will provide real estate brokers and agents with 7 hours of broker certifiable required hours - nearly half of the CE hours required by Oregon Law.

The class will present agents with new for sale by owner and expired listing techniques as well

as how to work an open house successfully and new farming strategies. Additionally the class will cover techniques on influencing your sphere of influence for greater sales and market position.

The class will be held at the HBA located at 15555 SW Bangy Road near the intersection of Highway 217 and I-5.

Mortgage Market is an Oregon based full-service mortgage banker and broker with multiple locations in Portland and branch offices in Salem, Eugene,

Medford, Vancouver and three Seattle area locations. Mortgage Market specializes in residential mortgages featuring low closing costs and fast turnaround. The company employs 94 mortgage bankers and 56 staff employees.

The Mortgage Market corporate office is located at 6 Center Point Drive, Suite 300 in Lake Oswego. Their phone number is 503/968-9257.

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