

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2015 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2015 or fiscal plan year beginning <u>01/01/2015</u> and ending <u>12/31/2015</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan	1b Three-digit plan number (PN) ▶ <u>006</u> 1c Effective date of plan <u>07/01/1977</u>
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)	2b Employer Identification Number (EIN) <u>31-0345740</u> 2c Plan Sponsor's telephone number <u>513-762-4581</u> 2d Business code (see instructions) <u>445110</u>
<u>THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN</u> <u>1014 VINE ST</u> <u>CINCINNATI, OH 45202</u> <u>1014 VINE ST</u> <u>CINCINNATI, OH 45202</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2016	THERESA MONTI
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2016	THERESA MONTI
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number) <u>DEREK COURTS</u>			Preparer's telephone number <u>513-762-4581</u>

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 31773
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year.....	6a(1) 34163
a(2) Total number of active participants at the end of the plan year	6a(2) 32186
b Retired or separated participants receiving benefits.....	6b 12553
c Other retired or separated participants entitled to future benefits.....	6c 12665
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 57404
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 1700
f Total. Add lines 6d and 6e	6f 59104
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 21
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1D 1C	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III	Form M-1 Compliance Information (to be completed by welfare benefit plans)
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11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2015 Form M-1 annual report. If the plan was not required to file the 2015 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2015 This Form is Open to Public Inspection
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

Round off amounts to nearest dollar.
Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN	B Three-digit plan number (PN) 006
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF THE KROGER CO.	D Employer Identification Number (EIN) 31-0345740

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B **F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2015			
2 Assets:			
a Market value	2a	2859601955	
b Actuarial value	2b	2879201141	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	13931	1108926684	1108926684
b For terminated vested participants	14045	249434623	249434623
c For active participants	34163	1263800620	1314014761
d Total	62139	2622161927	2672376068
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.25%	
6 Target normal cost	6	53981620	

Statement by Enrolled Actuary
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE			09/30/2016
Signature of actuary		Date	
DAREN L. ANDERSON		14-06530	
Type or print name of actuary		Most recent enrollment number	
MERCER		612-642-8600	
Firm name		Telephone number (including area code)	
333 SOUTH 7TH STREET, SUITE 1400 MINNEAPOLIS, MN 55402-2427			
Address of the firm			

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	74680882
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	74680882
10 Interest on line 9 using prior year's actual return of <u>5.37</u> %	0	4010363
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.46</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance.....		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections		0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	0	78691245

Part III Funding Percentages		
14 Funding target attainment percentage.....	14	104.79 %
15 Adjusted funding target attainment percentage	15	107.73 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	104.91 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ►			18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No		
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?..... ☐ Yes ☐ No		
c If line 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of quarter of this plan year		
(1) 1st	(2) 2nd	(3) 3rd

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.72 %	2nd segment: 6.11 %	3rd segment: 6.81 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	53981620	
b Excess assets, if applicable, but not greater than line 31a	31b	53981620	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2015 This Form is Open to Public Inspection.
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN	B Three-digit plan number (PN) ▶ 006
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C Plan or DFE sponsor's name as shown on line 2a of Form 5500 THE KROGER CO.	D Employer Identification Number (EIN) 31-0345740
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Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: THE KROGER CO. MASTER RETIREMENT TR

b Name of sponsor of entity listed in (a): THE KROGER CO.

c EIN-PN 31-0345740-008	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2667851000
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2015 This Form is Open to Public Inspection
For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015		
A Name of plan THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN	B Three-digit plan number (PN) ►	006
C Plan sponsor's name as shown on line 2a of Form 5500 THE KROGER CO.	D Employer Identification Number (EIN) 31-0345740	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	2865798000	2667851000
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	2865798000	2667851000

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	6747000	1726000
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	6747000	1726000

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	2859051000	2666125000
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		0
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		-16585000
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		-16585000

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	146570000	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		146570000
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	29771000	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		29771000
j Total expenses. Add all expense amounts in column (b) and enter total	2j		176341000

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-192926000
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLARK, SCHAEFER, HACKETT & CO.

(2) EIN: 31-0800053

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

	Yes	No	N/A	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)		X		
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)		X		

	Yes	No	N/A	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X		
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X		
e Was this plan covered by a fidelity bond?	X			500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X		
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X		
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X		
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)		X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X		
l Has the plan failed to provide any benefit when due under the plan?		X		
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.				
o Did the plan trust incur unrelated business taxable income?				
p Were in-service distributions made during the plan year?				

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2015 This Form is Open to Public Inspection.
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan <u>THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN</u>	B Three-digit plan number (PN) ▶ <u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE KROGER CO.</u>	D Employer Identification Number (EIN) <u>31-0345740</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>31-0345740</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>2057</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2015
v. 150123

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
----------------	---

18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)
	a Enter the percentage of plan assets held as: Stock: <u>18.7%</u> Investment-Grade Debt: <u>6.7%</u> High-Yield Debt: <u>13.5%</u> Real Estate: <u>4.0%</u> Other: <u>57.1%</u>
	b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
	c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☒ Modified duration ☐ Other (specify):

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan?	☐ Yes	☐ No
20b If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)?	☐ Design-based safe harbor method	☐ ADP/ACP test
20c If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))?	☐ Yes	☐ No
21a Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b):	☐ Ratio percentage test	☐ Average benefit test
21b Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?	☐ Yes	☐ No
22a Has the plan been timely amended for all required tax law changes?	☐ Yes	☐ No ☐ N/A
22b Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code _____. (See instructions for tax law changes and codes).		
22c If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter ____/____/____ and the letter's serial number _____.		
22d If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter ____/____/____.		
23 Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)?	☐ Yes	☐ No

**THE KROGER CONSOLIDATED RETIREMENT
BENEFIT PLAN**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

December 31, 2015 and 2014

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
INDEX OF FINANCIAL STATEMENTS
December 31, 2015 and December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To The Retirement Management Committee of
The Kroger Consolidated Retirement Benefit Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The Kroger Consolidated Retirement Benefit Plan, which comprise the statements of net assets available for benefits and of accumulated plan benefits as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 6 and 7, which was certified by The Bank of New York Mellon, the trustee of the Plan, except for comparing such information with the related

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information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2015 and 2014 and for the year ended December 31, 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 12, 2016

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
as of December 31, 2015 and December 31, 2014
(in thousands)

	<u>2015</u>	<u>2014</u>
ASSETS		
Investment in master trust, at fair value (Notes 6 and 7)	<u>\$ 2,667,851</u>	<u>\$ 2,865,798</u>
Total assets	<u>2,667,851</u>	<u>2,865,798</u>
LIABILITIES		
Accounts payable	<u>1,726</u>	<u>6,747</u>
Total liabilities	<u>1,726</u>	<u>6,747</u>
Net assets available for benefits	<u><u>\$ 2,666,125</u></u>	<u><u>\$ 2,859,051</u></u>

The accompanying notes are an integral part of the financial statements.

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2015
(in thousands)

Deductions From Net Assets

Net loss from investment in master trust (Notes 6 & 7)	\$ 16,585
Retirement benefits	146,570
Administrative expenses	<u>29,771</u>
Total deductions from net assets	<u>192,926</u>

Net assets available for benefits:

Beginning of year	<u>2,859,051</u>
End of year	<u><u>\$ 2,666,125</u></u>

The accompanying notes are an integral part of the financial statements.

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
STATEMENTS OF ACCUMULATED PLAN BENEFITS
as of December 31, 2015 and December 31, 2014
(in thousands)

	<u>2015</u>	<u>2014</u>
Actuarial present value of accumulated plan benefits (Notes 2 and 5):		
Vested benefits:		
Participants currently receiving payments	\$ 897,878	\$ 847,430
Other participants	<u>1,469,654</u>	<u>1,469,631</u>
	<u>2,367,532</u>	<u>2,317,061</u>
Nonvested benefits	<u>53,434</u>	<u>71,187</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 2,420,966</u></u>	<u><u>\$ 2,388,248</u></u>

The accompanying notes are an integral part of the financial statements.

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS
for the year ended December 31, 2015
(in thousands)

Actuarial present value of accumulated plan benefits at December 31, 2014	\$ 2,388,248
Increase (decrease) during the year attributable to:	
Change in actuarial assumptions	33,197
Increase for interest due to decrease in discount period	135,355
Benefits paid	(146,570)
Benefits accumulated	<u>10,736</u>
Net increase	<u>32,718</u>
Actuarial present value of accumulated plan benefits at December 31, 2015	<u><u>\$ 2,420,966</u></u>

The accompanying notes are an integral part of the financial statements.

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

1. DESCRIPTION OF THE PLAN:

Information about The Kroger Consolidated Retirement Benefit Plan (the Plan) document, the vesting and benefit provisions and the Pension Benefit Guaranty Corporation's (PBGC) benefit guarantee is contained in the Plan's Summary Plan Description. Copies of this document are available from The Kroger Co.'s (the Company) Total Rewards Department.

Pension Benefits

Benefits are determined based on the original plan in which a participant had participated. Participants should refer to the Plan document for a complete description of the benefit calculation formulas. Plan participants are eligible for their plan benefit after termination of employment with vested rights. Participants become vested in the Plan upon completion of five years of participating service or attainment of normal retirement age (65). Upon termination of employment, participants receive their vested benefit in the form of a monthly annuity. Benefits are recorded upon distribution.

The Company discontinued the accrual of additional benefits under the Company's cash balance formula of the Consolidated Retirement Benefit Plan (the Cash Balance Plan) effective January 1, 2007. Participants in the Cash Balance Plan will continue to earn interest credits on their accrued benefit balance as of December 31, 2006, based on average Treasury rates, but will no longer accrue cash balance pay credits under the Cash Balance Plan after December 31, 2006. Participants become vested in the Plan upon completion of three years of participating service or attainment of normal retirement age (65). Upon termination of employment, participants have the option of receiving their vested benefit in the form of a lump sum payment or a monthly annuity. Benefits are recorded upon distribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following describes the significant accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

that affect the reported amount of assets, liabilities and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The actuarial present value of accumulated plan benefits is reported based on certain assumptions such as interest rates and employee demographics, which are subject to change. Inherent uncertainties in such assumptions in the near term could cause the values of actual accumulated plan benefits to differ materially from the amounts reported herein.

Risks and Uncertainties

The Plan invests in various investment securities through a Master Trust. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that the values of investment securities in the near term could differ materially from the amounts reported herein.

Organization

The Plan covers all employees, excluding leased employees, employees covered by a collective bargaining agreement that excludes participation, independent contractors, and employees covered by a separate defined benefit pension plan maintained by the Company or any affiliate employer. The Plan is closed to practically all new participants as of December 31, 2006.

Investment Valuation

Plan investments consist of an ownership interest in the securities held in The Kroger Co. Master Retirement Trust (Master Trust) administered by a financial institution. The Plan had a 98.96% ownership interest in the Master Trust at December 31, 2015 and 98.97% ownership at December 31, 2014. Securities held in the Master Trust, (U.S. government obligations, corporate bonds and common and preferred stocks) traded on a national securities exchange were valued at the last reported sales price on the last business day of the year; listed securities for which no sale was reported on that date were valued at the last reported bid price. The fair values of alternative investments held in the Master Trust have been determined based on estimates using observable inputs, non-observable inputs, and information provided by the fund managers or general partners of the related investments.

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under the Plan's provisions to the services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, and (b) present employees or their beneficiaries. Benefits under the Plan are based on employees' number of pension credit years earned. The accumulated plan benefits for active employees are based on the number of pension credit years earned on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances -- retirement, death, disability, and termination of employment -- are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial method used in determining normal costs and prior service costs is the Projected Unit Credit Method.

Derivative Financial Instruments

The Master Trust enters into swap contracts to manage market exposure and risk to achieve the investment objectives of the Plan. These contracts involve elements of market risk in excess of amounts recognized in the statements of net assets available for benefits. The credit risk associated with these contracts is minimal because collateral is exchanged daily and the Plan deals only with high caliber counterparties.

During 2015 and 2014, the Master Trust had equity contracts and fixed income contracts. Payments are made or received by the Master Trust monthly, depending on the daily fluctuation in the value of the underlying contracts.

At December 31, 2015 and 2014, the Master Trust had equity futures contracts with notional amounts of approximately \$73 million and \$77 million, respectively. At December 31, 2015 and 2014, the Master Trust had fixed income future contracts with notional amounts of approximately \$372 million and \$370 million, respectively. Notional amounts do not quantify risk or represent assets or liabilities of the Plan, but are used in the calculation of cash settlements under the contracts.

The fair value of futures contracts included in the Master Trust is not material at December 31, 2015 and 2014 because settlements are made by cash monthly or quarterly. Collateral is exchanged daily. Collateral held is not reflected in our financials whereas collateral provided is reflected. Changes in fair value are accounted for as net appreciation/depreciation in fair value of investments.

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Administrative Expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the Plan document. Expenses paid by the Company are excluded from these financial statements.

Other

Purchases and sales of securities are reflected on a trade date basis. Gain or loss on sales of securities is based on average cost. Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis.

In accordance with the policy of stating investments at fair value, net unrealized appreciation or depreciation for the year is reflected in the statement of changes in net assets available for benefits.

Accounting Change

Recently issued accounting pronouncements—The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-12, "Plan Accounting: Defined Benefit Pension Plans (Topic 960): (Part 1) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, and (Part III) Measurement Date – Practical Expedient." ASU 2015-12 simplifies disclosures and reporting by employee benefit plans. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015, with earlier adoption permitted. The Plan has elected to early adopt Part II of ASU 2015-12, applied retrospectively to all periods presented. This change has no impact on net assets available for benefits.

Reclassification

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

Subsequent Events

The Plan has evaluated subsequent events through October 12, 2016 the date the financial statements were available to be issued.

3. FUNDING POLICY:

Funding for the Plan is based upon a review of specific requirements and upon evaluation of the assets and liabilities of the Plan.

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Contributions are determined pursuant to actuarial calculations and are made to the Plan in accordance with the funding requirements prescribed by Employee Retirement Income Security Act of 1974 (ERISA). These requirements generally require a contribution sufficient to fund the current year service cost and a portion of any unfunded past service liability. The yield (interest, dividends, and net realized and unrealized gains and losses) on investment of the Plan serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Plan. The Plan has met the ERISA minimum funding requirements. No contribution was required to be made for the 2015 Plan year.

4. TERMINATION PRIORITIES:

While the Company has not expressed any intent to discontinue its contributions, it is free to do so at any time, subject to penalties set forth by ERISA. In the event such discontinuance results in the termination of the Plan, the Plan provides that the net assets of the Plan shall be allocated among the participants and beneficiaries of the Plan in the order provided for in ERISA, and any amounts remaining after said allocation will be returned to the Company. To the extent unfunded vested benefits exist, ERISA provides that such benefits are payable by the PBGC to participants, up to specified limitations, as described in ERISA.

5. ACCUMULATED PLAN BENEFITS:

Consulting actuaries from Mercer estimate the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The more significant assumptions underlying the actuarial computations are:

Discount rate.....7.42%, compounded annually (7.50% in 2014).

Employee turnover Annual rate of termination is based on a study of the Company's actual experience.

Mortality basis Mercer Industry Specific Consumer Goods & Food and Drink mortality table for annuitants and Mercer Modified 2007 mortality table for non-annuitants using the Mercer Modified 2007 projection scale.

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
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Retirement:

Normal retirement.....The later of the first of month coinciding with or next following the attainment of age 65 or five years of participation service.

Early retirement.....The early retirement rates are based upon an analysis of actual retirements.

Asset valuation method Market value of assets.

Primary Social Security Benefits.....Primary Social Security Benefits are based on the law in effect on the valuation date. Future annual inflation is assumed at 2.75%. (2.75% in 2014).

6. UNAUDITED INFORMATION:

The Plan administrator has elected the method of compliance permitted by Section 2520.103-8 of the Department of Labor's Rules and Regulations for the Reporting and Disclosure under ERISA. Accordingly, the information with respect to investments and investment transactions at December 31, 2015 and 2014, and for the year ended December 31, 2015, has not been audited by the independent auditors.

The Bank of New York Mellon, the trustee for the Plan as of December 31, 2015 and 2014, holds the Plan's investment assets and executes transactions therein. The financial information relating to the assets is included in the accompanying financial statements and is based on information certified by the trustee. The information certified by the trustee, which has not been audited by independent public auditors, is summarized as follows (in thousands):

	December 31, 2015
Investments	<u>\$ 2,667,851</u>
Changes in Net Assets	
Additions/(deductions):	
Net unrealized depreciation in fair value of investments	\$ (117,361)
Interest, dividend & other income	17,950
Gain realized on disposition of investments	<u>82,826</u>
Total deductions	<u>\$ (16,585)</u>

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN
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December 31, 2015 and 2014

7. INVESTMENTS (Unaudited):

Investments held by the Plan at December 31, 2015 and 2014 and the related income or loss for the years then ended are (in thousands):

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
		Loss on		Income on
	Fair Value	Investment in	Fair Value	Investment in
		Master Trust		Master Trust
Interest in the Kroger Co.				
Master Retirement Trust	\$ 2,667,851	\$ (16,585)	\$ 2,865,798	\$ 156,203

The income or loss on the investment in the Master Trust is comprised mainly of changes in the fair value of the investments held in the Master Trust. The changes in net unrealized appreciation (depreciation) represent changes in the difference between cost and fair market value of investments held during 2015 and 2014.

The Master Trust holds assets for trading purposes relating to this plan and one other employee defined benefit plan administered by the Company. The value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At December 31, 2015 and 2014, the Plan's ownership interest in the Master Trust was 98.96% and 98.97%, respectively. The following is summarized financial data related to the Master Trust at December 31, 2015 and 2014, and for the years then ended (in thousands):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	Fair Value	Fair Value
Cash and cash equivalents	\$ 40,345	\$ 87,996
Corporate stocks	222,552	286,776
Corporate bonds	19,333	17,211
U.S. Government obligations	89,377	84,470
Partnerships/Joint Ventures	119,388	465,347
Mutual Funds/Coll. Trusts	707,273	460,099
Hedge Funds	1,066,347	1,128,917
Private Equity	229,105	216,452
Real Estate	106,792	105,989
Other	110,129	568,223
Net Receivables	41,621	13,910
Net Payables	(56,551)	(539,800)
	<u>\$ 2,695,711</u>	<u>\$ 2,895,590</u>

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Change in The Kroger Co. Master Retirement Trust Assets (in thousands):

	For the year ended December 31, 2015	For the year ended December 31, 2014
Net unrealized appreciation (depreciation)		
Interest bearing cash	\$ 16	\$ (1)
Corporate stock	(15,378)	(18,890)
Corporate bonds	(287)	46
U.S. Government obligations	(887)	288
Partnerships/Joint Ventures	(60,804)	(2,641)
Mutual Funds/Collective Trusts	(38,905)	(9,443)
Other investments	(2,381)	11,358
	<u>(118,626)</u>	<u>(19,283)</u>
Net depreciation	(118,626)	(19,283)
Gain realized on disposition of assets	83,692	139,839
Interest and dividend income	18,138	37,353
Transfers from other plan	-	54
	<u>(16,796)</u>	<u>157,963</u>
Net additions/(deductions)	(16,796)	157,963
Transfers out for benefits paid	(147,825)	(147,721)
Transfers out for administrative expense	(35,258)	(16,232)
	<u>(183,083)</u>	<u>(163,953)</u>
Total deductions	(183,083)	(163,953)
Net decrease	(199,879)	(5,990)
Net assets at beginning of year	<u>2,895,590</u>	<u>2,901,580</u>
Net assets at end of year	<u><u>\$ 2,695,711</u></u>	<u><u>\$ 2,895,590</u></u>

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8. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles provide the framework for measuring fair value, and expand disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) regardless of whether an observable liquid market price exists.

Professional standards establish the fair value hierarchy that categorizes the inputs to valuation techniques that are used to measure fair value into three levels:

- Level 1 includes observable inputs which reflect quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 includes observable inputs for assets or liabilities other than quoted prices included in Level 1 and it includes valuation techniques which use prices for similar assets and liabilities.
- Level 3 includes unobservable inputs which reflect the reporting entity's estimates of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methods used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2015 or 2014.

- Cash and Cash Equivalents: The carrying value approximates fair value.
- Corporate Stocks: The fair values of these securities are based on observable market quotations for identical assets and are valued at the closing price reported on the active market on which the individual securities are traded.
- Corporate Bonds: The fair values of these securities are primarily based on observable market quotations for identical or similar bonds, valued at the closing price reported on the active market on which the individual securities are traded. When such quoted prices are not available, the bonds are valued using a discounted cash flows approach using current yields on similar instruments of issuers with similar credit ratings, including adjustments for certain risks that may not be observable, such as credit and liquidity risks.
- U.S. Government Securities: Certain U.S. government securities are valued at the closing price reported in the active market in which the security is traded. Other U.S. government securities

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are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar securities, the security is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

- **Mutual Funds/Collective Trusts:** Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded. The collective trust funds are public investment vehicles valued using a NAV provided by the manager of each fund. The NAV is based on the underlying net assets owned by the fund, divided by the number of shares outstanding. The NAV's unit price is quoted on a private market that is not active. However, the NAV is based on the fair value of the underlying securities within the fund, which are traded on an active market, and valued at the closing price reported on the active market on which those individual securities are traded. The significant investment strategies of the funds are as described in the financial statements provided by each fund. There are no restrictions on redemptions from these funds.
- **Partnerships/Joint Ventures:** These funds consist primarily of U.S. government securities, corporate bonds, and corporate stocks, which are valued in a manner consistent with these types of investments, noted above.
- **Hedge Funds:** Hedge funds are private investment vehicles valued using a NAV provided by the manager of each fund. The NAV is based on the underlying net assets owned by the fund, divided by the number of shares outstanding. The NAV's unit price is quoted on a private market that is not active. The NAV is based on the fair value of the underlying securities within the fund, which are typically traded on an active market, and valued at the closing price reported on the active market on which those individual securities are traded. For investments not traded on an active market, or for which a quoted price is not publicly available, a variety of unobservable valuation methodologies, including discounted cash flow, market multiple and cost valuation approaches, are employed by the fund manager to value investments. Fair values of all investments are adjusted annually, if necessary, based on audits of the Hedge Fund financial statements; such adjustments are reflected in the Plan financial statements.
- **Private Equity:** Private equity investments are valued based on the fair value of the underlying securities within the fund, which include investments both traded on an active market and not traded on an active market. For those investments that are traded on an active market, the values are based on the closing price reported on the active market on which those individual securities are traded. For investments not traded on an active market, or for which a quoted price is not publicly available, a variety of unobservable valuation methodologies, including

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discounted cash flow, market multiple and cost valuation approaches, are employed by the fund manager to value investments. Fair values of all investments are adjusted annually, if necessary, based on audits of the private equity fund financial statements; such adjustments are reflected in the Plan financial statements.

- Real Estate: Real estate investments include investments in real estate funds managed by a fund manager. These investments are valued using a variety of unobservable valuation methodologies, including discounted cash flow, market multiple and cost valuation approaches, by the fund manager to value investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement.

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The following table sets forth by level, within the fair value hierarchy, the Master Trust assets at fair value as of December 31, 2015:

	(in thousands)			
	Assets at Fair Value as of December 31, 2015 Using:			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
<u>Investments:</u>				
Cash and Cash Equivalents	\$ 40,345	\$ 40,345		
Corporate Stocks	222,552	222,552		
Corporate Bonds	19,333		\$ 19,333	
U.S. Government Obligations	89,377		89,377	
Mutual Funds/Collective Trusts	707,273	62,390	644,883	
Partnerships/Joint Ventures	119,388		119,388	
Hedge Funds	1,066,347			\$ 1,066,347
Private Equity	229,105			229,105
Real Estate	106,792			106,792
Other	110,129		110,129	
Total Investments	<u>\$ 2,710,641</u>	<u>\$ 325,287</u>	<u>\$ 983,110</u>	<u>\$ 1,402,244</u>

The following table sets forth by level, within the fair value hierarchy, the Master Trust assets at fair value as of December 31, 2014:

	(in thousands)			
	Assets at Fair Value as of December 31, 2014 Using:			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
<u>Investments:</u>				
Cash and Cash Equivalents	\$ 87,996	\$ 87,996		
Corporate Stocks	286,776	286,776		
Corporate Bonds	17,211		\$ 17,211	
U.S. Government Obligations	84,470		84,470	
Mutual Funds/Collective Trusts	460,099	101,230	358,869	
Partnerships/Joint Ventures	465,347		465,347	
Hedge Funds	1,128,917			\$ 1,128,917
Private Equity	216,452			216,452
Real Estate	105,989			105,989
Other	568,223		568,223	
Total Investments	<u>\$ 3,421,480</u>	<u>\$ 476,002</u>	<u>\$ 1,494,120</u>	<u>\$ 1,451,358</u>

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For measurements using significant unobservable inputs (Level 3) during 2015, a reconciliation of the beginning and ending balances is as follows (in thousands):

	<u>Hedge Funds</u>	<u>Private Equity</u>	<u>Real Estate</u>
Beginning balance, January 1, 2015	\$1,128,917	\$216,452	\$105,989
Contributions into fund	209,954	48,609	14,110
Realized gains	42,184	26,736	8,825
Unrealized gains (losses)	(19,291)	(5,892)	3,492
Distributions	(295,215)	(52,524)	(24,714)
Other	(202)	(4,276)	(910)
Ending balance, December 31, 2015	<u>\$1,066,347</u>	<u>\$229,105</u>	<u>\$106,792</u>

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date:

(\$19,291)	(\$5,892)	\$3,492
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Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in fair value of investments in the statement of changes in net assets available for benefits of the Master Trust.

Fair Value of Investments in Entities that Use Net Asset Value

The following table summarizes investments measured at fair value based on net asset value (NAVs) per share as of December 31, 2015 and 2014, respectively.

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Mutual Funds/Collective Trusts

December 31, 2015	Fair Value (in thousands)	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Mutual Funds/Collective Trusts	\$ 707,273	n/a	Daily - Monthly	1 to 60 Days

Hedge Funds

December 31, 2015	Fair Value (in thousands)	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge Funds	\$ 1,066,347	\$ 46,540	Bi-Monthly - 3 Years	2 to 197 days

Mutual Funds/Collective Trusts

December 31, 2014	Fair Value (in thousands)	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Mutual Funds/Collective Trusts	\$ 460,099	n/a	Daily - Monthly	1 Day – 60 Days

Hedge Funds

December 31, 2014	Fair Value (in thousands)	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge Funds	\$ 1,128,917	\$ 41,808	Bi-Monthly - 2 Years	2 to 185 days

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those instruments, and the significant unobservable inputs and the ranges of values for those inputs, as of December 31, 2015.

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Instrument	Fair Value (in thousands)	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Hedge Funds	\$ 1,066,347	Discounted Cash Flows	Asset Backed Securities (ABS)	N/A	N/A
		Discounted Cash Flows	Bank Debt/Loans	N/A	N/A
		Broker / Dealer Quotes	Collateralized Debt Obligation (CDO)	N/A	N/A
		Broker / Dealer Quotes	Collateralized Loan Obligations (CLO)	N/A	N/A
		Broker / Dealer Quotes	Collateralized Mortgage Obligations (CMO)	N/A	N/A
		Broker / Dealer Quotes	Commercial Mortgage-Backed Securities (CMBS)	N/A	N/A
		Broker / Dealer Quotes	Credit Default Swap (CDS)	N/A	N/A
		Market Approach	Investments in affiliated funds	N/A	N/A
		Discounted Cash Flows	Mortgage Backed Securities (MBS)	N/A	N/A
		Market Approach	Private Debt	N/A	N/A
		Market Approach	Private Equity	N/A	N/A
		Discounted Cash Flows	Real Estate	N/A	N/A
		Discounted Cash Flows	Total Return Swaps	N/A	N/A
		Market Approach	Trade Claims	N/A	N/A
		Market Approach	Warrants	N/A	N/A
Private Equity	\$ 229,105	Market Approach	Valuation of comparable publicly traded companies	N/A	N/A
		Market Approach	Recent transactions involving comparable privately held companies	N/A	N/A
		Market Approach	Recent transactions involving the portfolio company or its securities/instruments	N/A	N/A
		Discounted Cash Flow	Discounted cash flow ("DCF") analysis of the portfolio company	N/A	N/A
		Market Approach	Other factors that materially impact the value of the portfolio company (e.g., operating results, financial condition, achievement of milestones and economic or market events)	N/A	N/A

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Instrument	Fair Value (in thousands)	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Real Estate	\$ 106,792	Discounted cash flow	Projection of future cash flows discounted back to a net present value of the asset – assumptions made with regard to exit cap rate and discount rate	N/A	N/A
		Direct Capitalization	Observed market capitalization rate applied to current net operating income – Assumptions made with regard to current market cap rate	N/A	N/A
		Market comparable analysis	Observe specific recent transactions for properties of similar location, property type and quality and apply a similar price per square foot or price per unit – Assumptions made with regard to property quality, location and lease terms of comparables.	N/A	N/A
		Broker quotes (predominantly for illiquid debt instruments)	Receive quotes from broker(s) for identical or similar loans/properties recently traded – Assumptions made with regard to liquidity and comparability of the loan terms	N/A	N/A
		Transaction pricing	When a property is currently under letter of intent (“LOI”) to be sold at a specific price but the transaction has not yet closed – Assumption is that the transaction will close, and at the stated price.	N/A	N/A

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9. TAX STATUS:

The Plan obtained its latest determination letter dated November 10, 2011, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. Plan management and Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

10. RELATED PARTY TRANSACTION:

The Bank of New York Mellon is the trustee of the Plan as well as the Master Trust. The Plan pays trustee fees through the Master Trust to the Bank of New York Mellon. As described in Note 2, the Plan paid certain expenses related to operations and investment activity to various service providers. These transactions are party-in-interest transactions under ERISA.

For the years presented, the Plan sponsor provided administrative services to the Plan without charge.

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2015 This Form is Open to Public Inspection
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

► Round off amounts to nearest dollar.

► Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN	B Three-digit plan number (PN) ►	006
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF THE KROGER CO.	D Employer Identification Number (EIN) 31-0345740	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2015</u>			
2 Assets:			
a Market value	2a	2,859,601,955	
b Actuarial value	2b	2,879,201,141	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	13,931	1,108,926,684	1,108,926,684
b For terminated vested participants	14,045	249,434,623	249,434,623
c For active participants	34,163	1,263,800,620	1,314,014,761
d Total	62,139	2,622,161,927	2,672,376,068
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5		6.25%
6 Target normal cost	6		53,981,620

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	 Signature of actuary	<u>9/30/2016</u> Date 1406530 Most recent enrollment number 612-642-8600 Telephone number (including area code)
DAREN L. ANDERSON Type or print name of actuary MERCER Firm name 333 SOUTH 7TH STREET, SUITE 1400 MINNEAPOLIS MN 55402-2427 Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	0	74,680,882
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8).....	0	74,680,882
10 Interest on line 9 using prior year's actual return of <u>5.37%</u>	0	4,010,363
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.40%</u>		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance.....		0
d Portion of (c) to be added to prefunding balance.....		0
12 Other reductions in balances due to elections or deemed elections.....		0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	78,691,245

Part III Funding Percentages

14 Funding target attainment percentage	14	104.79%
15 Adjusted funding target attainment percentage	15	107.73%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	104.91%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	0

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.72%	2nd segment: 6.11%	3rd segment: 6.81%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions)	☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):												
a Target normal cost (line 6)	31a	53,981,620										
b Excess assets, if applicable, but not greater than line 31a	31b	53,981,620										
32 Amortization installments:	<table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td>a Net shortfall amortization installment</td> <td>0</td> <td>0</td> </tr> <tr> <td>b Waiver amortization installment</td> <td>0</td> <td>0</td> </tr> </tbody> </table>				Outstanding Balance	Installment	a Net shortfall amortization installment	0	0	b Waiver amortization installment	0	0
	Outstanding Balance	Installment										
a Net shortfall amortization installment	0	0										
b Waiver amortization installment	0	0										
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33											
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0										
		Carryover balance	Prefunding balance									
35 Balances elected for use to offset funding requirement		0	0									
36 Additional cash requirement (line 34 minus line 35)	36	0										
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0										
38 Present value of excess contributions for current year (see instructions)												
a Total (excess, if any, of line 37 over line 36)	38a	0										
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0										
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0										
40 Unpaid minimum required contributions for all years	40	0										

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Schedule SB, line 26 — Schedule of Active Participant Data**Distribution of Active Participants as of January 1, 2015**

Attained age	Years of credited service										
	Under 1	1–4	5–9	10–14	15–19	20–24	25–29	30–34	35–39	40 & up	Total
Under 25											
25–29		14	73 39,982	205 45,097	5						27 43,586
30–34	2	59 25,042	316 52,433	1,682 53,849	683 55,746						2,742
35–39		41 31,897	219 59,783	1,473 67,668	1,549 61,796	386 68,163					3,668 64,370
40–44		29 29,889	221 64,490	1,178 64,666	1,474 72,054	1,227 67,823	512 73,658				4,641 68,613
45–49	1	26 24,414	204 57,570	1,123 57,331	1,243 63,804	1,118 71,027	1,203 69,694	267 80,244			5,185
50–54	2	28 25,328	255 52,380	1,248 55,078	1,287 55,340	919 61,538	1,125 74,087	902 74,469	460 86,237		6,226
55–59		26 35,710	218 48,755	1,180 51,744	1,159 53,660	765 58,039	778 64,707	772 80,596	804 86,604	295 93,824	5,997 64,879
60–64	1	15	135 49,189	780 53,840	743 52,631	535 53,423	468 59,800	366 74,727	373 83,725	380 93,390	3,796 62,944
65–69		9	66 38,529	326 46,180	246 48,444	141 52,264	113 50,553	91 64,569	72 68,874	84 85,097	1,148
70 & up		12	29 29,772	150 33,589	122 35,362	53 28,444	43 37,476	21 55,790	8	26 56,061	463 35,499
Total	6	258 28,196	1,736 53,346	9,345 56,922	8,511	5,144 63,637	4,242 68,495	2,419 76,567	1,717	785 91,430	34,163 63,258

In each cell, the top number is the count of active participants for each age/service combination and the bottom number is average pay for 2014 limited to \$260,000. Average pay is not shown for cells with fewer than 20 participants.

Schedule SB, line 26 — Schedule of Active Participant Data**Distribution of Active Participants with Cash Balance as of
January 1, 2015**

Attained age	Years of credited service										Total
	Under 1	1–4	5–9	10–14	15–19	20–24	25–29	30–34	35–39	40 & up	
Under 25											
25–29		3	73 502	202 833	3						281 757
30–34	2	35 813	313 1,389	1,652 4,273	650 6,478						2,652
35–39		26 987	217 2,073	1,450 9,394	1,513 13,603	376 14,366					3,582 11,189
40–44		18	218 1,960	1,170 10,666	1,449 20,457	1,171 20,156	487 20,317				4,513
45–49	1	18	200 1,678	1,099 9,135	1,195 19,224	1,070 25,189	1,082 25,663	170 26,398			4,835 19,156
50–54	2	13	248 1,299	1,222 9,394	1,185 17,823	775 22,511	633 26,724	436 25,933	220 27,772		4,734 17,895
55–59		13	210 1,351	1,149 9,272	994 18,048	388 18,058	389 26,069	274 33,292	349 32,697	122 43,218	3,888
60–64	1	6	130 1,650	764 10,123	638 18,773	274 18,226	220 26,567	142 39,911	147 42,331	165 57,902	2,487 21,001
65–69		4	64 1,328	320 8,653	215 18,503	75 19,208	64 28,888	41 42,477	33 35,623	42 54,177	858
70 & up		1	29 1,390	146 6,857	114 15,954	41 13,391	31 19,918	15	7	16	400 13,862
Total	6	137 1,450	1,702 1,545	9,174 8,394	7,956	4,170 20,960	2,906 25,131	1,078	756	345	28,230 15,594

In each cell, the top number is the count of active participants with cash balance for each age/service combination and the bottom number is average cash balance as of December 31, 2014. Average cash balance is not shown for cells with fewer than 20 participants.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial Assumptions****Discount rate sponsor elections**

• Segment rates or full yield curve	Segment		
• Look-back months	0		
		<u>Stabilized</u>	<u>Nonstabilized</u>
• First 5 years		4.72%	1.22%
• Next 15 years		6.11%	4.11%
• Over 20 years		6.81%	5.20%

Mortality sponsor elections

- Healthy and disabled participants Section 430(h)(3) prescribed separate static annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA.

Cash balance plans

- Interest accumulation rate 4.50%
- Whipsaw calculations No
- Annuity conversion Not Applicable – all cash balance participants are assumed to elect a lump sum

Other economic assumptions

- Salary increases See table of sample rates. These rates apply to the prior year base earnings and then the target bonus percentage is added to determine the valuation pay. If no target bonus percentage is provided then the salary increase rates are applied to the prior year plan compensation.
- Social Security wage base 3.50% per year
- Inflation 2.75% per year
- Grandfathered profit sharing balance interest credit 7.50% per year
- Expected investment return 8.50% per year for 2013; 8.00% per year for 2014 and 7.42% per year for 2015
- Expenses \$17,400,000¹ added to current year normal cost

¹ Expected 2015 expenses based on expected 2015 PBGC premium plus estimated administrative expenses as provided by The Kroger Co., rounded to the nearest hundred thousand.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Demographic assumptions**

- Withdrawal

<u>Attained Age</u>	<u>Percentages</u>	
	<u>Hourly</u>	<u>Salaried</u>
25	16.40%	7.10%
30	11.60%	5.80%
35	8.60%	4.80%
40	7.00%	3.90%
45	6.30%	3.40%
50	6.10%	3.40%
55	6.10%	4.00%

- Disability incidence

See table of sample rates

- Retirement age

<u>Attained age</u>	<u>Percentage</u>	
	<u>Hourly</u>	<u>Salaried</u>
55	8%	5%
56	8%	5%
57	8%	6%
58	8%	6%
59	8%	8%
60	8%	9%
61	13%	10%
62	18%	19%
63	16%	15%
64	16%	15%
65	25%	22%
66	20%	22%
67	20%	22%
68	20%	22%
69	20%	22%
70+	100%	100%

- Benefit commencement age for

— Annuity Benefits

— Future vested deferred 65

— Current vested deferred 65, or attained age if later

— Cash Balance Lump Sums

— Future vested deferred 60% take immediate lump sum upon termination

— Current vested deferred 60% take lump sum within one year of termination, 10% of remaining take a lump sum each year until age 65.

- Spouse assumptions

— Percentage married

Male participants

80%

Female participants

70%

— Spouse age difference

3 years younger

3 years older

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Form of payment	<u>Lump sum</u>	<u>Single life</u>	<u>50% J&S</u>	<u>100% J&S</u>
• Grandfathered actives expected to retire	0%	65%	20%	15%
• Cash balance actives expected to retire	100%	0%	0%	0%
• Grandfathered future vested deferred	0%	65%	20%	15%
• Cash balance future vested deferred	100%	0%	0%	0%
• Grandfathered future disabilities	0%	65%	20%	15%
• Cash balance future disabilities	100%	0%	0%	0%
• Grandfathered current vested deferred	0%	65%	20%	15%
• Cash balance current vested deferred	100%	0%	0%	0%
Unpredictable contingent event assumptions	Not applicable.			

Table of Sample Rates

Attained age	Percentage		
	Disability incidence		Salary increases
	Male	Female	
20	0.112%	0.112%	10.52%
25	0.112%	0.112%	9.12%
30	0.138%	0.138%	7.63%
35	0.164%	0.164%	6.38%
40	0.227%	0.227%	5.33%
45	0.290%	0.290%	4.46%
50	0.600%	0.600%	3.73%
55	0.910%	0.910%	3.12%
60	1.220%	1.220%	2.61%
65	0.000%	0.000%	2.50%

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial Methods*****Asset Methods***

The asset valuation method is an average of the adjusted market value for each year during the last 2 years preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110% and no less than 90% of the fair market value, as defined in IRC Section 430.

The characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

Participant Methods

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Insurance contracts:** The plan does not have any insurance contracts.
- **Transferred participants:** The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for active not accruing participants.

Minimum Funding Methods

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay, or account balance, as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

Schedule SB, line 24 — Change in Actuarial Assumptions

- The expense component of normal cost increased from \$10,500,000 to \$17,400,000 to reflect our expectations for the current plan year.
- Expected investment return decreased from 8.00% for 2014 to 7.42% for 2015.

Schedule SB, Part V — Summary of Plan Provisions**Summary of Major Plan Provisions**

• Effective date and plan year	Original Plan: December 27, 1968 Restated Plan: January 22, 2011 Plan year: January 1 – December 31
• Most recent amendment	Amendment Number One effective January 1, 2012
• Status of the plan	The Plan is frozen for cash balance participants with respect to pay credits; interest credits continue to accrue. All grandfathered participants continue to accrue benefits under the final average salary plan. Certain union groups continue to accrue cash balance pay credits or benefits under the final average salary plan.
• Significant events	None
• Sponsoring employer	The Kroger Co.

Following is a summary of the major plan provisions for cash balance employees of the Retirement Benefit Plan used to determine the plan's financial position. It should not be used in determining plan benefits.

• Participating employees	All employees, excluding leased employees, employees covered by a collective bargaining agreement that excludes participation, independent contractors, and employees covered by a separate defined benefit pension plan maintained by Kroger or any affiliate employer.
• Type of plan	Cash Balance
• Employers included	The Kroger Co. and any affiliate that elects to adopt the plan
• Eligibility	The first date on which an employee has both completed 1,000 Hours of Service in a twelve-month period and attained age 21
• Cash Balance Formula	Pay Credit: Five percent of annual earnings during the plan year.

Interest Credit: Annual rate of interest on 30 year Treasury Bonds for the month of November of the preceding year. Interest will be credited annually on the beginning of year account balance.

Effective January 1, 2007, the cash balance formula is frozen with respect to future pay credits. Interest credits will continue to be credited to the account balance. Certain Dillon and Delaware union employees will continue to earn pay credits.

For participants on April 1, 1999, who were covered under the prior Ralph's Grocery Company Retirement Plan, an additional 7% of the opening pay credit account balance under the prior Fred Meyer Plan is added each year.

• Accrued Benefit	Greater of the Benefit Account converted to a monthly annuity or the participant's predecessor plan benefit plus a life annuity actuarial equivalent of the Pay Credit Account. Actuarial equivalent conversions use 417(e) assumptions.
• Participant contributions	None
• Service considered	Credited Service: One year after each year of continuous service following the later of 1,000 Hours of Service or attainment of age 21. Vested Service: One year for each year of continuous service following the later of employment or attainment of age 18.

Schedule SB, Part V — Summary of Plan Provisions

• Vesting Percentage	20% after one year of Vested Service, 40% after two years, and 100% after three or more years
• Annual Compensation Considered	Base pay, overtime, bonuses, including amounts subject to a salary reduction agreement pursuant to IRC Section 125 or 401(k), paid to employee during a calendar year for personal services rendered to any employer
• Normal Retirement Age	First of month coinciding with or next following the attainment of age 65 with five years of participation service
• Normal Retirement Benefit	Monthly pension benefit determined as of actual retirement date payable as a lump sum
• Late Retirement Benefit	Monthly pension benefit determined as of actual retirement date payable as a lump sum
• Deferred Vested Benefit	Lump sum value of the monthly accrued benefit, or a deferred monthly annuity, multiplied by the Vested Percentage
• Disability Benefit	Lump sum value of the monthly accrued benefit, or a deferred monthly annuity, multiplied by the Vested Percentage
• Death Benefit	Lump sum value of the monthly accrued benefit, or a monthly annuity
• Optional Forms of Retirement Benefits	Lump sum, life annuity, qualified joint and survivor annuity and for those retiring after age 55, 50%, 75% or 100% contingent annuity
• Actuarial equivalence	1984 Unisex Pension Mortality Table with a one year age set forward for Participants and a four year age setback for Beneficiaries and a 9% per annum compound interest rate assumption
• Cost of Living Increase	None
• Benefits Not Included In The Valuation	None
• Significant Events	None
• Maximum Compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2015, the limit is \$265,000.
• Maximum Benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2015, the limit is \$210,000.
• Other Plan Provisions	The above outline of the basic benefit structure of the Plan is not intended to provide sufficient information to determine individual benefits. The outline should be used simply as an overview of benefit structure and an aid in understanding and interpreting the remaining sections of the report.

Schedule SB, Part V — Summary of Plan Provisions

Following is a summary of the major plan provisions for grandfathered employees of the Retirement Benefit Plan used to determine the plan's financial position. It should not be used in determining plan benefits.

• Participating Employees	Generally, an employee was grandfathered if, as of December 31, 2000, the employee was vested and either age 39½ or had a combined age plus service of 50. Grandfathering only applied to participants in the prior Kroger Retirement Benefit Plan, Dillon Minimum Benefit Plan, or Jay C Retirement Plan.
• Type of Plan	Final average pay
• Employers Included	The Kroger Co. and any affiliate that elects to adopt the plan
• Participant Contributions	None
• Service Considered	One year for each year of continuous service following the latter of employment or attainment of age 21
• Compensation Considered	Regular cash compensation received during the year, including overtime pay and bonuses
• Average Annual Compensation	The average of the highest five years of earnings during the last 10 years before termination
• Accrued Benefit	The greater of: a. 1½% of average annual compensation less 1¼% of the participant primary Social Security benefit multiplied by the number of years of credited service. b. 1% of average annual compensation multiplied by the number of years of credited service. c. Minimum benefit.
• Normal Retirement Age	Age 65, with 5 years of vesting service
• Early Retirement Age	Retirement before Normal Retirement Age and on or after attaining age 55, with 5 years of vesting service
• Normal Retirement Benefit	Monthly accrued benefit determined as of Normal Retirement Date
• Late Retirement Benefit	Monthly accrued benefit using pay and service to actual retirement date
• Early Retirement Benefit	Monthly accrued benefit determined as of early retirement date, reduced 4% for each year before age 62 to age 60, then 6% for each year to age 55
• Deferred Vested Benefit	Monthly accrued benefit determined as of terminating date and payable at participant's Normal Retirement Date, or payable at an age not earlier than age 55 with a reduced benefit
• Death Benefit	The amount that would have been payable if the participant terminated on the date of death, elected payment at the earliest eligibility for early retirement in the form of a qualified joint and survivor annuity, and died before the first payment
• Disability Benefit	Monthly pension benefit determined as of the disability retirement date without reduction for early commencement and payable on the disability retirement date

Schedule SB, Part V — Summary of Plan Provisions

• Optional Forms of Retirement Benefits	Life annuity, 50%, 66-2/3%, 75% or 100% contingent annuity with or without restoration, life annuity with guaranteed payments, level income			
• Optional form conversion factors	Contingent Optional Benefit Forms Reduction Factors			
			66-2/3%	
	<u>Near age of Employee</u>	<u>100% J&S</u>	<u>J&S</u>	<u>50% J&S</u>
	55	.850	.900	.920
	56	.850	.900	.920
	57	.840	.890	.910
	58	.840	.890	.910
	59	.830	.880	.910
	60	.830	.880	.910
	61	.820	.870	.900
	62	.820	.870	.900
	63	.810	.860	.900
	64	.810	.860	.900
	65	.800	.850	.890
	Increase (decrease) for each year contingent annuitant is older (younger) than employee	.008	.006	.005
	Maximum Factor	.950	.970	.980
	Minimum Factor	.700	.750	.800
	Additional Reduction for Restoration Option	.960	.970	.980
	Other Optional Benefit Forms Reduction Factors			
	10 year Certain and Life Annuity	.95		
	15 year Certain and Life Annuity	.90		
	Level Income Option	Reduction is .006 times number of months between near age and 62		
• Cost of Living Increases	None			
• Benefits Not Included in the Valuation	None			
• Significant Events	None			
• Maximum Compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2015, the limit is \$265,000.			
• Maximum Benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2015, the limit is \$210,000.			
• Other Plan Provisions	The above outline of the basic benefit structure of the Plan is not intended to provide sufficient information to determine individual benefits. The outline should be used simply as an overview of benefit structure and an aid in understanding and interpreting the remaining sections of the report.			

Schedule SB, Part V — Summary of Plan Provisions

Following is a summary of the major plan provisions for grandfathered employees of the Minimum Benefit Plan used to determine the plan's financial position. It should not be used in determining plan benefits.

• Participating Employees	Generally, an employee was grandfathered if, as of December 31, 2000, the employee was vested and either age 39½ or had a combined age plus service of 50. Grandfathering only applied to participants in the prior Kroger Retirement Benefit Plan, Dillon Minimum Benefit Plan, or Jay C Retirement Plan.
• Type of Plan	Final average pay
• Employers Included	The Kroger Co. and any affiliate that elects to adopt the plan
• Service Considered	Vesting Service: One year for each 1,000-hour calendar year of employment by the Central Division. Benefit service: Completed years of service as a covered employee. There is a maximum of 25 years of service for employees of Fry's of Arizona and Fry's of California which only applies to the accrued benefit calculation under Formula 1.
• Compensation Considered	Base pay, overtime, and bonuses (including amounts subject to salary reduction agreements made pursuant to the Dillon Companies, Inc. Employees' Stock Ownership and Savings Plan) paid to the employees during a calendar year for personal services rendered
• Average Annual Compensation	Under the accrued benefit definition, Formula 1, it is the average of the highest three consecutive calendar years of pensionable pay during the 10 year period ending on the earlier of the participant's termination date or retirement date. Under the accrued benefit definition, Formula 2, it is the average of the highest five calendar years of pensionable pay during the 10 year period ending on the earlier of the participant's termination date or retirement date. Under Formula 3, it is the average of the 60 consecutive months of pensionable pay preceding the date of separation.
• Accrued Benefit	The greater of: Formula 1: 1% of average earnings multiplied by the number of years of benefit service. Applies only to an employee participating on or before January 1, 1995. Formula 2: 1 ½% of average earnings less 1 ¼% of the participant's primary Social Security Benefit; multiplied by the number of years of benefit service, with a maximum of 40 years considered. This benefit is then multiplied by a conversion factor, based on 7% interest and the 1983 Unisex Group Annuity Mortality Table, to convert a life annuity benefit payable to life with 120 months. Formula 3: \$10 times years of service, plus 1% of monthly average earnings in excess of \$650 times years of service converted to a benefit payable for life with 120 months guaranteed as described in Formula 2. Applies only to Turkey Hill Dairy participants hired before January 1, 1996.

Schedule SB, Part V — Summary of Plan Provisions

• Profit Sharing Benefit	The annuity provided by the Dillon Companies, Inc. Profit-Sharing Plan computed in accordance with the 1983 Unisex Group Annuity Mortality Table and an interest rate of 7% per year. In computing the profit-sharing benefit in the event of termination before early retirement age, deferred annuity rates are used. Immediate annuity rates are used in the event of early, normal, or delayed retirement. The immediate or deferred annuity that is calculated is a life annuity with 120 months of payments guaranteed.
• Social Security Benefit	The projected amount of the participant's primary Social Security benefit payable at age 65 according to the law in effect at the date of termination of employment, assuming no wages to be earned after termination
• Normal Retirement Age	Age 65
• Early Retirement Age	Retirement before Normal Retirement Age and on or after attaining age 55 and ten years of vesting service
• Normal Retirement Benefit	The excess of the participants accrued benefit over the profit sharing benefit
• Late Retirement Benefit	Monthly pension benefit determined as of actual retirement date
• Early Retirement Benefit	The excess of the larger of the benefit formulas below over the profit sharing benefit: 1. The accrued benefit under Formula 1 at the Early Retirement Date, reduced 3% for each year of payment before NRD to age 60, then 6% for each year to 55. 2. The accrued benefit under Formula 2 at the Early Retirement Date, reduced 4% for each year of payment before age 62 to age 60, then 6% for each year to 55. The benefit is reduced for early retirement before it is converted from a life annuity to a life annuity with 120 months guaranteed. 3. The accrued benefit under Formula 3 at the Early Retirement Date, reduced 7.2% for each year of payment before NRD to age 60, then 4.8% for each year to 55.
• Deferred Vested Benefit	Monthly accrued benefit determined as of termination date and payable at participant's Normal Retirement Date, or payable at an age not earlier than age 55 with a reduced benefit
• Disability Benefit	Monthly pension benefit determined as of the termination date and payable at the participants NRD, or payable at an early retirement date, reduced to an actuarially equivalent of the benefit that would otherwise have been received at the NRD, based on the 1983 Group Annuity Mortality Table and an interest of 7% per year.
• Death Benefit	50% of the monthly pension benefit as of the date of death reduced or the 50% joint and survivor election, which is actuarially equivalent to the life annuity with 120 months of payments guaranteed payable to a single participant, and reduced for payment as early as the participant's 55th birthday

Schedule SB, Part V — Summary of Plan Provisions

• Optional Forms of Retirement Benefits	Preretirement spouse benefits are payable for the lifetime of the surviving spouse. The normal form of payment for single participants is a life annuity with 120 months of payments guaranteed. The normal form for married participants is the actuarial equivalent of the single participants' normal form, payable as a qualified joint and survivor annuity. Optional forms are a straight life annuity for the life of the participant and a 50% or 100% joint and survivor annuity (which is actuarially equivalent to the straight-life annuity for the life of the participant).
• Actuarial Equivalence	1983 Unisex Pension Mortality Table and a 7% per annum compound interest rate assumption
• Cost of Living Increases	None
• Benefits Not Included in the Valuation	None
• Significant Events	None
• Maximum Compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2015, the limit is \$265,000.
• Maximum Benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2015, the limit is \$210,000.
• Other Plan Provisions	The above outline of the basic benefit structure of the Plan is not intended to provide sufficient information to determine individual benefits. The outline should be used simply as an overview of benefit structure and an aid in understanding and interpreting the remaining sections of the report.

Schedule SB, Part V — Summary of Plan Provisions

Following is a summary of the major plan provisions for grandfathered employees of the Jay C Plan used to determine the plan's financial position. It should not be used in determining plan benefits.

• Participating Employees	Generally, an employee was grandfathered if, as of December 31, 2000, the employee was vested and either age 39½ or had a combined age plus service of 50. Grandfathering only applied to participants in the prior Kroger Retirement Benefit Plan, Dillon Minimum Benefit Plan, or Jay C Retirement Plan.
• Type of Plan	Final average pay
• Employers Included	The Kroger Co. and any affiliate that elects to adopt the plan
• Participant Contributions	None
• Service Considered	One year for each year of continuous service following the latter of employment or attainment of age 21
• Compensation Considered	Regular cash compensation received during the year, including overtime pay and bonuses
• Average Annual Compensation	The average of the highest five consecutive years of earnings during the last 10 years before termination
• Accrued Benefit	The greater of: a. 30% of average annual compensation reduced proportionately for years of service less than 25 at the normal retirement date multiplied by the ratio of service to date over service at the normal retirement date. b. \$120 multiplied by years of service (up to a maximum of 10 years).
• Normal Retirement Age	Age 65
• Early Retirement Age	Retirement before Normal Retirement Age and on or after attaining age 55, with 5 years of vesting service
• Normal Retirement Benefit	Monthly accrued benefit determined as of Normal Retirement Date
• Late Retirement Benefit	Greater of monthly accrued benefit using pay and service to actual retirement date or the actuarial equivalent of the normal retirement benefit
• Early Retirement Benefit	Monthly accrued benefit determined as of early retirement date, reduced 1/180th for each month before age 65 to age 60, then 1/360th for each month to age 55
• Deferred Vested Benefit	Monthly accrued benefit determined as of the termination date and payable at participant's Normal Retirement Date, or payable at an age not earlier than age 55 with a reduced benefit
• Death Benefit	The amount that would have been payable if the participant terminated on the date of death, elected payment at the earliest eligibility for early retirement in the form of a qualified joint and survivor annuity, and died before first payment
• Optional Forms of Retirement Benefits	Life annuity, 50%, 66-2/3%, 75% or 100% contingent annuity, life annuity with guaranteed payments, guaranteed payments only, lump sum
• Optional form conversion factors	1984 Unisex Pension Mortality Table with a one year age set forward for Participants and a four year age set back for Beneficiaries and a 9% per annum compound interest rate assumption

Schedule SB, Part V — Summary of Plan Provisions

• Cost of Living Increases	None
• Benefits Not Included in the Valuation	None
• Significant Events	None
• Maximum Compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2015, the limit is \$265,000.
• Maximum Benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2015, the limit is \$210,000.
• Other Plan Provisions	The above outline of the basic benefit structure of the Plan is not intended to provide sufficient information to determine individual benefits. The outline should be used simply as an overview of benefit structure and an aid in understanding and interpreting the remaining sections of the report.

Benefits Included or Excluded

Unless noted below, all benefits provided by the plan, as restated and amended through January 22, 2011, are included in this valuation.

- **Most recent plan amendment included:** Amendment Number One effective January 1, 2012
- **Plan amendments excluded:** None
- **Late retirement increases:**
 - *Active grandfathered and all cash balance participants:* The plan provides benefit suspension notices to participants who work beyond normal retirement. These participants continue to earn additional annuity benefits or cash balance interest credits. Late retirement actuarial increases are not reflected in this valuation.
 - *Active with frozen annuities and deferred vested participants:* Valued including the late retirement actuarial increase, except for deferred vested participants over age 70.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Section 415(b) and 401(a)(17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60% of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.
- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* This valuation excludes restricted contingent event benefits that occurred before the valuation date but includes contingent event benefits which are expected to occur on or after the valuation date regardless of anticipated funding-based limitations.
 - *Plan amendments:* See above.
 - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.

Schedule SB, Part V — Summary of Plan Provisions

- *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Plan Provision Changes Since Prior Valuation

Maximum compensation amounts and maximum benefit amounts under IRS rules were updated from 2014 to 2015.

Schedule SB, line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 62.

Hourly Plan

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	8%	10,000.00	800.00	44,000.00
56	8%	9,200.00	736.00	41,216.00
57	8%	8,464.00	677.12	38,595.84
58	8%	7,786.88	622.95	36,131.12
59	8%	7,163.93	573.11	33,813.75
60	8%	6,590.82	527.27	31,635.91
61	13%	6,063.55	788.26	48,083.95
62	18%	5,275.29	949.55	58,872.22
63	16%	4,325.74	692.12	43,603.42
64	16%	3,633.62	581.38	37,208.26
65	25%	3,052.24	763.06	49,598.90
66	20%	2,289.18	457.84	30,217.17
67	20%	1,831.34	366.27	24,540.01
68	20%	1,465.08	293.02	19,925.02
69	20%	1,172.06	234.41	16,174.43
70	100%	937.65	937.65	65,635.36
Total			10,000.00	619,251
Average				61.92

The weighted average retirement age shown on the schedule SB form is the average retirement age for salaried participants and Hourly participants, weighted by the number of actives in each group.

Schedule SB, line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 63.

Salaried Plan

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	5%	10,000.00	500.00	27,500.00
56	5%	9,500.00	475.00	26,600.00
57	6%	9,025.00	541.50	30,865.50
58	6%	8,483.50	509.01	29,522.58
59	8%	7,974.49	637.96	37,639.59
60	9%	7,336.53	660.29	39,617.27
61	10%	6,676.24	667.62	40,725.08
62	19%	6,008.62	1,141.64	70,781.53
63	15%	4,866.98	730.05	45,992.97
64	15%	4,136.93	620.54	39,714.57
65	22%	3,516.39	773.61	50,284.43
66	22%	2,742.79	603.41	39,825.27
67	22%	2,139.37	470.66	31,534.37
68	22%	1,668.71	367.12	24,963.93
69	22%	1,301.60	286.35	19,758.21
70	100%	1,015.24	1,015.24	71,067.10
Total			10,000.00	626,392
Average				62.63

The weighted average retirement age shown on the schedule SB form is the average retirement age for salaried participants and Hourly participants, weighted by the number of actives in each group.