

## APPENDIX 1

### THE KROGER CO. 2014 LONG-TERM INCENTIVE AND CASH BONUS PLAN

#### 1. Definitions

In this Plan the following definitions will apply:

1.1 “Agreement” means a written instrument implementing a grant of an Option, Right or Performance Unit, an award of Restricted Stock or Incentive Shares, or setting forth the terms of a Cash Bonus.

1.2 “Board” means the Board of Directors of the Company.

1.3 “Cash Bonus” means an annual or long-term bonus awarded to a participant under the Cash Bonus Program and determined by the Committee based on performance measured against Performance Goals established by the Committee.

1.4 “Cash Bonus Program” means that portion of the Plan under which a participant is awarded a Cash Bonus.

1.5 “Code” means the Internal Revenue Code of 1986, as amended.

1.6 “Committee” means the committee appointed to administer each of the Programs under the Plan. For purposes of the Insider Program and the Cash Bonus Program the Committee will be a committee of the Board meeting the standards of Rule 16b-3(d)(1) under the Exchange Act, or any similar successor rule, appointed by the Board to administer the Insider Program and the Cash Bonus Program, which initially will be composed of those members of the Compensation Committee of the Board who qualify as “outside directors” under Section 162(m) of the Code. For purposes of the Non-Insider Program, the Committee will be the Stock Option Committee.

1.7 “Company” means THE KROGER CO.

1.8 “Date of Exercise” means the date on which the Company receives notice of the exercise of an Option, Right or Performance Unit in accordance with the terms of Article 9.

1.9 “Date of Grant” means the date on which an Option, Right or Performance Unit is granted or Restricted Stock or Incentive Shares are awarded by the Committee.

1.10 “Director” means a non-Employee member of the Board of the Company.

1.11 “Employee” means any person, excluding Directors, to whom awards or grants can be made pursuant to the securities laws of the United State and to whom such awards or grants are made by the Committee.

1.12 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

1.13 “Fair Market Value” of a Share means the amount equal to the fair market value of a Share determined pursuant to a reasonable method adopted by the Committee in good faith for such purpose. Unless otherwise provided in an Agreement to the contrary, the Fair Market Value of a Share will be the closing price on the date of determination on the New York Stock Exchange--Composite Transactions, or if no sales are made on such date, on the most recent prior date for which sales are reported.

1.14 “Grantee” means an Employee or a Director to whom Restricted Stock has been awarded pursuant to Article 11 or to whom Incentive Shares have been awarded pursuant to Article 12.

1.15 “Incentive Share” means a Share awarded pursuant to Article 12.

1.16 “Insider” means an officer of the Company subject to Section 16(a) of the Exchange Act.

1.17 “Insider Program” means that portion of the Plan under which grants or awards are made to Insiders and Directors.