

(Neb.)-Safeway Corporation Sold To Company That Owns Albertson's

By: Chris Fankhauser Posted at: 03/07/2014 09:21 AM

(California)- Safeway Inc., the second-largest U.S. mainstream grocery store operator, said private equity firm Cerberus Capital Management would acquire the company in a deal valued at about \$9.4 billion. CBS News reported the deal combines Safeway with Cerberus' Albertsons chain, creating a dominant grocery franchise on the West Coast. It also creates a grocery network of more than 2,400 stores and 250,000 employees.

No store closures are expected, according to the company. Cerberus is a seasoned investor in the supermarket sector. Last March, a Cerberus-led investor group acquired a group of grocery chains from Supervalu, including Albertsons and Jewel-Osco, for \$3.3 billion.

Cerberus previously owned 650 Albertsons locations as a result of a 2006 deal under which the chain was acquired and its stores broken up between the private equity investor, Supervalu and CVS Caremark.

Safeway has been in the hands of private equity before. KKR took Safeway private in 1986, and then sold its stake in 1999. Safeway has been trying to streamline its business by selling off noncore units. Last year, it spun off its gift card provider, Blackhawk Network Holdings, into a separate publicly traded company. It also sold off its Canadian business to the operator of Canadian retailer Sobeys for \$5.8 billion in cash.

More recently, Safeway has revealed plans to leave the Chicago market by early this year. Safeway has many stores in the Panhandle of Nebraska, including Chadron and Alliance.

(Story courtesy CBS News)