

# US: mass layoffs continue

## Job cuts hit retail, auto industries

**Kate Randall**  
23 June 2005

The bankrupt supermarket chain **Winn-Dixie Stores Inc.** said Tuesday that it would sell or close 326 stores and cut 22,000 jobs. The company currently operates 901 stores in nine Southern states and 12 in the Bahamas.

The mass-layoff announcement, which will affect about 28 percent of Winn-Dixie's workforce, is the biggest US job cut since General Motors announced earlier this month it would eliminate 25,000 manufacturing jobs by the end of 2008.

Winn-Dixie, founded in 1925, filed for bankruptcy in February, suffering lost market share to rivals such as Wal-Mart and Publix Super Markets. The company laid off 10 percent of its workforce in 2004.

Under terms of the bankruptcy agreement, the supermarket chain will completely pull out of North and South Carolina, Tennessee and Virginia and will carry out substantial closures in Georgia and Florida. The company expects to have approximately \$7.5 billion in annual revenue after the closures, compared to the current \$10 billion.

In addition to store closings, the company will put up for sale its manufacturing plants, including its six dairy and culture plants, a pizza plant and its Chek Beverage/Deep South Products plant in Fitzgerald, Georgia.

Lower-paid workers—the vast majority of Winn-Dixie's labor force—will receive minimal severance benefits under a compromise plan approved by US Bankruptcy Judge Jerry Funk. Full-time workers will receive only two weeks' severance pay, and part-time workers will get \$100 to \$200 one-time payments.

The severance deal is far sweeter for top executives. Peter Lynch, company president and CEO, stands to receive double his \$900,000 annual salary if he loses his job, and other executives would receive severances equal to 12 or 18 months' salary. The judge also approved Winn-Dixie's plan to award retention bonuses to 290

“key employees”—to the tune of \$12 million.

Also on Tuesday came an announcement from **Ford Motor Co.** that it would cut 1,700 white-collar positions from its North American operations. The cuts come on top of 1,000 salaried job cuts announced by the company in April.

The number-two US automaker said its profit outlook for North America has weakened over the last few months, and it has reduced its projection for annual profits for the second time in two months. Sales of large and mid-size SUVs, which previously have been a major profit marker for both Ford and General Motors, have fallen sharply.

The Dearborn, Michigan-based company said it now expects to earn \$1.00 to \$1.25 per share, 25 cents less than it previously forecast in April. Following the announcement Wednesday, Ford shares fell 46 cents, or nearly 4.1 percent, to \$10.71 in early afternoon trading on the New York Stock Exchange.

In addition to the job cuts, Ford will eliminate bonuses this year for salaried management employees, and end matching company contributions to salaried employees' 401(k) retirement plans effective July 1.

Don Leclair, chief financial officer, would not comment on company plans to seek job cuts and benefit reductions from Ford workers represented by the United Auto Workers (UAW). “We don't do our negotiations with the union in a public forum,” he said. But it is no secret that in the face of falling sales and profits, the Big Three US automakers—Ford, GM and DaimlerChrysler—are targeting health and pension benefits of hourly workers.

In addition to the thousands of layoffs announced by Winn-Dixie and Ford, each day brings announcements of job cuts affecting workers in every sector of the US economy. The following is just a sampling of some of these cuts gathered from local news reports across the country.

**United Parcel Service** told Lincoln local officials last Friday that it plans to close its distribution operation in the Northern California city by November 30, and will start laying off the location's 242 employees in phases beginning August 15. A few days earlier in nearby Milpitas, **Solectron Corp.** announced it was shutting down its computer repair and warrant service operation by the end of August, shedding 244 jobs.

Financial and banking concern **Wachovia Corp.** announced Tuesday it will outsource some technology work to companies with operations in India. The Charlotte, North Carolina-based company notified 3,000 of its technology workers that an undisclosed number of jobs would be cut. In January, Wachovia announced plans to eliminate 3,500 to 4,000 jobs over the next three years, for a projected savings of up to \$1 billion.

**NiSource Inc.** said Tuesday it would cut 445 jobs nationwide as part of a \$1.6 billion deal with IBM for it to take over some business support services. With 8,500 employees in 14 states, NiSource and its subsidiaries deliver electricity and natural gas to 3.7 million customers from the Gulf Coast to New England.

**Monolith Productions**, a Kirkland, Washington, computer and video-game developer, announced Monday it would lay off 80 workers after transferring two of its game titles to Sony Online Entertainment. Some 25 of these employees will be offered jobs at nearby Sony.

**Banner Health**, Arizona's second largest employer with about 17,000 employees, laid off 145 workers this week, affecting staff at eight hospitals. The company spent \$175 million to open the new Banner Estrella Medical Center just five months ago, but revenue expectations are off by about \$7 million. Cuts range from clinical staff to special program services.



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