



Comprehensive Divestiture Plan with C&S Wholesale Grocers, LLC

September 8, 2023



Safe Harbor

This presentation contains certain statements that constitute “forward-looking statements” within the meaning of federal securities laws, including statements regarding the effects of the proposed transaction and divestiture plan. These statements are based on management’s assumptions and beliefs in light of currently available information. Such statements are indicated by words or phrases such as “accelerate,” “create,” “commits,” “continue,” “deliver,” “expected,” “future,” “model,” “on track,” “positioned,” “strategy,” “target,” “thesis,” “synergies,” and “will.” 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” in our annual report on Form 10-K for the last fiscal year and any subsequent filings, as well as the following: the expected timing and likelihood of completion of the proposed transaction and divestiture plan, including the timing, receipt and terms and conditions of any required governmental and regulatory clearance of the proposed transaction and divestiture plan; the impact of the proposed divestiture plan; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement or divestiture agreement; the outcome of any legal proceedings that may be instituted against the parties and others following announcement of the merger agreement and proposed transaction or divestiture plan; the inability to consummate the proposed transaction or divestiture plan due to the failure to satisfy other conditions to complete the proposed transaction or divestiture plan; risks that the proposed transaction disrupts current plans and operations of Kroger; the ability to identify and recognize the anticipated benefits of the proposed transaction, including expectations and synergies; the amount of the costs, fees, expenses and charges related to the proposed transaction or divestiture plan; the ability of to successfully integrate the merged businesses and related operations; the ability to maintain an investment grade credit rating; risks related to the potential impact of general economic, political and market factors on the companies or the proposed transaction. The ability to achieve the goals for the proposed transaction may also be affected by its ability to manage the factors identified above.

The forward-looking statements included in this presentation speak only as of the date the statements were made. We do not assume any obligation to update the information contained herein unless required by applicable law. Please refer to Kroger’s reports and filings with the Securities and Exchange Commission for a further discussion of the risks and uncertainties.

Plan Marks Key Step in Merger Process

Kroger-Albertsons combination and divestiture sale to C&S Wholesale Grocers, LLC to create meaningful and measurable benefits for associates, customers and communities

INCLUDES SALE OF

413 Stores	   Brand Names	8 Distribution Centers
2 Regional Headquarters	5 Private Label Brands	17 States plus District of Columbia

C&S, an industry leader in wholesale grocery supply and one of the largest privately held companies in the United States, brings 104 years of food industry experience and a track record as a successful grocery retailer

C&S commits that no stores will close as a result of the merger and that all frontline associates will remain employed, all existing collective bargaining agreements will continue, and associates will continue to receive industry-leading health care and pension benefits alongside bargained-for wages

Merger remains on track to close in early 2024, subject to regulatory clearance and other closing conditions

C&S is Positioned to Successfully Operate and Grow Iconic Brands into the Future

C&S Wholesale Grocers, one of the largest privately-held companies in the U.S., is an industry leader in wholesale grocery supply chain solutions with 104 years of food industry experience and a strong track record as a successful grocery retailer:



Supplies more than 7,500 independent supermarkets, retail chain stores and military bases



Operates Grand Union supermarkets and Piggly Wiggly® franchise and corporate-owned stores



FTC-approved divestiture buyer in prior grocery transactions with strong track record of successfully transitioning union employees and their associated collective bargaining agreements



Provides end-to-end wholesale, supply and marketing services to its retailer customers



Through its wholesale and retail operations, C&S purchases more than 100,000 products, giving it the ability to provide customers with the best product selection and pricing available



C&S has established a retail holding entity to ensure a seamless closing process

Agreement follows robust and thoughtful process to identify buyer with management experience, a sound business plan, strong balance sheet and financial stability to continue to serve our communities

Extending a Well-Capitalized Competitor into New Geographies

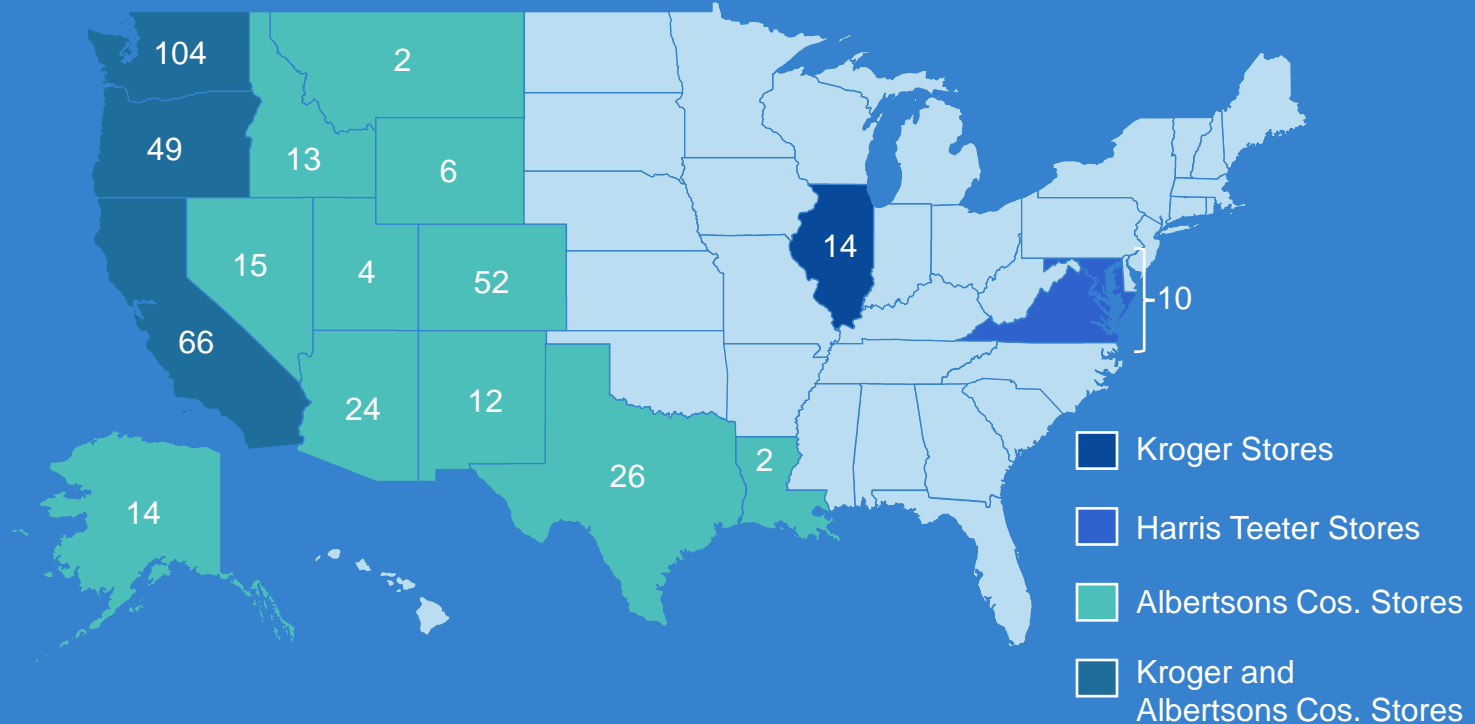
Core Assets

- 413 Stores
 - Incl. any associated fuel centers and pharmacies
- QFC, Mariano's and Carrs brand names¹
- Exclusive Licensing Rights to Albertsons Brand Name in Arizona, California, Colorado and Wyoming
- Debi Lilly Design, Primo Taglio, Open Nature, ReadyMeals and Waterfront Bistro private label brands

Comprehensive Operational Infrastructure

- 8 distribution centers
- 2 regional headquarters
- Expert district, division and functional associates

Divested Stores



Transfer of operational infrastructure to ensure C&S can continue to operate the divested stores competitively and cohesively



1. Stores currently under these banners that are retained by Kroger will be re-bannered into one of the retained Kroger or Albertsons Cos. banners following the close of the transaction. In the four states where C&S will have the license to the Albertsons banner, Kroger will re-banner the stores following the close of the merger with Albertsons Cos. Kroger will maintain the Albertsons banner in the remaining states.

Divestiture Plan Delivers on Our Commitments

2023 Divestiture Plan

Ensures that no stores will close as a result of the merger

Ensures frontline associates will remain employed

Existing collective bargaining agreements will be honored, with continued investment in associates and stores for the long term

Maintaining healthcare & pension benefits, and bargained-for wages

C&S has a strong balance sheet and a sound business plan

Seasoned operators with track record as a successful grocery retailer

2022 Merger Commitments Delivered

- ✓ Zero store closures

- ✓ Zero frontline associate job loss

- ✓ Secures union jobs

- ✓ Continued industry-leading benefits

- ✓ Well-capitalized buyer

- ✓ Strong management team

Reaffirming Compelling Shareholder Value Creation Opportunity

Combined company on track to meet financial commitments once merger and sale to C&S are completed



Divestiture Plan Consideration

- The definitive purchase agreement has customary representations and warranties and covenants of a transaction of its type
- Subject to fulfillment of customary closing conditions, including FTC and other governmental clearance, and the completion of the Kroger-Albertsons Cos. merger, C&S will pay Kroger all-cash consideration of approximately \$1.9 billion, including customary adjustments
- Prior to the closing, Kroger may, in connection with securing FTC and other governmental clearance, require C&S to purchase up to an additional 237 stores in certain geographies
- As a result of the comprehensive divestiture plan announced with C&S, the spin-off previously contemplated by Kroger and Albertsons Cos. is no longer a requirement under the merger agreement and will no longer be pursued



Financial Performance and Value Creation

- Divestiture plan marks a key step forward in the merger process, allowing us to reaffirm our financial commitments for the combined company, including:
 - **Synergies:** Expects to achieve \$1B annual run-rate synergies net of divestitures within first four years post-close; approximately 50% achieved within first two years post-close
 - **Accretion:** Accretive to earnings in the first year following close and double digit accretive to earnings by year four, excluding one-time costs
 - **Free Cash Flow:** Continued strong free cash flow generation; 30% accretive to total annual free cash flow by year four
 - **Total Shareholder Return:** Expected average TSR well above Kroger standalone model of 8-11% in the first four years following close



Financing

- Due to strong operating performance and comprehensive divestiture plan, Kroger remains on track to deliver on initial target to achieve 2.5x net debt to EBITDA leverage ratio within first 18-24 months post-close

Path to Close

- Remain on track to close in early 2024 subject to required regulatory approvals and other customary closing conditions
- Committed to working cooperatively with the regulators and all other interested parties to complete transaction



Investment Thesis

	Strong Business with Exciting Growth Opportunities⁽¹⁾	Proven Value Creation Model	Strong Balance Sheet & Resilient Free Cash Flow
	<ul style="list-style-type: none"> • Conveniently located +2,700 stores • First Party Data on 60M Households • ~\$30B <i>Our Brands</i> Business • Significant Digital Business, >\$10B 	<ul style="list-style-type: none"> • Net Earnings Growth, 3-5% <ul style="list-style-type: none"> • ID Sales Growth (ex. Fuel), 2-4% • Margin Improvements (net of investments), 1-2% • Cost Savings, \$1B Annually • High Growth, Margin Accretive Alternative Profits • Disciplined Capital Investments • Cash Payout 5-6% (Dividends & Share Repurchases⁽²⁾) 	<ul style="list-style-type: none"> • Strong Free Cash Flow Yield • Investment Grade Debt Rating • Current Net Debt to Adjusted EBITDA of 1.31x
	Accelerated Go-To-Market Strategy <ul style="list-style-type: none"> • National footprint of 4,996 stores⁽³⁾ • ~\$59B Fresh Sales • First Party Data on ~85M Households • ~\$45B <i>Our Brands</i> Business • Significant Digital Business, >\$12B 	<ul style="list-style-type: none"> • Combined TSR well above Kroger's standalone TSR Model of 8 – 11% in first four years post-close <ul style="list-style-type: none"> • Annual run-rate synergy savings of \$1B within first four years of combined operations • High Growth, Margin Accretive Alternative Profits 	<ul style="list-style-type: none"> • Strong Free Cash Flow; 30% accretive to total annual Adjusted Free Cash Flow by year four⁽⁴⁾ • Investment Grade Debt Rating • Target Net Debt to Adjusted EBITDA ratio of 2.3x to 2.5x within 18 to 24 months post-close⁽⁴⁾

1. As of January 29, 2022.

2. Kroger has paused its share repurchase program to prioritize de-leveraging following the proposed merger with Albertsons. During this period, value will be created for shareholders through dividends and the effect of reduced net debt.

3. Combined store, pharmacy, and fuel center count as of October 14, 2022.

4. Kroger is unable to provide a full reconciliation of forward-looking non-GAAP measures without unreasonable effort because it is not possible to predict with a reasonable degree of certainty the information necessary to calculate such measures on a GAAP basis because such information is dependent on future events that may be outside of Kroger's control. The unavailable information could have a significant impact on Kroger's GAAP financial results.