



June 12, 2024

Oregon Health Authority
Dr. Sejal Hathi
Barbara Roberts Human Services Building
500 Summer Street NE, E-65
Salem, OR 97301

Dear Dr. Hathi,

We are reaching out to follow up on the recent HCMO Review Board meeting on the proposed merger between Kroger and Albertsons Co. and divestiture plan with C&S, LLC.

Thank you for the opportunity to discuss the proposed merger and the benefits it will provide to communities across Oregon. As you know, Fred Meyer and Safeway play a critical role in providing necessary healthcare services, medicine and healthy food options across the state. We take great pride in having done so for 100 years, fueled by our work force of more than 13,000 associates. As the operator of these beloved banners, we have a responsibility to the communities we serve and take this, along with your concern for the health and wellbeing of Oregon's citizens, very seriously.

We are certain that C&S's considerable resources and regional expertise, along with the resources it will gain as part of the divestiture package, will position it to successfully operate stores and pharmacies following the merger close.

As such, there are four points we want to clarify regarding the meaningful commitments we have made:

- Kroger committed that no stores or pharmacies will close as a result of the merger. Kroger made this commitment shortly after announcing the merger agreement and reinforced it with both divestiture announcements. This is instrumental in expanding access to high-quality community healthcare in Oregon.
- We will continue to lower prices and expand access to fresh, high-quality and affordable food alongside credible, expert healthcare for customers across Oregon.
- This merger will improve community health by providing convenient locations for customers across the state for their healthcare needs.
- While competitors have been leaving communities, this transaction is about deepening our relationships with the customers and patients we serve. We are committed to Oregon communities and through the merger, will be able to provide increased access to necessary health services in medically underserved areas.

We strongly believe these points ensure that this merger advances our vision to help people across Oregon – and America – live healthier lives and have expanded on each in greater detail below.

Kroger committed that no stores or pharmacies will close as a result of the merger. Kroger made this commitment shortly after announcing the merger agreement and reinforced it with both divestiture

announcements. Similarly, C&S is committed to maintaining all collective bargaining agreements, to retaining frontline employees and to further investing for growth. **This is instrumental in expanding access to high-quality community healthcare in Oregon.**

Recognizing that divestitures would be necessary to complete the merger, we sought and found a buyer in C&S who shares our commitment to keeping stores and pharmacies open. We specifically structured our divestiture package to provide C&S with expert resources to continue to successfully operate divested stores and pharmacies for years to come. This includes seasoned leaders from the Pacific Northwest who will join C&S to ensure these stores and pharmacies continue to serve their communities.

Furthermore, we are committed to zero frontline layoffs as a result of the merger, including pharmacists and pharmacy technicians. This means Oregon families will have the same relationship with their pharmacists whether their store remains with Fred Meyer or becomes part of C&S.

Additionally, following the merger, we have no plans to change the PBMs we work with or the insurance networks we participate in in Oregon.

We will continue to lower prices and expand access to fresh, high-quality and affordable food for alongside credible, expert healthcare customers across Oregon.

Our business model is built on lowering prices and providing better value to customers. In fact, in the last 20 years we invested \$5 billion to lower prices across the country.

When we announced the merger, we committed to investing \$500 million to lower prices and expand access to fresh, affordable food for customers starting on day one post-close. We also will invest \$1.3 billion to enhance the customer experience and better serve our communities.

We will deliver on these commitments, just as we have in the past. Following our merger with Fred Meyer in 1999, we invested in stores across Oregon to provide more choices and better value to our customers and spent \$250 million on improved pricing.

In that time, we have made significant investments to remodel virtually all the 51 Oregon stores. We have also opened seven net new stores plus three onsite replacements, with only one closure.

This merger will improve community health by providing convenient locations for customers across the state for their healthcare needs.

This merger will allow Kroger to continue to increase access to fresh, healthy food across our stores and invest to expand the resources we provide customers to help them make healthier choices.

We know that when customers have more access to fresh foods and the resources to make meals they love, they will lead healthier lives. That's why we are focused on a holistic approach to taking care of people and believe in the preventative power of food to help people make healthier food choices that lead to better outcomes.

By connecting patients with better-for-you food options in the same place they receive expert healthcare, we have a real opportunity to help foster happy and healthy communities across Oregon. This is the kind of care and focus on helping patients make healthier choices that we plan to expand following our proposed merger.

While competitors have been decreasing their footprints, this transaction is about increasing ours. We have remained committed to Oregon communities and through the merger, will be able to provide increased access to necessary health services in medically underserved areas.

Fred Meyer stores are an integral part of Oregon communities, and we have been committed to helping our communities thrive for 100 years. That is why we've donated more than \$6.1 million and 14.9 million meals to help end hunger in communities across the state, including donations provided to the Oregon Food Bank and the Sunshine Division.

We've continued to support Oregon communities at a time when operating retail grocery stores and pharmacies has become more difficult. Despite this, **in 2023 alone, Fred Meyer filled over 14.8 million prescriptions to our patients and administered over 174,000 vaccines to community members in Oregon. Fred Meyer remains committed to providing communities with resources that will help keep them healthy and safe.**

We would appreciate the opportunity for a formal meeting with members of the OHA staff. We will make ourselves available at your convenience.

We are confident that coming together with Albertsons will allow us to create an even brighter – and healthier – future for Oregon communities.

Thank you and we hope to connect with you soon.

Sincerely,

Colleen Lindholz, PharmD, BCPS, FAPhA

President
Kroger Health