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Oasis Center
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Orange County
Interdenominational
Alliance

Donald S. Clark, Secretary
Federal Trade Commission
Constitution Center
5th Floor, Suite 5610 (Annex B)
400 7th Street SW
Washington, DC 20024

Re: Albertson's and Safeway Inc., — Consent Agreement; File No. 1410108

Dear Chairwoman Ramirez and Secretary Clark,

We of the National Diversity Coalition, whose membership includes the leadership of 40,000 Latino evangelical churches, 5,000 African Methodist Episcopal churches, the largest minority business chamber in California, and the largest pan Asian American organization advocating before regulatory bodies for lower consumer rates, would like to submit the following in response to the Federal Trade Commission's request for comments on the Proposed Consent Order regarding Albertson's and Safeway Inc.

This acquisition will have an anti-competitive effect on minority grocery stores as the combined Albertsons/Safeway entity will be able to leverage its power to enforce and implement exclusivity clauses in their leases that will serve as a barrier to minority markets hoping to establish a store in shopping centers that already house a Safeway or Albertson's. Additionally, the power of the combined entity could lead to retaliation against those individuals and groups that have participated in this matter.

I. The Acquisition Will Have An Anticompetitive Effect on Minority Grocery Stores

The combined Albertsons/Safeway entity will dominate six California counties where the two chains currently compete. These six counties have a population of over 17.4 million people, 45.5% of which are Latino and 12.1% of which are Asian-American.

Currently, the Asian-American and Latino communities in California are served by many relatively small supermarket chains owned by Latino or Asian-American community members. Many of these markets cater to their specific communities in more ways than Albertson's or Safeway has ever done or is planning to do.

This includes not only lower prices, but also carrying culturally specific goods and providing services that Albertsons/Safeway is ill-equipped to deliver. For example, 1) employing butchers to prepare live fish and specific cuts of meat; 2) carrying a far greater selection of meats, such as goat and duck, which are unavailable at



traditional western supermarkets; and 3) offering a far wider selection of Asian and Latino produce and food products.

One poignant example of how the Asian-American community is currently underserved by traditional western supermarkets is represented on the micro-level by Island Pacific, a Californian supermarket that currently has 13 locations and primarily caters to the Asian-American and Latino communities.

In order to better serve the minority community, Island Pacific wishes to expand by establishing 19 markets by the end of 2015, 25-30 by the end of 2016, and a total of 50 stores in California and Nevada by the end of 2018.

However, based on the current business practices of Albertsons, Safeway, and Kimco Realty (part of the investor group led by Cerberus Capital Management that is seeking to buy Safeway), these ethnic supermarkets may not be able to expand.

For example, Kimco Realty has indicated that it allows Safeway an exclusivity clause when Safeway has a presence in one of its shopping centers. The exclusivity clause prevents Kimco Realty from allowing any other grocery store to come into a shopping center that Safeway is already in, thus preventing competition even if the other grocery store might not even directly compete for customers due to the two stores having different consumer bases.

Thus, Kimco Realty and the new Albertsons/Safeway merged entity is in a prime position to block the expansion of minority grocery stores by enforcing these exclusivity clauses or by including such clauses in future leasing contracts. These concerns are not in the abstract as Kimco Realty and Safeway have already used an exclusivity clause to block Island Pacific's efforts to expand into the largest Filipino American community in the United States.

Kimco Realty claimed that an exclusivity clause with Safeway prevented them from leasing to Island Pacific a vacant retail space at the Westlake Mall in Daly City, a city with the highest concentration of Filipinos in the United States. Island Pacific, being a Filipino owned and operated market, had a significant desire to expand into a city where Filipinos comprise 35% of the population. Unfortunately, the exclusivity clause Safeway had with Kimco Realty prevented that desire from coming true.

Island Pacific's experience is just one example of what could happen to many minority supermarkets hoping to expand into new territories but find themselves stymied by the combined power of a real estate conglomerate and a national supermarket chain.

II. The Influence the New Albertsons/Safeway Merged Entity Could Lead to Retaliation Against Those Who Opposed the Acquisition

In light of the many adverse effects the acquisition could have on the minority community, the National Asian American Coalition (NAAC) raised the issue of the merger with the Federal Trade



Commission and also discussed the issue in meetings and conference calls with the legal staff of each of the commissioners and a number of key officials from the Federal Trade Commission's Bureau of Competition.

As NAAC is based on Daly City and Kimco Realty owns a large portion of the office space inventory in the city, it is unsurprising that NAAC is a lessee of Kimco Realty. Thus, there is a valid concern that there might be retaliation by Kimco Realty, though Kimco Realty has assured NAAC that it will not retaliate for NAAC's participation in this matter.

Secondly, there is concern that Island Pacific's plans for expansion will be harmed by its participation in this matter. Again, Kimco Realty has assured Island Pacific that there will be no retaliation, but there is essentially no recourse currently if Kimco Realty were to cite an exclusivity clause as the reason why they will not allow Island Pacific to rent space in any of their shopping center, even if there was no such clause.

To assuage concerns of future retaliation for participating in this matter and to encourage greater expansion of Latino and Asian supermarkets, the NAAC and Island Pacific will provide quarterly reports to the FTC Commissioners and senior staff members. Before these quarterly reports are submitted, every effort will be made to seek comments from the combined Albertsons/Safeway entity and Kimco Realty.

Most Respectfully,

/s/ Faith Bautista
President & CEO, National Asian American
Coalition

/s/ Jeff Lim
CEO and Founder of Island Pacific

/s/ Gilbert Vasquez
Chair, Los Angeles Latino Chamber of
Commerce Serving 250,000 Latino
Businesses