



Bank of America Merrill Lynch
2012 Consumer and Retail Conference
March 7, 2012



Forward-Looking Statements

This presentation includes forward-looking statements which are subject to risks and uncertainties. Actual results might differ materially from those projected in the forward-looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in our Securities and Exchange Commission filings.



Best-In-Class Retailer

- Significant scale with +2,400 stores in 31 states driving \$90+ billion annual revenues
- #1 or #2 market share in 38 of our 42 major markets
- Proprietary consumer insights driving strong customer loyalty
- Outstanding positive identical store sales momentum
- Consistent record of rewarding shareholders through share repurchases and dividends
- Highly experienced and proven leadership team
- Strong balance sheet with significant financial flexibility



National Presence Across Banners And Formats

Supermarkets



Convenience

Jewelry

Pharmacy

Manufacturing

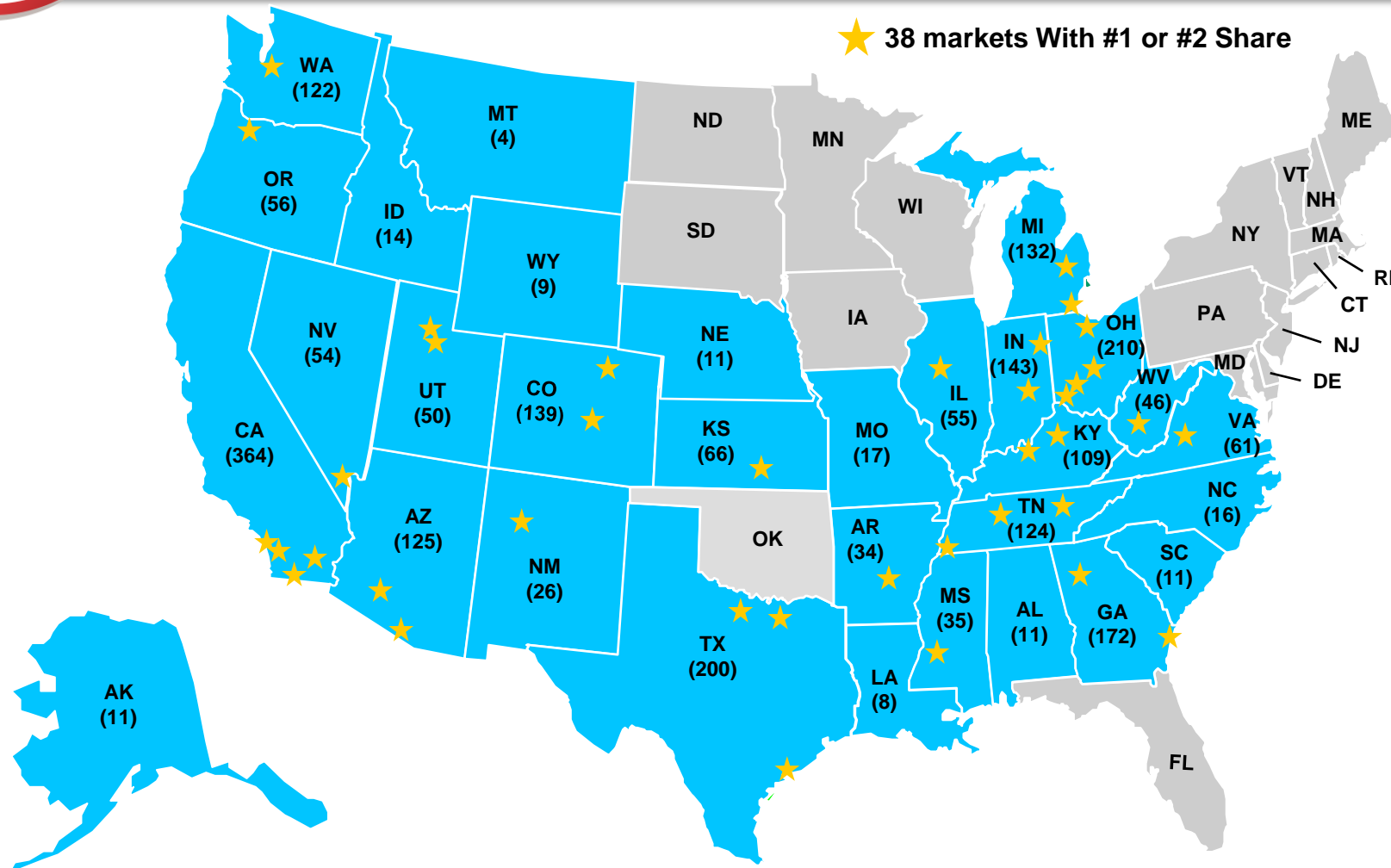
Prepaid Wireless

Personal Finance





Unparalleled Reach With Leadership In Key Markets



Nearly 85% of the households in the markets where Kroger operates have shopped at a Kroger store during the most recent fiscal year

Note: Figures in brackets represent number of supermarkets per state.



Strengthening Our Competitive Position In Today's Environment

Industry Trend

- Challenging macro environment continuing to affect consumer behavior
- Increasing importance of private label sales for US food retailers
- Moderating inflation following an inflationary period

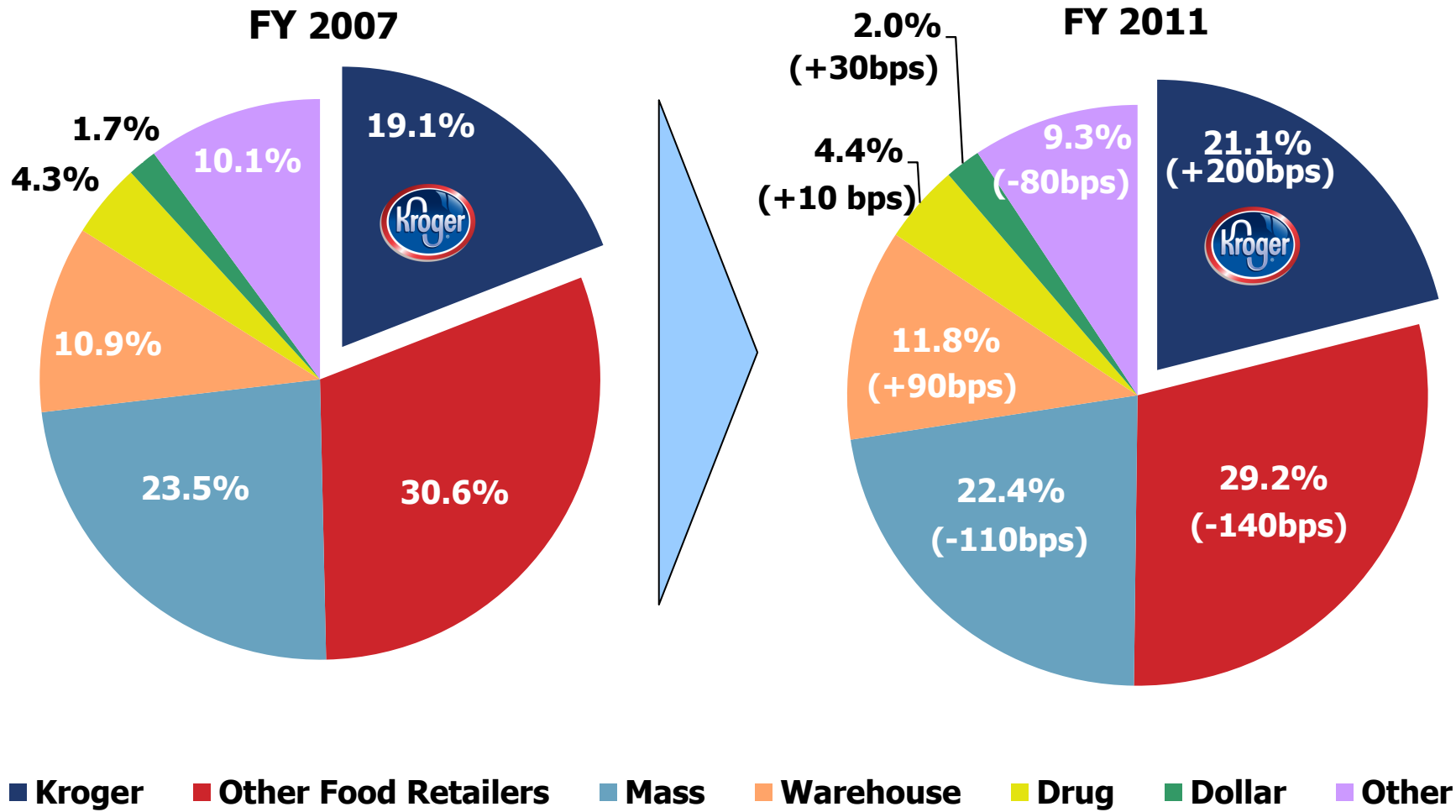


Kroger Positioning

- Kroger's consumer insights and competitive pricing have increased loyal households and driven market share gains
- Kroger's industry leading three tiered corporate brand program differentiates Kroger from peers and increases customer loyalty
- Kroger's ability to pass on product cost inflation has been a modest tailwind for top-line performance
 - Moderate inflation is generally positive for Kroger's business



Growing Share In A Highly Competitive Sector



Source: Nielsen Homescan Fiscal Year Sales Trends – January 28, 2012
 Note: Figures may not add to 100% due to rounding



Customer 1st: A Cycle Of Value Creation

Improve Connection
with Customers

Strong ID Sales
Growth



Invest in Shopping
Experience

Operating Cost
Leverage



Industry Leading Loyalty Program Provides Unique Customer Insights...

Kroger Plus Card

- Drives loyal household growth
- Almost 90% of sales involve loyalty card
- Close to 50% of households in the United States carry a Kroger card
- 85% penetration in Kroger markets



dunnhumby Relationship

- Global leader in data management, customer analysis and insight-led planning
 - Partnership since 2003
- Provides significant competitive advantage
 - Ability to segment customer base and design customized offerings
 - Ability to target promotional spending towards most profitable customers
 - Relationship and insights continue to evolve

dunnhumbyUSA
essential customer genius



Compelling Tiered Corporate Brand Strategy Is A Significant Driver Of Value Creation...

Value

- Offers our price sensitive customers a choice of basic products, priced to fit their budget
- Offers practical, economical solutions for everyday needs



Banner Brands

- Represents the majority of Kroger branded goods
- Great quality our customers expect with wide breadth of products to meet their needs



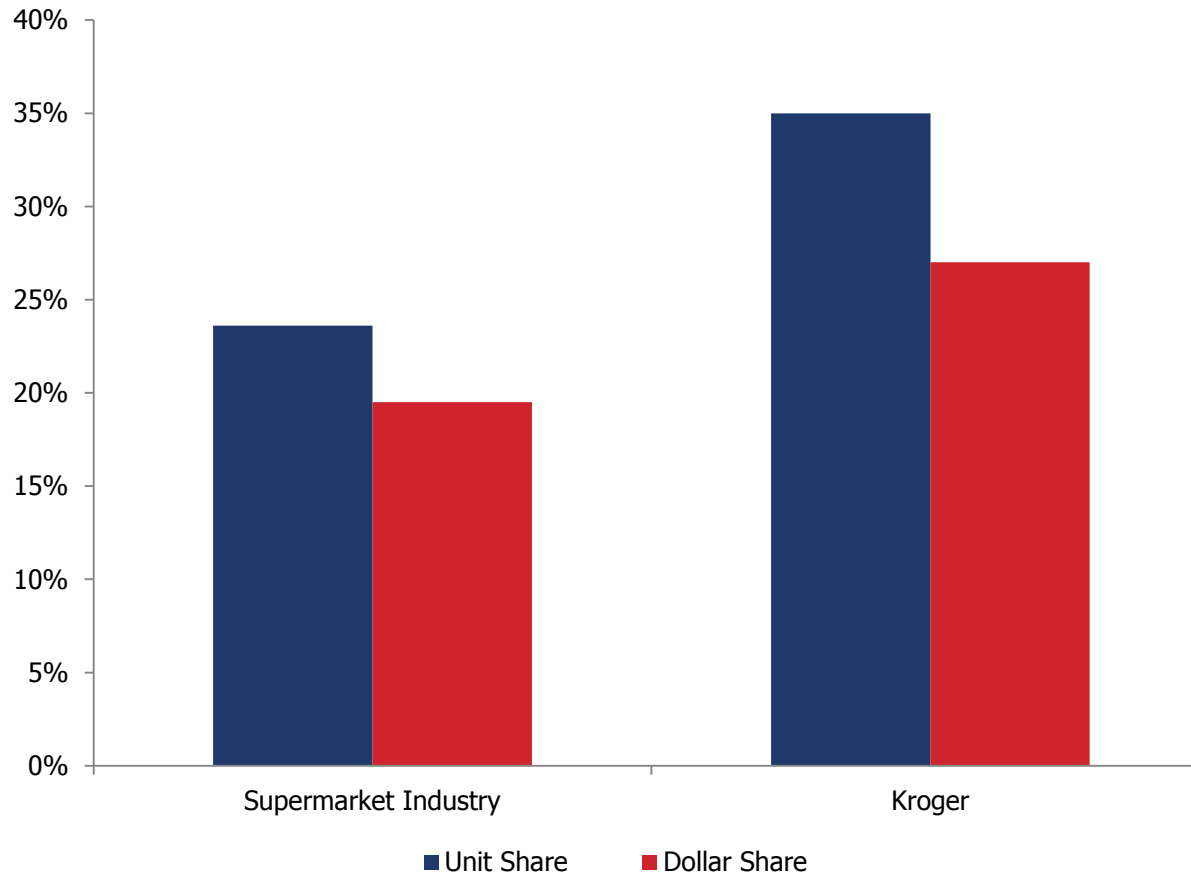
Private Selection

- Premium quality brand, made from only the finest ingredients
- Offers more than 1,000 products ranging from gourmet to mainstream





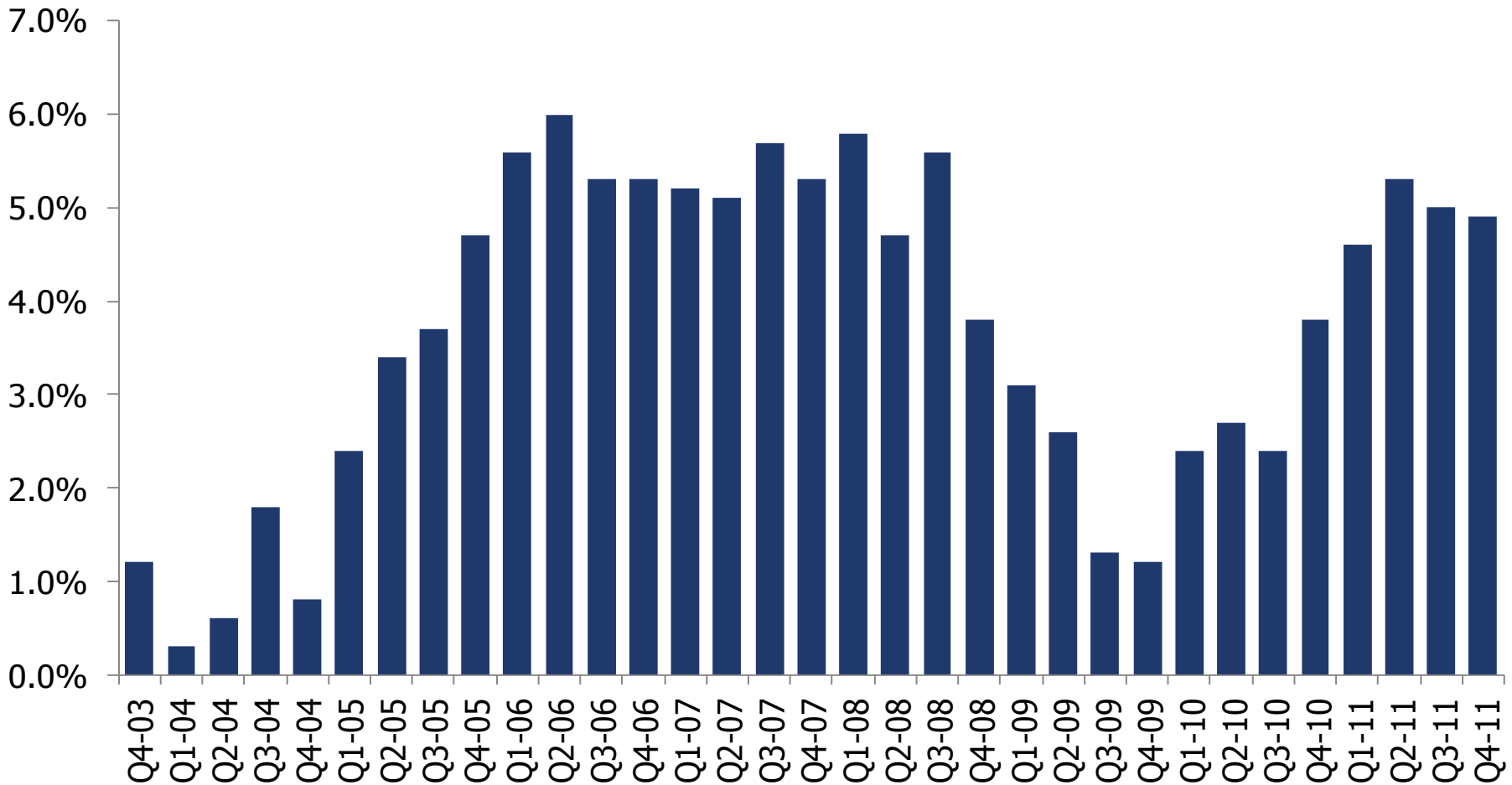
...Differentiating Kroger From Our Competitors





33 Consecutive Quarters Of Positive ID Sales Growth

Kroger ID Supermarket Sales Growth (ex fuel)





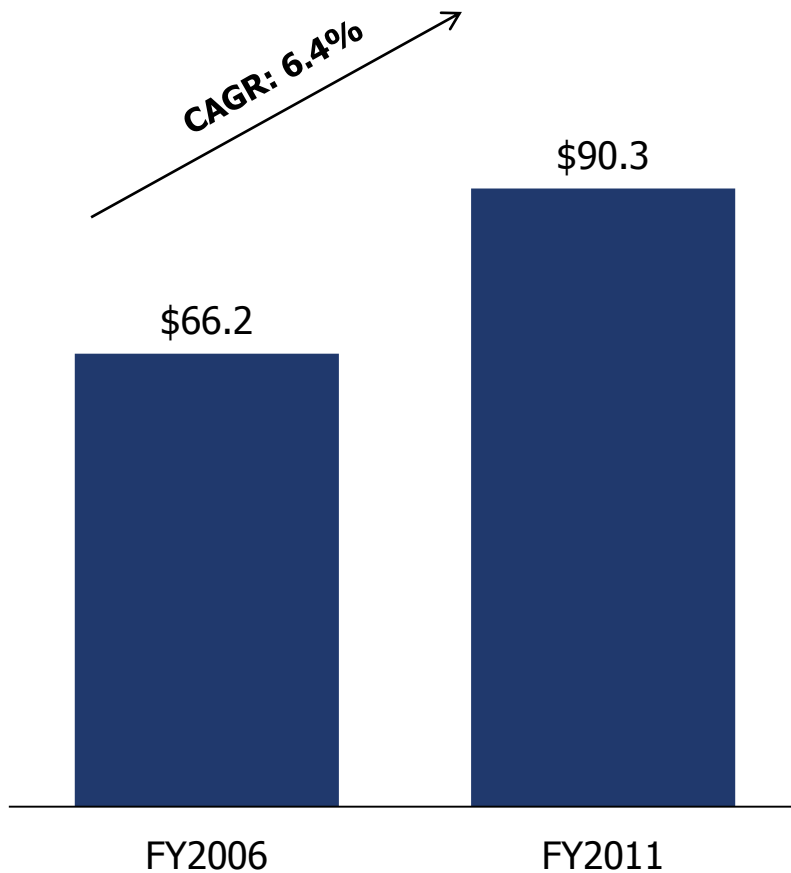
Our Growth Strategy

- Expand earnings through steady increases in identical sales together with modest growth in operating margin (ex fuel)
- Target annual EPS growth averaging 6% to 8%
- Including dividend, target a total shareholder return of ~8% to 10%
- Compare favorably to the S&P 500 returns over a rolling three-to-five year timeframe

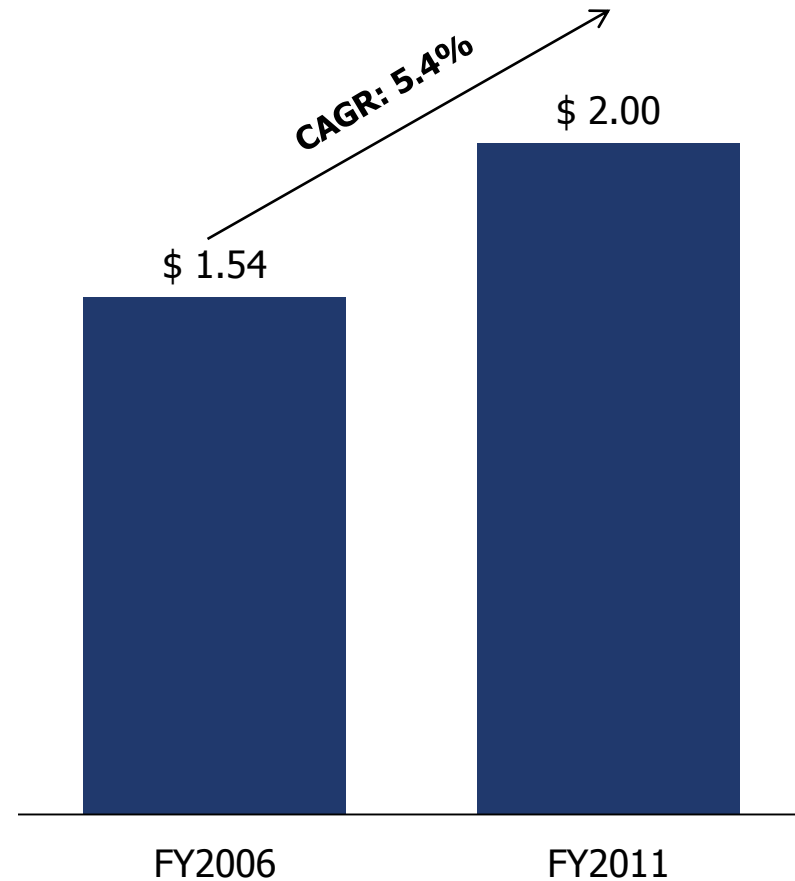


Strong Financial Performance Through Downturn

5 Year Sales Growth (\$bn)



5 Year EPS Growth¹ (\$)

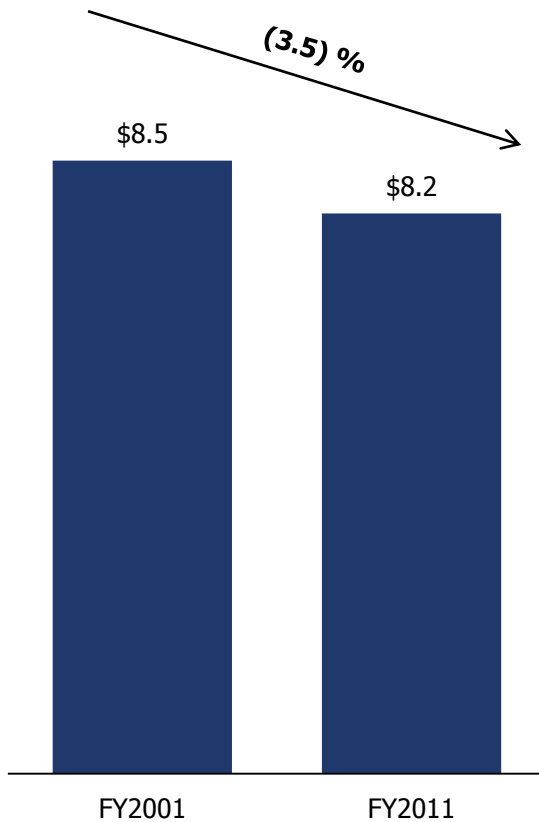


1. Represents Diluted EPS excluding extraordinary items

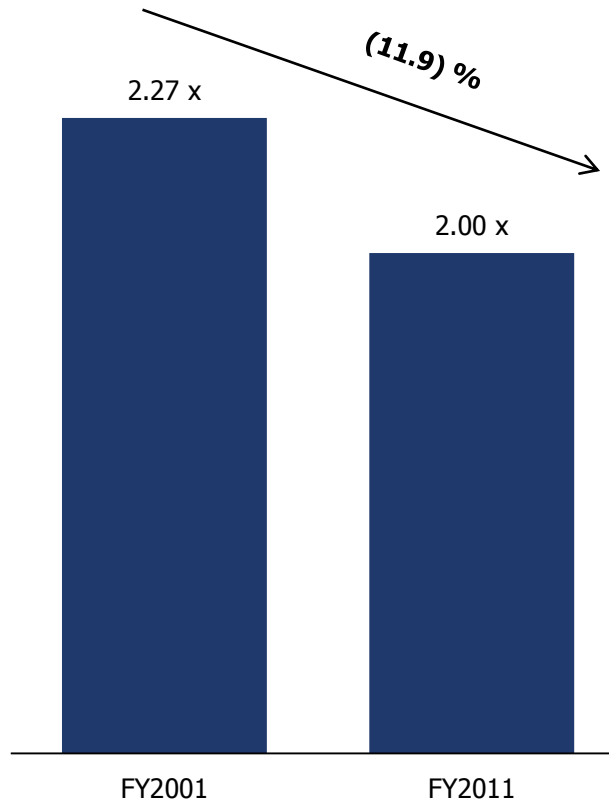


Attractive Cash Generation And Capital Structure

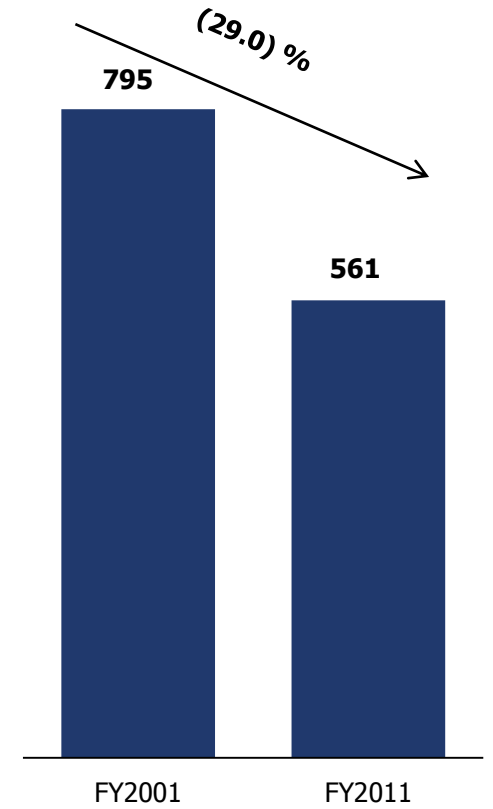
10 Year Net Total Debt Reduction (\$bn)



10 Year Deleveraging¹



10 Year Share Count Reduction (m)



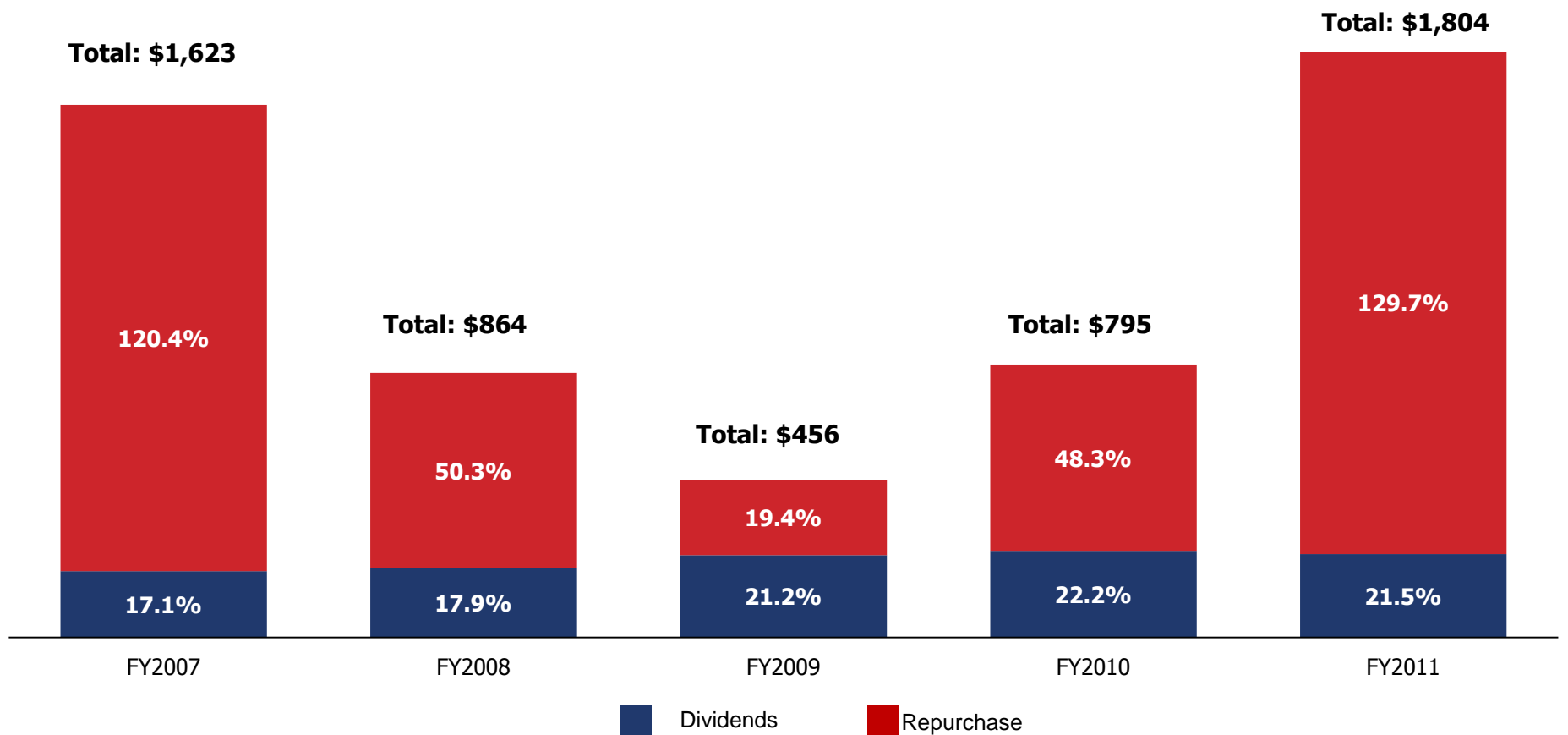
Kroger's Strong Investment Grade Credit Rating Provides Significant Financial Flexibility

1. Defined as Net Total Debt/EBITDA



Consistent Record Of Rewarding Shareholders Through Share Repurchases And Dividends

Yearly Cash Deployment as a % of Net Income (\$m)



Total Payout To Shareholders Has Averaged ~90% Of Net Income Over Past 5 Years



Fiscal 2012 Annual Guidance

- ID supermarket sales growth (ex fuel): 3.0% to 3.5%
- Annual EPS: \$2.28 to \$2.38, which includes:
 - Benefit of 53rd week
 - Lower LIFO
 - Benefit of increased stock repurchase activity in 2011
 - Benefit of pension contribution
 - Benefit from Express Scripts Rx transfers



Fiscal 2012 Annual Guidance

- EPS growth rates by quarter:
 - First quarter flat to slightly positive
 - Second quarter in line with business model
 - Third and fourth quarters stronger
- Sales growth starts stronger, trends down as drugs come off patent
- Slightly expanding non-fuel FIFO operating margin
- LIFO charge \$140 million to \$190 million



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The remarks contain certain forward-looking statements about the future performance of the Company. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Such statements are indicated by words or phrases such as "expect," "anticipate," "will," "guidance," "goal," and "plans." These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially. Our ability to achieve identical supermarket sales and earnings growth and earnings per share goals, the timing that those earnings occur within the year, and our ability to expand our non-fuel FIFO operating margin, may be affected by: labor disputes, particularly as the Company seeks to manage health care and pension costs; industry consolidation; pricing and promotional activities of existing and new competitors, including nontraditional competitors, and the aggressiveness of that competition; our response to these actions; unexpected changes in product costs; the state of the economy, including interest rates and the inflationary and deflationary trends in certain commodities; the extent to which our customers exercise caution in their purchasing behavior in response to economic conditions; the number of shares outstanding; the success of our future growth plans; goodwill impairment; changes in government-funded benefit programs; volatility in our fuel margins; the effect of prescription drugs going off patent has on our sales and earnings; our expectations regarding our ability to obtain additional pharmacy sales from third party payors such as Express Scripts; and our ability to generate sales at desirable margins, as well as the success of our programs designed to increase our identical sales without fuel. In addition, any delays in opening new stores, or changes in the economic climate could cause us to fall short of our sales and earnings targets. Our ability to increase identical supermarket sales also could be adversely affected by increased competition and sales shifts to other stores that we operate, as well as increases in sales of our corporate brand products. Earnings and sales also may be affected by adverse weather conditions, particularly to the extent that hurricanes, tornadoes, floods, and other conditions disrupt our operations or those of our suppliers; create shortages in the availability or increases in the cost of products that we sell in our stores or materials and ingredients we use in our manufacturing facilities; or raise the cost of supplying energy to our various operations, including the cost of transportation; and the benefits that we receive from the consolidation of the UFCW pension plans. Our results also will be affected by rising commodity costs, the inconsistent pace of the economic recovery, changes in government-funded benefit programs, consumer confidence, and changes in inflation or deflation in product and operating costs. Our capital expenditures could vary from our expectations if we are unsuccessful in acquiring suitable sites for new stores; development costs vary from those budgeted; our logistics and technology or store projects are not completed on budget or within the time frame projected; or if current operating conditions fail to improve or worsen. Total shareholder return, and the extent to which it compares favorably to the S&P 500 over a rolling three-to-five year time horizon, and our ability to continue to reward shareholders in 2012 through increased earnings, quarterly dividends, debt reduction, and share repurchases, will be affected by all of the factors identified above, as well as the ability for the company to pay dividends from free cash flow as contemplated. Our views regarding inflation, and in particular product costs, could be affected by general economic conditions, weather, availability of raw materials and ingredients in the products that we sell and their packaging, and other factors beyond our control. Our LIFO charge will be affected by changes in product costs during the year if our estimates of product cost changes or the timing of those changes prove incorrect. Please refer to Kroger's reports and filings with the Securities and Exchange Commission for a further discussion of these risks and uncertainties.

