

April 29, 2025

Stefan Kaluzny  
Managing Director  
Sycamore Partners  
9 West 57<sup>th</sup> Street, 31<sup>st</sup> Floor  
New York, NY 10019

Dear Mr. Kaluzny:

I write regarding my concerns about private equity firm Sycamore Partners' (Sycamore's) proposed \$10 billion acquisition of retail pharmacy chain Walgreens Boots Alliance (Walgreens) and its impact in Massachusetts. These private equity buyouts of companies facing financial hardship — whether they involve health care companies, retail, or other types of firms — frequently lead to worse outcomes for employees and consumers: private equity firms sell off assets and close locations, employees lose their jobs, and consumers lose access to essential goods and services. These threats are particularly acute when they involve private equity takeovers of health care providers, which can have immediate impacts on cost, access, and quality of care — as witnessed by private equity's looting of Steward Health Care, which resulted in two shuttered hospitals in Massachusetts. I request further information on how Sycamore's acquisition of Walgreens will impact the essential pharmacy services the company provides, the workers it employs, and the Massachusetts communities it serves.

Sycamore's multi-billion-dollar takeover of Walgreens has been touted as an attempt to keep the struggling drugstore chain alive. In recent years, declining reimbursement rates from giant pharmacy benefit managers (PBMs) — which are all owned by large private insurers — have made it difficult for Walgreens to turn a profit.<sup>1</sup> These troubles are reflected in the company's financials: Despite the fact that overall sales and prescriptions are on the rise, Walgreens reported a net loss of \$8.6 billion for the 2024 fiscal year — nearly triple its loss from the previous year — and only 70 percent of the company's 8,500 U.S. stores were profitable at the end of last year.<sup>2</sup> As part of an “ambitious

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<sup>1</sup> The Wall Street Journal, “Walgreens Seals \$10 Billion Take-Private Deal With Sycamore,” Anna Wilde Matthews and Lauren Thomas, March 6, 2025, <https://www.wsj.com/business/deals/walgreens-sycamore-partners-deal-private-company-0538214e>; BIG, “The Real Reason Walgreens Collapsed,” Matt Stoller, March 13, 2025, <https://www.thebignewsletter.com/p/the-real-reason-walgreens-collapsed>; Letter from Senator Elizabeth Warren to the FTC, January 9, 2025, [https://www.warren.senate.gov/imo/media/doc/warren\\_hawley\\_auchincloss\\_harshbarger\\_letter\\_to\\_the\\_federal\\_trade\\_commission\\_on\\_pharmacy\\_benefit\\_managers\\_report.pdf](https://www.warren.senate.gov/imo/media/doc/warren_hawley_auchincloss_harshbarger_letter_to_the_federal_trade_commission_on_pharmacy_benefit_managers_report.pdf).

<sup>2</sup> The New York Times, “Walgreens to Be Bought by Private Equity Firm in \$10 Billion Deal,” Danielle Kaye, March 6, 2025, <https://www.nytimes.com/2025/03/06/business/walgreens-buyout.html>; AP News, “Walgreens to close 1,200 stores as US pharmacies struggle to define a new role,” Tom Murphy, October 15, 2024, <https://apnews.com/article/walgreens-closing-drugstores-fiscal-fourth-quarter-5df931861e1e4111ea5ef2372ec173a>.

turnaround strategy,” Walgreens has entered a \$10 billion take-private deal with Sycamore.<sup>3</sup> The deal is expected to close in the fourth quarter of 2025, and including debt and potential payouts, the total value of the deal is estimated to eventually rise to nearly \$24 billion.<sup>4</sup>

My primary concern is that Sycamore’s acquisition of Walgreens may lead to restructuring of the company that results in layoffs and pharmacy closures in the Commonwealth. Walgreens has already announced plans to close nine locations across Massachusetts, on top of six stores it has already closed in the state within the past year.<sup>5</sup> Many of these shuttered Walgreens stores are located in vulnerable communities, leaving thousands of residents without reliable pharmacy access.<sup>6</sup> Millions of customers across the United States rely on Walgreens for primary care, essential medications, and household items — and if the Walgreens-Sycamore deal generates even more store closures, that could leave even more Walgreens customers in “pharmacy deserts” without access to these necessities.<sup>7</sup> Americans have already suffered the closure of thousands of independent community pharmacies, which, as the Federal Trade Commission has noted, are often the main health care option for individuals living in rural and underserved areas and which are more than twice as likely to close as chain pharmacies.<sup>8</sup>

Far too often, private equity buyouts ruin already-struggling companies and produce devastating consequences for workers and communities.<sup>9</sup> My *Stop Wall Street Looting Act* would reform the private equity industry by forcing private investment firms to take responsibility for the outcomes of companies they take over.<sup>10</sup> But that legislation has not yet passed the Senate — leaving communities

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<sup>3</sup> Walgreens Boots Alliance, “Walgreens Boots Alliance Enters into Definitive Agreement to Be Acquired by Sycamore Partners,” press release, March 6, 2025, <https://investor.walgreensbootsalliance.com/news-releases/news-release-details/walgreens-boots-alliance-enters-definitive-agreement-be-acquired>.

<sup>4</sup> The New York Times, “Walgreens to Be Bought by Private Equity Firm in \$10 Billion Deal,” Danielle Kaye, March 6, 2025, <https://www.nytimes.com/2025/03/06/business/walgreens-buyout.html>.

<sup>5</sup> The MetroWest Daily News, “Walgreens to close 500 stores this year, including nine in MA. Here’s where,” Catherine Messier, March 17, 2025, <https://www.metrowestdailynews.com/story/business/2025/03/17/walgreens-closures-see-what-massachusetts-locations-are-closing-when/82491723007/>.

<sup>6</sup> The Boston Globe, “Fourth Walgreens to close in a predominantly Black and Latino Boston neighborhood in about a year, raising equity concerns,” Tiana Woodard, January 10, 2024, <https://www.bostonglobe.com/2024/01/10/metro/boston-walgreens-closing-on-mlk-day/>.

<sup>7</sup> Walgreens, “About Us,” <https://jobs.walgreens.com/en/about-us>; The Boston Globe, “Nine Walgreens in Massachusetts are set to close by the end of April. Here’s where they are,” Dana Gerber, March 14, 2025, <https://www.bostonglobe.com/2025/03/14/business/walgreens-closures-massachusetts/>.

<sup>8</sup> Health Affairs, “More US Pharmacies Closed Than Opened In 2018–21; Independent Pharmacies, Those In Black, Latinx Communities Most At Risk,” Jenny S. Guadamuz, G. Caleb Alexander, Genevieve P. Kanter, and Dima Mazen Qato, December 2024, <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2024.00192>; FTC, “Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies,” July 2024, p. 16, [https://www.ftc.gov/system/files/ftc\\_gov/pdf/pharmacy-benefit-managers-staff-report.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/pharmacy-benefit-managers-staff-report.pdf).

<sup>9</sup> Private Equity Stakeholder Project, “New Private Equity Risk Index reveals industry threats to American jobs, housing, health care, and pensions,” Matt Parr, April 9, 2024, <https://pestakeholder.org/news/new-private-equity-risk-index-reveals-industry-threats-to-american-jobs-housing-health-care-and-pensions/>; Senator Elizabeth Warren, “Senator Warren Statement on Steward Health Care’s Bankruptcy,” press release, May 6, 2024, <https://www.warren.senate.gov/newsroom/press-releases/senator-warren-statement-on-steward-health-cares-bankruptcy>.

<sup>10</sup> Senator Elizabeth Warren, “Warren, Lawmakers Renew Legislative Push to Stop Private Equity Looting,” press release, October 10, 2024, <https://www.warren.senate.gov/newsroom/press-releases/warren-lawmakers-renew-legislative-push-to-stop-private-equity-looting>.

vulnerable. And Sycamore Partners in particular has a troubling history of leading the companies it acquires into bankruptcy.<sup>11</sup>

In addition to Sycamore's troubling history of failed corporate buyouts, there are unique concerns about its proposed Walgreens' buyout. A review by the Private Equity Stakeholder Project (PESP) revealed that the buyout will be heavily leveraged with debt:

Based on the financing commitments Walgreens disclosed in a March 10 filing with the Securities and Exchange Commission, 83.4% of the financing for Sycamore Partners' proposed buyout of Walgreens is debt... This is more than double the average debt level (41%) used by private equity firms to acquire companies last year... For its \$2.5 billion equity commitment, Sycamore Partners has pledged capital that it does not appear to have... This leveraged buyout tactic saddles private equity-owned companies with substantial debt, often draining resources that could otherwise be invested in innovation, workforce development, or adapting to market changes.<sup>12</sup>

The PESP review concluded that "[t]he heightened risk of bankruptcy threatens job security for workers, disrupts services for consumers and patients, and creates ripple effects across local economies."<sup>13</sup> These are deeply troubling conclusions, suggesting that yet another private equity firm might leverage a failing health care chain to turn a profit at the expense of Massachusetts' patients, providers, and taxpayers. To address our concerns about this proposed deal, I seek assurances that Sycamore's buyout of Walgreens will not damage the company further, and will not cost hardworking Americans their jobs or create difficulties for patients that need access to lifesaving medications. To understand the impact that Sycamore's acquisition of Walgreens will have on workers and communities, I ask that you provide answers to the following questions no later than May 13, 2025:

1. Does Sycamore plan to close any additional Walgreens stores in Massachusetts? If yes:
  - a. How many Walgreens stores does Sycamore plan to close?
  - b. What are the Walgreens locations that Sycamore plans to close?
    - i. Approximately how many customers do these locations serve?
  - c. How did Sycamore and/or Walgreens decide which Walgreens stores to close?
  - d. How will Sycamore ensure that closures of Walgreens stores will not leave communities without access to a retail pharmacy?
2. Does Sycamore plan to sell the real estate from any Walgreens stores, including through sale lease-back transactions?

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<sup>11</sup> Private Equity Stakeholder Project, "Sycamore Partners' Strategy Has Hurt Workers, Generated Poor Returns for Investors," Valentina Dabos, December 15, 2022, <https://pestakeholder.org/news/sycamore-partners-strategy-has-hurt-workers-generated-poor-returns-for-investors/>; Private Equity Stakeholder Project, "The risks of a private equity takeover of Walgreens," Matt Parr, March 7, 2025, <https://pestakeholder.org/news/the-risks-of-a-private-equity-takeover-of-walgreens/>.

<sup>12</sup> Private Equity Stakeholder Project, "Sycamore Partners to finance Walgreens buyout with 83% debt," Matt Parr, March 11, 2025, <https://pestakeholder.org/news/sycamore-partners-to-finance-walgreens-buyout-with-83-debt/>.

<sup>13</sup> *Id.*

3. You have said that Sycamore is “committed to stewarding [Walgreens’] iconic brands.”<sup>14</sup> Would shuttering Walgreens locations or businesses, including Village Medical, Summit Health, and CityMD, be consistent with that statement?
4. Does Sycamore plan to fire Walgreens employees? If yes:
  - a. How many Walgreens employees does Sycamore plan to fire?
  - b. How did Sycamore and/or Walgreens make the decision about which Walgreens employees to fire?
5. Why is this buyout structured with “more than double the average debt level used by private equity firms to acquire companies last year”?
  - a. Do you believe this debt load will hinder the company’s ability to make the investments needed to restore profitability?
6. Will Sycamore Partners commit to not accepting any dividends, bonuses, or other payouts from Walgreens until the company is restored to profitability?
7. Will Sycamore Partners agree not to saddle the company with additional long-term debts in exchange for short-term payouts? For example, will Sycamore Partners agree not to engage in maneuvers such as selling Walgreens’ real estate and taking immediate payouts that then saddle the company with long-term lease payments?

Sincerely,



Elizabeth Warren  
United States Senator

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<sup>14</sup> Walgreens Boots Alliance, “Walgreens Boots Alliance Enters into Definitive Agreement to Be Acquired by Sycamore Partners,” press release, March 6, 2025, <https://investor.walgreensbootsalliance.com/news-releases/news-release-details/walgreens-boots-alliance-enters-definitive-agreement-be-acquired>.