KROGER CO
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
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Check the appropriate box:

[ ]	Preliminary Proxy Statement
[ ]	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
[X]	Definitive Proxy Statement
[ ]	Definitive Additional Materials
[ ]	Soliciting Material Pursuant to §240.14a-12

The Kroger Co.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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1) Title of each class of securities to which transaction applies:

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Fellow Shareholders:

Thanks to Kroger s 400,000 associates who strive to provide friendly service and the freshest products to every customer, every shopping trip **2014 was a record-breaking year**.

Our revenue reached $108.5 billion an all-time high;

Our stock price rose 91%, making Kroger one of the top 10 performing stocks in the S&P 500;

Our positive identical store sales grew for an unprecedented 45 consecutive quarters; and

Our market share expanded for the 10^{th} year running.

In short, 2014 was a blockbuster year. We added nearly 25,000 new jobs, creating opportunity for our current and future associates. And **we have confidence there is more growth and opportunity ahead** for our company.

Since becoming CEO last year, the two most common questions I hear from shareholders are *Why is Kroger doing so well?* and *Can you keep it up?* It is my great honor to try and provide answers in this letter.

* * *

Answering why is Kroger doing so well? is like trying to answer what makes a meal great?

What makes a meal memorable and enjoyable? It is the combination of food and drink, your companions and the atmosphere, surprise and delight. It is not any one thing, but the **sum of its parts**.

Like a great meal, there is no single characteristic no one person or thing that makes Kroger great. Rather, it is a **unique and powerful combination of factors** that helps explain Kroger s success.

It all starts with our friendly associates executing our **powerful Customer 1st Strategy**, which we launched 12 years ago. We put the customer first in every decision we make.

Our store managers successfully manage multi-million-dollar businesses. But first and foremost, they are focused on our customers and associates. Our goal is to extend our friendly hospitality to each one of the **eight million customers** who shop in our stores daily.

Our merchandisers are the best in the industry. Their depth of experience, combined with our world-class customer science and data analytics, creates a powerful blend of art and science that is the hallmark of Kroger s fresh and relevant merchandising. We are focused on bringing to each customer what is most relevant to them to their tastes, budget and lifestyle and delivering unique offers through personalized coupons, our popular fuel rewards program, and exclusive digital offers.

Our **strong Corporate Brands portfolio** continues to gain market share, reaching its highest level of penetration in seven years during the fourth quarter of 2014, when it represented 28.2% of total units sold in our stores. These great products, which can only be found in our family of stores, set us apart.

We continue to invest in price every year. Today, we are **saving our customers more than $3.5 billion annually** through every day lower prices. Our productivity improvements fuel these price investments.

We continue to improve the customer shopping experience. And, as I will outline below, we are **accelerating our entry into eCommerce** through our recent mergers with Harris Teeter and Vitacost.com, and by growing our digital capabilities.

It is the combination of these strengths and many more not mentioned here that together delivered our strong financial results in fiscal 2014.

* * *

Fiscal 2014 Results An Outstanding Year

Kroger s consistently remarkable performance delivered for shareholders in 2014. The growth plan we first outlined in October 2012 includes four key performance measures: positive identical supermarket sales growth, slightly expanding non-fuel FIFO operating margin, growing return on invested capital and annual market share growth. In 2014, we met or exceeded each of these metrics.

1

At the end of the year, we:

- Achieved an industry-leading 45th consecutive quarter of positive identical supermarket sales growth, without fuel;
- Exceeded our goal to slightly expand FIFO operating margin, without fuel and excluding adjustment items noted in our annual report, on a rolling four quarters basis;
- Improved return on invested capital even as we increased capital investment; and
- Captured incremental market share for the 10th consecutive year.

As a result, we **exceeded our long-term, net earnings per diluted share growth rate of 8-11% in fiscal 2014**, and we **increased our dividend for the eighth consecutive year**. In fact, Kroger has delivered double-digit compound growth in our dividend since we reinstated it in 2006.

Net earnings for 2014 totaled $1.73 billion, or $3.44 per diluted share. Excluding adjustment items the benefit of certain tax items and adjustments for pension plan agreements Kroger s adjusted net earnings for 2014 totaled $1.77 billion, or $3.52 per diluted share.

Our strong results during 2014 allowed us to make a **strategic and significant contribution to The Kroger Co. Foundation**. We use our foundation dollars to support causes that our customers and associates consistently tell us they care about, enhancing our reputation as a locally-connected retailer. We are very proud that Forbes magazine previously recognized our work by naming us the most generous company in America. This investment works to support the communities that we serve.

* * *

Which brings us to the second question: *Can you keep it up?*

My answer is an unequivocal YES. Because, as I like to say, our to-do list is longer than our done list. We are not done growing and differentiating. We are not done innovating to make our customers lives better. And we are not done investing to grow for today and the future.

Innovating to Grow

We are expanding our use of technology. In February 2014, Kroger acquired You Technology, LLC, the Silicon Valley-based leader in digital coupons and promotions. Several months later, our merger with Vitacost.com accelerated our entry into the eCommerce space by several years. Vitacost connects us to an amazingly talented team of associates who have created a substantial platform that includes advanced technology and ship-to-home fulfillment centers. We are currently testing Harris Teeter s successful *ExpressLane* concept an order online, pickup at the store model in Cincinnati, and we plan to expand to other stores and markets in the coming year. Together, the learnings from our Vitacost and Harris Teeter mergers are helping us **give our customers the ability to interact with us when, where and how they want**. More customers than ever before are engaging with our digital properties. More than 15 million customers have digital accounts with Kroger, through which they receive unique benefits and offers on our suite of digital platforms, including our mobile app, website and social media sites.

We are entering a new era in customer engagement with the introduction of 84.51°. Early in 2015, Kroger and our data analytics partner dunnhumby Ltd announced a new chapter in our relationship to accelerate innovation in customer science. We replaced our existing exclusive joint venture called dunnhumbyUSA with a more flexible arrangement and the acquisition of certain assets from dunnhumbyUSA. Operating with those acquired assets as its foundation, our new, wholly-owned subsidiary, 84.51°, is starting with 500 talented associates from the former JV and the technology to continue developing our leading customer loyalty program. In addition, the ability to combine what we already know with other partners is exciting and will speed up innovation.

We are quickly becoming a top destination for customers looking **for affordable, accessible organic and natural foods**. Natural Foods continues to be the fastest-growing department in our stores on a percentage basis. Our leading natural and organics store brand, **Simple Truth**, reached a milestone $1.2 billion in annual sales in 2014. And this within two years of launching the brand exclusively in our stores! During the year, more than 20 million households bought one of our more than 2,600 Simple Truth or Simple Truth Organic items.

Investing to Grow

Our mergers with Harris Teeter and Vitacost have also opened **new markets** that present meaningful growth opportunities for Kroger. In fact, Vitacost today sells direct to consumers in all U.S. states and territories, and more than 160 countries worldwide.

We are currently pursuing our **fill-in markets strategy**, as outlined in 2012, and are making good progress. Fill-in markets are existing markets where we are investing capital to grow square footage, primarily through new and expanded stores and remodels, in order to increase our market share.

* * *

The Kroger Difference

Increasingly, shoppers care about price, product selection and quality, the store experience *and* how well companies take care of their associates, communities and the planet.

Taking Care of Our Associates

I am proud to say that Kroger is in the food business *and* the people business. **Our people are our greatest asset.**

We want our workforce to be the healthiest in America. To improve workplace wellness, we give associates a variety of tools, including an incentive program with measurable outcomes. Over the last four years, we have seen a demonstrated improvement in the health of our workforce through lower cholesterol, blood pressure and blood glucose scores. And, our workplace well-being program received a Best Employers for Healthy Lifestyles award from the *National Business Group on Health*, and the company s commitment to employee health and wellness was recognized by the *American Heart Association*.

Our goal is to provide our associates a total compensation package that includes solid wages, good quality, affordable health care, and retirement benefits. In 2014, Kroger invested $1.8 billion in our associates health care.

Kroger is also **one of the safest companies in our industry**. Associate engagement in innovative safety programs has reduced accident rates in our stores and manufacturing plants by 77 percent since 1995. In 2014, 649 retail locations and three manufacturing plants went the entire year without a recordable injury.

We continue to do our part to create jobs and opportunity. We employ 25,000 more associates today than we did last year. More than 90 percent of these new jobs are in our supermarket divisions, ranging from full-time department heads and assistant store managers to part-time courtesy clerks and cashiers. Over the last seven years, Kroger has created more than 65,000 new jobs in our local communities. We are particularly proud that we hired more than 6,000 veterans in 2014 and more than 29,000 veterans since 2009.

We pride ourselves on our **opportunity culture**, where all associates have an opportunity to grow, build new skills and turn a job into a career. More than two-thirds of our store managers started their Kroger careers as part-time clerks. I began my own career at Kroger as a part-time stock clerk while earning my degree at the University of Kentucky, so I know first-hand the opportunities that are available to our associates.

One of the things that makes Kroger so special is how we extend our opportunity culture to everyone. We have a long tradition of hiring people with disabilities, especially on our front lines serving customers. Last year, Kroger was recognized by the *Marriott Foundation for People with Disabilities* and separately by the *Ohio Governor s Council on People with Disabilities* for significantly contributing to employment opportunities for the disability community.

Taking Care of Our Communities

We are a locally-connected retailer that is embedded in the community. When you combine the food and funds we donate, working together our Company, foundation, customers, associates and suppliers **contributed more than $280 million to our local communities in 2014**.

We strive to be connected to and responsive to the local communities we serve by:

Delivering the equivalent of **more than 270 million meals** to more than 100 local Feeding America food banks in 2014.

Donating **more than $6 million in 2014 in support of women s health and breast cancer awareness programs**. Fully half of it was contributed by customers and associates.

Contributing **$3.3 million to the USO** in 2014 to help support the military and their families. Since 2010, Kroger has donated $11.9 million to the USO the **largest cumulative gift to the USO** in that organization s history.

Supporting more than **30,000 schools and local organizations** with $51 million donated in 2014 through our Community Rewards program that delivers customer-driven donations based on purchases in our stores.

We make all of these strategic investments because they strengthen the communities we call home and also improve our connection with our customers, who have identified these causes as the priorities that are most important to them. We see our community connection the Kroger difference as an important competitive advantage for our company and as a point of pride for our associates.

We also see **engagement with local farmers and producers** as part of our efforts to make a difference in our communities. We work closely with growers to buy local and market their seasonally-fresh products in our stores, and we participate in established programs such as Colorado Proud, Kentucky Proud and Go Texan to meet the growing demand for fresh, locally-sourced foods.

Kroger is a **leader in supplier diversity**, spending more than $2 billion annually with women- and minority-owned businesses. We proudly remain a member of the **Billion Dollar Roundtable** and the United States Hispanic Chamber of Commerce *Million Dollar Club*, received a **Top Organization for Multicultural Business Opportunities** award from *Diversity Business*, and was named one of **America s Top Corporations for Women Business Enterprises** by the *Women s Business Enterprise National Council*.

Taking Care of the Planet

In 2014, we continued our 12-year journey to reduce our energy consumption while expanding square footage and sales. **We have reduced energy consumption by 35% since 2000**. Kroger was recently honored as a 2015 **ENERGY STAR Partner of the Year** for our work in energy management.

One of Kroger s key sustainability priorities is moving our retail stores and facilities toward zero waste . Our stores are sending less waste to landfills and incinerators through a variety of efforts, including composting and our innovative **Perishable Donations Program** a process to rescue safe, edible fresh products and donate them quickly to local food banks. This system has been replicated by many retailers and today fresh products make up more than half of the food distributed nationwide by Feeding America. Our manufacturing facilities continue to lead waste reduction. Today, **26 of our 37 manufacturing plants are designated as zero waste facilities**.

Another important area is **sustainable seafood**. Our goal is to source 100% of our fresh and frozen seafood from sustainable sources. We continue to make strong progress toward this goal, reaching 86% in 2014 and placing Kroger among market-leaders.

You can learn more about our sustainability initiatives by reading our annual sustainability report, available on our website sustainability.kroger.com.

* * *

Retirements

Dave Dillon, who as I said in last year s letter has been called the grocers grocer , retired as Chairman of the Board in December. We thank him for his ten incredible years as Chairman and CEO, and wish him, his wife Dee, and his family much happiness as they turn to the next chapter in their lives.

We also extend our appreciation to Reuben Anderson, who retired from Kroger s Board of Directors in 2014 after 23 years of service; Steven Rogel, who retired from Kroger s Board of Directors in 2014 after 15 years of service; Bruce Macaulay, president of Kroger s Columbus division, who retired in March after 42 years of service with the Company; and Katy Barclay, senior vice president of human resources, who retires in the fall after five years developing Kroger s human resources capabilities. On behalf of the entire Kroger family, we thank each of these individuals for their service and leadership.

It is my great honor to continue working with one of the strongest management teams in the retail industry.

* * *

We are a company inspired by purpose: To lift up our customers and each other, to make someone s day brighter, whether through a smile, making dinner easier, or extending a hand to a friend. Our purpose extends well beyond our store walls, and we strive to be good stewards for our customers and associates, planet and communities.

I am pleased to say we fulfilled our commitments to our shareholders, customers and associates in 2014. While we are proud of the strong year behind us, we are looking ahead. We intend to continue growing market share and share of loyalty, and growing our top and bottom lines. **There is much more to come.**

On behalf of our entire team, thank you for your continued confidence in Kroger.

W. Rodney McMullen
Chairman and Chief Executive Officer

Congratulations to the winners of The Kroger Co. Community Service Award for 2014:

2014 Community Service Award Winners

Division	**Recipient**
Atlanta	LaQuita Parks
Central	Reggie Henderson
Cincinnati	Store 482
City Market	Stephen Valdez
Columbus	Thomas Cook
Delta	James Smith
Dillon Stores	Doris Vogel
Food 4 Less	Trent Smith
Fred Meyer	Kimberly Keller
Fry s	Brunilda Sieber
Jay C Stores	Becky Johnson
King Soopers	Kevin Hawkins
Louisville	Justin Gordon
Michigan	Monica Hommerding
Mid-Atlantic	Ouita Gatton
Nashville	Deana Greene
QFC	Ron Buell
Ralphs	Deb Navarro
Smith s	Jason House
Southwest	Mike Medved/Diann Lewis
———	
Crossroad Farms Dairy	Judy Morgan
Columbus Bakery	Don Downs Jr.
Anderson Bakery	Ruthanne Aiken
Winchester Farms Dairy	George Thacker
Country Oven Bakery	Tony Minnicks
———	
C Stores	Heather Nicholas
———	
Corporate	Ross Kramer/Mark Mitchell
Logistics	Michael GiaQuinta
The Little Clinic	Phillip Thomas

Notice of Annual Meeting of Shareholders

Thursday, June 25, 2015
11:00 a.m., eastern time

To All Shareholders of The Kroger Co.:

You are invited to the Annual Meeting of Shareholders of The Kroger Co. which will be held at the Music Hall Ballroom, Music Hall, 1241 Elm Street, Cincinnati, Ohio 45202, on June 25, 2015, at 11:00 a.m., eastern time, for the following purposes:

1. To elect eleven directors for the ensuing year;

2. To approve, on an advisory basis, our executive compensation;

3. To ratify the selection of our independent auditor for fiscal year 2015;

4. To vote on three shareholder proposals, if properly presented at the meeting; and

5. To transact such other business as may properly be brought before the meeting.

Holders of common shares of record at the close of business on April 30, 2015, will be entitled to notice of and to vote at the meeting.

Attendance

Only shareholders holding shares at the close of business on the record date, or their duly appointed proxies, may attend the meeting. **If you plan to attend the meeting, you must bring the notice of the meeting that was separately mailed to you or the top portion of your proxy card, either of which will serve as your admission ticket.**

YOUR MANAGEMENT DESIRES TO HAVE A LARGE NUMBER OF SHAREHOLDERS REPRESENTED AT THE MEETING, IN PERSON OR BY PROXY. PLEASE VOTE YOUR PROXY ELECTRONICALLY VIA THE INTERNET OR BY TELEPHONE. IF YOU HAVE ELECTED TO RECEIVE PRINTED MATERIALS, YOU MAY SIGN AND DATE THE PROXY AND MAIL IT IN THE SELF-ADDRESSED ENVELOPE PROVIDED. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

If you are unable to attend the annual meeting, you may listen to a live webcast of the meeting, which will be accessible through our website, ir.kroger.com, at 11:00 a.m., eastern time.

By the order of the Board of Directors,
Christine S. Wheatley, Secretary

May 13, 2015
Cincinnati, OH

Proxy Statement

May 13, 2015

This Combined Notice, Proxy Statement and Annual Report is being furnished to the shareholders of The Kroger Co. in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Shareholders to be held on June 25, 2015, at 11:00 a.m., eastern time, at the Music Hall Ballroom, Music Hall, 1241 Elm Street, Cincinnati, Ohio 45202 and at any adjournments thereof.

Our principal executive offices are located at 1014 Vine Street, Cincinnati, Ohio 45202-1100. Our telephone number is 513-762-4000. This Proxy Statement and Annual Report, and the accompanying proxy card were first furnished to shareholders on May 13, 2015.

Your proxy is being solicited by the Board of Directors of The Kroger Co., and the cost of solicitation will be borne by Kroger. Kroger will reimburse banks, brokers, nominees, and other fiduciaries for postage and reasonable expenses incurred by them in forwarding the proxy material to their principals. Kroger has retained D.F. King & Co., Inc., 48 Wall Street, New York, New York, to assist in the solicitation of proxies and will pay that firm a fee estimated at present not to exceed $15,000. Proxies may be solicited personally, by telephone, electronically via the Internet, or by mail.

Robert D. Beyer, W. Rodney McMullen, and Ronald L. Sargent, all of whom are Kroger directors, have been named members of the Proxy Committee for the 2015 Annual Meeting.

As of the close of business on April 30, 2015, the record date, our outstanding voting securities consisted of 490,201,501 common shares, the holders of which will be entitled to one vote per share at the annual meeting. The shares represented by each proxy will be voted in the manner specified unless the proxy is revoked before it is exercised. You may change or revoke your proxy by giving us notice in writing sent to Kroger s Secretary, or in person at the meeting, or by executing and sending us a subsequent proxy. Shareholders may not cumulate votes in the election of directors.

If you are a registered shareholder and return your proxy card without instructions, the Proxy Committee will vote in accordance with the recommendations of the Board of Directors. If you hold shares in street name and do not provide your broker with specific voting instructions on proposals 1, 2, 4, 5 and 6, your broker does not have the authority to vote on those proposals. This is generally referred to as a broker non-vote. Proposal 3 is considered a routine matter and, therefore, your broker may vote your shares according to your broker s discretion. The vote required, including the effect of broker non-votes and abstentions for each of the matters presented for shareholder vote, is set forth below.

Item No. 1, Election of Directors An affirmative vote of the majority of the total number of votes cast for or against a director nominee is required for the election of a director in an uncontested election. Accordingly, broker non-votes and abstentions will have no effect on this proposal. A majority of votes cast means that the number of shares voted for a director nominee must exceed the number of votes against such director.

Item No. 2, Advisory Vote to Approve Executive Compensation Advisory approval by shareholders of executive compensation requires the affirmative vote of the majority of shares participating in the voting. Accordingly, broker non-votes and abstentions will have no effect on this proposal.

Item No. 3, Ratification of Independent Auditors Ratification by shareholders of the selection of independent public accountants requires the affirmative vote of the majority of shares participating in the voting. Accordingly, abstentions will have no effect on this proposal.

Item Nos. 4, 5, and 6, Shareholder Proposals The affirmative vote of the majority of shares participating in the voting on a shareholder proposal is required for its adoption. Accordingly, broker non-votes and abstentions will have no effect on these proposals. Proxies will be voted AGAINST these proposals unless the Proxy Committee is otherwise instructed on a proxy properly executed and returned.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on June 25, 2015.

Under the rules adopted by the SEC, we are furnishing proxy materials to our shareholders primarily on the Internet. We believe that this process should expedite shareholders receipt of proxy materials, lower the cost of our annual meeting and help to conserve natural resources. On or about May 13, 2015, we mailed to each of our shareholders (other than those who previously requested electronic or paper delivery), a Notice of Availability of Proxy Materials containing instructions on how to access and review the proxy materials on the Internet and instructions on how to vote your shares. The Notice of Availability of Proxy Materials also contains instructions on how to receive a paper or e-mail copy of the proxy materials. If you receive a Notice of Availability of Proxy Materials, you will not receive a printed copy of the proxy materials unless you request one. If you receive paper copies of our proxy materials, you may also view these materials at www.proxyvote.com. If you receive paper copies of our proxy materials and wish to receive them by electronic delivery in the future, please request electronic delivery at www.proxyvote.com.

Proposals to Shareholders

Election of Directors
(Item no. 1)

Kroger s Board of Directors, as now authorized, consists of eleven members. All members are to be elected at the annual meeting to serve until the annual meeting in 2016, or until their successors have been elected by the shareholders or by the Board pursuant to Kroger s Regulations, and qualified. Kroger s Articles of Incorporation provide that the vote required for election of a director nominee by the shareholders, except in a contested election or when cumulative voting is in effect, will be the affirmative vote of a majority of the votes cast for or against the election of a nominee.

The experience, qualifications, attributes, and skills that led the Corporate Governance Committee and the Board to conclude that the following individuals should serve as directors are set forth opposite each individual s name. The committee memberships stated below are those in effect as of the date of this proxy statement. It is intended that, except to the extent that authority is withheld, proxies by the Proxy Committee will be voted for the election of the following nominees:

Nominees for Director for Terms of Office Continuing Until 2016

Name	Professional Occupation(1)	Age	Director Since
Nora A. Aufreiter	Ms. Aufreiter is a Director Emeritus of McKinsey & Company, a global management consulting firm. She retired in June 2014 after more than 30 years as a director and senior partner. During this time, she worked extensively in the U.S., Canada, and internationally with major retailers, financial institutions and other consumer facing companies. Before joining McKinsey, Ms. Aufreiter spent three years in financial services working in corporate finance and investment banking. She is a member of the Board of Directors of The Bank of Nova Scotia and Nieman Marcus Group. Ms. Aufreiter also serves on the boards of St. Michael s Hospital and the Canadian Opera Company, and is a member of the Dean s Advisory Board for the Ivey Business School in Ontario, Canada. She is a member of the Financial Policy Committee and the Public Responsibilities Committee. Ms. Aufreiter has over 30 years of broad business experience in a variety of retail sectors. She brings to Kroger s Board her expertise gained while earning her MBA from the Harvard Business School. Her vast experience in leading McKinsey s North American Retail Practice, North American Branding service line and the Consumer Digital and Omnichannel service line is of particular value to the Board.	55	2014

Name	Professional Occupation(1)	Age	Director Since
Robert D. Beyer	Mr. Beyer is Chairman of Chaparal Investments LLC, a private investment firm and holding company that he founded in 2009. From 2005 to 2009, Mr. Beyer served as Chief Executive Officer of The TCW Group, Inc., a global investment management firm. From 2000 to 2005, he served as President and Chief Investment Officer of Trust Company of the West, the principal operating subsidiary of TCW. Mr. Beyer is a member of the Board of Directors of The Allstate Corporation and Leucadia National Corporation. He is chair of the Corporate Governance Committee, a member of the Financial Policy Committee, and our Lead Director. Mr. Beyer brings to Kroger his experience as CEO of TCW, a global investment management firm serving many of the largest institutional investors in the U.S. He has exceptional insight into Kroger s financial strategy, and his experience qualifies him to serve as a member of the Board. While at TCW, he also conceived and developed the firm s risk management infrastructure, an experience that is useful to Kroger s Board in performing its risk management oversight functions. His abilities and service as a director were recognized by his peers, who selected Mr. Beyer as an Outstanding Director in 2008 as part of the Outstanding Directors Program of the Financial Times. His strong insights into corporate governance form the foundation of his leadership role as Lead Director on the Board.	55	1999
Susan J. Kropf	Ms. Kropf was President and Chief Operating Officer of Avon Products Inc., a manufacturer and marketer of beauty care products, from 2001 until her retirement in January 2007. She joined Avon in 1970. Prior to her most recent assignment, Ms. Kropf had been Executive Vice President and Chief Operating Officer, Avon North America and Global Business Operations from 1998 to 2000. From 1997 to 1998 she was President, Avon U.S. Ms. Kropf was a member of Avon s Board of Directors from 1998 to 2006. She currently is a member of the Board of Directors of Coach, Inc., MeadWestvaco Corporation, and Sherwin Williams Company. She is a member of the Audit and Financial Policy Committees. Ms. Kropf has gained a unique consumer insight, having led a major beauty care company. She has extensive experience in manufacturing, marketing, supply chain operations, customer service, and product development, all of which assist her in her role as a member of Kroger s Board. Ms. Kropf has a strong financial background, and has served on compensation, audit, and corporate governance committees of other boards. She was inducted into the YWCA Academy of Women Achievers.	66	2007

Name	Professional Occupation(1)	Age	Director Since
David B. Lewis	Mr. Lewis is Of Counsel to and a former shareholder and director of Lewis & Munday, a Detroit based law firm with offices in Washington, D.C. and New York City. He is a director of H&R Block, Inc. and STERIS Corporation. Mr. Lewis is a member of the Corporate Governance and Financial Policy Committees. In addition to his background as a practicing attorney and expertise in bond financing, Mr. Lewis brings to Kroger s Board his financial expertise gained while earning his MBA in Finance as well as his service and leadership on Kroger s audit committee and the board committees of other publicly traded companies. Mr. Lewis has served on the Board of Directors of Conrail, Inc., LG&E Energy Corp., M.A. Hanna, TRW, Inc., and Comerica, Inc. He is a former chairman of the National Association of Securities Professionals.	70	2002
W. Rodney McMullen	Mr. McMullen was elected Chief Executive Officer of Kroger in January 2014 and Chairman of the Board, effective January 1, 2015. Prior to this, he served as President and Chief Operating Officer from August 2009 to December 2013. Prior to that, Mr. McMullen was elected Vice Chairman in 2003, Executive Vice President in 1999, and Senior Vice President in 1997. Mr. McMullen is a director of Cincinnati Financial Corporation. Mr. McMullen has broad experience in the supermarket business, having spent his career spanning over 35 years with Kroger. He has a strong financial background, having served as our CFO, and played a major role as architect of Kroger s strategic plan. His service on the compensation, executive, and investment committees of Cincinnati Financial Corporation adds depth to his extensive retail experience.	54	2003
Jorge P. Montoya	Mr. Montoya was President of The Procter & Gamble Company s Global Snacks & Beverage division, and President of Procter & Gamble Latin America, from 1999 until his retirement in 2004. Prior to that, he was an Executive Vice President of Procter & Gamble, a provider of branded consumer packaged goods, from 1995 to 1999. Mr. Montoya is a director of The Gap, Inc. He is chair of the Public Responsibilities Committee and a member of the Compensation Committee. Mr. Montoya brings to Kroger s Board over 30 years of leadership experience at a premier consumer products company. He has a deep knowledge of the Hispanic market, as well as consumer products and retail operations. Mr. Montoya has vast experience in marketing and general management, including international business. He was named among the 50 most important Hispanics in Business & Technology, in *Hispanic Engineer & Information Technology Magazine*.	68	2007

Name	Professional Occupation(1)	Age	Director Since
Clyde R. Moore	Mr. Moore is the Chairman of First Service Networks, a national provider of facility and maintenance repair services. Prior to that he was Chairman and Chief Executive Officer of First Service Networks from 2000 to 2014. Mr. Moore is chair of the Compensation Committee and a member of the Corporate Governance Committee. Mr. Moore has over 30 years of general management experience in public and private companies. He has sound experience as a corporate leader overseeing all aspects of a facilities management firm and a manufacturing concern. Mr. Moore s expertise broadens the scope of the Board s experience to provide oversight to Kroger s facilities and manufacturing businesses.	61	1997
Susan M. Phillips	Dr. Phillips is Professor Emeritus of Finance at The George Washington University School of Business. She joined that university as a Professor and Dean in 1998. She retired as Dean of the School of Business in 2010 and as Professor the following year. She was a member of the Board of Governors of the Federal Reserve System from December 1991 through June 1998. Before her Federal Reserve appointment, Dr. Phillips served as Vice President for Finance and University Services and Professor of Finance in The College of Business Administration at the University of Iowa from 1987 through 1991. She is a director of CBOE Holdings, Inc., State Farm Mutual Automobile Insurance Company, State Farm Life Insurance Company, State Farm Companies Foundation, National Futures Association, the Chicago Board Options Exchange, and Agnes Scott College. Dr. Phillips also was a trustee of the Financial Accounting Foundation until the end of 2010. She is a member of the Audit and Compensation Committees. Dr. Phillips brings to the Board strong financial acumen, along with a deep understanding of, and involvement with, the relationship between corporations and the government. Her experience in academia brings a unique and diverse viewpoint to the deliberations of the Board. Dr. Phillips has been designated an Audit Committee financial expert.	70	2003
James A. Runde	Mr. Runde is a special advisor and a former Vice Chairman of Morgan Stanley, a financial services provider, where he has been employed since 1974. He was a member of the Board of Directors of Burlington Resources Inc. prior to its acquisition by ConocoPhillips in 2006. Mr. Runde serves as a Trustee Emeritus of Marquette University and the Pierpont Morgan Library. He is a member of the Compensation Committee and chair of the Financial Policy Committee. Mr. Runde brings to Kroger s Board a strong financial background, having led a major financial services provider. He has served on the compensation committee of a major corporation.	68	2006

Name	Professional Occupation(1)	Age	Director Since
Ronald L. Sargent	Mr. Sargent is Chairman and Chief Executive Officer of Staples, Inc., a consumer products retailer, where he has been employed since 1989. Prior to joining Staples, Mr. Sargent spent 10 years with Kroger in various positions. In addition to serving as a director of Staples, Mr. Sargent is a director of Five Below, Inc. During the past five years, he was a director of Mattel, Inc. and The Home Depot, Inc. Mr. Sargent is chair of the Audit Committee and a member of the Public Responsibilities Committee. Mr. Sargent has over 35 years of retail experience, first with Kroger and then with increasing levels of responsibility and leadership at Staples, Inc. His efforts helped carve out a new market niche for the international retailer that he leads. His understanding of retail operations and consumer insights are of particular value to the Board. Mr. Sargent has been designated an Audit Committee financial expert.	59	2006
Bobby S. Shackouls	Until the merger of Burlington Resources Inc. and ConocoPhillips, which became effective in 2006, Mr. Shackouls was Chairman of the Board of Burlington Resources Inc., a natural resources business, since July 1997 and its President and Chief Executive Officer since December 1995. He had been a director of that company since 1995 and President and Chief Executive Officer of Burlington Resources Oil and Gas Company (formerly known as Meridian Oil Inc.), a wholly-owned subsidiary of Burlington Resources, since 1994. Mr. Shackouls is a director of Plains GP Holdings, L.P. and Oasis Petroleum Inc. During the past five years, Mr. Shackouls was a director of ConocoPhillips and PNGS GP LLC, the general partner of PAA Natural Gas Storage, L.P. Mr. Shackouls is a member of the Audit and Corporate Governance Committees. Mr. Shackouls previously served as Kroger s Lead Director. Mr. Shackouls brings to the Board the critical thinking that comes with a chemical engineering background, as well as his experience leading a major natural resources company, coupled with his corporate governance expertise.	64	1999

(1) Except as noted, each of the directors has been employed by his or her present employer (or a subsidiary) in an executive capacity for at least five years.

Information Concerning the Board of Directors

Committees of the Board

The Board has five standing committees including Audit, Compensation and Corporate Governance. All standing committees are composed exclusively of independent directors. The current charter of each Board committee is available on our website at ir.kroger.com under Corporate Governance Committee Composition.

The table below provides the current membership of our independent directors on each of the standing Board committees.

Name	Audit Committee	Compensation Committee	Corporate Governance Committee	Financial Policy Committee	Public Responsibilities Committee
Nora A. Aufreiter				x	x
Robert D. Beyer			Chair	x	
Susan J. Kropf	x			x	
David B. Lewis			x	x	
Jorge P. Montoya		x			Chair
Clyde R. Moore		Chair	x		
Susan M. Phillips	x	x			
James A. Runde		x		Chair	
Ronald L. Sargent	Chair				x
Bobby S. Shackouls	x		x		

During 2014, the Audit Committee met five times, the Compensation Committee met four times, and the Corporate Governance Committee met two times. The Audit Committee reviews financial reporting and accounting matters pursuant to its charter and selects our independent accountants. The Compensation Committee recommends for determination by the independent members of the Board the compensation of the CEO, determines the compensation of our other senior management, and administers some of our incentive programs. Additional information on the Compensation Committee s processes and procedures for consideration of executive compensation are addressed in the Compensation Discussion and Analysis section of this proxy statement. The Corporate Governance Committee develops criteria for selecting and retaining members of the Board, seeks out qualified candidates for the Board, and reviews the performance of the Board and, along with the other independent board members, the CEO.

Director Nominations

The Corporate Governance Committee will consider shareholder recommendations for nominees for membership on the Board of Directors. If shareholders wish to nominate a person or persons for election to the Board at our 2016 annual meeting, written notice must be submitted to Kroger s Secretary, and received at our executive offices not later than January 13, 2016. Such notice should include the name, age, business address and residence address of such person, the principal occupation or employment of such person, the number of Kroger common shares owned of record or beneficially by such person, and any other information relating to the person that would be required to be included in a proxy statement relating to the election of directors. The Secretary will forward the information to the Corporate Governance Committee for its consideration. The Committee will use the same criteria in evaluating candidates submitted by shareholders as it uses in evaluating candidates identified by the Committee. These criteria are:

- Demonstrated ability in fields considered to be of value in the deliberations of the Board, including business management, public service, education, science, law, and government;
- Highest standards of personal character and conduct;

Willingness to fulfill the obligations of directors and to make the contribution of which he or she is capable, including regular attendance and participation at Board and committee meetings, and preparation for all meetings, including review of all meeting materials provided in advance of the meeting; and

Ability to understand the perspectives of Kroger s customers, taking into consideration the diversity of our customers, including regional and geographic differences.

The Corporate Governance Committee considers racial, ethnic, and gender diversity to be important elements in promoting full, open, and balanced deliberations of issues presented to the Board. The Committee considers director candidates that help the Board reflect the diversity of our shareholders, associates, customers and the communities in which we operate. Some consideration also is given to the geographic location of director candidates in order to provide a reasonable distribution of members from Kroger s operating areas.

The Corporate Governance Committee recruits candidates for Board membership through its own efforts and through suggestions from other directors and shareholders. In addition, the Committee has retained an independent search firm to assist in identifying and recruiting director candidates who meet the criteria established by the Committee.

Corporate Governance

The Board has adopted *Guidelines on Issues of Corporate Governance*. These *Guidelines*, which include copies of the current charters for the Audit, Compensation, and Corporate Governance Committees, and the other committees of the Board, are available on our corporate website at ir.kroger.com. Shareholders may obtain a copy of the *Guidelines* by making a written request to Kroger s Secretary at our executive offices.

Independence

The Board has determined that all of the non-employee directors have no material relationships with Kroger and, therefore, are independent for purposes of the New York Stock Exchange listing standards. The Board made its determination based on information furnished by all members regarding their relationships with Kroger and its management, and other relevant information. After reviewing the information, the Board determined that all of the non-employee directors were independent because (a) they all satisfied the criteria for independence set forth in Rule 303A.02 of the NYSE Listed Company Manual, (b) any business transactions between Kroger and entities with which the directors are affiliated, the value of which falls below the thresholds identified by the NYSE listing standards, and (c) none had any material relationships with Kroger except for those arising directly from their performance of services as a director for Kroger.

Audit Committee Expertise

The Board has determined that Susan M. Phillips and Ronald L. Sargent, independent directors who are members of the Audit Committee, are audit committee financial experts as defined by applicable SEC regulations and that all members of the Audit Committee are financially literate as that term is used in the NYSE listing standards and are independent in accordance with Rule 10A-3 of the Securities Exchange Act of 1934.

Code of Ethics

The Board has adopted *The Kroger Co. Policy on Business Ethics*, applicable to all officers, employees and directors, including Kroger s principal executive, financial, and accounting officers. The *Policy* is available on our corporate website at ir.kroger.com. Shareholders may also obtain a copy of the *Policy* by making a written request to Kroger s Secretary at our executive offices. We intend to satisfy the disclosure requirement regarding any amendment to, or a waiver from, a provision of the *Policy* for our principal executive, financial and accounting officers by posting that information on our website at ir.kroger.com.

Communications with the Board

The Board has established two separate mechanisms for shareholders and interested parties to communicate with the Board. Any shareholder or interested party who has concerns regarding accounting, improper use of Kroger assets, or ethical improprieties may report these concerns via the toll-free hotline (800-689-4609) or email address (helpline@kroger.com) established by the Board s Audit Committee. The concerns are investigated by Kroger s Vice President of Auditing and reported to the Audit Committee as deemed appropriate by the Vice President of Auditing.

Shareholders or interested parties also may communicate with the Board in writing directed to Kroger s Secretary at our executive offices. The Secretary will consider the nature of the communication and determine whether to forward the communication to the chair of the Corporate Governance Committee. Communications relating to personnel issues or our ordinary business operations, or seeking to do business with us, will be forwarded to the business unit of Kroger that the Secretary deems appropriate. All other communications will be forwarded to the chair of the Corporate Governance Committee for further consideration. The chair of the Corporate Governance Committee will take such action as he or she deems appropriate, which may include referral to the full Committee or the entire Board.

Attendance

The Board held five meetings in fiscal year 2014. During fiscal year 2014, all incumbent directors attended at least 75% of the aggregate number of meetings of the Board and committees on which that director served. Members of the Board are expected to use their best efforts to attend all annual meetings of shareholders. All thirteen members then serving on the Board attended last year s annual meeting.

Compensation Consultants

The Compensation Committee directly engages a compensation consultant from Mercer Human Resource Consulting to advise the Committee in the design of compensation for our executive officers. In 2014, Kroger paid that consultant $294,868 for work performed for the Committee. Kroger, on management s recommendation, retained the parent and affiliated companies of Mercer Human Resource Consulting to provide other services for Kroger in 2014, for which Kroger paid $4,425,282. These other services primarily related to insurance claims (for which Kroger was reimbursed by insurance carriers as claims were adjusted), insurance brokerage and bonding commissions, and pension consulting. Kroger also made payments to affiliated companies for insurance premiums that were collected by the affiliated companies on behalf of insurance carriers, but these amounts are not included in the totals referenced above, as the amounts were paid over to insurance carriers for services provided by those carriers. Although neither the Committee nor the Board expressly approved the other services, after taking into consideration the NYSE s independence standards and the SEC rules, the Committee determined that the consultant is independent and his work has not raised any conflict of interest because (a) the consultant was first engaged by the Committee before he became associated with Mercer; (b) the consultant works exclusively for the Committee and not for our management; (c) the consultant does not benefit from the other work that Mercer s parent and affiliated companies perform for Kroger; and (d) neither the consultant nor the consultant s team perform any other services for Kroger. The Committee may engage an additional compensation consultant from time to time as it deems advisable.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was an officer or employee of Kroger during fiscal year 2014, and no member of the Compensation Committee is a former officer of the Company or was a party to any disclosable related person transaction involving the Company. During fiscal year 2014, none of our executive officers served on the board of directors or on the compensation committee of any other entity that has or had executive officers serving as a member of the Board of Directors or Compensation Committee of the Company.

Board Oversight of Enterprise Risk

While risk management is primarily the responsibility of Kroger s management team, the Board is responsible for the overall supervision of our risk management activities. The Board s oversight of the material risks faced by Kroger occurs at both the full Board level and at the committee level.

The Audit Committee has oversight responsibility not only for financial reporting of Kroger s major financial exposures and the steps management has taken to monitor and control those exposures, but also for the effectiveness of management s processes that monitor and manage key business risks facing Kroger, as well as the major areas of risk exposure and management s efforts to monitor and control that exposure. The Audit Committee also discusses with management its policies with respect to risk assessment and risk management.

Management, including our Chief Ethics and Compliance Officer, provides regular updates throughout the year to the respective Board committees regarding the management of the risks they oversee, and each of these committees reports on risk to the full Board at each regular meeting of the Board.

In addition to the reports from the committees, the Board receives presentations throughout the year from various department and business unit leaders that include discussion of significant risks as necessary. At each Board meeting, the Chairman and CEO addresses matters of particular importance or concern, including any significant areas of risk that require Board attention. Additionally, through dedicated sessions focusing entirely on corporate strategy, the full Board reviews in detail Kroger s short- and long-term strategies, including consideration of significant risks facing Kroger and their potential impact. The independent directors, in executive sessions led by the Lead Director, address matters of particular concern, including significant areas of risk, that warrant further discussion or consideration outside the presence of Kroger employees.

We believe that our approach to risk oversight, as described above, optimizes our ability to assess interrelationships among the various risks, make informed cost-benefit decisions, and approach emerging risks in a proactive manner for Kroger. We also believe that our risk structure complements our current Board leadership structure, as it allows our independent directors, through the five fully independent Board committees, and in executive sessions of independent directors led by the Lead Director, to exercise effective oversight of the actions of management, led by Mr. McMullen as Chairman of the Board and CEO, in identifying risks and implementing effective risk management policies and controls.

Board Leadership Structure and Lead Director

The Board is composed of ten independent non-employee directors and one management director, Mr. McMullen, the Chairman and CEO. The Board has established five standing committees audit, compensation, corporate governance, financial policy, and public responsibilities. Each committee is composed solely of independent directors, each with a different independent director serving as committee chair.

In addition, as provided in the *Guidelines on Issues of Corporate Governance*, the Board has designated one of the independent directors as Lead Director. The Lead Director serves a variety of roles, including reviewing and approving Board meeting agendas, materials and schedules to confirm the appropriate topics are reviewed and sufficient time is allocated to each; serving as liaison between the Chairman, management, and the non-management directors; presiding at the executive sessions of independent directors and at all other meetings of the Board at which the Chairman is not present; calling an executive session of independent directors at any time and serving as the Board s representative for any consultation and direct communication, following a request, with major shareholders. Unless otherwise determined by the Board, the chair of the Corporate Governance Committee is designated as the Lead Director. Robert Beyer, an independent director and the chair of the Corporate Governance Committee, is currently the Lead Director. Mr. Beyer is an effective Lead Director for Kroger due to, among other things, his independence, his deep strategic and operational understanding of Kroger obtained while serving as a Kroger director, his insight into corporate governance and his experience on other boards.

With respect to the roles of Chairman and CEO, the *Guidelines* provide that the Board will determine when it is in the best interests of Kroger and our shareholders for the roles to be separated or combined, and the Board exercises its discretion as it deems appropriate in light of prevailing circumstances. Upon retirement of our former Chairman, David B. Dillon, on December 31, 2014, the Board determined that it is in the best interests of Kroger and our shareholders for one person to serve as the Chairman and CEO, as was the case from 2004 through 2013. The Board believes that this leadership structure improves the Board s ability to focus on key policy and operational issues and helps the Company operate in the long-term interests of shareholders. Additionally, this structure provides an effective balance between strong Company leadership and appropriate safeguards and oversight by independent directors. The Board believes that the combination or separation of these positions should continue to be considered as part of the succession planning process, as was the case in 2003 and 2014 when the roles were separated.

The Board and each of its committees conduct an annual self-evaluation to determine whether they are functioning effectively. As part of this annual self-evaluation, the Board assesses whether the current leadership structure continues to be appropriate for Kroger and its shareholders. The *Guidelines* provide the flexibility for the Board to modify our leadership structure in the future as appropriate. We believe that Kroger, like many U.S. companies, has been well-served by this flexible leadership structure.

Compensation Discussion and Analysis

Executive Compensation Overview

As one of the largest retailers in the world, our executive compensation philosophy remains to attract and retain the best management talent and to motivate these employees to achieve our business and financial goals. We believe our strategy creates value for shareholders in a manner consistent with our focus on our core values: honesty, integrity, respect, inclusion, diversity, and safety.

To achieve our objectives, the Compensation Committee seeks to ensure that compensation is competitive and that there is a direct link between pay and performance. To do so, it is guided by the following principles:

- A significant portion of pay should be performance-based, with the percentage of total pay tied to performance increasing proportionally with an executive s level of responsibility;
- Compensation should include incentive-based pay to drive performance, providing superior pay for superior performance, including both a short- and long-term focus;
- Compensation policies should include an opportunity for, and a requirement of, equity ownership; and
- Components of compensation should be tied to an evaluation of business and individual performance measured against metrics that align with our business strategy.

This Compensation Discussion and Analysis provides a discussion and analysis of our compensation program for the executive officers. For the fiscal year ended January 31, 2015, the named executive officers were:

Name	Title
W. Rodney McMullen	Chairman and Chief Executive Officer
J. Michael Schlotman	Senior Vice President and Chief Financial Officer
Michael L. Ellis	President and Chief Operating Officer
Kathleen S. Barclay	Senior Vice President of Human Resources
Michael J. Donnelly	Senior Vice President of Merchandising
David B. Dillon	Former Chairman

The compensation of our named executive officers in fiscal year 2014 reflects the above principles. Total compensation for the year is an indicator of how well Kroger performed compared to our business plan, reflecting how our compensation program responds to business challenges and the marketplace. We continue to deliver sales growth and positive earnings results.

- A key metric, identical supermarket sales, excluding supermarket fuel, increased 5.2% from 2013. Through fiscal 2014, we have achieved 45 consecutive quarters of positive identical sales growth.
- Net earnings per diluted share were $3.44 which exceeded our guidance range.
- In September 2014, the Board raised the quarterly cash dividend by 12%, to $0.185 per share.

The Committee believes our management produced outstanding results in 2014, measured against increasingly aggressive business plan objectives for sales, net earnings, operating costs and our strategic plan. The compensation paid to our named executive officers reflected this fact as the annual performance-based cash bonus paid out at 121.5% of bonus potentials. The strong link between pay and performance is illustrated by a comparison of past years annual cash bonus, such as 2012, 2010 and 2009 with payouts of less than 100%. In those years, we did not achieve all of our business plan objectives. In 2014, all of our business plan goals were exceeded (with the exception of a set of measures under our strategic plan goal, which fell short), resulting in an annual bonus payout that exceeded 100% of potentials.

In keeping with our overall compensation philosophy, we endeavor to ensure that our executive compensation practices conform to best practices. In particular, over the past several years we have:

- established significant stock ownership guideline levels to reinforce the link between the interests of our named executive officers and those of our shareholders;

- adopted claw-back policies under which the repayment of bonuses may be required in certain circumstances;
- eliminated tax gross-ups;
- adopted the recommendation of shareholders that they be permitted annually, on an advisory basis, to vote on executive compensation; and
- adopted a policy prohibiting hedging and short sales, and restricting pledging of Kroger common shares by our officers and directors.

In addition, fifty percent of the equity awards granted to the named executive officers are in the form of performance units that are earned only to the extent that performance objectives are achieved. Equity compensation awards continue to play an important role in rewarding named executive officers for the achievement of long-term business objectives and providing incentives for the creation of shareholder value.

The following discussion and analysis addresses the compensation of the named executive officers and the factors considered by the Committee in setting compensation for the named executive officers and making recommendations to the independent directors in the case of the CEO s compensation. Additional detail is provided in the compensation tables and the accompanying narrative disclosures that follow this discussion and analysis.

Results of 2014 Advisory Vote to Approve Executive Compensation

At the 2014 Annual Meeting of Shareholders, we held our fourth annual advisory vote on executive compensation. Over 96% of the votes cast were in favor of the advisory proposal in 2014. The Committee considers this to be an overwhelmingly favorable outcome and believes it conveys our shareholders support of the Committee s decisions and the existing executive compensation programs. As a result, the Committee made no material changes in the structure of our compensation programs or pay for performance philosophy. At the 2015 Annual Meeting of Shareholders, in keeping with our shareholders request for an annual advisory vote, we will again hold an advisory vote to approve executive compensation (see page 55). The Committee will continue to consider the results from this year s and future advisory votes on executive compensation.

Executive Compensation Objectives

The Committee has several related objectives regarding compensation. First, the Committee believes that compensation must be designed to attract and retain those best suited to fulfill the challenging roles that executive officers play at Kroger. Second, some elements of compensation should help align the interests of our officers with the interests of our shareholders. Third, compensation should create strong incentives for the officers (a) to achieve the annual business plan targets established by the Board, and (b) to achieve Kroger s long-term strategic objectives. In developing compensation programs and amounts to meet these objectives, the Committee exercises judgment to ensure that executive officer compensation is appropriate and competitive in light of Kroger s performance and the needs of the business.

Stock Ownership Guidelines

To more closely align the interests of our officers and directors with your interests as shareholders, the Board has adopted stock ownership guidelines. These guidelines require non-employee directors, officers and some other key executives to acquire and hold a minimum dollar value of Kroger common shares as set forth below:

Position	Multiple of Base Salary
Chief Executive Officer	5 times
Chief Operating Officer	4 times
Executive Vice Presidents and Senior Vice Presidents	3 times
Other Officers and Key Executives	2 times
Non-employee Directors	3 times annual base cash retainer

Covered individuals are expected to achieve the target level within five years of appointment to their position. If the requirements have not been met, directors, officers and key executives, including the named executive officers, must hold 100% of shares received upon the exercise of stock options or upon the vesting of restricted stock, except those necessary to pay the exercise price of the options and/or applicable taxes, and must retain all Kroger shares unless the disposition is approved in advance by the CEO, or by the Board or Compensation Committee for the CEO.

Role of Compensation Committee

The Compensation Committee of the Board has the primary responsibility for establishing the compensation of our executive officers, including the named executive officers, with the exception of the Chief Executive Officer. The Committee s role regarding the CEO s compensation is to make recommendations to the independent members of the Board; those members of the Board establish the CEO s compensation.

Establishing Executive Compensation

The independent members of the Board have the exclusive authority to determine the amount of the CEO s salary, the bonus potential for the CEO, the nature and amount of any equity awards made to the CEO, and any other compensation decisions related to the CEO. In setting the annual bonus potential for the CEO, the independent directors determine the dollar amount that will be multiplied by the percentage payout under the annual bonus plan generally applicable to all corporate management, including the named executive officers. The independent directors retain discretion to reduce the percentage payout the CEO would otherwise receive. The independent directors thus make a separate determination annually concerning both the CEO s bonus potential and the percentage of bonus paid.

The Committee performs the same function and exercises the same authority as to the other named executive officers. The Committee s annual review of compensation for the named executive officers includes the following:

Conducts an annual review of all components of compensation, quantifying total compensation for the named executive officers on tally sheets. The review includes a summary for each named executive officer of salary; annual performance-based cash bonus; long-term performance-based cash and performance unit compensation; equity; accumulated realized and unrealized stock option gains and restricted stock and performance unit values; the value of any perquisites; retirement benefits; company paid health and welfare benefits; banked vacation; severance benefits available under The Kroger Co. Employee Protection Plan; and earnings and payouts available under Kroger s nonqualified deferred compensation program.

Considers internal pay equity at Kroger to ensure that the CEO is not compensated disproportionately. The Committee has determined that the compensation of the CEO and that of the other named executive officers bears a reasonable relationship to the compensation levels of other executive positions at Kroger taking into consideration performance and differences in responsibilities.

Reviews a report from the Committee s compensation consultants (described below) comparing named executive officer and other senior executive compensation with that of other companies, primarily our competitors, to ensure that the Committee s objectives of competitiveness are met.

Takes into account a recommendation from the CEO (except in the case of his own compensation) for salary, bonus potential, and equity awards for each of the senior officers including the other named executive officers. The CEO s recommendation takes into consideration the objectives established by and the reports received by the Committee as well as his assessment of individual job performance and contribution to our management team.

Reviews of historical information regarding salary, bonus, and equity compensation for a three year period.

In considering each of the factors above, the Committee does not make use of a formula, but rather subjectively reviews each in setting compensation.

Compensation Policies as They Relate to Risk Management

As part of the Compensation Committee s review of our compensation practices, the Committee considers and analyzes the extent to which risks arise from such practices and their impact on Kroger s business. As discussed above in the Compensation Discussion and Analysis, our policies and practices for compensating employees are designed to, among other things, attract and retain high quality and engaged employees. In this process, the Committee also focuses on minimizing risk through the implementation of certain practices and policies, such as the executive compensation recoupment policy, which is described in more detail on page 30. Accordingly, we do not believe that our compensation practices and policies create risks that are reasonably likely to have a material adverse effect on Kroger.

The Committee s Compensation Consultants and Benchmarking

As referenced earlier in this Compensation Discussion and Analysis, the Committee directly engages a compensation consultant from Mercer Human Resource Consulting to advise the Committee in the design of compensation for executive officers.

The Mercer consultant conducts an annual competitive assessment of executive positions at Kroger for the Committee. The assessment is one of several bases, as described above, on which the Committee determines compensation. The consultant assesses:

- Base salary;
- Target annual performance-based bonus;
- Target annual cash compensation (the sum of salary and annual bonus);
- Annualized long-term incentive awards, such as stock options, restricted stock, and performance-based long-term cash bonuses and performance-based equity awards; and
- Total direct compensation (the sum of all these elements).

The consultant compares these elements against those of other companies in a group of publicly-traded food and drug retailers. For 2014, our peer group consisted of:

Costco Wholesale	SuperValu
CVS Health, formerly CVS Caremark	Target
Rite Aid	Wal-Mart
Safeway	Walgreen Boots Alliance, formerly Walgreen

This peer group is the same group as was used in 2013. The make-up of the compensation peer group is reviewed annually and modified as circumstances warrant. Industry consolidation and other competitive forces will change the peer group used over time. The consultant also provides the Committee data from companies in general industry, a representation of major publicly-traded companies of similar size and scope. These data serve as reference points, particularly for senior staff positions where competition for talent extends beyond the retail sector.

From time to time, the Committee will engage an additional compensation consultant to conduct an additional review of Kroger s executive compensation, as it deems advisable.

Considering the size of Kroger in relation to other peer group companies, the Committee believes that salaries paid to our named executive officers should be at or above the median paid by competitors for comparable positions. The Committee also aims to provide an annual bonus potential to our named executive officers that, if the increasingly more challenging annual business plan objectives are achieved, would cause total cash compensation to be meaningfully above the median.

Components of Executive Compensation at Kroger

Compensation for our named executive officers is comprised of the following:

- Salary;
- Performance-Based Annual Cash Bonus (annual, non-equity incentive pay);
- Performance-Based Long-Term Compensation (long-term, cash and performance unit incentive compensation);
- Other Equity (non-qualified stock options and restricted stock);
- Retirement and other benefits; and
- Perquisites.

Salary

We provide our named executive officer s and other employees a fixed amount of cash compensation, salary, for their work. Salaries for the named executive officers (with the exception of the CEO) are established each year by the Committee, in consultation with the CEO. The CEO s salary is established by the independent directors. Salaries for the named executive officers were reviewed in June 2014.

The amount of each named executive officer s salary is influenced by numerous factors including:

- An assessment of individual contribution in the judgment of the CEO and the Committee (or, in the case of the CEO, of the Committee and the rest of the independent directors);
- Benchmarking with comparable positions at peer group companies;
- Tenure; and
- Relationship with the salaries of other executives at Kroger.

The assessment of individual contribution is based on a subjective determination, without the use of performance targets, in the following areas:

- Leadership;
- Contribution to the officer group;
- Achievement of established objectives, to the extent applicable;
- Decision-making abilities;
- Performance of the areas or groups directly reporting to the officer;
- Increased responsibilities;
- Strategic thinking; and
- Furtherance of Kroger s core values.

The amounts shown below reflect the salaries of the named executive officers effective August 1, following the annual review of their compensation in June.

	Salaries		
	2012	2013	2014
W. Rodney McMullen*	$ 939,600	$ 968,600	$ 1,144,000
J. Michael Schlotman	$ 671,100	$ 704,655	$ 760,000
Michael L. Ellis**		$ 527,360	$ 800,000
Kathleen S. Barclay	$ 677,300	$ 700,000	$ 721,000
Mike Donnelly	$ 550,500	$ 567,015	$ 662,900
David B. Dillon	$ 1,330,000	$ 1,370,000	$ 1,370,000

* Mr. McMullen s salary increased to $1,200,000 effective upon his appointment as Chairman of the Board on January 1, 2015.

** Mr. Ellis first became a named executive officer in 2013.

Performance-Based Annual Cash Bonus

A large percentage of our employees at all levels, including the named executive officers, are eligible to receive a performance-based annual cash bonus based on the performance of Kroger (in the case of the named executive officers) or business unit (in the case of employees in our business units). The Committee establishes bonus potentials for each named executive officer, other than the CEO, whose bonus potential is established by the independent directors. Actual payouts, which can exceed 100% of the potential amounts but may not exceed 200% of the potential amounts, represent the extent to which performance meets or exceeds the thresholds established by the Committee. Actual payouts may be as low as zero if performance does not meet the thresholds established by the Committee.

The Committee considers several factors in making its determination or recommendation as to bonus potentials. First, the individual s level within the organization is a factor in that the Committee believes that more senior executives should have a substantial part of their compensation dependent upon Kroger s performance. Second, the individual s salary is a factor so that a substantial portion of a named executive officer s total cash compensation is dependent upon Kroger s performance. Finally, the Committee considers the report of its compensation consultant to assess the bonus potential of the named executive officers in light of total compensation paid to comparable executive positions in the industry.

The annual cash bonus potential in effect following the annual review of compensation in June for each named executive officer is shown below. Actual bonus payouts are prorated to reflect changes, if any, to bonus potentials during the year.

	Annual Bonus Potential		
	2012	**2013**	**2014**
W. Rodney McMullen*	$ 1,000,000	$ 1,000,000	$ 1,500,000
J. Michael Schlotman	$ 550,000	$ 550,000	$ 550,000
Michael L. Ellis**		$ 375,000	$ 800,000
Kathleen S. Barclay	$ 550,000	$ 550,000	$ 550,000
Mike Donnelly	$ 425,000	$ 425,000	$ 550,000
David B. Dillon	$ 1,500,000	$ 1,500,000	$ 1,230,000

* Mr. McMullen s annual bonus potential increased to $1,600,000 effective upon his appointment as Chairman of the Board on January 1, 2015.

** Mr. Ellis first became a named executive officer in 2013.

Over time the Committee and our independent directors have placed an increased emphasis on our strategic plan by making the targets more difficult to achieve. The bonus plan allows for minimal or zero bonus to be earned at relatively low levels of performance to provide incentive for achieving even higher levels of performance.

The amount of bonus that the named executive officers earn each year is based upon Kroger s performance compared to targets established by the Committee and the independent directors based on the business plan adopted by the Board of Directors. In 2014, 30% of the bonus was based on a target for identical sales without supermarket fuel; 30% was based on a target for EBITDA without supermarket fuel; 30% was based on implementation and results of a set of measures under our strategic plan, and 10% was based on a target for total operating costs as a percentage of sales, excluding fuel. An additional 5% would be earned if Kroger achieved three goals with respect to its supermarket fuel operations: achievement of the targeted fuel EBITDA of $208.25 million, an increase in total gallons sold of 3%, and achievement of 1,325 fuel centers placed in service. The fuel bonus of 5% is only available if all three measures are met. If any of the three fuel goals are not met, there is no payout under the fuel measurement. Kroger exceeded the three goals and, as a result, received the 5% fuel bonus.

The 2014 targets established by the Committee, the actual fiscal 2014 results, and the bonus percentage earned in each of the components of annual cash bonus were as follows:

Component	Targets Minimum	Targets 100%	Actual Performance	Actual Performance Compared to 100% Target	Amount Earned
Identical Sales without supermarket fuel (30%)	1.00%	3.00%	5.17%	172.33%	49.01%
EBITDA without supermarket fuel (30%)	$4.0004 Billion	$4.7064 Billion	$4.7719 Billion	101.39%	39.59%
Strategic Plan (30%)	**	**	**	**	8.40%
Total Operating Costs as percentage of sales, excluding fuel (10%)*	Over budget by 25 basis points	Over budget by 5 basis points	Under budget by 14 basis points	19 basis points under target	19.50%
Fuel Bonus (5%)	[As described in the text above]				5.00%
Total Earned					121.50%

* Total Operating Costs were budgeted at 26.48% as a percentage of sales for fiscal year 2014.

** The Strategic Plan component also was established by the Committee at the beginning of the year, but is not disclosed as it is competitively sensitive.

Following the close of the year, the Committee reviewed Kroger s performance against the identical sales without supermarket fuel, EBITDA without supermarket fuel, strategic plan objectives, and total operating costs as a percent of sales, excluding fuel, and determined the extent to which Kroger achieved those objectives. Due to our performance when compared to the targets established by the Committee, and based on the business plan adopted by the Board, the named executive officers earned 121.5% of their bonus potentials. This is the same bonus percentage payout received by all other participants in the corporate annual bonus plan.

In 2014, as in all years, the Committee retained discretion to reduce the bonus payout for all executive officers, including the named executive officers, if the Committee determined for any reason that the bonus payouts were not appropriate given their assessment of Company performance. The independent directors retained that discretion for the CEO s bonus. Those bodies also retained discretion to adjust the targets under the plan should unanticipated developments arise during the year. No adjustments were made to the targets in 2014. The Committee, and the independent directors in the case of the CEO, determined that the bonus payouts for the named executive officers, that were earned based on 2014 performance, should not be adjusted.

The percentage paid for 2014 represented excellent performance that exceeded our business plan objectives. A comparison of bonus percentages for the named executive officers in prior years demonstrates the variability of annual cash bonus incentive compensation and its strong links to our performance:

Fiscal Year	Annual Cash Bonus Percentage
2014	121.500%
2013	104.949%
2012	85.881%
2011	138.666%
2010	53.868%
2009	38.450%
2008	104.948%
2007	128.104%
2006	141.118%
2005	132.094%

The actual amounts of annual performance-based cash bonuses paid to the named executive officers for 2014 are reported in the Summary Compensation Table in the Non-Equity Incentive Plan Compensation column and footnote 4 to that table. These amounts represent the bonus potentials for each named executive officer multiplied by the 121.5% payout percentage earned in 2014. In no event can any participant receive a performance-based annual cash bonus in excess of $5,000,000. The maximum amount that a participant, including each named executive officer, can earn is further limited to 200% of the participant s bonus potential amount.

Long-Term Incentives

The Committee believes in the importance of providing an incentive to the named executive officers to achieve the long-term goals established by the Board by conditioning a significant portion of compensation on the achievement of those goals.

In 2006, the Committee adopted the first in a series of long-term performance based compensation plans designed to reward participants for their contribution to the long-term performance of Kroger. These earlier plans provided for overlapping four year performance periods that allowed for the earning of a long-term cash bonus. In 2010, Kroger s long-term incentive program was redesigned to combine the total value of our long-term cash bonus and equity programs into a cohesive, strategic reward for eligible executives at the Vice President level and above. Approximately fifty percent of the plan value is performance-based, delivered in cash and performance units, contingent on the achievement of certain strategic performance measures. The other fifty percent of the value is time-based and delivered in stock options and restricted stock. Each component is described in more detail below.

Performance Based Long-Term Compensation

The long-term incentive plan originally adopted in 2010 provides the model for our combined plan structure. Each year we adopt a similar plan with the following characteristics:

Performance is measured over a three year period.

Between 130 and 170 executives, including the named executive officers, participate in each plan.

Awards include both cash and performance units.

The cash bonus base equals the executive s salary at the end of the fiscal year preceding the plan adoption date (or for those participants entering the plan after the commencement date, as of the date of commencing participation in the plan). These cash awards are separate from awards under our performance-based annual cash bonus plan.

A fixed number of performance units is awarded to each participant. The awards are paid out in Kroger common shares, along with a cash amount equal to the dividends paid during the performance period on the number of issued common shares.

Compensation under the plan is earned based on our performance against metrics established by the Committee (or the independent directors) at the beginning of the performance period.

The payout percentage, based on the extent to which the performance metrics are achieved, is applied to both the cash bonus base and the number of performance units awarded.

Actual payouts cannot exceed 100% of the cash bonus base or 100% of the number of performance units awarded.

In no event can a cash bonus award exceed $5,000,000.

The following table summarizes each of the long-term performance based plans for the years shown:

	2012 Plan	2013 Plan	2014 Plan	2015 Plan
Performance Period	2012 to 2014	2013 to 2015	2014 to 2016	2015 to 2017
Payout Date	March 2015	March 2016	March 2017	March 2018
Cash Bonus Base	Salary at end of fiscal year 2011*	Salary at end of fiscal year 2012*	Salary at end of fiscal year 2013*	Salary at end of fiscal year 2014*
Performance Metrics				
Strategic Plan	2% payout per unit improvement	2% payout per unit improvement	2% payout per unit improvement	4% payout per unit improvement
Reduction in Operating Cost as a Percentage of Sales, Excluding Fuel	0.50% payout per 0.01% reduction in operating costs Baseline: 27.09%	0.50% payout per 0.01% reduction in operating costs Baseline: 26.69%	0.50% payout per 0.01% reduction in operating costs Baseline: 26.68%	0.50% payout per 0.01% reduction in operating costs Baseline: 26.41%
Improvement in Associate Engagement	4% payout per unit improvement	4% payout per unit improvement	4% payout per unit improvement	4% payout per unit improvement
Return on Invested Capital	N/A	1% payout per 0.01% improvement in ROIC Baseline: 13.25%	1% payout per 0.01% improvement in ROIC Baseline: 13.27%	1% payout per 0.01% improvement in ROIC Baseline: 13.74%

* Or date of plan entry, if later.

At the time of adopting new long-term plans, the Committee has made adjustments to the percentage payouts for the components of the long-term plans to account for the increasing difficulty of achieving compounded improvement.
The Committee anticipates adopting a new plan each year, measuring improvement over successive three-year periods.

The long-term performance based plan adopted in 2012, which measured improvements through fiscal year 2014, paid out in March 2015 and was calculated as follows:

Component	Baseline	Result	Improvement	Multiplier	Percentage Earned
Strategic Plan	*	*	9 units of improvement	2.00%	18.00%
Associate Engagement	*	*	4 units of improvement	4.00%	16.00%
Total Operating Costs, as a Percentage of Sales, Excluding Fuel	27.09%	26.43%	66 basis point improvement	0.50%	33.00%
Total Earned					67.00%

* The Strategic Plan and Associate Engagement components were established by the Committee at the beginning of the performance period, but are not disclosed as they are competitively sensitive.

Accordingly, each named executive officer received cash in an amount equal to 67% of that executive s long-term cash bonus base, and was issued the number of Kroger common shares equal to 67% of the number of performance units awarded to that executive, along with a cash amount equal to the dividends paid on that number of common shares during the three year performance period. Payout for the cash components of the 2012 plan are reported in the Non-Equity Incentive Plan Compensation and All Other Compensation columns of the Summary Compensation Table and footnotes 4 and 6 to that table, and the common shares issued under the plan are reported in the 2014 Option Exercises and Stock Vested Table and footnote 2 to that table.

During 2014, Kroger awarded 446,288 performance units to approximately 178 employees, including the named executive officers. The Committee considers several factors in determining the amount of performance units awarded to the named executive officers or, in the case of the CEO, recommending to the independent directors the amount awarded. These factors are described in the Equity Awards section below.

Equity Awards

Awards based on Kroger s common shares are granted periodically to the named executive officers and a large number of other employees. Equity participation aligns the interests of employees with your interest as shareholders, and Kroger historically has distributed equity awards widely. The plans include both stock options and restricted stock. In 2014, Kroger granted 4,226,855 stock options to approximately 8,514 employees, including the named executive officers. The options permit the holder to purchase Kroger common shares at an option price equal to the closing price of Kroger common shares on the date of the grant. Options are granted only on one of the four dates of Committee meetings conducted after Kroger s public release of its quarterly earnings results. During 2014, Kroger awarded 3,023,711 shares of restricted stock to approximately 21,299 employees, including the named executive officers. Under Kroger s long-term incentive plans, the Committee determines the vesting schedule for stock options and restricted stock. During 2014, the Committee granted to the named executive officers: (a) stock options with a five year vesting schedule; and (b) restricted stock with a three or five year vesting schedule (with the exception of one award, which has a one year vesting schedule).

As discussed earlier under Stock Ownership Guidelines, covered individuals, including the named executive officers, must hold 100% of the shares received upon the exercise of stock options or upon the vesting of restricted stock, except those necessary to pay the exercise price of the options and/or applicable taxes, until applicable stock ownership guidelines are met, unless the disposition is approved in advance by the CEO, or by the Board or Compensation Committee for the CEO.

The Committee considers several factors in determining the amount of options, restricted stock, and performance units awarded to the named executive officers or, in the case of the CEO, recommending to the independent directors the amount awarded. These factors include:

- The compensation consultant s benchmarking report regarding equity-based and other long-term compensation awarded by our competitors;
- The officer s level in the organization and the internal relationship of equity-based awards within Kroger;
- Individual performance; and
- The recommendation of the CEO, for all named executive officers other than the CEO.

The Committee has long recognized that the amount of compensation provided to the named executive officers through equity-based pay is often below the amount paid by our competitors. Relatively lower equity-based awards for the named executive officers and other senior management permit a broader base of Kroger employees to participate in equity awards and further emphasizes the pay for performance philosophy.

Amounts of equity awards issued and outstanding for the named executive officers are set forth in the tables that follow this discussion and analysis.

Retirement and Other Benefits

Kroger maintains a defined benefit and several defined contribution retirement plans for its employees. The named executive officers participate in one or more of these plans, as well as one or more excess plans designed to make up the shortfall in retirement benefits created by limitations under the Internal Revenue Code on benefits to highly compensated individuals under qualified plans. Additional details regarding retirement benefits available to the named executive officers can be found in the 2014 Pension Benefits table and the accompanying narrative description that follows this discussion and analysis.

Kroger also maintains an executive deferred compensation plan in which some of the named executive officers participate. This plan is a nonqualified plan under which participants can elect to defer up to 100% of their cash compensation each year. Compensation deferred bears interest, until paid out, at the rate representing Kroger s cost of ten-year debt in the year the rate is set, as determined by the CEO, and reviewed with the Committee, prior to the beginning of each deferral year. In 2014, that rate was 3.25%. Deferred amounts are paid out only in cash, in accordance with a deferral option selected by the participant at the time the deferral election is made.

Kroger also maintains The Kroger Co. Employee Protection Plan, or KEPP, in which all of our management employees and administrative support personnel whose employment is not covered by a collective bargaining agreement, with at least one year of service, are covered. KEPP provides for severance benefits and extended Kroger-paid health care, as well as the continuation of other benefits as described in the plan, when an employee is actually or constructively terminated without cause within two years following a change in control of Kroger (as defined in the plan). Participants are entitled to severance pay of up to 24 months salary and bonus. The actual amount is dependent upon pay level and years of service. KEPP can be amended or terminated by the Board at any time prior to a change in control.

Stock option, restricted stock and performance unit agreements with participants in Kroger s long-term incentive plans provide that those awards vest, with options becoming immediately exercisable, restrictions on restricted stock lapsing, and common shares equal to 50% of the performance units being awarded, upon a change in control as described in the agreements.

Upon Mr. Dillon s retirement, the Board of Directors determined that it was in the best interests of Kroger to amend certain of Mr. Dillon s restricted stock agreements to permit the restrictions on the restricted stock awards to lapse in accordance with the original vesting schedule, provided Mr. Dillon executed a non-compete agreement, which he did. If Mr. Dillon were to breach the terms of his non-compete agreement, the unvested restricted stock would be forfeited.

None of the named executive officers is party to an employment agreement.

PERQUISITES

The Committee does not believe that it is necessary for the attraction or retention of management talent to provide the named executive officers a substantial amount of compensation in the form of perquisites. In 2014, the only perquisites available to our named executive officers were:

- premiums paid on life insurance policies;
- premiums paid on accidental death and dismemberment insurance; and
- premiums paid on long-term disability insurance policies.

Currently, 154 active executives, including the named executive officers, and 98 retired executives, are eligible for these perquisites.

In addition, the named executive officers are entitled to the personal use of Kroger aircraft, which officers may lease from Kroger, making officers more available and allowing for a more efficient use of their time. This is not considered a perquisite as we are reimbursed by the executives for the average variable cost of such use.

The total amount of perquisites furnished to the named executive officers is shown in the Summary Compensation Table and described in more detail in footnote 6 to that table.

Executive Compensation Recoupment Policy

If a material error of facts results in the payment to an executive officer at the level of Group Vice President or higher of an annual bonus or a long-term bonus in an amount higher than otherwise would have been paid, as determined by the Committee, then the officer, upon demand from the Committee, will reimburse Kroger for the amounts that would not have been paid if the error had not occurred. This recoupment policy applies to those amounts paid by Kroger within 36 months prior to the detection and public disclosure of the error. In enforcing the policy, the Committee will take into consideration all factors that it deems appropriate, including:

- The materiality of the amount of payment involved;

The extent to which other benefits were reduced in other years as a result of the achievement of performance levels based on the error;

Individual officer culpability, if any; and

Other factors that should offset the amount of overpayment.

Hedging Policy

After considering best practices related to ownership of company shares, the Board adopted a policy regarding hedging, pledging, and short sales of Kroger securities. Kroger directors and officers are prohibited from engaging, directly or indirectly, in hedging transactions in, or short sales of, Kroger securities. In addition, they are precluded from pledging Kroger securities as collateral for a loan, except to the extent that shares so pledged are in excess of the number of shares the individual is required to maintain in accordance with Kroger s share ownership guidelines more particularly described earlier in this Compensation Discussion and Analysis.

Section 162(m) of the Internal Revenue Code

Tax laws place a deductibility limit of $1,000,000 on some types of compensation for the CEO and the next four most highly compensated officers reported in this proxy because they are among the four highest compensated officers (covered employees). In Kroger s case, this group of individuals is not identical to the group of named executive officers. Compensation that is deemed to be performance-based is excluded for purposes of the calculation and is tax deductible. Awards under Kroger s long-term incentive plans, when payable upon achievement of stated performance criteria, should be considered performance-based and the compensation paid under those plans should be tax deductible. Generally, compensation expense related to stock options awarded to the CEO and the next four most highly compensated officers should be deductible. On the other hand, Kroger s awards of restricted stock that vest solely upon the passage of time are not performance-based. As a result, compensation expense for those awards to the covered employees is not deductible, to the extent that the related compensation expense, plus any other expense for compensation that is not performance-based, exceeds $1,000,000.

Kroger s bonus plans rely on performance criteria, which have been approved by shareholders. As a result, bonuses paid under the plans to the covered employees should be deductible by Kroger.

Kroger s policy is, primarily, to design and administer compensation plans that support the achievement of long-term strategic objectives and enhance shareholder value. Where it is material and supports Kroger s compensation philosophy, the Committee also will attempt to maximize the amount of compensation expense that is deductible by Kroger.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management of the Company the Compensation Discussion and Analysis contained in this proxy statement. Based on its review and discussions with management, the Compensation Committee has recommended to the Company s Board that the Compensation Discussion and Analysis be included in the Company s proxy statement and incorporated by reference into its Annual Report on Form 10-K.

Compensation Committee:

Clyde R. Moore, Chair
Jorge P. Montoya
Susan M. Phillips
James A. Runde

Executive Compensation

Summary Compensation Table

The following table and footnotes provide information regarding the compensation of the named executive officers for the fiscal years presented.

Name and Principal Position (1)	Fiscal Year	Salary	Stock Awards (2)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (5)	All Other Compensation (6)	Total
W. Rodney McMullen	2014	$1,123,393	$ 3,740,251	$ 1,951,394	$ 2,441,546	$ 3,498,396	$ 232,602	$ 12,987,582
Chairman and	2013	$962,731	$ 5,062,435	$ 907,862	$ 1,722,946	$ 63,518	$ 166,329	$ 8,885,821
Chief Executive Officer	2012	$937,732	$ 1,087,655	$ 437,983	$ 1,079,085	$ 1,415,003	$ 124,998	$ 5,082,456
J. Michael Schlotman	2014	$745,313	$ 1,490,700	$ 520,372	$ 1,103,750	$ 1,922,821	$ 113,922	$ 5,896,878
Senior Vice President	2013	$688,599	$ 1,564,689	$ 509,088	$ 1,004,220		$ 85,176	$ 3,851,772
and Chief Financial Officer	2012	$669,787	$ 609,908	$ 245,602	$ 602,146	$ 822,669	$ 60,137	$ 3,010,249
Michael L. Ellis	2014	$785,194	$ 1,615,375	$ 585,418	$ 1,259,301	$ 27,377	$ 117,305	$ 4,389,970
President and	2013	$539,576	$ 1,484,681	$ 236,283	$ 755,571	$ 1,944	$ 75,120	$ 3,093,175
Chief Operating Officer								
Kathleen S. Barclay	2014	$708,417	$ 866,559	$ 455,325	$ 1,107,770		$ 119,694	$ 3,257,765
Senior Vice President	2013	$686,702	$ 1,436,930	$ 307,838	$ 1,026,620		$ 156,169	$ 3,614,259
of Human Resources	2012	$675,972	$ 491,998	$ 148,512	$ 628,271		$ 107,167	$ 2,051,920
Michael J. Donnelly	2014	$651,315	$ 748,051	$ 390,279	$ 1,024,261	$ 341,775	$ 100,305	$ 3,255,986
Senior Vice President	2013	$565,136	$ 1,099,201	$ 236,283	$ 803,052	$ 3,744	$ 81,557	$ 2,778,973
of Merchandising	2012	$540,930	$ 417,576	$ 113,991	$ 483,794	$ 856,477	$ 83,715	$ 2,496,483
David B. Dillon	2014	$1,365,923	$ 3,121,392	$ 1,951,394	$ 2,358,750	$ 17,071	$ 529,018	$ 9,343,548
Former Chairman	2013	$1,346,161	$ 5,709,429	$ 2,781,910	$ 2,456,235	$ 15,376	$ 459,584	$ 12,768,695
	2012	$1,328,320	$ 3,332,852	$ 1,342,088	$ 1,600,065	$ 3,380,527	$ 301,985	$ 11,285,837

(1) Mr. McMullen was promoted to Chief Executive Officer on January 1, 2014 and was appointed Chairman of the Board on January 1, 2015. Mr. Ellis first became a named executive officer in 2013 and became President and Chief Operating Officer on January 1, 2014. Mr. Dillon retired from his position as Chairman of the Board on December 31, 2014. On January 1, 2015, Mr. Dillon began receiving the payout of his accrued and banked vacation, which will continue through August 15, 2015. During this time, he will continue to be eligible for certain benefits, which are described further in this proxy statement where applicable.

(2) The stock awards reflected in the table consist of both time-based awards and performance-based awards granted under the Company s long-term incentive plans. With respect to time-based awards, or restricted stock, the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718 and reflected in the table, is as follows: Mr. McMullen: $2,774,813; Mr. Schlotman: $1,233,250; Mr. Ellis: $1,325,744; Ms. Barclay: $641,290; Mr. Donnelly: $554,963; and Mr. Dillon: $2,774,813.

The value of the performance-based awards, or performance units, reflected in the table is as follows: Mr. McMullen: $965,438; Mr. Schlotman: $257,450; Mr. Ellis: $289,631; Ms. Barclay: $225,269; Mr. Donnelly: $193,088; and Mr. Dillon: $346,579. These amounts reflect the aggregate fair value at the grant date based on the probable outcome of the performance conditions. These amounts are consistent with the estimate of aggregate compensation cost to be recognized by the Company over the three-year performance period of the award determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures. Due to his retirement, Mr. Dillon s performance units will be prorated with service credited through February 28, 2015 and that prorated amount is reported in the table. Prior to prorating, the aggregate fair value at the grant date of his performance units was $965,438.

Assuming that the highest level of performance conditions is achieved, the aggregate fair value of the performance unit awards at the grant date is as follows: Mr. McMullen: $1,930,875; Mr. Schlotman: $514,900; Mr. Ellis: $579,263; Ms. Barclay: $450,538; Mr. Donnelly: $386,175; and Mr. Dillon: $693,158. These amounts are required to be reported in a footnote and are not reflected in the table. Due to his retirement, Mr. Dillon s performance units will be prorated with service credited through February 28, 2015. Prior to prorating, the aggregate fair value of his performance units assuming the highest level of performance conditions is achieved was $1,930,875.

The assumptions used in calculating the valuations are set forth in Note 12 to the consolidated financial statements in Kroger s 10-K for fiscal year 2014 ended January 31, 2015.

(3) These amounts represent the aggregate grant date fair value of option awards computed in accordance with FASB ASC Topic 718. The assumptions used in calculating the valuations are set forth in Note 12 to the consolidated financial statements in Kroger s 10-K for fiscal year 2014 ended January 31, 2015.

(4) Non-equity incentive plan compensation earned for 2014 consists of amounts earned under the 2014 performance-based annual cash bonus program and the 2012 performance-based long-term cash bonus plan.

In accordance with the terms of the 2014 performance-based annual cash bonus program, Kroger paid 121.5% of bonus potentials for the executive officers, including the named executive officers. Payments were made in the following amounts: Mr. McMullen: $1,831,846; Mr. Schlotman: $668,250; Mr. Ellis: $942,793; Ms. Barclay: $668,250; Mr. Donnelly: $668,250; and Mr. Dillon: $1,494,450. These amounts were earned with respect to performance in 2014 and paid in March 2015.

The 2012 Long-Term Cash Bonus Plan is a performance-based bonus plan designed to reward participants for improving the long-term performance of the Company. The plan covered performance during fiscal years 2012, 2013 and 2014 and amounts earned under the plan were paid in March 2015. The cash bonus potential amount equaled the executive s salary in effect on the last day of fiscal 2011. The following amounts represent payouts at 67% of the bonus potentials that were earned under the plan: Mr. McMullen: $609,700; Mr. Schlotman: $435,500; Mr. Ellis: $316,508; Ms. Barclay: $439,520; Mr. Donnelly: $356,011; and Mr. Dillon: $864,300.

(5) Amounts reported for 2014 and 2012 include the change in the actuarial present value of accumulated pension benefits and preferential earnings on nonqualified deferred compensation. Amounts reported for 2013 include only preferential earnings on nonqualified deferred compensation because the changes in pension value were negative, which are not required to be reported in the table in accordance with SEC rules. Ms. Barclay does not participate in a defined benefit pension plan or nonqualified deferred compensation plan. Pension values may fluctuate significantly from year to year depending on a number of factors, including age, years of service, average annual earnings and the assumptions used to determine the present value, such as the discount rate. The change in the actuarial present value of accumulated pension benefits for 2014 was significantly greater than 2013 and 2012 primarily due to a lower discount rate and revised mortality assumptions for 2014. Please see the Pension Benefits section for further information regarding the assumptions used in calculating pension benefits.

Under the Company’s nonqualified deferred compensation plan, deferred compensation earns interest at a rate representing Kroger’s cost of ten-year debt, as determined by the CEO and reviewed by the Compensation Committee prior to the beginning of each deferral year. For each participant, a separate deferral account is created each year and the interest rate established for that year is applied to that deferral account until the deferred compensation is paid out. If the interest rate established by the Company for a particular year exceeds 120% of the applicable federal long-term interest rate that corresponds most closely to the plan rate, the amount by which the plan rate exceeds 120% of the corresponding federal rate is deemed to be above-market or preferential. In thirteen of the twenty-one years in which at least one named executive officer deferred compensation, the rate set under the plan for that year exceeds 120% of the corresponding federal rate. For each of the deferral accounts in which the plan rate is deemed to be above-market, the Company calculates the amount by which the actual annual earnings on the account exceed what the annual earnings would have been if the account earned interest at 120% of the corresponding federal rate, and discloses those amounts as preferential earnings. Amounts deferred in 2014 earn interest at a rate higher than 120% of the corresponding federal rate, accordingly there are preferential earnings on these amounts.

The amount reported for Mr. McMullen includes a change in pension value in the amount of $3,426,477 and preferential earnings on nonqualified deferred compensation in the amount of $71,919. The amount reported for Mr. Schlotman includes only a change in pension value. The amount reported for Mr. Ellis includes a change in pension value in the amount of $23,444 and preferential earnings on nonqualified deferred compensation in the amount of $3,933. The amount reported for Mr. Donnelly includes a change in pension value in the amount of $337,634 and preferential earnings on nonqualified deferred compensation in the amount of $4,141. The amount reported for Mr. Dillon includes only preferential earnings on nonqualified deferred compensation because the actuarial present value of accumulated pension benefits under his pension plans decreased by $264,282.

(6) The following table provides the items and amounts included in the All Other Compensation column for 2014.

	Life Insurance Premium	Accidental Death and Dismemberment Insurance Premium	Long-Term Disability Insurance Premium	Payment of Dividend Equivalents on Earned Performance Units	Dividends Paid on Unvested Restricted Stock	Other
Mr. McMullen	$ 55,221	$ 228	$ 3,489	$ 29,215	$ 144,449	
Mr. Schlotman	$ 49,172	$ 228		$ 16,382	$ 48,140	
Mr. Ellis	$ 43,002	$ 228	$ 3,489	$ 6,596	$ 45,615	$ 18,375
Ms. Barclay	$ 67,581	$ 228		$ 9,906	$ 31,082	$ 10,897
Mr. Donnelly	$ 55,879	$ 228	$ 3,481	$ 7,604	$ 33,113	
Mr. Dillon	$ 242,691	$ 228		$ 89,521	$ 196,253	$ 325

The amounts reported in Other column for Mr. Ellis and Ms. Barclay represent the Company s matching contribution to the their 401(k) savings plan accounts. The amount reported in the Other column for Mr. Dillon represents the value of a retirement gift.

2014 Grants of Plan-Based Awards

The following table provides information about equity and non-equity incentive awards granted to the named executive officers in fiscal 2014.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Target ($)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)	Estimated Future Payouts Under Equity Incentive Plan Awards Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#) (4)	All Other Option Awards: Number of Securities Underlying Options (#) (5)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
W. Rodney McMullen		$ 1,507,692(1)	$ 3,015,384(1)						
		$ 687,500(2)	$ 1,100,000(2)						
	7/15/2014					56,250			$ 2,774,813
	7/15/2014						150,000	$ 49.33	$ 1,951,394
	7/15/2014			23,438(3)	37,500(3)				$ 965,438
J. Michael Schlotman		$ 550,000(1)	$ 1,100,000(1)						
		$ 459,375(2)	$ 735,000(2)						
	7/15/2014								