

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (“CD&A”) provides an overview of the key elements and philosophy of our executive compensation program as well as how and why the Compensation Committee and our Board of Directors made specific compensation decisions and policies with respect to our Named Executive Officers (“NEOs”).

Executive Summary



We delivered strong performance in 2025. Kroger achieved strong results in 2025, building on growth over the last three years. We delivered a fresh, affordable, and seamless shopping experience for our customers, with zero compromise on quality, selection, or convenience. We also delivered on our financial commitments through our strong, resilient Value Creation Model. In 2025, we achieved financial performance results of ID sales growth, without fuel, of 2.9%¹, and adjusted FIFO operating profit, including fuel, of \$4.9 billion².



Our executive compensation program aligns with long-term shareholder value creation. On average, 85% of the non-CEO NEOs’ compensation is at risk and performance-based, tied to achievement of financial and operational performance targets that are important to our shareholders and our long-term share price performance.



The annual performance incentive was earned slightly below target. The annual incentive program, based on a grid of identical sales, excluding fuel, and adjusted FIFO operating profit, including fuel, paid out at 93.84% of target, based on the goals and targets set by the Committee.



The long-term performance incentive payout reflects alignment with performance over fiscal years 2023, 2024, and 2025. Long-term performance unit equity awards granted in 2023 and tied to commitments made to our investors and other stakeholders regarding long-term sales growth, value creation (iTSR) metric, our commitment to Fresh, and relative Total Shareholder Return were earned at 32.4% of target.



We prioritized investment in our people. We strive to create a culture of opportunity for more than 403,000 associates and take seriously our role as a leading employer in the United States. In 2025, we invested in our associates by continuing to raise our average hourly wage to above \$20, or above \$26 including comprehensive benefits.

¹ Excludes adjustment items.

² See pages 28-36 of our Annual Report on Form 10-K for the fiscal year ended January 31, 2026, filed with the SEC on March 31, 2026, for a reconciliation of GAAP operating profit to adjusted FIFO operating profit.

Our Named Executive Officers for Fiscal 2025

Name	Title
Ronald L. Sargent*	Interim Chief Executive Officer and Chairman
David J. C. Kennerley**	Executive Vice President and Chief Financial Officer
Mary Ellen Adcock	Executive Vice President and Chief Merchant and Marketing Officer
Yael Cosset	Executive Vice President and Chief Digital Officer
Timothy A. Massa	Executive Vice President and Associate Experience Officer
Todd A. Foley**	Former Senior Vice President and Chief Financial Officer
W. Rodney McMullen*	Former Chairman and Chief Executive Officer

*As disclosed on our Form 8-K filed with the SEC on March 3, 2025, Rodney McMullen resigned on March 2, 2025 and the Board appointed Ronald Sargent Interim CEO on March 2. Thus, this CD&A reflects the compensation received by Mr. Sargent as Interim Chief Executive Officer for his services for the time period beginning March 2, 2026 through the fiscal year ended January 31, 2026.

**As disclosed on our Form 8-K filed with the SEC on February 13, 2025, Mr. Kennerley was appointed Senior Vice President and Chief Financial Officer, effective as of April 3, 2025. Mr. Kennerley joined Kroger on March 10, 2025 as Senior Vice President. Mr. Foley continued in his role as Interim Chief Financial Officer until April 3, 2025, following which he remained a Senior Vice President until his retirement on June 30, 2025.

Fiscal 2025 Financial and Strategic Performance Highlights

Kroger achieved strong results in 2025 as we executed on our strategy of focusing on growing households and increasing customer loyalty by delivering great value and convenience, and investing in Fresh, Our Brands, Personalization, and eCommerce.

In 2025, we achieved an increase in ID Sales, without fuel, of 2.9%, excluding adjustment items, and adjusted FIFO operating profit of \$4.9 billion. We have built a digital platform that allows customers to shift effortlessly between store, pick up, and delivery solutions. In 2025, we increased eCommerce sales, led by a strong demand for our Delivery solutions.

As part of our Zero Hunger | Zero Waste social and environmental impact plan, in 2025, we donated 536 million meals to feed families across America.

Our proven go-to-market strategy enables us to successfully navigate many operating environments. We believe that by delivering value for our customers, investing in our associates and serving our communities, we will continue to achieve attractive and sustainable total returns for our shareholders.

2025 Advisory Vote to Approve Executive Compensation and Shareholder Engagement

At the 2025 annual meeting, we held our annual advisory vote on executive compensation. Approximately 93% of the votes cast were in favor of the advisory vote. As part of our ongoing dialogue with our shareholders regarding governance matters, in 2025, we requested meetings with 18 shareholders representing 37% of our outstanding shares during proxy season and off-season engagement and subsequently met with 17 shareholders representing 29% of our outstanding shares.

Conversations in these meetings included discussions about our NEOs' compensation program, with our shareholders providing feedback that they appreciated the pay-for-performance structure of our executive pay program. The Compensation Committee considers both the general and specific feedback received from shareholders, and with the guidance of our independent compensation consultant, incorporates that input into compensation design and outcomes.

2025 Compensation Program Overview

The fixed and at-risk pay elements of the non-CEO NEO compensation program for 2025 are reflected in the following table and charts.

	Element	Form	Description	
ANNUAL / SHORT-TERM INCENTIVE	Base Salary	Cash	<ul style="list-style-type: none"> Attract, incentivize, retain talented executives Fixed cash component Reviewed annually No automatic or guaranteed increases Based on individual performance & experience 	FIXED
	Annual Incentive Plan	Cash Bonus	<ul style="list-style-type: none"> Metrics and targets align with annual business goals; payout depends on actual performance against each goal Rewards and incentivizes Kroger employees, including NEOs, for annual performance on key financial and operational metrics 	
LONG-TERM INCENTIVE	Performance-Based Equity	Performance Units	<ul style="list-style-type: none"> Performance units are equity grants which are "paid out" in Kroger common shares, dependent upon company performance against each goal, at the end of the 3-year performance period Measures performance on key financial and operational metrics over a 3-year period and payout is subject to a relative TSR modifier Designed to create shareholder value, foster executive retention, and align NEO and shareholder interests 	VARIABLE / AT-RISK
	Time-Based Equity	Restricted Stock Stock Options	<ul style="list-style-type: none"> Stock options and restricted stock for NEOs vest ratably over 4 years; exercise price of stock options is closing price on day of grant Provides direct alignment to stock price appreciation and rewards executives for the achievement of long-term business objectives and providing incentives for the creation of shareholder value 	

Fiscal Year 2025 Interim CEO Compensation

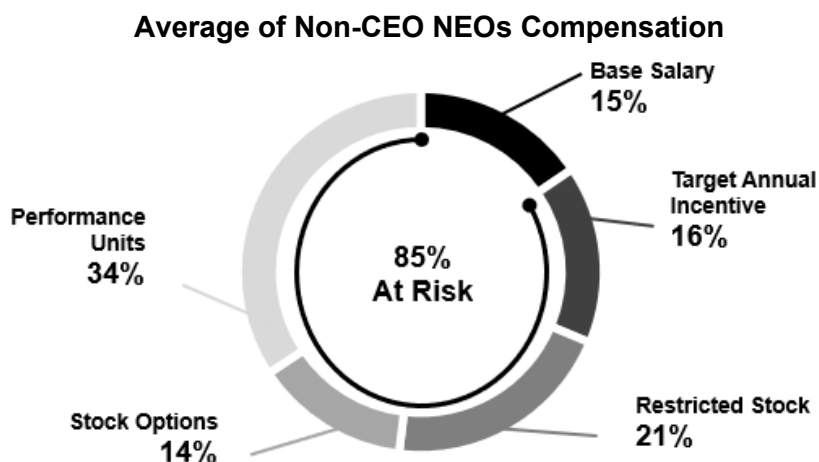
As disclosed on our Form 8-K filed with the SEC on March 3, 2025, the Board appointed Ronald L. Sargent to serve as Interim CEO and Chairman of the Board effective March 2, 2025. In determining the compensation arrangements for Mr. Sargent, in his role as Interim CEO, the Compensation Committee and the Board considered the temporary nature of the appointments and the need to provide leadership continuity while the Board conducted its comprehensive CEO search. Accordingly, the approach we used to determine Interim CEO compensation for 2025 differed substantially from the process that we have historically used to determine annual CEO compensation. In particular, Mr. Sargent received a base salary for the period of his service as Interim CEO. Further, while the Compensation Committee determined that participation in certain standard long-term incentive plans would not be appropriate given the interim and transitional nature of the Interim CEO role, Mr. Sargent was granted restricted shares as part of his 2025 Interim CEO compensation. The Board consulted with its compensation consultant in setting Mr. Sargent's base salary and reviewed compensation practices for "Interim" CEOs in S&P 300 companies. Additionally, the Board approved a grant of restricted shares in December 2025 to Mr. Sargent which reflected the Board's assessment of his contributions and impact along with the Company's performance during the period of service.

The Compensation Committee believes this compensation structure was appropriate given the interim nature of the role and consistent with the Company's overall executive compensation objectives. No compensation other than base salary and certain dividend payments and retirement program contributions was provided for Mr. McMullen for fiscal year 2025 due to his resignation on March 2, 2025 as disclosed on our Form 8-K filed with the SEC on March 3, 2025.

For purposes of this CD&A, unless otherwise described below, descriptions of NEO compensation does not include the Interim CEO's compensation for 2025.

Named Executive Officer (non-CEO) Target Pay Mix

The amounts used in the chart below are based on 2025 target direct compensation for the average of the non-CEO NEOs. As illustrated below, on average, 85% of the non-CEO NEOs' compensation is at risk.



Our Compensation Philosophy and Objectives

Our executive compensation philosophy is to attract and retain the best management talent as well as motivate such associates to achieve our business and financial goals. Kroger's incentive plans are designed to reward the actions that lead to long-term value creation. We believe our strategy creates value for shareholders in a manner consistent with Kroger's purpose: To Feed the Human Spirit. The Compensation Committee believes that there is a strong link between our business strategy, the performance metrics in our short-term and long-term incentive programs, and the business results that drive shareholder value.

To achieve our objectives, the Compensation Committee seeks to ensure that compensation is competitive and that there is a strong link between pay and performance. To do so, it is guided by the following principles:

- Compensation must be designed to attract, retain and motivate those individuals who are best suited to be an NEO at Kroger and drive long-term value for shareholders.
- A significant portion of pay should be performance-based, with the percentage of total pay tied to performance increasing proportionally with an NEO's level of responsibility.
- Compensation should include incentive-based pay to drive performance, providing superior pay for superior performance, including both a short- and long-term focus.
- Compensation policies should include an opportunity for, and a requirement of, significant equity ownership to align the interests of NEOs and shareholders.
- Components of compensation should be tied to an evaluation of business and individual performance measured against metrics that directly drive our business strategy.
- Compensation plans should provide a direct line of sight to Company performance.
- Compensation programs should be aligned with market practices.
- Compensation programs should serve to both motivate and retain talent.

Summary of Key Compensation Practices

What we do:	What we do not do:
✓ Alignment of pay and performance	× No special severance or change in control programs applicable only to NEOs
✓ Stock ownership guidelines for executives	× No cash component in long-term incentive plans
✓ Multiple performance metrics under our short- and long-term performance-based plans discourage excessive risk taking and align with our long-term value creation strategy	× No tax gross-up payments for executives, except for relocation expenses
✓ Double-trigger change in control provisions in all equity awards	× No special executive life insurance benefit
✓ Double-trigger change in control provisions in cash severance benefits	× No re-pricing or backdating of stock options without shareholder approval
✓ All long-term compensation is equity-based	× No guaranteed salary increases or bonuses
✓ Engagement of an independent compensation consultant	× No payment of dividends or dividend equivalents until performance units are earned
✓ Robust clawback policy	× No evergreen or reload feature; no shares can be added to stock plan without shareholder approval
✓ Ban on hedging, pledging, and short sales of Kroger securities	
✓ Minimal perquisites	

Establishing Each Component of Executive Compensation

The Compensation Committee recommended, and the independent members of the Board determined, the Interim CEO's compensation. In 2025, the Interim CEO recommended, and the Compensation Committee determined, each component of the other NEOs' compensation. The Compensation Committee made changes to NEO compensation in March of 2025. Equity awards were granted in March and salary and annual incentive plan increases were effective April 1, 2025.

The Compensation Committee determines the amount of each NEO's salary, annual cash incentive plan target, and long-term equity compensation by taking into consideration numerous factors including:

- An assessment of individual contribution and performance;
- Comparative compensation analysis involving comparable positions at peer group companies;
- Level in organization and tenure in role; and
- Internal equity among executives.

The assessment of individual contribution and performance is a qualitative determination, based on the following factors:

- Leadership;
- Contribution to the executive officer group;
- Achievement of established performance objectives;
- Decision-making abilities;
- Performance of the areas or groups directly reporting to the NEO;
- Support of company culture;
- Strategic thinking and impact; and
- Demonstrated commitment to Kroger's Values: Safety, Honesty, Integrity, Respect, Diversity, and Inclusion.

At the end of each year, individual performance is evaluated based on the NEO's performance objectives listed above, and the results of that evaluation are used in the determination of salary increases, target bonus opportunities, and the grant amount of all equity awards: restricted stock and stock options, which are time-based, and performance units granted under the long-term incentive plan, which are performance-based.

Elements of 2025 Compensation

2025 Salary

Our philosophy with respect to salary is to provide a sufficient and stable source of fixed cash compensation that is competitive with the market to attract and retain a high caliber leadership team. NEO salaries, effective April 1, 2025 and April 1, 2026, were as follows:

Name	2024 Base Salary	2025 Base Salary
Ronald Sargent	-	\$4,350,000
David J.C. Kennerley	-	\$800,000
Mary Ellen Adcock	\$900,000	\$900,000
Yael Cosset	\$950,000	\$1,000,000
Timothy A. Massa	\$935,000	\$990,000
Todd A. Foley	\$600,000	\$600,000
W. Rodney McMullen	\$1,450,000	-

The Compensation Committee set Mr. Kennerley's 2025 base salary and target annual incentive based on an arm's length negotiation and advice from the compensation consultant.

2025 Annual Incentive Plan

The NEOs participate in a corporate performance-based annual cash incentive plan. The corporate annual cash incentive plan is a broad-based plan used across the Kroger enterprise. Approximately 46,000 associates are eligible to receive incentive payouts based all or in part on the incentive plan described below. The value of annual cash incentive awards that the NEOs earn each year is based upon Kroger's overall company performance compared to goals established by the Compensation Committee based on the business plan adopted by the Board of Directors.

A minimum level of performance must be achieved before any payout is earned, while a payout of up to 210% of target incentive potential can be achieved for superior performance on the corporate plan metrics. There are no guaranteed or minimum payouts; if none of the performance goals are achieved, then no incentive is earned and no payout is made.

The annual cash incentive plan is designed to encourage decisions and behavior that drive the annual operating results and the long-term success of the Company. Kroger's success is based on a combination of factors, and accordingly, the Compensation Committee believes that it is important to encourage behavior that supports multiple elements of our business strategy.

NEO target incentive potentials for fiscal years 2024 and 2025, were as follows:

Name	2024 Target Annual Incentive	2025 Target Annual Incentive
Ronald Sargent	-	-
David J.C. Kennerley	-	\$800,000
Mary Ellen Adcock	\$900,000	\$900,000
Yael Cosset	\$950,000	\$1,000,000
Timothy A. Massa	\$900,000	\$990,000
Todd A. Foley	\$700,000	\$700,000
W. Rodney McMullen	\$2,900,000	-

2025 Annual Incentive Plan Metrics

Potential payouts under the plan are based on Company performance on three primary metrics: ID Sales, excluding Fuel and Pharmacy, Adjusted FIFO Operating Profit, including Fuel and Pharmacy, and Pharmacy Script Count Growth, plus a potential kicker based on Composite Scores. The performance objectives are shown in the grid below, with payouts interpolated for actual performance between levels.

Metric	Rationale for Use
ID Sales, excluding Fuel and Pharmacy	<ul style="list-style-type: none"> Identical Sales (“ID Sales”) represent sales, excluding fuel and pharmacy, at our supermarkets that have been open without expansion or relocation for five full quarters, excluding supermarket fuel sales, plus sales growth at all other customer-facing non-supermarket businesses. We believe that ID Sales are the best measure of real growth of our sales across the enterprise. A key driver of our model is ID Sales growth, without fuel.
Adjusted FIFO Operating Profit, including Fuel and Pharmacy	<ul style="list-style-type: none"> This financial metric equals gross profit, excluding the LIFO charge, minus OG&A, minus rent, and minus depreciation and amortization. Adjusted FIFO Operating Profit, including fuel and pharmacy, is a key measure of company success as it tracks our earnings from operations, and it measures our day-to-day operational effectiveness. It is a useful measure to investors because it reflects the revenue and expense that a company can control.
Pharmacy Script Count	<ul style="list-style-type: none"> Pharmacy sales results are volatile due to multiple factors including GLP-1 growth, Inflation Reduction Act, and mix changes. Measures the success of growing our prescription business.
Composite Score Kicker*	<ul style="list-style-type: none"> Achieving a high composite score reflects execution of an improved customer experience through operational excellence and consistent delivery of our standard of performance, which ultimately drives higher sale and earnings results.

*Composite Score Kicker metric provides that an additional 10% payout can be earned if 70% of stores are at 62%+ for composite score and less than 5% of stores are at 0% to 50% composite score. There is no payout of the Composite Score Kicker if the foregoing metrics are not met.

The goals established by the Compensation Committee were as follows:

Annual 2025 AIP Grid	Total Identical Sales Excluding Fuel & Pharmacy															
	0.00%	0.40%	0.75%	1.00%	1.25%	1.50%	1.70%	1.90%	2.10%	2.30%	2.55%	2.80%	3.05%	3.50%	4.00%	
Adjusted FIFO Operating Profit (\$M)	≥ 4,410	0%	5%	30%	35%	40%	45%	50%	60%	70%	75%	80%	85%	90%	100%	120%
	≥ 4,610	5%	15%	40%	45%	50%	55%	60%	70%	80%	85%	90%	95%	100%	110%	130%
	≥ 4,710	10%	25%	50%	55%	60%	65%	70%	80%	90%	95%	100%	105%	110%	120%	140%
	≥ 4,810	15%	35%	60%	65%	70%	75%	80%	90%	100%	105%	110%	115%	120%	130%	150%
	≥ 4,910	20%	45%	70%	75%	90%	93%	97%	100%	110%	115%	120%	125%	130%	140%	160%
	≥ 5,010	25%	55%	80%	85%	100%	103%	107%	110%	120%	125%	130%	135%	140%	150%	170%
	≥ 5,110	30%	65%	90%	105%	110%	113%	117%	120%	130%	135%	140%	145%	150%	160%	180%
	≥ 5,210	35%	75%	100%	110%	120%	123%	127%	130%	140%	145%	150%	155%	160%	170%	190%
	≥ 5,410	40%	85%	110%	120%	130%	133%	137%	140%	150%	155%	160%	165%	170%	180%	200%

2025 Annual Incentive Plan – Actual Results and Payout Percentage

Corporate Plan Metric	2025 Performance ⁽¹⁾	Weight	Payout
Identical Sales, excluding fuel & pharmacy	1.13%	90%	82.04%
Adjusted Net Operating Profit, including fuel and pharmacy	\$4.9 B		
Pharmacy Script Count Growth ⁽²⁾	10%	10%	100%
Composite Score Kicker			10%
Total Payout			93.84%

- (1) See grid above.
- (2) The pharmacy script growth metric could be paid out up to 10% if the Company achieved pharmacy script growth above a pre-determined growth target. There were various cut-ins if the pharmacy script growth metric did not hit the target.

Following the close of the 2025 fiscal year, the Compensation Committee reviewed Kroger’s performance against each of the metrics outlined above and determined the extent to which Kroger achieved those objectives. Our performance compared to the goals established by the Compensation Committee resulted in a payout of 93.84% of the participant’s incentive plan target for the NEOs, with the exception of Mr. McMullen and Ms. Adcock as discussed below. Mr. McMullen did not receive an incentive payment for 2025.

Ms. Adcock received an annual bonus amount equal to 79.39% of her bonus potential because it included the corporate annual plan described above and team metrics as follows. The team metrics measured supermarket ID sales, excluding pharmacy and fuel, supermarket selling gross dollars including shrink dollars for all departments excluding pharmacy and fuel, and fuel gallons growth and fuel EBITDA grid.

Corporate Plan Metric	Payout Percentage	Weight
Corporate Annual Bonus Plan	82.04%	60%
Team Metrics	45.93%	40%
Composite Score Kicker	10%	
Payout	79.39%	

The Compensation Committee maintains the ability to reduce the annual cash incentive payout for all executive officers, including the NEOs, if they determine for any reason that the incentive payouts were not appropriate given their assessment of Company or individual performance. The Compensation Committee did not exercise such discretion for 2025 payouts.

As described above, the corporate annual incentive payout percentage is applied to each NEO’s incentive plan target which is determined by the Compensation Committee. The actual amounts of performance-based annual incentive paid to the NEOs for 2025 are reported in the Summary Compensation Table in the “Non-Equity Incentive Plan Compensation” column.

Long-Term Compensation Program

The Compensation Committee believes in the importance of providing an incentive to the NEOs to achieve the long-term goals established by the Board. As such, a majority of NEO compensation is dependent on the achievement of those goals. Long-term compensation promotes long-term value creation and discourages the over-emphasis of attaining short-term goals at the expense of long-term growth.

The long-term incentive program is structured to be a combination of performance- and time-based compensation that reflects elements of financial and common share performance to provide both retention value and alignment with Company performance. The Compensation Committee determined that, for all executive officers, all long-term compensation would generally be equity-based as follows: 50% of equity granted under the program would be performance-based and the remaining 50% of equity would be time-based, consisting of 30% in restricted stock and 20% in stock options.

Each year, NEOs receive grants under the long-term compensation program, which is structured as follows:

- *Performance-Based (50% of NEO long-term target compensation)*
 - Long-term performance-based compensation is provided under a Long-Term Incentive Plan adopted by the Compensation Committee. The Committee adopts a new performance plan every year, measuring improvement on the Company’s long-term goals over successive three-year periods. Accordingly, at any one time there are three plans outstanding, which are summarized below.
 - Under the Long-Term Incentive Plans, NEOs receive grants of equity called performance units. A target number of performance units based on level and individual performance is awarded to each participant at the beginning of the three-year performance period.
 - Payouts under the plan are contingent on the achievement of certain strategic performance and financial measures and incentivize recipients to promote long-term value creation and enhance shareholder value by supporting the Company’s long-term strategic goals.
 - The payout percentage, based on the extent to which the performance metrics are achieved, is applied to the target number of performance units awarded. Then, a modifier based on Relative Total Shareholder Return compared to the S&P 500 is applied, which can increase or decrease the payout.
 - Performance units are paid out in Kroger common shares based on actual performance, along with dividend equivalents for the performance period on the number of earned common shares.
- *Time-Based (50% of NEO long-term target compensation)*
 - Long-term time-based compensation consists of 20% stock options and 30% restricted stock, which are linked to common share performance, creating alignment between the NEOs’ and our shareholders’ interests. Historically, grants vest ratably over four years.
 - Stock options have no initial value and recipients only realize benefits if the value of our common shares increases following the date of grant, further aligning the NEOs’ and our shareholders’ interests.

Amounts of long-term compensation awards issued and outstanding for the NEOs are set forth in the Executive Compensation Tables section.

Summary of The Three Long-Term Incentive Plans Outstanding During 2025

With respect to our long-term performance-based compensation, the Compensation Committee designed plan metrics to align with Kroger’s long-term business plans and growth model. These metrics are the key elements in driving Kroger’s TSR.

The Compensation Committee adopts a new Long-Term Incentive Plan each year, which provides for overlapping three-year performance periods. Additional detail regarding each of the three plans is provided below, and a summary of the design of the plans outstanding during 2025 is as follows:

	2023 – 2025 LTIP	2024 – 2026 LTIP	2025 – 2027 LTIP
Performance Units and Dividend Equivalents	Performance units are equity grants which are paid out in Kroger common shares, based on actual performance at the end of the 3-year performance period, along with dividend equivalents for the performance period on the number of issued common shares ultimately earned.		
Performance Metrics	<ul style="list-style-type: none"> • Adjusted Total Sales without Fuel + Fuel Gallons; • Value Creation Metric (iTSR) Percentage; • Fresh Equity metric; and • Relative Total Shareholder Return modifier 	<ul style="list-style-type: none"> • Adjusted Total Sales without Fuel + Fuel Gallons; • Value Creation Metric (iTSR) Percentage; and • Relative Total Shareholder Return modifier 	
Determination of Payout	The payout percentage, based on the extent to which the performance metrics are achieved, is applied to number of performance units awarded.		
Maximum Payout	187.5%	187.5%	187.5%
Payout Date	March 2025	March 2026	March 2027

2023-2025 Long-Term Incentive Plan – Metrics

The 2023-2025 Long-Term Incentive Plan had the following components which supported our long-term business plans:

Metric	Rationale for Use	Weighting
Adjusted Total Sales without Fuel + Fuel Gallons	<ul style="list-style-type: none"> This metric represents total revenue dollars without fuel + the number of fuel gallons sold over the three-year term of the plan. It represents the important metric of top line growth of the business from all channels. 	25%
Value Creation Metric (iTSR) Percentage	<ul style="list-style-type: none"> This financial metric equals adjusted earnings per diluted share (EPS) growth plus dividend yield. These two metrics, which are driven by operating profit growth and free cash flow, respectively, are essential elements of our value creation algorithm. 	50%
Fresh Equity metric	<ul style="list-style-type: none"> Fresh is a key element of how people decide where to shop. It drives trips and therefore delivers business results. Fresh is the core focus of how we differentiate and drive great engagement with customers and is a key driver of our growth. 	25%

After the calculation of the three metrics above, a modifier based on Relative Total Shareholder Return compared to the S&P 500 was applied which could have increased or decreased the payout, as follows, interpolated for actual results between thresholds:

TSR Rank Relative to S&P 500	Modifier
25 th percentile	75%
50 th percentile	100%
75 th percentile	125%

The highest payout from the three metrics alone equals 100%. However, the payout may exceed 100% if: (1) both the Adjusted Total Sales without Fuel + Fuel Gallons metric and the iTSR metric achieve 100%, and (2) the 3- year compound annual growth rate of Adjusted Total Sales without Fuel + Fuel Gallons exceeds 3.5%. The plan payout will increase incrementally from 100%, up to 150% maximum if the 3-year compound annual growth rate on the Adjusted Total Sales without Fuel + Fuel Gallons metric is 5.0%.

The payout percentage, as modified by the Relative TSR modifier, will be applied to the target number of performance units granted under the plan to determine the payout amount. The maximum payout under the 2023- 2025 Long-Term Incentive Plan is 187.5% as further described below.

2023-2025 Long-Term Incentive Plan – Results and Payout

The results and payout of the 2023-2025 Long-Term Incentive Plan are as follows.

Metric	Performance	Goal	Final Payout Percentage
Adjusted Total Sales without Fuel + Fuel Gallons	\$141.9B	\$147.6B	0%
Value Creation Metric (iTSR)	6.8%	11%	59.1%
Fresh Equity Metric	42.7	46.4	0%
Payout Before Modifier			29.6%
Relative TSR Modifier	>50% Percentile*	>50% Percentile	109.4%
TOTAL Payout for 2023-2025 Plan			32.35%

* The Company ranked 203rd in the S&P 500 over the three-year period for TSR. Based on this result, the Company is in the second quartile of TSR results within the S&P 500. Because the Company ranking falls between 125 and 250, the multiplier to be applied in order to calculate the final LTIP payout is calculated based on an interpolation of payouts between 100% and 125%, illustrated below:

TSR Rank in S&P 500	Payout Multiplier
1 to 125	125%
250	100%
375 to 500	75%
Actual Result = 203	109.4%

The NEOs were issued the number of Kroger common shares equal to 32.35% of the target number of performance units awarded to each executive, along with dividend equivalents for the three-year performance period on the number of issued common shares.

The dividend equivalents paid on common shares earned under the 2023 – 2025 Long-Term Incentive Plan are paid at the end of the plan and are reported in the “All Other Compensation” column of the Summary Compensation Table and footnote 6 to that table, and the common shares issued under the plan are reported in the 2025 Option Exercises and Stock Vested Table and footnote 2 to that table.

The annual and long-term performance-based compensation awards described herein were made pursuant to our 2019 Amended and Restated Long-Term Incentive Plan (the “2019 Plan”), which was approved by our shareholders in June 2022.

2024 – 2026 Long-Term Incentive Plan Metrics

The 2024 – 2026 Long-Term Incentive Plan metrics have been designed to reflect commitments made to our investors and other stakeholders regarding long-term sales growth, our Value Creation algorithm (through iTSR) and our commitment to Fresh. The plan also includes a modifier based on our relative TSR to the S&P 500 shareholder return.

Metric	Rationale for Use	Weighting
Adjusted Total Sales without Fuel + Fuel Gallons	<ul style="list-style-type: none"> This metric represents total revenue dollars without fuel + the number of fuel gallons sold over the three-year term of the plan. It represents the important metric of top line growth of the business from all channels. 	25%
Value Creation Metric (iTSR) Percentage	<ul style="list-style-type: none"> This financial metric equals adjusted earnings per diluted share (EPS) growth plus dividend yield. These two metrics, which are driven by operating profit growth and free cash flow, respectively, are essential elements of our value creation algorithm. 	50%
Fresh Equity metric	<ul style="list-style-type: none"> Fresh is a key element of how people decide where to shop. It drives trips and therefore delivers business results. Fresh is the core focus of how we differentiate and drive great engagement with customers, and is a key driver of our growth. 	25%

The highest payout from the three metrics alone equals 100%. However, the payout may exceed 100% if: (1) both the Adjusted Total Sales without Fuel + Fuel Gallons metric and the iTSR metric achieve 100%, and (2) the 3- year compound annual growth rate of Adjusted Total Sales without Fuel + Fuel Gallons exceeds 3.2%. The plan payout will increase incrementally from 100%, up to 150% maximum if the 3-year compound annual growth rate on the Adjusted Total Sales without Fuel + Fuel Gallons metric is 4.7%.

After the calculation described above, a modifier based on Relative Total Shareholder Return compared to the S&P 500 will be applied, as follows, interpolated for actual results between the 25th percentile and 75th percentile thresholds:

TSR Rank Relative to S&P 500	Modifier
25 th percentile	75%
50 th percentile	100%
75 th percentile	125%

The payout percentage, as modified by the Relative TSR modifier, will be applied to the number of performance units granted under the plan to determine the payout amount. If all three metrics are achieved at the maximum level and the Relative Total Shareholder Return modifier is maximized, the total plan payout would be 187.5%.

2025 – 2027 Long-Term Incentive Metrics

The 2025-2027 Long-Term Incentive Plan metrics have been designed to reflect commitments made to our investors and other stakeholders regarding long-term sales growth and our Value Creation algorithm (through intrinsic Total Shareholder Return, or iTSR).

Metric	Rationale for Use	Weighting
Adjusted Total Sales without Fuel + Fuel Gallons	<ul style="list-style-type: none"> This metric represents total revenue dollars without fuel + the number of fuel gallons sold over the three-year term of the plan. It represents the important metric of top line growth of the business from all channels. 	50%
Value Creation Metric (iTSR) Percentage	<ul style="list-style-type: none"> This financial metric equals adjusted earnings per diluted share (EPS) growth plus dividend yield. These two metrics, which are driven by operating profit growth and free cash flow, respectively, are essential elements of our value creation algorithm. 	50%

The highest payout from the two metrics alone equals 100%. However, the payout may exceed 100% if: (1) both the Adjusted Total Sales without Fuel + Fuel Gallons metric and the iTSR metric achieve 100%, and (2) the 3- year compound annual growth rate of Adjusted Total Sales without Fuel + Fuel Gallons exceeds 4.2%. The plan payout will increase incrementally from 100%, up to 150% maximum if the 3-year compound annual growth rate on the Adjusted Total Sales without Fuel + Fuel Gallons metric is 5.7%.

After the calculation described above, a modifier based on Relative Total Shareholder Return compared to the S&P 500 will be applied, as follows, interpolated for actual results between the 25th percentile and 75th percentile thresholds:

TSR Rank Relative to S&P 500	Modifier
25 th percentile	75%
50 th percentile	100%
75 th percentile	125%

The payout percentage, as modified by the Relative TSR modifier, will be applied to the number of performance units granted under the plan to determine the payout amount. If all three metrics are achieved at the maximum level and the Relative Total Shareholder Return modifier is maximized, the total plan payout would be 187.5%.

Stock Options and Restricted Stock

Stock options and restricted stock continue to play an important role in retaining and rewarding NEOs for the achievement of long-term business objectives and provides incentives for the creation of shareholder value. Awards based on Kroger’s common shares are granted annually to the NEOs. Kroger historically has distributed time-based equity awards widely, helping to align the interests of associates with the interests of shareholders.

The stock options permit the holder to purchase Kroger common shares at an exercise price equal to the closing price of Kroger common shares on the date of the grant. Stock options are granted only on one of the four dates of Board meetings conducted at least one business day after Kroger's public release of its quarterly earnings results.

The Compensation Committee determines the vesting schedule for stock options and restricted stock. During 2025, the Compensation Committee granted to the NEOs stock options and restricted stock, each with a four-year ratable vesting schedule.

Restricted stock awards are reported in the "Stock Awards" column of the Summary Compensation Table and footnote 2 to the Table and the 2025 Grants of Plan Based Awards Table. Stock option awards are reported in the "Option Awards" column of the Summary Compensation Table and footnote 3 to the Table and the "All other Option Awards" column of the 2025 Grants of Plan Based Awards Table.

Timing of Equity Grants

Annual equity awards, including stock options awards, are generally granted to our executives and associates during the open trading window period within the first fiscal quarter of each fiscal year. The Compensation Committee (or our Board of Directors, if to our CEO) also may consider and approve interim or mid-year grants, or grants made on another basis, from time to time based on business needs, new hires, promotions, retention, changing compensation practices or other factors, in the discretion of the Compensation Committee (or our Board of Directors, if to our CEO).

We do not permit timed disclosure of material non-public information for the purposes of affecting the value of executive compensation, including stock option or similar equity awards, and stock options or other awards are not timed in relation to the release of material non-public information.

In fiscal 2025, no stock options were granted to any NEO within four business days prior to or one business day following the filing of a Form 10-Q, 10-K, or 8-K that disclosed material non-public information.

Retirement and Other Benefits

Kroger maintains several defined benefit and defined contribution retirement plans for its associates. The NEOs participate in one or more of these plans, as well as one or more excess plans designed to make up the shortfall in retirement benefits created by limitations under the Internal Revenue Code (the "Code") on benefits to highly compensated individuals under qualified plans. Additional details regarding certain retirement benefits available to the NEOs can be found below in footnote 6 to the Summary Compensation Table and the 2025 Pension Benefits Table and the accompanying narrative.

Kroger also maintains The Kroger Co. Executive Deferred Compensation Plan (the "Deferred Compensation Plan") in which Mr. McMullen and Mr. Foley had elected to participate. This plan is a nonqualified plan under which participants can annually elect to defer up to 100% of their cash compensation prior to January 1, 2025 and up to 75% of the cash compensation after January 1, 2025. Additional details regarding our nonqualified deferred compensation plans available to the NEOs can be found below in the 2025 Nonqualified Deferred Compensation Table and the accompanying narrative.

Kroger also maintains The Kroger Co. Employee Protection Plan ("KEPP"), which covers all of our management associates who are classified as exempt under the federal Fair Labor Standards Act and certain administrative or technical support personnel who are not covered by a collective bargaining agreement, with at least one year of service. KEPP has a double trigger change in control provision, and it provides for severance benefits and extended Kroger-paid health care, as well as the continuation of other benefits as described in the plan, when an associate is actually or constructively terminated without cause within two years following a change in control of Kroger (as defined in KEPP). Participants are entitled to severance pay of up to 24 months' salary and annual incentive target. The actual amount is dependent upon pay level and years of service. KEPP can be amended or terminated by the Board at any time prior to a change in control.

Stock option and restricted stock grant agreements with award recipients provide that those awards "vest," with options becoming immediately exercisable, and restrictions on restricted stock lapsing, upon a change in control as described in the grant agreements, but only if an associate is actually or constructively terminated without cause within two years following a change in control of Kroger (as defined in the grant agreement, and consistent with KEPP).

Perquisites and Personal Benefits; Recruitment-Related Compensation

Our NEOs receive limited perquisites as the Compensation Committee does not believe that it is necessary for the attraction or retention of management talent to provide executives with a substantial amount of compensation in the form of perquisites.

In connection with the recruitment of Mr. Kennerley, the Compensation Committee approved a staggered signing bonus totaling \$1,350,000 and relocation benefits to support his transition to Kroger. The signing bonus will be paid to Mr. Kennerley in three tranches: \$300,000 paid after 30 days of employment, \$550,000 after 2 months of employment, and \$500,000 after 12 months of employment. The signing bonus is subject to repayment if he is separated from employment within two years from his hire date for any reason other than involuntary termination. Kroger provided customary relocation benefits, including reimbursement of moving and temporary living expenses and the Compensation Committee also approved a one-time tax gross-up related solely to the relocation benefits.

Process for Establishing Executive Compensation

The Compensation Committee of the Board has the primary responsibility for establishing the compensation of our executive officers, including the NEOs, with the exception of the CEO. The Compensation Committee's role regarding the CEO's compensation is to make recommendations to the independent members of the Board; the independent members of the Board establish the CEO's compensation.

The Compensation Committee directly engaged Korn Ferry as a compensation consultant to advise the Compensation Committee in the design of compensation for executive officers and to advise with respect to the unique circumstances of the 2025 compensation cycle. In March 2025, the Compensation Committee also engaged Meridian Compensation Partners, LLC ("Meridian") as its independent compensation consultant.

Korn Ferry conducted an annual compensation assessment of executive positions at Kroger for the Compensation Committee. The assessment is one of several factors, as described above, on which the Compensation Committee determines compensation. The consultant assessed:

- base salary;
- target performance-based annual cash incentive;
- target annual cash compensation (the sum of salary and annual cash incentive potential);
- long-term incentive compensation, comprised of performance units, stock options and restricted stock; and
- total direct compensation (the sum of target annual cash compensation and long-term compensation).

In addition to the factors identified above, the consultant also reviewed actual payout amounts against the targeted amounts. Following its engagement, Meridian provided advice to the Compensation Committee on executive compensation matters, including program design, market practices, and alignment of pay with performance.

Korn Ferry compared these elements against those of other companies in a group of publicly traded companies selected by the Compensation Committee. For 2025 compensation discussions, our peer group consisted of:

Albertsons	CVS Health	Sysco
Best Buy	Home Depot	Target
Cardinal Health	Johnson & Johnson	TJX Companies
Cencora, Inc (formerly known as AmerisourceBergen)	Lowe's	Walgreens Boots Alliance
Costco Wholesale	Procter & Gamble	Walmart

The make-up of the compensation peer group is reviewed annually and modified as circumstances warrant. The Compensation Committee determined that no updates were needed from the 2024 peer group. In addition, the Compensation Committee considered supplemental data provided by Korn Ferry from "general industry" companies, a representation of the Fortune 40, excluding financial services companies. This data provided reference points, particularly for senior executive positions where competition for talent extends beyond the retail sector. The peer group includes a combination of food and drug retailers, other large retailers based on revenue size, and large consumer-facing companies. Median 2025 revenue for the peer group was \$106 billion, compared to our 2025 revenue of \$148 billion.

Considering the size of Kroger in relation to other peer group companies, the Compensation Committee believes that salaries paid to our NEOs should be competitively positioned relative to amounts paid by peer group companies for comparable positions. The Compensation Committee also aims to provide an annual cash incentive potential to our NEOs around the market median. Actual payouts may be as low as zero if performance does not meet the baselines established by the Compensation Committee, while superior financial performance is rewarded with compensation falling above the median.

The Compensation Committee has the authority to determine the amount of the NEO's compensation.

In its annual review of compensation for the non-CEO NEOs, the Compensation Committee:

- Conducts an annual review of all components of compensation, quantifying total compensation for the NEOs including a summary for each NEO of salary, performance-based annual cash incentive, and long-term performance-based equity comprised of performance units, stock options and restricted stock.
- Considers internal pay equity at Kroger. The Compensation Committee works to determine that the compensation of the NEOs bears a reasonable relationship to the compensation levels of other executive positions at Kroger taking into consideration performance and differences in responsibilities.
- Reviews a report from the Compensation Committee's compensation consultant reflecting a comprehensive review of each element of pay, both annual and long-term; and compares NEO compensation with that of other companies, including both our peer group of competitors and a larger general industry group, to ensure that the Compensation Committee's objective of competitiveness is met.
- Took into account a recommendation from the Interim CEO for salary, annual cash incentive potential and long-term compensation awards for each of the senior officers, including the other NEOs. The Interim CEO's recommendation took into consideration the objectives established by and the reports received by the Compensation Committee, as well as his assessment of individual job performance and contribution to our management team.

The Compensation Committee does not make use of a formula, but both qualitatively and quantitatively considers each of the factors identified above in setting compensation.

Stock Ownership Guidelines

To more closely align the interests of our officers and directors with the interests of shareholders, the Board has adopted stock ownership guidelines. These guidelines require independent directors, executive officers, and other key executives to acquire and hold a minimum dollar value of Kroger common shares as set forth below:

Position	Multiple
Chief Executive Officer	6 times base salary
President and Chief Operating Officer	4 times base salary
Executive Vice Presidents and Senior Vice Presidents	3 times base salary
Independent Directors	5 times annual cash retainer

All covered individuals are expected to achieve the target level within five years of appointment to their positions. Until the requirements are met, covered individuals, including the NEOs, must hold 100% of common shares issued pursuant to performance units earned, shares received upon the exercise of stock options and upon the vesting of restricted stock, except those necessary to pay the exercise price of the options and/or applicable taxes, and must retain all Kroger common shares unless the disposition is approved in advance by the CEO, or by the Board or Compensation Committee for the CEO. The Board increased the multiplier for the CEO from 5 times base salary to 6 times base salary at its December 2025 meeting.

Executive Compensation Recoupment Policy (Clawback)

We have adopted a policy on incentive compensation-based recovery, which meets the requirements of NYSE listing standards and Section 10D of the Exchange Act. The policy requires the recoupment of incentive-based compensation paid to certain current and former executive officers in the event that the Company is required to restate its financial results due to the Company's material non-compliance with any financial reporting requirement under the securities laws. Under the policy, the Company will seek recovery of erroneously awarded incentive-based compensation received by current and former executive officers during the three-year fiscal year period prior to the date the Company is required to prepare an accounting restatement. The Policy is administered by the Compensation Committee of the Board.

Kroger has an additional recoupment policy, which provides that if a material error of facts results in the payment to an executive officer at the level of Group Vice President or higher of an annual or a long-term incentive in an amount higher than otherwise would have been paid, as determined by the Compensation Committee, then the officer, upon demand from the Compensation Committee, will reimburse Kroger for the amounts that would not have been paid if the error had not occurred. This recoupment policy applies to those amounts paid by Kroger within 36 months prior to the detection and public disclosure of the error or restatement.

Furthermore, under the 2019 Plan, unless an award agreement provides otherwise, if a participant's employment or service is terminated for cause, or if after termination the Compensation Committee determines either that (i) prior to termination, the participant engaged in an act or omission that would have warranted termination for cause or (ii) after termination, the participant violates any continuing obligation or duty of the participant with respect to Kroger, any gain realized by the participant from the exercise, vesting or payment of any award may be cancelled, forfeited or recouped in the sole discretion of the Committee. Under the 2019 Plan, any gain realized by the participant from the exercise, vesting or payment of any award may also be recouped if, within one year after such exercise, vesting or payment, (i) a participant is terminated for cause, (ii) the Compensation Committee determines that the participant is subject to recoupment pursuant to any Kroger policy, or (iii) after a participant's termination for any reason, the Compensation Committee determines either that (1) prior to termination the participant engaged in an act or omission that would have warranted termination for cause, or (2) after termination the participant violates any continuing obligation or duty of the participant with respect to Kroger. Unless otherwise defined under the 2019 Plan award agreement, "cause" has the meaning as defined in The Kroger Co. Employee Protection Plan, as amended from time to time.

Additionally, if an award based on financial statements that are subsequently restated in a way that would decrease the value of such award, the participant will, to the extent not otherwise prohibited by law, upon the written request of Kroger, forfeit and repay to Kroger the difference between what was received and what should have been received based on the accounting restatement, which will be repaid in accordance with any applicable Kroger policy or applicable law.

Compensation Policies as They Relate to Risk Management

As part of the Compensation Committee's review of our compensation practices, the Compensation Committee considers and analyzes the extent to which risks arise from such practices and their impact on Kroger's business. As discussed in the CD&A, our policies and practices for compensating associates are designed to, among other things, attract and retain high quality and engaged associates. In this process, the Compensation Committee also focuses on minimizing risk through the implementation of certain practices and policies, such as the executive compensation recoupment policy, which is described above. Accordingly, we do not believe that our compensation practices and policies create risks that are reasonably likely to have a material adverse effect on Kroger.

Securities Trading Policies

The Board has adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of Kroger's securities by its directors, officers and associates, as well as by the Company itself, that we believe are reasonably designed to promote compliance with insider trading laws, rules and regulations, and applicable listing standards.

Prohibition on Hedging and Pledging

The Board has adopted a policy prohibiting Kroger directors and executive officers from engaging, directly or indirectly, in the pledging of, hedging transactions in, or short sales of, Kroger securities.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with Kroger's management the Compensation Discussion and Analysis contained in this proxy statement. Based on its review and discussions with management, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in Kroger's proxy statement and incorporated by reference into its Annual Report on Form 10-K for fiscal year ended January 31, 2026 filed with the SEC on March 31, 2026.

Compensation Committee:
Amanda Sourry, Chair
Kevin M. Brown
Clyde R. Moore
Mark Sutton