

United States Senate

November 15, 2022

W. Rodney McMullen
Chief Executive Officer
The Kroger Co.
1014 Vine St.
Cincinnati, OH 45202

Dear Mr. McMullen,

We write to express our concerns about the impacts that the merger between Albertsons and Kroger could have on consumers and workers in California, including higher prices for consumers, suppressed wages, and other anticompetitive effects. We ask that you meet with us and provide additional information regarding the merger's impact on Californians.

On October 14th, Kroger and Albertsons announced that they entered into a definitive agreement to merge the two companies in a \$24.6 billion deal. California is home to the most Albertsons and Kroger stores in the United States, with more than 585 and 300 stores, respectively, and at least 99,000 associates whom the merger in California alone will impact. If approved, this merger will change the grocery store landscape in California, particularly in the many communities in which Kroger and Albertsons owned stores currently compete. California has been a leader in adopting protections for our grocery store consumers and workers, including passing the nation's first statewide grocery worker retention law to protect the public's health and safety by ensuring proper food safety.

This merger comes at a period of rising prices for American families, during which prices on food eaten at home have risen more than 13 percent over the past year, according to the Bureau of Labor Statistics. Experts suggest that this merger will likely result in even higher prices for grocery store items, the loss of more affordable, private-label product options, and new food deserts. Together, Albertsons and Kroger will operate nearly 5,000 stores across the country, further consolidating the market and raising significant antitrust questions that are being reviewed. Further, the "special dividend" of up to \$4 billion announced concurrently will benefit Albertsons' shareholders at the expense of the ongoing operation of the combined company, and to the detriment of California consumers and workers.

The proposed merger of Albertsons and Kroger will directly impact their combined workforce of more than 710,000 associates, hundreds of thousands of whom are unionized. While Albertsons and Kroger are unionized, we are nevertheless concerned about the impact of further consolidation on workers in the grocery industry. If the merger is approved, the two companies are expected to divest between 100 to 375 stores, which will either be sold to a third party or spun off into an independent entity. Once divested, these stores may not be subject to existing agreements with workers, which could negatively impact the workforce. Furthermore, there are concerns about the financial viability of the stores the two companies would elect to divest, potentially harming consumers as well as the workers at those stores.

As senators representing the state with the most grocery stores impacted by this merger, we look forward to meeting with you to discuss our concerns to ensure that California's consumers and grocery store workers are protected.

Sincerely,



Alex Padilla
United States Senator



Dianne Feinstein
United States Senator