Welcome

Investor Conference

2016
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.
Confirming guidance

• ID supermarket sales growth, excluding fuel, for the **remainder of 2016 to be in the 0.5% to 1.5% range.**
  – 1.4% to 1.8% for the full year.

• **Net earnings of $2.03 to $2.13 per diluted share.** Adjusted net earnings per diluted share guidance range is $2.10 to $2.20.
  – Excludes the $0.07 charge from our commitment to restructure certain multi-employer pension obligations.
Rodney McMullen
Chairman & Chief Executive Officer
Worked hard.
Done well.
Will do better!
Fork in the road
$1.5 trillion spent on food in the U.S.!
Accelerating change

Accelerate our progress to match the speed of change.
Challenging...

But in OUR hands
We have built the foundation, and have more work to do... we’re up for the challenge.
431,000 Associates
1 team

- Strong, focused leadership
- Diverse, and a drive to succeed
- Customer first, every day
500+ ClickList locations
Mike Schlotman
Executive Vice President, Chief Financial Officer
Increase ROIC
Increase Market Share
Slightly Expanding FIFO Operating Margin
ID Sales Increases
Shareholder Value
Roundy’s Update

- Management team
- Remodels
- System conversions
Selling Gross Profit Margin

- Natural Foods SGM
- SGM w/o Fuel
- SGM w/o Fuel w/o Natural Foods
LOYAL HOUSEHOLDS ARE GROWING AS A PERCENTAGE OF TOTAL

Loyal Household Engagement

2012 2013 2014 2015 2016 YTD

- Loyal Households
- Non-Loyal Households
- Loyal Spend Per HH
Quevision

- $85M capital investment
- $1M ongoing costs
- 3 ½ minute reduction in wait time
- $250M labor cost avoidance
# Capital Spend

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major Project Spend</strong></td>
<td>558,000</td>
<td>1,689,000</td>
</tr>
<tr>
<td><strong>Major Project Count</strong></td>
<td>44</td>
<td>85</td>
</tr>
<tr>
<td><strong>Major Remodel Spend</strong></td>
<td>352,000</td>
<td>480,000</td>
</tr>
<tr>
<td><strong>Minor Remodel/Fuel/Misc. (incl. ClickList)</strong></td>
<td>535,000</td>
<td>880,000</td>
</tr>
<tr>
<td><strong>Technology/Digital</strong></td>
<td>175,000</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Logistics &amp; Manufacturing</strong></td>
<td>206,000</td>
<td>355,000</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>166,000</td>
<td>196,000</td>
</tr>
<tr>
<td><strong>Total CAPEX</strong></td>
<td>1,992,000</td>
<td>3,900,000</td>
</tr>
<tr>
<td><strong>HT</strong></td>
<td>-</td>
<td>255,000</td>
</tr>
<tr>
<td><strong>Roundys</strong></td>
<td>-</td>
<td>130,000</td>
</tr>
<tr>
<td><strong>Total CAPEX (w/o HT &amp; Roundy's)</strong></td>
<td>1,992,000</td>
<td>3,515,000</td>
</tr>
</tbody>
</table>

*Capital spend breakout estimate is representative of the upper end of the 2016 guidance range of $3.6-3.9B*
## Project Counts

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2QTD</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New</strong></td>
<td>17</td>
<td>33</td>
<td>31</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td><strong>Acquired</strong></td>
<td>227</td>
<td>0</td>
<td>159</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Relocations</strong></td>
<td>7</td>
<td>12</td>
<td>12</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Stores Opened</strong></td>
<td>251</td>
<td>45</td>
<td>202</td>
<td>28</td>
<td>70</td>
</tr>
<tr>
<td><strong>Expansions</strong></td>
<td>18</td>
<td>21</td>
<td>28</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td><strong>Major Projects</strong></td>
<td>269</td>
<td>66</td>
<td>230</td>
<td>34</td>
<td>85</td>
</tr>
<tr>
<td><strong>Major Projects (excl. acquisitions)</strong></td>
<td>42</td>
<td>66</td>
<td>71</td>
<td>34</td>
<td>85</td>
</tr>
<tr>
<td><strong>Operational Closures</strong></td>
<td>&lt;28&gt;</td>
<td>&lt;48&gt;</td>
<td>&lt;37&gt;</td>
<td>&lt;17&gt;</td>
<td></td>
</tr>
<tr>
<td><strong>Ending # Stores</strong></td>
<td>2,640</td>
<td>2,625</td>
<td>2,778</td>
<td>2,781</td>
<td></td>
</tr>
<tr>
<td><strong>Major Remodels (&gt;$20/sq ft)</strong></td>
<td>158</td>
<td>156</td>
<td>183</td>
<td>150-170</td>
<td></td>
</tr>
<tr>
<td><strong>Minor Remodels (&lt;$20/sq ft)</strong></td>
<td>190</td>
<td>221</td>
<td>246</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Mike Donnelly & Stuart Aitken
Executive Vice President, Merchandising
President & CEO, 84.51
Each day, customers interact with us through multiple touch points.

- 8.5MM Customers
- 106MM Items Purchased
- 36,000 Feedback Surveys
- 575,000 Fuel Redemptions
- 4.1MM Personalized Offers
- 3.7MM Coupons Downloaded
Customers are changing our world through data

“Information is the oil of the 21st century, and analytics is the combustion engine.”

Peter Sondergaard
Gartner
Explosive customer opportunities for growth

- More touchpoints to reach customers with new channels and offerings
- New data sources are created through emerging technology and science
- Synergy between the two drives exponential growth and differentiation
Kroger receives valuable feedback from millions of customer surveys every year.

Natural language processing and machine learning are used to mine open-ended responses.

Resulting topic clusters provide actionable insights on strengths and opportunities.
Using Insights to Drive Change
Responding to customers and moving **fast**

Spotting customer trends drives category growth

Innovation led by listening to customers

Focused investments allow us to create unique customer experiences
Customer **focus** informs meaningful change

- Uncover customer needs for the category
- Focus on Loyalty and winning the basket
- Rationalize assortment and shelve new products
Personalization that Is Truly Personal
Journey to **personalization**

- **Inspire Me**
- **Care About Me**
- **Connected Journeys**
- **Checkout**
- **Coupons**
- **Recipes**
- **Save Time**
- **Save Money**
Reach customers with rich, relevant content

• Tailored content and offers designed to inspire and inform
• Digital and traditional versions to support multi-channel
Everyday personalized customer experience

Personalization to save money and time

- Yellow Tag Sales Items
- Digital Coupons
- Weekly Ad Items
- Predictive Shopping Lists

This is an example of the Kroger web site. The promotions shown may not reflect current promotions.
Everyday personalized customer experience

Personalization to save money and time

- Yellow Tag Sales Items
- Digital Coupons
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- Predictive Shopping Lists

This is an example of the Kroger web site. The promotions shown may not reflect current promotions.
We are ready for today and tomorrow

Listening to customers

Creating great experiences

Driving Loyalty
Fred Morganthall & Mary Ellen Adcock
Executive Vice President  Group Vice President
Customer 1st

- Improve Connection with Customers
- Strong ID Sales Growth
- Invest in Shopping Experience
- Operating Cost Leverage
Process change & productivity
Process change & productivity
Jessica Adelman
Group Vice President
Corporate Affairs
A Strong Reputation with our Customers

80%

_checked Kroger is a good corporate citizen

 Checked Kroger has a good reputation in the community
Next Generation Customer

91%

Of millennials would switch brands to one associated with a cause

62%

Of millennials willing to take a pay cut to work for a responsible company

- 2016 Cone Survey
Kroger Corporate Affairs Strategy

**LICENSE TO OPERATE:**
Advance License to Operate

**COMMUNITY ENGAGEMENT:**
Uplift Our Communities

**SUSTAINABILITY & NEW HORIZONS:**
Conscientiously Drive Sustainability and Innovation in the Supply Chain

**ASSOCIATE ENGAGEMENT:**
Connect people to Our Purpose & Strategy

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**Corporate Affairs enhances & protects Kroger’s reputation by elevating our unique story**
We connect people to our purpose & strategy
1 billion meals donated
...over the last 4 years.

As a founding member of Feeding America®,
The Kroger Family of Companies works daily
with over 100 local food banks to bring
help and hope to our neighbors in need.

Kroger.com/Community
Meals Matter
We allow our Customers to decide where our community funds are spent – just by shopping with us.

Community Rewards

We support more than 145,000 local organizations to strengthen our communities.

Earn Money for a Local School Every Time You Shop

Enroll in Kroger Community Rewards to support a local school! You’ll earn money for the school of your choice every time you shop and use your Card...it’s that easy. Plus, it’s free to join and you’ll continue earning fuel points at the same time.

Enroll Now
31 Manufacturing Plants are Zero Waste

Energy consumption down by 35%

1 of 2 companies in the industry to make DJSI

Improving Today to Protect Tomorrow
First-Ever Supply Chain Partnership Award

Congratulations to The Kroger Co.
for receiving the Supply Chain Partnership Award!

Partnering with the Rainforest Alliance and their coalition of sustainability-conscious suppliers and retailers since 2008.
Thank you!