



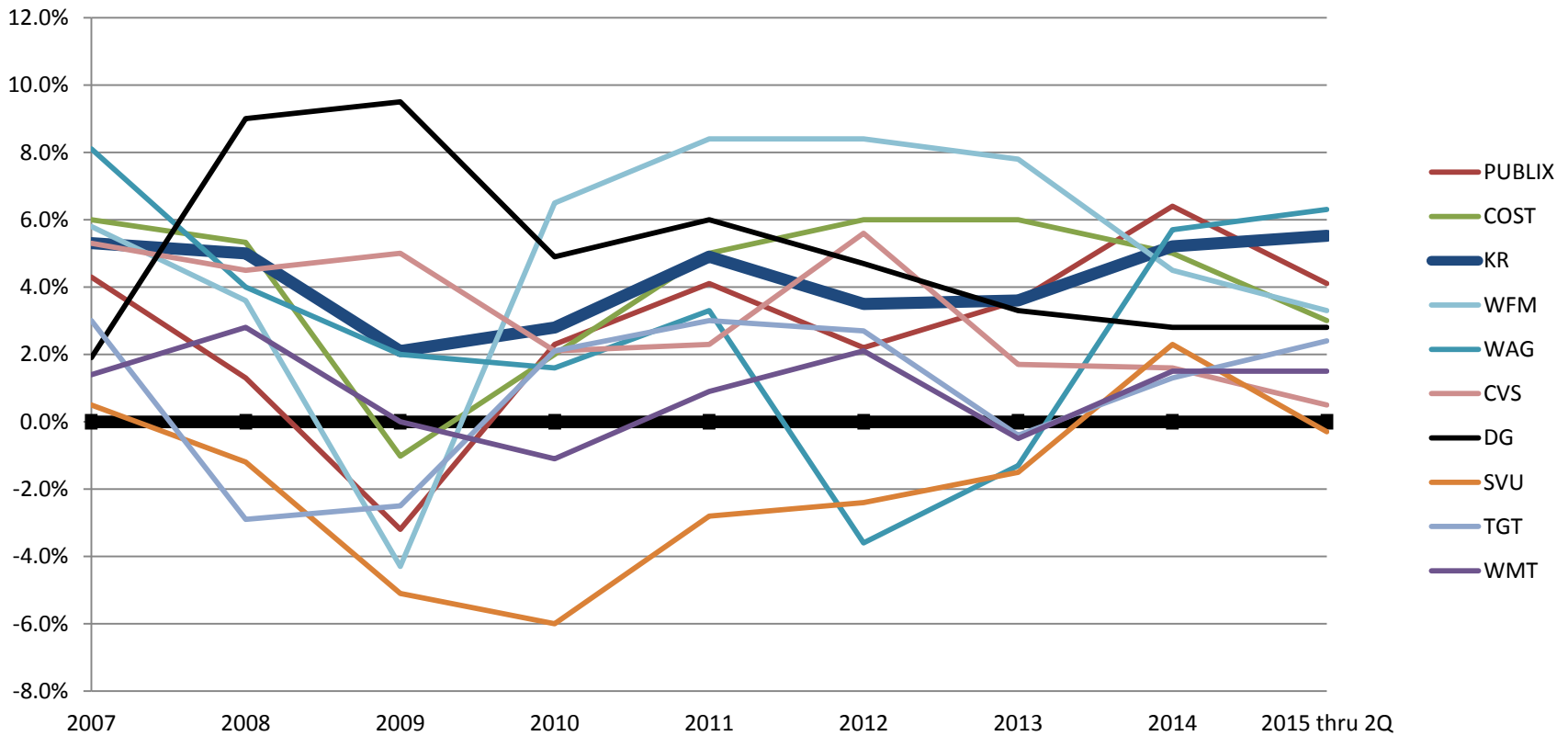
Key Metrics & Capital Investment

Mike Schlotman



ID Sales (Excluding Fuel)

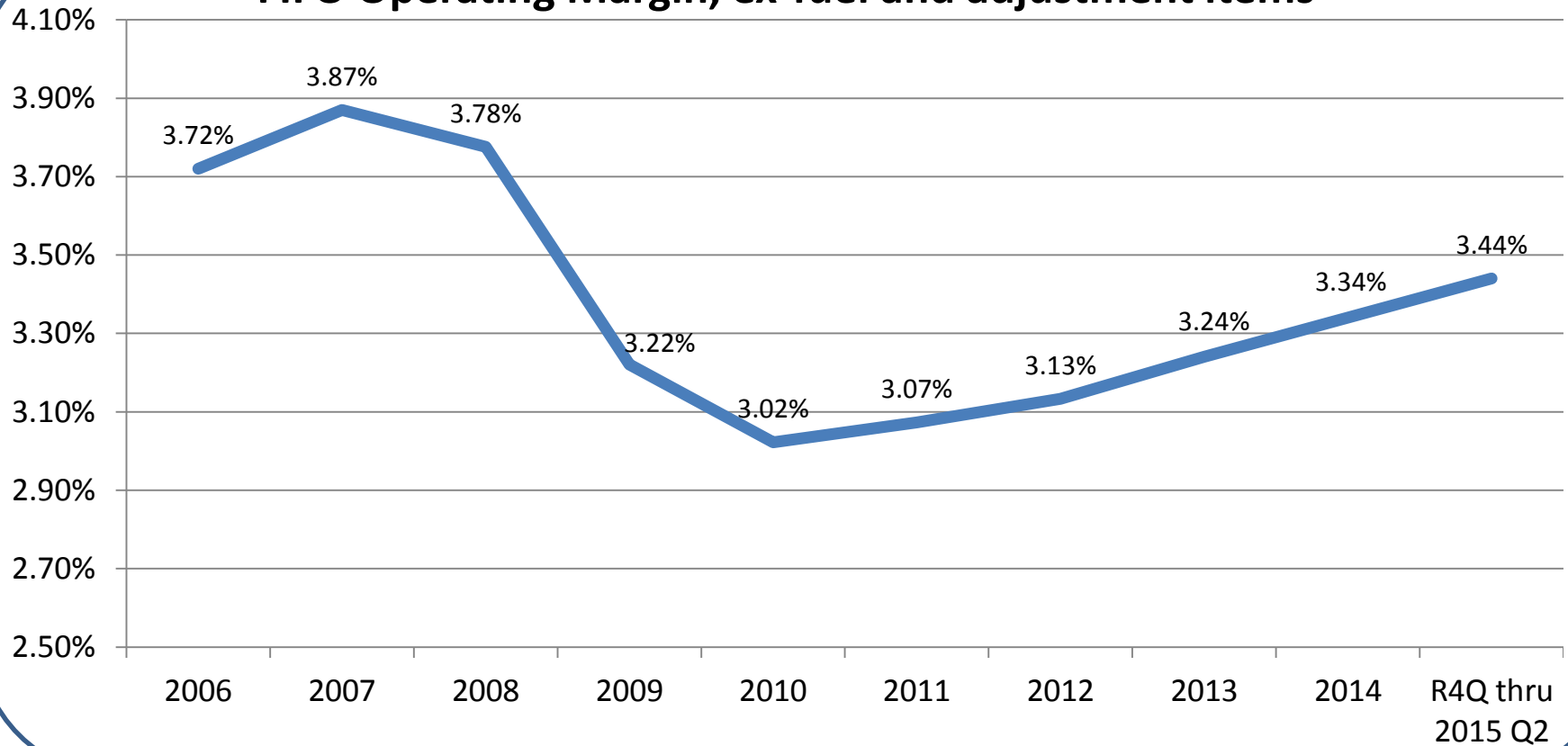
ID Sales w/o Fuel



FIFO Operating Margin

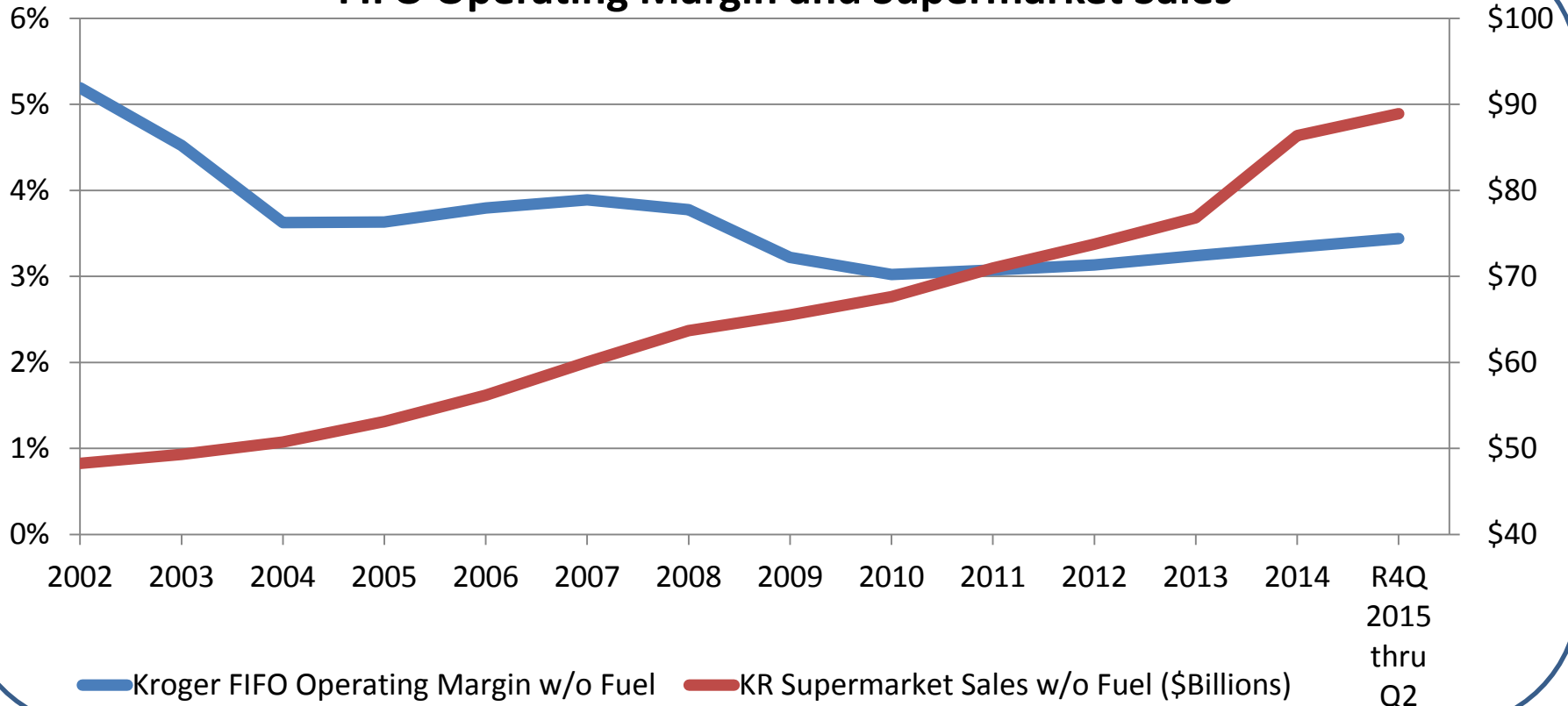
ex-fuel and adjustment items

FIFO Operating Margin, ex-fuel and adjustment items

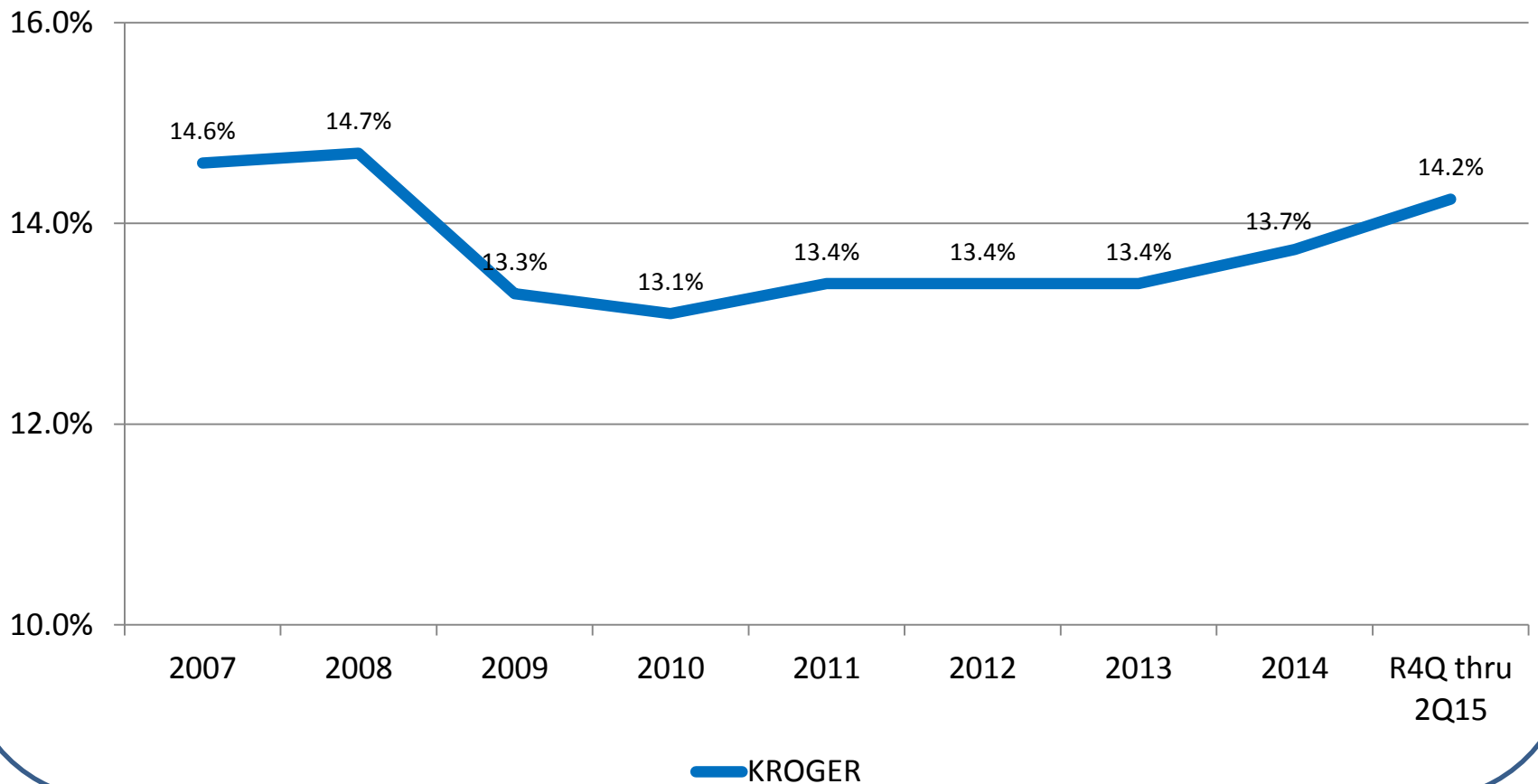


FIFO Operating Margin & Supermarket Sales

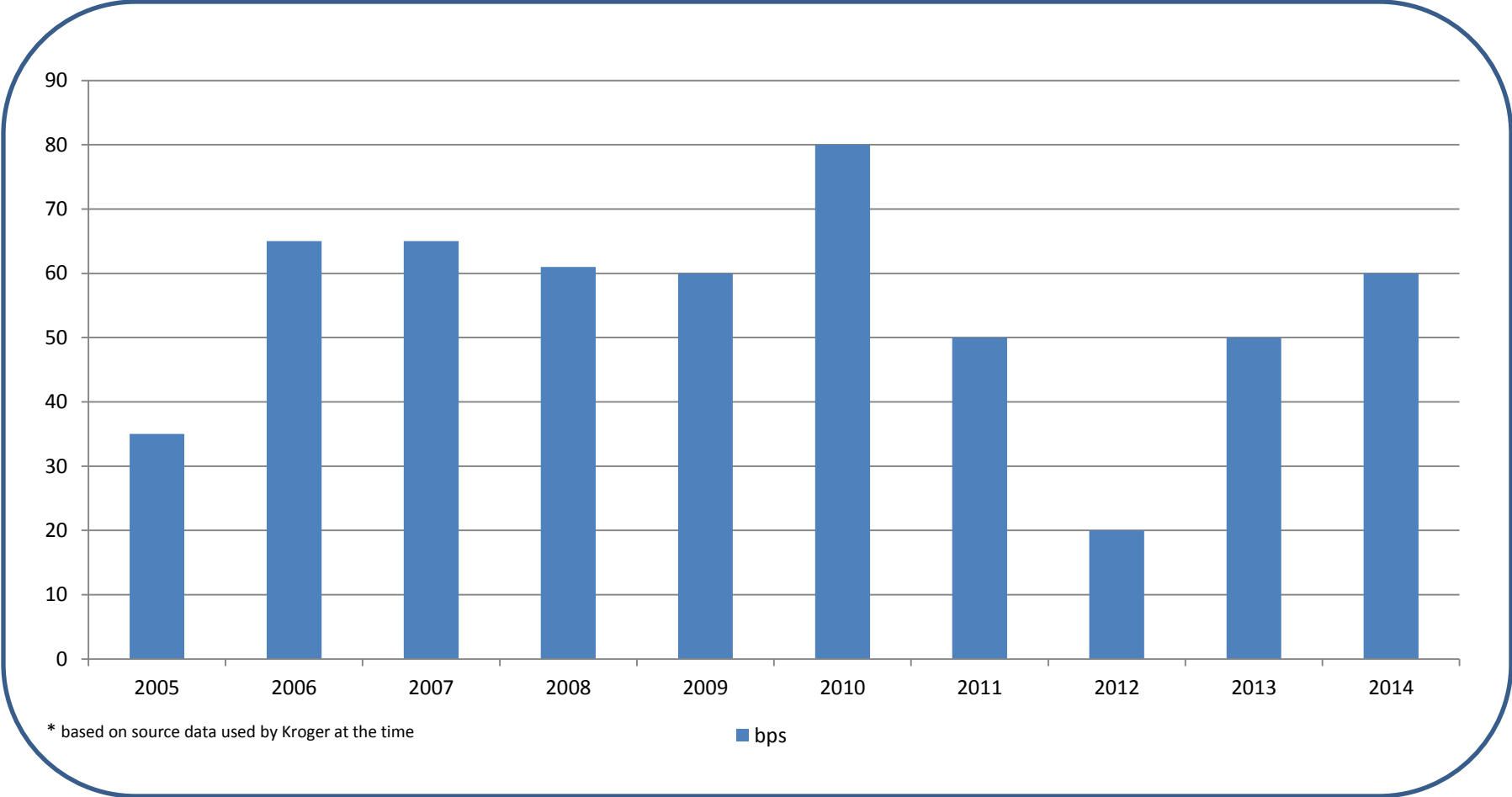
FIFO Operating Margin and Supermarket Sales



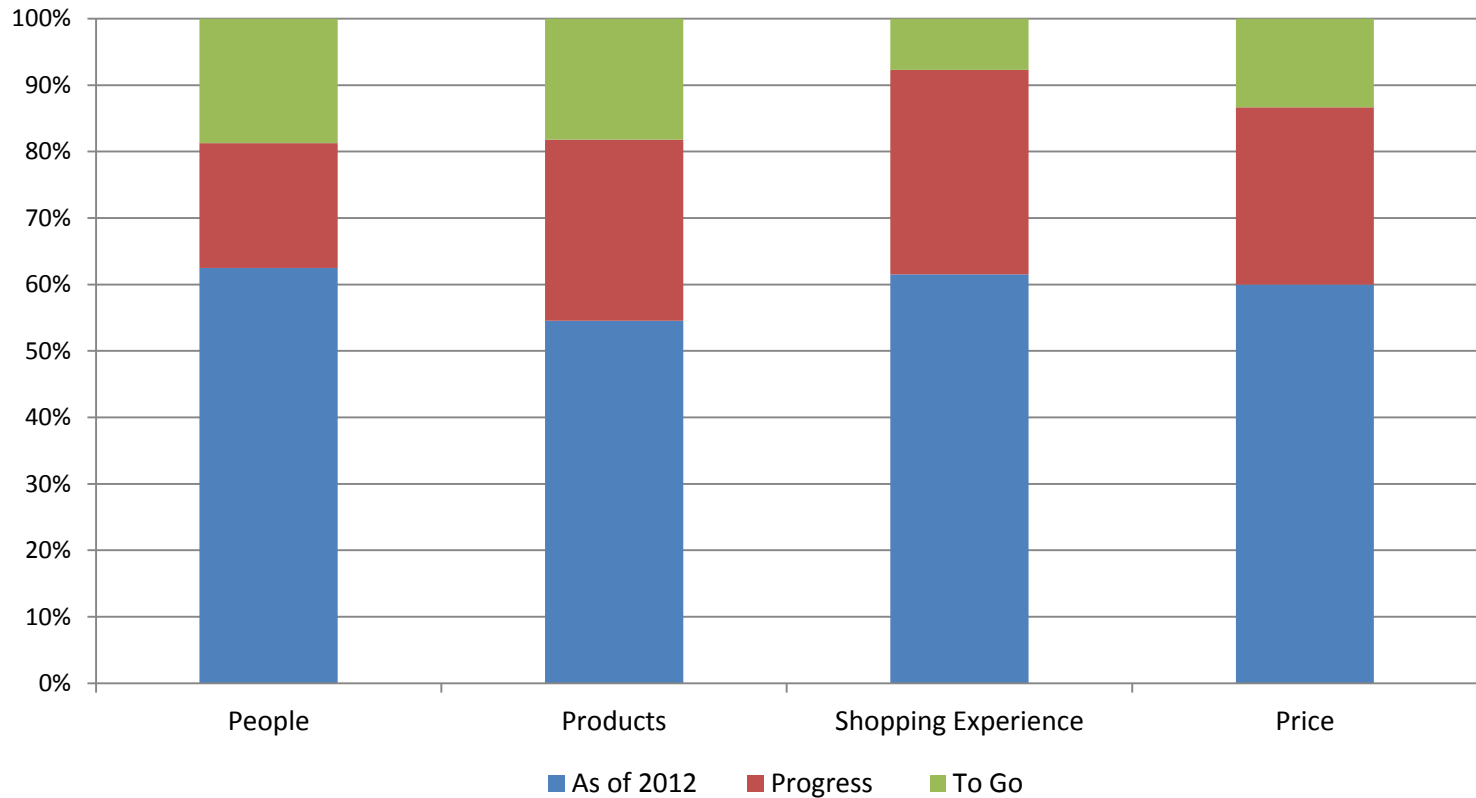
Return on Invested Capital



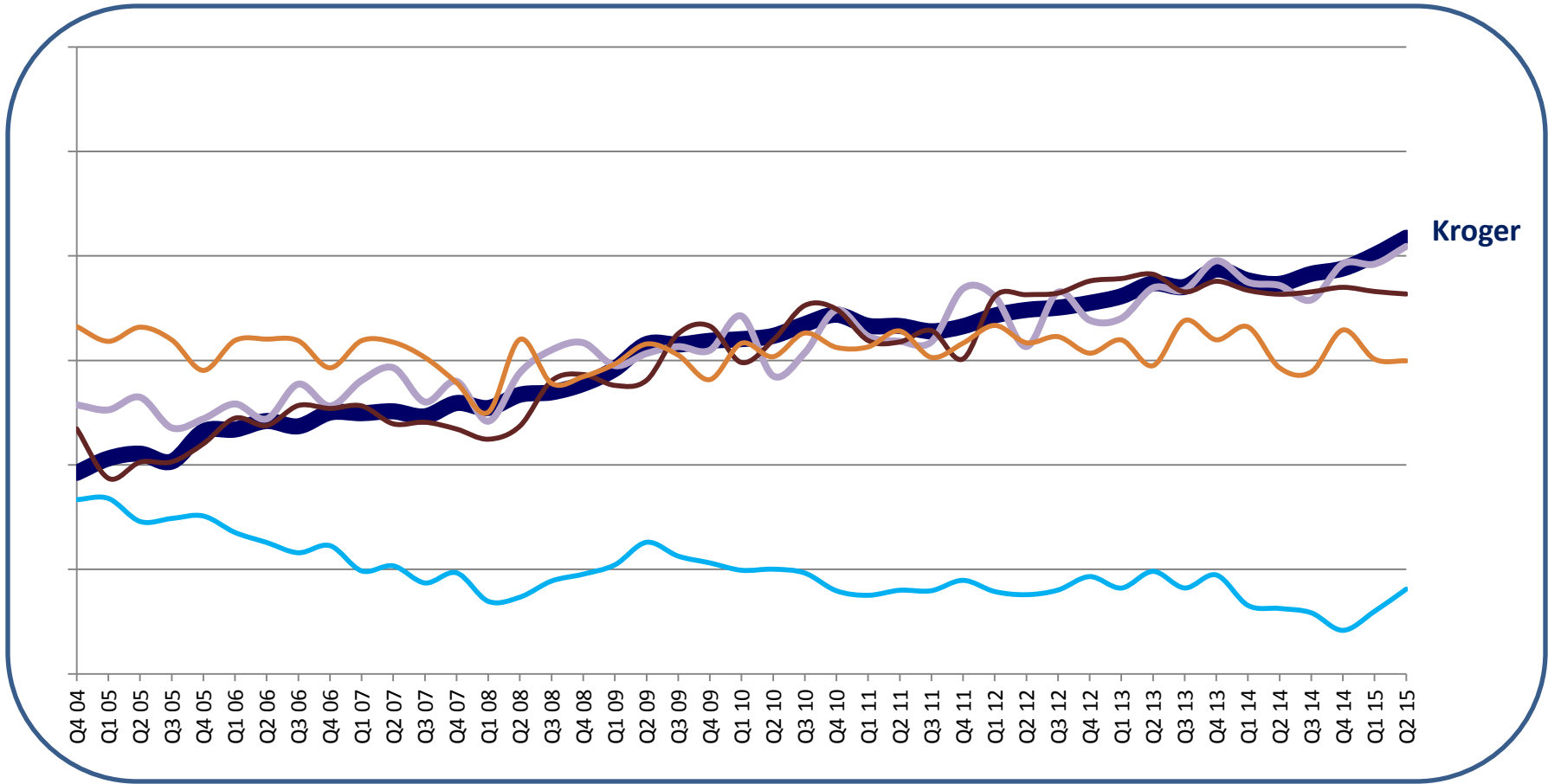
Annual Market Share Growth



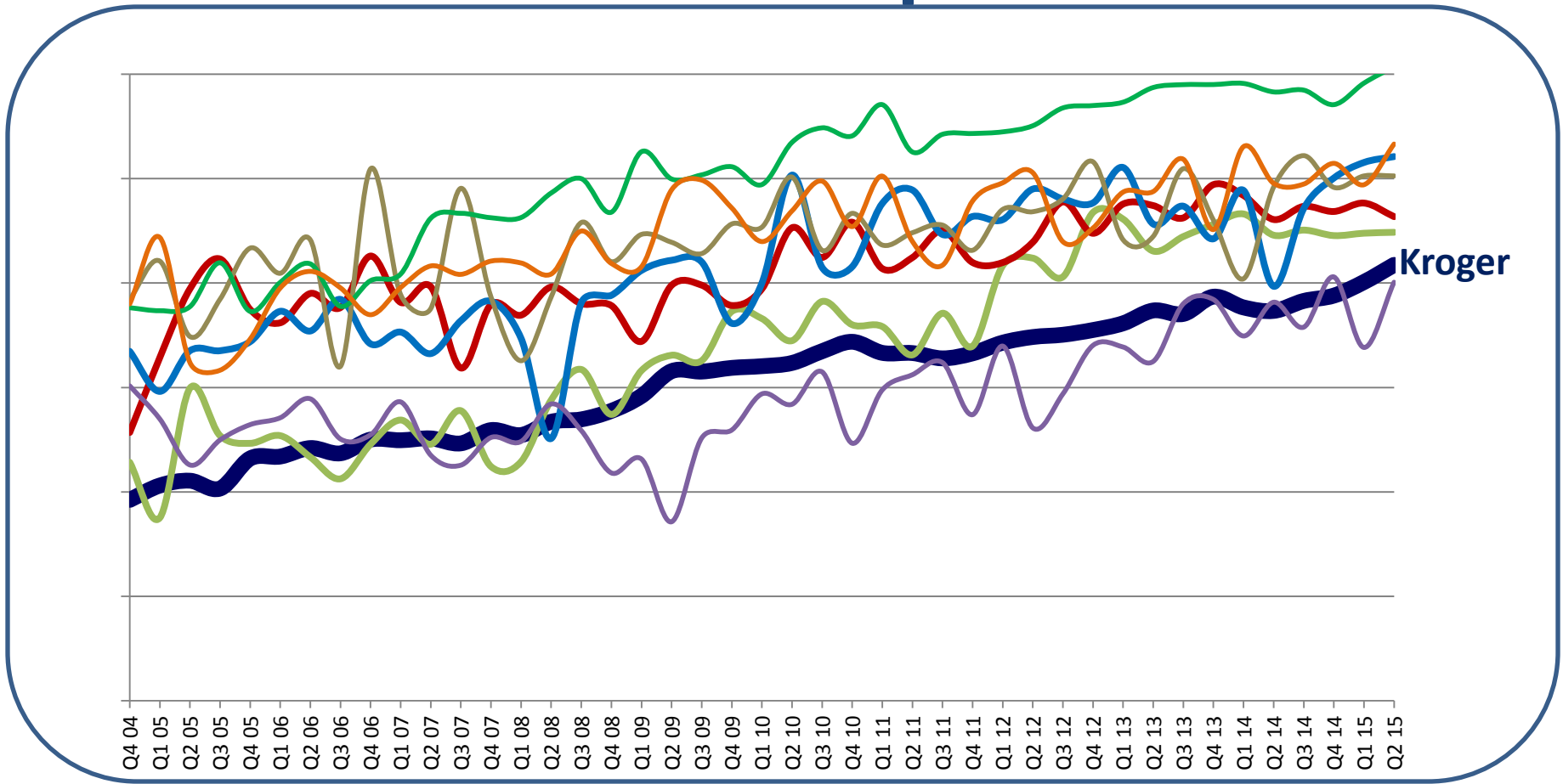
Customer 1st Progress



Customer 1st Progress vs. "Traditional" Competitors



Customer 1st Progress vs. Select Competitors



Capital Projects

<u>Major Projects</u>	<u>2013</u>	<u>2014</u>	<u>2015E</u>
Net New	17	21	21
Relocations	7	16	13
Expansions	18	21	28
Ruler	<u>10</u>	9	<u>14</u>
Total	52	67	76
<u>Remodels</u>			
Major (>\$20/sq ft)	158	155	195
Minor (<\$20/sq ft)	<u>190</u>	<u>221</u>	<u>279</u>
Total	348	376	474

Capital Allocation

Our capital allocation process is designed to maximize value by delivering on our short and long term commitments and priorities, in a balanced manner, while maintaining flexibility to take advantage of opportunities as they arise.



Kroger's Capital Allocation Strategy

	2012		2013		2014		3YR Ttl	
	\$'s	% Ttl	\$'s	% Ttl	\$'s	% Ttl	\$'s	% Ttl
Capital Investments	\$ 2,062	56%	\$ 2,330	42%	\$ 2,831	60%	\$ 7,223	52%
Payments for Mergers	122	3%	2,344	42%	252	5%	2,718	19%
Stock Repurchases	1,261	34%	609	11%	1,283	27%	3,153	22%
Dividends	267	7%	319	6%	338	7%	924	7%
Total	\$ 3,712	100%	\$ 5,602	100%	\$ 4,704	100%	\$ 14,018	100%
<i>EPS w/o one-times</i>	\$ 1.32		\$ 1.43		\$ 1.76			
<i>Dividends Per Share</i>	\$ 0.2475		\$ 0.3075		\$ 0.3400			
<i>Net Debt to EBITDA</i>	2.04		2.43		2.15			

Capital Investment Priorities

2014 Capital Investment Breakdown

Major Storing (a)	\$1,003	35%
Maintaining Core Growth (b)	\$1,203	42%
Maintain/Grow Infrastructure (c)	\$ 485	17%
Innovation & Accelerators (d)	\$ 140	5%
Total	<u>\$2,831</u>	100%

- (a) New, relocation and expansion storing, and fuel
- (b) Major, minor and maintenance remodels
- (c) Technology, manufacturing and logistics investments
- (d) Strategic technology, digital and new formats



Capital Investment Priorities

Supporting 4 priorities
Rodney referenced

1. Friendly & Fresh
 2. Fill-in Markets
 3. Productivity
 4. What's for Dinner?
- + Digital

