



WALMART'S PLUNGE PULLS STOCKS DOWN

The biggest drop in Walmart's stock in 30 years and losses in other sectors pulled U.S. indexes lower Tuesday, snapping a six-day winning streak.

The losses deepened in the last hour of trading into a broad sell-off that erased early gains led by technology companies.

Walmart plunged 10 percent after reporting weak online sales and disappointing earnings. Grocery store operators, retailers, health care companies and industrial stocks accounted for much of the market's slide.

"Investors have been lulled into a false sense that stock markets are not volatile," said Doug Cote, chief market strategist for Voya Investment Management. "Last week was one of the best weeks in years, and as we go back to normal volatility, you're going to see what you would expect: normal ups and downs."

The Standard & Poor's 500 index fell 0.6 percent to 2,716.26. The Dow Jones industrial average slid 254.63 points to 24,964.75. The Nasdaq lost 0.1 percent, closing at 7,234.31. The Russell 2000 index of smaller-company stocks gave up 0.9 percent, to end at 1,529.99.

Bond prices, which had been declining early Tuesday, ended up little changed. The yield on the 10-year Treasury held at 2.88. — AP

NOW ONLINE

Get business updates and sign up for the daily business newsletter.
newsday.com/biz

Buying drugstore chain

Grocer Albertsons has Rite Aid deal in 'wellness' foray

The Associated Press

The owner of Safeway and other grocery brands is buying the drugstore chain Rite Aid as retailers continue to plunge deeper into health care and adjust to swiftly changing shopping habits.

Albertsons Companies executives said Tuesday their purchase of Rite Aid's more than 2,500 remaining stores — including about 50 on Long Island — will help the combined company become a "leader in food, health and wellness."

The combination will have 4,892 stores and about 4,300 pharmacies with a stronger presence on both U.S. coasts.

The deal comes as the grocer starts to strengthen same-day deliveries, a meal-kit business and products that cater to customers who want fast service.

Retailers have been pushing customer-friendly services to compete with Amazon, which bought Whole Foods last year and plans to roll out a two-hour delivery service this year to \$99-a-year Prime members.

Amazon's competitors also are bulking up health care services, which cannot be purchased online.



Rite Aid has some 2,500 stores, about 50 on Long Island. The chain has been remodeling its stores.

In Rite Aid, Albertsons Companies is buying a chain that has already remodeled half of its stores into a format that includes expanded pharmacy services and more health products. It also operates walk-in clinics that can deal with cases of the flu, sinus infections and other minor complaints.

Albertsons said it will continue to run Rite Aid stand-alone stores, and most of the grocery operator's pharmacies will be rebranded as Rite Aid.

Albertsons also runs Jewel-Osco, Shaw's, Vons and Acme stores.

The deal will create a company with "a large-scale and diversified revenue base necessary to compete in today's highly competitive food and drug retail environment," Moody's vice president Mickey Chadha said.

The nation's largest drugstore chain, Walgreens, tried unsuccessfully to buy all of Rite Aid last year but scuttled that deal after encountering regulatory resistance. Last September, Walgreens Boots Alliance Inc. announced a slimmer agreement to buy nearly 2,000 Rite

Aid locations and some distribution centers for about \$4.38 billion.

For the remaining Rite Aid stores, Albertsons Companies is offering either a share of its stock and \$1.83 in cash or slightly more than a share for every 10 shares of Rite Aid. The grocer did not disclose a deal value. But it said the combined company would bring in about \$83 billion in annual revenue.

The companies expect their combined entity to trade on the New York Stock Exchange.

With Tory N. Parrish

LI's Kimco Realty has a big stake in the deal

BY VICTOR OCASIO
 victor.ocasio@newsday.com

Kimco Realty Corp., a New Hyde Park-based owner of more than 500 shopping centers across the country, has a large stake in Albertsons Companies' plan to buy Rite Aid.

Kimco, a publicly traded real estate investment trust, had a 9.74 percent ownership interest in Albertsons, a private grocery store chain, as of Dec. 31. The original cost of the investment was \$140 million.

Albertsons, the owner of Safeway and other supermarkets, said Tuesday it will buy pharmacy chain Rite Aid in a cash and stock deal. The combined company will seek to have its shares traded on the



Kimco Realty, led by Conor Flynn, will sell its 9.74 percent.

New York Stock Exchange.

Kimco said it plans to sell its Albertsons stake after the deal is complete.

"It was our expectation that we would be able to monetize our investment in Albertsons through 2020 as it was a criti-

cal component in helping Kimco reduce leverage [debt], and fund development and development activity," said David Bujnicki, senior vice president of investor relations and strategy at Kimco. He added that the deal "would help strengthen the company's balance sheet and facilitate long-term growth."

Kimco will treat its investment in Albertsons as a "marketable security," an accounting change that would recognize the change in market value of the new Albertsons-Rite Aid business in Kimco's net income statements.

The planned Rite Aid acquisition "underscored how we continue to benefit from our highly successful investment

in Albertsons," Kimco chief executive Conor Flynn said in a statement. "Upon completion, we will have a clear indication of the resulting market value of our stake."

Proceeds from a sale of its investment could also help Kimco in its recently approved stock buyback program, officials said.

Albertsons-owned grocery stores represented Kimco's fifth largest tenant, Bujnicki said. "We have a total of 40 locations, and they represent 1.8 percent of our annual base rent."

Rite Aid is Kimco's 42nd largest tenant, Bujnicki said. The company rents 27 locations from Kimco and represents one half of one percent of Kimco's annual base rent.