



UFCW LOCAL 770

UNITED FOOD AND COMMERCIAL WORKERS UNION • www.ufcw770.org

Ricardo F. Icaza, President

John M. Grant, Secretary-Treasurer

December 21, 2016

Dear Local 770 Rite Aid Member:

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Yesterday, Walgreens and Rite Aid announced their agreement to sell 865 Rite Aid stores to Fred's Inc. in order to get FTC (Federal Trade Commission) approval for their merger. This deal has not been concluded and can only be concluded as part of the overall Walgreens/Rite Aid merger. The FTC is still reviewing that merger but this announcement makes it somewhat more likely that the merger will get approval.

If the merger is approved, Walgreens will acquire the majority of the Rite Aid locations. As we stated in our previous communications, Walgreens has agreed to hire the current employees and has agreed to respect our collective bargaining agreement (the union contract). While we hope to have a positive relationship with Walgreens if the merger is approved, we do have concerns because Walgreens is a mostly non-union company.

Fred's would only acquire the Rite Aid stores that have to be divested as a result of the merger. We are currently trying to get as much information as possible about Fred's Inc. and the stores they have agreed to buy so that we can keep you informed. What we do know is that Fred's Inc. has also agreed to hire all the employees in the stores they purchase and assume the collective bargaining agreement if the sale is approved. This is good news but we still have concerns about this deal.

We know, from our recent experience with the Albertsons/Safeway merger and sale of stores to Haggen, that your jobs depend on the acquiring company's ability to operate successfully. Fred's Inc. currently operates fewer than 400 pharmacies mostly located in small towns so this purchase would more than triple their current pharmacy business. We also know that Fred's Inc. has had some financial difficulties and will have to take on tremendous debt to complete this acquisition. Based on this information, we have some doubts about Fred's ability to successfully operate 865 additional pharmacies. Moreover, Fred's current locations are in the (right-to-work) Southeast region of the United States where labor laws are much more lax and unions do not have the strength and density that they have in California.

We will keep you informed as we obtain additional information. UFCW Local 770 is doing everything we can to protect your job and livelihood. As always, if you have any questions, please contact your union representative.

Fraternally,

UFCW LOCAL 770


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