

Dear Save Mart Employee:

We recently concluded negotiations with U.F.C.W. Local 711 (the "Union"), which is the U.F.C.W. Local in your area, for a new contract. With this new bargaining agreement, we believe that Local 711 and Save Mart have successfully crafted not only a new contract, but also a new relationship that ultimately will be of maximum benefit to all Save Mart employees.

As you know, we operate stores that are represented by unions and stores that are not. Currently, your store is not. We have always acknowledged and believed, and still do, that it is your right to choose to have union representation or none. It is, in fact, the law. For reasons we will explain in this letter, we have come to the conclusion your joining Local 711 is in your best interest, and we urge you to consider doing so. Again, the choice is yours.

Medical coverage concerns all of us. We want to provide you with excellent benefits but must be able to do so at a cost that keeps us competitive. The new agreement we have with Local 711 does just that. While we have always maintained a competitive medical program in our non-union stores, those benefits are not covered by the guarantee of a collective bargaining agreement. Moreover, the cost of the multi-employer health and welfare plan in the new agreement with Local 711 is far more competitive than the cost of the plan you now have. Clearly, if we can offer the same or better benefits to you at a lower cost both you and the company benefit because this lower cost will help to ensure we can continue to offer such benefits to you.

There is more.

Because of the agreement we have struck we were able to put together an attractive wage increase for the next year. Senior Clerks at the top rate will enjoy an increase of \$.40 per hour. Part-time clerks at the top rate in Schedule 1 or 2 will receive \$.29 - \$.40 per hour. Moreover, there are increases at all steps of part-time and full-time classifications. Additionally, service specialists will start at \$7.05 an hour and progress after 1040 hours to \$7.45 per hour. These wage rates are guaranteed.

This word, "guaranteed" is important to remember. All of the terms and conditions of employment spelled out in the collective bargaining agreement with Local 711 are guaranteed for the duration of the agreement. This cannot be said of terms and conditions of employment offered outside of a collectively bargained agreement.

To give you an opportunity to hear about the benefits of the agreement with Local 711 and being a member of it, we agreed to an orderly process with Local 711 by which you can listen to Local 711's representatives who will be allowed access to your store in non-public areas during non-working times. Moreover, there may be times when you will be invited to meetings conducted by Local 711's representatives in your store during non-working times. The purpose of these meetings will be for Local 711 to explain the benefits of the new contract and union membership and to encourage you to sign union authorization cards.

To ensure you may hear Local 711's message without distraction and disruption, we are taking a position of strict neutrality when Local 711 talks to you. The choice is yours; so, no one in our management team will interfere with your listening to Local 711's message. It is a message we think is well worth listening to.

If you agree that this contract is good for the long-term interests of you and Save Mart, you need only sign an authorization card, which Local 711 will make available to you. If a simple majority of employees in your store signs cards, you will become represented by Local 711 and enjoy the benefits of the new contract. It's that easy.

We expect you may have some questions. Because of our position of strict neutrality, please know that your store manager and other store management will not have much more information than contained in this letter. If you ask your manager or managers what you should do, the uniform response will be that Save Mart is completely neutral and the decision rests with you alone.

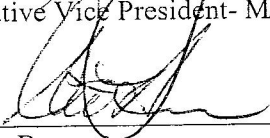
You may, also, ask why Save Mart is neutral when it has taken a position against being represented in the past. Our answer is that we must, and we are, constantly looking at what makes the best long-term sense for our company to survive and thrive. We believe the new contract and the new relationship it reflects with Local 711 gives us the best chance to do just that.

We urge you to give thoughtful and strong consideration to what Local 711 has to say.

Very truly yours,
Save Mart Supermarkets, dba Save Mart



Steven Junqueiro
Executive Vice President- Merchandising and Operations



Steven Beaver
Vice President of Operations-Save Mart