



Kroger's Plan to Lower Prices at Albertsons Stores Follows 20-Year Track Record of Providing Great Value to Customers

February 2024



Kroger's 20-Year Track Record of Lower Prices is an Undeniable Fact

- Invested to lower prices consistently since 2003 for \$5 billion in customer savings
- Reduced Gross Profit Margin by 5% in the last 20 years, while Amazon, Walmart, Ahold and Dollar General have all *increased* their margins – with Amazon increasing 22%
- Consistently improved prices following previous mergers
 - Invested more than \$125 million to lower prices at Harris Teeter, while investing an average of \$2.5 million in capital per store
 - Invested more than \$100 million to lower prices at Roundy's, while investing an average of \$2.4 million in capital per store

Kroger's Clear Public Commitments As a Result of the Albertsons Merger

**No
store
closures**

**No
front-line
job losses**

\$500 Million
more price investment

\$1 Billion
for better wages and
comprehensive benefits

\$1.3 Billion
into Albertsons stores to
enhance customer
experience

Donating
10 Billion
meals to combat food
insecurity by 2030

Up to **\$21,000**
tuition reimbursement for all
associates, including part-time

More
**local food
sourcing**

Proposed Merger Will Enhance Kroger's Ability to Compete

Significant grocery industry challenges

Highly competitive grocery industry

Changes in consumer behavior resulting in expanding set of competitors and increasing pricing pressures

Significant new entry and expansion in brick-and-mortar and e-commerce

Merger better positions Kroger to compete against:

- **Large non-union retailers like Walmart, Target, Amazon and Costco**
- **Regional competitors like Ahold, Publix, HEB, WinCo, Meijer and other local supermarket chains**
- **Full-shop alternatives like Aldi, Lidl, Whole Foods, Sprouts, Natural Grocers and Trader Joe's**
- **Dollar stores like Dollar General, Dollar Tree, Family Dollar**
- **Emerging online competitors, including pick-up, delivery and ship-to-home services**

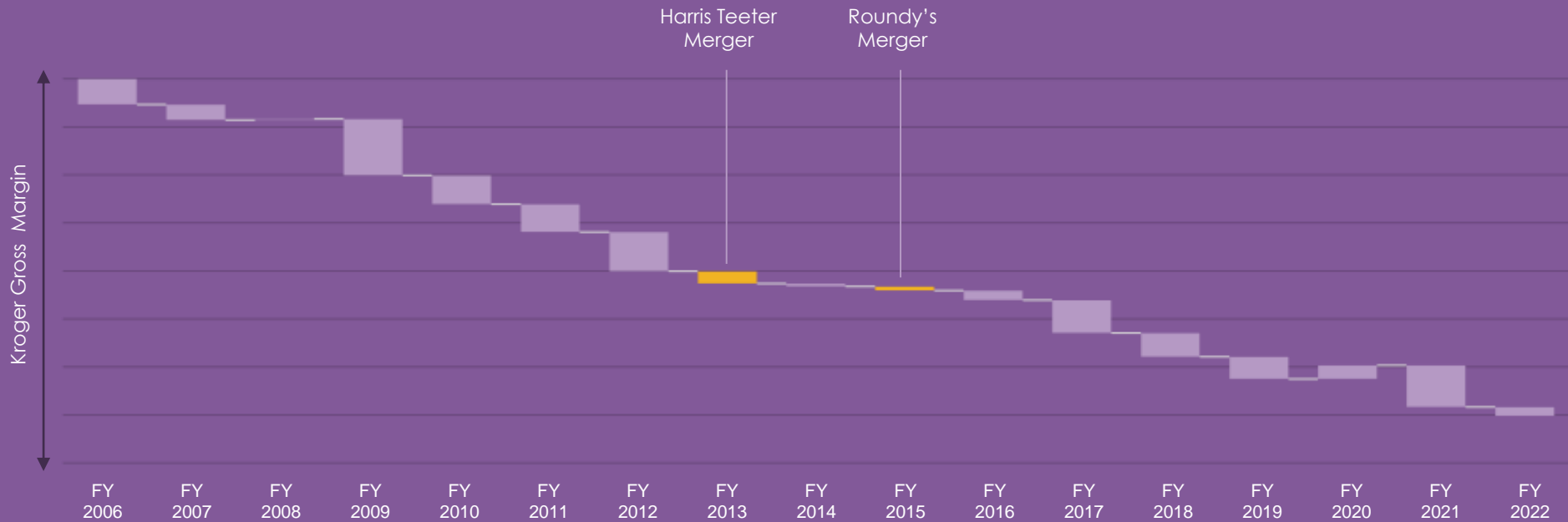
Kroger's Lower-Price Track Record



Kroger's Business Is Built on Reducing Costs to Attract Customers and Build Loyalty

Our Clear Track Record Of Gross Margin Reduction Demonstrates Our Commitment To Lower Prices For Our Customers

TOTAL GROSS MARGIN DECLINE YOY



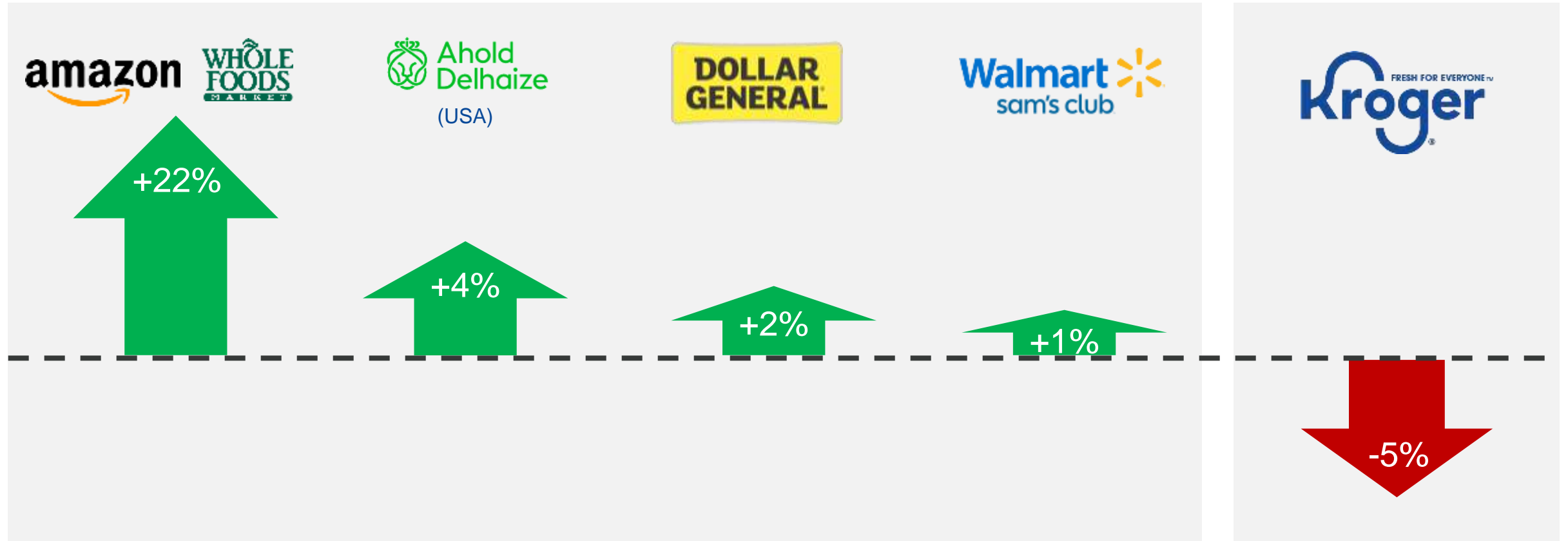
Kroger customers would be paying billions in higher prices if Kroger had maintained rather than reduced its gross margin rate from 2005



Source: Stakeholders Fact Sheet, Nov. 10, 2022, krogeralbertsons.com/resources.

While Many Grocers Have Increased Their Gross Margins, Kroger Has Reduced Ours to Lower Prices for Consumers

20-YEAR GROSS MARGIN CHANGE



Example: Kroger Did Not Pass on Cost Increase to Customers for Thanksgiving Turkeys



Kroger promises a Thanksgiving Fresh for Everyone

Company Release – 11/14/2022

Grocer shares a zero-compromise holiday shopping guide to feed a family of 10 for \$5 per person

CINCINNATI, Nov. 14, 2022 /PRNewswire/ -- The Kroger Co.

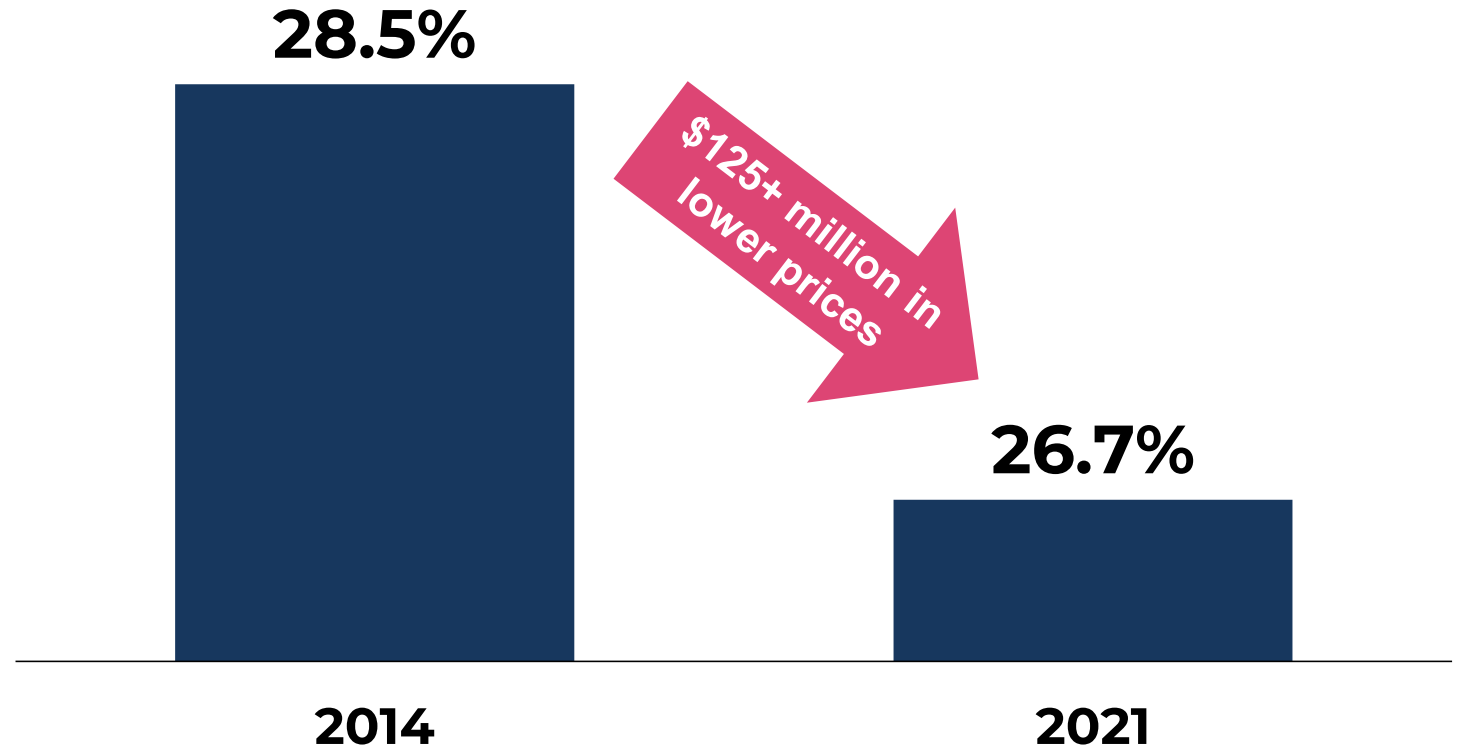
(NYSE: KR), America's grocer, today shared its efforts to cushion customers from the impacts of inflation as they prepare holiday meals, including a zero-compromise shopping guide with meal options that **can feed 10 people for as little as \$5 per person.**

The grocer, who estimates the **cost of turkey has risen 20 cents per pound this year, will not shift the rising cost to customers.**

- Turkey
- Pumpkin Pie
- Rolls
- Stuffing
- Green Bean Casserole
- Gravy
- Sweet Potatoes
- Mashed Potatoes
- Corn
- Cranberry Sauce
- Mac & Cheese

Example: Kroger Lowered Prices at Harris Teeter after Merger

Harris Teeter Gross Margin Change




Kroger invested more than \$125 million to lower prices at Harris Teeter



Source: Internal Kroger data.

Example: Kroger Implemented Lower Price Program across Harris Teeter Following Merger Close in 2014

New Lower Price Program Launched



Within 1 year

- Launched in Charlotte less than one year from closing

April 2014

- Expanded to include thousands of items for all stores in Charlotte

By June 2014

- Expanded lower prices into Northern Virginia, Maryland, Delaware, District of Columbia and Charlottesville

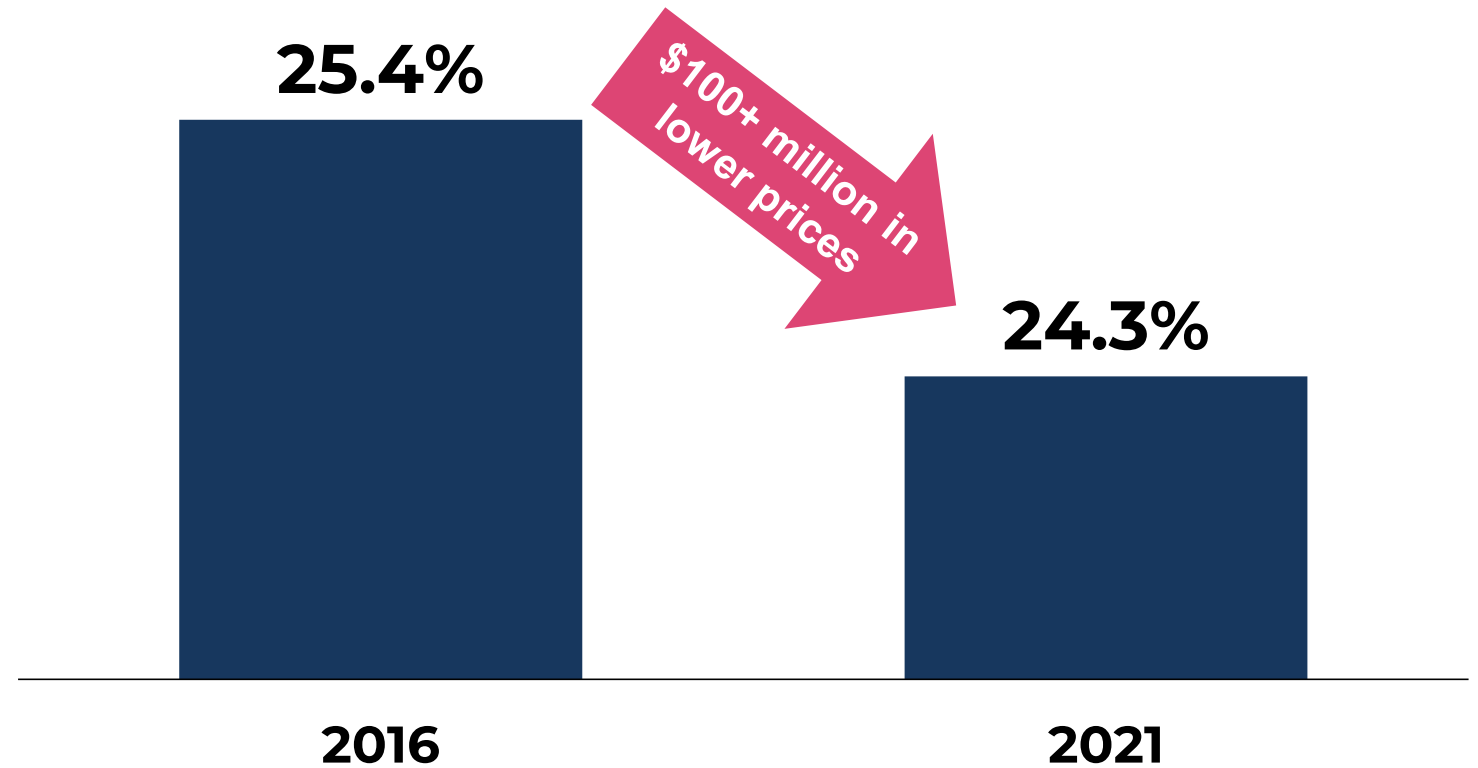
By 2016

- Launched in Wilmington, Eastern Carolinas and Triangle areas
- Updated program in Charlotte and Triad (Greensboro, Winston-Salem and High Point)
- Lowered produce prices across all Harris Teeter stores

Kroger has continued to invest in lowering prices at Harris Teeter stores – expanding lower price programs to new regions, adding products to programs and lowering program prices even more

Example: Kroger Lowered Prices at Roundy's after Merger

Roundy's Gross Margin Change



Kroger invested more than \$100 million to lower prices at Roundy's

Example: Roundy's Price Investments Began Immediately, Across Thousands of Products Most Important to Customers

Initial Investments Following Close Focused On Bringing Roundy's Wisconsin Stores Onto Kroger's Low-price Programs

2016: Fox Valley

Fox Valley

2017: Madison

Madison

2018

Milwaukee & Outstate

2021

All Roundy's Wisconsin Stores

This included investments in the following pricing programs critical to customers:

Natural Foods

Value Items

Milk and Eggs

Grocery

Health & Beauty

Simple Truth

Packaged Meal

Produce

Additional price investments occurred from 2019 to 2022, in conjunction with price investments at other Kroger divisions

Kroger is Committed to Continuing Track Record of Investing in Customers, Associates and Communities

Consistent with prior transactions, following close, Kroger will invest...



\$500M

in further reducing prices for customers



\$1.0B

in wages and comprehensive benefits



\$1.3B

into Albertsons stores to enhance customer experience

- Kroger has invested nearly \$5 billion since 2003 to lower prices

Over the first 3 years post-merger...

- Kroger spent on average \$2.5 million capital per store at Harris Teeter
- Kroger spent on average \$2.4 million capital per store at Roundy's

Proposed Merger Will Enhance Kroger's Ability to Compete

Proposed Merger

Apply Kroger's unique value proposition:
lower prices, better product selection, store improvements,
more convenience and an upgraded consumer experience...

...which drives traffic and revenues...

...which enables additional investments in pricing,
customer experience and associate wages and benefits.

Forward-Looking Statements

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 merger with Albertsons Companies. These statements are based on the assumptions and beliefs of Kroger management in light of the information currently available to them. Such statements are indicated by words or phrases such as "commitments," "plan," 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 Kroger'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 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 have been instituted and may in the future 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 or divestiture plan disrupts our current plans and operations; the ability to identify and recognize, including on the expected timeline, the anticipated total shareholder return ("TSR"), revenue and EBITDA expectations; the amount of the costs, fees, expenses and charges related to the proposed transaction and divestiture plan; the risk that transaction and/or integration costs are greater than expected, including as a result of conditions regulators put on any approvals of the transaction; the potential effect of the announcement and/or consummation of the proposed transaction or divestiture plan on relationships, including with associates, suppliers and competitors; our ability to maintain an investment grade credit rating; the risk that management's attention is diverted from other matters; risks related to the potential effect of general economic, political and market factors, including changes in the financial markets as a result of inflation or measures implemented to address inflation, and any epidemic, pandemic or disease outbreaks, on Kroger, Albertsons or the proposed transaction or divestiture plan; the risk of adverse effects on the market price of our or Albertsons's securities or on Albertsons's or the Company's operating results for any reason; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement or divestiture agreement; and other risks described in our filings with the SEC. The ability of Kroger to achieve the goals for the proposed transaction may also be affected by our ability to manage the factors identified above. The forward-looking statements by Kroger included in this press release speak only as of the date the statements were made. Kroger assumes no 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 these risks and uncertainties.