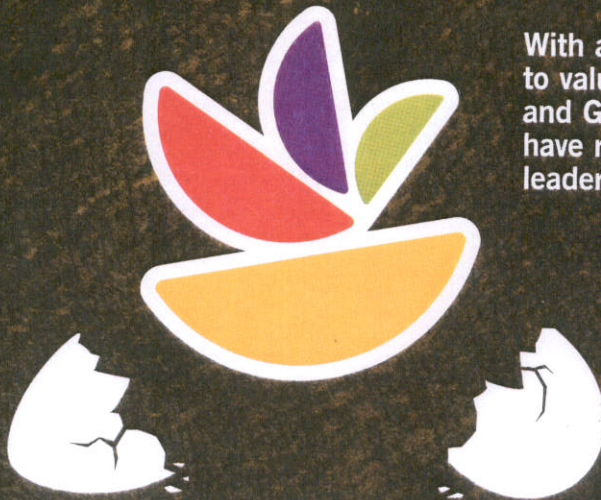


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Retailers Lag in Recovery

By JON SPRINGER

If the overall U.S. economy is improving — as a resurgent stock market seems to suggest — signs of that recovery have yet to appear in the aisles of grocery stores.

Citing continued uncertainty from consumers, along with a sales-growth headwind in the form of product-price deflation — analysts are expecting to hear grim news from food retailers reviewing the fiscal third quarter in the coming weeks. And although most major stock indexes have seen improvement this year, a recovery among grocery shares will likely lag.

“What we’ve seen so far
See Retailers, Page 65

Donald Back to His Roots as CEO of Haggen

By ELLIOT ZWIEBACH

BELLINGHAM, Wash. — Jim Donald, a longtime industry veteran who ran Pathmark Stores for several years and then became chief executive officer of Starbucks Corp., is scheduled to join regional retailer Haggen Inc. today as president and CEO.

Observers said the 33-unit supermarket chain, based here, should benefit from Donald's range of experience, people skills and operational expertise.

“Jim has the ability to see complex problems and simplify them so they become more easily solvable,” one former colleague, who asked not to be identified, told SN.

Donald was not available for comment last week, but in a press statement said he couldn't pass up the opportunity to lead Haggen, which he called “one of the most respected companies in the Pacific Northwest.”

“Haggen has led the industry in innovation, quality and service, and I am proud to join its 3,700 associates in continuing this trend. Joining Haggen brings me back to my roots in the supermarket industry, a business that I have always had a passion for.”

Haggen, which is privately held, had estimated sales last year of approximately \$870 million, a high per-store average that approaches the unit volume of Pathmark.

Donald succeeds Dale C. Henley, who has been Haggen's president and CEO since 1996. Henley, who announced earlier this year his plans to retire, will become a non-executive chairman of the board and will continue as president and CEO of Briar Development Co., a Haggen affiliate that owns and develops real estate.

Donald was chairman, president and CEO of Pathmark
See Donald, Page 64