

**THE KROGER CO.**  
**CONSOLIDATED BALANCE SHEETS**

(In millions, except par amounts)	February 1, 2020	February 2, 2019
<b>ASSETS</b>		
Current assets		
Cash and temporary cash investments	\$ 399	\$ 429
Store deposits in-transit	1,179	1,181
Receivables	1,706	1,589
FIFO inventory	8,464	8,123
LIFO reserve	(1,380)	(1,277)
Assets held for sale	—	166
Prepaid and other current assets	522	592
Total current assets	10,890	10,803
Property, plant and equipment, net	21,871	21,635
Operating lease assets	6,814	—
Intangibles, net	1,066	1,258
Goodwill	3,076	3,087
Other assets	1,539	1,335
Total Assets	\$ 45,256	\$ 38,118
<b>LIABILITIES</b>		
Current liabilities		
Current portion of long-term debt including obligations under finance leases	\$ 1,965	\$ 3,157
Current portion of operating lease liabilities	597	—
Trade accounts payable	6,349	6,059
Accrued salaries and wages	1,168	1,227
Liabilities held for sale	—	51
Other current liabilities	4,164	3,780
Total current liabilities	14,243	14,274
Long-term debt including obligations under finance leases	12,111	12,072
Noncurrent operating lease liabilities	6,505	—
Deferred income taxes	1,466	1,562
Pension and postretirement benefit obligations	608	494
Other long-term liabilities	1,750	1,881
Total Liabilities	36,683	30,283
Commitments and contingencies see Note 13		
<b>SHAREHOLDERS' EQUITY</b>		
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 2019 and 2018	1,918	1,918
Additional paid-in capital	3,337	3,245
Accumulated other comprehensive loss	(640)	(346)
Accumulated earnings	20,978	19,681
Common shares in treasury, at cost, 1,130 shares in 2019 and 1,120 shares in 2018	(16,991)	(16,612)
Total Shareholders' Equity - The Kroger Co.	8,602	7,886
Noncontrolling interests	(29)	(51)
Total Equity	8,573	7,835
Total Liabilities and Equity	\$ 45,256	\$ 38,118

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

**THE KROGER CO.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

Years Ended February 1, 2020, February 2, 2019 and February 3, 2018

(In millions, except per share amounts)	2019 (52 weeks)	2018 (52 weeks)	2017 (53 weeks)
Sales	\$ 122,286	\$ 121,852	\$ 123,280
Operating expenses			
Merchandise costs, including advertising, warehousing, and transportation, excluding items shown separately below	95,294	95,103	95,811
Operating, general and administrative	21,208	20,786	21,510
Rent	884	884	911
Depreciation and amortization	2,649	2,465	2,436
Operating profit	2,251	2,614	2,612
Other income (expense)			
Interest expense	(603)	(620)	(601)
Non-service component of company-sponsored pension plan costs	—	(26)	(527)
Mark to market gain on Ocado securities	157	228	—
Gain on sale of businesses	176	1,782	—
Net earnings before income tax (benefit) expense	1,981	3,978	1,484
Income tax (benefit) expense	469	900	(405)
Net earnings including noncontrolling interests	1,512	3,078	1,889
Net loss attributable to noncontrolling interests	(147)	(32)	(18)
Net earnings attributable to The Kroger Co.	\$ 1,659	\$ 3,110	\$ 1,907
Net earnings attributable to The Kroger Co. per basic common share	\$ 2.05	\$ 3.80	\$ 2.11
Average number of common shares used in basic calculation	799	810	895
Net earnings attributable to The Kroger Co. per diluted common share	\$ 2.04	\$ 3.76	\$ 2.09
Average number of common shares used in diluted calculation	805	818	904

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

**THE KROGER CO.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended February 1, 2020, February 2, 2019 and February 3, 2018

(In millions)	2019 (52 weeks)	2018 (52 weeks)	2017 (53 weeks)
<b>Cash Flows from Operating Activities:</b>			
Net earnings including noncontrolling interests	\$ 1,512	\$ 3,078	\$ 1,889
Adjustments to reconcile net earnings including noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	2,649	2,465	2,436
Asset impairment charge	120	56	71
Operating lease asset amortization	640	—	—
LIFO charge (credit)	105	29	(8)
Stock-based employee compensation	155	154	151
Expense for company-sponsored pension plans	39	76	591
Goodwill impairment charge	—	—	110
Deferred income taxes	(56)	(45)	(694)
Gain on sale of businesses	(176)	(1,782)	—
(Gain) loss on the sale of assets	(158)	2	(31)
Mark to market gain on Ocado securities	(157)	(228)	—
Loss on deconsolidation and impairment of Lucky's Market	412	—	—
Other	(109)	58	39
Changes in operating assets and liabilities net of effects from mergers and disposals of businesses:			
Store deposits in-transit	3	(20)	(265)
Receivables	(36)	(208)	61
Inventories	(351)	(354)	(23)
Prepaid and other current assets	(33)	244	41
Trade accounts payable	342	213	158
Accrued expenses	302	416	(40)
Income taxes receivable and payable	(142)	289	(96)
Contribution to company-sponsored pension plan	—	(185)	(1,000)
Operating lease liabilities	(639)	—	—
Proceeds from contract associated with sale of business	295	—	—
Other	(53)	(94)	23
Net cash provided by operating activities	4,664	4,164	3,413
<b>Cash Flows from Investing Activities:</b>			
Payments for property and equipment, including payments for lease buyouts	(3,128)	(2,967)	(2,809)
Proceeds from sale of assets	273	85	138
Proceeds on settlement of financial instrument	—	235	—
Payments for acquisitions, net of cash acquired	—	(197)	(16)
Purchases of stores	—	(44)	—
Net proceeds from sale of businesses	327	2,169	—
Purchases of Ocado securities	—	(392)	—
Other	(83)	(75)	(20)
Net cash used by investing activities	(2,611)	(1,186)	(2,707)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from issuance of long-term debt	813	2,236	1,523
Payments on long-term debt including obligations under finance leases	(2,304)	(1,372)	(788)
Net proceeds (payments) on commercial paper	350	(1,321)	696
Dividends paid	(486)	(437)	(443)
Proceeds from issuance of capital stock	55	65	51
Treasury stock purchases	(465)	(2,010)	(1,633)
Other	(46)	(57)	(87)
Net cash used by financing activities	(2,083)	(2,896)	(681)
Net (decrease) increase in cash and temporary cash investments	(30)	82	25
<b>Cash and temporary cash investments:</b>			
Beginning of year	429	347	322
End of year	\$ 399	\$ 429	\$ 347
<b>Reconciliation of capital investments:</b>			
Payments for property and equipment, including payments for lease buyouts	\$ (3,128)	\$ (2,967)	\$ (2,809)
Payments for lease buyouts	82	5	13
Changes in construction-in-progress payables	2	(56)	(188)
Total capital investments, excluding lease buyouts	\$ (3,044)	\$ (3,018)	\$ (2,984)
<b>Disclosure of cash flow information:</b>			
Cash paid during the year for interest	\$ 523	\$ 614	\$ 656
Cash paid during the year for income taxes	\$ 706	\$ 600	\$ 348

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