2019 Investor Conference





2019 Investor Conference

Rebekah Manis
Director of Investor Relations


Kroger

Agenda

01 **Kroger's Vision & Strategy**
***Rodney McMullen** | Chairman & Chief Executive Officer*

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02 **Creating Shareholder Value**
***Gary Millerchip** | Chief Financial Officer*

Agenda: Focus on the Core

03 State of the Business
***Mike Donnelly** | Chief Operating Officer*

Driving Sales Growth
***Joe Grieshaber** | Senior Vice President, Merchandising*

Customer Experience Through Operations
***Mary Ellen Adcock** | Senior Vice President, Operations*

04 Seamless Experience Ecosystem
***Yael Cosset** | Chief Information & Digital Officer*

Agenda

Lunch

05 More Profitability Through Alternative Profit

***Stuart Aitken** | Senior Vice President, Alternative Business*

***Cara Pratt** | Vice President, Kroger Precision Marketing*

06 Q&A Panel

07 Closing Comments

***Rodney McMullen**| Chairman & Chief Executive Officer*

Safe Harbor

This presentation includes forward-looking non-GAAP financial measures, which management believes to be useful to investors and analysts. Kroger is unable to provide a full reconciliation of the non-GAAP measures used in our 2019 and 2020 guidance, including adjusted earnings per share to earnings per share, adjusted FIFO operating profit to operating profit, and adjusted tax rate to tax rate, 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. It is not possible to estimate with a reasonable degree of certainty certain of our adjustment items because such information is dependent on future events that may be outside of our control. The unavailable information could have a significant impact on 2019 and 2020 GAAP financial results.



Vision & Strategy

Rodney McMullen
Chairman & Chief Executive Officer

Restock Kroger is Building Our Competitive Moat

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

- **Redefine Grocery CX**
- **Partner for Customer Value**
- **Develop Talent**
- **Live Our Purpose**

Capital Deployment

Create Shareholder Value



Kroger

Four Key Themes

On track with a stable and growing

core grocery business



Alternative profit streams



Building business for long-term growth



Which generates strong shareholder returns









Food Industry is a

$1.5 Trillion

Market





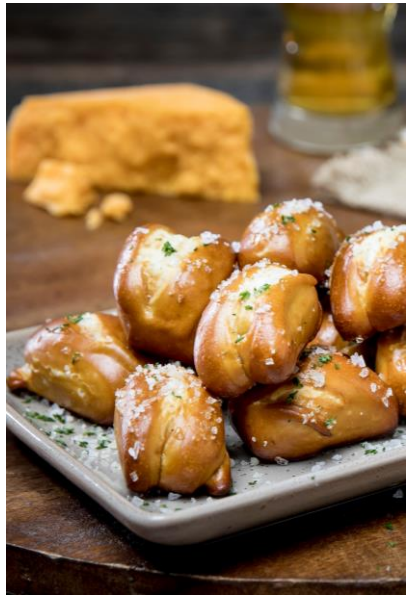








Kroger®











221
Food-related
Decisions per Day



Good, Difficult, Improving

GOOD

- Invested in Customer & Associate Experience
- Cost Savings
- Alternative Profit Streams
- Talent & Retention
- Best-in-class ESG

DIFFICULT

- ID Sales Momentum Came Later Than We Thought
- Space Optimization
- Industry-wide Retail Pharmacy Gross Margin Pressure

IMPROVING

Widening & Deepening Kroger's Competitive Moats:

- Focus on Fresh…For Everyone
- Drive Our Brands to Even More Households
- Data & Personalization

Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

- **Redefine Grocery CX**
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Capital Deployment

Create Shareholder Value



Restock Kroger is Enhancing Our Customer Connection

Investing for long-term growth

- Transformed capital allocation strategy
- Cost savings to fund incremental investments



Progress in Key Areas to Create Shareholder Value

Regained 2019 ID Sales Momentum
2.0-2.25%

2019 Adjusted EPS
$2.15-$2.25

Returned
$4.8B in cash through dividends and share buybacks since 2017

Customer Obsession | Operational Excellence | Seamless





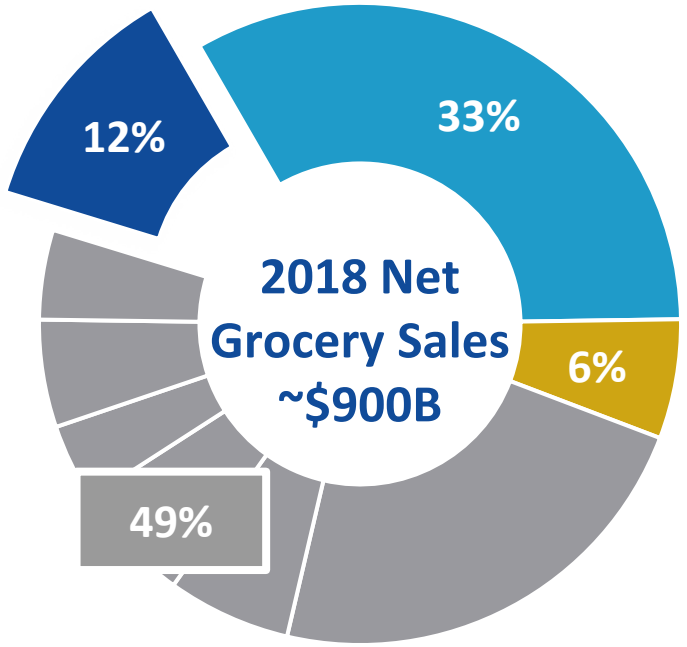
Creating Shareholder Value

Gary Millerchip
Chief Financial Officer

- Right to Win
- Restock Kroger Reflection
- Future Financial Expectations

Kroger Ranks #1 or #2 for Market Share in ~90% of Our Major Markets

33% of the Market is Held By Smaller Scale Operators



Food Away from Home Expands Market to $1.5T



■ Other ■ Discounters /Dollar ■ Other Leading Food Retailers ■ Kroger

Source: Planet Retail, Edge Retail Insight

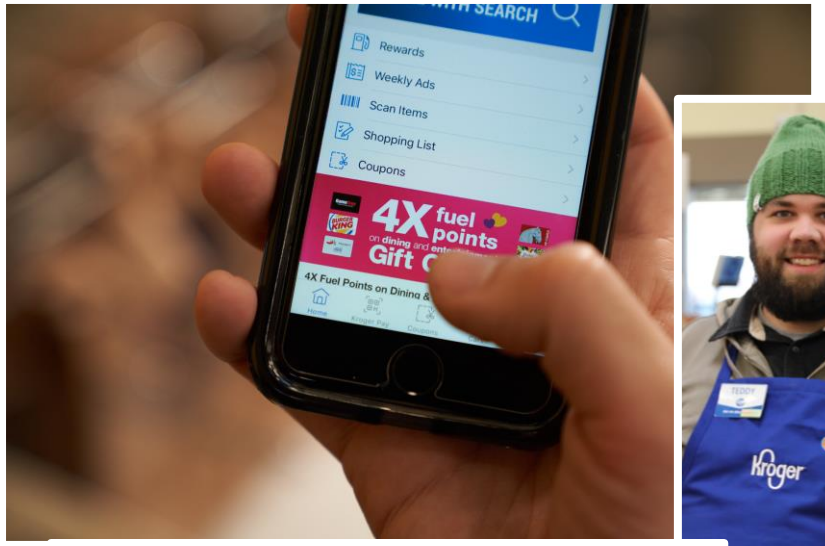
As of 2/26/2020, Kroger updated 2018 Net Grocery Sales from million to billion to more accurately depict the market.

Our Physical Stores Remain a Competitive Advantage



97% of Customers Shop for Groceries Inside the Store





Seamless Experience is Critical to Customer Loyalty



Source: Field Agent – Groceries 2.0

Kroger is Well Positioned in the Market

	**Fresh products are high quality**
	**Selection in store brand products meets my needs**
	**Offers personalized recommendations**
	**Employees are friendly**
	**Products are consistently in stock**

Kroger

Big box retailers

better

Partnerships Play an Important Role in Kroger's Ecosystem



Restock Kroger: Right Investments to Position Kroger for Long-term Success



Unexpected Headwinds Have Impacted Our 3 Year Incremental Operating Profit Trajectory by ~$800M

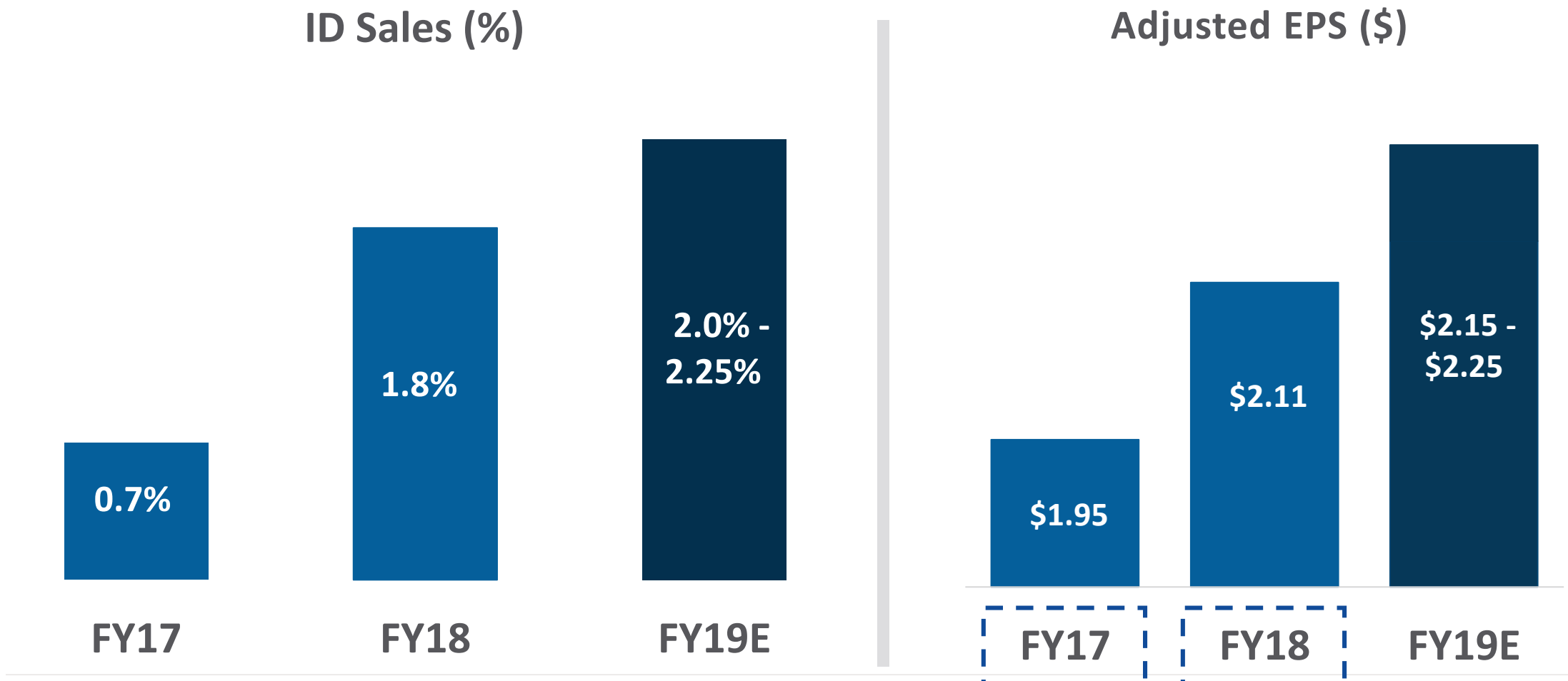


Retail Pharmacy a Key Component of Our Customer Proposition

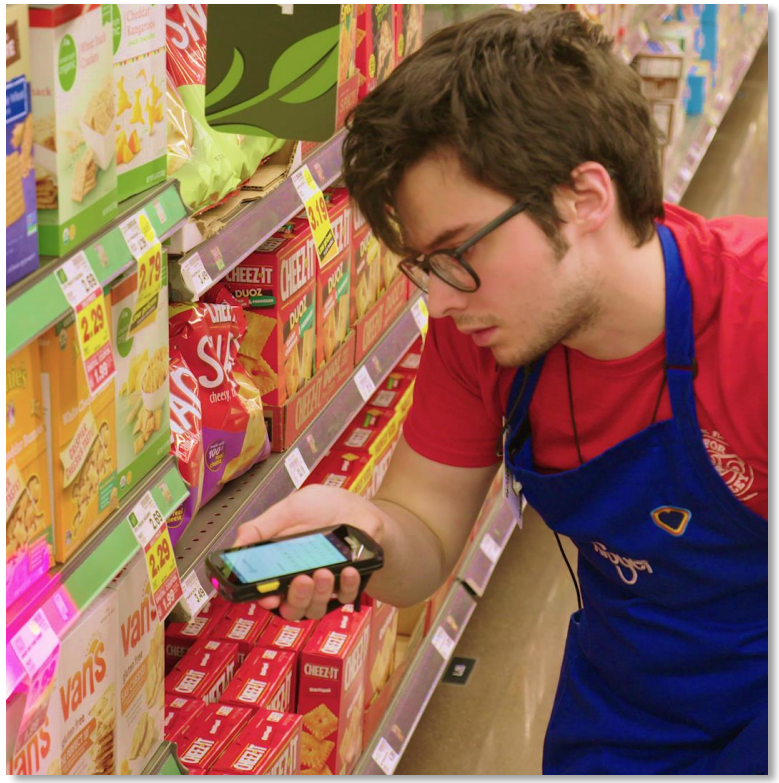


- Loyalty Driver
- Health & Wellness Strategy
- Strong Financial Returns

Progress in Key Strategic Areas



Successful Major Cost Saving Program

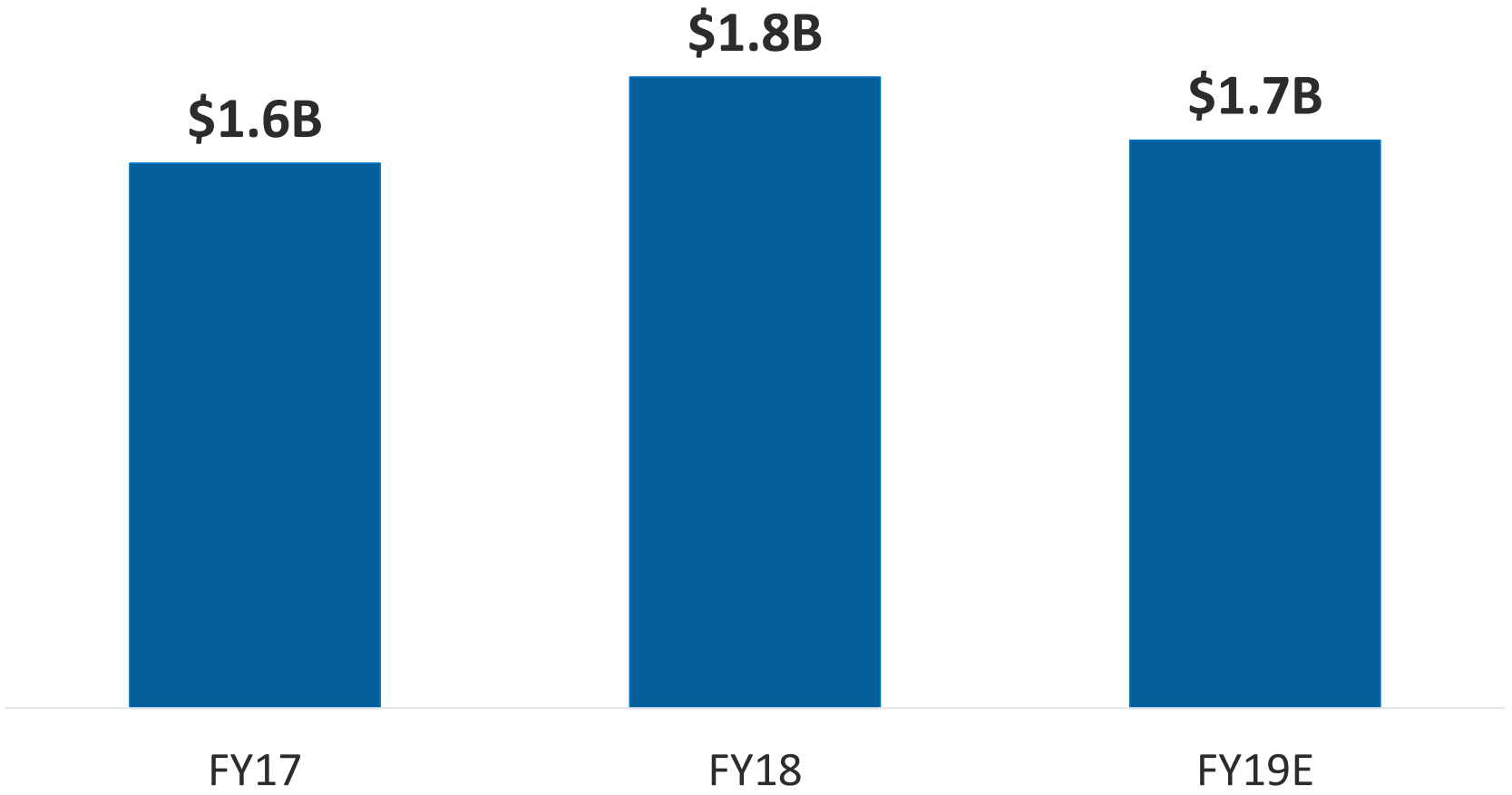


- Productivity Improvements
- Sourcing
- Administrative Efficiencies
- Waste Reduction

2018 Cost Savings = $1B and on Track to Deliver 2019 Plan

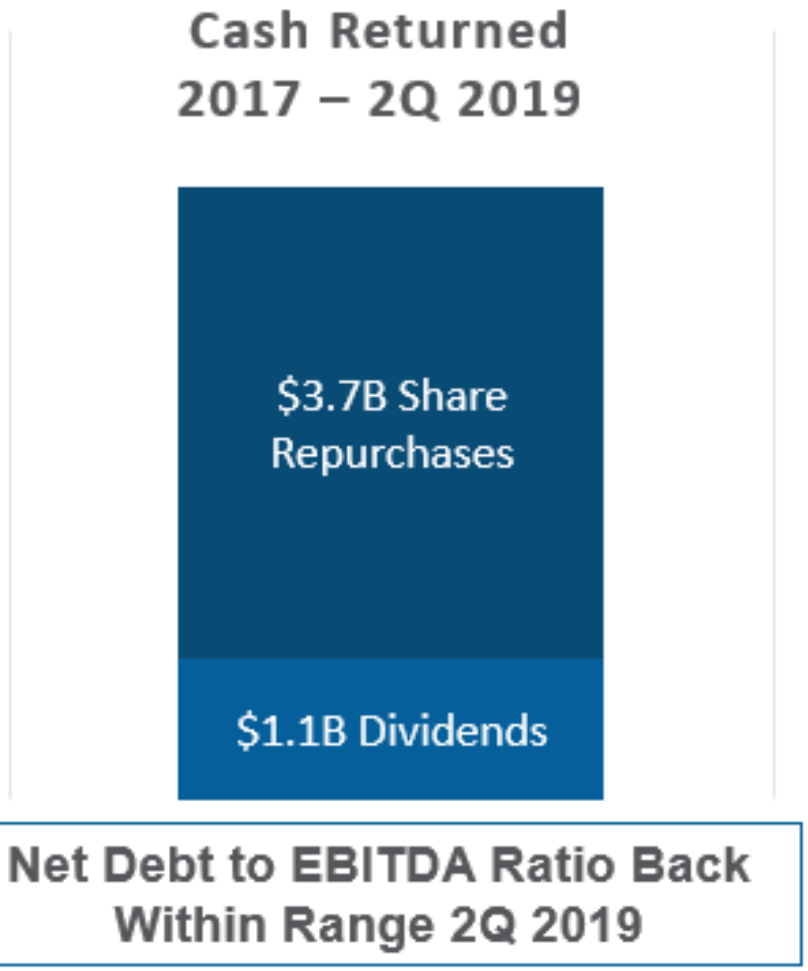
Generating Strong Free Cash Flow

$5.1B
FCF



Free Cash Flow = Operating Cash Flow (before company-sponsored pension contributions) – Capital Expenditures and excluding the cash tax-effect of the sale of strategic assets

Returned ~$4.8B to Our Investors



Business Divestitures



- Right to Win
- Restock Kroger Reflection
- **Future Financial Expectations**

Kroger's Value Creation Model is Strong and Durable

Strong and Durable Retail Supermarket Business

- Customer Obsession - ID Sales
- Investments Balanced with Productivity Improvements

Fast Growing Alternative Profits

High Return Capital Investments

EPS Growth

- Net Earnings Growth
- Share Repurchases

Dividend Yield

Total Shareholder Return

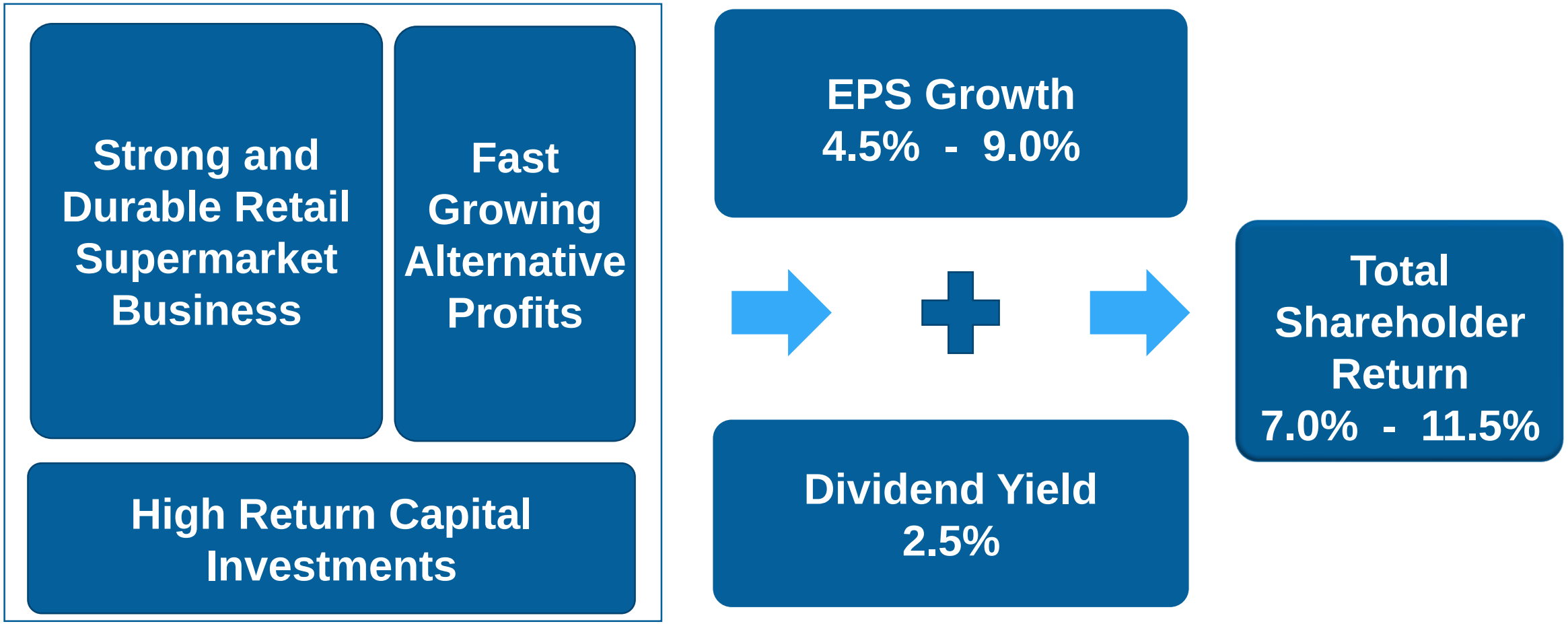
Path to Consistently Strong and Attractive TSR – 2020 Guidance

Earnings	2020 Guidance
ID Sales Growth	> 2.25%
Incremental Alternative Profits	$125M - $150M
Adjusted FIFO Operating Profit	$3.0B - $3.1B
Adjusted FIFO Operating Profit Growth* (on mid-point)	2% - 5%
Adjusted EPS	$2.30 - $2.40
Adjusted EPS Growth* (on mid-point)	4.5% - 9%

Use of Cash	
Capital Expenditures	$3.2B - $3.4B
Free Cash Flow	$1.6B - $1.8B
Share Buybacks	$500M - $1B

*FIFO Operating Profit and EPS Growth based off 2019 guidance mid-point
Guidance does not reflect any future changes in the market value of Ocado Securities which cannot be predicted

Path to Consistently Strong and Attractive TSR – 2020 Guidance

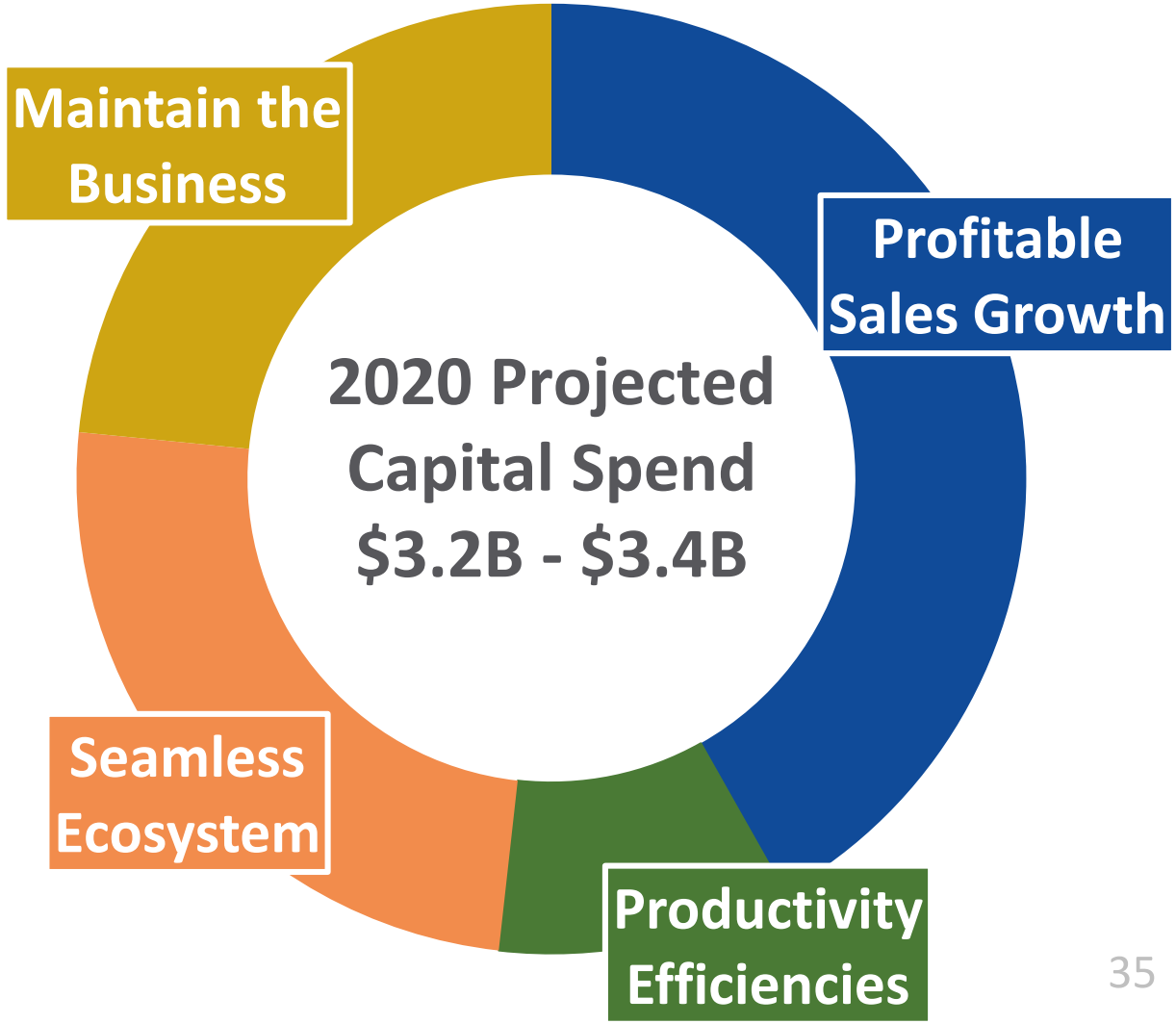


Total shareholder return assumes no change in Kroger's PE ratio.

Disciplined Capital Investments

Value Creation Priorities

- ✓ Profitable Sales Growth
- ✓ Productivity Efficiencies
- ✓ Seamless Ecosystem (includes Ocado)
- ✓ Maintain the Business



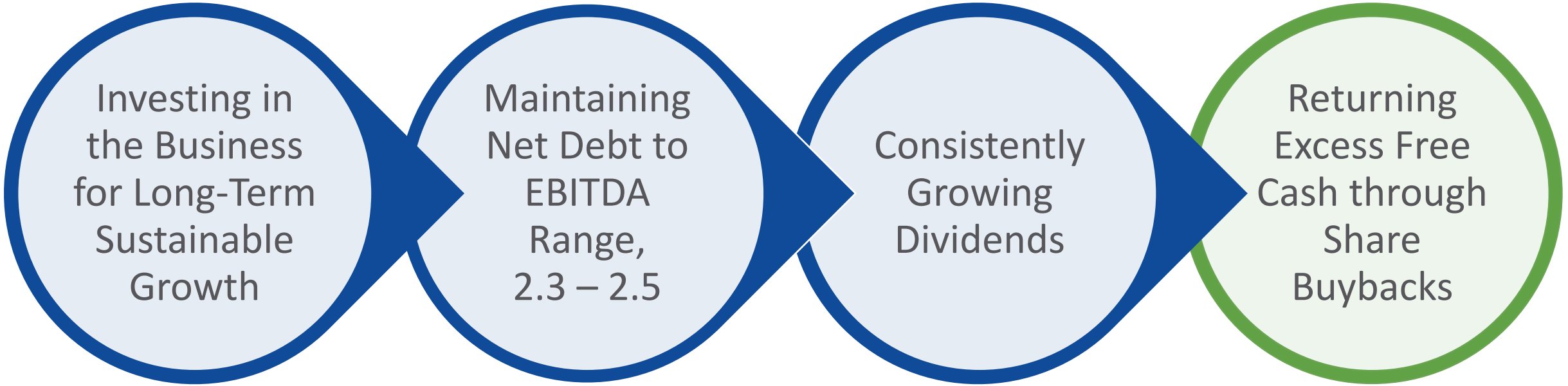
ROIC is Above Our Cost of Capital and Expected to Improve Over Time



Expect ROIC to be essentially flat in 2019 and gradually improving over time through:

- Improving Business Performance
- Disciplined Approach to Capital Deployment
- Portfolio Management and Asset Rationalization

Disciplined Approach to Financial Management

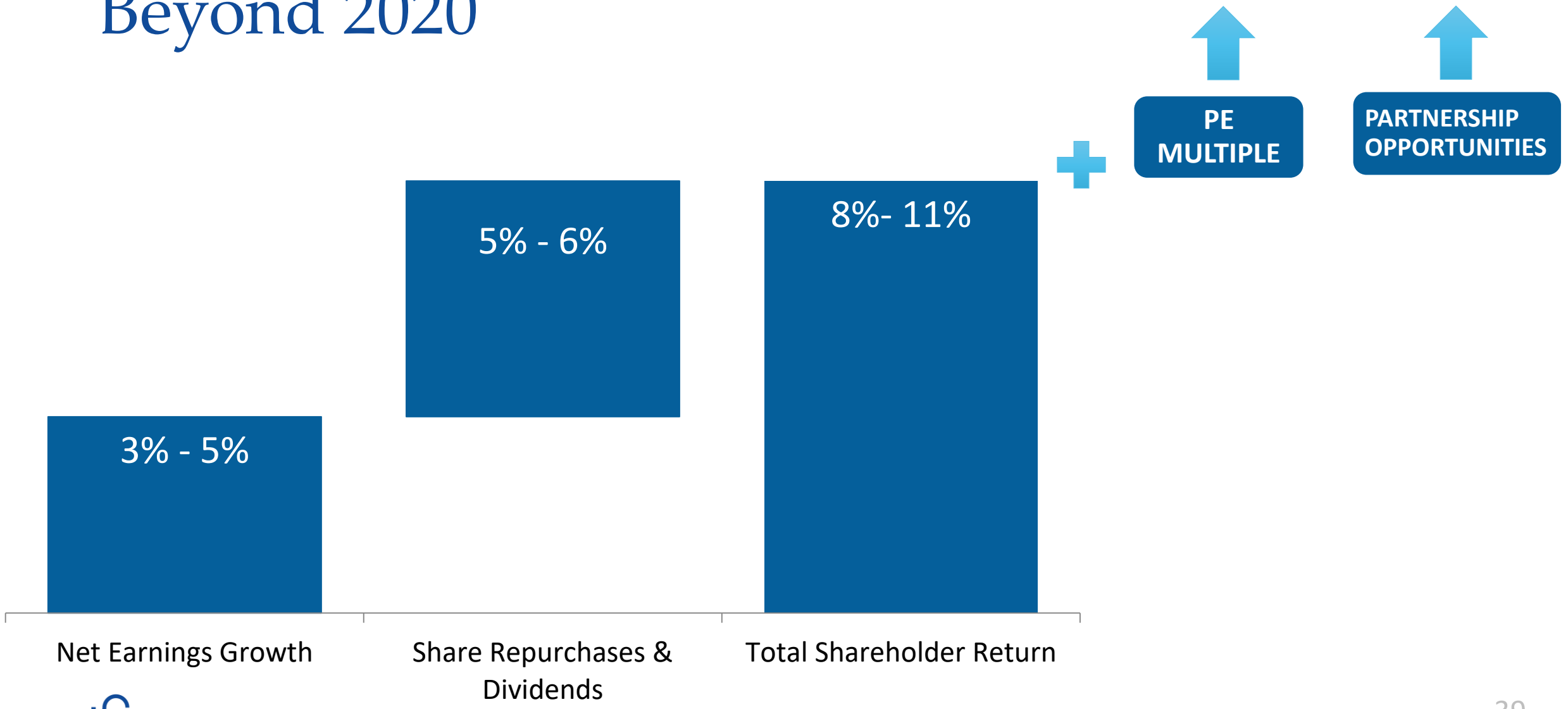


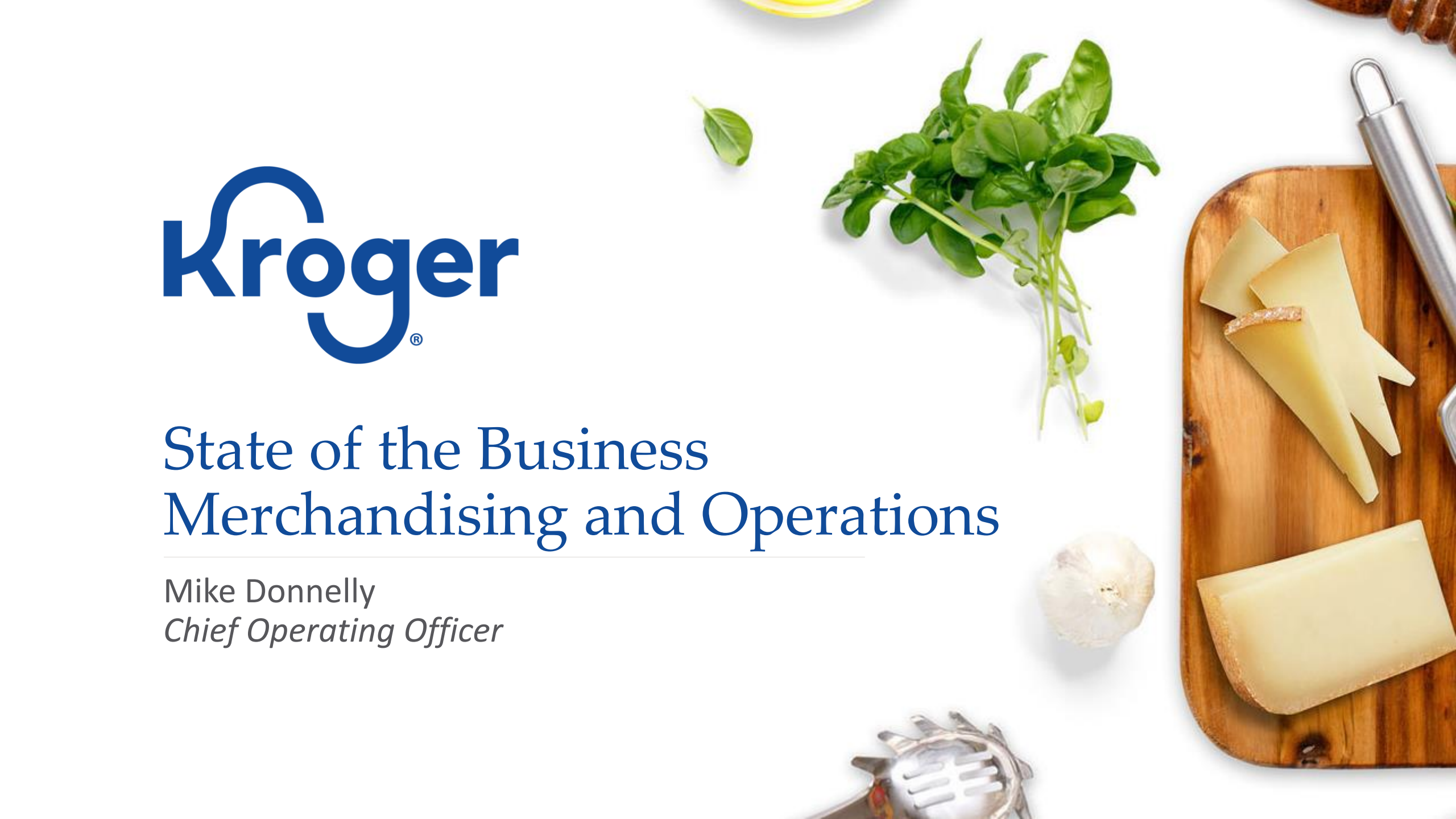
Kroger's Value Creation Model Summary



- Identical Sales Growth Through Our Customer Obsession
- Investments that are Balanced with Future Cost Savings
- Leverage Our Unique Set of Assets to Grow Our Alternative Businesses
- Disciplined Capital Investment
- Strong Free Cashflow Throughout the Economic Cycle
- Returns to Our Shareholders Through EPS Growth and a Growing Dividend

Path to Consistently Strong and Attractive TSR – Beyond 2020



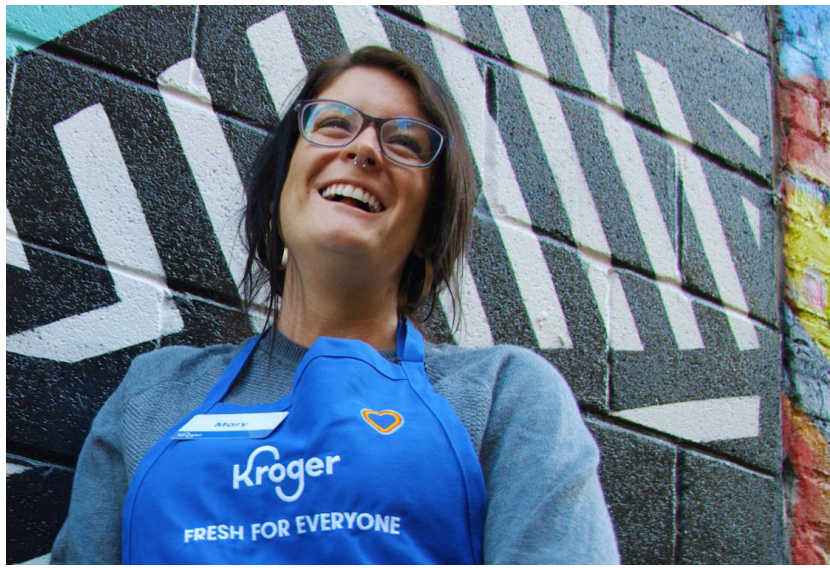


State of the Business
Merchandising and Operations

Mike Donnelly
Chief Operating Officer







Our PEOPLE are Our Greatest Asset…



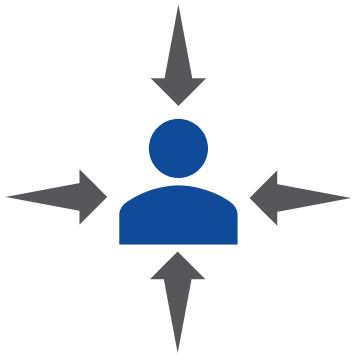




We Are Ready!



Renewed Focus on Fundamentals in 2019 is Driving Momentum for Strong 2020



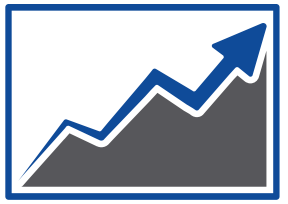
2018

- Our plan was too aggressive
- Changes in stores causing disruption



2019

- Eliminated disruptions in stores
- Focus on the fundamentals
  - Full, fresh, friendly
  - Customer experience



2020

- Momentum from 2019
- Focus on fundamentals and customer experience
- Inspired selling

Strength of Our Core is the Foundation for Success…



11MM households

shop with us every single day



30% of HHs are loyal,

and are 8X more valuable



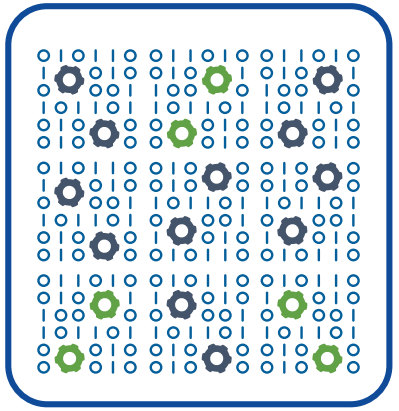


Large footprint

and #1 or #2 in 90% of major markets in which we operate

Data from 60MM

customers enables us to personalize value



…and Our Core is Strong Because Our Customer is at the Center of Everything We Do

Customer-first decision making

- Marketing
- Assortment
- Pricing
- Technology & Innovation



Loyalty driving customer engagement

- Fresh
- Fuel rewards
- Personalization
- Store experience

Winning the Core: Driving Sales

Driving Higher ID Sales Growth

- Personalization
- Our Brands
- Fresh for Everyone



Winning the Core: Operational Excellence

Delivering value through operational excellence

- Full, Fresh, Friendly
- Operational cost reduction



Winning the core: Digital experience

Creating a seamless experience through digital

- Available
- Accessible
- Relevant





Driving Sales Growth

Joe Grieshaber
Senior Vice President, Merchandising

Identical Sales Growth Driven by 3 Strategic Levers



PERSONALIZATION



OUR BRANDS



FRESH FOR EVERYONE

Personalization
Grows Loyalty

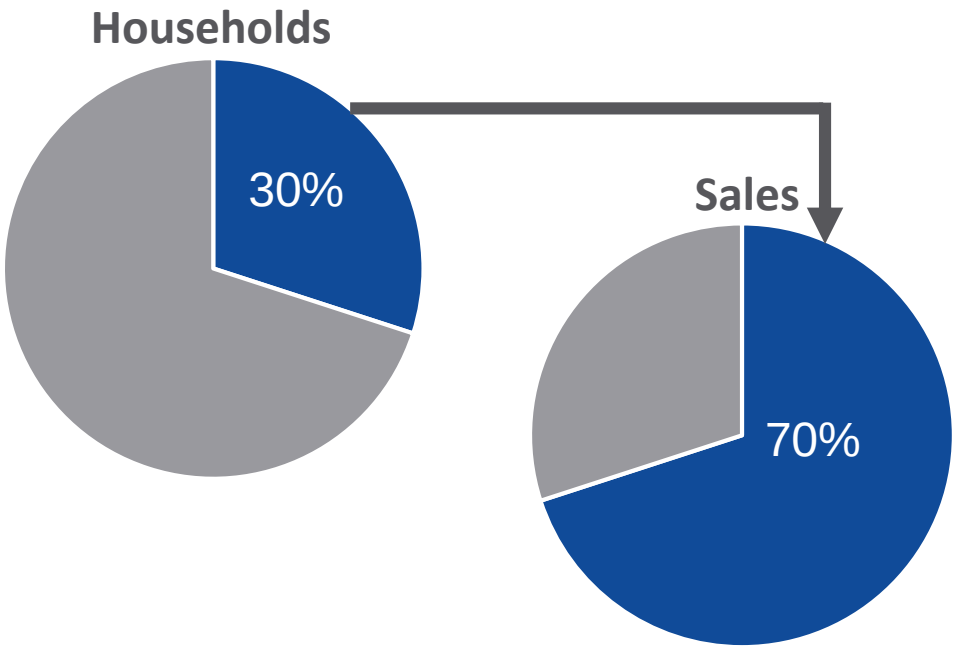
“(Receiving Best Customer Communications) Makes me feel like I’m on the favored list!”

-King Soopers Customer

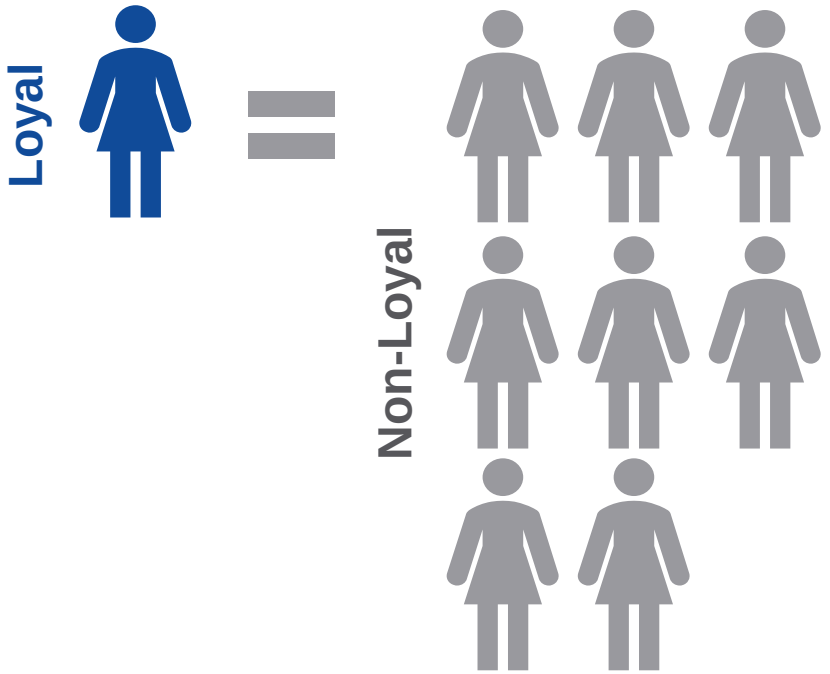
Kroger

Loyals are Most Valuable & Pivotal to Success

Loyals represent **~30%** of HHs, but **70%** of spend



They are **8X** more valuable than Non-Loyal HHs



Loyal Households Growing Year Over Year

Growing Loyalty through Personalization

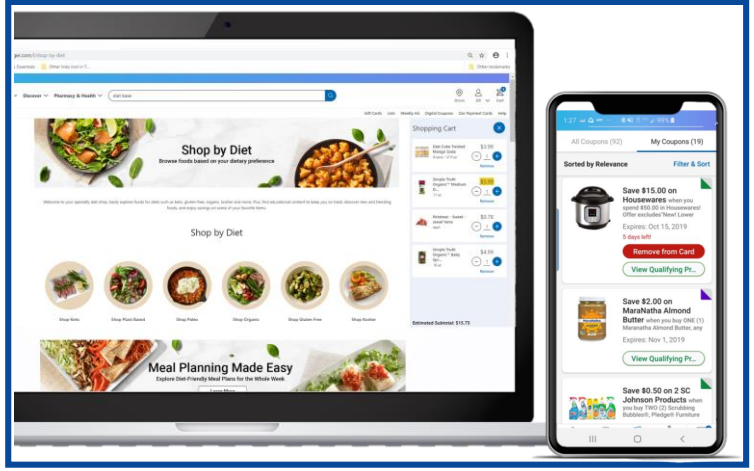
Fuel Rewards



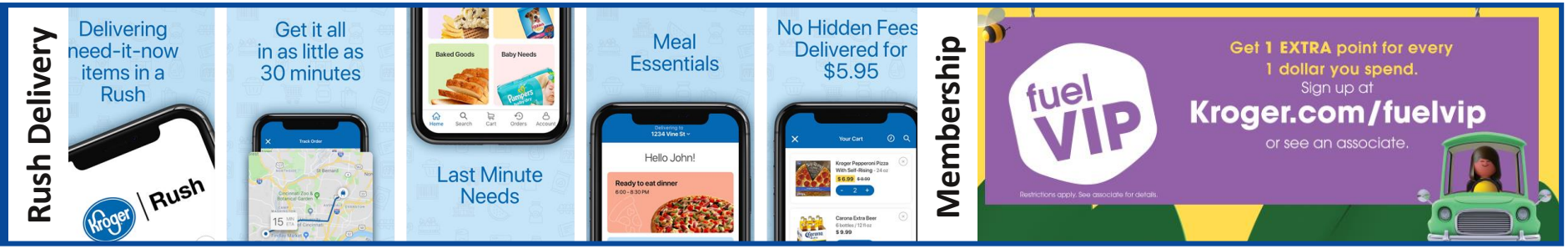
Personalized Communications



Digital Experience



Innovation



Fuel Rewards



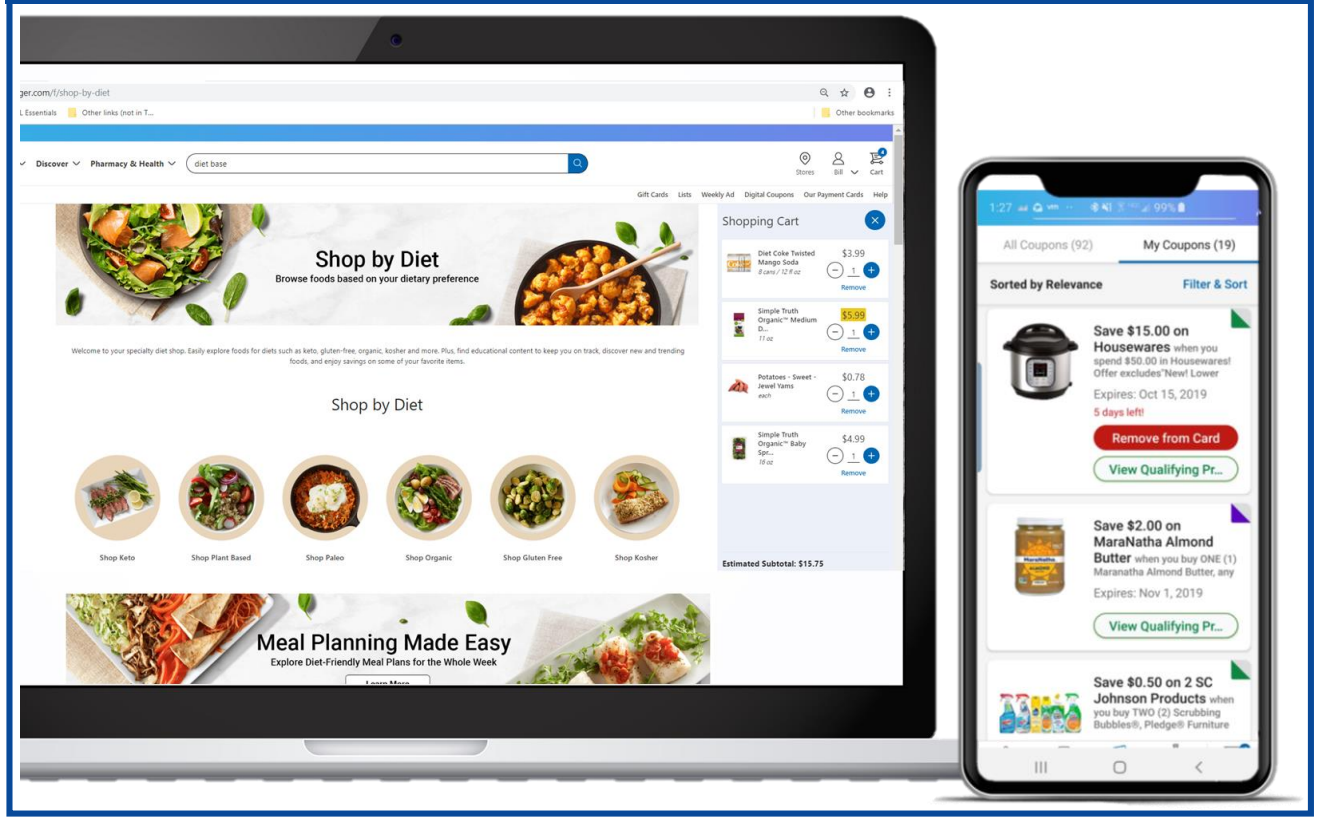
- **10M** customers engage each month
- Customers cite as a top reason to shop Kroger

Personalized Communications



- One of top levers for incrementality
- Over **1.5BN** coupons sent annually

Digital Experience

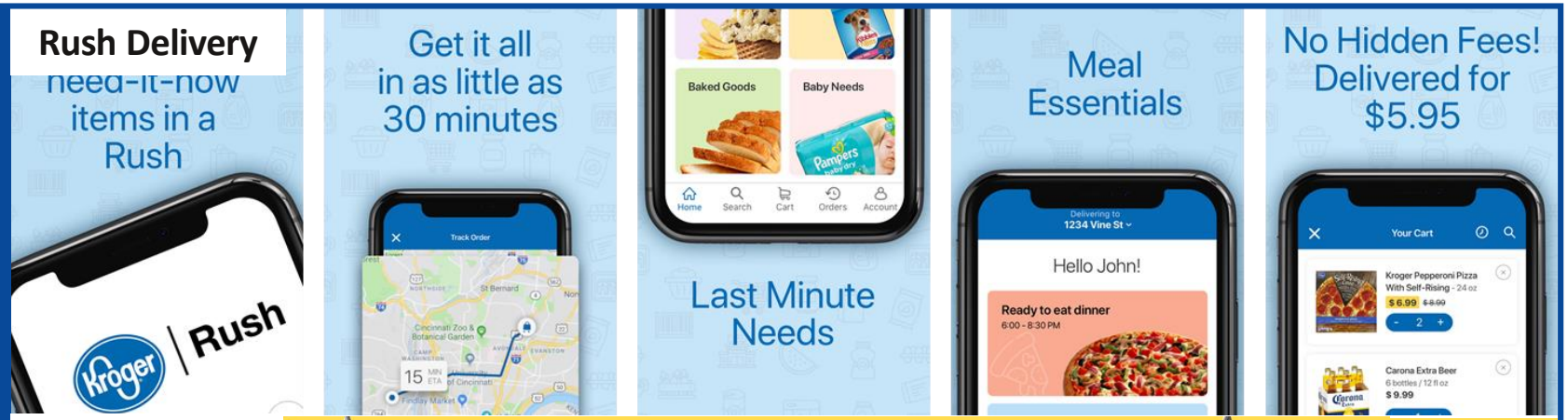


- **2B+** coupons downloaded last year
- Digital customers make **3** more visits / month

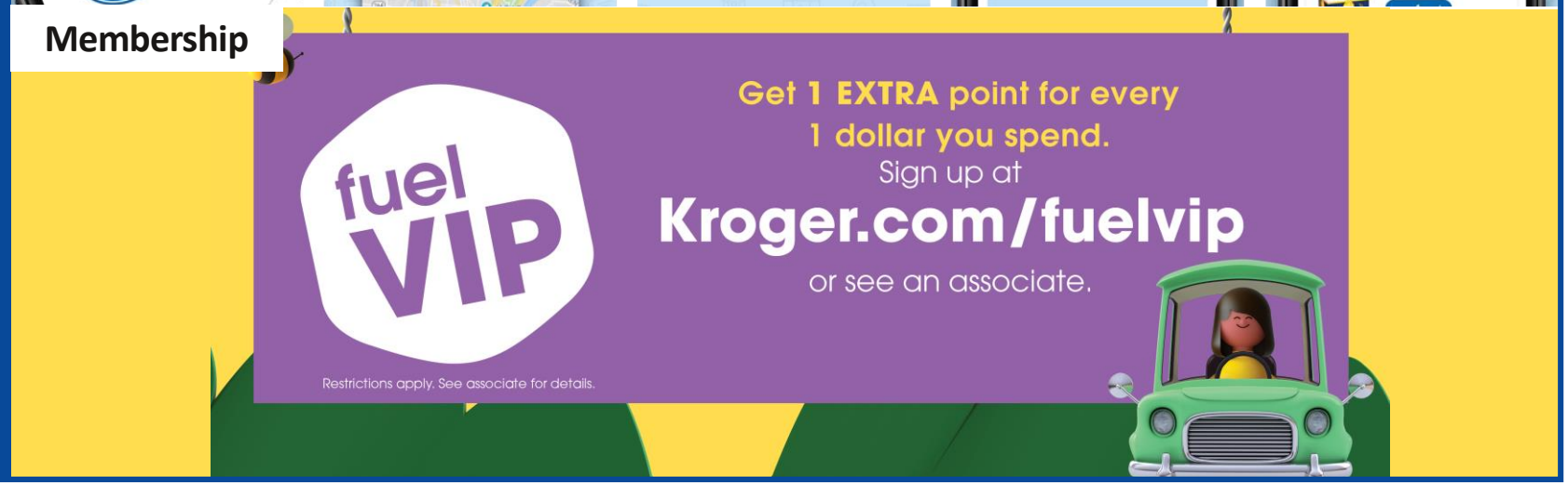
Innovation

A disciplined approach of testing and learning enables more innovation and speed to market

Rush Delivery



Membership



Growing Loyalty through Personalization

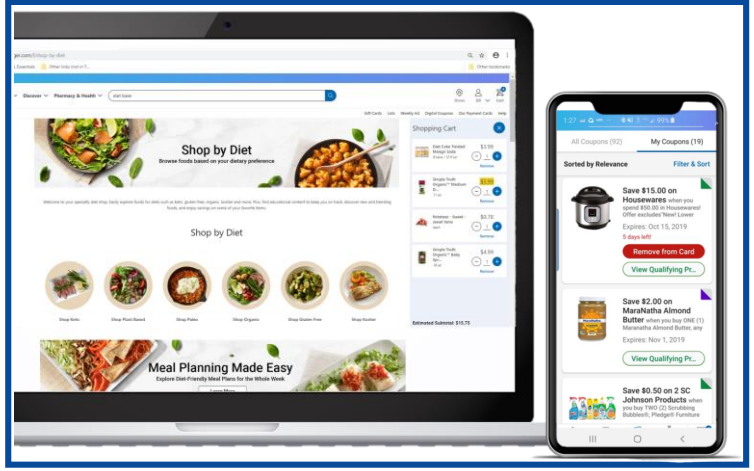
Fuel Rewards



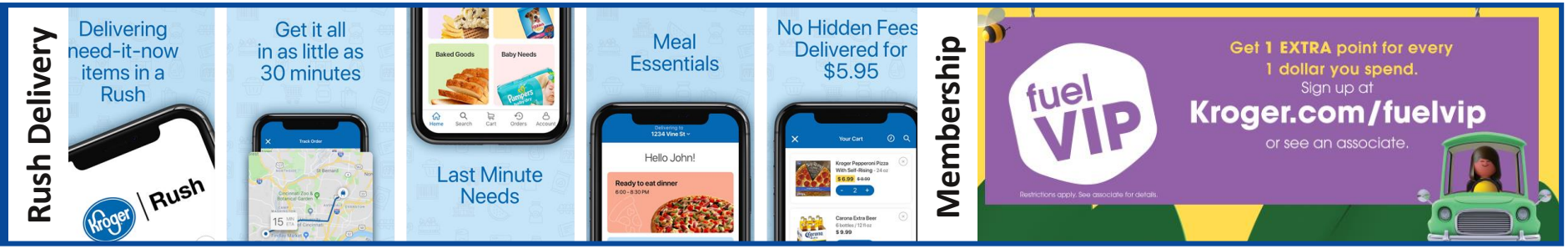
Personalized Communications



Digital Experience



Innovation



Our Brands:

A Competitive Advantage

*“**Quality of Simple Truth** items and organic foods are one of the main reasons I shop here.”*

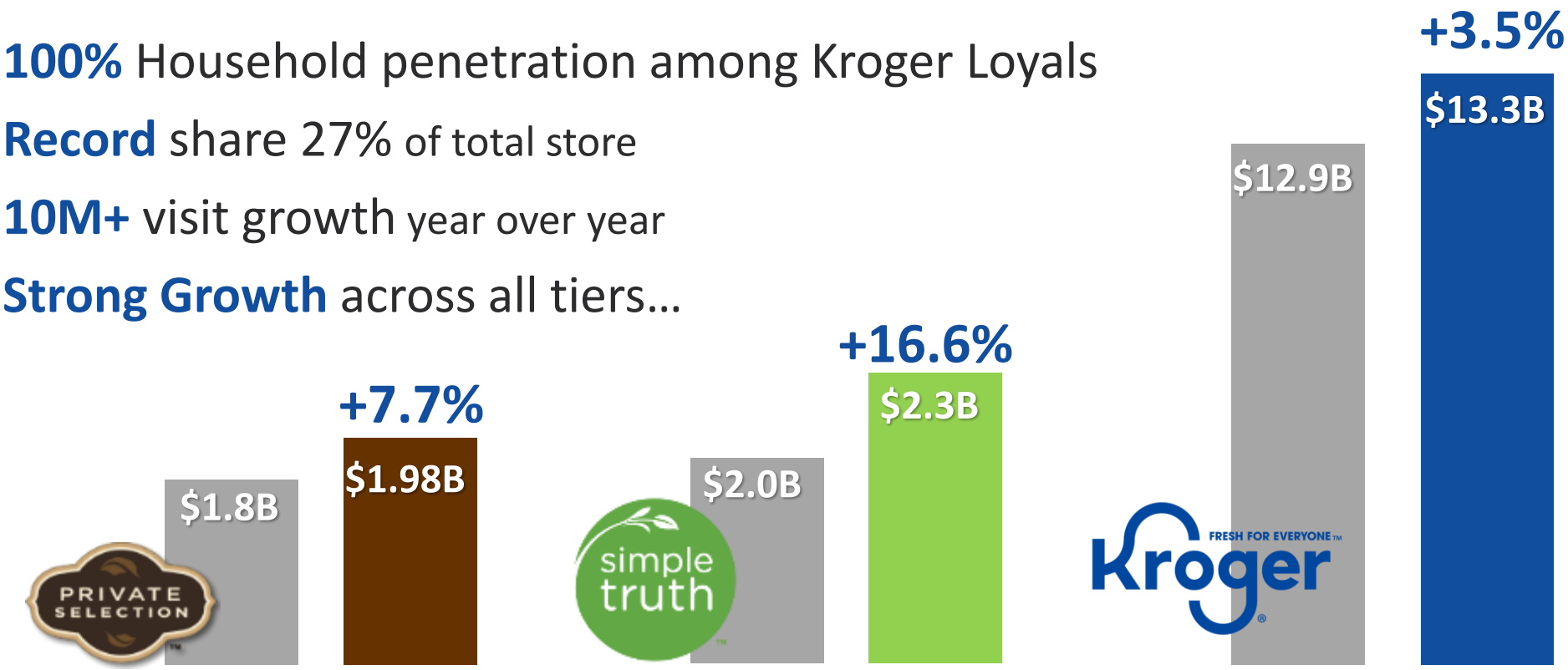
-Smith’s Customer

Kroger

Our Brands

World Class Approach Delivers Record-Breaking Results

- **100%** Household penetration among Kroger Loyals
- **Record** share 27% of total store
- **10M+** visit growth year over year
- **Strong Growth** across all tiers…



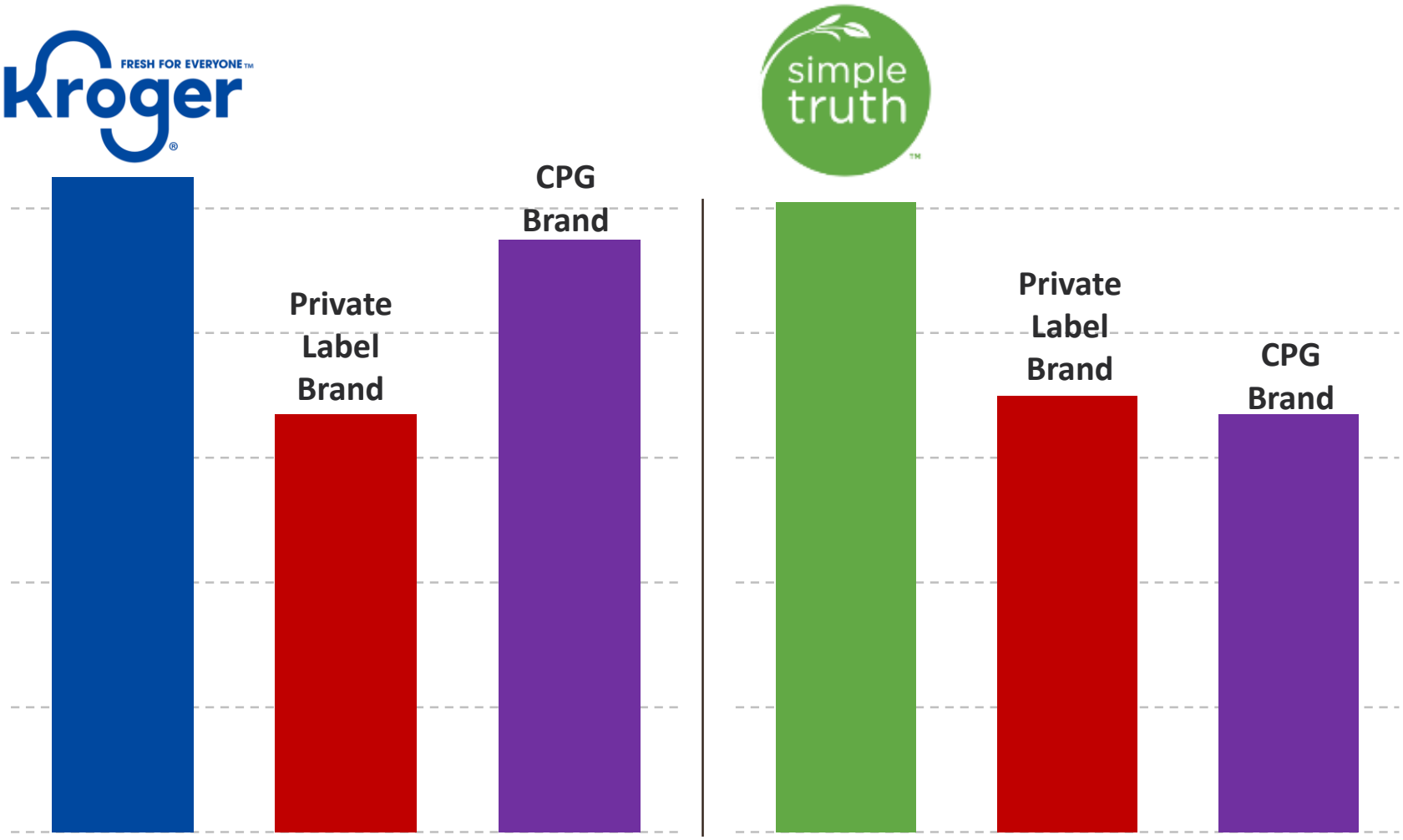
Sales and YoY change, 52 Weeks, 2018

Our Customers LOVE Our Brands

Net Promoter score is 30% -40% higher

for Kroger, Private Selection and Simple Truth vs. comparable tier National Brand and Private Label

Net Promoter Score Variance Examples



Source: IRI 2017 Brand Equity Study

Growing Loyalty through Our Brands







Quality & Innovation







- **31MM** Kroger households
- Greater average basket size



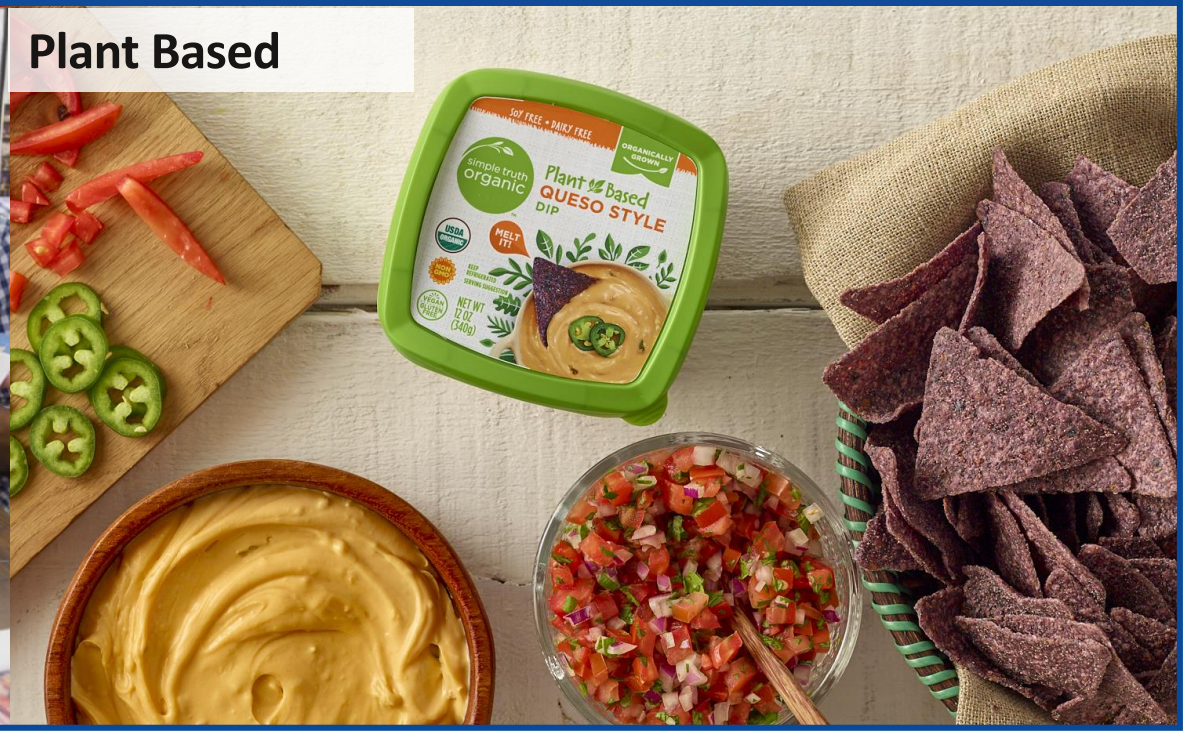
- **32%** share of branded Nat/Organic sales
- Greater average basket size



- **87%** total household Penetration
- Greater average basket size

Quality & Innovation





We perform 10,000 product sensory evaluations annually

Growing Loyalty through Our Brands







Quality & Innovation





Fresh:

An Important Part of the Store

*“I came in for a few things; but, after seeing items that gave me **inspiration to cook,** I bought a lot more.”*

- Fred Meyer Customer

Kroger

We Will Lead with "FRESH"

Fresh Decides Store

Fresh categories are the top **9** influencers of retailer choice[1]



Fresh Drives Trips

…with tonight's dinner and produce the biggest reason to stop in[2]



Fresh Builds Love

…with Fresh-themed videos performing better than industry average[3]



1. Internal studies, Category Roles;2. Marketing Omnibus P2 2019, 1027 Kroger customers; 3. Zappi Copy Testing

Fresh for Everyone!

Fresh Available in One Place





Quality Standards



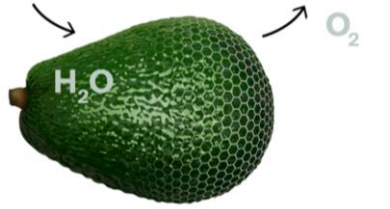
10 DAYS ON MILK



6-STAGE RIPENING

Providing a little extra peel

APEEL SCIENCE



Fresh Meal Concepts



Fresh Innovation

In-store Grown Produce



Food as Medicine



Eateries & Food Halls



Fresh Available in One Place





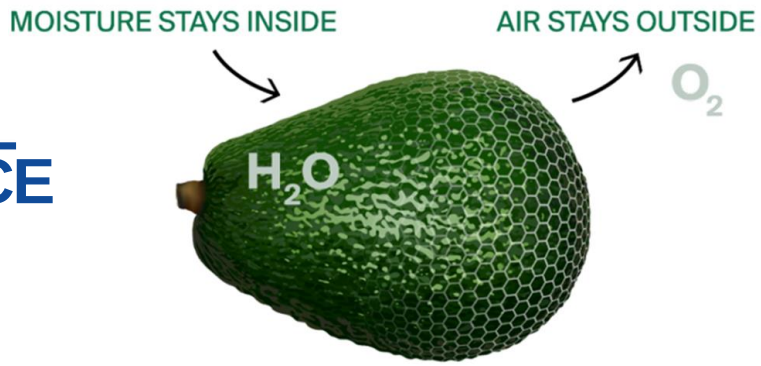
Quality Standards





Providing a little extra peel

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Fresh Meal Concepts



Fresh Innovation

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Food as Medicine



Eateries & Food Halls



Fresh for Everyone!

Fresh Available in One Place





Quality Standards



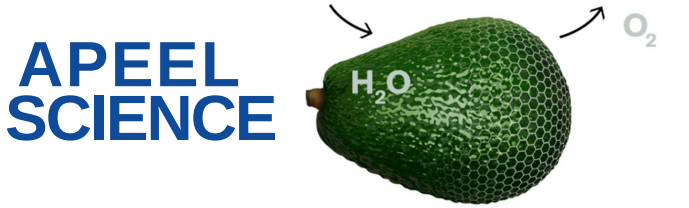
10 DAYS ON MILK



6-STAGE RIPENING

Providing a little extra peel

APEEL SCIENCE



Fresh Meal Concepts



Fresh Innovation

In-store Grown Produce



Food as Medicine



Eateries & Food Halls



BRAND TRANSFORMATION

Kroger®




‘Sea of Sameness’

Kroger

FRESH FOR EVERYONE™

As America's favorite grocery store, we believe that no matter who you are, where you're from, how you like to shop, or what you like to eat, everyone deserves to have affordable, easy-to-enjoy, fresh food.



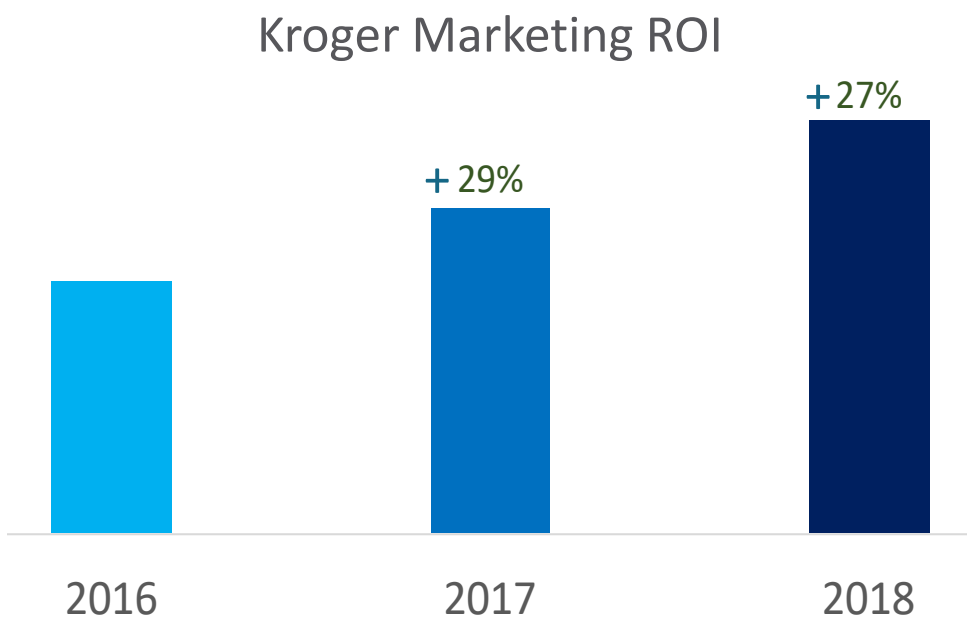
Kroger®

Free Pickup
For the Holidays



Breakthrough Creative Will Drive Efficiency

Channel Optimization Has Improved Our ROI…



…and Now Breakthrough Creative Will Help Us Do More

- Strong creative can account for >50% of an ad's impact
- Consistency = greater impact of the total plan
- Increased production efficiency

Kroger Synergies were 15 % of total Marketing vs. Retailer Industry Benchmark Synergies: 5%-8%
Breakthrough creative influences over 50% of marketing impact (per Google, Nielsen, and Kantar)


You Can Find Kroger Now!



Customer Experience Through Operations

Mary Ellen Adcock
Senior Vice President, Retail Operations

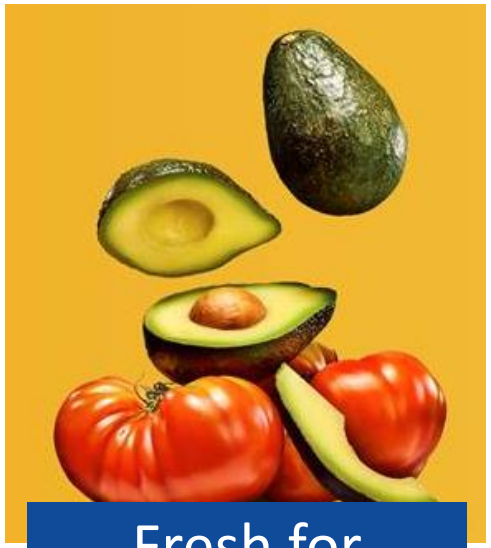
Customer Obsession and Operational Excellence



Personalization



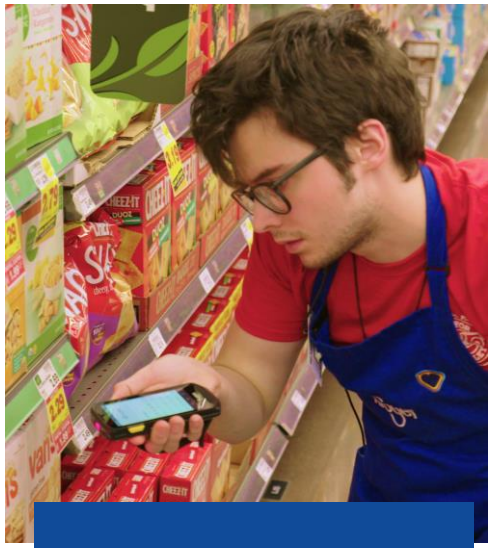
Our Brands



Fresh for Everyone



Customer Experience



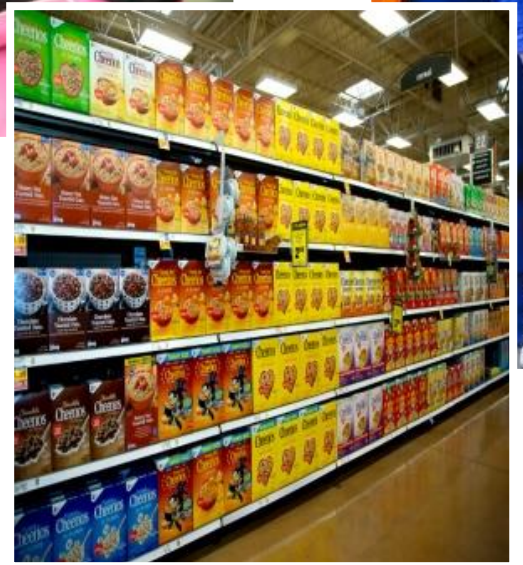
Cost Savings

Identical Sales Growth!

Delivering Value Through Cost Savings & Customer Experience Execution









Exceeded Cost Savings Commitment, On-track to Deliver Incremental in 2019



Customers Choose to Shop at Kroger for the Experience

	**Fresh products are high quality**
	**Selection in store brand products meets my needs**
	**Offers personalized recommendations**
	**Employees are friendly**
	**Products are consistently in stock**

Kroger

Big box retailers

worse — better

Fundamentals Remain Essential to the Experience



Full



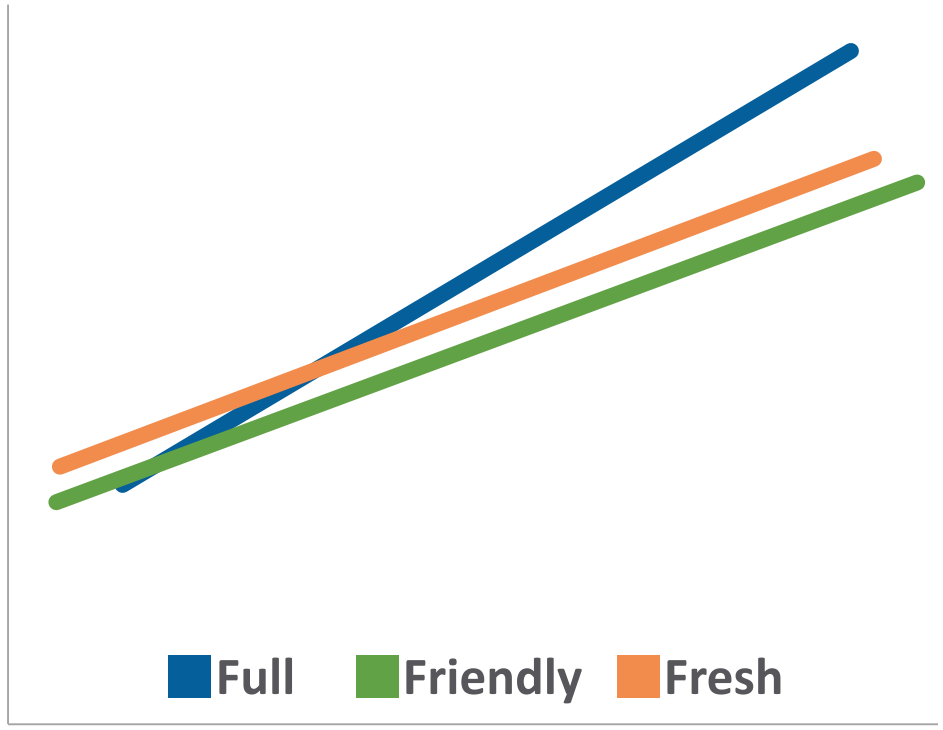
Fresh



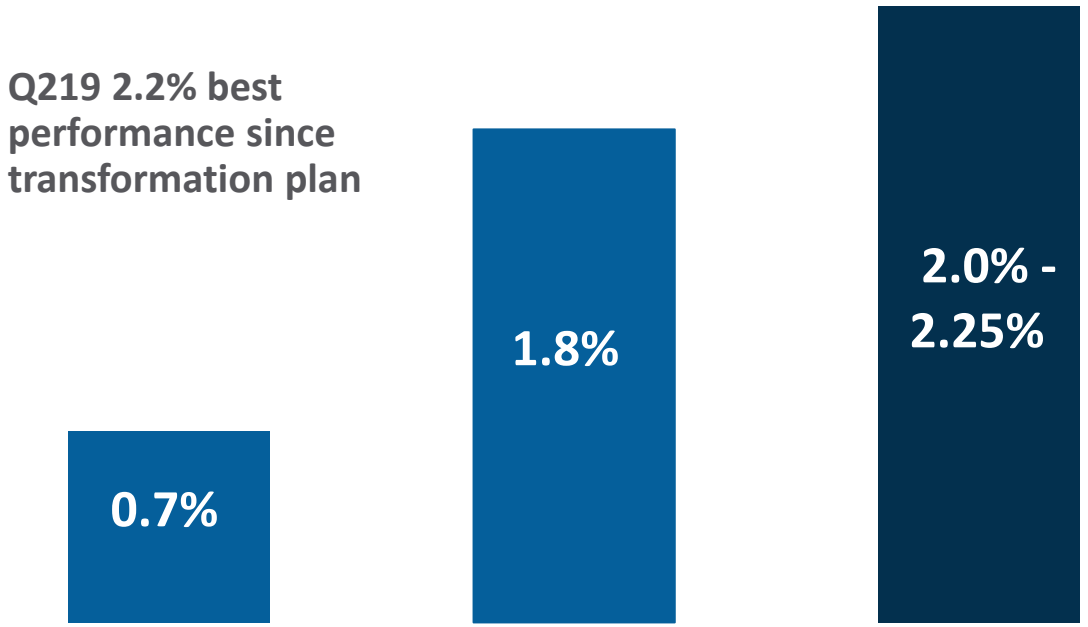
Friendly

Increases in Our Leading Indicator Metrics Underpin Our Customer Experience and Business Results

Full, Fresh, Friendly



ID sales (%)



Our Customers Tell Us About Their Great Experiences

> *The store is clean, well lit, has a **great selection**, excellent produce, and helpful employees. It **sets the standard** for the other stores in my opinion.*

> *This store is always clean, well stocked, and **fun to browse for inspiration**. The employees are always smiling, **friendly** and genuinely enjoy their work.*

> *All the employees are kind, polite and helpful. It is always **clean and neat**, and there are always **incredible deals** to be had. I **love** my Kroger, and my kids do too!*

Kroger Pickup Offers Convenience and is the Fastest Growing Area of the Business



Cost Savings Execution is Driven by Increased Productivity through Process Change









Delivering Productivity Through Process Change: Technology Examples



Machine Learning



Robotics



On-Shelf Availability Visual Analytics

Delivering Productivity Through Process Change: Equipment & Data



Technology to Reduce Total Cleaning Time



Data-driven Product Placement

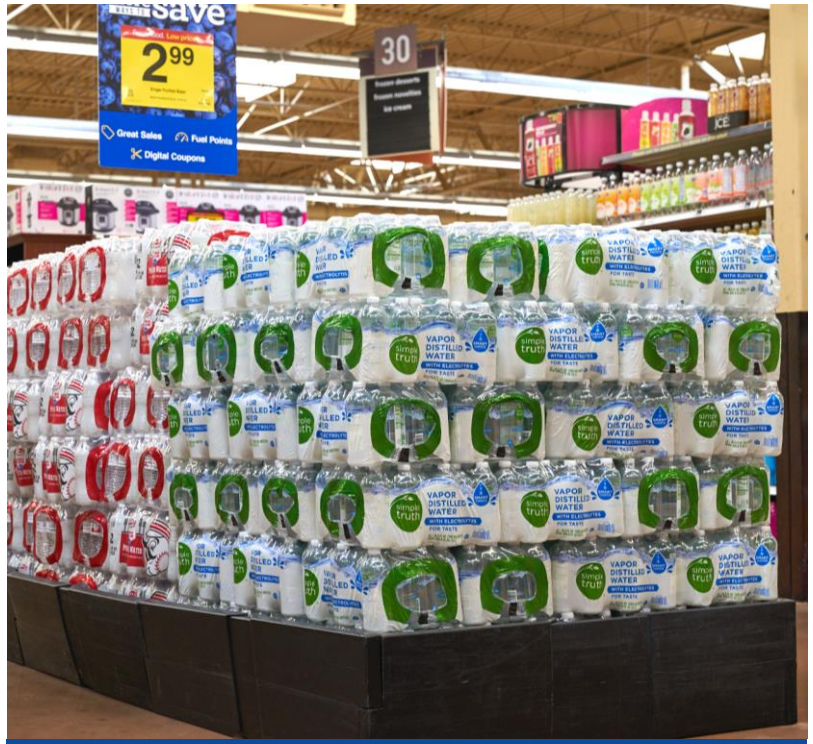
Delivering Productivity Through Process Change: Enhancing Customer Convenience



Fresh Slice Grab ‘N Go



Shelf-Ready Packaging



Pallet Merchandising

Cost Savings Execution: Shrink Dollars Saved



1 bps of Shrink Improvement =

$.01 Per Share

Delivering Value Through Strong Execution, Cost Savings and Customer Experience



Full



Fresh



Friendly



Cost Savings

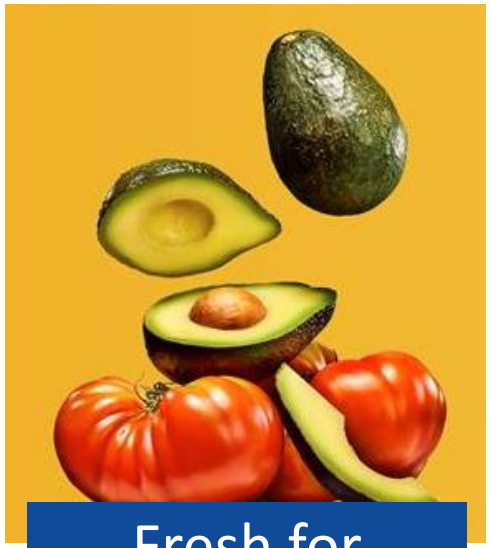
Customer Obsession and Operational Excellence



Personalization



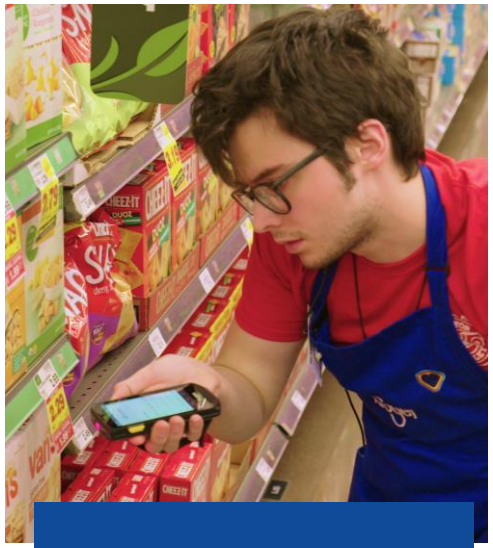
Our Brands



Fresh for Everyone



Customer Experience



Cost Savings

Identical Sales Growth!



Seamless Experience Ecosystem

Yael Cosset

Chief Information & Digital Officer

Seamless Experience Ecosystem Update

1. Seamless experience strategy
2. Our results so far
3. Expanding our competitive advantage

Kroger Has the Right Strategy to Achieve Our Goals

EVERY CUSTOMER HAS UNIQUE EXPECTATIONS

- **Fresh** choice
- **Convenience**
- **Easy** meal solutions
- **Inspiring** experience
- **Personalization**

SEAMLESS EXPERIENCE DIFFERENTIATION

Modality:

- **Store**
- **Pick-up**
- **Delivery**
- **Ship**

Immediacy:

- **30, same day, next day**

COMPETITIVE ADVANTAGE

- Available
- Accessible
- Relevant

ECONOMIC ADVANTAGE

- Proximity & Scale
- Facility sizes
- Automation

Kroger Seamless Strategy Is Working



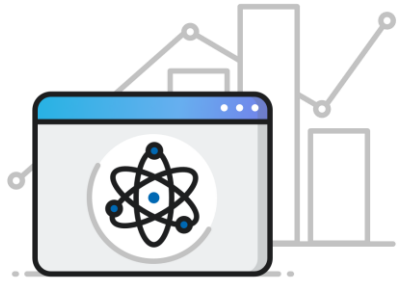
AVAILABLE

Utilizing the physical footprint of our existing brick and mortar locations and expanding our fulfillment network.



ACCESSIBLE

Expanding portfolio of solutions that enables our customers to engage with us *how* they want to and *when* they want to.



RELEVANT

Understanding who our customer is on an individual level and using that data to anticipate their needs and missions.

Customers Are Rewarding Kroger with Greater Loyalty

Continued Pickup and Delivery
BASKET GROWTH

Coupon Downloads
1.742B YTD

Expanded Locations in YE2019
2,000+ Pickup
2,300+ Delivery

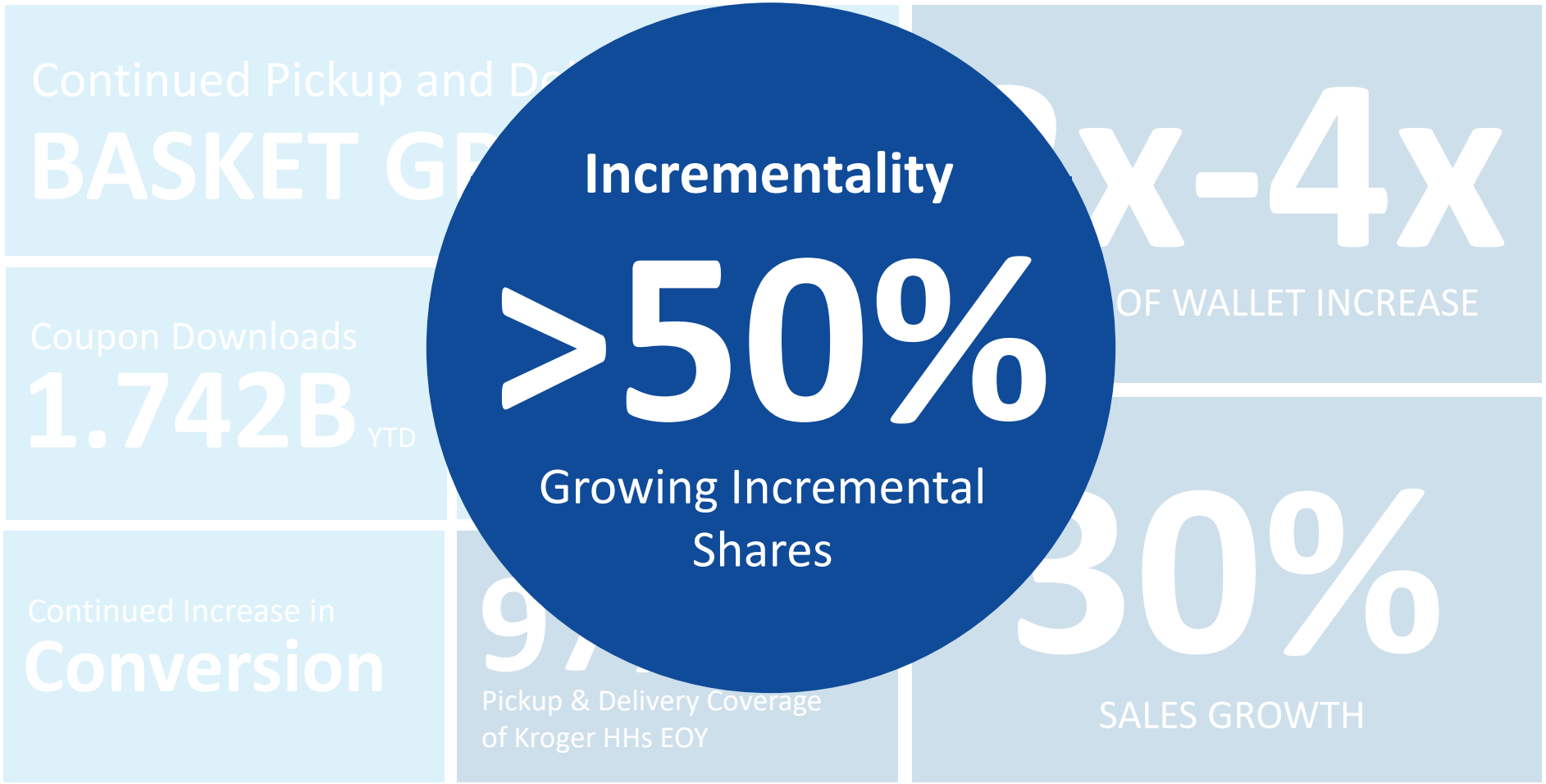
Continued Increase in
Conversion

97%
Pickup & Delivery Coverage of Kroger HHs EOY

Growing Share of Wallet

30%
EST. SALES GROWTH

Loyalty Translates into Impactful Results



We Are Future-proofing Our Business by Establishing a Competitive and Economic Advantage

COMPETITIVE ADVANTAGE
A SEAMLESS EXPERIENCE



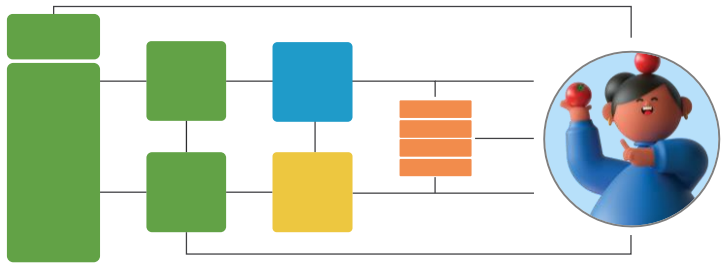
Comprehensive modalities

Assortment options

Immediacy flexibility

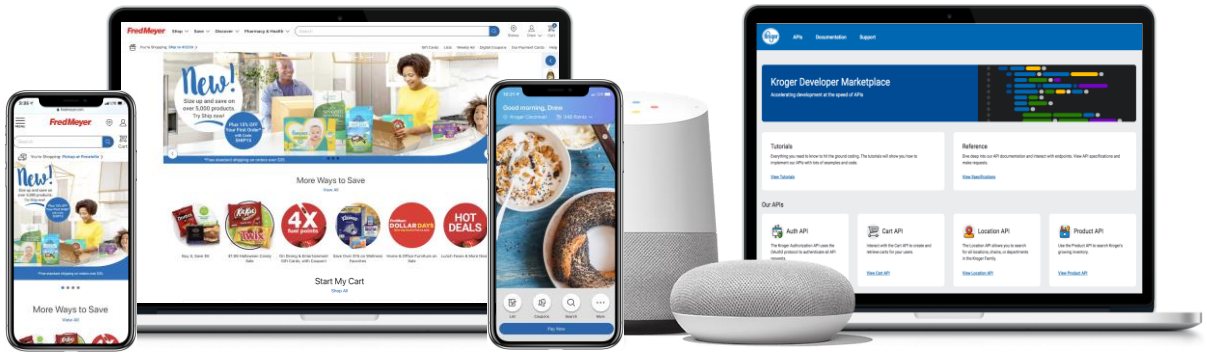
Personalization

ECONOMIC ADVANTAGE
DISTRIBUTION MODEL



Expansion of Kroger Seamless Experience Portfolio Increases Customer Engagement

“THE INTERFACE I WANT.”

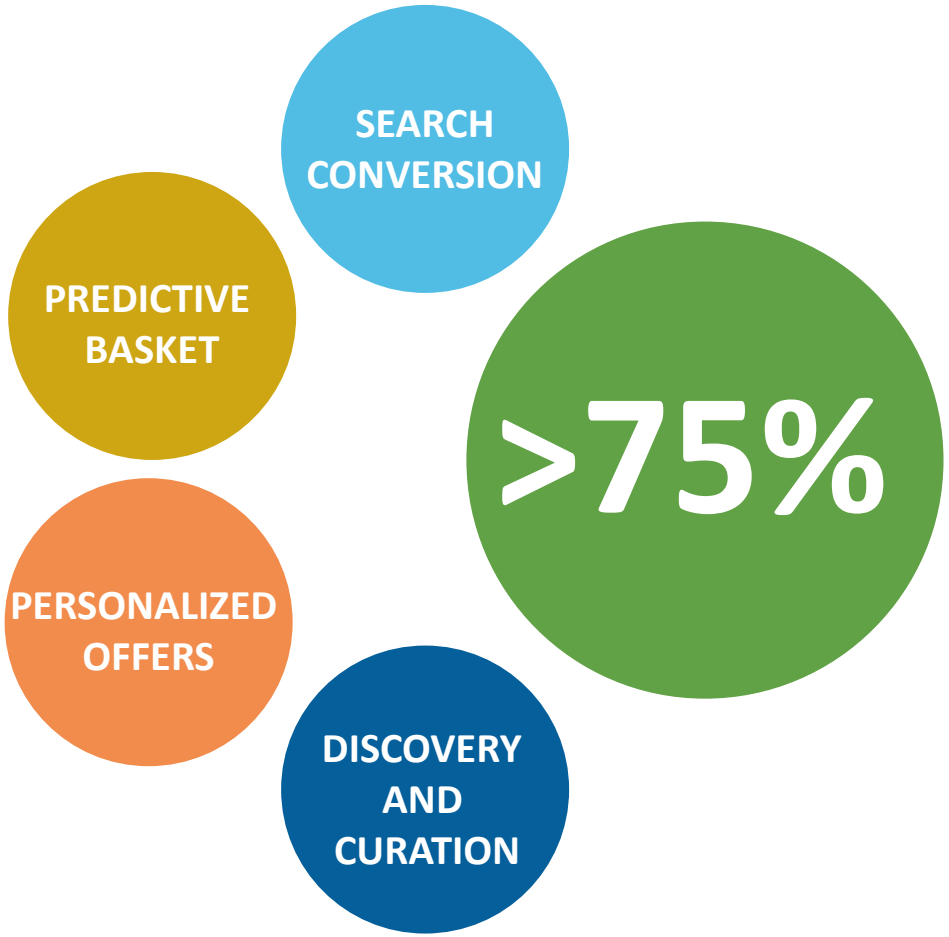


“THE SOLUTIONS I NEED.”

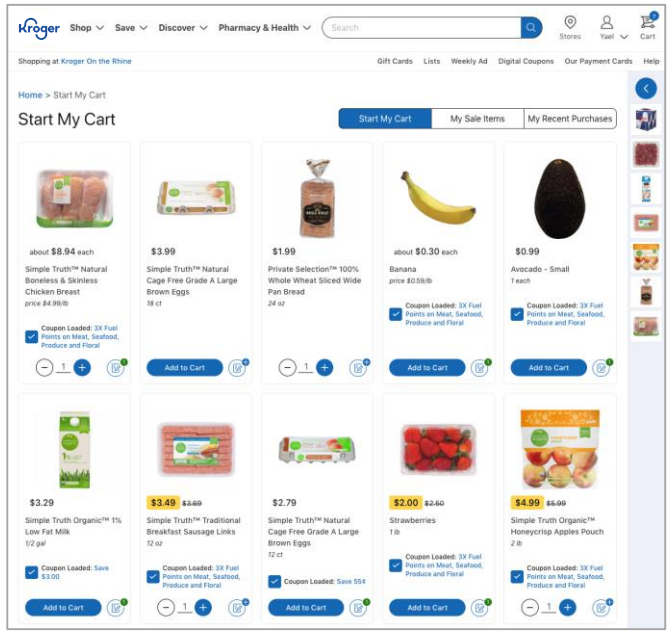
KROGER Health™ | Kroger | Rush | HOME CHEF

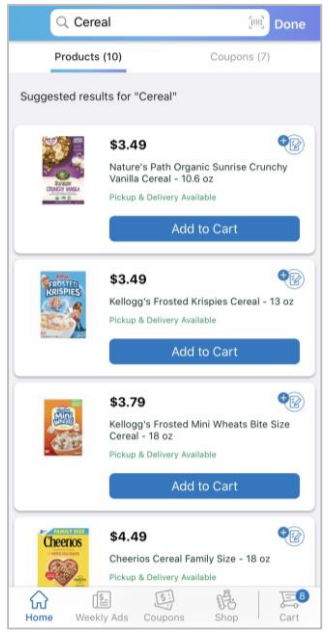
Scan, Bag, Go | Murray's WE KNOW CHEESE | Kroger | Travel by priceline

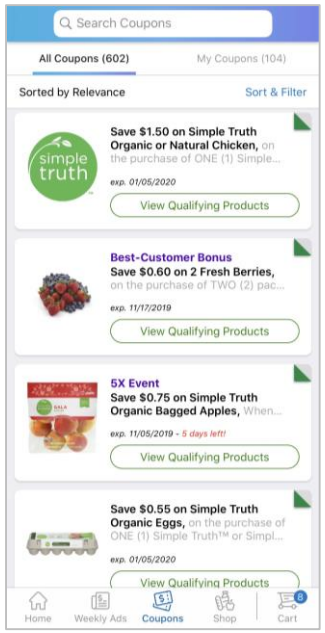
Kroger Personalization Capabilities Continue to Grow Customer Share of Wallet



>75% of items purchased impacted by personalization







Deploying a Seamless Distribution Model

COMPETITIVE ADVANTAGE
A SEAMLESS EXPERIENCE



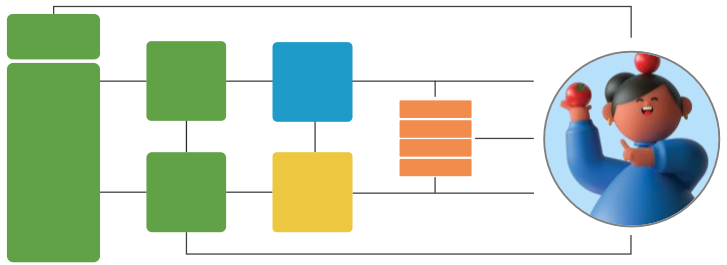
Comprehensive modalities

Assortment options

Immediacy flexibility

Personalization

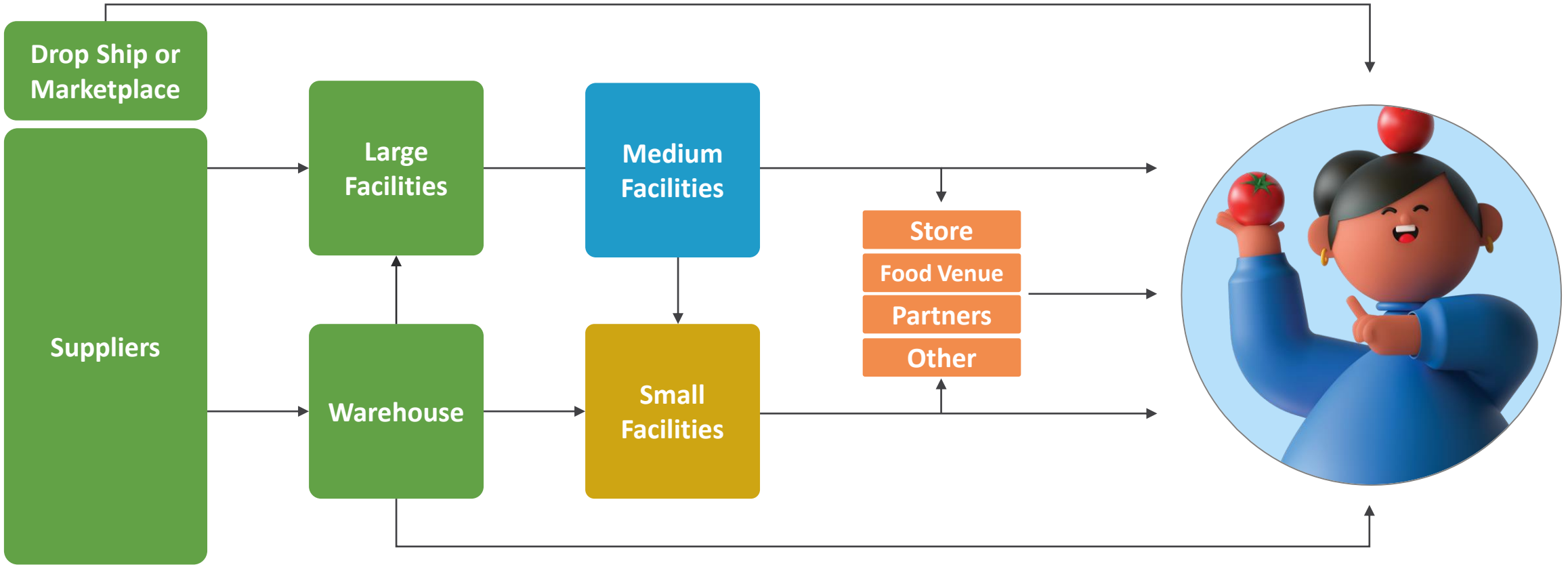
ECONOMIC ADVANTAGE
DISTRIBUTION MODEL



Meeting Customer Assortment and Immediacy Expectations is Critical



Kroger Distribution Network Provides Flexibility and Scale



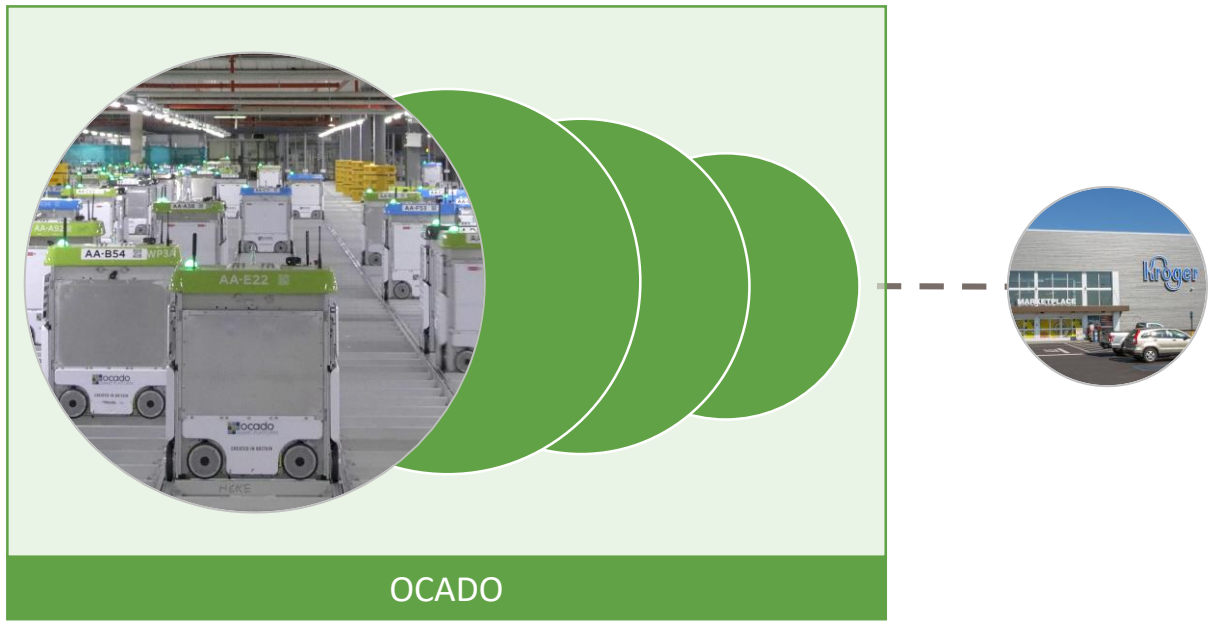
Leveraging Our Strategic Partnership with Ocado

CUSTOMER EXPERIENCE

- Seamless Integration
- Fill Rate of 99.8%*
- Transparent Experience

OPERATIONAL EXCELLENCE

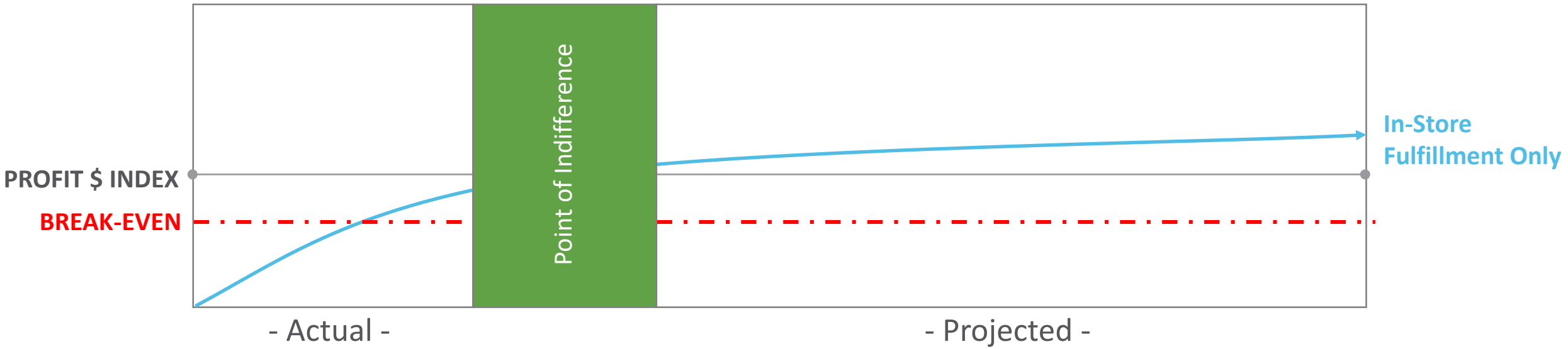
- Scale and Modeling
- 0.7% Shrink*
- 2x Pick Efficiency*



* Current Ocado UK Operating statistics

Growing Customer Loyalty While Creating an Economic Advantage

- Pickup and delivery illustration -



Kroger Seamless Experience Will Continue to Deliver Results in 2020

COMPETITIVE ADVANTAGE
A SEAMLESS EXPERIENCE



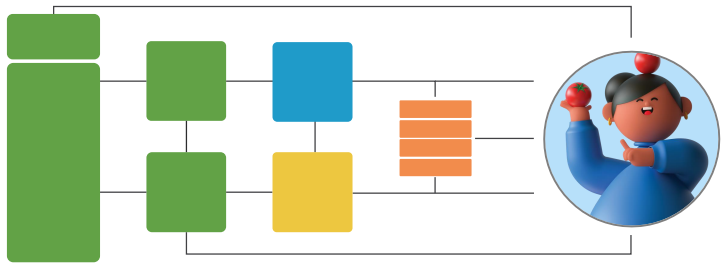
Comprehensive modalities

Assortment options

Immediacy flexibility

Personalization

ECONOMIC ADVANTAGE
DISTRIBUTION MODEL





Alternative Profit Streams

Stuart Aitken
Senior Vice President, Alternative Business

Cara Pratt
Vice President, Kroger Precision Marketing

Transforming the Growth Model by Leveraging Our Robust Assets



ASSETS

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

Our Scale
$125B in annual sales & 11M every day

Our Data
60MM households with unmatched granularity

Customer Trust
Our customers trust that we will safeguard their data

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**

Trusted, transparent partner with customers to leverage our data for **relevant offers & rewards** in new channels

Restock Kroger: Alternative Profit Pillars

Kroger Personal Finance	Kroger Precision Marketing	Customer Data Insights	Ventures	Future Innovation
• Money Services • Gift Cards • Lottery • Credit Cards	• On-Property • Off-Property • Loyalty Marketing • In-Store	• CPG Customer Insights • Lead Targeting • Kroger Services	• PearlRock Partners	



60 MILLION

HOUSEHOLD ANALYZED



4 BILLION

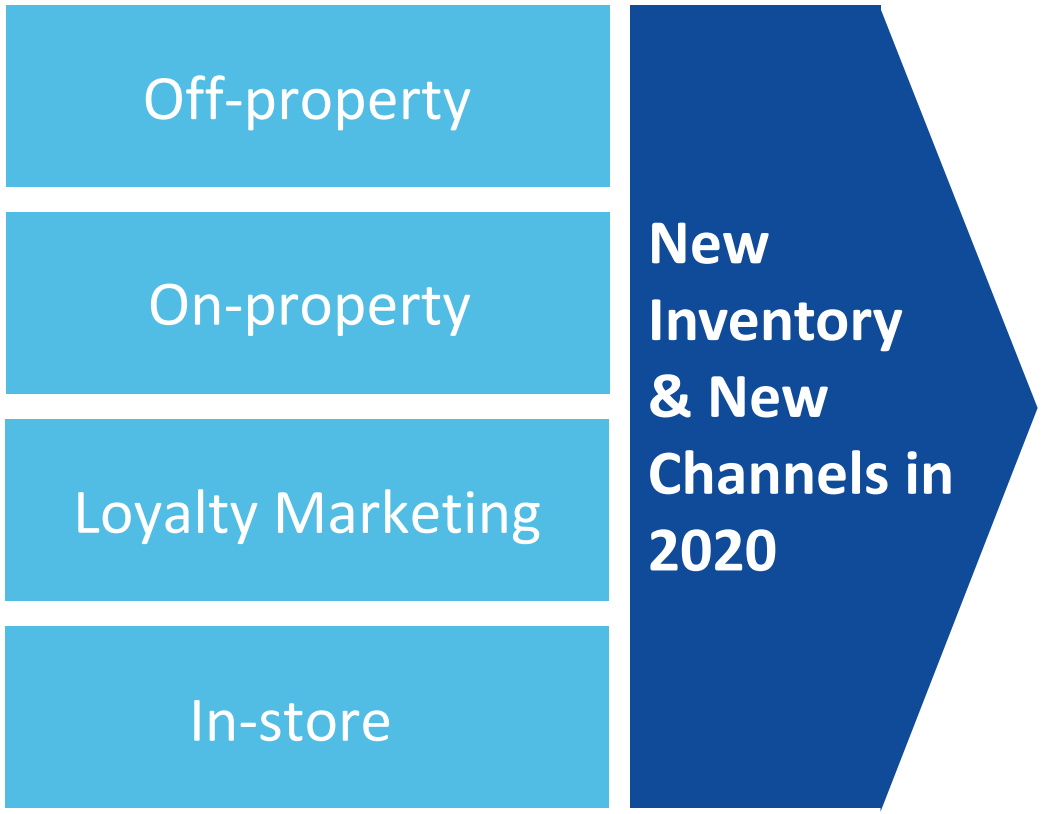
TRANSACTIONS ANALYZED



10 PETABYTES

CUSTOMER DATA

Our Media Ecosystem Will Evolve to Stay Relevant to Both Advertisers and Consumers



More Moments of Influence

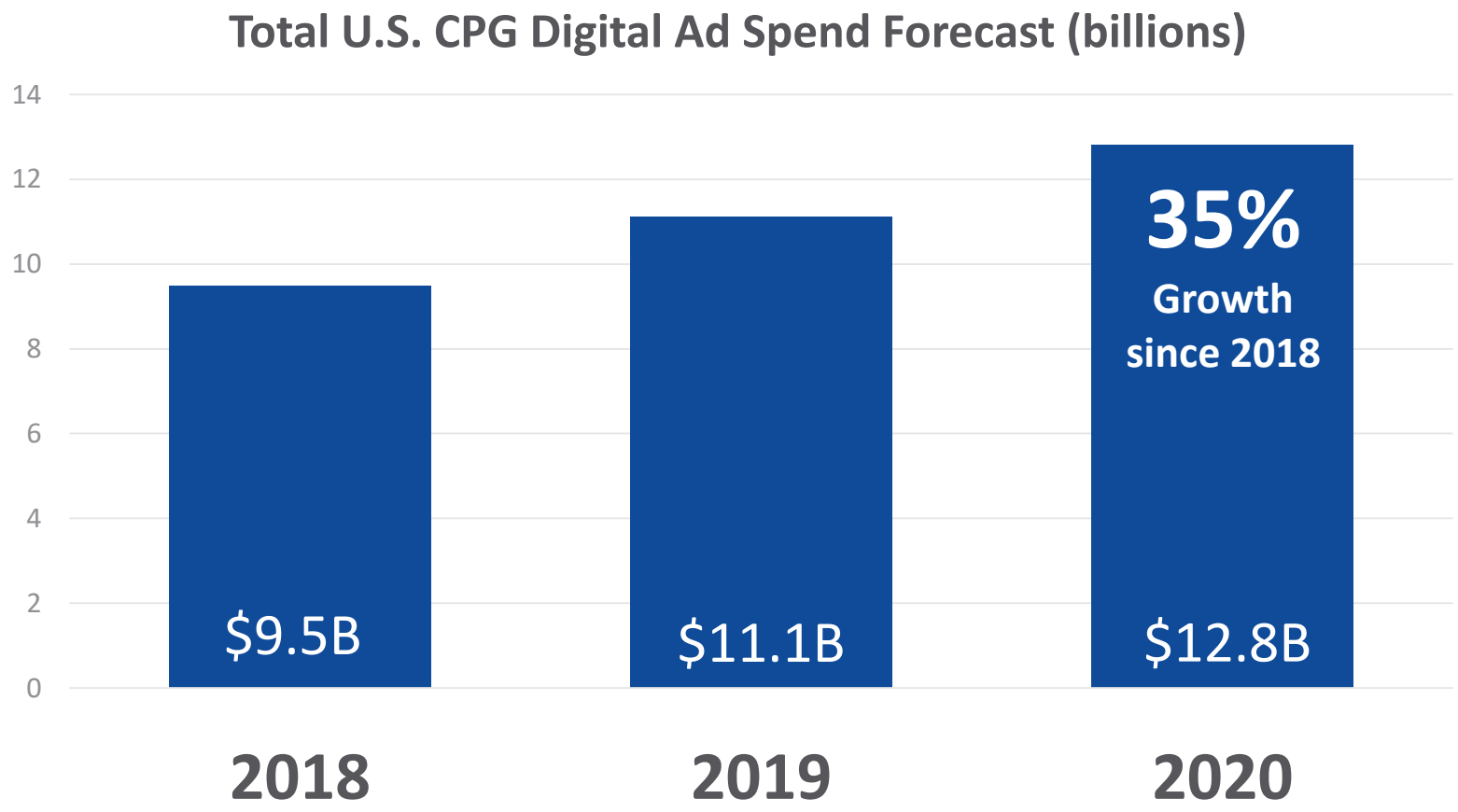
More Personalization

More Brand Engagement

More Predictive Performance

More Seamless Shopping

U.S. CPG Digital Ad Spending is Growing



Investment coming from:

- eCommerce Teams
- Brand Agencies
- Shopper Marketing

Source eMarketer July 2019

Brands Face an Opaque Media Industry



Who are we (really) targeting?

How do we improve the user experience?

What is the business impact?

KPM Will Improve Brand Advertising Through Data and Science, Leading With Transparency



Addressable

Reach the right shopper with first-party data

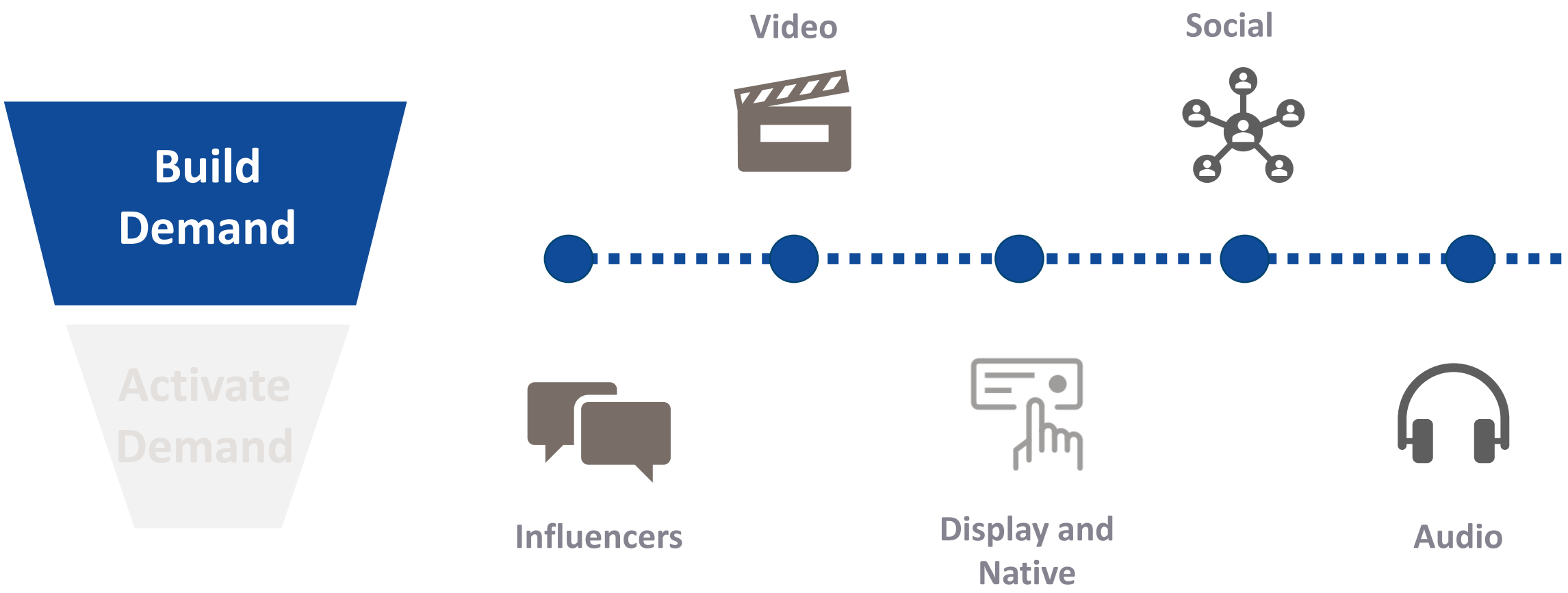
Actionable

Connect shoppers to buy your brand

Accountable

1:1 verified sales match with Kroger sales data.

KPM Offsite Media: Building Demand Through the Right Shopper, Right Place and Right Moment



Owned Media: Converting Demand into Sales Through Personalized Experiences

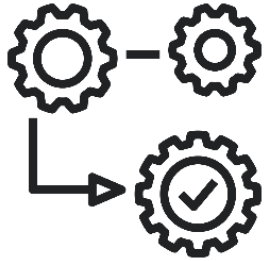


Scaling Operations Through Automation and Marketing Science

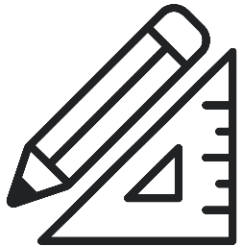
3451° PRISM



Campaign Management



Goal-Based Audience Targeting



Reporting and Optimization

Brands & Agencies Are Noticing KPM Impact

"We are proud to have built a partnership with Kroger Precision Marketing. Developing ***full-funnel omnichannel strategies that reach consumers at every point during their shopping journey while creating a more personalized shopping experience*** *results in a win, win, win for the consumer, manufacture, and retailer - redefining retail media"*

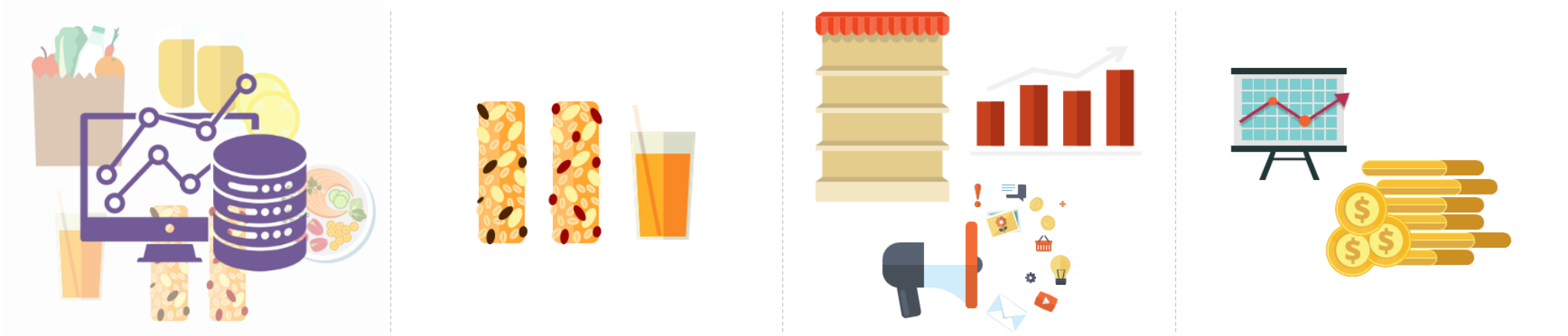
Elizabeth Bennett, Head of Global eCommerce, KraftHeinz

"We see a lot of potential in KPM as a media partner. Their ability to pinpoint Kroger shoppers and target marketing communications ***aimed at influencing brand preference and choice*** *is pretty powerful."*

Diana Gordon, Managing Director Shop+, a WPP Company

PearlRock Partners: Investing In and Growing Innovative Consumer Brands

Identify high-potential CPG brands (new and existing brands for KR), using 84.51° science	Invest PearlRock Partners capital into select brands	Help founders grow their brands in a data-driven way, including distribution	Sell our equity share in brands after increasing value, generating profit for Kroger



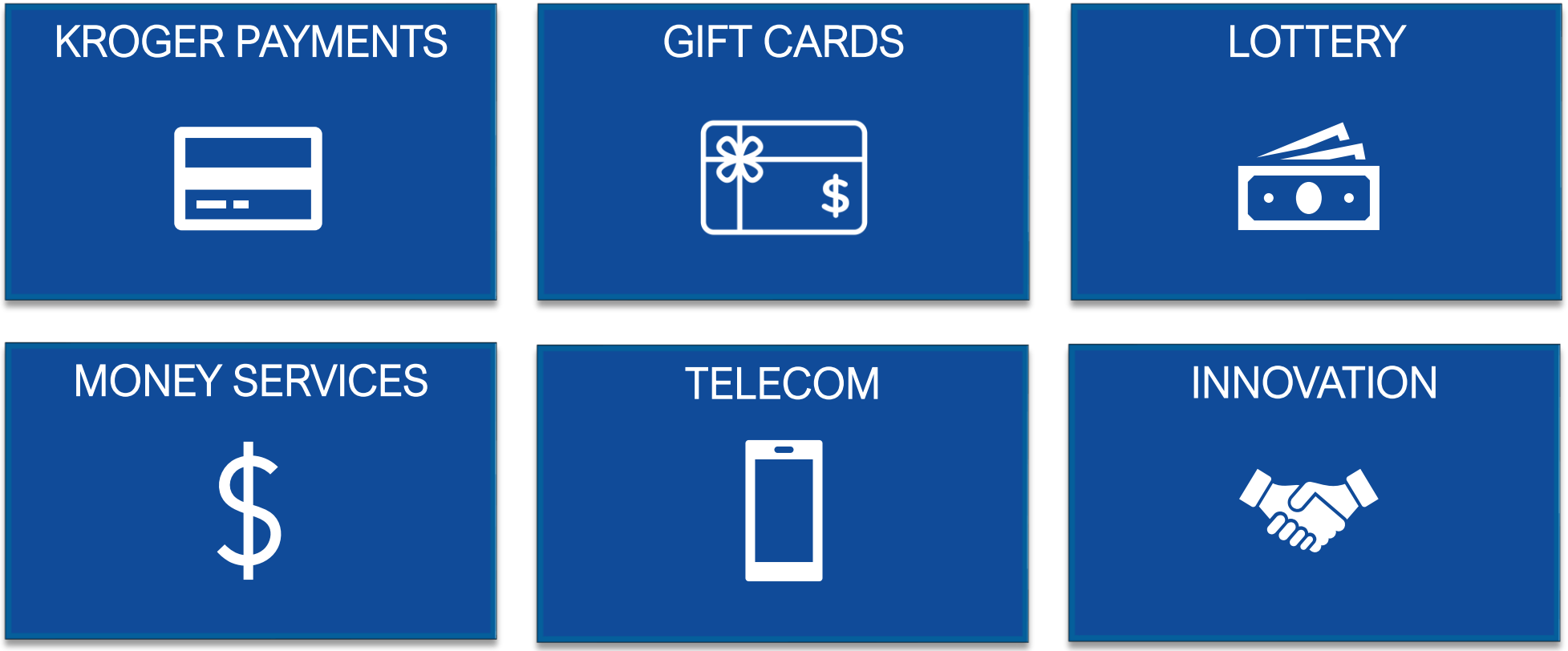
Companies and start-ups are leveraging data more and more to drive the growth of their businesses. Earlier this year, Beyond Meat's IPO was a huge success.

"Beyond Meat's prospectus …The company reports that, over a 26-week period, 93% of customers who purchased Beyond Meat burgers at Kroger also bought animal proteins."

Back, Aaron, "What Beyond Meat can Teach Big Food.", Wall Street Journal, May 6, 2019

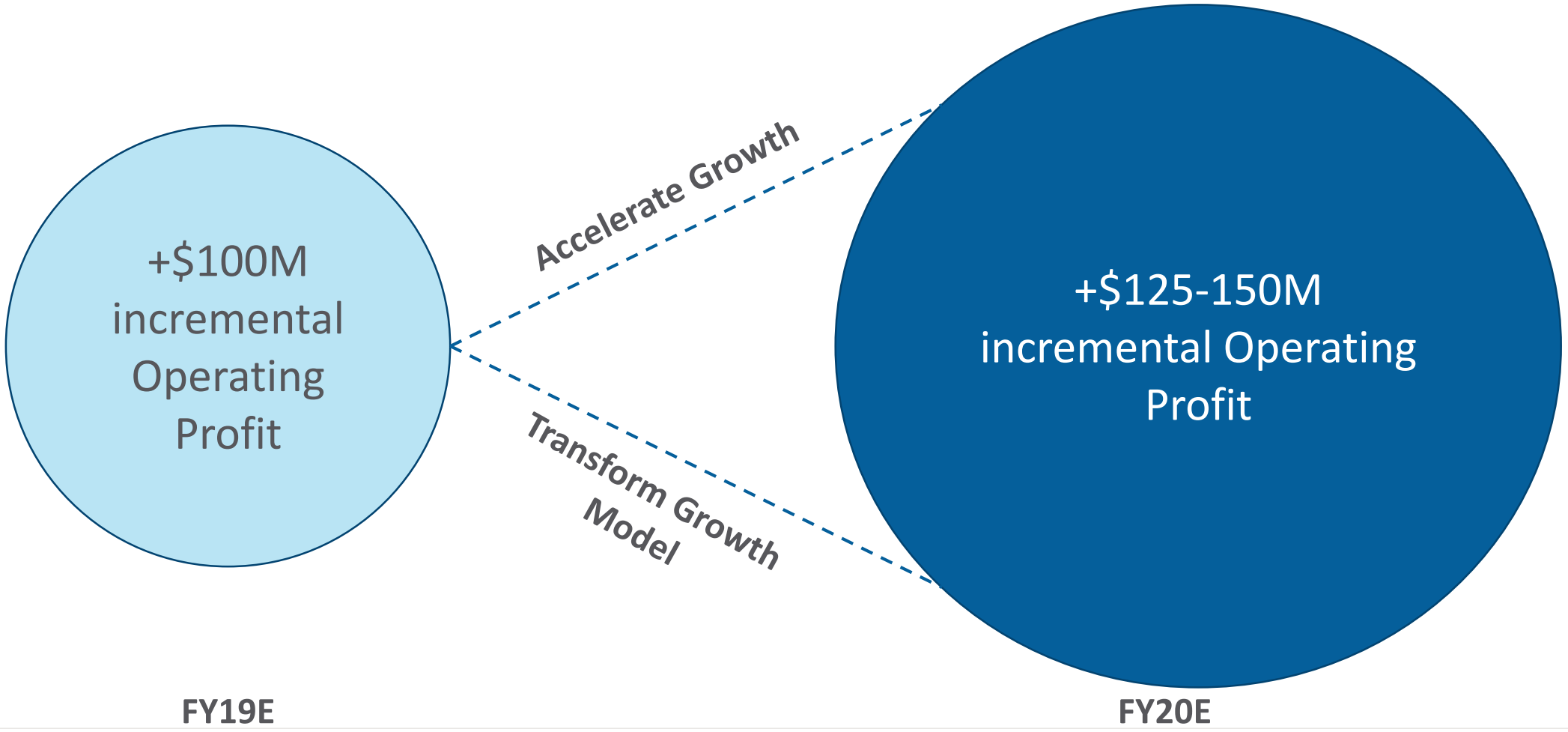
Kroger Personal Finance Lines of Business

Customer Penetration is up 80bps in Q2 '19 vs YA



Data-enabled customer strategy, leveraging traffic and delivering convenience

Alternative Profit Streams Support $225-250 Million of Incremental Growth across FY19 and FY20



Q&A Panel





Closing Comments
Confident in Kroger

Rodney McMullen
Chairman & Chief Executive Officer

Customer Obsession | Operational Excellence | Seamless



Four Key Themes

On track with a stable and growing

core grocery business



Alternative profit streams



Building business for long-term growth



Which generates strong shareholder returns

Restock Kroger is Building Our Competitive Moat

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

- **Redefine Grocery CX**
- **Partner for Customer Value**
- **Develop Talent**
- **Live Our Purpose**

Capital Deployment

Create Shareholder Value



Kroger

Kroger


Walgreens


673




nuro




Kroger.com




ZERO
HUNGER
ZERO
WASTE


HOME CHEF
Now Available at realhomechef
HOME CHEF
DID YOU KNOW
80%





Safe Harbor

This presentation includes forward-looking non-GAAP financial measures, which management believes to be useful to investors and analysts. Kroger is unable to provide a full reconciliation of the non-GAAP measures used in our 2019 and 2020 guidance , including adjusted net earnings per diluted share to net earnings per diluted share, adjusted FIFO operating profit to operating profit, and adjusted tax rate to tax rate, 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. It is not possible to estimate with a reasonable degree of certainty certain of our adjustment items because such information is dependent on future events that may be outside of our control. The unavailable information could have a significant impact on 2019 and 2020 GAAP financial results.

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. The remarks contain certain forward-looking statements about the future performance of the Company. These statements are based on management’s assumptions and beliefs in light of the information currently available to it. Such statements are indicated by words or phrases such as “aspire,” “build,” “continue,” “create,” “deliver,” “drive,” “expect,” “future,” “guidance,” “improve,” “on track,” “strategy,” “trend,” “vision,” 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” and “Outlook” in our annual report on Form 10-K for our last fiscal year and any subsequent filings, as well as the following:

Safe Harbor

Kroger's ability to achieve sales, earnings, incremental FIFO operating profit, and 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, changes in tariffs, 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. Our ability to achieve these goals may also be affected by our ability to manage the factors identified above. Our ability to execute our financial strategy may be affected by our ability to generate cash flow.

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.