## THE KROGER CO. CONSOLIDATED BALANCE SHEETS

ASSETS   Current sests   Supering   Superi	(In millions, except par amounts)	February 2, 2019		February 3, 2018		
Cash and temporary cash investments         \$ 429         \$ 347           Store deposits in-transit         1,181         1,181         1,687           Receivables         1,589         1,637           FIFO inventory         8,123         7,781           LIFO reserve         (1,277)         (1,248)           Assets held for sale         166         604           Prepaid and other current assets         592         835           Total current assets         10,803         11,117           Property, plant and equipment, net         1,258         1,100           Goodwill         3,087         2,925           Other assets         3,387         2,925           Other assets         3,387         2,925           Other assets         3,387         2,925           Other assets         3,387         2,925           Current portion of long-term debt including obligations under capital leases and financing obligations         3,157         \$,360           Trade accounts payable         6,059         5,858           Accrured salaries and wages         1,227         1,099           Liabilities         3,780         3,560           Trade accounts payable         6,059         5,858		_				
Store deposits in-transit	Current assets					
Receivables         1,589         1,587           FIFO inventory         8,132         7,781           LIFO reserve         (1,277)         (1,248)           Assets held for sale         166         604           Prepaid and other current assets         592         835           Total current assets         10,803         11,117           Property, plant and equipment, net         21,635         21,071           Intangibles, net         1,288         1,100           Goodwill         3,087         2,925           Other assets         3,8118         3,7197           LIABILITIES           Current portion of long-term debt including obligations under capital leases and financing obligations         3,157         3,560           Trade accounts payable         6,059         5,858           Accrued salaries and wages         1,227         1,099           Liabilities held for sale         51         259           Other current liabilities         3,780         3,421           Total current liabilities         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,	Cash and temporary cash investments	\$	429	\$	347	
FIFO inventory	Store deposits in-transit		1,181		1,161	
Commitments and contingencies see Note 13   Commitment commitments and contingencies see Note 13   Commitments and contingencies see Note 14						
Assets held for sale         166         604           Prepaid and other current assets         592         835           Total current assets         10,803         11,117           Property, plant and equipment, net         21,635         21,071           Intangibles, net         1,258         1,100           Goodwill         3,087         2,925           Other assets         1,335         984           Total Assets         \$38,118         \$37,197           LIABILITIES         Current liabilities         Current portion of long-term debt including obligations under capital leases and financing obligations in political polit	FIFO inventory				7,781	
Prepaid and other current assets         592         835           Total current assets         10,003         11,117           Property, plant and equipment, net         12,635         21,071           Intangibles, net         1,258         1,100           Goodwill         3,087         2,925           Other assets         3,8118         3,7197           LIABILITIES           Current portion of long-term debt including obligations under capital leases and financing obligations         3,157         3,560           Trade accounts payable         6,059         5,858           Accrued salaries and wages         1,227         1,099           Liabilities held for sale         51         259           Other current liabilities         3,780         3,421           Total current liabilities         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,568           Pension and postretirement benefit obligations         12,072         12,029           Other long-term liabilities         3,023         30,292           Commitments and contingencies see Note 13           SHARE	LIFO reserve		(1,277)		(1,248)	
Total current assets	Assets held for sale				604	
Property, plant and equipment, net	Prepaid and other current assets					
Intangibles, net   1,258   1,100   3,087   2,925   2	Total current assets		10,803		11,117	
Goodwill         3,087         2,925           Other assets         1,335         984           Total Assets         \$ 38,118         \$ 37,197           LIABILITIES           Current liabilities         Current portion of long-term debt including obligations under capital leases and financing obligations         \$ 3,560           Trade accounts payable         6,059         5,858           Accrued salaries and wages         1,227         1,099           Liabilities held for sale         51         259           Other current liabilities         3,780         3,421           Total current liabilities         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,568           Pension and postretirement benefit obligations         494         792           Other long-term liabilities         30,283         30,292           Commitments and contingencies see Note 13         SHAREHOLDERS' EQUITY         -         -           Preferred shares, \$100 par per share, 5 shares authorized and unissued         -         -         -           Commonishares, \$1 par per share, 2,000 shares authorized, 1,918 shares issued in 2018 and 2	Property, plant and equipment, net		21,635		21,071	
Other assets         1,335         984           Total Assets         38,118         37,197           LIABILITIES           Current portion of long-term debt including obligations under capital leases and financing obligations         3,157         \$ 3,500           Trade accounts payable         6,059         5,858           Accrued salaries and wages         1,227         1,099           Liabilities held for sale         51         259           Other current liabilities         3,780         3,421           Total current liabilities         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,568           Pension and postretirement benefit obligations         494         792           Other long-term liabilities         30,283         30,283           Total Liabilities         30,283         30,283           Commitments and contingencies see Note 13           SHAREHOLDERS' EQUITY           Preferred shares, \$100 par per share, 5 shares authorized and unissued         —         —         —           Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017         1,918			1,258			
Other assets         1,335         984           Total Assets         38,118         37,197           LIABILITIES           Current liabilities         83,157         \$ 3,500           Current portion of long-term debt including obligations under capital leases and financing obligations         \$ 3,157         \$ 3,500           Trace accounts payable         6,059         5,858         Accrued salaries and wages         1,227         1,099           Liabilities held for sale         51         259         250         250         3,780         3,2421           Total current liabilities         3,780         3,2421         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,568           Pension and postretirement benefit obligations         494         792           Other long-term liabilities         30,283         30,283           Total Liabilities         30,283         30,283           SHAREHOLDERS' EQUITY           Preferred shares, \$100 par per share, 5 shares authorized and unissued         —         —         —         —           Common shares, \$1 par per share, 2,000 shares au	Goodwill					
LIABILITIES  Current liabilities  Current portion of long-term debt including obligations under capital leases and financing obligations  Trade accounts payable Accrued salaries and wages 1,227 1,099 Liabilities held for sale 51 259 Other current liabilities 7 1,010 Total current liabilities 7 1,027 1,039 Liabilities held for sale 7 1,029 Liabilities held for sale 8 1,227 7 1,099 Liabilities held for sale 9 1,227 1,039 Liabilities held for sale 1,227 1,039 Liabilities held for sale 1,227 1,039 Liabilities 1,4274 1,417  Total current liabilities 1,072 1,073 1,076 1,076 1,071 1,071 1,071 1,071 1,071 1,071 1,071 1,071 1,071	Other assets					
LIABILITIES  Current liabilities  Current portion of long-term debt including obligations under capital leases and financing obligations  Trade accounts payable Accrued salaries and wages 1,227 1,099 Liabilities held for sale 51 259 Other current liabilities 7 1,010 Total current liabilities 7 1,027 1,039 Liabilities held for sale 7 1,029 Liabilities held for sale 8 1,227 7 1,099 Liabilities held for sale 9 1,227 1,039 Liabilities held for sale 1,227 1,039 Liabilities held for sale 1,227 1,039 Liabilities 1,4274 1,417  Total current liabilities 1,072 1,073 1,076 1,076 1,071 1,071 1,071 1,071 1,071 1,071 1,071 1,071 1,071	Total Assets	\$	38 118	\$	37 197	
Current liabilities           Current portion of long-term debt including obligations under capital leases and financing obligations         \$ 3,157         \$ 3,560           Trade accounts payable         6,059         5,858           Accrued salaries and wages         1,227         1,099           Liabilities held for sale         51         259           Other current liabilities         3,780         3,421           Total current liabilities         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,568           Pension and postretirement benefit obligations         494         792           Other long-term liabilities         30,283         30,292           Commitments and contingencies see Note 13         SHAREHOLDERS' EQUITY           Preferred shares, \$100 par per share, 5 shares authorized and unissued         —         —         —           Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017         1,918         1,918           Additional paid-in capital         3,245         3,161           Accumulated other comprehensive loss         19,681         17,007	15111/155515	<u> </u>	00,110	<u> </u>	01,101	
Current portion of long-term debt including obligations under capital leases and financing obligations Trade accounts payable Accrued salaries and wages Liabilities held for sale Cother current liabilities Total Current liabilities To						
financing obligations         \$ 3,157         \$ 3,560           Trade accounts payable         6,059         5,858           Accrued salaries and wages         1,227         1,099           Liabilities held for sale         51         259           Other current liabilities         3,780         3,421           Total current liabilities         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,568           Pension and postretirement benefit obligations         494         792           Other long-term liabilities         1,881         1,706           Total Liabilities         30,283         30,292           Commitments and contingencies see Note 13         SHAREHOLDERS' EQUITY           Preferred shares, \$100 par per share, 5 shares authorized and unissued         —         —         —           Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017         1,918         1,918           Additional paid-in capital         3,245         3,161           Accumulated other comprehensive loss         (346)         (471)           Accumulated earnings         19,681         17,007 </td <td></td> <td></td> <td></td> <td></td> <td></td>						
Trade accounts payable         6,059         5,858           Accrued salaries and wages         1,227         1,099           Liabilities held for sale         51         259           Other current liabilities         3,780         3,421           Total current liabilities         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,568         1,568         Pension and postretirement benefit obligations         494         792           Other long-term liabilities         1,881         1,706           Total Liabilities         30,283         30,292           Commitments and contingencies see Note 13         SHAREHOLDERS' EQUITY           Preferred shares, \$100 par per share, 5 shares authorized and unissued         — — —           Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017         1,918         1,918           Additional paid-in capital         3,245         3,161           Accumulated other comprehensive loss         (346)         (471)           Accumulated earnings         19,681         17,007						
Accrued salaries and wages       1,227       1,099         Liabilities held for sale       51       259         Other current liabilities       3,780       3,421         Total current liabilities       14,274       14,197         Long-term debt including obligations under capital leases and financing obligations       12,072       12,029         Deferred income taxes       1,562       1,568         Pension and postretirement benefit obligations       494       792         Other long-term liabilities       1,881       1,706         Total Liabilities       30,283       30,292         Commitments and contingencies see Note 13         SHAREHOLDERS' EQUITY         Preferred shares, \$100 par per share, 5 shares authorized and unissued       —       —         Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017       1,918       1,918         Additional paid-in capital       3,245       3,161         Accumulated other comprehensive loss       (346)       (471)         Accumulated earnings       19,681       17,007		\$	,	\$	,	
Liabilities held for sale       51       259         Other current liabilities       3,780       3,421         Total current liabilities       14,274       14,197         Long-term debt including obligations under capital leases and financing obligations       12,072       12,029         Deferred income taxes       1,562       1,568         Pension and postretirement benefit obligations       494       792         Other long-term liabilities       1,881       1,706         Total Liabilities       30,283       30,292         Commitments and contingencies see Note 13         SHAREHOLDERS' EQUITY         Preferred shares, \$100 par per share, 5 shares authorized and unissued       —       —         Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017       1,918       1,918         Additional paid-in capital       3,245       3,161         Accumulated other comprehensive loss       (346)       (471)         Accumulated earnings       19,681       17,007						
Other current liabilities         3,780         3,421           Total current liabilities         14,274         14,197           Long-term debt including obligations under capital leases and financing obligations         12,072         12,029           Deferred income taxes         1,562         1,568           Pension and postretirement benefit obligations         494         792           Other long-term liabilities         30,283         30,283           Total Liabilities         30,283         30,292           Commitments and contingencies see Note 13           SHAREHOLDERS' EQUITY           Preferred shares, \$100 par per share, 5 shares authorized and unissued         —         —         —           Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017         1,918         1,918           Additional paid-in capital         3,245         3,161           Accumulated other comprehensive loss         (346)         (471)           Accumulated earnings         19,681         17,007	<b>U</b>		1,227		,	
Total current liabilities 14,197  Long-term debt including obligations under capital leases and financing obligations 12,072 12,029  Deferred income taxes 1,562 1,568  Pension and postretirement benefit obligations 494 792  Other long-term liabilities 1,881 1,706  Total Liabilities 30,283 30,292  Commitments and contingencies see Note 13  SHAREHOLDERS' EQUITY  Preferred shares, \$100 par per share, 5 shares authorized and unissued — — —  Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017 1,918 1,918  Additional paid-in capital 3,245 3,161  Accumulated other comprehensive loss (346) (471)  Accumulated earnings 19,681 17,007						
Long-term debt including obligations under capital leases and financing obligations  12,072  12,029  Deferred income taxes  1,562  1,568  Pension and postretirement benefit obligations  494  792  Other long-term liabilities  1,881  1,706  Total Liabilities  30,283  30,292  Commitments and contingencies see Note 13  SHAREHOLDERS' EQUITY  Preferred shares, \$100 par per share, 5 shares authorized and unissued  Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017  Additional paid-in capital  Accumulated other comprehensive loss  (346)  (471)  Accumulated earnings	Other current liabilities					
Deferred income taxes Pension and postretirement benefit obligations Other long-term liabilities 1,881 1,706  Total Liabilities 30,283 30,292  Commitments and contingencies see Note 13  SHAREHOLDERS' EQUITY  Preferred shares, \$100 par per share, 5 shares authorized and unissued Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017 1,918 Additional paid-in capital Accumulated other comprehensive loss (346) (471) Accumulated earnings	Total current liabilities		14,274		14,197	
Pension and postretirement benefit obligations 494 792 Other long-term liabilities 1,881 1,706  Total Liabilities 30,283 30,292  Commitments and contingencies see Note 13  SHAREHOLDERS' EQUITY  Preferred shares, \$100 par per share, 5 shares authorized and unissued — — — Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017 1,918 1,918 Additional paid-in capital 3,245 3,161 Accumulated other comprehensive loss (346) (471) Accumulated earnings 19,681 17,007	Long-term debt including obligations under capital leases and financing obligations		12,072		12,029	
Other long-term liabilities 1,881 1,706  Total Liabilities 30,283 30,292  Commitments and contingencies see Note 13  SHAREHOLDERS' EQUITY  Preferred shares, \$100 par per share, 5 shares authorized and unissued — — — Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017 1,918 1,918 1,918  Additional paid-in capital 3,245 3,161  Accumulated other comprehensive loss (346) (471)  Accumulated earnings 19,681 17,007	Deferred income taxes		1,562		1,568	
Total Liabilities 30,283 30,292  Commitments and contingencies see Note 13  SHAREHOLDERS' EQUITY  Preferred shares, \$100 par per share, 5 shares authorized and unissued — — — — Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017 1,918 1,918 1,918 1,918 Additional paid-in capital 3,245 3,161 Accumulated other comprehensive loss (346) (471) Accumulated earnings 19,681 17,007	Pension and postretirement benefit obligations		494		792	
Commitments and contingencies see Note 13  SHAREHOLDERS' EQUITY  Preferred shares, \$100 par per share, 5 shares authorized and unissued — — — Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017	Other long-term liabilities		1,881		1,706	
SHAREHOLDERS' EQUITY  Preferred shares, \$100 par per share, 5 shares authorized and unissued — — —  Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017	Total Liabilities		30,283		30,292	
Preferred shares, \$100 par per share, 5 shares authorized and unissued — — — Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017 — 1,918 —	Commitments and contingencies see Note 13					
Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017 1,918 1,918 Additional paid-in capital 3,245 3,161 Accumulated other comprehensive loss (346) (471) Accumulated earnings 19,681 17,007	SHAREHOLDERS' EQUITY					
Common shares, \$1 par per share, 2,000 shares authorized; 1,918 shares issued in 2018 and 2017 1,918 1,918 Additional paid-in capital 3,245 3,161 Accumulated other comprehensive loss (346) (471) Accumulated earnings 19,681 17,007	Preferred shares \$100 par per share 5 shares authorized and unissued		_		_	
and 2017       1,918       1,918         Additional paid-in capital       3,245       3,161         Accumulated other comprehensive loss       (346)       (471)         Accumulated earnings       19,681       17,007						
Additional paid-in capital       3,245       3,161         Accumulated other comprehensive loss       (346)       (471)         Accumulated earnings       19,681       17,007			1 918		1 918	
Accumulated other comprehensive loss (346) (471) Accumulated earnings 19,681 17,007						
Accumulated earnings 19,681 17,007						
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					, , , , , , ,	
Total Shareholders' Equity - The Kroger Co. 7,886 6,931	Total Shareholders' Equity - The Kroger Co.		7,886		6,931	
Noncontrolling interests (51) (26)	Noncontrolling interests		,			
					`	
Total Equity 7,835 6,905	Total Equity		7,835		6,905	
Total Liabilities and Equity \$ 38,118 \$ 37,197	Total Liabilities and Equity	\$	38,118	\$	37,197	

The accompanying notes are an integral part of the consolidated financial statements.

## THE KROGER CO. CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended February 2, 2019, February 3, 2018 and January 28, 2017

(In millions, except per share amounts)	(52	2018 (52 weeks)		2017 (53 weeks)		2016 weeks)
Sales	\$ 12	21,162	\$ 12	22,662	\$ 1	15,337
Operating expenses						
Merchandise costs, including advertising, warehousing, and	,	04.004		05 660		00 500
transportation, excluding items shown separately below		94,894		95,662		89,502
Operating, general and administrative Rent	•	20,305 884		21,041 911		19,162 881
Depreciation and amortization		2,465		2,436		2,340
Depreciation and amortization		2,400		2,430		2,540
Operating profit		2,614		2,612		3,452
Other income (expense)		(000)		(00.4)		(=00)
Interest expense		(620)		(601)		(522)
Non-service component of company-sponsored pension plan costs		(26)		(527)		(16)
Mark to market gain on Ocado securities		228				_
Gain on sale of business	_	1,782	_		_	
Net earnings before income tax (benefit) expense		3,978		1,484		2,914
1 (1 (5))		000		(405)		0.57
Income tax (benefit) expense		900		(405)	_	957
Net earnings including noncontrolling interests		3,078		1,889		1,957
Net loss attributable to noncontrolling interests		(32)		(18)		(18)
· ·				` `		` '
Net earnings attributable to The Kroger Co.	\$	3,110	\$	1,907	\$	1,975
Net earnings attributable to The Kroger Co. per basic common share	\$	3.80	\$	2.11	\$	2.08
Ŭ į			<u> </u>			
Average number of common shares used in basic calculation		810		895		942
Net earnings attributable to The Kroger Co. per diluted common share	\$	3.76	\$	2.09	\$	2.05
Average number of common shares used in diluted calculation		818		904		958

The accompanying notes are an integral part of the consolidated financial statements.

## THE KROGER CO. CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended February 2, 2019, February 3, 2018 and January 28, 2017

(In millions)	2018 (52 weeks)				2016 (52 weeks)		
Cash Flows from Operating Activities:		0.070	•	4.000	•	4.057	
Net earnings including noncontrolling interests	\$	3,078	\$	1,889	\$	1,957	
Adjustments to reconcile net earnings including noncontrolling interests to net cash provided by operating activities:							
Depreciation and amortization		2,465		2,436		2,340	
LIFO (credit) charge		29		(8)		19	
Stock-based employee compensation		154		151		141	
Expense for company-sponsored pension plans		76		591		94	
Goodwill impairment charge		_		110		_	
Deferred income taxes		(45)		(694)		201	
Gain on sale of business		(1,782)		`′		_	
Mark to market gain on Ocado securities		(228)		_		_	
Other		116		79		(2)	
Changes in operating assets and liabilities net of effects from mergers and disposals of businesses:  Store deposits in-transit		(20)		(265)		13	
Receivables		(208)		61		(110)	
Inventories		(354)		(23)		(382)	
Prepaid and other current assets		244		41		(172)	
Trade accounts payable		213		158		16	
Accrued expenses		416		(40)		(118)	
Income taxes receivable and payable		289		(96)		261	
Contribution to company-sponsored pension plans		(185)		(1,000)			
Other		(94)		23		14	
Other				20		17	
Net cash provided by operating activities	_	4,164	_	3,413	_	4,272	
Cash Flows from Investing Activities:							
Payments for property and equipment, including payments for lease buyouts		(2,967)		(2,809)		(3,699)	
Proceeds from sale of assets		85		138		132	
Proceeds on settlement of financial instrument		235		_		_	
Payments for acquisitions, net of cash acquired		(197)		(16)		(401)	
Purchases of stores		(44)		_		_	
Net proceeds from sale of business		2,169		_		_	
Purchases of Ocado securities		(392)		_		_	
Other		(75 <u>)</u>	_	(20)	_	93	
Net cash used by investing activities		(1,186)		(2,707)		(3,875)	
Net dash dada by investing addivides	_	(1,100)	_	(2,101)	_	(0,070)	
Cash Flows from Financing Activities:							
Proceeds from issuance of long-term debt		2,236		1,523		2,781	
Payments on long-term debt		(1,372)		(788)		(1,355)	
Net (payments) borrowings on commercial paper		(1,321)		696		435	
Dividends paid		(437)		(443)		(429)	
Proceeds from issuance of capital stock		65		51		68	
Treasury stock purchases		(2,010)		(1,633)		(1,766)	
Other	_	(57 <u>)</u>	_	(87)	_	(86)	
Net cash used by financing activities	_	(2,896)		(681)		(352)	
Net increase in cash and temporary cash investments		82		25		45	
Cash and temporary cash investments:							
Beginning of year		347		322		277	
End of year	\$	429	\$	347	\$	322	
Reconciliation of capital investments:							
Payments for property and equipment, including payments for lease buyouts	\$	(2,967)	\$	(2,809)	\$	(3,699)	
Payments for lease buyouts	, v	5	Ψ	13	Ψ.	5	
Changes in construction-in-progress payables		(56)		(188)		72	
Total capital investments, excluding lease buyouts	\$	(3,018)	\$	(2,984)	Ф	(3,622)	
Total dapital investificitis, excluding lease puyouts	Ф	(3,010)	φ	(2,304)	\$	(3,022)	
Disclosure of cash flow information:							
Cash paid during the year for interest	\$	614	\$	656	\$	505	
Cash paid during the year for income taxes	\$	600	\$	348	\$	557	

The accompanying notes are an integral part of the consolidated financial statements