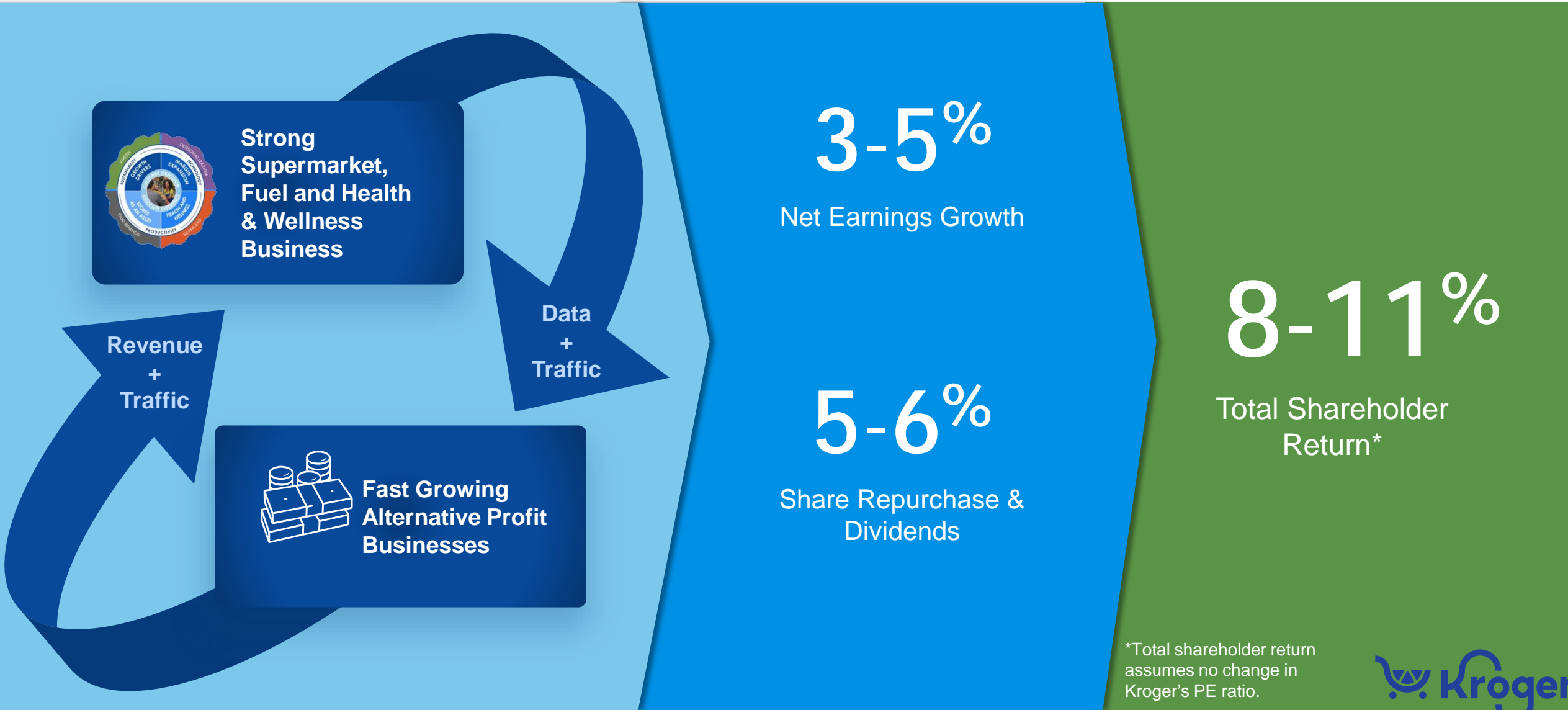


# Strong Value Creation Model, Delivering Sustainable TSR



# Go-to-Market Strategy



Every Customer, Every Time!



**FULL**



**FRESH**



**FRIENDLY**

# Investment Thesis

	<b>Strong Business with Exciting Growth Opportunities<sup>(1)</sup></b>	<b>Proven Value Creation Model</b>	<b>Strong Balance Sheet &amp; Resilient Free Cash Flow</b>
	<ul style="list-style-type: none"> <li>• Conveniently located +2,700 stores</li> <li>• First Party Data on 60M Households</li> <li>• ~\$28B <i>Our Brands</i> Business</li> <li>• Significant Digital Business, &gt;\$10B</li> </ul>	<ul style="list-style-type: none"> <li>• Net Earnings Growth, 3-5%                             <ul style="list-style-type: none"> <li>– ID Sales Growth (ex. Fuel), 2-4%</li> <li>– Margin Improvements (net of investments), 1-2%</li> <li>– Cost Savings, \$1B Annually</li> <li>– High Growth, Margin Accretive Alternative Profits</li> </ul> </li> <li>• Disciplined Capital Investments</li> <li>• Cash Payout 5-6% (Dividends &amp; Share Repurchases<sup>(2)</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>• Strong Free Cash Flow Yield</li> <li>• Investment Grade Debt Rating</li> <li>• Current Net Debt to Adjusted EBITDA 1.34</li> </ul>
	<p><b>Accelerated Go-To-Market Strategy</b></p> <ul style="list-style-type: none"> <li>• National footprint of 4,996 stores<sup>(3)</sup></li> <li>• ~\$59B Fresh Sales</li> <li>• First Party Data on ~85M Households</li> <li>• ~\$43B <i>Our Brands</i> Business</li> <li>• Significant Digital Business, &gt;\$12B</li> </ul>	<ul style="list-style-type: none"> <li>• Combined TSR well above Kroger's standalone TSR Model of 8 – 11% in first four years post-close                             <ul style="list-style-type: none"> <li>– Annual run-rate synergy savings of \$1B within first four years of combined operations</li> <li>– High Growth, Margin Accretive Alternative Profits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Strong Free Cash Flow; 30% accretive to total annual Adjusted Free Cash Flow by year four<sup>(4)</sup></li> <li>• Investment Grade Debt Rating</li> <li>• Target Net Debt to Adjusted EBITDA ratio of 2.3x to 2.5x within 18 to 24 months post-close<sup>(4)</sup></li> </ul>



(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.