



OCTOBER 14, 2022



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. These statements are based on the assumptions and beliefs of Kroger and Albertsons management in light of the information currently available to them. Such statements are indicated by words or phrases such as “accelerate,” “create,” “committed,” “confident,” “continue,” “deliver,” “driving,” “expect,” “future,” “guidance,” “positioned,” “strategy,” “target,” “synergies,” “trends,” 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 each of Kroger’s and Albertson’s 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, including the timing, receipt and terms and conditions of any required governmental and regulatory clearance of the proposed transaction; the impact and terms and conditions of any potential divestitures and/or the separation of SpinCo; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger 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; the inability to consummate the proposed transaction due to the failure to satisfy other conditions to complete the proposed transaction; risks that the proposed transaction disrupts current plans and operations of Kroger and Albertsons; the ability to identify and recognize the anticipated benefits of the proposed transaction, including anticipated TSR, revenue and EBITDA expectations and synergies; the amount of the costs, fees, expenses and charges related to the proposed transaction; and the ability of Kroger and Albertsons to successfully integrate their businesses and related operations; the ability of Kroger 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 of Kroger and Albertsons to achieve the goals for the proposed transaction may also be affected by their ability to manage the factors identified above. The forward-looking statements by Kroger and Albertsons included in this presentation speak only as of the date the statements were made. Neither Kroger nor Albertsons assumes the obligation to update the information contained herein unless required by applicable law. Please refer to the reports and filings of Kroger and Albertsons with the Securities and Exchange Commission for a further discussion of the risks and uncertainties that affect them and their respective businesses.

This presentation also includes certain forward-looking non-GAAP financial measures, which Kroger and Albertsons management believe to be useful to investors and analysts. A reconciliation to historical non-GAAP figures is provided in the Appendix below. Kroger and Albertsons are unable to provide a full reconciliation of the non-GAAP measures used in the forward-looking 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 and Albertson’s control. The unavailable information could have a significant impact on Kroger’s and Albertson’s GAAP financial results.

Agenda

- 1 Transaction Overview

- 2 Accelerating Kroger's Go-to-Market Strategy

- 3 Strengthening Kroger's Value Creation Model

- 4 Financial Details



A Compelling Combination for All Stakeholders

Customers



- Enables combined company to serve America with fresher food, faster
- Creates broader selection of *Our Brands* products to offer customers higher quality and better value
- Offers customers best-in-class personalized experience
- Delivers an enhanced seamless customer experience requiring zero compromise

Associates



- Shared company culture and values to create best-in-class associate experience
- Creates new and exciting career opportunities for associates
- Secures union jobs; continuing to work with local unions across America to serve our communities

Communities



- Unites two purpose-driven companies to Feed the Human Spirit
- Shared mission to uplift communities and create a more equitable and sustainable food system

Shareholders



- Accelerates Kroger's go-to-market strategy
- Grows higher-margin alternative profit businesses
- Strengthens value creation model to drive profitability and deliver enhanced total shareholder returns



Continuing Track Record of Investing in Customers, Communities and Associates

Post closing, Kroger will invest approximately...



\$500M

to lower prices⁽¹⁾



\$1.3B

into Albertsons stores to
enhance customer
experience



\$1B

to continue raising
associate wages &
comprehensive benefits



(1) Expects to reinvest cost savings from synergies to reduce prices for customers



Transaction Overview

Consideration	- Kroger will acquire all outstanding shares of Albertsons for estimated total consideration of \$34.10 per share in cash, subject to certain per share reductions - Implies total enterprise value of ~\$24.6B, including assumption of ~\$4.7B of Albertson's net debt - Represents 32.8% premium to unaffected closing price of Albertson's common stock on October 12, 2022 and 29.7% to 30-day VWAP - Albertsons will pay a special cash dividend of up to \$4 billion to its shareholders, which is expected to be approximately \$6.85 per share and will reduce purchase price commensurately
Enhanced Financial Performance and Value Creation	- Delivered combined ~\$210B revenue, \$11.6B of adjusted EBITDA and \$3.3 billion in net earnings and in FY 2021 - Expected average TSR well above Kroger standalone model of 8-11% in the first four years following close - Accretive to earnings in the first year following close and double digit accretive to earnings by year four, excluding one-time costs - 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
Financing	- Kroger will fund transaction with cash on hand and proceeds from new debt financing - Albertson's existing bonds will roll into pro forma capital structure and rank pari passu with Kroger's bonds - Engaged with rating agencies and strongly committed to current investment grade credit rating
Capital Allocation	- Will continue to invest in high return projects that support strategy - Intend to continue paying quarterly dividend and expect to raise dividend over time, subject to Board approval - Prioritizing de-leveraging to achieve 2.5x EBITDA net leverage target in first 18 – 24 months post close; repurchase program has been paused until net leverage target achieved
Leadership	- Rodney McMullen, Chairman and CEO of Kroger, will be Chairman and CEO of combined company - Gary Millerchip, SVP and CFO will continue his role in the combined company
Path to Close	- Transaction subject to required regulatory approvals and other customary closing conditions - Targeted close in early 2024 - Transaction approved by Albertsons shareholders holding a majority of outstanding common and preferred stock - Merger agreement contemplates some store divestitures may be accomplished through establishment of Albertsons subsidiary to be spun-off to Albertsons shareholders immediately prior to close, that would operate as standalone public company; SpinCo would be a new, agile competitor with quality stores, experienced management, operational flexibility, a strong balance sheet, and focused capital allocation and resources to provide customers with continued value and quality service and associates with ongoing compelling career opportunities; would comprise minimum of 100 stores and up to 375 stores



Note: Pro forma results as presented in this slide represent the combined Kroger and Albertsons FY 2021 results and are not intended to represent pro forma financials under Section 11 of Regulation S-X under the Securities Exchange Act of 1934, as amended. See Appendix for reconciliation of historical non-GAAP measures.

Albertsons at a Glance

2,273

store locations

1,720

in-store pharmacies

~\$72B

sales in FY 2021

31M

registered
loyalty members

402

fuel centers

~\$15B

Own Brands Portfolio

+263%

two-year digital
sales growth
in FY 2021

~290K

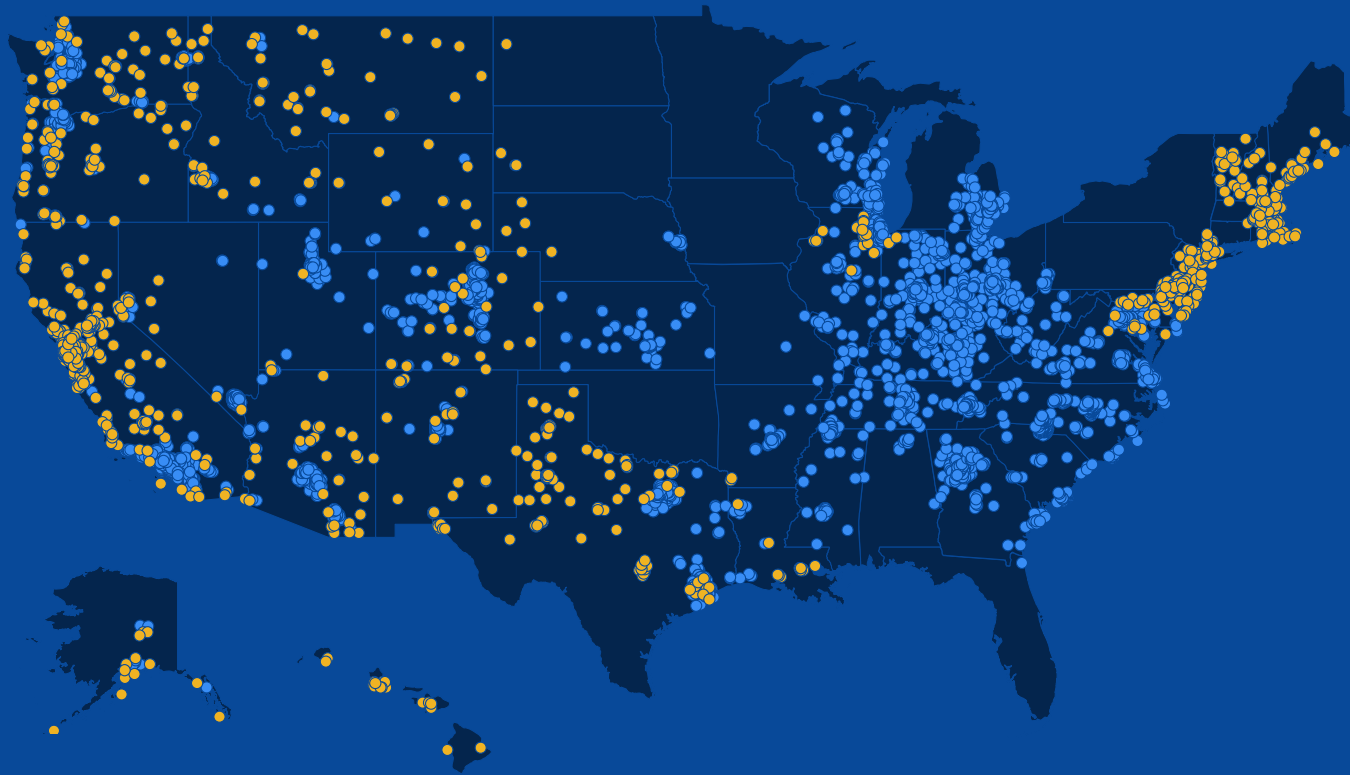
associates

20+ Trusted Iconic Banners With Track Record of Operating Excellence



Note: All figures as of Albertsons latest public disclosures

Complementary National Footprint with Iconic and Trusted Supermarket Banners



●  STORES

●  STORES
Companies



Accelerates Go-to-Market Strategy Through Complementary Priorities, Assets, and Expertise



Enables Kroger to serve more of America with fresher food, faster

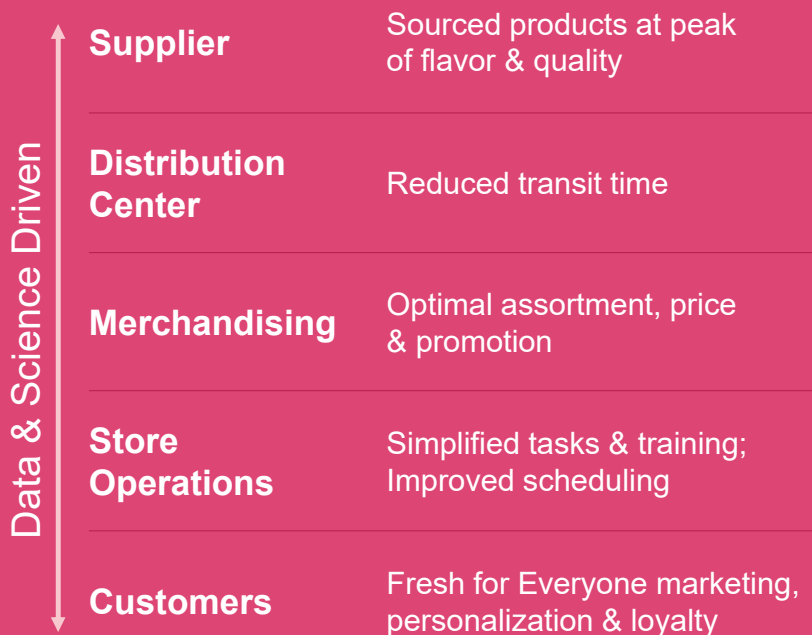
Creates broader selection of *Our Brands* products to offer customers higher quality and better value

Offers unmatched personalized experience, offering more relevant recommendations and promotions to save customers time and money

Delivers an enhanced seamless customer experience requiring zero compromise

Fresh: Faster and Fresher Than Ever

Kroger Capabilities



+



Broader supplier base & national and local networks enable fresher products to reach more customers faster



Enhanced assortment & signature items



Accelerates penetration of Fresh portfolio



Our Brands: Expanding Portfolio to Deliver Greater Value and Quality



Combined capabilities will accelerate growth and profitability

~\$43B

Our Brands Portfolio⁽¹⁾

Combined portfolio of ~34,000 total private label products

1,520

Combined New Products in 2021

Launched combined ~300 products in Q1 2022

One of the Largest CPG Companies in the U.S

Tremendous opportunities for growth

52

Manufacturing Plants

Supporting innovation in combined portfolio



(1) Reflects FY 2021A sales for Kroger and Albertsons.

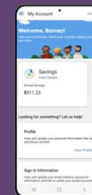
Personalization: Data, Personalization and Loyalty Program Benefit Customers

Loyalty & core retail growth:

- ~85 million households
- One of the most comprehensive first-party data repositories in the food and retail space
- Compelling retail loyalty program
- More relevant recommendations and promotions across price points
- Promotes healthier lifestyles

Unmatched personalized experience saves customers time and money

Stronger data & analytics



96% of transactions linked to a specific household with personalized engagement and offers



Expanded loyalty proposition with paid membership



31 million loyalty members



Free delivery and exclusive perks with paid membership



Seamless: Serving Customers Anything, Anytime, Anywhere

Expanded Omnichannel Customer Experience



Fresh Products &
Meal Solutions
Assortment



Stores, Pickup,
Delivery



As Fast as 30
Minutes



Personalized
Recommendations /
Offers

25

Fulfillment Centers

6

Kroger Automated Fulfillment Centers

12

Kroger Spokes

7

Albertsons' Automated Micro-
Fulfillment Centers

Fulfillment capabilities combining stores and FCs

- ✓ Improve customer experience and freshness with expanded network
- ✓ Expand capacity and shorten lead times for added convenience
- ✓ Increase utilization of automated fulfillment network through large, medium and small FCs
- ✓ Improve overall efficiency and lower operating costs
- ✓ Expand comprehensive digital ecosystem and delivery service providers



Associates Enable our Success

Investing in associates

since 2018, Kroger has invested an incremental \$1.2B in compensation and benefits

Cultivating an exciting culture

embracing diversity, equity and inclusion

Best-in-class associate experience

enabling, supporting and empowering associates to unlock their full potential

Creating new career opportunities

for associates

Securing union jobs

continuing to work with local unions across America to serve our communities



Wages



Benefits



Well-Being



Advancement



Training



Simplify Work



RETENTION & ENGAGEMENT

Sustainability is a Longstanding Priority



- ✓ Complementary ESG strategies to advance shared mission to support communities
- ✓ Focus on responsible corporate stewardship, workforce diversity, equity and inclusion, and creating communities free from hunger and waste

Together, we will drive continued progress toward our shared ESG initiatives

Expanded Network Enables Accelerated Profitable Growth and Value Creation



+2,700

Stores

+2,200 pharmacies
+1,600 fuel centers

~\$28B

Our Brands Portfolio

9th largest U.S. CPG brand portfolio
Four distinct billion-dollar plus brands

60M

Households Nationwide

~\$34B

Fresh Sales

15.6% growth over 2019

+420K

Associates

Make Kroger a place where customers love to shop



+



4,996⁽¹⁾

Stores

3,972 pharmacies
2,015 fuel centers

~\$43B

Our Brands Portfolio

One of the largest CPG in the U.S.

~85M

Households Nationwide

Expanded customer base nationwide

~\$59B

Fresh Sales

Accelerated growth of fresh portfolio

+710K

Associates

Key component of combined success



(1) Current combined store, pharmacy and fuel center count.

Note: Reflects FY 2021A metrics for Kroger and Albertsons.

Strengthens Our Value Creation Flywheel



Expanded National Reach Accelerates Alternative Profit Businesses

Kroger Today

+\$1B

Annual Alternative Profits

60M

Households

96% of transactions tethered to a loyalty card



~\$1.5B

Annual Alternative Profits Opportunity

~85M

Households

- ✓ Providing most relevant data assets for insight and media activation monetization
- ✓ Enhancing services to media clients to provide more targeted, sophisticated solutions
- ✓ Fueling growth in Retail Media, Kroger Personal Finance, and Customer Insights
- ✓ Driving higher-margin alternative profit revenue streams

POWERED BY:



Significant Synergy Opportunities

~\$1B

estimated annual run-rate synergies net of divestitures within first four years post-close

~50%

achieved within first two years post-close

- ☒ Sourcing & Goods Not For Resale
- ☒ Technology
- ☒ Supply Chain & Manufacturing
- ☒ General & Administrative Costs

Compelling Value Creation Opportunity

- On a combined basis, delivered approximately \$210 billion in revenue, \$11.6 billion of adjusted EBITDA, and \$3.3 billion in net earnings in fiscal year 2021
- Expects to be accretive to earnings in first full-year post-close⁽¹⁾
- Expects to be double digit accretive by year four⁽¹⁾
- Continue strong free cash flow generation; 30% accretive to total annual free cash flow by year four

Expects to deliver
TSR well above Kroger's
standalone 8 – 11% during first
four years post-close



⁽¹⁾ EPS Accretion excludes one-time costs

Note: Pro forma results as presented in this slide represent the combined Kroger and Albertsons FY 2021 results and are not intended to represent pro forma financials under Section 11 of Regulation S-X under the Securities Exchange Act of 1934, as amended. See Appendix for reconciliation of historical non-GAAP measures.

Financing and Capital Allocation

Financing

- Kroger has \$17.4B bridge commitment from Citi and Wells Fargo
- Will fund transaction through cash and proceeds from new debt financing
- Plan to hedge interest rate risk on new debt issuance
- Existing Albertsons bonds will roll into pro forma capital structure and rank pari passu with Kroger bonds
- Engaged with rating agencies and strongly committed to current investment grade credit rating

Capital Allocation

- Will continue to invest in business through high return projects that support go-to-market strategy
- Will continue to pay quarterly dividend and expect to increase dividend over time, subject to Board approval
- Have already paused share repurchase program to prioritize de-leveraging
- Expects to achieve 2.5x net debt to EBITDA leverage ratio within first 18-24 months post-close

Investment Thesis

Accelerated Go-To-Market Strategy⁽¹⁾

- ~\$59B Fresh Sales
- Best-in-Class Data on ~85M Households
- ~\$43B *Our Brands* Business
- Significant Digital Business, >\$12B

Proven Value Creation Model

- Combined TSR well above Kroger's standalone TSR Model of 8 – 11% in first four years post-close
 - Annual run-rate synergy savings of \$1B within first four years of combined operations
 - High Growth, Margin Accretive Alternative Profits
- Disciplined Capital Investments
- Increasing dividend over time, subject to board approval

Strong Balance Sheet & Resilient Free Cash Flow

- Resilient financial model in a variety of operating and economic environments
- Strong Free Cash Flow; 30% accretive to total annual Free Cash Flow by year four
- Investment Grade Debt Rating



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Shareholders



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Q&A Session



Appendix

Pro Forma Adjusted EBITDA Reconciliations⁽¹⁾

(\$ mm)	Kroger	Albertsons	Pro Forma
FY 2021 Sales	\$137,888	\$71,887	\$209,775
(\$ mm)	Kroger	Albertsons	Pro Forma
FY 2021 Net Income	\$1,655	\$1,620	\$3,275
(\$ mm)	Kroger	Albertsons	Pro Forma
FY 2021 Adjusted EBITDA	\$7,185	\$4,398	\$11,583

Kroger (\$ mm)	FY 2021
Net earnings attributable to The Kroger Co.	\$1,655
LIFO charge (credit)	197
Depreciation and amortization	2,824
Interest expense	571
Income tax expense	385
Adjustment for pension plan withdrawal liabilities	449
Adjustment for company-sponsored pension plan settlement charges	87
Adjustment for loss (gain) on investments	821
Adjustment for Home Chef contingent consideration	66
Adjustment for transformation costs ⁽²⁾	136
Other	(6)
Adjusted EBITDA	\$7,185

Albertsons (\$ mm)	FY 2021
Net Income	\$1,620
(Gain) loss on interest rate and commodity hedges, net	(23)
Facility closures and transformation ⁽³⁾	57
Acquisition and integration costs ⁽⁴⁾	9
Equity-based compensation expense	101
Gain on property dispositions and impairment losses, net	(15)
LIFO expense	115
Government-mandated incremental COVID-19 pandemic related pay ⁽⁵⁾	58
Amortization of debt discount and deferred financing costs	23
Loss on debt extinguishment	4
Amortization of intangible assets resulting from acquisitions	49
Combined Plan and UFCW National Fund withdrawal ⁽⁶⁾	(106)
Miscellaneous adjustments ⁽⁷⁾	(63)
Tax impact of adjustments to Adjusted net income	(46)
Adjusted Net Income	\$1,781
Tax impact of adjustments to Adjusted net income	46
Income tax expense	480
Amortization of debt discount and deferred financing costs	(23)
Interest expense, net	482
Amortization of intangible assets resulting from acquisitions	(49)
Depreciation and amortization	1,681
Adjusted EBITDA	\$4,398



- (1) Pro forma results presented in this presentation represent the combined Kroger and Albertsons FY 2021 results and are not intended to represent pro forma financials under Section 11 of Regulation S-X under the Securities Exchange Act of 1934, as amended.
- (2) Transformation costs primarily include costs related to store and business closure costs and third party professional consulting fees associated with business transformation and cost saving initiatives.
- (3) Includes costs related to closures of operating facilities and third-party consulting fees related to strategic priorities and associated business transformation.
- (4) Related to conversion activities and related costs associated with integrating acquired businesses. Also includes expenses related to management fees paid in prior fiscal years in connection with acquisition and financing activities.
- (5) Represents incremental pay that is legislatively required in certain municipalities in which Albertsons operates.
- (6) Related to the Combined Plan during the fourth quarter of fiscal 2021.
- (7) Miscellaneous adjustments include non-cash lease-related adjustments, lease and lease-related costs for surplus and closed stores, net realized and unrealized gain on non-operating investments, certain legal and regulatory accruals and settlements, net and other (primarily includes adjustments for pension settlement gain, unconsolidated equity investments and certain contract terminations).