

## MERGER & ACQUISITION STRATEGY

Kroger’s merger & acquisition strategy focuses on identifying opportunities to bring physical, intangible and human assets into the Kroger organization to enhance or accelerate achievement of our corporate priorities. We apply a disciplined, multi-functional review process of both financial and non-financial attributes of potential merger/acquisition candidates to maximize the probability of shareholder value creation. With all mergers, Kroger strives to ensure both parties provide synergies to the relationship to enhance value.

Kroger’s supermarket merger/acquisition strategy focuses primarily on existing markets. Such “in-market” mergers/acquisitions have lower risk and generally produce a higher incremental return because they require little investment in overhead, advertising, and distribution. The recent Harris Teeter® and Roundy’s® mergers, while offering entry into new markets for Kroger, also provide synergy opportunities based upon each partner’s areas of operating excellence applicable across our large base of existing assets. Starting with the Axiom Pharmacy merger in 2012, Kroger has become more focused on identifying potential merger partners that enhance our ability to deliver on our Customer 1<sup>st</sup> Strategy in expanded ways.

Mergers/Acquisitions	Date	# Stores (A)	Location	Banner Change?
Buehler Food Markets	Apr-06	1	Louisville KY	Yes
Scott’s Food & Pharmacy	Apr-07	18	Fort Wayne IN	Yes
Farmer Jack	Jun-07	20	Detroit MI	Yes
Individual stores	2007	2	Various	Yes
Individual stores	2008	9	Various	Yes
AWG	Jan-10	7	Topeka & Wichita KS	Yes
Brookshires	Mar-10	2	Jackson MS	Yes
Albertsons	Jun-10	1	Ft. Worth TX	Yes
Individual store	Apr-11	1	Bloomfield IN	Yes
Schnuck’s (supermarket)	Sept-11	8	Memphis TN	Yes
Schnuck’s (c-stores)	Sept-11	7	Memphis TN	Yes
Axiom Pharmacy	Dec-12	Specialty Rx	Lake Mary FL	N/A
Harris Teeter	Jan-14	227	Multiple	No
YOU Technology	Feb-14	Technology	San Francisco CA	N/A
Vitacost.com	Aug-14	e-comm	Boca Raton FL	N/A
84.51°	Apr-15	Technology	Cincinnati OH	N/A
Hiller’s	Jul-15	7	Detroit MI	Yes
Roundy’s (various banners)	Dec-15	151	Wisconsin/Chicago	No

(A) Represents stores acquired. Kroger may not operate all.