

THE KROGER CO.

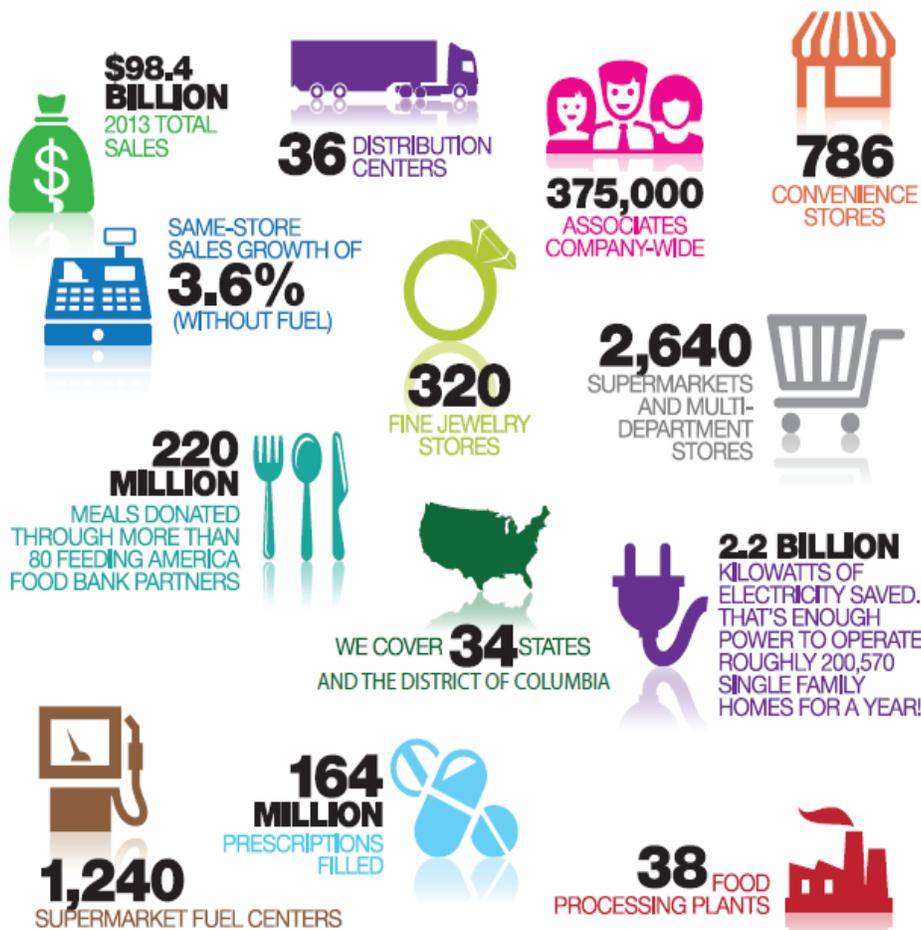
2013 Fact Book





BY THE NUMBERS

Did you know that The Kroger Co. is the largest full-service grocery retailer in the United States? How many distribution centers do we operate? Did you know we run food processing plants? What's our total store count? Check out these **2013** facts and figures!



ABOUT THE KROGER FACT BOOK

This Fact Book provides certain financial and operating information about The Kroger Co. and its consolidated subsidiaries. It is intended to provide general information about Kroger and therefore does not include the Company's consolidated financial statements and notes. On January 22, 2003, the SEC issued release No. 33-8176 that set forth new requirements relating to the disclosure of non-GAAP financial measures, as defined in the release. The release allows for presentation of certain non-GAAP financial measures provided that the measures are reconciled to the most directly comparable GAAP financial measure. Any non-GAAP financial measure discussed in this Fact Book complies with this requirement. More detailed financial information can be found in Kroger's filings with the SEC.

Kroger believes that the information contained in this Fact Book is correct in all material respects as of the date set forth below or such earlier date as indicated. However, such information is subject to change. Unless otherwise noted, reference to "years" is to Kroger's fiscal years.

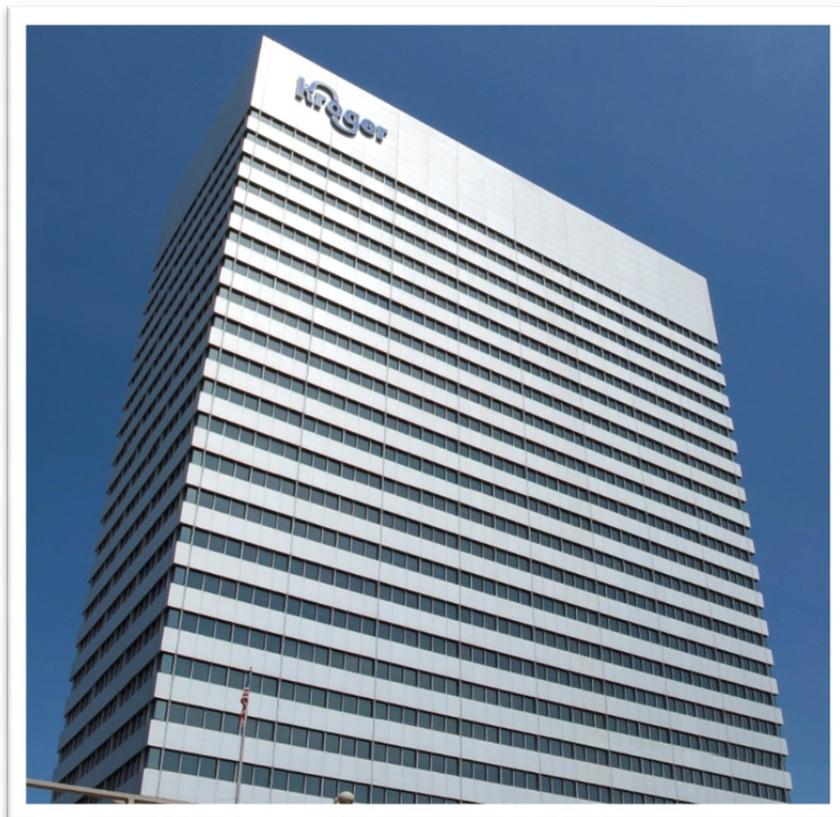


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2014 FISCAL CALENDAR

First Quarter	February 2 – May 24
Second Quarter	May 25 – August 16
Third Quarter	August 17 – November 8
Fourth Quarter	November 9 – January 31, 2015

Number of Employees	375,000
Shareholders of Record as of March 28, 2014	30,449
Common Diluted Shares Outstanding (FY 2013)	519,785,486*
Common Diluted Shares Outstanding (FY 2012)	536,636,984*
Exchanges	NYSE
Ticker	KR

**Represents a weighted average outstanding amount during the fiscal year.*

HIGH, LOW & CLOSING STOCK PRICE BY QUARTER

Quarter	Fiscal 2013			Fiscal 2012		
	High	Low	Close	High	Low	Close
1 st	\$35.44	\$27.53	\$34.23	\$24.78	\$21.76	\$21.81
2 nd	\$39.98	\$32.77	\$38.25	\$23.22	\$20.98	\$22.50
3 rd	\$43.85	\$35.91	\$41.96	\$25.44	\$21.57	\$24.93
4 th	\$42.73	\$35.71	\$36.10	\$28.00	\$24.19	\$27.89

FINANCIAL HIGHLIGHTS

(in millions, except per share data, as reported)

Calendar Year Ended December 31,	2013	2012	Change
Closing market price per share	\$39.53	\$26.02	51.9%

Fiscal Year End	2013	2012	Change
Closing market price per share	\$36.10	\$27.89	29.4%

Fiscal Year	2013 (1)	2012 (2)	Change
Total sales (GAAP)	\$98,375	\$96,619	1.8%
Total sales (excluding one-time)	\$98,375	\$94,661	3.9%
Operating profit (GAAP)	\$2,725	\$2,763	N/A
Operating profit (excluding one-time)	\$2,741	\$2,549	7.5%
Net earnings attributable to The Kroger Co. per diluted common share (GAAP)	\$2.90	\$2.77	N/A
Net earnings attributable to The Kroger Co. per diluted common share (excluding one-time)	\$2.85	\$2.52	13.1%
Average number of common shares used in diluted calculation	520	537	<3.2%>
Dividends declared per common share	\$0.63	\$0.53	18.9%
Net cash provided by operating activities (GAAP)	\$3,380	\$2,833	N/A
Total debt, including obligations under capital leases	\$11,310	\$8,879	N/A
Total capital investments, excluding acquisitions	\$2,330	\$2,062	13.0%

Note: Percent change calculations are based on the rounded numbers as presented.

- (1) 2013 GAAP results included merger costs and certain tax benefits.
- (2) 2012 GAAP results included a one-time credit card settlement, consolidated pension plan liability adjustment, and extra week.

SUSTAINABILITY



Kroger continues to make significant strides as a more sustainable retailer. Our efforts reduce Kroger's impact on the environment and reduce business operating costs. We are pleased to report that Kroger has:

- **Reduced energy consumption by 34%** since 2000, progressing toward our goal of a 35% reduction by 2015.
- **Diverted 90% or more waste from landfills at more than three-fourths of our 38 manufacturing plants.** We continue to pursue alternative solutions to avoid unnecessary landfilling.
- **Recycled 35 million pounds of plastic**, through our national in-store Bag2Bag recycling program.
- Our Ralphs/Food 4 Less divisions operate a one of a kind anaerobic digester which converts unsold organics into renewable energy. This system **offset an estimated 93 million pounds of food waste** in 2013 and generated enough renewable energy to fuel approximately 20% of the facility's electricity needs.
- **Progressed toward our sustainable seafood goals** in partnership with the World Wildlife Fund.

To learn more about Kroger's environmental and social initiatives, visit our sustainability website at www.sustainability.kroger.com



OVERVIEW

OPERATIONS

Headquartered in Cincinnati, Ohio, The Kroger Co. is one of the largest retailers in the United States based on annual sales, holding the #23 ranking on the Fortune 100 list published in May 2013. Kroger was founded in 1883 and incorporated in 1902.

On January 28, 2014, the merger between Kroger® and Harris Teeter® was completed, bringing 227 new stores to the Kroger family. These stores are located in fast-growing and attractive southeastern and mid-atlantic markets and in Washington, D.C. The transaction brings 3 new states (Florida, Delaware, Maryland) plus the District of Columbia to the Kroger footprint of supermarket locations.

At the end of fiscal 2013, Kroger operated (either directly or through its subsidiaries) 2,640 supermarkets, 1,240 of which had fuel centers. Approximately 45% of these supermarkets were operated on Company-owned facilities, including some Company-owned buildings on leased land. See Section II of this Fact Book for more information about our supermarket operations, and Section III for more information about our supermarket fuel centers.



In addition to supermarkets, Kroger operates (by franchisees or through its subsidiaries) 786 convenience stores and 320 fine jewelry stores. Subsidiaries operated 703 of the convenience stores, while 83 were operated by franchisees through franchise agreements. Approximately 54% of the convenience stores operated by subsidiaries were operated in Company-owned facilities. Additional information about our convenience stores and jewelry stores is contained in Section II of this Fact Book.

The Company also manufactures and processes some of the food for sale in its supermarkets. As of February 1, 2014, the Company operated 38 manufacturing plants. See Section III of this Fact Book for more information about our manufacturing operations and corporate brand products.

All of the Company's operations are domestic.

The Kroger Co.	# of Stores	% of Revenue
Supermarkets	2,640	93.0%
Convenience Stores	786	5.5%
Jewelry Stores (A)	320	0.5%
Other (B)	n/a	1.0%
Total		100%

(A) Includes 176 locations operated inside our supermarkets and 144 in shopping malls.

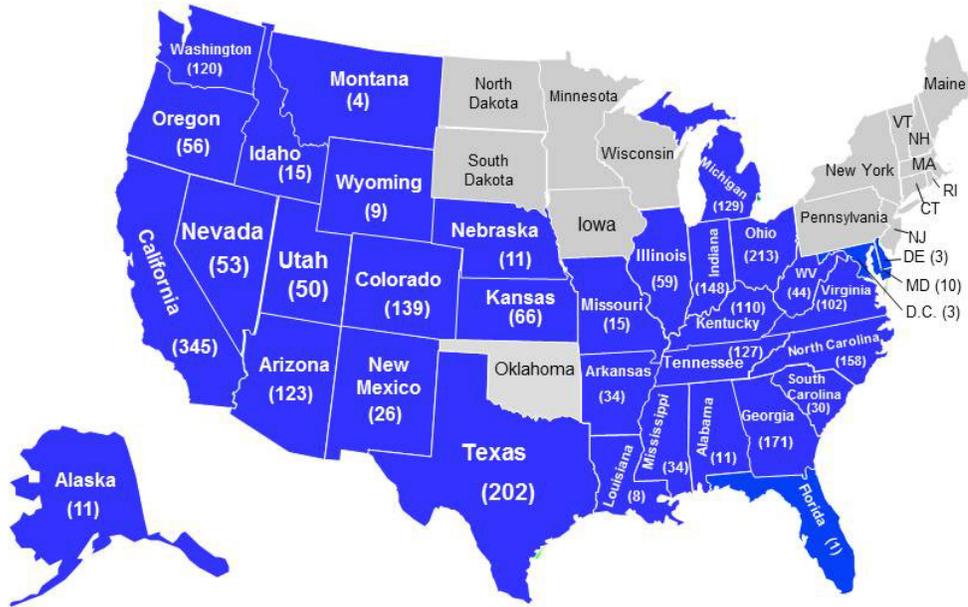
(B) Primarily represents sales by Kroger's manufacturing plants to outside Customers.

ASSOCIATES

The Company employs approximately 375,000 full-time and part-time associates. A majority of the Company's store employees are covered by collective bargaining agreements negotiated with local unions affiliated with one of several different international unions. There are just under 300 such agreements, usually with terms of three to five years.

The Kroger Co.

2,640 Supermarkets



SUPERMARKETS

STORE FORMATS

Kroger's philosophy is to operate several formats within the same market, making it convenient for a Customer to shop at any one of our stores at prices that Customers can trust for any type of trip, whether for dinner tonight or for all their shopping needs for the month, and to reward our Customers for doing this. Kroger's wide variety of store formats is among our key strengths that set us apart from competitors. We believe that our Customer base is becoming increasingly diverse – not only in terms of ethnicity, but also in terms of household mix, purchasing patterns, and shopping behaviors. We are addressing Customer diversity through our multiple formats and product selection. Expanding our formats and their elements also allows us to further leverage Kroger's existing distribution and manufacturing facilities.



At year-end 2013, Kroger operated 2,640 supermarkets classified under the four primary formats listed in the table below.

Store Formats	# of Stores	% of Store Base
Combination Stores	2,256	85%
Multi-Department Stores	127	5%
Marketplace Stores	86	3%
Price Impact Stores	171	7%
Total Supermarkets	2,640	100%

Combination Store

Banners		
<ul style="list-style-type: none">▪ Baker's▪ City Market▪ Dillons Food Stores▪ Fry's Food & Drug▪ Gerbes Super Markets	<ul style="list-style-type: none">▪ Harris Teeter▪ Jay C▪ King Soopers▪ Kroger▪ Owen's	<ul style="list-style-type: none">▪ Pay Less Super Markets▪ QFC▪ Ralphs▪ Scott's▪ Smith's

The combination store (combo) is Kroger's primary format. The combo strategy is to offer Customers the advantages of one-stop shopping in convenient locations for a wide selection of consumables. Combo stores feature not only a complete supermarket, but most include pharmacies; service bakeries, delis, seafood, meat, and floral shops; expanded general merchandise; natural food and organic selections; pet centers; and high-quality fresh items such as seafood and organic produce. Many include a supermarket fuel center. Combination stores that were opened during the last four years average 77,000 square feet and required an average investment of \$16-18 million, including real estate. Individual locations may vary widely from the average, depending upon the geography of the store. Our combo stores have proven successful in competing against all formats, including supercenters and specialty food retailers.

In certain markets, we have also introduced our "Fresh Fare" approach to our combo stores. These stores are similar to combo stores but operate in more upscale trade areas. The perishable department presentation, an elegant décor package, expanded wine selection, enhanced services, and overall product variety separate a Fresh Fare store from a traditional combination store. At the end of 2013, we characterized 77 of our combo stores as Fresh Fare locations.



Multi-Department Stores

Our multi-department stores operate under the Fred Meyer[®] banner in the Pacific Northwest and Alaska. Averaging over 165,000 square feet, most Fred Meyer stores are significantly larger than our combo stores. The average investment to build a multi-department store is \$32 million, including real estate.



Fred Meyer is unique – no other store is quite like it. Freddy's[®] (as our Customers like to call us) is not a big box store, hypermarket, supercenter, warehouse store, discounter, or department store. Instead, it is a collection of several specialty stores seamlessly woven together under one roof:

A great Food Store, with Fresh Produce, Meat & Seafood, Deli, Bakery, Wine, Cheese, Natural Choices[™], Health & Beauty and Pharmacy.

- ✓ A complete Apparel Store for Women, Men, Kids, Juniors and Young Men, plus Shoes, Accessories and Cosmetics.
- ✓ A store for your Home – inside and out - featuring Home Décor, Housewares, Bed & Bath, Furniture, Hardware & Paint, Garden & Outdoor Living, Electronics, Sports & Auto and Toys.

Most of the 127 Fred Meyer locations in Alaska, Idaho, Oregon and Washington also include a Fred Meyer Jewelers[®] (the nation's 3rd largest fine jewelers based on store count), and 92 have Fred Meyer Fuel Centers.

Fred Meyer stores are further differentiated from many competitors by our strong lineup of famous brands, including: adidas[®], Apple[®], Ashley[®], Bose[®], Calphalon[®], Carhartt[®], Champion[®], Columbia Sportswear[®], Converse[®], Cuisinart[®], Dockers[®], Dyson[®], Jockey[®], Keurig[®], KitchenAid[®], Krups[®], Levi's[®], Nike[®], Quiksilver[®], Samsung[®], Skechers[®], Sony[®], Under Armour[®], Vans[®] and Vintage by Nine West[®].

Freddy's[®] is the original – and still the best – One-Stop Shopping Store. Customers often tell us the convenience of finding so many great fresh tastes plus fashion, quality brands, low prices and fast, friendly service in one easy stop is what separates Fred Meyer from all those other stores!

Marketplace Stores

Banners	
<ul style="list-style-type: none">▪ Dillons Marketplace▪ Fry's Marketplace▪ King Soopers Marketplace	<ul style="list-style-type: none">▪ Kroger Marketplace▪ Smith's Marketplace

Fred Meyer's general merchandise expertise has been a key factor in the success of our marketplace store format. The continued rollout of our marketplace strategy would not be possible without the general merchandise expertise of our great team at Fred Meyer that knows which categories and products to procure, and how to sell those products.

Marketplace stores are generally smaller than our multi-department stores, and offer full-service grocery, pharmacy and health & beauty care departments as well as an expanded perishable food offering and a general merchandise area that includes home goods, toys, and may include furniture or apparel. Marketplace stores opened during the last few years range in size from 100,000 to 130,000 square feet and required an average investment of \$20-22 million, including real estate.

At the end of 2013, we operated 86 Marketplace stores.



Price Impact Stores

Banners	
<ul style="list-style-type: none">▪ Food 4 Less▪ Foods Co	<ul style="list-style-type: none">▪ Ruler Foods▪ PriceRite

Our price impact warehouse stores operate under the Food 4 Less[®], Foods Co[®], Ruler and PriceRite banners, offering a “no frills, low cost” warehouse format and featuring everyday low prices for a wide selection of grocery, health and beauty care items. Quality meat, seafood, poultry, dairy, baked goods, and fresh produce items provide a competitive advantage against club store and supercenter operators. Most locations contain a fresh bakery and service deli. Some feature Mexican-style “carnicería” service meat departments. Our price impact warehouse stores average more than 57,000 square feet and require an average investment of \$15 million. This exciting format allows us to deepen our Customer reach as a price merchant in several trade areas.



We operate 171 price impact stores under the Food 4 Less[®] banner in southern California, Nevada, Illinois, and Indiana, the Foods Co[®] banner in central and northern California, the PriceRite banner in New Mexico.

Ruler Foods stores are operated by the Jay C[®] division. The average store size is 18,000 square feet and requires an average investment of \$2.5 million. These stores offer basic grocery items featuring everyday low prices, with a high concentration of corporate brand products, in a low cost structure environment.

GEOGRAPHY & MARKETS

At the end of fiscal 2013, The Kroger Co. (either directly or through its subsidiaries) operated 2,640 supermarkets in 34 states and the District of Columbia under two dozen banners. These banners include “Kroger” and others listed below. Kroger has grown through organic growth and acquisition and believes strongly in maintaining local banners where appropriate.

State	Banners	Y/E 2013	Y/E 2012
California	Food 4 Less, Foods Co, Ralphs	345	356
Ohio	Kroger, Kroger Marketplace	213	212
Texas	Kroger, Kroger Marketplace	202	203
Georgia	Kroger, Harris Teeter	171	171
North Carolina	Kroger, Harris Teeter	158	14
Indiana	Food 4 Less, Jay C, Kroger, Kroger Marketplace, Owen's, Pay Less Super Markets, Scott's, Ruler Foods	148	145
Colorado	City Market, King Soopers, King Soopers Marketplace	139	139
Michigan	Kroger	129	131
Tennessee	Kroger, Kroger Marketplace, Harris Teeter	127	122
Arizona	Fry's Food & Drug, Fry's Marketplace, Smith's	123	123
Washington	Fred Meyer, QFC	120	122
Kentucky	Kroger, Kroger Marketplace	110	110
Virginia	Kroger, Harris Teeter	102	61
Kansas	Dillons Food Stores, Dillons Marketplace	66	66
Illinois	Food 4 Less, Kroger	59	55
Oregon	Fred Meyer, QFC	56	56
Nevada	Food 4 Less, Smith's	53	54
Utah	City Market, Smith's, Smith's Marketplace	50	50
West Virginia	Kroger	44	45
Arkansas	Kroger, Kroger Marketplace	34	34
Mississippi	Kroger	34	35
South Carolina	Kroger, Harris Teeter	30	10
New Mexico	City Market, Price Rite, Smith's	26	26
Missouri	Dillons Food Stores, Gerbes Super Markets, Kroger	15	15
Idaho	Fred Meyer, Smith's	15	15
Alaska	Fred Meyer	11	11
Nebraska	Baker's, Food 4 Less	11	11
Alabama	Kroger	11	11
Maryland	Harris Teeter	10	N/A
Wyoming	City Market, King Soopers, Smith's	9	9
Louisiana	Kroger	8	8
Montana	Smith's	4	4
Delaware	Harris Teeter	3	N/A
Washington, D.C.	Harris Teeter	3	N/A
Florida	Harris Teeter	1	N/A
TOTAL		2,640	2,424

Operating Divisions

Kroger's operating structure is a balance between our corporate office in Cincinnati, Ohio and our 20 supermarket operating divisions. This balance keeps merchandising decisions closest to the Customer while achieving synergies in backstage operations in order to maximize operating efficiencies and minimize operating costs.

In areas that directly affect the Customer, Kroger's decentralized structure places substantial authority for merchandising and operating decisions in our supermarket divisions. Divisional managers are able to respond quickly to changes in competition and Customer preferences within each local market.

For backstage processes that offer economies of scale or are invisible to the Customer (such as procurement, accounting, treasury operations, etc.), Kroger leverages its size and centralizes those functions to create value for Customers and better returns for shareholders.

Kroger's 20 supermarket operating divisions are:

Division	Headquarters	# Stores
Ralphs	Los Angeles, CA	229
Harris Teeter	Charlotte, NC	227
Kroger Southwest	Houston, TX	210
Kroger Atlanta	Atlanta, GA	184
Food 4 Less	Los Angeles, CA	146
King Soopers/City Market	Denver, CO	143
Kroger Central	Indianapolis, IN	136
Fred Meyer Stores	Portland, OR	132
Smith's	Salt Lake City, UT	132
Kroger Michigan	Novi, MI	127
Kroger Columbus	Columbus, OH	123
Kroger Mid-Atlantic	Roanoke, VA	121
Fry's	Phoenix, AZ	119
Kroger Delta	Memphis, TN	114
Kroger Cincinnati	Cincinnati, OH	109
Kroger Louisville	Louisville, KY	98
Kroger Nashville	Nashville, TN	90
Dillon Stores	Hutchinson, KS	88
Quality Food Centers (QFC)	Seattle, WA	66
Jay C	Seymour, IN	46
TOTAL		2,640

Major Markets

Including Harris Teeter® markets, at year-end 2013 Kroger operated stores in 49 major markets. A major market is one in which Kroger operates nine or more stores. Kroger holds the #1 or #2 market share position in 41 of those major markets.

Thirty-nine of Kroger's 49 major markets are located among the nation's top 100 Metropolitan Statistical Areas (MSAs) ranked by population.

Major Markets (9 or More Stores)

	Market	# Stores	Division	#1 or #2	Major Competitors	
1	Los Angeles CA	221	Ralphs/Food 4 Less	Yes	Trader Joes	Albertsons
2	Atlanta GA	127	Atlanta	Yes	Publix	Walmart SC
3	Houston TX	98	Southwest	Yes	HEB	Walmart SC
4	Phoenix AZ	91	Fry's	Yes	Walmart SC	Safeway
5	Seattle WA	88	QFC/Fred Meyer	Yes	Safeway	Costco
6	Detroit MI	85	Michigan	Yes	Meijer	CVS
7	Denver CO	75	King Soopers	Yes	Walmart SC	Safeway
8	Cincinnati OH	73	Cincinnati	Yes	Walmart SC	Meijer
9	Columbus OH	60	Columbus	Yes	Giant Eagle	Walmart SC
10	Dallas TX	57	Southwest	Yes	Walmart SC	Tom Thumb
11	Charlotte NC	54	Harris Teeter	Yes	Walmart SC	Food Lion
12	Riverside CA	51	Ralphs/Food 4 Less	Yes	Stater Bros.	Albertsons
13	Nashville TN	50	Nashville/Harris Teeter	Yes	Walmart SC	Publix
14	Louisville KY	46	Louisville/Jay C	Yes	Walmart SC	Walgreens
15	Indianapolis IN	45	Central	Yes	Walmart SC	Marsh
16	Las Vegas	44	Smith's/Food 4 Less	Yes	Walmart SC	Albertsons
17	Memphis TN	42	Delta	Yes	Walmart SC	Walgreens
18	Portland OR	42	Fred Meyer/QFC	Yes	Safeway	Winco
19	Raleigh NC	36	Harris Teeter/Mid-Atlantic	Yes	Food Lion	Walmart SC
20	San Diego CA	34	Ralphs/Food 4 Less	Yes	Vons	Albertsons
21	Washington, DC	34	Harris Teeter	No	Giant	Safeway
22	Fort Worth TX	29	Southwest	Yes	Walmart SC	Albertsons
23	Wichita KS	26	Dillon Stores	Yes	Walmart SC	Sam's Club
24	Salt Lake City UT	26	Smith's	Yes	Walmart SC	Harmons
25	Dayton OH	23	Cincinnati	Yes	Walmart SC	Meijer
26	Little Rock AR	21	Delta	Yes	Walmart SC	Walgreens
27	Virginia Beach VA	21	Harris Teeter/Mid-Atlantic	No	FoodLion	Walmart SC
28	Toledo OH	19	Columbus	Yes	Walmart SC	Meijer
29	Tucson AZ	19	Fry's	Yes	Safeway	Walmart SC
30	Lexington KY	18	Louisville	Yes	Walmart SC	Save A Lot
31	Chicago IL	16	Food 4 Less	No	Jewel	Walmart SC
32	Durham NC	16	Harris Teeter/Mid-Atlantic	Yes	Food Lion	Walmart SC
33	Richmond VA	16	Mid-Atlantic	No	Walmart SC	Food Lion
34	Albuquerque NM	16	Smith's	Yes	Walmart SC	Albertsons
35	Roanoke VA	14	Mid-Atlantic	Yes	Walmart SC	Food Lion
36	Knoxville TN	14	Nashville	Yes	Walmart SC	Food City
37	Charleston SC	13	Harris Teeter	No	Walmart SC	Publix
38	Jackson MS	13	Delta	Yes	Walmart SC	Walgreens
39	Fort Wayne IN	12	Central	Yes	Walmart SC	Meijer
40	Flint MI	12	Michigan	Yes	Meijer	Walmart SC
41	Charleston WV	12	Mid-Atlantic	Yes	Walmart SC	Rite Aid
42	Greensboro-High Point	11	Harris Teeter	No	Walmart SC	Food Lion
43	Peoria IL	11	Central	Yes	Walmart SC	Schnuck's
44	Colorado Springs CO	11	King Soopers	Yes	Walmart SC	Safeway
45	Oxnard CA	11	Ralphs/Food 4 Less	Yes	Vons	Albertsons
46	Omaha NE	10	Dillon Stores	No	Hy-Vee	Walmart SC
47	Wilmington NC	10	Harris Teeter	No	Walmart SC	Food Lion
48	Savannah GA	9	Atlanta	Yes	Walmart SC	Publix
49	Ogden UT	9	Smith's	Yes	Walmart SC	Winco
	TOTAL	1,891		41		

Secondary Markets (3 – 8 Stores)

	Market	# Stores	Division	#1 or #2
1	Augusta GA	8	Atlanta	Yes
2	Boulder CO	8	King Soopers	Yes
3	Decatur/Huntsville AL	8	Nashville	Yes
4	Winston Salem NC	8	Harris Teeter	No
5	Macon GA	7	Atlanta	Yes
6	Anchorage AK	7	Fred Meyer	Yes
7	Ann Arbor MI	7	Michigan	Yes
8	Boise-Nampa ID	7	Fred Meyer	No
9	Fort Collins-Loveland CO	7	King Soopers	Yes
10	Lansing MI	7	Michigan	Yes
11	Topeka KS	7	Dillon Stores	Yes
12	Charlottesville VA	6	Harris Teeter/Mid-Atlantic	Yes
13	Evansville IN	6	JayC	Yes
14	Huntington WV	6	Mid-Atlantic	Yes
15	Lynchburg VA	6	Mid-Atlantic	Yes
16	Provo-Orem UT	6	Smith's	Yes
17	Wheeling WV	6	Columbus	Yes
18	Grand Junction CO	5	King Soopers	Yes
19	Greeley CO	5	King Soopers	Yes
20	Saginaw MI	5	Michigan	Yes
21	San Francisco-Oakland CA	5	Food 4 Less	No
22	Springfield OH	5	Cincinnati	Yes
23	Wierton WV	5	Columbus	Yes
24	Baltimore-Towson MD	4	Harris Teeter	No
25	Blacksburg VA	4	Mid-Atlantic	Yes
26	Bloomington IN	4	Central	Yes
27	Clarksville TN/Hopkinsville KY	4	Nashville	Yes
28	Decatur IL	4	Central	Yes
29	Eugene-Springfield OR	4	Fred Meyer	No
30	Lafayette IN	4	Central	Yes
31	Lawrence KS	4	Dillon Stores	Yes
32	Monroe MI	4	Michigan	Yes
33	Myrtle Beach SC	4	Atlanta	No
34	Parkersburg WV	4	Mid-Atlantic	Yes
35	Prescott AZ	4	Fry's	Yes
36	Sacramento-Arden CA	4	Food 4 Less	No
37	Shreveport LA	4	Southwest	No
38	South Bend IN	4	Central	No
39	Springfield MO	4	Dillon Stores	No
40	Terre Haute IN	4	Central	Yes
41	Anderson IN	3	Central	Yes
42	Bloomington IL	3	Central	Yes
43	Bowling Green KY	3	Nashville	Yes
44	Columbia MO	3	Dillon Stores	No
45	Columbia SC	3	Atlanta	No
46	Elkhart IN	3	Central	No
47	Greenville NC	3	Harris Teeter	Yes
48	Jackson, TN	3	Delta	Yes
49	Lake Charles LA	3	Southwest	Yes
50	Manhattan KS	3	Dillon Stores	Yes
51	Mansfield OH	3	Columbus	Yes
52	Morgantown WV	3	Mid-Atlantic	Yes
53	Owensboro KY	3	Louisville	Yes
54	Spokane WA	3	Fred Meyer	No
	TOTAL	257		40

Kroger Operating Divisions (Year-End 2013)

KROGER DIVISIONS/ Major MSAs	# Stores	Total Square Feet (millions)	Combo	Multi-Dept	Marketplace	Price Impact
ATLANTA	184	11.1	183	-	1	-
Atlanta	127					
Savannah	9					
CENTRAL	136	7.4	134	-	2	-
Indianapolis	45					
Fort Wayne	12					
Peoria	11					
CINCINNATI	109	7.7	96	-	13	-
Cincinnati	73					
Dayton	23					
COLUMBUS	123	7.7	116	-	7	-
Columbus	60					
Toledo	19					
DELTA	114	6.1	111	-	3	-
Memphis	42					
Little Rock	21					
Jackson	13					
DILLON STORES	88	4.7	82	-	5	1
Wichita	26					
Omaha	10					
FOOD 4 LESS	146	8.3	-	-	-	146
Los Angeles	56					
Riverside	25					
Chicago	16					
Las Vegas	14					
San Diego	11					
FRED MEYER	132	20.4	5	127	-	-
Portland	36					
Seattle	35					
FRY'S	119	8.7	95	-	24	-
Phoenix	91					
Tucson	19					
HARRIS TEETER	227	11.2	227	-	-	-
Charlotte	54					
Washington DC	34					
Raleigh-Cary	28					
Charleston SC	13					
Virginia Beach	13					
Greensboro-High Point	11					
Durham-Chapel Hill	10					
Wilmington	10					

Kroger Operating Divisions (Year-End 2013)

KROGER DIVISIONS/ Major MSAs	# Stores	Total Square Feet (millions)	Combo	Multi-Dept	Marketplace	Price Impact
JAY C	46	1.0	23	-	-	23
Louisville	6					
KING SOOPERS	143	8.8	139	-	4	-
Denver	75					
Colorado Springs	11					
LOUISVILLE	98	5.6	93		5	
Louisville	40					
Lexington	18					
MICHIGAN	127	7.0	127	-	-	-
Detroit	85					
Flint	12					
MID-ATLANTIC	121	6.3	119	-	2	-
Richmond	16					
Roanoke	14					
Charleston WV	12					
NASHVILLE	90	5.5	86	-	4	-
Nashville	45					
Knoxville	14					
QFC	66	2.4	66	-	-	-
Seattle	53					
Portland	6					
RALPHS	229	10.0	229	-	-	-
Los Angeles	165					
Riverside	26					
San Diego	23					
Oxnard	10					
SMITH'S	132	7.9	125	-	6	1
Las Vegas	30					
Salt Lake City	26					
Albuquerque	16					
Ogden	9					
SOUTHWEST	210	12.9	200	-	10	-
Houston	98					
Dallas	57					
Fort Worth	29					
TOTAL	2,640	160.7	2,256	127	86	171

MERGER & ACQUISITION STRATEGY

As the supermarket industry continues to consolidate, Kroger reviews potential merger/acquisition candidates and carefully analyzes their potential to enhance shareholder value.

Kroger’s 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.

Mergers/Acquisitions	Date	# Stores (A)	Location	Banner Change?
Buehler Food Markets	April 2006	1	Louisville KY	Yes
Scott’s Food & Pharmacy	April 2007	18	Fort Wayne IN	Underway
Farmer Jack	June 2007	20	Detroit MI	Yes
Individual stores	2007	2	Various	Yes
Individual stores	2008	9	Various	Yes
AWG	January 2010	7	Topeka & Wichita, KS	Yes
Brookshires	March 2010	2	Jackson, MS	Yes
Albertsons	June 2010	1	Ft. Worth, TX	Yes
Individual store	April 2011	1	Bloomfield, IN	Yes
Schnuck’s (supermarket)	September 2011	8	Memphis, TN	Yes
Schnuck’s (c-stores)	September 2011	7	Memphis, TN	Yes
Harris Teeter	January 28, 2014	227	Multiple	No

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



CONVENIENCE STORES

OVERVIEW



Kroger operates five convenience store divisions (“C-Stores”) under the following banners: Kwik Shop[®], Loaf ‘N Jug[®], Quik Stop[™], Tom Thumb[™], and Turkey Hill[®] Minit Markets. At year-end 2013, Kroger’s 786 convenience stores spanned 19 states. Subsidiaries operated 703 of the convenience stores; 83 were operated through franchise agreements. In 2013, the convenience stores accounted for 5% of Kroger’s total sales. The C-

Stores partner with the Supermarkets to enhance our Customer’s ability to earn and redeem fuel rewards. The C-Stores also offer Customers a variety of Kroger corporate brand products.

GROWTH

During 2013, we opened 4 convenience stores, relocated 5, and closed 4. The new stores range from 3,936 square feet to 7,745 square feet in size, typically located on parcels of one to two acres. The new stores generally have a large gasoline offering with six to eight gasoline dispensers, covered by a large, well-lit canopy. The majority of our gasoline facilities offer pay-at-the-pump convenience for our Customers. Nearly all of our convenience stores offer the Company’s successful loyalty card program.

MARKETS

Kroger’s convenience stores continue to refine store formats and product selection in major bridged markets including Columbus, Ohio; Wichita, Kansas; Colorado Springs, Colorado; and Memphis, Tennessee.

ASSET BASE

The majority of the locations occupy high-traffic corner sites. Of the 786 stores, 725 sell gasoline. During 2013, 75 stores received interior remodels and 49 received gasoline remodels.

STORE PROFILE

Average store size at year-end was 2,887 square feet. Average weekly Customer count is approximately 6,177. The typical convenience store stocks approximately 2,800 items, with more than 74% of non-gasoline sales coming in five categories: soft drinks, beer, snacks, candy and tobacco products. Food service is an emerging category that accounted for approximately 5% of non-gasoline sales for the 2013 FY. Gasoline sales represented approximately 75% of the Company's total convenience store sales in 2013.

C-Store Division	States	# Stores				Square Feet (000)			
		2010	2011	2012	2013	2010	2011	2012	2013
Kwik Shop	IA KS NE	124	125	125	126	371	366	377	387
Loaf 'N Jug	CO MT ND NE NM OK SD WY	174	174	169	170	519	511	503	511
Quik Stop	CA NV	106	103	103	102	256	248	248	242
Tom Thumb	AL FL MS TN	116	121	121	120	344	353	355	359
Turkey Hill Minit Markets	IN OH PA	264	268	268	268	736	756	760	770
TOTAL		784	791	786	786	2,226	2,234	2,243	2,269



JEWELRY STORES

With 320 fine jewelry stores in 30 states at the end of 2013, Kroger ranked as the third largest fine jewelry retailer in the nation based on store count. There are 176 jewelry locations inside our supermarkets (primarily in the Fred Meyer® multi-department stores) and 144 in shopping malls. During 2013, the jewelry stores produced 0.5% of Kroger’s total sales.



STATE	# STORES	STATE	# STORES	STATE	# STORES
Alabama	1	Illinois	3	Ohio	13
Alaska	11	Indiana	6	Oregon	52
Arizona	2	Georgia	1	Pennsylvania	27
Arkansas	3	Kansas	4	Tennessee	6
California	9	Kentucky	8	Texas	10
Colorado	4	Maryland	12	Utah	11
Connecticut	5	Michigan	11	Virginia	1
Delaware	2	Nevada	1	Washington	59
Florida	11	New Jersey	14	West Virginia	2
Idaho	12	New York	15	Wisconsin	4

Fred Meyer Jewelers® came to Kroger as part of its successful merger with Fred Meyer, Inc. in 1999. The business is fully aligned with Kroger’s Customer 1st strategy and positions itself as a “best in class” mainstream jeweler. The jewelry locations operate under the banners of Fred Meyer Jewelers and Littman Jewelers®. Typical product assortments include bridal, diamond fashion, color and gold, and timepieces. Stores also offer expert jewelry and watch repair services on premises.

In addition to store locations, Fred Meyer Jewelers welcomes Customers online at fredmeyerjewelers.com and littmanjewelers.com.



CORPORATE BRANDS

Corporate Brands play a central role in Kroger's Customer 1st strategy and provide a key competitive advantage to Kroger. We are using our own brands to build and solidify Customer loyalty. Our vision:

“Build lifetime, loyal Customers with our differentiated, preferred brands to become the primary reason Customers drive by our competitors to shop at Kroger.”

Corporate Brands, such as our Banner Brands, Private Selection[®], Simple Truth[®], Big K[®], Home Sense[®], and Comforts for Baby[®] are Kroger's ultimate loyalty program because Customers can only buy these brands in our stores. In addition, we manufacture 40% of our Corporate Brand products, which gives us margin and speed-to-market advantage.

Our supermarket divisions typically stock approximately 13,000 Corporate Brands items per store. Corporate Brands continue to gain market share, and in the fourth quarter represented approximately 27% of total units sold, and 24% of sales dollars, excluding fuel and pharmacy. High velocity, lower retail items – such as bread, canned tuna and canned vegetables – explain a substantial portion of the difference between these two figures.

Kroger carries a wide selection of our own brand products in every department throughout our stores. We continue to expand and refine our offering in meat, seafood, deli, floral, produce, pet, health & beauty care and general merchandise in support of our Corporate Brands vision.

Product Quality

Consumer research, select ingredients and our rigorous development process deliver the quality behind Kroger's own brands. This is an important part of the everyday value that is found in all of our products. This consistent focus on quality and innovation provides the foundation of our strong Corporate Brands program.

Our own brand strategy focuses on providing choices to our Customers through a multi-tier offering of price points and product experiences.

1. **Simple Truth[®] and Simple Truth Organic[™]** branded products are Free From 101+ artificial preservatives and ingredients. Simple Truth Organic branded products are certified organic by the USDA. Simple Truth and Simple Truth Organic deliver products that are honest, easy and affordable. Simple Truth launched 100 new items in 2013 and we expect to bring even more options to our Customers in 2014.

2. **Private Selection®** is our “best” quality tier, made for passionate food enthusiasts. It is a rich offering of tantalizing foods and ingredients - an exclusive collection of culinary-inspired foods across the store. The brand has over 1000 unique Private Selection® items, including Angus beef, ice cream, deli meats and cheeses and much more.
3. Our “**Banner Brand**” (Kroger, Ralphs, Fred Meyer, King Soopers, etc.), is the enterprise’s largest Corporate Brand spanning 275 categories and over 12,000 SKUs. Banner Brand is designed to be the great quality our Customers and their families expect, with a wide breadth of products to meet their many needs. As with all of our own brands, quality and differentiation are the key ingredients.
4. **P\$T...™, Check This Out... and Heritage Farm™**, will replace our former Value Brand, to better meet the needs of our budget-savvy Customers. P\$T..., Check This Out... and Heritage Farm Brands will launch in Q1-2014; continuing to introduce new products to a broad portfolio of nearly 300 essential items. We strive to deliver good value at everyday low prices for meaningful solutions for a family’s desired needs.

Kroger’s multi-tier corporate brands strategy generates strong profit margins. This approach enables us to serve a very broad and diverse Customer base.

Meeting Customer Needs

Understanding our Customers and responding to their needs through product innovation is a key part of our own brand strategy.

2013 was the fourth year for our Banner Brand transformation, and our Customers’ favorite brand grew 4.3%. We updated both product and packaging across the majority of our food and health & beauty care offerings, and will continue expanding in 2014 by making our brands even more customer-centric and contemporary.



We continued driving new product growth with marinated meats, baked goods, pet treats, salty snacks, health and beauty care, vitamin enhanced water and key perishable segments to mention just a few.

After the “Biggest Brand Launch in the History of Kroger” in January 2013, Simple Truth® had an impressive anniversary event in 2014. Our “Green Circle Logo” was visible not only in every aisle in Natural Foods, but across the entire store including meat, produce and deli departments.



Throughout the year, Simple Truth engaged our customers and drove awareness and trial through a comprehensive marketing program that leveraged traditional in-store marketing and newer tactics such as digital coupons, social media, and with SimpleTruth.com which features product information, recipes, shopping lists and blogs.

After a year of continued brand building, our Anniversary Event in January 2014 resulted in increased sales of 55% and engaged 25% more shoppers than in the prior year. In January, Simple Truth was prominently featured in key Enterprise marketing efforts including a robust media buy (TV, radio, outdoor) and culminating in an NBC-produced spot during the Golden Globes!

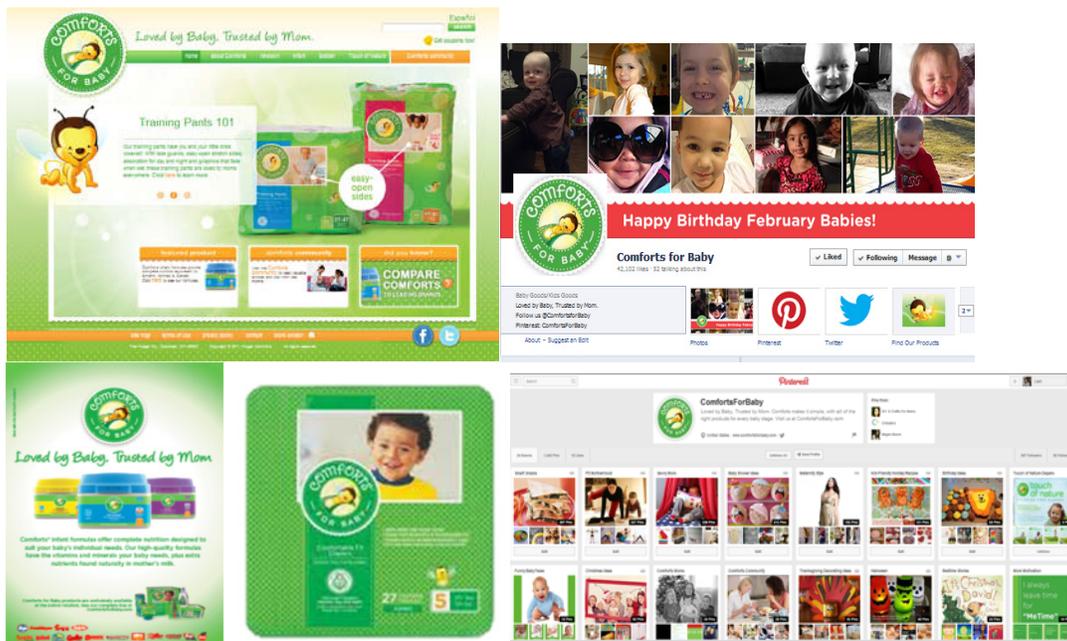
Simple Truth is on track to be a Billion Dollar Brand by the end of Fiscal 2014.

With Brand renovations complete, and hundreds of new product offerings brought to market, Private Selection® underwent the largest Private Label Brand re-launch in our history during 2013. New and improved categories, including pastas/sauce, finishing butters, salsas, cookies, bacon and dips/hummus, helped the re-launch sales event increase sales by over 22% during the event and increase loyal households buying by over 14%. Our targeted dunnhumby mailer program, new website and social media program continue to build loyalty with our best customers. Our new sampling programs and in store merchandising increases contributed to build brand awareness and trial with our customers.

In 2013, Big K[®] received a boost from adding 4 new flavors to a lineup of over 40 varieties! Several display/shopper ready pallets for our 2 liter bottles and 12 packs were distributed to better meet Customers' needs for all family refreshment.



Finally, in 2013 we deepened our relationship with parents through our Comforts For Baby[®] and Comforts for Toddler[®] brands via new products, updating www.comfortsforbaby.com (which was our *first* bilingual Corporate Brand website), expanding our Comforts for Baby Facebook fans, and growing our Pinterest community. Comforts for Baby and Comforts for Toddler now have over 140 products that are loved by baby and trusted by mom, and loyal Comforts[®] households have increased by over 5%.



P\$\$T...™, Check This Out... and Heritage Farm™, are positioned to delight our price sensitive consumers with everyday low prices on the essential key categories where they seek functional basics; thus affirming their smart choice of Kroger as the trusted, go-to retailer.



We believe honest, straight-forward branding for reliable quality at a price that is at parity to other Value Retailers will create a meaningful connection with our consumers. These Brands will communicate a clear value equation.

Household Care Baby Care



We will reward our customer with uplifting, easy to identify packaging and deliver quality at the fair price points that will enable our customers to be savvy shoppers - confident that Kroger offers meaningful solutions in the *basics* that matter most.

Deli – Meat -Produce



Our Corporate Brands have earned preference from our shoppers, with 99.9% of all loyal shoppers purchasing at least one of our brands every 12 weeks. While 2013 was strong, the future continues to hold even more potential, as our brand renovations are underway and our Customers continue to try our own brands, coming back to our stores for our exclusive, preferred brands.

KROGER MANUFACTURING

Approximately 40% of the Corporate Brand units sold in our stores are produced in Kroger's 38 manufacturing plants; the remaining corporate brand items are produced to Kroger's strict specifications by outside manufacturers. Kroger performs a "make or buy" analysis on corporate brand products and decisions are made based upon a comparison of market-based transfer prices adjusted for plant profit versus open market purchases. Kroger's manufacturing plants produce breads, dairy products, meat and thousands of other grocery items. By manufacturing our own products, we lower our costs and pass on savings to our Customers.

Kroger's 16 dairies and two ice cream plants operate at nearly full capacity and produce all varieties of fluid milk, orange juice, cultured products such as yogurt and cottage cheese, ice cream, novelty treats and non-carbonated beverages. In all of our markets, our Banner Brand milk is the "national brand" for most Customers. Kroger also operates two cheese plants, which produce a variety of natural and processed cheeses for our supermarkets. The Harris Teeter Dairy located in High Point, NC was added to the overall Manufacturing network in January 2014.

A new facility is under construction in Denver that will produce milk and other fluid products, including small bottle extended shelf life dairy items. The plant is scheduled to begin supplying our stores in May 2014.

Kroger's two meat plants produce a variety of packaged meats, retail meats, sausages, and home meal replacements.

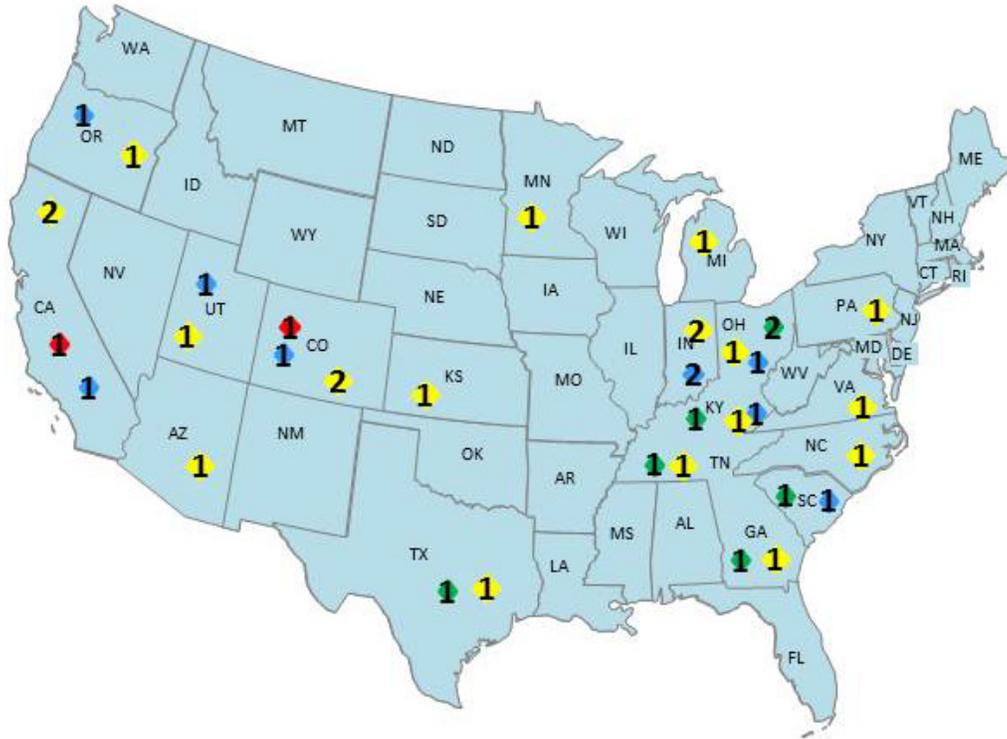
Six Kroger bakeries supply bread, cakes, donuts, cookies, bagels, muffins, crackers, snacks, and rolls to Kroger retail stores and outside Customers. Two frozen dough plants in Bowling Green, Kentucky, and Salt Lake City, Utah, supply frozen cakes and dough to our retail stores. KB Specialty Foods, a deli plant, manufactures a wide variety of deli salads, puddings, desserts, glazes, icings, etc.

Grocery products, beverages, and water are produced in the Kroger's five grocery and two beverage plants. Corporate brand grocery items include pet foods, sugar-based products like drink mixes, hot cereal, coffee, spices, salad dressings, and peanut butter. Beverages include Kroger's Big K[®] brand soft drink line.

The quality of product carrying our Banner Brands is monitored by Kroger's in-house quality assurance group.



Kroger Manufacturing Plants



DAIRY

Centennial Farms Dairy, GA
 Compton Creamery, CA
 Crossroad Farms Dairy, IN
 Heritage Farms Dairy, TN
 Hunter Farms Dairy, NC
 Jackson Dairy, KS
 Jackson Ice Cream, CO
 King Soopers Dairy, CO
 Layton Dairy, UT
 Michigan Dairy, MI
 Pace Dairy, MN
 Pace Dairy of Indiana, IN
 Riverside Creamery, CA
 Swan Island Dairy, OR
 Tamarack Farms Dairy, OH
 Tolleson Dairy, AZ
 Turkey Hill Dairy, PA
 Vandervoort Dairy, TX
 Westover Dairy, VA
 Winchester Farms Dairy, KY

GROCERY

America's Beverage, TX
 Delight Products, TN
 Kenlake Foods, KY
 Pontiac Foods, SC
 Springdale Ice Cream & Beverage, OH
 State Avenue, OH
 Tara Foods, GA

MEAT

King Soopers Meat, CO
 Vernon Meat, CA

BAKERY

Anderson Bakery, SC
 Clackamas Bakery, OR
 Columbus Bakery, OH
 Country Oven Bakery, KY
 Indianapolis Bakery, IN
 KB Specialty Foods, IN
 King Soopers Bakery, CO
 La Habra Bakery, CA
 Layton Dough, UT

Corporate Brand Categories Produced at Our Manufacturing Facilities

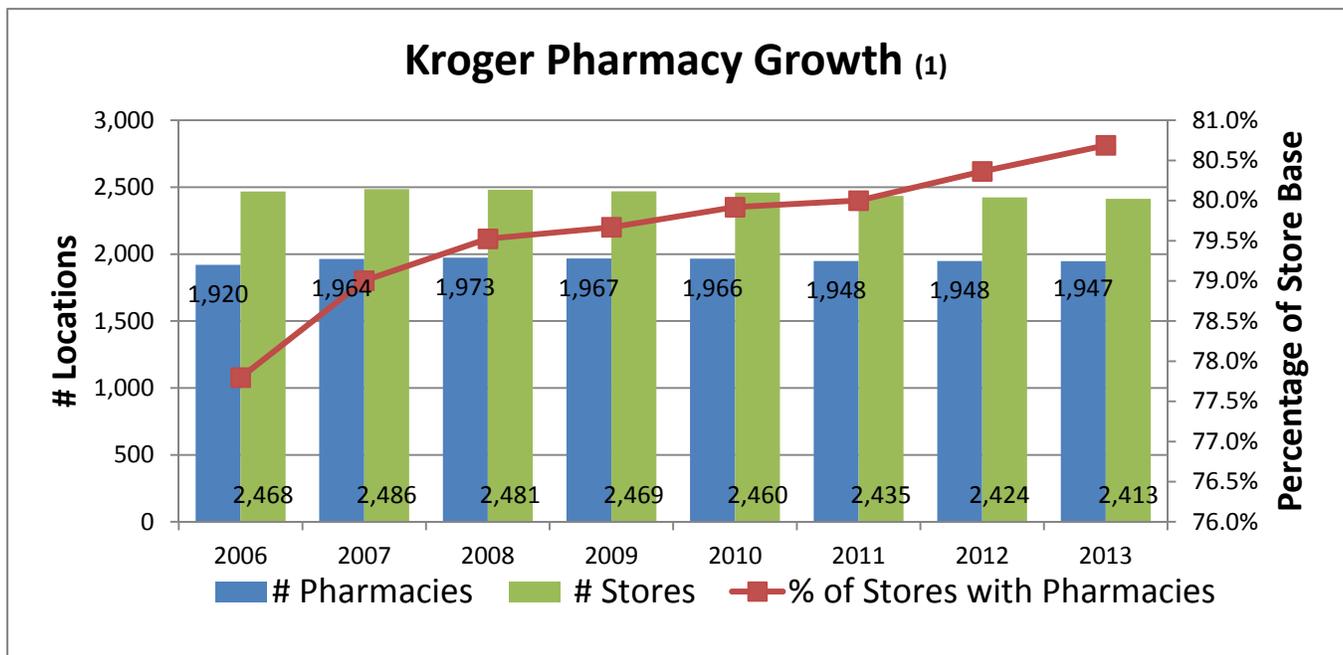
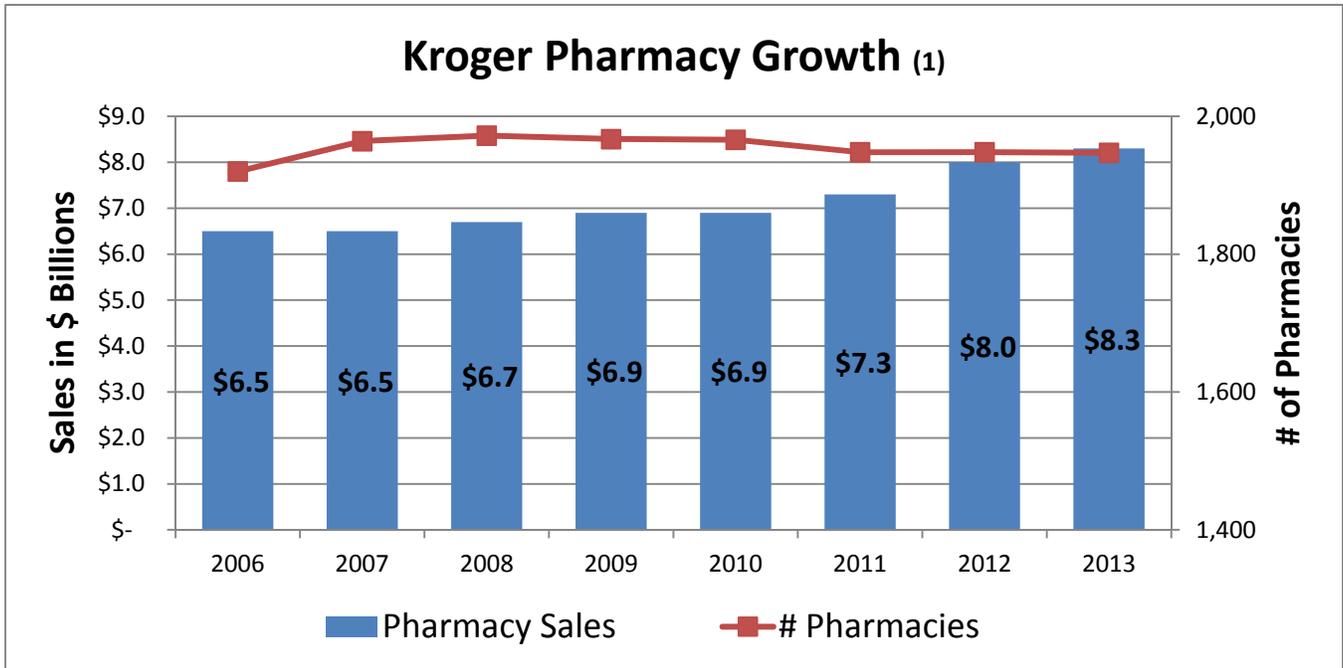
<p><u>DAIRY</u></p> <ul style="list-style-type: none"> ▪ Ice Cream ▪ Ice Cream Cakes ▪ Milk ▪ Yogurt ▪ Cottage Cheese ▪ Processed Cheese ▪ Natural Cheese ▪ Sour Cream ▪ Frozen Novelties ▪ Orange Juice ▪ Fruit Juices/Drinks ▪ Citrus Punch ▪ Bottled Water <p><u>BAKERY</u></p> <ul style="list-style-type: none"> ▪ Breads ▪ Buns ▪ Rolls ▪ English Muffins ▪ Bagels ▪ Donuts ▪ Cookies ▪ Crackers ▪ Cheese Curls ▪ Corn Snacks ▪ Tortilla Chips ▪ Popcorn ▪ Flour Tortillas 	<p><u>DELI</u></p> <ul style="list-style-type: none"> ▪ Bread & Rolls ▪ Spreads/Dips ▪ Icings/Glazes ▪ Danish ▪ Salads ▪ Dessert Salads ▪ Seafood Salads ▪ Salsa ▪ Cakes ▪ Pies ▪ Cupcakes ▪ Cookies ▪ Bagels ▪ Muffins <p><u>BEVERAGE</u></p> <ul style="list-style-type: none"> ▪ Soft Drinks (A) ▪ Purified Water ▪ Juices ▪ Vitamin Water <p><u>MEAT</u></p> <ul style="list-style-type: none"> ▪ Packaged Meats ▪ Retail Meats ▪ Sausages 	<p><u>PET FOOD</u></p> <ul style="list-style-type: none"> ▪ Dry Dog Food ▪ Dry Cat Food <p><u>GROCERY</u></p> <ul style="list-style-type: none"> ▪ Peanut Butter ▪ Salad Dressing ▪ Red Sauces ▪ Steak Sauces ▪ Worcestershire Sauce ▪ Soy Sauce ▪ Lemon Juice ▪ Vinegars ▪ Coffee ▪ Powdered Drinks ▪ Salted Nuts ▪ Baking Nuts ▪ Hot Cereal ▪ Jelly ▪ Preserves ▪ Syrups ▪ Broth ▪ Spices ▪ Extracts ▪ Food Coloring
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(A) Carbonated and Non-Carbonated



PHARMACY

Kroger® is the fifth-largest pharmacy operator in the United States in number of locations, operating retail pharmacies in 1,947 of our food stores. During fiscal 2013, Kroger pharmacists filled over 164 million prescriptions at a retail value of approximately \$8.3 billion. The merger with Harris Teeter brought an additional 159 pharmacies to the Kroger family.



(1) All pharmacy data excludes Harris Teeter.

Pharmacy continues to be an important part of Kroger's Digital Strategy and we are focusing on improving the customer's online pharmacy experience. Customers are now able to easily manage their prescriptions for themselves, and their family. On the Kroger banner web page, under Pharmacy, titled "My Prescriptions", Customers will find a secure account creation process to allow for the viewing of current and historical prescription records. In addition to being able to order refills. Customers can enroll in auto refill, see prescription details, and view important medical information about their prescriptions. Customers can now update their address or make changes to their contact preferences by having access to their patient profile. For tax purposes, we have also given our Customers the ability to print their medical expense statement. Kroger is committed to listening to our Customers and to continually enhance the pharmacy online experience in 2014.



In addition to convenience, our pharmacies strive to provide good value to Customers. Our \$4 generic pricing program includes hundreds of drugs priced at just \$4 for a typical 30-day supply. Drugs for heart, blood pressure, diabetes, infection, arthritis, cholesterol and many other ailments are included. We also offer 90-day supplies of many of these prescriptions for \$10, and we have increased the number of women's health medications that we offer at discounted prices. Customers can access our drug list by visiting our stores, at www.kroger.com, or by calling (877) 4RX-LIST.

Hundreds of
GENERIC
prescriptions

- It's easy to transfer your prescriptions
- No need to join a club
- In most cases, less than insurance co-pays or mail order

\$4 30-day
save even more on a 90-day supply! **\$10**


Pharmacy

Not all generic prescriptions are included in the program. The program and list of generic prescriptions may be changed or discontinued at any time. Price is for typical dosage only. Higher dosages cost more. Prices are higher in some states. Restrictions apply. See pharmacy for details.

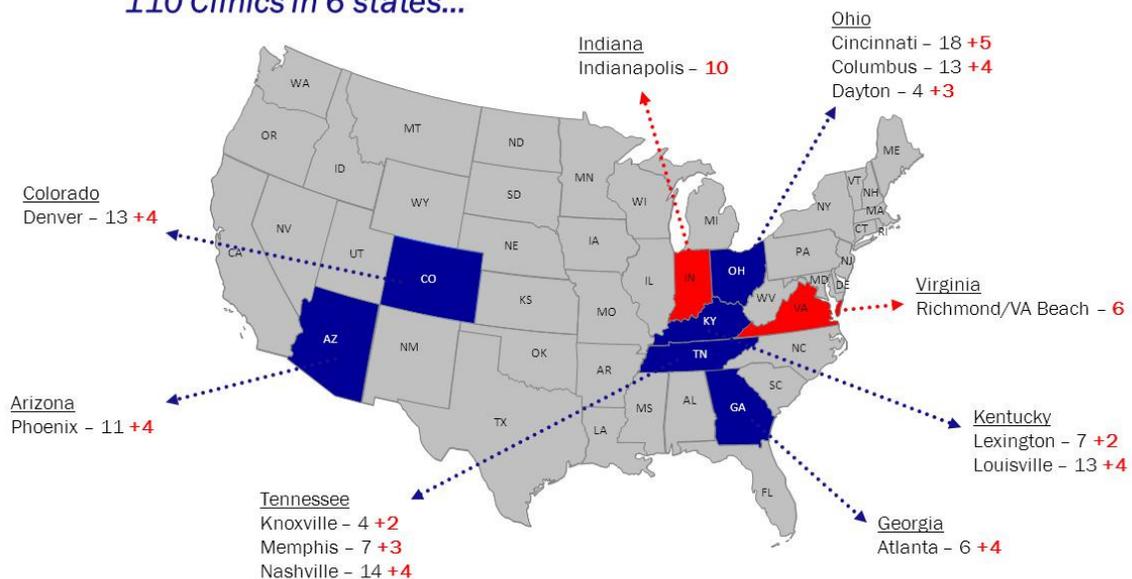
THE LITTLE CLINIC

Kroger operates walk-in medical clinics in stores across the country through our wholly-owned subsidiary, The Little Clinic®. The Little Clinic locations offer quality health care and wellness solutions that are both convenient and affordable for Customers. The Little Clinic locations are staffed with licensed and Board Certified Advanced Registered Nurse Practitioners and Certified



Physician Assistants. The clinicians are authorized to diagnose, treat, and write prescriptions for common illnesses such as flu, bronchitis, respiratory, sinus and ear infections, as well as for minor injuries. The clinics also provide services such as physicals, back-to-school and sports exams, screenings and a number of vaccinations. With the addition of 20 clinics in 2013, The Little Clinic operated 110 walk-in medical clinics inside Kroger's family of stores by year-end 2013. The Little Clinic's total patient visits grew 38% in 2013 over 2012. Due to years of strong growth, The Little Clinic expansion is becoming more aggressive with 55 clinic openings scheduled for 2014, including expansion into 2 new divisions (Central and Mid-Atlantic).

110 Clinics in 6 states...



*Red print denotes 2014 clinic openings

...with 165 in 8 states by YE 2014

The Little Clinic® received accreditation by The Joint Commission in 2009 and reaccreditation in 2012. The gold standard in the healthcare industry, The Joint Commission accreditation demonstrates The Little Clinic commitment to deliver high quality care in an environment that emphasizes patient safety.



NATURAL AND ORGANIC FOODS



Consumer demand for Natural & Organic foods continues to grow in the industry and for Kroger Customers. In 2013, Kroger sales of Natural & Organic foods grew double digits for the fourth consecutive year. Kroger plans to continue a significant focus on growing this aspect of the business.

Kroger offers a wide variety of items to those Customers looking for easy, honest, affordable quality Natural & Organic items helping all shoppers enjoy simply better living. Kroger's investment in pricing of Natural & Organic items has also helped fuel growth in this area of the business.

Kroger's Family of Stores is expanding the offerings to meet this need through varying department formats based on a particular store's size and Customer segmentation. Natural & Organic offerings can be found in all formats across the enterprise. In 2013, Kroger increased variety and offerings of Natural Foods as we heard strongly from our customers they continue to want more Natural & Organic foods.

2013 was an outstanding year growing the Simple Truth[®] brand of products launched very early in 2013. The success of the launch and growth of the Simple Truth brand of Kroger exclusive Natural & Organic products has exceeded all expectations in sales and connection with the customer. Simple Truth offers over 400 items in over 45 categories under our exclusive Simple Truth[®] and Simple Truth Organic[™] brands all across the store. A wide variety can be found throughout the store, including milk, eggs, meats, produce, trail mix, cereals, sodas, yogurt, chips and grains. Simple Truth[®] and Simple Truth Organic[™] products are made from the finest quality ingredients that are "Free From 101+" artificial preservatives & ingredients that Customers have told us they do not want in their food. Consumers may visit www.simpletruth.com for a list of the 101+ artificial preservatives & ingredients that are not found in the "Free From 101+" products. Simple Truth Organic[™] products contain at least 95% organic ingredients and are USDA certified. We continue to add new items to this exclusive product line to make organics accessible and affordable for everyone.

RETAIL FUEL OPERATIONS

Kroger believes that gasoline is a natural addition to our “one-stop” shopping strategy because it offers our Customers tremendous convenience and value. Fuel centers also allow Kroger to build on our decades of experience in selling gasoline at our convenience stores. Despite low margins, fuel centers can deliver a high return on investment because of their extraordinary inventory turns and positive effect on overall store sales.

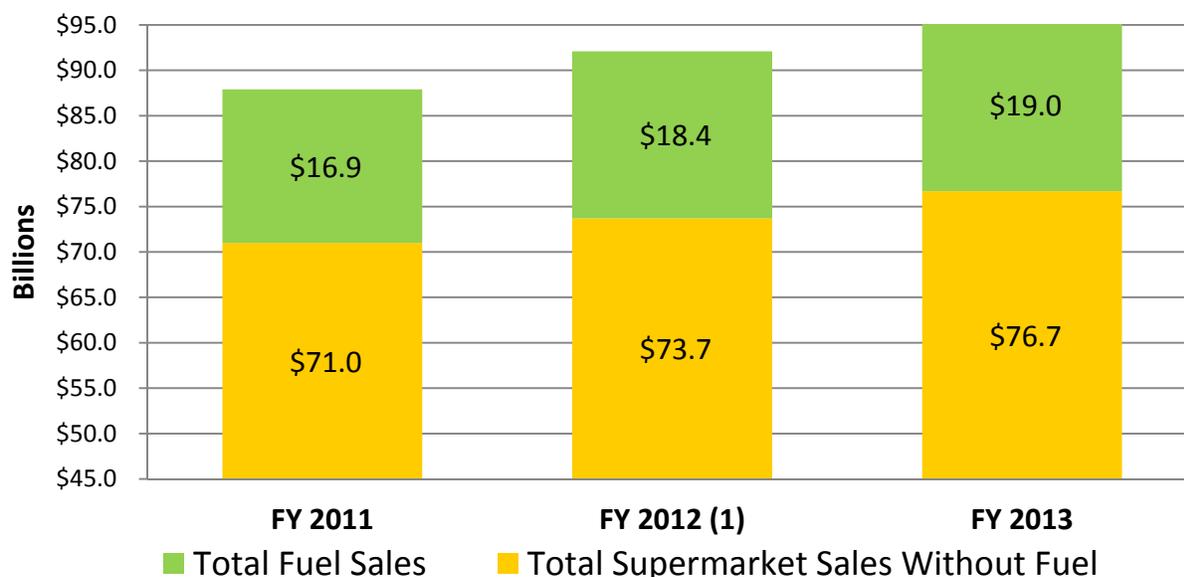
The typical supermarket fuel center consists of three to nine multi-product dispensers covered by a well-lit canopy, and an 8’ x 12’ kiosk from which cigarettes, soft drinks, snacks, candy and miscellaneous automotive-related products are sold.

At year-end 2013, Kroger’s retail fuel operations included 1,240 supermarket fuel centers in 31 states and 725 convenience stores that sell fuel. (We operate 786 convenience stores in total. See the “Convenience Stores” section on Page 20 of this Fact Book.)

Financial Impact

Sales

Fuel sales affect certain financial indicators. They comprise a portion of the Company’s total food store sales results.



(1) 2012 results have been adjusted to remove the extra week

Fuel sales also affect identical and comparable supermarket sales:

Identical Supermarket Sales	FY 2012	FY 2013
Including Supermarket Fuel Centers	4.5%	3.3%
Excluding Supermarket Fuel Centers	3.5%	3.6%
Difference (<i>basis points</i>)	100 bp	<30 bp>

FIFO Gross Margin (Note A)

Our FIFO gross margin rates, as a percentage of sales, were 20.62% in 2013, 20.65% in 2012 and 21.15% in 2011. Our retail fuel sales reduce our FIFO gross margin rate due to the very low FIFO gross margin on retail fuel sales as compared to non-fuel sales. Excluding the effect of retail fuel operations, our FIFO gross margin rate decreased 14 basis points in 2013 vs. 2012 and 40 basis points in 2012 vs. 2011. FIFO gross margin in 2013, compared to 2012, decreased primarily from continued investments in lower prices for our Customers and increased shrink and advertising costs as a percentage of sales.



<Decrease> in FIFO Gross Margin Rate	FY 2011	FY 2012	FY 2013
Including Retail Fuel Operations	<118 bp>	<51 bp>	<2 bp>
Excluding Retail Fuel Operations	<32 bp>	<40 bp>	<14 bp>

Note A: FIFO gross margin is an important measure used by management to evaluate merchandising and operational effectiveness. We calculate First-In, First-Out (“FIFO”) gross margin as sales minus merchandise costs, including advertising, warehousing and transportation, but excluding the Last-In, First-Out (“LIFO”) charge. Merchandise costs exclude depreciation and rent expense.

Operating, General, and Administrative Expenses (Note B)

Growth in retail fuel sales lowers Kroger’s operating, general, and administrative (“OG&A”) rate due to the very low OG&A rate on retail fuel sales as compared to non-fuel sales. Excluding adjustment items (Note C), OG&A expenses, as a percentage of sales excluding fuel, decreased 15 basis points in 2013, compared to 2012. The 2013 decrease, compared to 2012, resulted primarily from increased supermarket identical sales growth, productivity improvements and effective cost controls at the store level.



Increase / <Decrease> in OG&A Rate	FY 2011	FY 2012	FY 2013
Including Retail Fuel Operations	13 bp	<163 bp>	8 bp
Excluding Retail Fuel Operations (Note C)	<24 bp>	<38 bp>	<15 bp>

Note B: Operating, general, and administrative expenses consist primarily of employee-related costs such as wages, health care benefit costs and retirement plan costs, utilities, and credit card fees. Rent expense, depreciation and amortization expense, and interest expense are not included in OG&A.

Note C: Also excludes the following: UFCW pension plan consolidation charges in 2011, and UFCW consolidated pension plan liability and credit card settlement adjustments in 2012. Additionally, 2012 includes an extra week. 2013 excludes merger costs.

Kroger’s retail fuel business can increase the volatility of our quarterly financial results because it is common for us to experience quarter-to-quarter gross margin fluctuations in the fuel business. This is a function of our significant fuel volumes and the volatility of wholesale fuel prices. During a period of rising wholesale fuel costs, our gross margins typically contract. During a period of declining wholesale fuel costs, our gross margins typically expand. This is why we believe it is important to consider a longer view when analyzing fuel margins to account for these fluctuations.

Fuel Margins (Cents Per Gallon)	Q1	Q2	Q3	Q4*	YR*
FY 2013	11.6¢	17.0¢	17.1¢	11.3¢	14.1¢
FY 2012	12.1¢	16.4¢	15.3¢	13.0¢	14.0¢
Difference	<0.5¢>	0.6¢	1.8¢	<1.7¢>	0.1¢

*2012 Q4 and YR have been adjusted to exclude the extra week in 2012.

Note that Kroger’s fuel margins exclude credit card fees. We include credit card fees in OG&A expense.

LOYALTY DATA & CUSTOMER INSIGHT

Kroger's growth strategy is squarely focused on consistently meeting the needs of our Customers. Through shopper data, surveys, and research we strive to understand our Customers. These insights help us create solutions that help Customers save time, money, and deliver value. In-turn, Customers are more satisfied and choose Kroger more often.

The key to unlocking that insight and creating value for our Customers has been a partnership with dunnhumby that was formed in 2003. London-based dunnhumby is a leading global Customer science company.

This partnership (dunnhumbyUSA) is a unique competitive advantage for Kroger. It allows us to design personalized offerings for individual needs. It also gives us the tools to target our promotional dollars and pricing investments toward our most loyal Customers.

dunnhumbyUSA continues to grow and evolve. Each year this partnership helps us analyze our business to bring new perspectives and insights. In addition to helping Kroger build Customer loyalty and brand value, dunnhumbyUSA serves other manufacturing and non-grocery retail clients through offices in Boston, Chicago, Cincinnati, New York, Portland and Sacramento.



KROGER PERSONAL FINANCE

Another unique competitive advantage for Kroger is Kroger Personal Finance[®] (“KPF”). KPF believes that loyalty is earned by respecting the individual and their unique financial goals: we’ll meet people where they are and provide them with simple, innovative and transparent money management solutions.



Our solutions are designed to fit Customers’ individual needs. The 1-2-3 REWARDS[®] Visa[®] Card and reloadable Visa[®] Prepaid Debit Card reward Customers with every purchase made. Extra points are earned on in-store and Corporate Brand products. There is also an additional 5¢ per gallon discount at our Fuel Centers.



KPF’s wide selection of gift card partners allows Customers to pick up cards to their favorite restaurant, clothing retailer or online music store in one convenient location. Customers also earn 2x fuel points when purchasing most gift cards and 4x during specific promotional periods. This creates significant fuel savings for Customers that purchase cards in our stores.

KPF offers a wide variety of no-contract wireless handsets and airtime from the nation's largest providers. Customers can choose the phone and payment that fit their needs and be rewarded with incremental fuel points for their purchase.



One of these unique providers is i-wireless, Kroger's own private label wireless service. In addition to giving customers a multitude of plans and incremental fuel points, i-wireless customers earn free wireless every time they shop in the Kroger Family of Stores. For every 100 points earned, i-wireless rewards them with \$1 in rewards dollars to use toward a future plan renewal.

Money Services provides Check Cashing, Money Transfer, Bill Payment, Prepaid Debit Cards and Prepaid Wireless options. Our knowledgeable associates provide a respectful, professional experience that makes our Customers want to return.



TECHNOLOGY SYSTEMS & INFRASTRUCTURE

Technology systems and infrastructure are critical to our business success. Kroger invests significant capital and expense dollars to ensure that our technology platforms efficiently support our day-to-day operations as well as deliver innovative solutions to support our Customer 1st strategy. We continually push to deliver innovative solutions because these investments are critical to improving our Customer service.



Investments in the past few years have included:

- Expanded Customer Service Call Centers to enhance Kroger's commitment to Customer 1st
- New Human Resources systems
- Electronic shelf labels and digital shelf edges
- State-of-the-art, industry-leading automation and warehouse management systems
- Point of Sale hardware refresh
- Expanded fuel loyalty features
- Improvements to store front-end Customer experience
- Improvements to financial processing systems
- Product Life-Cycle Management for Manufacturing
- Customer data security
- New merchandising systems for efficiently allocating product to our stores
- Data Center upgrades to support disaster recovery and business continuity
- New hardware platforms in our stores to reduce operating costs
- New item retailing solutions
- Enterprise Labor Scheduling Solution for our stores
- Improved Pharmacy systems and processes
- Upgraded communications networks
- Expanded Digital Customer Program to include Customer Personalization, loyalty and electronic coupons for mobile devices and our website at www.kroger.com and other banner sites
- Automated temperature monitoring / alerting for refrigerated cases in our stores

The Kroger Technology team continues to deliver its part of the Customer 1st Strategy by consistently providing reliable and secure processing of transactions. Systems like the Deli-Bakery online ordering system have allowed Kroger to reduce costs and increase sales through technology. That system alone processed over 97,000 orders throughout the 2013 holiday season. Another large technology investment for Kroger is Project Mercury. Mercury is a multi-year effort that will reinvent the item-level data for Kroger and enable us to change the way we do business.

Once completed, this system will provide other Kroger systems with the most accurate item level data available in the industry, which in turn will allow Kroger to engage Customers at a whole new level.

Our technology investments are producing returns above Kroger's goal of 11.3%, after-tax, for capital projects. In addition, all of these efforts are tied to the Four Keys and the Customer 1st Strategy.

Research and Development

Kroger continues to internally develop new and innovative business solutions utilizing our Research and Development department. Recent innovations include Advantage Checkout[®], Scan, Bag, Go[®], QueVision[®] and Video Management System. Advantage Checkout is the system that fully automates item scanning at checkout and with Scan, Bag, Go shoppers carry a hand-held scanner and scan their items while they shop. QueVision enables Customer service associates in the stores to get our Customers through the checkout process with minimal wait times. The Video Management System provides video streams with automated analysis for security and operational improvements



LOGISTICS

Kroger's logistics network includes 36 distribution centers ("DCs"). An important part of our Customer 1st Strategy involves investing in our logistics infrastructure to improve operational efficiency, lower costs, and upgrade product freshness, quality, and safety. Over the past several years, Kroger has made significant investments in leading edge distribution technology – including warehouse, transportation, and advanced automation systems. Our DCs contain state-of-the-art product handling systems, refrigeration, temperature and lighting controls. These technologies have allowed us to significantly reduce our energy use in the DCs, saving costs and reducing Kroger's carbon footprint.

Kroger employs a rigorous program of lean process engineering to continuously improve the efficiency of the supply chain. The program examines each step – from suppliers to the stores – streamlining processes, driving out waste and reducing costs to enable continued investment in our Customer 1st Strategy.

Some of Kroger's distribution centers and store delivery fleets have been outsourced to third-party logistics providers, giving our company access to evolving approaches in distribution and more flexibility to implement them.

Ongoing optimization analysis reduces the capital needed to maintain and modernize the network, reduces working capital and lowers product acquisition costs since larger quantity purchases are possible.

Three-Tier Distribution Network

Kroger services its stores through a nationwide three-tier distribution system. The first tier consists of local dry grocery, perishables and freezer facilities that service stores – generally within a 200-mile radius – with quick turn and perishable products. These distribution centers also often serve as our company's cross-dock centers for palletized merchandise that is going directly to a retail store.



The second tier consists of regional centers that service retail stores – within a roughly 350-mile radius – for slower turn pharmaceuticals, health and beauty care items and dry grocery merchandise. These regional centers allow Kroger to purchase in larger quantities at the lowest possible price bracket. The product is piece-picked, sleeve-picked or case-picked depending on value and movement, and shipped directly to stores multiple times each week.



The third tier ships seasonal, promotional and other general merchandise products from suppliers around the world to stores in an even larger geography than the regional centers.

This tiered network system is supported with new technology for improved operations and more cost-effective store delivery. We are continuing to develop “Demand Forecasting” technology utilizing certain store-specific and market data to enhance our company’s store ordering system capabilities. This capability enhancement is based on Kroger’s data warehouse, expanded corporate computing infrastructure and current software systems. Voice-pick technology employed in our DCs uses wireless communication and voice instructions for picking product. Our real-time warehouse management system improves both the speed and accuracy of product receipt, assembly and shipping. The network is linked with a freight management system to eliminate “empty” trucking miles and reduce freight expense through coordination with our suppliers and fleet operators. Advanced automation technology is being implemented for select case and piece picking operations, which dramatically improves store service, reduces costs and enhances associate safety.

Transportation Management

Our store delivery fleet of 2,770 tractors and 10,500 trailers make almost 3,300 truckload deliveries every day. In 2013, that translated to traveling almost 329 million miles to our stores and facilities. Of our fleet, Kroger owns approximately 80% of the 10,500 trailers and 55% of the 2,770 tractors used for deliveries.

With rising fuel and operational costs, Kroger leverages its investments in network-based transportation management systems to improve utilization of its store delivery and inbound fleets. Additionally in 2013, our tractors continue to be equipped with the latest on-board computer technology providing real-time visibility of store deliveries in route which allows the driver to be more effective and make the appropriate adjustments when necessary to protect on-time deliveries. Fleet capacity management across all markets and business units is being integrated into these tools to maximize coordination and utilization. Some of our other efforts in this area include: improving the aerodynamic design of tractors and trailers for better fuel economy; utilizing the latest clean engine technology that also improves tractor fuel efficiency; installing an automatic tire inflation system; expanding the usage of multi-temperature trucks to transport frozen, refrigerated or dry goods in one truck; improving the insulation of our refrigerated trucks; and standardizing top speeds and idling protocols.

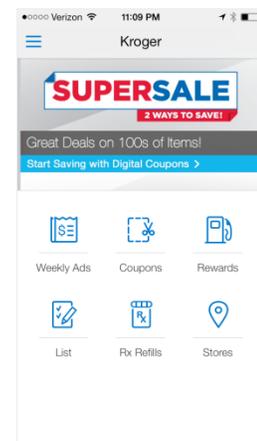
Improving the operational efficiency of our fleet not only lowers our costs, it also helps reduce Kroger's impact on the environment. Please see our most recent Sustainability Report (www.sustainability.kroger.com) for additional information about our efforts and achievements in this important area.



DIGITAL

Kroger uses digital channels as a means to better engage directly with Customers as they plan and shop. As our Customers spend more of their time online and increasingly adopt and use mobile technologies, our investments into the digital channels provide our Customers with easy, instant access to content and tools. Capabilities available include:

- Websites for each of our Banners provide Customers with a single place to find information about their local store, view the weekly ad and online promotions, load digital coupons to the shopper card, create shopping lists, refill a prescription, set up an online account and view points and rewards balances.
- Mobile applications for iPhone® and Android® devices optimized for mobile phones and tablets are available for each of the banners. The mobile apps have been downloaded millions of times and provide instant access to many of the features available on the banner websites.
- Personalized experiences across mobile apps, websites, and email present digital offers, promotions and weekly sales based on Customers' shopping habits and preferences. Digital versions of the shopper card are available in the mobile app and can be added to Passbook to provide Customers with a convenient way to present their card at checkout.
- Express Lane is available at over 143 Harris Teeter® stores, providing Customers with online ordering and the convenience of picking up orders at their local store. Customers can shop online and schedule pick-up in as little as 4 hours after submitting their order.
- The digital coupon center offers Customers a single place to view, load and manage hundreds of digital coupon offers available for manufacturer and store brand items. Kroger began offering the current format of digital coupons in late 2009 and reached 500 million digital coupon downloads about 3 years later.



Customers downloaded another 500 million digital coupons in the next 14 months, and the one billionth digital coupon was downloaded in early February 2014, demonstrating the growth and Customer acceptance of our digital efforts. Digital coupons are offered through capabilities developed by YOU Technology, LLC, a subsidiary of Kroger family acquired in February, 2014



- Facebook and Twitter accounts for each of our Banners, offering Customers who are active in social channels a way to share with Kroger and learn about news, events and promotions.
- Use of digital media channels to deliver ads and messages to Kroger shoppers who are online in support of the weekly ad, online events and promotions, and to increase the awareness and engagement in digital.
- E-mail subscriptions to deliver weekly ads and coupons, online specials and promotions, newsletters and other targeted Customer communications.
- Online pharmacy tools where customers can access their profile and prescriptions on file at their local pharmacy, submit refills, request new prescriptions, print annual pharmacy spending summaries and manage profiles for family members and pets.
- Online catalog, pricing and ordering for jewelry at www.fredmeyerjewelers.com and www.littmanjewelers.com. Customers can choose from an assortment of styles available both online and in-store and from an expanded assortment of exclusive online-only items.

Our digital strategy is driven by Customer feedback and is focused on reaching Customers who are spending more time online, delivering relevant content and offers and enabling Customers to plan and shop in more convenient ways.

CUSTOMER 1st STRATEGY

Kroger stands apart from others in our industry because of our Customer 1st Strategy. The Kroger team has been executing this consistent strategy for over a decade. As a result of this approach, we have been growing our business by increasing Customer loyalty to Kroger's family of stores.



Listening to our Customers is the foundation of this approach. Based on Customer feedback, we invest in four key areas of our business, so that our Customers say:

- Our people are great!
- I get the products I want, plus a little.
- The shopping experience makes me want to return.
- Our prices are good.

These investments can take several forms – including improved Customer service, better product quality and selection, enhancements to our shopping environment and lower prices. We seek to fund these investments through operating cost reductions and productivity improvements across all areas of our business.

Our long-term business model reflects our Customer 1st Strategy. We believe it is the right approach to create sustainable shareholder value in a highly competitive industry. Our objective is to increase annual earnings per share through the combination of strong, sustainable identical sales growth and slightly improved operating margins, both excluding our retail fuel operations. Investments in the Four Keys of our Customer 1st Strategy help us drive strong and sustainable identical sales and market share growth.

A cornerstone of our business strategy is balance. We seek to consistently deliver solid financial results in the near-term while making meaningful investments for our future. We believe our Customer 1st Strategy can serve Customers, associates, and investors well in a variety of economic and competitive conditions.

MARKET SHARE

Growing market share is an important part of Kroger's long-term strategy. Market share is important to us because it allows Kroger to leverage the fixed costs in our business over a wider revenue base. Our fundamental operating philosophy is to maintain and increase market share by offering Customers good prices and superior products and service.

In the past, we used Nielsen Homescan data as our source for market share. We are now using a different Nielsen product, Nielsen POS+, which includes all point of sale data from several competitors and includes all departments in our stores except for pharmacy. We believe Nielsen POS+ data is a good and consistent source. While POS+ does not include all of our competitors today, it captures roughly 85% of the items we sell, including most perishable items, which Nielsen Homescan did not include.

Based on Nielsen POS+ data, our estimated market share increased in total by approximately 50 basis points in 2013 across our 18 marketing areas outlined in the Nielsen report. This information also indicates that our market share increased in 16 of the 18 markets and declined slightly in two. Walmart Supercenters are one of our top two competitors in 13 of the 18 marketing areas, and our market share increased in 12 of these marketing areas and declined in one.

We plan to continue to grow our business by maintaining Kroger's existing strong market share while continuing to build on additional opportunities for sales growth.

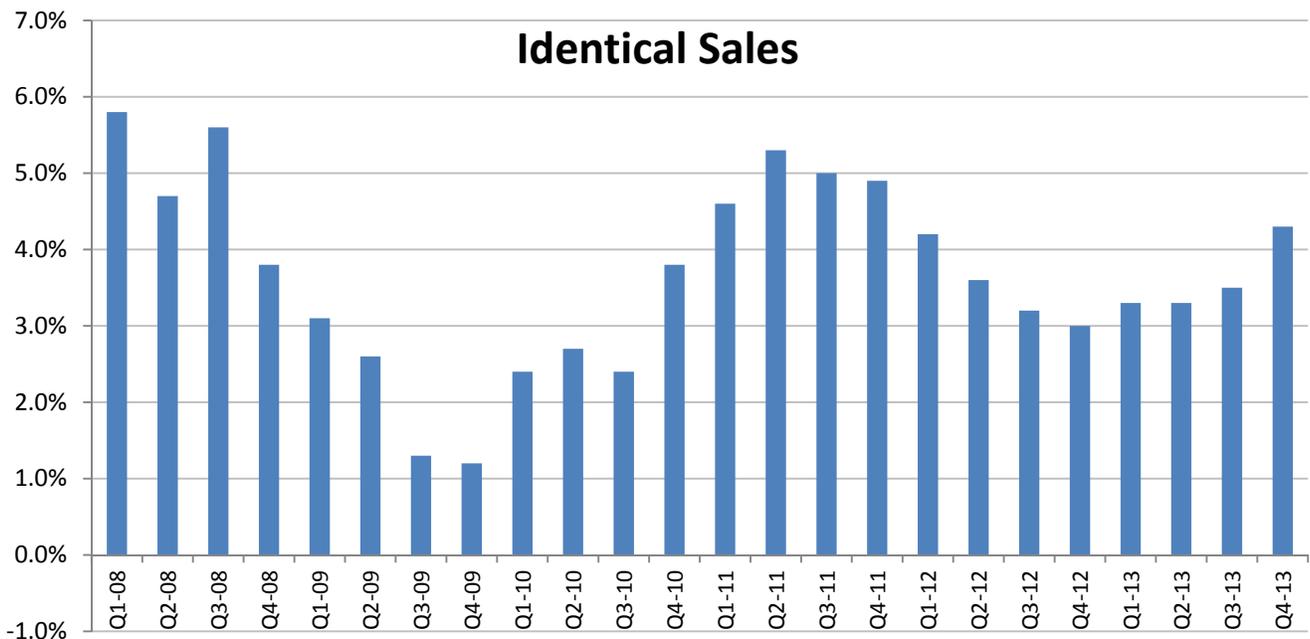


IDENTICAL SUPERMARKET SALES

Identical supermarket sales are a key measure of health in the retail food industry. Kroger defines a supermarket as “identical” when it has been open without expansion or relocation for five full quarters. Other companies in our industry may calculate identical sales differently than Kroger does, limiting the comparability of this measure.

Kroger has achieved positive identical supermarket sales, excluding fuel, for 41 straight quarters. The chart below depicts identical supermarket sales trends excluding supermarket fuel sales, for the last six years.

IDENTICAL SALES EXCLUDING FUEL



- *Note that fuel discounts received at our fuel centers (earned based on in-store purchases) reduce the identical sales for our supermarkets.*

FINANCIAL STRATEGY

Kroger's financial strength has long been a competitive advantage and is even more so in the current economic environment. We believe it is important to allocate the strong cash flow that our business generates to invest in our store base and infrastructure, maintain Kroger's leverage ratios, and provide a solid return for shareholders.

FINANCIAL GOALS & STRATEGY

1. Achieve solid, steady identical sales growth, with a slightly expanding FIFO operating margin (excluding fuel) and consistent earnings per share growth, equal to or above overall market returns.

2. Financial strategy and use of cash flow:

a. Maintain a consistent, solid investment grade rating. To achieve this, our objective is to maintain a net total debt to adjusted EBITDA ratio between 2.0 and 2.2.

At fiscal year-end 2013, our leverage ratio was 2.43. Net total debt increased \$2.3 billion from a year ago as a result of the Harris Teeter transaction, and, due to the timing of closing late in our fiscal year, we realized no incremental EBITDA in 2013 from this transaction. We have committed to the rating agencies that we will return this ratio to the 2.0 to 2.2 times range within 18-24 months of the transaction closing.

b. Return value to shareholders via:

i. Target long-term EPS growth averaging 8% to 11% per year.

ii. Pay a dividend on a quarterly basis, with expectations of growing the dividend over time.

iii. Maintain a steady stock repurchase program, contributing to annual EPS growth.

c. Increase capital investments by \$200 million each year for several years. This incremental capital will be used to support the company's strategy to expand its presence in a few targeted existing markets, establish a major presence in one or two new markets, as well as invest in other high-return capital projects. This plan is designed to support the Company's goal of continual market share growth.

3. Generate a return on invested capital (ROIC) that increases over time.

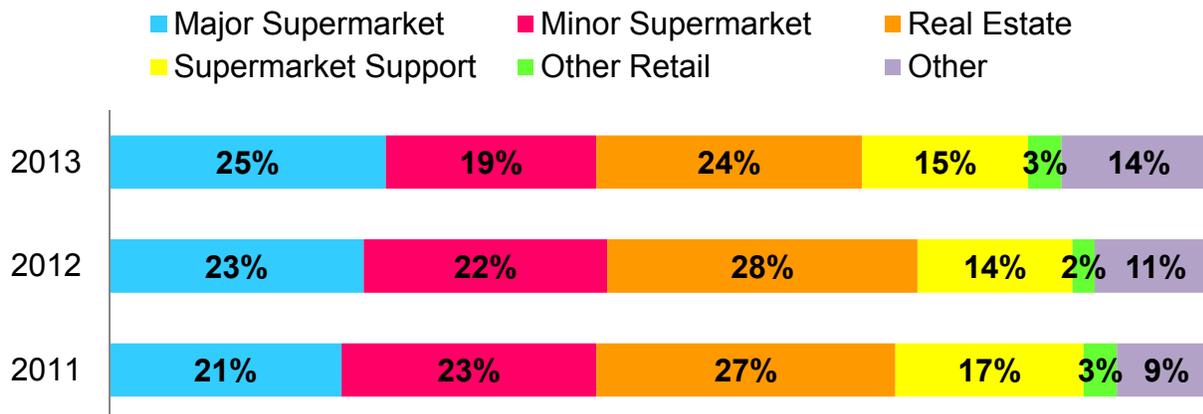
CAPITAL INVESTMENTS

Total capital investments for 2013 were \$2.3 billion, excluding acquisitions. Approximately 49% of Kroger's 2013 capital dollars were used to build, acquire, expand, or complete major remodels of food stores. The balance was allocated among minor remodels and the Company's other operating and administrative segments, including convenience stores, jewelry stores, and manufacturing facilities, as well as technology, logistics/distribution, and other miscellaneous projects. In the pie chart and bar chart below, "Other" includes capital investments for the purchase of leased facilities totaling \$108 million compared to \$73 million in 2012.



We allocate capital to projects that we expect to earn a rate of return in excess of our internal hurdle rate of 11.3% after-tax. These projects include new stores, major remodels and expansions of existing stores, as well as logistics, technology and manufacturing investments.

Capital Investments



We primarily target existing markets for new stores. In our experience, such “in-market” growth generally produces higher returns, with a lower level of risk, by leveraging fixed expenses such as warehousing, transportation, advertising, and other overhead costs across an expanding store base. In the fall of 2012, we announced plans to establish a presence in one or two new markets over the next few years, and today we continue work to narrow down the candidates for the first new market.

Capital investments reflect our strategy of growth through expansion and acquisition, as well as our emphasis on self-development and ownership of real estate, and logistics and technology improvements. Since 1995, Kroger has been aggressively purchasing the real estate associated with our storing program. At year-end, approximately 45% of the Company’s 2,640 supermarkets were owned by Kroger. Kroger prefers to own stores rather than lease them, as it typically results in a lower rent charge.

We believe that long-term shareholder value is determined, in part, by the return on invested capital and therefore we use a disciplined approach to evaluate every capital investment:

- Capital investments are assessed versus our after-tax hurdle rate with consideration given to the risk of the specific investment.
- The projected incremental sales and EBITDA from each capital investment are added to divisional and corporate bonus bases in order to motivate the entire organization to achieve returns above our hurdle rate.

- A quarterly re-analysis of each major project is conducted to ensure we understand the return from major capital projects.
- A new goal of a steadily improving ROIC was established in late 2012. Beginning in 2013, this became a component of the long-term incentive plan for company executives. The ROIC at the end of fiscal 2013 was 13.43% versus 13.41% in 2012, excluding Harris Teeter and the extra week in fiscal 2012.
- Kroger continues to aggressively close underperforming stores. In fiscal 2013, we closed 35 stores – 28 of these were operational closures. The term “operational closure” describes a store location that has been closed without opening another store in the same vicinity to replace it.

The chart on the following page provides Kroger’s real estate activity by quarter for fiscal 2011, 2012, and 2013.



REAL ESTATE ACTIVITY BY QUARTER

FY 2011	Q1	Q2	Q3	Q4	YEAR
Beginning # Stores	2,460	2,449	2,440	2,439	2,460
New	3	2	4	-	9
Acquired – New	1	-	6	-	7
Acquired – Relocation	-	-	2	-	2
Relocations	4	4	1	3	12
Total Stores Opened	8	6	13	3	30
Expansions	2	1	4	8	15
Total Store Projects	10	7	17	11	45
Operational Closures	<15>	<11>	<11>	<4>	<41>
Ending # Stores	2,449	2,440	2,439	2,435	2,435
Major Remodels (>\$20/sq ft)	38	32	25	19	114
Minor Remodels (<\$20/sq ft)	46	40	45	39	170
Square Footage (millions)	148.3	148.2	148.5	148.6	148.6
% Increase	<0.1%>	<0.1%>	0.1%	0%	0%
Convenience Stores	785	788	796	791	791
Jewelry Stores	359	361	363	3648	348
Fuel Centers	1,030	1,046	1,067	1,090	1,090
Pharmacies	1,966	1,964	1,964	1,955	1,955
FY 2012	Q1	Q2	Q3	Q4	YEAR
Beginning # Stores	2,435	2,425	2,425	2,422	2,435
New	1	5	4	8	18
Acquired – New	-	-	-	-	-
Acquired – Relocation	-	-	-	-	-
Relocations	1	1	4	1	7
Total Stores Opened	2	6	8	9	25
Expansions	5	4	3	7	19
Total Store Projects	7	10	11	16	44
Operational Closures	<11>	<5>	<7>	<6>	<29>
Ending # Stores	2,425	2,425	2,422	2,424	2,424
Major Remodels (>\$20/sq ft)	24	26	38	29	117
Minor Remodels (<\$20/sq ft)	40	53	65	29	187
Square Footage (millions)	148.4	148.9	149.1	149.5	149.5
% Increase	0.1%	0.4%	0.4%	0.7%	0.1%
Convenience Stores	789	788	790	786	786
Jewelry Stores	337	342	344	328	328
Fuel Centers	1,109	1,124	1,141	1,169	1,169
Pharmacies	1,948	1,948	1,948	1,949	1,949
FY 2013	Q1	Q2	Q3	Q4	YEAR
Beginning # Stores	2,424	2,419	2,418	2,414	2,424
New	5	6	3	3	17
Acquired – New	-	-	-	227	227
Acquired – Relocation	-	-	-	-	-
Relocations	1	1	4	1	7
Total Stores Opened	6	7	7	231	251
Expansions	2	4	6	6	18
Total Store Projects	8	11	13	237	269
Operational Closures	<10>	<7>	<7>	<4>	<28>
Ending # Stores	2,419	2,418	2,414	2,640	2,640
Major Remodels (>\$20/sq ft)	22	36	49	51	158
Minor Remodels (<\$20/sq ft)	n/a	n/a	n/a	n/a	190
Square Footage (millions)	149.2	149.5	149.7	160.0	160.0
% Increase	0.5%	0.4%	0.4%	7.3%	7.0%
Convenience Stores	784	783	786	786	786
Jewelry Stores	322	326	327	320	320
Fuel Centers	1,182	1,195	1,218	1,240	1,240
Pharmacies	1,947	1,950	1,948	2,109	2,109

DEBT OBLIGATIONS

At year-end 2013, Kroger had one credit facility:

- \$2.0 billion Credit Agreement (with ability to increase by \$500 million) maturing in January 2017, unless earlier terminated by Kroger.

In addition to the Credit Agreement, Kroger maintained two uncommitted money market lines totaling \$75 million in the aggregate. As of February 1, 2014, the Company had \$1.2 billion of borrowings of commercial paper and no borrowings under its Credit Agreement or money market lines. The outstanding letters of credit that reduce funds available under Kroger's Credit Agreement totaled \$12 million as of February 1, 2014.

The table on the following page details Kroger's debt obligations as of year-end 2013.

Debt Rating

Kroger's debt rating remains important to us as we execute our Customer 1st strategy. Management believes maintaining a solid investment grade rating provides the best cost of capital and the flexibility to execute our growth strategy in a competitive and consolidating industry.



DEBT ISSUES (Year-End 2013)	MATURITY DATE	PRINCIPAL (\$ millions)
4.95% Senior Notes	01/15/15	300
3.90% Senior Notes	10/01/15	500
Floating Rate Senior Notes	10/17/16	500
1.20% Senior Notes	10/17/16	300
2.20% Senior Notes	01/15/17	450
6.40% Senior Notes	08/15/17	601
7.00% Senior Notes	05/01/18	200
6.80% Senior Notes	12/15/18	300
2.30% Senior Notes	01/15/19	499
6.15% Senior Notes	01/15/20	749
3.30% Senior Notes	01/15/21	698
3.40% Senior Notes	04/15/22	497
3.85% Senior Notes	08/01/23	600
4.00% Senior Notes	02/01/24	499
7.70% Senior Notes	06/01/29	281
8.00% Senior Notes	09/15/29	250
7.50% Senior Notes	04/01/31	440
6.90% Senior Notes	04/15/38	373
5.40% Senior Notes	07/15/40	297
5.00% Senior Notes	04/15/42	349
5.15% Senior Notes	08/01/43	399
Subtotal Senior Notes & Debentures		\$9,083
Mortgages	Through 2034	\$64
Other		\$1,633
Total Debt		\$10,780
Capital Leases		\$531
Total Debt Including Capital Leases (A)		\$11,311

(A) Before FAS No. 133 Adjustment.

SHARE REPURCHASE

Board Repurchase Authorizations

We maintain share repurchase programs that comply with Securities Exchange Act Rule 10b5-1 to allow for the orderly repurchase of our common shares, from time to time, even though we may be aware of material non-public information, as long as purchases are made in accordance with the plan. The timing of repurchases varies according to market conditions.

We made open market purchases totaling \$338 million, \$1,165 million, and \$1,420 million under Board-authorized repurchase programs during fiscal 2013, 2012 and 2011, respectively.

At the end of fiscal 2013, approximately \$129 million remained under the \$500 million share repurchase program authorized by our Board in October 2012. The Board subsequently authorized a new \$1 billion share repurchase program in March, 2014.

Stock Option Program

In addition to the Board-authorized repurchase programs, in December 1999, Kroger initiated a program to repurchase common shares to reduce dilution resulting from our employee stock option plans. This program is solely funded by proceeds from stock option exercises, and the related tax benefit. We repurchased approximately \$271 million, \$96 million and \$127 million under the stock option program during 2013, 2012, and 2011, respectively.

Our total share repurchases under the Stock Option Program and Board Repurchase Authorizations are summarized in the following table:

\$ millions	FY 2011	FY 2012	FY 2013
Stock Option Program	\$127	\$96	\$271
Board Repurchase Authorization	\$1,420	\$1,165	\$338
TOTAL COST	\$1,547	\$1,261	\$609

Total shares repurchased for the past three years under the Stock Option Program and Board Repurchase Authorizations and the average cost per share are summarized below:

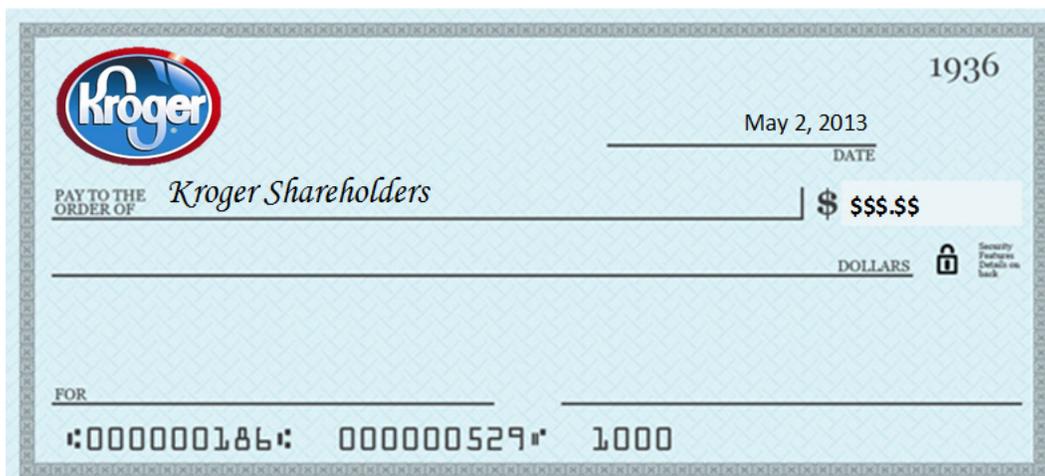
Fiscal Year	# Shares	Cost	Avg Cost Per Share
2011	67 million	\$1,547 million	\$23
2012	55 million	\$1,261 million	\$23
2013	16 million	\$609 million	\$38
TOTAL	137 million	\$3,416 million	\$25

Since January 2000, Kroger has invested approximately \$9.8 billion to repurchase 435 million shares at an average cost of \$22.65 per share through the end of fiscal 2013.

DIVIDENDS

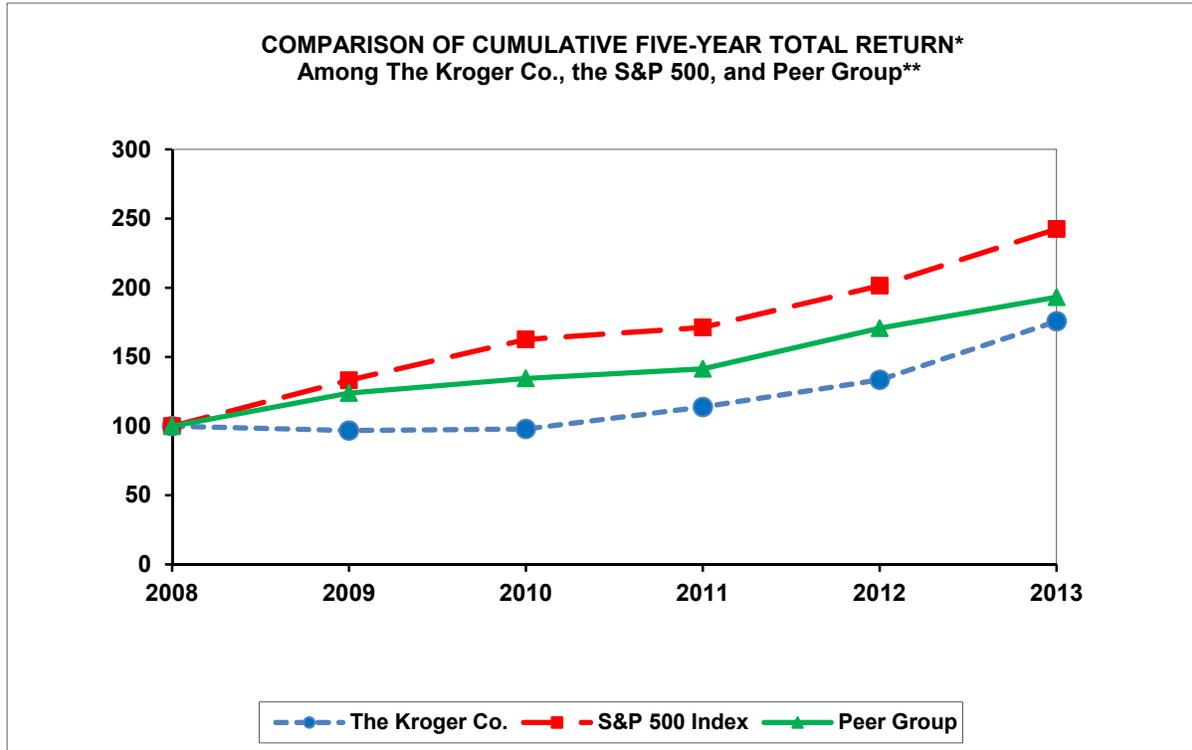
Kroger's quarterly dividend program was initiated by our Board of Directors in March 2006. During 2013, the Company paid three quarterly dividends of \$0.15 and one quarterly dividend of \$0.165. Kroger paid a total of \$319 million, \$267 million, and \$257 million in cash dividends during 2013, 2012, and 2011, respectively.

Kroger's Board of Directors reviews the dividend annually, with an objective of increasing the amount of the dividend over time. Any changes in the dividend amount are made after consideration of the needs of the business, the interests of shareholders, cash flow trends, and other factors.



PERFORMANCE GRAPH

Set forth below is a line graph comparing the five-year cumulative total shareholder return on Kroger's common shares, based on the market price of the common shares and assuming reinvestment of dividends, with the cumulative total return of companies in the Standard & Poor's 500 Stock Index, and a peer group composed of food and drug companies.



	BASE PERIOD	INDEXED RETURNS Years Ending:				
	2008	2009	2010	2011	2012	2013
THE KROGER CO.	100	96.85	97.93	113.86	133.45	175.77
S&P 500 INDEX	100	133.14	162.67	171.34	201.50	242.42
PEER GROUP**	100	123.89	134.49	141.36	170.73	193.17

Note: The Company's fiscal year ends on the Saturday closest to January 31.

* Total assumes \$100 invested on January 31, 2009 in The Kroger Co., S&P 500 Index, and the Peer Group, with reinvestment of dividends.

** The Peer Group consists of Costco Wholesale Corp., CVS Caremark Corp, Establishments Delhaize Freres Et Cie Le Lion (Groupe Delhaize), Great Atlantic & Pacific Tea Company, Inc. (included through March 13, 2012 when it became private after emerging from bankruptcy), Koninklijke Ahold NV, Safeway, Inc., Supervalu Inc., Target Corp., Tesco plc, Wal-Mart Stores Inc., Walgreen Co., Whole Foods Market Inc. and Winn-Dixie Stores, Inc. (included through March 9, 2012 when it became a wholly-owned subsidiary of Bi-Lo Holding).

Data supplied by Standard & Poor's.

FINANCIAL AND OPERATING STATISTICS

(in millions, except per share amounts)

	Q1	Q2	Q3	Q4 (C)	Year
	(16 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(52 weeks)

Sales (B)					
2013	\$29,997	\$22,686	\$22,470	\$23,222	\$98,375
2012	\$29,026	\$21,697	\$21,776	\$24,120	\$96,619
2012 Adj.	\$29,026	\$21,697	\$21,776	\$22,162	\$94,661
2011	\$27,430	\$20,890	\$20,569	\$21,381	\$90,270

Merchandise Costs (A) (B)					
2013	\$23,817	\$18,059	\$17,866	\$18,397	\$78,138
2012	\$23,056	\$17,249	\$17,353	\$19,068	\$76,726
2012 Adj.	\$23,056	\$17,249	\$17,353	\$17,494	\$75,152
2011	\$21,593	\$16,532	\$16,333	\$16,931	\$71,390

Operating, General & Administrative (B)					
2013	\$4,593	\$3,507	\$3,537	\$3,559	\$15,196
2013 Adj.	\$4,593	\$3,507	\$3,535	\$3,546	\$15,180
2012	\$4,464	\$3,391	\$3,306	\$3,689	\$14,850
2012 Adj.	\$4,464	\$3,391	\$3,421	\$3,416	\$14,691
2011	\$4,335	\$3,354	\$3,317	\$4,339	\$15,345
2011 Adj.	\$4,335	\$3,354	\$3,317	\$3,386	\$14,392

Rent (B)					
2013	\$189	\$139	\$138	\$147	\$613
2012	\$191	\$140	\$141	\$157	\$628
2012 Adj.	\$191	\$140	\$141	\$145	\$616
2011	\$191	\$143	\$141	\$144	\$619

Depreciation & Amortization					
2013	\$519	\$387	\$395	\$402	\$1,703
2012	\$501	\$383	\$382	\$386	\$1,652
2011	\$499	\$374	\$373	\$393	\$1,638

Operating Profit / (Loss) (B)					
2013	\$879	\$595	\$534	\$718	\$2,725
2013 Adj.	\$879	\$595	\$536	\$730	\$2,741
2012	\$814	\$535	\$595	\$820	\$2,763
2012 Adj.	\$814	\$535	\$480	\$721	\$2,549
2011	\$811	\$488	\$404	(\$425)	\$1,278
2011 Adj.	\$811	\$488	\$404	\$527	\$2,231

	Q1	Q2	Q3	Q4 (C)	Year
	(16 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(52 weeks)

Interest Expense					
2013	\$129	\$99	\$108	\$107	\$443
2013 Adj.	\$129	\$99	\$106	\$101	\$432
2012	\$141	\$106	\$103	\$112	\$462
2012 Adj.	\$141	\$106	\$103	\$104	\$454
2011	\$138	\$97	\$99	\$101	\$435

Earnings / (Loss) Before Income Tax Expense (B)					
2013	\$749	\$496	\$426	\$611	\$2,282
2013 Adj.	\$749	\$496	\$429	\$629	\$2,309
2012	\$673	\$429	\$492	\$708	\$2,301
2012 Adj.	\$673	\$429	\$377	\$616	\$2,095
2011	\$673	\$391	\$305	(\$526)	\$844
2011 Adj.	\$673	\$391	\$305	\$427	\$1,796

Income Tax Expense (B)					
2013	\$266	\$176	\$125	\$184	\$751
2013 Adj.	\$266	\$176	\$151	\$218	\$801
2012	\$232	\$148	\$175	\$239	\$794
2012 Adj.	\$232	\$148	\$134	\$206	\$720
2011	\$252	\$108	\$108	(\$220)	\$247
2011 Adj.	\$252	\$108	\$108	\$142	\$609

Net Earnings / (Loss) Including Noncontrolling Interests (B)					
2013	\$483	\$321	\$301	\$427	\$1,531
2013 Adj.	\$483	\$321	\$278	\$411	\$1,508
2012	\$441	\$281	\$317	\$469	\$1,508
2012 Adj.	\$441	\$281	\$243	\$410	\$1,375
2011	\$421	\$283	\$197	(\$305)	\$596
2011 Adj.	\$421	\$283	\$197	\$285	\$1,187

Net Earnings / (Loss) Attributable to Noncontrolling Interests					
2013	\$3	\$3	\$2	\$5	\$13
2012	\$2	\$2	\$1	\$7	\$11
2011	(\$11)	\$2	\$1	\$1	(\$6)

Net Earnings / (Loss) Attributable to The Kroger Co. (B)					
2013	\$481	\$317	\$299	\$422	\$1,519
2013 Adj.	\$481	\$317	\$277	\$406	\$1,496
2012	\$439	\$279	\$316	\$462	\$1,496
2012 Adj.	\$439	\$279	\$242	\$403	\$1,364
2011	\$432	\$281	\$196	(\$307)	\$602
2011 Adj.	\$432	\$281	\$196	\$284	\$1,193

	Q1	Q2	Q3	Q4 (C)	Year
	(16 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(52 weeks)

Net Earnings / (Loss) Attributable to The Kroger Co. Per Diluted Common Share					
2013	\$0.92	\$0.60	\$0.57	\$0.81	\$2.90
2013 Adj.	\$0.92	\$0.60	\$0.53	\$0.78	\$2.85
2012	\$0.78	\$0.51	\$0.60	\$0.88	\$2.77
2012 Adj.	\$0.78	\$0.51	\$0.46	\$0.77	\$2.52
2011	\$0.70	\$0.46	\$0.33	(\$0.54)	\$1.01
2011 Adj.	\$0.70	\$0.46	\$0.33	\$0.50	\$2.00

Average Number of Common Shares Used in Diluted Calculation					
2013	520	521	521	517	520
2012	559	541	522	518	537
2011	612	600	586	568	593

- (A) Includes advertising, warehousing, and transportation.
- (B) 2013 Adj represents amounts excluding the impact of merger costs and certain tax benefits in Q3 & Q4 2013. 2012 Adj represents amounts excluding impact of 1-time credit card settlement and pension true-up in Q3 2012 as well as the additional week in Q4 2012. 2011 Adj. represents amounts excluding impact of 1-time pension consolidation charge in Q4 2011.
- (C) Quarter 4 in 2012 includes 53 weeks.

Note: Certain amounts may not sum accurately due to rounding.

