The Honorable Lina Khan
Chair
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

November 1, 2022

Dear Chair Khan:

We write to express our sincere concerns about the pending acquisition of Albertsons Companies, Inc. (Albertsons) by the Kroger Company (Kroger) grocery chain. The merger poses a specific and disproportionate threat to Washington consumers, workers, and our underserved communities.

We are writing because we are concerned about the negative impact the merger could have on both consumers and the large workforce employed by these two companies. Together, the 337 Albertsons and Kroger grocery stores in Washington represent 21.5 percent of the state’s total. Underserved communities throughout Washington benefit from these stores and what they provide in price competition, convenience, high-quality nutritional access, and pharmacy services. Given their aggregate share of the state’s retail grocery sector, we fear that Washington is at disproportionate risk of losing stores as a result of the proposed merger.

The 2015 merger of Albertsons and Safeway is instructive in this case. At that time, Safeway and Albertsons were required to spin off approximately 150 stores to win FTC approval of their own merger. The spinoffs were sold to Haggen, a Bellingham, Washington-based company, which soon after filed for bankruptcy. In the end, Albertsons repurchased 29 of the Haggen stores, reversing in part a condition of the merger intended to maintain competition. This history for retail grocers, and particularly Albertsons, does not bode well for another Albertsons merger. Based on this recent experience, there is a significant risk that with this transaction, too, many stores will be closed, harming consumers and workers and potentially leaving food deserts across our state.

Our most urgent concern is the announcement by Albertsons of a cash dividend of $6.85 per share, payable on November 14, 2022, to its shareholders, only two years after the company went public. This dividend of approximately $4 billion comprises nearly 20 percent of the value of the company—an extraordinary cash outlay that directly benefits the largest shareholders of Albertsons, who also control the board. This action appears to reflect a disregard for the wellbeing of the ongoing business should the merger not be completed. The cash dividend could adversely impact the ability of Albertsons to keep its stores open and its workers employed should the merger with Kroger not be approved. Specifically, we are alarmed by reports that the
merger may involve selling hundreds of stores, potentially resulting in layoffs. We strongly support the FTC’s recent efforts to protect workers by scrutinizing mergers that may harm competition in U.S. labor markets and urge the FTC to closely examine the impacts on workers of this merger.

More than ever, access to convenient, competitive grocery retail is critical for lower costs and better nutrition. Consumers are hurt as consolidation dominates the retail landscape and workers lose their jobs as transactions reduce the number of competing outlets. We therefore urge the Federal Trade Commission to commit to a thorough investigation of this transaction and take these facts into account when determining whether to approve it.

With regards,

Maria Cantwell
United States Senator

Patty Murray
United States Senator