

MARCH 2024— UPDATE ON ONGOING EFFORTS TO STOP MEGA MERGER AS WE BUILD COLLECTIVE STRENGTH TO PROTECT AND IMPROVE GROCERY STORE WORKERS' JOBS



Good News on Stopping the Proposed Mega-Merger

As you may have heard, on February 26, after a massive 16-month effort by our collective of UFCW Local unions and others, we accomplished an important goal of getting the Federal Trade Commission (FTC) to officially file a lawsuit to stop the proposed mega-merger of Kroger and Albertsons. Nine states' Attorneys General joined that FTC legal challenge. The Attorneys General of the states of Washington and Colorado also filed separate lawsuits on January 15 and February 14, respectively.

This is very good news in our campaign to protect workers, shoppers, and the community from the negative impacts that would result if this proposed merger were allowed. But the effort to stop the merger still has a way to go.

What's Next in This Legal Process?

The legal process will likely continue for some time until one of two things happens:

1. The Federal Judge in Portland, OR, has set a date for August 26, 2024, for the trial to begin on the FTC case. The WA and CO trials can move ahead separately, but they could be coordinated with others as well. Those trials could continue until an outcome is determined.

Or:

2. The Merger Agreement of Kroger and Albertsons has an "outside date" of mid-October 2024 (two years after when it was announced) after which the companies can simply abandon the deal without paying any financial penalty to the other party, so it is also possible that Kroger and Albertsons will simply withdraw their proposed merger.

FAQ - Does Albertsons Need to Sell? No!

After the merger is stopped, some have said that Albertsons will just be sold to some other company. That's just not true. Before the merger proposal, a super-majority of Albertsons' stock was owned by six massive private equity investors who wanted to sell their shares to a single buyer. But during the past 24 months, those large investors have sold the majority of their shares in Albertsons,

and we expect they will continue to sell their remaining shares on the NY Stock Exchange after the merger is blocked.

The alternative—trying to sell Albertsons in whole or in part to a different buyer—would be very unlikely. Court documents show that in the summer of 2022, there were no other bidders aside from Kroger, so a new buyer would likely offer a significantly lower value for the company. Based on Albertsons' current stock price (which is still significantly below the

Kroger buyout price), the company's total enterprise value is approximately \$20 billion, or nearly \$9 million per store. To put that in perspective, the current divestiture plan to C&S Wholesale proposes to pay about half of that amount. So, selling to C&S or to anyone else at that price would destroy significant value for Albertsons shareholders. And again, the company is doing well financially, and there is no need to sell. Recent quarterly reports show Albertsons is doing even better than Kroger.

What's Next for Our Grocery Store Companies?

It's time for Kroger and Albertsons to invest in grocery store workers, our customers, and our communities instead of wasting years and billions of dollars on a failed merger proposal. These companies have been doing very well and have made billions of dollars in profit in recent years. They should be making more investments in better-staffed stores, in higher retention of workers with better pay, benefits, and training, and in lower food prices for shoppers. These investments will result in Kroger and Albertsons becoming stronger companies.

UFCW Local Members Taking Action Together for Stronger Contracts

In addition to fighting the proposed mega-merger that would cause harm to thousands of grocery store workers and millions of customers, our collective group of local UFCWs is also taking action to affirmatively improve our contracts, organize more unionized grocery stores, and more.

- » *Local 400 Kroger Grocery Store members in West Virginia approve new contract with major improvements after almost going on strike.*
- » *Local 770+324 held a Rally for Food 4 Less Workers starting Contract in Southern California.*
- » *UFCW Local 7 and 770 Members featured in national In These Times article: "The Mega Grocery Merger That Would Pay the Price For, The Kroger-Albertsons merger is a threat to grocery workers everywhere. Let's join the fight to stop it."*
- » *UFCW Local 5 members at the Kroger-owned Foods Co recently ratified a new contract that includes some major improvements including: \$4.50 wage increase over term of contract for top rate, large ratification bonus, an increase in all wage progressions, and a reduced amount of time to reach the experienced rate for all purpose clerks.*
- » *Kroger workers vote to join Local 3000 in central Washington and hold Informational Pickets in eastern Washington city of Spokane for a stronger contract.*