

## **Central Grocers, Certified Foods Midwest Merge; New Depot On Deck for Joliet**

May 29, 2008

Confronted with higher operating costs and declining customer bases, Certified Grocers Midwest, Inc. and Central Grocers, Inc. have agreed to consolidate the volume of both retailer-owned cooperatives into a new 920,000-square-foot distribution center, to be opened in Joliet, Ill., during the first quarter of 2009.

Jim Denges, Central Grocers c.e.o., will become chief executive of the combined company. Under the terms of the agreement, Central Grocers will absorb Certified's customers, which include Treasure Island and Moo & Oink.

The agreement is subject to approval by shareholders of both companies.

"I have been working to make this happen for over 20 years, to solidify and strengthen the independent grocer in Chicago," said Paul Butera, Certified's board chairman, who was also recently appointed chairman of the Wisconsin-based, 96-store independently owned Piggly Wiggly chain.

"Independent grocers are alive and well in Chicago, and with this deal we can ensure that it stays that way," said Butera. "By combining the volume of these two cooperatives we can take costs out of the equation which will make our members more competitive at retail."

Denges said that the merger made common sense. "With rising fuel costs, our goal is to develop a highly efficient distribution center that has the capacity to serve the independent retailers in the greater Chicagoland market effectively. We want to strengthen the relationship with the vendor community, retain jobs in Illinois, and have the ability to serve our growing membership."

Both Central and Certified are in the Chicago area. The retailer-owned co-ops serve a combined 225 members that operate approximately 450 stores in Illinois, Indiana, Iowa and Wisconsin. After consolidating the business, Central will rank as one of the top retailer owned wholesalers in the nation.

The Food Partners, a national investment banking firm, served as advisor to both companies on the transaction.