

Kroger: A True Retail Giant

IN THIS TOUGH ECONOMY...

...more families are cutting back and eating at home—preferring to buy food at the grocery store instead of at restaurants. This has meant that while all businesses have been affected by the recession, grocery stores have suffered less. And Kroger has seen business suffer very little, still enjoying extraordinary profits as probably the most successful player in the grocery industry.

Kroger is the national grocery market share leader among conventional grocers. At about 13%, it is second only to Wal-Mart, and is poised to further expand market share with its continued success.

THE NUMBERS show this clearly.

The company believes that it will see even more success as its high quality offerings help retain some of these new customers after the recession. And Kroger's executives are clearly reaping the rewards of that continuing success.

So why not share the success with the grocery workers who work hard every day to make it possible?

It's the right thing to do.

BY THE NUMBERS

Most recent fiscal year:

- Total sales were \$76 billion, a growth of 8.2% over fiscal 2007, and net sales were \$1.25 billion, a growth of 5.8% over fiscal 2007.
- The amount of profit per dollar the company generated held steady from 2007 to 2008.
- Kroger continued to gain market share in 36 of its 42 major markets, and believes it will continue to gain even more in months to come.

And in the most recent quarter:

- Total sales were \$17.7 billion this quarter, a decline from \$18.1 billion over last year—but this is due to the decline in fuel prices.
- Excluding fuel, supermarket sales were up 3.5%.
- Kroger had a decline in quarterly profits—down from \$276.4 million to \$254.4 million. Identical store sales, excluding fuel, were up 2.6%.
- Kroger continues to see strong sales in deli and bakery, which is at least partly because of former restaurant-goers trading down to prepared food at the grocery.

And Kroger's executives are being rewarded for the company's continuing dominance of the industry:

- In fiscal year 2008 (which ended January 31, 2009), David Dillon, the Chairman and CEO of Kroger, earned \$1,220,000 in base salary, and his total compensation was over \$8 million.
- The other four top officers received total compensation of between \$1.8 – 3.9 million.