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4th ANNUAL SPRING CONSUMER CONFERENCE

THE INTERCONTINENTAL HOTEL

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Comments by Mike Schlotman:

Good morning and thank you for joining us. I am Mike Schlotman, Senior Vice President and Chief Financial Officer of The Kroger Co. With me today is Cindy Holmes, Director of Investor Relations.

Before we begin, I want to remind everyone that the discussion today will include forward-looking statements. I want to caution you that such statements are predictions, and actual events or results can differ materially. A detailed discussion of the many factors that we believe may have a material effect on our business, on an ongoing basis, is contained in our SEC filings.

Best-In-Class Retailer

This morning I plan to provide an overview of our company, describe why Kroger is a compelling investment for shareholders, outline our earnings growth strategy, and describe how Kroger's financial strategy rewards our shareholders.

First, I want to highlight several of Kroger's key competitive strengths that support the continued growth of our business in a competitive and evolving industry. Our primary advantages include:

- Significant scale with over 2,400 supermarkets across a broad geography of 31 states producing over \$90 billion in annual revenues;
- A strong market share position – our supermarkets hold the #1 or #2 share in 38 of the 42 major markets that we serve;
- Proprietary consumer insights that we use to drive strong customer loyalty;

- Outstanding positive identical supermarket sales momentum;
- A consistent record of rewarding shareholders through share repurchases and dividends;
- A highly experienced and proven leadership team. Kroger's key leadership includes individuals with long-term experience from both inside and outside our industry;
- A strong balance sheet, providing us with significant financial flexibility in a consolidating industry.

Now I'll share additional color on some of these important advantages.

National Presence Across Banners & Formats

Kroger operates one of the largest retail businesses in the United States.

Our core grocery business includes 2,435 supermarkets and multi-department stores that we operate under a wide variety of banners and formats. Our local banner names are very important to our customers.

We also operate 791 convenience stores, 348 fine jewelry stores, 1090

supermarket fuel centers and 39 food processing plants. Many of our stores offer additional services to customers – including health care and wellness solutions through our wholly-owned subsidiary, The Little Clinic; reliable and affordable wireless service through i-wireless; and an array of simple financial products through Kroger Personal Finance.

Unparalleled Reach With Leadership in Key Markets

As I mentioned earlier, our supermarket banners hold the #1 or #2 share position in all but four of our major markets. Market share is critical to us because it allows Kroger to leverage the fixed costs in our business over a wider revenue base. Thus, our fundamental operating philosophy is to maintain and increase market share in order to generate free cash flow and earnings that create value for our shareholders. Our household penetration is very strong. Approximately 85% of the households in the markets we serve have shopped with us during the past year.

Strengthening Our Competitive Position in Today's Environment

It's no secret that we operate in a challenging industry. Kroger's competitive strengths position us to weather and often take advantage of current industry trends. For example, the economy continues to affect consumer spending. Throughout 2011, Kroger's competitive pricing position and proprietary consumer insights allowed us to increase our loyal household count and drive market share gains even while many customers remained cautious about their spending.

High unemployment and other enduring effects of the recession sparked increased customer interest in private label products since they typically carry a lower price tag than the national brand equivalent. Kroger's industry-leading corporate brand strategy differentiates us from our peers and increases customer loyalty. I'll share some additional insights on our corporate brands program in a moment.

Another economic trend affecting our business is food inflation. While product cost inflation didn't meaningfully materialize until the latter half of 2011, it is our philosophy to pass along product cost increases from national brand suppliers. Of course, competitive dynamics in individual markets also affect retail prices. A modest level of inflation generally has a positive impact on our business.

Growing Share in a Highly Competitive Sector

Kroger has been consistently growing market share and leveraging our scale over the past several years. During 2011, Kroger's overall market share increased approximately 50 basis points. Since 2007, Kroger's share has grown approximately 200 basis points. This is based on Nielsen Homescan Data that is generated by customers who self-report their grocery purchases to Nielsen, regardless of retail channel or grocery outlet. It illustrates that not only is Kroger growing bigger among traditional grocers, we are also gaining ground in the larger retail market for grocery and consumable items, which includes many non-

traditional competitors. This is very important because the competitive dynamics of our industry continue to evolve.

Customer 1st: A Cycle of Value Creation

At Kroger, you will hear us talk about customers a lot. Our company's successful Customer 1st strategy is a competitive advantage. It is a multi-faceted strategy. A competitor may copy one or two pieces, but it is extremely difficult to fully replicate Kroger's entire approach.

Some describe our Customer 1st strategy as a cycle of value creation.

The leverage of Kroger's solid identical sales growth, plus operating cost savings, funds additional investments in our customers through four key areas: People, Products, Shopping Experience, and Price. These investments strengthen our connection with our customers. That connection enhances customer loyalty and grows market share, which increases earnings and generates free cash flow that rewards our shareholders. Customer 1st drives shareholder returns. When we refer to growing identical sales, we are excluding Kroger's retail fuel operations

due to the volatility of fuel prices. In that part of our business, we focus on growing identical gallons.

Industry Leading Loyalty Program

Our Customer 1st strategy is designed to reward Kroger's best and most profitable customers, which we do through our industry-leading loyalty program that produces unique customer insights. Close to 90% of the sales in our stores involve one of our loyalty cards. Almost half of the households in the United States carry one of our shopper cards. And in the markets where we operate, our penetration is even higher – approximately 85% of the households in those markets carry one of our loyalty cards. As a result, Kroger has one of the largest retail customer databases in America. This data provides us with valuable insight into our customers' shopping behaviors that no other U.S. grocery retailer possesses.

The key to unlocking that insight has been a partnership we formed in 2003 with a firm named “dunnhumby”, a global leader in the fields of

data management, customer analysis, and insight-led planning. This unique partnership is a competitive advantage for Kroger. It allows us to segment our customer base and design customized offerings for the individual needs of each customer segment. It also gives us the ability to target promotional dollars and pricing investments toward our most profitable customers. These insights and our relationship with dunnhumby continue to grow and evolve.

Compelling Tiered Corporate Brand Strategy

Another important competitive advantage is our three-tiered corporate brand offering: Value, the Banner brand, and Private Selection. This multi-billion dollar portfolio gives our customers additional choices – in variety and value – to complement the broad assortment of national brand products that our stores offer for sale. Out of the millions of loyal households served by Kroger, 99.9% purchased at least one of our corporate brand products during the most recent quarter. This

demonstrates the wide acceptance of our own brands, which are available exclusively at our family of stores.

Kroger's corporate brand penetration is among the highest in the U.S. grocery industry. Our results stack up favorably for the supermarket industry as a whole. We continue to see additional opportunities for growth.

While we are very proud of our corporate brand offering and results, it is important to stress that Kroger's objective is to increase sales of both corporate brands and national brands inside our stores. We view national brand manufacturers as our partners, and we work together to win with Kroger customers.

33 Consecutive Quarters of Positive ID Sales Growth

Think back to Kroger's Customer 1st strategy and the "cycle of value creation" that I described for you earlier. This approach, supported by

Kroger's numerous competitive advantages, has resulted in 33 consecutive quarters of positive identical supermarket sales growth, excluding fuel, for Kroger – that's over 8 years. On this measure, Kroger has outpaced most of our competitors. Our track record is even more impressive when you consider that timeframe includes the worst economic recession our country has faced since the Great Depression.

Our Growth Strategy

When it comes to our growth strategy, we focus on identical sales growth, excluding fuel, because it is the best measure of performance to let us know that we are delivering for both our customers and shareholders. Our business model is structured to produce annual earnings per share growth averaging 6% to 8%, plus a dividend of 1.5% to 2%, for a total shareholder return of approximately 8% to 10%. We expect this total shareholder return to compare favorably to the S&P 500 over a rolling three-to-five year time horizon. Annual earnings per share

growth for fiscal 2012 will be higher than this due to a combination of factors that I will address in a minute.

Strong Financial Performance Through Downturn

Over the past five fiscal years, Kroger's compound annual growth rate for revenues equals 6.4% and for earnings per share equals 5.4%. This period includes the recent economic recession and is essentially in line with the growth strategy that I described. Note that the compound annual EPS growth rate for the S&P 500 index over this same timeframe was slightly less than 2%, and is characterized by higher levels of volatility relative to Kroger.

Attractive Cash Generation & Capital Structure

In addition to earnings growth, Kroger seeks to return value to shareholders through debt reduction, share repurchases, and dividend payments.

Kroger has a solid balance sheet with significant financial flexibility. Over the past decade, we have reduced Kroger's net total debt by approximately \$300 million and improved our net total debt to EBITDA ratio to 2.0x from 2.3x. Kroger's strong investment grade credit rating positions Kroger well to take advantage of opportunities in an industry that continues to consolidate.

Also during the past decade, we have returned value to shareholders through buying back approximately 29% of Kroger's outstanding shares. Between January 2000 and the end of fiscal 2011, Kroger invested 7.97 billion to repurchase 363 million shares of stock at an average price of \$21.94 per share.

Rewarding Shareholders Through Share Repurchases & Dividends

We have a consistent track record of rewarding shareholders through both share repurchases and cash dividends. Combining both, total payout to shareholders has averaged over 90% of Kroger's net income over the past five years.

As of February 29, 2012, there was \$379 million remaining under the \$1 billion stock repurchase authorization approved by the Board of Directors last September.

Kroger's dividend program was initiated in 2006. Our board has increased the dividend amount per share each year.

Fiscal Year 2012 Guidance

Let me turn now to our outlook for fiscal 2012. For the full year, we anticipate identical supermarket sales growth, excluding fuel, of approximately 3.0% to 3.5%. This guidance contemplates moderating inflation; the effect of several prescription drugs coming off patent during the year, which will reduce sales; and an estimate of the benefit from the Express Scripts customer prescription transfers we are winning.

Full-year net earnings are expected to range from \$2.28 to \$2.38 per diluted share. This guidance assumes the benefit of the 53rd week, lower

LIFO, the benefit of our buyback program in 2011, the benefit of our pension plan consolidation and the benefit from Express Scripts prescription transfers that I already mentioned.

I'd like to provide some additional insight into our identical sales and earnings per share expectations on a quarterly basis as well.

For earnings per share, we expect the first quarter to pose the biggest challenge. Last year's first quarter presents a tough comparison, and the expected lower LIFO charge will not affect year over year comparisons until later in the fiscal year.

The generic prescriptions, which generate a high gross profit rate, along with the benefit of expected lower LIFO as the year progresses, will result in stronger earnings per share growth in the third and fourth quarter. The fourth quarter will also benefit from the 53rd week.

As a result, we expect earnings per share growth to be flat to slightly positive in the first quarter, a second quarter that is in line with our business model, and stronger performance in the third and fourth quarters.

Conversely, we expect identical sales to start the year stronger and trend down as prescription drugs come off patent.

We expect full-year non-fuel FIFO operating margin rate in 2012 to expand slightly compared to fiscal 2011 results. We recognize the need to expand Kroger's non-fuel operating margin rate over time, and it remains our goal to do so.

We expect our full-year LIFO charge to be between \$140 and \$190 million.

Closing Remarks

In closing and to wrap things up – here is a recap of Kroger’s primary competitive advantages that I have been describing for you this morning:

- Significant scale;
- Strong market shares;
- Proprietary consumer insights;
- Outstanding positive identical supermarket sales momentum;
- A consistent record of rewarding shareholders through both share repurchases and dividends;
- Our highly experienced and proven leadership team; and
- Kroger’s strong balance sheet with significant financial flexibility.

These are just some of the attributes that position Kroger to further grow our business and reward shareholders by placing our customers’ needs

first. Throughout 2012, we will continue to follow our successful business strategy in order to deliver additional value to our shareholders through earnings growth, share repurchases, and dividends.

I will now be happy to take your questions.

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Forward-Looking Statements

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.