2018 Investor Conference
2018 Investor Conference

Rebekah Manis
Director of Investor Relations
<table>
<thead>
<tr>
<th>Topic</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>VISION AND PURPOSE</td>
<td>RODNEY MCMULLEN</td>
</tr>
<tr>
<td>CREATE SHAREHOLDER VALUE</td>
<td>MIKE SCHLOTMAN</td>
</tr>
<tr>
<td>REDEFINE GROCERY CX</td>
<td>MIKE DONNELLY</td>
</tr>
<tr>
<td>DIGITAL EXPERIENCE</td>
<td>YAEL COSSET</td>
</tr>
<tr>
<td>EXPENSE MANAGEMENT</td>
<td>MARY ELLEN ADCOCK</td>
</tr>
<tr>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>DEVELOP TALENT</td>
<td>TIM MASSA</td>
</tr>
<tr>
<td>LIVE OUR PURPOSE</td>
<td>JESSICA ADELMAN</td>
</tr>
<tr>
<td>ALTERNATIVE PROFIT STREAMS</td>
<td>STUART AITKEN</td>
</tr>
<tr>
<td>PARTNER FOR CUSTOMER VALUE</td>
<td>M. SCHLOTMAN, G. MILLERCHIP, A. TOSOLINI</td>
</tr>
<tr>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>CLOSING &amp; STORE TOUR</td>
<td>RODNEY MCMULLEN</td>
</tr>
</tbody>
</table>
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.
Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

Redefine Grocery CX
- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value
- Infrastructure & technology upgrades
- Alternative profit streams
- Costs/COGS

Develop Talent
- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose
- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value
- Free cash flow
- Operating profit
Clear Path to $400M Operating Profit by 2020

Create Shareholder Value

- $400M FIFO operating profit
- $6.5B of free cash flow
Focused on the Road Ahead
We’re Transforming the Growth Model

Data & Traffic

REDEFINE GROCERY CX

$$$

ALTERNATIVE PROFIT STREAMS
Partnerships, Services

$$$

9
We’re Transforming the Growth Model

$\text{---}\$ $\text{---}\$

**REDEFINE GROCERY CX**

**ALTERNATIVE PROFIT STREAMS**
Partnerships, Services

Data & Traffic

Develop Talent

Live Our Purpose
Create Shareholder Value

Mike Schlotman
EVP and CFO
Space Optimization

Net two-year impact by quarter

- Projected Sales Impact for Remainder of 2018
- Sales Impact Through P9 2018
### Restock Kroger Plan to Grow Operating Profit

<table>
<thead>
<tr>
<th>2018-2020</th>
<th>Incremental Operating Margin Growth</th>
<th>Incremental Operating Margin Investment</th>
<th>Shareholder Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Redefine Customer Experience</strong></td>
<td></td>
<td></td>
<td>$(800M)</td>
</tr>
<tr>
<td>• Digital</td>
<td>$2,300M</td>
<td>$3,100M</td>
<td></td>
</tr>
<tr>
<td>• Store Optimization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Smart Pricing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Our Brands</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Partner for Customer Value</strong></td>
<td></td>
<td></td>
<td>$1,375M</td>
</tr>
<tr>
<td>• Infrastructure &amp; Technology Upgrades</td>
<td>$1,775M</td>
<td>$400M</td>
<td></td>
</tr>
<tr>
<td>• COGS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Alternative Profit Streams</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Develop Talent</strong></td>
<td>$375M</td>
<td>$500M</td>
<td>$(125M)</td>
</tr>
<tr>
<td><strong>Live Our Purpose</strong></td>
<td></td>
<td>$50M</td>
<td>$(50M)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,450M</strong></td>
<td><strong>$4,050M</strong></td>
<td><strong>$400M</strong></td>
</tr>
</tbody>
</table>
Reconciling EBIT Gap Between Restock Kroger & Wall Street Average

<table>
<thead>
<tr>
<th>Incremental Operating Profit 2018-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restock Kroger</td>
</tr>
<tr>
<td>Consensus</td>
</tr>
<tr>
<td>EBIT Gap vs. Plan</td>
</tr>
</tbody>
</table>
Clear Path to $400M Operating Profit by 2020

REDEFINE GROCERY CX

- Grow Units & Traffic
- Increase Share of Wallet
- Investments into the Business
  - Service, Price, and Associates
- Cost Saving Initiatives
- Technology Efficiency Investments

ALTERNATIVE PROFIT STREAMS
Partnerships, Services

- Growth Drivers
- Supported by Grocery CX
- Leverage Current Assets
- Asset Light
- High Margin Profile
- Data Monetization

Data & Traffic

$\$\$

16
Unique Assets Give Us Right to Win

**ASSETS**

- **Our Stores & Distribution Network**
- **Our Scale**
- **Our Data**
- **Customer Trust**

**RIGHT TO WIN**

- **Immediacy, proximity**
- **Unique platform**
- **Personalization**
- **Transparent & relevant**
Net Operating Profit Mix Will Continue to Transform

Excludes one-times, C-Stores, and extra week in 2017.
## Capital Allocated to Support Vision

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital to Support Restock Plan</td>
<td>$1,034M</td>
<td>$3,045M</td>
</tr>
<tr>
<td>Store Remodels</td>
<td>$4,289M</td>
<td>$3,675M</td>
</tr>
<tr>
<td>Storing</td>
<td>$3,601M</td>
<td>$1,150M</td>
</tr>
<tr>
<td>Major Project Counts</td>
<td>207</td>
<td>65-75</td>
</tr>
<tr>
<td>Infrastructure Maintenance</td>
<td>$1,391M</td>
<td>$1,130M</td>
</tr>
<tr>
<td></td>
<td>$10,315M</td>
<td>$9,000M</td>
</tr>
</tbody>
</table>

*Major projects are defined as new, relocated or expanded stores.*
Committed to Generating $6.5 Billion of Free Cash Flow by 2020

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>$12.6B</td>
<td>$15.5B</td>
</tr>
<tr>
<td>Capital Investments</td>
<td>($10.2B)</td>
<td>($9.0B)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$2.5B</td>
<td>$6.5B</td>
</tr>
</tbody>
</table>

Excludes M&A
Redefine Grocery CX

Mike Donnelly
EVP and COO
Redefine Grocery CX
- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value
- Infrastructure & technology upgrades
- Alternative profit streams
- Costs/COGS

Develop Talent
- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose
- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value
- Free cash flow
- Operating profit
Up Next

- **Customer Trends**
- **Redefining the Grocery CX**
  - Price Investments
  - Space Optimization
  - Our Brands
  - Redefining the Customer Experience
  - Eliminating Costs from our Business
Customer Trends

More Households
YoY Households continue to grow each quarter
Our fastest-growing segment: “Very Price Sensitive" customers

Trading Up
Spend per item is growing
Driven by customers buying larger packs and premium products
Examples: Simple Truth, Private Selection, Wine, etc.

Digital Engagement
Digital Visits up 40-50%
eComm household growth up 82%
Personalization drives engagement

Natural Foods
5 consecutive years of double-digit growth
Driven by Simple Truth double-digit, YoY growth
50% of all households buy Natural Foods

-0.5% Active Price
+2.1% Product Mix
+1.7% Spend per Item (Q2)
Price Investments

We have invested over

$4 Billion

in price since 2000

• 2018 is our largest annual investment in pricing

• Impact to ID Sales: 50 bps (Q2)
Price Investments

We have invested over $4 Billion in price since 2000

• 2018 is our largest annual investment in pricing
• Impact to ID Sales: 50 bps (Q2)

...it’s more than just price

Personalized Benefits

Fuel Rewards
• We continue to see more households engage (these households account for 58% of our sales)

Best Customer Communications
• 39M contacts (Q2) with response rates over 50%

Digital Personalization & Coupons
• Over 1.1B digital coupons download (Q2)
Space Optimization

More Than

80% stores complete

1,000 stores by year end including remodels and technology projects

- Aggressive move that will provide great long-term benefits
- Store disruption has impacted sales
- We expect sales to improve in Q4
Our Brands: Leading Growth Across the Store

(Q2)

✓ **STRONG** sales growth across the portfolio driven by...
  - **Simple Truth**—fastest growing brand
  - **Large packs**—sales exceeding expectations
  - **New item innovation** represents over $500M for the last four quarters

✓ One of our **most profitable** parts of our core business

✓ Dollar share is **up 74 bps** (Q2)
Our Brands: Leading Growth Across the Store

(Q2)

✔ **STRONG** sales growth across the portfolio driven by...
  
  • **Simple Truth**—fastest growing brand
  
  • **Large packs**—sales exceeding expectations
  
  • **New item innovation** represents over $500M for the last four quarters

✔ One of our **most profitable** parts of our core business

✔ Dollar share is **up 74 bps** (Q2)

---

The **Largest** brands sold in our stores!

• Kroger Brand is over 6X larger than the leading national brand portfolio

*We ❤ Our Brands...so do our customers*
Redefine the Customer Experience
Anything, Anytime, Anywhere

Brick & Mortar
Pick-Up
Delivery
Ship
Cost Savings: Enables Us to Differentiate the CX

Cost of Goods
Digital Experience

Yael Cosset
Chief Digital Officer
AVAILABLE

ACCESSIBLE

RELEVANT
AVAILABLE

2018 Coverage
92%
Kroger HHs

2019 Coverage
100%
U.S. HHs

Brick & Mortar
Pick Up
Delivery
Ship
ACCESSIBLE
PERSONALIZED + RELEVANT + CURATED
ROUTINE

“I shop Sundays and Wednesdays.”

NOW

“I forgot about dinner and it’s soccer night.”
“My child is sick.”

LATER

“I want something special for my family.”
“I need to stock-up.”
THE KROGER ECOSYSTEM


AND

Kroger

ocado

Walgreens

instacart

NURO

HOME CHEF
 ROUTINE

“I shop Sundays and Wednesdays.”

AND

ocado

Walgreens

instacart

NURO

HOME CHEF.
ROUTINE

“\textit{I shop Sundays and Wednesdays.}”
LATER

“I need to stock up.”
“I want something special for my family.”
NOW

“I forgot about dinner and it’s soccer night.”
NOW
“My child is sick.”
THE KROGER ECOSYSTEM

$5.1B

$9.1B
SHARE OF MIND
SHARE OF STOMACH
Expense Management

Mary Ellen Adcock
Group Vice President – Retail Operations
Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

Redefine Grocery CX
- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value
- Infrastructure & technology upgrades
- Alternative profit streams
- Costs/COGS

Develop Talent
- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose
- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value
- Free cash flow
- Operating margins
65% to 2018 Cost Savings Goal Through Q2
Checkout: Improving the CX & Productivity

Scan, Bag, Go

Self-Checkout

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Labor Savings as a % improvement of Front End Labor PY
Shrink: Delivering Savings

Consecutive quarters of YoY improvement

1 bps of shrink improvement = $10 million (pre-tax) to invest
Cost of Goods: Delivering Savings

- Our Brands
- National Brand Partners
- Indirect Sourcing
On Track to Achieve Our 3-Year Plan

2018

Restock Kroger Plan
- Redefine Grocery CX
- Partner for Customer Value
- Develop Talent
- Live Our Purpose
- Create Shareholder Value

2019

2020
Break
Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

Redefine Grocery CX
- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value
- Infrastructure & technology upgrades
- Alternative profit streams
- Costs/COGS

Develop Talent
- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose
- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value
- Free cash flow
- Operating margins
Retaining Talent Improves CX and Lowers Costs

9.4% reduction in turnover
Improving the Associate Experience

Enhanced Long-Term Benefits

Cultivate Our Culture

• Come for a job, stay for a career
• Outpace industry in engagement
Kroger's CEO on investing in employee education

117 PM ET Mon, 16 April 2018

Kroger CEO Rodney McMullen discusses new employee benefits with the help of the tax cuts bill including educational stipends and the company's stock performance.
How Kroger Co. is boosting employee benefits with tax-reform proceeds

Education perk crafted to be 'best in class'

Trump tax cuts: Kroger to use savings to expand tuition reimbursement to part-time workers

Alexander Coolidge, acoolidge@enquirer.com  Published 11:29 a.m. ET April 16, 2018 | Updated 4:55 p.m. ET April 16, 2018

Kroger Has Long-Term Plans for Tax Cut Benefits

The grocer is investing in its employees and in tech that can cut food prices.
Kroger Introduces Feed Your Future Educational Program

04/18/2018

The Kroger Co. is introducing a new and enhanced long-term benefits program that was made possible due to the Tax Cuts and Jobs Act. Feed Your Future includes accelerated investments in store associate wages, a more generous 401(k) benefit, and enriched associate discount and support programs, including an expanded child care benefit.
NEW PERKS AND BENEFITS

TUITION REIMBURSEMENT

Kroger
Companies Lure New Workers With College Coaching, Student Debt Repayment

Employers tout education perks as U.S. graduates grapple with $1.5 trillion in student loans

“We hire close to 900 people a day,” said Tim Massa, Kroger Co.’s senior vice president of human resources. Today’s workers “want to know what companies will do to grow and develop them.”

The grocery chain recently launched a program that offers up to $3,500 in education expenses annually to employees, including those who bag groceries part-time. HCA Healthcare Inc. plans
Developing High Performing Leaders and Teams

Kroger Leadership Academy

Internal and External Talent Strategy
Growth creates more opportunities to Feed the Human Spirit.
Investing In & Retaining Store Associates

Significant investment in wages and training

Leveraging associate insights to enable business results
$500 Million Wage Investments to Retain Talent

Current Average Pay for Retail Hourly Associates = $14.47 per hour
Looking Forward

• **Upskilling Our Workforce**
  • Leaders as Teachers
  • Digitally Enabled
  • Certifications and Performance-Based Incentives

• **Flexible Workforce**
  • On-Demand Scheduling
  • Simplified Job Classifications
  • Third-Party Relationships
Live Our Purpose

Jessica Adelman
Chief Corporate Affairs & Sustainability Officer
2018: The Year ESG Goes Mainstream

BlackRock’s push for ‘social responsibility’ highlights this major shift among corporations

“Society is demanding that companies, both public and private, 
serve a social purpose.”
- BlackRock CEO Larry Fink
**ZERO HUNGER**

$181 million to end hunger in our communities
TOTAL Kroger 2017 charitable giving: $358 million

325 million MEALS for food insecure families in our communities

**ZERO WASTE**

77% WASTE DIVERSION from landfill company-wide

2,226,000 TONS OF WASTE diverted from landfills
Focus Areas

**ZERO HUNGER**

- Store execution: food rescue
- Test & learn pilots

**ZERO WASTE**

- Execution: waste diversion
- Test & learn pilots
Let’s Choose to Reuse.

As part of Kroger’s Zero Hunger | Zero Waste plan, we will phase out of single-use plastic bags by 2025.

Oprah Winfrey surprises and thanks volunteers working at the Freestore Foodbank in Bond Hill
Tuesday, Sept. 11, 2018. Cincinnati Enquirer

Mogul and TV personality Oprah Winfrey on Tuesday gave Kroger a shout out for its plans to ban plastic bags by 2025.

"What I really admire Kroger for is they were one of the first, if not the first grocery chains to eliminate plastic bags," Winfrey told The Enquirer on a visit to Cincinnati. "Having a social impact team looking at how your business is affecting the world is a very powerful thing."
Sustainability Report Conforms to GRI Standard

- Aligned 2018 Sustainability Report (sustainability.Kroger.com) with Global Reporting Initiative (GRI) Sustainability Reporting Standards

- **Zero Hunger | Zero Waste** commitments align with several key United Nations Sustainable Development Goals
  - SDG 2: Zero Hunger
  - SDG 12: Responsible Consumption and Production
Reputation is Up – directly supporting Restock Kroger

Breadth of Kroger's activities underscore seriousness of its Zero Hunger/Zero Waste initiative

Grocery chain's CSR focus—ending food waste—is well aligned with its core business.

Kroger’s Top 100 Ranking:

2018: #18
2017: #21
2016: #35
Kroger #6 on Fortune’s Change the World 2018 List

“Supermarket chain Kroger is simultaneously working to eliminate food waste and feed the hungry, while its shareholders get fat: The stock is up 27% over the past year.”

Nearly half the food produced in the U.S. is thrown away, yet 40 million Americans go hungry. Grocery giant Kroger is tackling these issues simultaneously, aiming to eradicate hunger in communities where it operates and to eliminate internal waste by 2025. Last year it donated the equivalent of 325 million meals through a partnership with Feeding America; for 2023, its goal is 3 billion.
Alternative Profit Streams

Stuart Aitken
GVP and CEO of 84.51°
# Restock Kroger

## Purpose: Feed the Human Spirit

**Vision: Serving America through food inspiration and uplift**

<table>
<thead>
<tr>
<th>Redefine Grocery CX</th>
<th>Partner for Customer Value</th>
<th>Develop Talent</th>
<th>Live Our Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Data &amp; Personalization</td>
<td>• Infrastructure &amp; technology upgrades</td>
<td>• Associate Experience</td>
<td>• Our Purpose &amp; Our Promise Framework</td>
</tr>
<tr>
<td>• Digital</td>
<td>• Costs/COGS</td>
<td>• Investing in and retaining store associates</td>
<td>• Zero Hunger</td>
</tr>
<tr>
<td>• Space Optimization</td>
<td>• Our Brands</td>
<td>• High performing leaders and teams</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Smart pricing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Create Shareholder Value**
  - Free cash flow
  - Operating margins

- **Alternative profit streams**
Unique Assets Give Us Right to Win

**ASSETS**

**Our Stores & Distribution Network**
2,800 stores, 42 distribution centers, 38 plants

**Our Scale**
$125B in annual sales & 11M customers in stores and fuel stations every day

**Our Data**
60MM households with unmatched granularity; Customer-first approach & 84.51° model

**Customer Trust**
Our customers trust that we will safeguard their data and utilize it in their best interest

**RIGHT TO WIN**

- **Immediacy** and **proximity** in delivering a differentiated experience to customers

- **Economics of scale** opportunities and **unique platform** to communicate with the customer

- We know the customer better than anyone else & are able to **personalize the experience with precision**

- We are a **trusted, transparent partner** with customers, and can leverage our data to communicate **relevant offers & rewards** in new channels
We’re Transforming the Growth Model

REDEFINE GROCERY CX

ALTERNATIVE PROFIT STREAMS
Partnerships, Services

Data & Traffic

$$$

90
Strong Track Record of Alternative Profit Sources

16% CAGR
We Are Deliberate in Our Media Ecosystem Growth Plan

Media

On-Property

Off-Property

Loyalty Marketing

In-Store
Alternative Profit Stream Glidepath
Supports $400 Million by 2020

- 16% CAGR
- 28% CAGR
- 34% CAGR


Restock Kroger
Net Operating Profit Mix Will Continue to Transform

- Excludes one-times, C-Stores, and extra week in 2017.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Supermarket</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative Profit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$3.1B
$3.5B
Alternative Profit Streams Support $400 Million by 2020

• History of alternative profit streams
• Transforming operating profit mix
• Unique assets give us right to win
• Rigorous stage gate process
• Reinventing retail growth model
Partner for Customer Value

Mike Schlotman, Yael Cosset, Alex Tosolini, Gary Millerchip, Stuart Aitken
We’re Transforming the Growth Model

**REDEFINE GROCERY CX**

**ALTERNATIVE PROFIT STREAMS**
Partnerships, Services

Data & Traffic

Develop Talent

Live Our Purpose
Unique Assets Give Us Right to Win

ASSETS

- Our Stores & Distribution Network
- Our Scale
- Our Data
- Customer Trust

RIGHT TO WIN

- Immediacy, proximity
- Unique platform
- Personalization
- Transparent & relevant
THE KROGER ECOSYSTEM

Store Tour

Mike Donnelly
EVP and COO
Experience Redefining the Grocery CX
OUR VISION

Serving America through food inspiration and uplift
Clear Path to $400M Operating Profit by 2020

Create Shareholder Value

- $400M FIFO operating profit
- $6.5B of free cash flow
Focused on the Road Ahead
We’re Transforming the Growth Model

REDEFINE GROCERY CX

ALTERNATIVE PROFIT STREAMS
Partnerships, Services

Data & Traffic

Develop Talent

Live Our Purpose
Thank You
Safe Harbor

This presentation contains certain statements that constitute “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. These statements are indicated by words such as “expectation,” “intend,” “committed,” “expect,” “guidance,” “goal,” “will,” “aim,” “continue,” “predict,” “target,” “strategy,” “plan,” “vision,” “confident” and “range.” Various uncertainties and other factors could cause actual results to differ materially from those contained in the forward-looking statements. These include the specific risk factors identified in “Risk Factors” and “Outlook” in Kroger’s annual report on Form 10-K for the last fiscal year and any subsequent filings, as well as the following:

Kroger’s ability to achieve sales, earnings, incremental FIFO operating profit, and Restock free cash flow goals may be affected by:

- Labor negotiations or disputes; changes in the types and numbers of businesses that compete with Kroger; pricing and promotional activities of existing and new competitors, including non-traditional competitors, and the aggressiveness of that competition;
- Kroger’s response to these actions; the state of the economy, including interest rates, the inflationary and deflationary trends in certain commodities, and the unemployment rate; the effect that fuel costs have on consumer spending; volatility of fuel margins;
- Changes in government-funded benefit programs; manufacturing commodity costs; diesel fuel costs related to Kroger’s logistics operations; trends in consumer spending; the extent to which Kroger’s customers exercise caution in their purchasing in response to economic conditions; the uncertain pace of economic growth; changes in inflation or deflation in product and operating costs; stock repurchases; Kroger’s ability to retain pharmacy sales from third party payors; consolidation in the healthcare industry, including pharmacy benefit managers; Kroger’s ability to negotiate modifications to multi-employer pension plans; natural disasters or adverse weather conditions; the potential costs and risks associated with potential cyber-attacks or data security breaches; the success of Kroger’s future growth plans; the ability to execute on Restock Kroger; and the successful integration of merged companies and new partnerships. Kroger’s ability to achieve these goals may also be affected by Kroger’s ability to manage the factors identified above. Kroger’s ability to execute its financial strategy may be affected by its ability to generate cash flow.

Kroger’s effective tax rate may differ from the expected rate due to changes in laws, the status of pending items with various taxing authorities, and the deductibility of certain expenses.

Kroger assumes no obligation to update the information contained herein. Please refer to Kroger’s reports and filings with the Securities and Exchange Commission for a further discussion of these risks and uncertainties.