<u>THE KROGER</u> <u>CONSOLIDATED RETIREMENT BENEFIT PLAN</u> <u>FOR GRANDFATHERED PARTICIPANTS OF</u> <u>THE FORMER KROGER RETIREMENT</u> <u>BENEFIT PLAN</u>

INCOME SECURITY WHEN YOU RETIRE

FOR YOUR BENEFIT:

KROGER

The Kroger Consolidated Retirement Benefit Plan (the "Plan") is an important part of your compensation. Its basic purpose, to help provide you with income security in your retirement years, is a longstanding objective of the Company. The Plan's Retirement Benefit, when added to your Social Security benefits and personal savings, will help build toward financial independence in your retirement years.

The Summary Plan Description describes the major features of the Plan and the Retirement Benefit provided by the Plan. The Summary highlights the Plan, but the actual language in the Plan supersedes this Summary. If there is a discrepancy between this Summary and the Plan, the Plan provisions will govern.

The Company pays the entire cost of the Plan. The Plan was formed by the merger of several other plans formerly maintained by various divisions and subsidiaries of the Company. These plans were:

- The Kroger Retirement Benefit Plan (the "Kroger Plan");
- The Dillon Companies, Inc. Pension Plan;
- The Fred Meyer, Inc. Cash Balance Retirement Plan;
- The John C. Groub Co., Retirement Plan; and
- The John C. Groub Co., Inc. Pension Plan.

These plans are referred to in this Summary as the "Predecessor Plans".

The Plan is maintained in the Company's General Offices in Cincinnati, Ohio.

The intention of this Summary is to inform you of the provisions of the Plan and to answer questions frequently asked about the Plan. The following questions are most often asked:

- Who does the Plan cover?
- What is a year of service?
- When am I vested (entitled to a benefit)?
- How much does the Plan pay?
- When can I receive a benefit?
- How is my benefit paid?
- Is my spouse protected if I die?

If you still have questions after reading the Summary Plan Description, please contact your Human Resources Manager or the Plan Administrator.

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN FOR GRANDFATHERED PARTICIPANTS OF THE KROGER RETIREMENT BENEFIT PLAN

Summary Plan Description

January, 2006

THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN

Summary Plan Description

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THE KROGER CONSOLIDATED RETIREMENT BENEFIT PLAN

Summary Plan Description

INTRODUCTION

Current Plan

This Summary Plan Description describes the Plan as in effect on July 1, 2002. This Summary applies to those who are employed by the Company and are Grandfathered Participants of the Kroger Plan. A Grandfathered Participant is a Participant who:

- was employed by the Company on December 31, 2000;
- was a participant on December 31, 2000 in the Kroger Plan;
- had earned at least five years of Participating Service on December 31, 2000; and
- either:
 - (A) was born before July 1, 1961, or
 - (B) as of January 1, 2001, had a combined age (in years and completed months) and Participating Service (in years and completed months) which equaled or exceeded 50 years.

This Summary describes the Retirement Benefit provided by the Plan, including the level and manner of payment of the benefit.

Formal Plan Documents

This Summary does not contain all provisions of the Plan. The Plan is stated in formal plan and trust documents adopted by the Company. If there is any conflict between this Summary and formal Plan documents, the provisions of the formal Plan documents will govern. Upon request to the Plan Administrator, the formal Plan documents will be made available to you for inspection or copies will be provided to you for reasonable copying fees.

Miscellaneous

For your convenience, a Glossary of defined terms used throughout this Summary is provided on page 39. Detailed benefit examples are also included to assist you in understanding the actual calculation of your Retirement Benefit under the Plan on page 27.

The Company encourages you to contact your Human Resources Manager or the Plan Administrator with any questions you may have about this Summary or the Plan.

PLAN PARTICIPATION (Who Does the Plan Cover?)

Eligible Employees

The Plan covers Employees who are employed by the Company or a Participating Affiliate. Participating Affiliates of the Plan are listed on Appendix A.

Persons who are represented by a union and whose terms and conditions of employment are covered by a collective bargaining agreement that does not provide for participation in this Plan are not eligible Employees. In addition, leased employees, independent contractors, and employees of another employer are not eligible Employees.

An Employee who would otherwise be eligible to be a Participant in the Plan is <u>not</u> eligible to participate in the Plan if the Employee participates in, or is eligible to participate in, another defined benefit pension plan maintained or contributed to by the Company or a Participating Affiliate.

If you satisfy the requirements for a Grandfathered Participant, you automatically became covered by the Plan on January 1, 2001 (provided you were still employed and otherwise eligible on that date).

Active Plan Participation

You will continue to participate in the Plan as long as you are actively employed and remain an eligible Employee.

Special Situations

For special situations such as employment status changes, transfers and reemployment with the Company, please see *Miscellaneous Benefit Provisions*, page 19.

SERVICE (What Is a Year of Service?)

<u>Overview</u>

Service is used for the following purposes under the Plan:

- Vesting of Retirement Benefits ("Participating Service"); and
- Determination of amount of benefits ("Credited Service").

Participating Service

If you are a Grandfathered Participant, you are fully vested in your Retirement Benefit. Your vested interest was determined by your years and months of Participating Service. Generally, you began to earn Participating Service on your date of hire, or age 18, if later. However, if you earned less than 1000 hours of service during your first 12 months of employment, you did not begin to earn Participating Service until the first day of the first Plan Year in which you earn 1000 or more hours of service.

You earned one year of Participating Service for each 12-month period of employment and one month of Participating Service for each full 30-day period of employment.

Credited Service

Credited Service is used to determine the benefit amount payable to you from the Plan. Your Credited Service will be equal to:

- your service credited on December 31, 2000 for benefit accrual purposes under the Kroger Plan, plus
- for the period beginning on January 1, 2001, one year of Credited Service for each 12-month period of employment and one month of Credited Service for each full 30-day period of employment.

Break in Service

A Break in Service occurs if any Employee quits, is discharged, retires, or any Employee is credited with 435 Hours of Service or less in a Computation Period or Plan Year. If you have a Break in Service and subsequently become a Participant, any Participating or Credited Service you earned prior to the break will be restored if you were vested at the time of the Break in Service. Participating and Credited Service will also be restored if your pre-break service was greater than the number of Breaks in Service you incurred, or if your pre-break service was at least 5 years.

However, if an Employee furnishes to the Retirement Management Committee information that establishes the number of days that the Employee has been absent from work due to Maternity or Paternity reasons, then for determining whether a Break in Service occurred the number of Hours of Service which otherwise would have been credited to the Employee but for the absence (if the Retirement Management Committee is unable to determine the number of Hours of Service, the Employee will be credited with 8 Hours of Service per day of absence). The total number of Hours of Service to be credited on account of any single pregnancy, birth or adoption shall not exceed 436. The Hours of Service to be credited on account of any single pregnancy, birth or adoption will be credited in the Computation Period or Plan Year in which the absence begins if crediting prevents the Employee from incurring a Break in Service, otherwise all of the Hours of Service will be credited in the immediately following Computation Period or Plan Year.

PLAN VESTING

Plan Vesting

As a Grandfathered Participant, you have already earned at least five years of Participating Service, and are fully vested under the Plan. As a result, you are entitled to a Retirement Benefit from the Plan. See *Your Retirement Benefit*, page 8. This is true even if you leave the Company or an Affiliate before your actual retirement. Also, your surviving Spouse will be entitled to a preretirement death benefit if you die prior to the date your Retirement Benefit begins. See *Spouse Preretirement Death Benefit*, page 16.

Forfeiture of Vested Benefits

Under certain circumstances, your vested benefit, or a portion of it, may be forfeited, lost, limited or reduced. See *Forfeiture or Loss of Vested Benefits*, page 25.

PLAN BENEFIT FORMULAS (How Much Does the Plan Pay?)

<u>Overview</u>

Your Retirement Benefit under the plan is based on benefit formulas which take into account the following components:

- Average Annual Earnings
- Credited Service
- Primary Social Security Benefit

The resulting amount from these formulas is called your "Accrued Benefit" under the Plan and generally increases over the time you participate in the Plan. Your Accrued Benefit is formally determined at the time of your retirement or termination of employment with the Company or a Participating Affiliate.

Plan Benefit Formulas

Your Accrued Benefit is determined under whichever of the following benefit formulas that produces the greatest amount:

<u>Primary Formula</u>. Under the Plan's "Primary Formula," your Accrued Benefit equals:

1-1/2% of your Average Annual Earnings, times your full and fractional years of Credit Service, reduced by

1-1/4% of your Primary Social Security Benefit, times your full and fractional years of Credited Service

Minimum Formula. Under the Plan's "Minimum Formula," your Accrued Benefit equals:

1% of your Average Annual Earnings, times your full and fractional years of Credited Service

Other Formulas. The Plan has other special minimum benefit provisions that may apply to you, according to plan formula changes and benefits from other plans merged into this Plan. See *Historical Plan Provisions*, page 19.

In any event, your Accrued Benefit will be no less than the actuarial equivalent of your Accrued Benefit under the Kroger Plan, as determined on December 31, 2000.

Your Accrued Benefit represents an annual benefit payable to you starting at your Normal Retirement Date in the form of a single life annuity payable for your lifetime. The actual amount of your Retirement Benefit payments will vary upon your particular Retirement Benefit, when it starts, and the payment option you select. See *Your Retirement Benefit*, page 8, and *Retirement Payment Options*, page 13.

Dillon Transfers.

If you were transferred to Kroger from Dillon prior to January 1, 2001, your Accrued Benefit is determined under the formula provided above, except that it will be based upon your years and months of Credited Service which you earned with Kroger (your years and months of service with Dillon will not count toward this Plan's benefit). However, your Average Annual Earnings (discussed below) will be based upon your earnings from both Dillon and Kroger, if applicable.

Average Annual Earnings

Your Average Annual Earnings means your highest average pay in any five full calendar years of your last ten full calendar years of Company employment. See the *Glossary* for more detail about Average Annual Earnings.

Credited Service

Credited Service is the amount of service you have earned toward your Accrued Benefit. See *Service*, page 3.

Primary Social Security Benefit

Your Primary Social Security Benefit means an <u>estimate</u> of your old-age benefit under the Federal Social Security Act. See *Glossary*, page 38.

IMPORTANT NOTE: You have the right to supply the Plan Administrator with your actual salary history within a reasonable period following your retirement or termination of employment.

If you supply your actual salary history to the Plan Administrator, your Primary Social Security Benefit will be calculated using your actual salary history up to the date you terminate employment. Otherwise, it will be calculated using your actual salary history with the Company or an Affiliate, but using estimated salary history for any periods when you were not employed by the Company or an Affiliate. This could overstate your salary for these periods and unnecessarily reduce your Plan benefits, if you were not employed or were employed at a lower than estimated salary during these periods.

It would be to your advantage to submit your actual history to the Plan Administrator as soon as you consider retirement or termination of employment.

You can provide your actual salary history using your Form W-2 forms or other documents or you can request your salary history from the Social Security Administration by calling them at 1-800-772-1213.

Accrued Benefit Examples

For an example of the calculation of a Participant's Accrued Benefit under the plan, see *Plan Benefit Examples*, page 27.

YOUR RETIREMENT BENEFIT (When Can I Receive a Benefit?)

<u>Overview</u>

Once you become vested, you become entitled to a Retirement Benefit from the Plan. The Plan has several types of Retirement Benefit. The Plan permits you to receive a Retirement Benefit as early as age 55, or sooner in some cases of disability.

The Plan has the following Retirement Benefits. Each Retirement Benefit has specific requirements you must meet to receive that particular Retirement Benefit.

- Normal
 Early
- Disability
 - Vested Termination

• Postponed (late)

Please read this Section very carefully. Your particular Retirement Benefit plays an important part in determining the amount of your benefit from the Plan. The date your Retirement Benefit starts also plays an important part in determining your benefit. These items may affect your decision concerning when you retire or terminate employment.

Normal Retirement Benefit

You will be entitled to a "Normal" Retirement Benefit from the Plan if you retire or terminate employment on your Normal Retirement Date. Your Normal Retirement Date is the ending date of the Company's four-week accounting period following the later of the date you: (1) attain age 65; or (2) have five years of Plan participation or earn five years of Participating Service.

Your Normal Retirement Benefit will:

- Start on your Normal Retirement Date.
- Equal your "full" Accrued Benefit under the Plan payable for your lifetime. The actual amount will vary based on the payment option you select.

Early Retirement Benefit

You will be entitled to an "Early" Retirement Benefit from the Plan if you retire or terminate employment on or after your Early Retirement Date. Your Early Retirement Date is the ending date of the week in which your pay ends following the date you (1) attain age 55; and (2) earn five years of Participating Service.

Your Early Retirement Benefit will:

- Begin, at your election, any time on or after your Early Retirement Date, but no later than your Normal Retirement Date (usually age 65).
- Equal your "full" Accrued Benefit under the Plan payable for your lifetime, if your Early Retirement Benefit begins <u>on or after</u> your 62nd birthday. That is, your Early Retirement Benefit is not reduced for early payment if your Early Retirement Date is on or after your 62nd birthday. The actual amount will vary based on the payment option you select.
- Equal your Accrued Benefit reduced for early payment, if your Early Retirement Benefit begins <u>before</u> your 62nd birthday. Your Accrued Benefit will be reduced by 1/3 of 1% for each of the first 24 months, and 1/2 of 1% for each of the next 60 months, for each month of payment before age 62. The following table summarizes the percentage of your Retirement Benefit payable, in whole years:

Age at Early <u>Retirement Date</u>	Percent of Retirement Benefit Payable
62-65	100%
61	96%
60	92%
59	86%
58	80%
57	74%
56	68%
55	62%

To begin your Early Retirement Benefit, contact your local Human Resources Manager three months before you would like to begin your Early Retirement Benefit. The Plan Administrator will provide you with the necessary benefit claim and election forms. Please read about your payment options in *Retirement Payment Options*, page 14.

Disability Retirement Benefit

You may be entitled to a "Disability" Retirement Benefit from the Plan if you: (1) retire or terminate employment with the Company or a Participating Affiliate because you are Disabled; and (2) meet one of the following qualification requirements while still employed with the Company or a Participating Affiliate:

- You (1) are at least age 55 and (2) have at least five years of Participating Service, or
- You (1) are not eligible to enroll in employer-provided long-term disability benefits and (2) have earned at least 15 years of Credited Service.

You <u>must</u> apply to the Plan Administrator for a Disability Retirement Benefit <u>before</u> your employment is terminated. The Retirement Management Committee makes the final determination as to whether you qualify for a Disability Retirement Benefit under the Plan. If your employment is terminated prior to filing your written application for a Disability Benefit, you will not be entitled to a Disability Benefit. However, you will be entitled to any other benefit for which you qualify.

Your Disability Retirement Benefit will:

- Begin, at your election, any time after you meet the requirements for a Disability Retirement Benefit (regardless of your age), but no later than your Normal Retirement Date.
- Equal your "full" Accrued Benefit under the Plan payable for your lifetime, without reduction for early payment of your Retirement Benefit. The actual amount will vary based on the payment option you select.

To start your Disability Retirement Benefit, contact your local Human Resources Manager before you terminate employment. The Plan Administrator will provide you with the necessary benefit claim and election forms. Please read about your payment options in *Retirement Payment Options*, page 13.

Note: If, after starting your Disability Retirement Benefit, you cease to be Disabled, your Disability Retirement Benefit will stop. The Plan Administrator reserves the right to ask you to undergo a medical examination to determine whether you continue to be Disabled. If you refuse an examination, the Plan Administrator reserves the right to suspend your Disability Retirement Benefit.

Vested Termination Retirement Benefit

You will be entitled to a "Vested Termination" Retirement Benefit from the Plan if you: (1) retire or terminate employment before your Early Retirement Date (usually age 55); and (2) have at least five years of Participating Service.

Your Vested Termination Retirement Benefit will:

- Begin on your Normal Retirement Date or, upon your election, at any time after your Early Retirement Date.
- Equal your "full" Accrued Benefit under the Plan, provided your Retirement Benefit starts <u>on</u> your Normal Retirement Date. The actual amount will vary based on the payment option you select.
- Equal your Accrued Benefit reduced for early payment, if your Vested Termination Retirement Benefit starts <u>before</u> your Normal Retirement Date. Your Accrued Benefit will be reduced by 1/3 of 1% for each of the first 60 months, and by 1/2 of 1% for each of the next 60 months, for each month of payment before age 65. The following table summarizes the percentage of your Retirement Benefit payable, in whole years:

Age at Early	Percent of Retirement	
Retirement Date	Benefit Payable	
65	100%	
64	96%	
63	90%	
62	88%	

61	84%
60	80%
59	74%
58	68%
57	62%
56	56%
55	50%

To begin your Vested Termination Retirement Benefit, contact your Plan Administrator three months before you would like to begin your Vested Termination Retirement Benefit. The Plan Administrator will provide you with the necessary benefit claim and election forms. Please read about your payment options in *Retirement Payment Options*, page 13.

Note: As explained in Retirement Payment Options on page 13, a Participant with a Vested Termination Retirement Benefit is eligible only for the Plan's Single Life Annuity and Qualified Joint and Survivor Annuity Options.

Postponed (Late) Retirement Benefit

You will be entitled to a "Postponed" or Late Retirement Benefit from the Plan if you retire or terminate employment after your Normal Retirement Date.

Your Postponed Retirement Benefit will:

- Start on the first day of the month coincident with or following your retirement or termination of employment
- Equal the greater of: (i) your "full" Accrued Benefit as of your postponed Retirement Date payable for your lifetime; or (ii) the Actuarial Equivalent of your "full" Accrued Benefit as of your Normal Retirement Date.

To start your Postponed Retirement Benefit, contact your local Human Resources Manager three months before you would like to begin your Postponed Retirement Benefit.

The Plan Administrator will provide you with the necessary benefit claim and election forms. Please read about your payment options in *Retirement Payment Options*, page 13.

Retirement Benefit Examples

For examples of Retirement Benefit calculations under the Plan, see *Plan Benefit Examples,* page 27.

Death Before Retirement Benefits Begin

If you die before your Retirement Benefit begins, your surviving Spouse (but no other Beneficiary) will be entitled to a Spouse Preretirement Death Benefit from the Plan. This Spouse Preretirement Death Benefit is the only preretirement death benefit provided by the Plan. See *Spouse Preretirement Death Benefit*, page 16. <u>Accordingly, if you die before your Retirement Benefit begins and you do not have a surviving Spouse, no</u>

benefit will be paid by the Plan to your estate or any other person with respect to your benefit under the Plan.

Once you decide to retire, you may select a payment option that provides for some form of survivor benefit for your surviving Spouse or a Beneficiary. Please see *Retirement Payment Options*, page 13, and *Spouse Preretirement Death Benefit*, page 16, for more details.

RETIREMENT PAYMENT OPTIONS (How is My Benefit Paid?)

<u>Overview</u>

Once you have qualified for a Retirement Benefit under the Plan and have decided to start your Retirement Benefit, you must choose a form of retirement payment. The Plan has payment options required by law and several alternative payment options.

The Plan has the following payment options. Some of the options are required by law. Some options have certain requirements you must meet in order to receive that option.

- Qualified Joint and Survivor Annuity
 Single Life Annuity
- Contingent Annuity Option
 • Ten or Fifteen Year Certain Option
- Level Income Annuity Option
 Restoration Annuity Option

Please read this Section very carefully. The retirement payment option you select will directly affect the amount of your benefit and any survivor benefit that may be provided to your surviving Spouse or Beneficiary. Also, in some cases, the Plan's alternative payment forms may be limited to certain Retirement Benefits.

Required Payment Options

By law, your Retirement Benefit must be paid to you in certain prescribed payment forms depending on your marital status at the time your Retirement Benefit begins. If you are named at the time your Retirement Benefit begins, your Retirement Benefit must be paid to you in the form of a Qualified Joint and Survivor Annuity. If you are not married, your Retirement Benefit must be paid to you in the form of a Single Life Annuity.

<u>Qualified Joint and Survivor Annuity ("QJSA")</u>: A "Qualified Joint and Survivor Annuity" provides a monthly payment to you during your life. Upon your death, it provides 50% of your monthly payment to your Spouse for your Spouse's remaining life, if your Spouse survives you. Your Spouse is the person to whom you are married at the time you elect your payment option.

<u>Single Life Annuity Option</u>: The "Single Life Annuity" provides a monthly payment to you during your life, with payments ending upon your death. No benefits are paid to anyone else under this option.

When you contact your Human Resources Manager for benefit claim and election forms, the Plan Administrator will provide you with estimated calculations of your Retirement Benefit under the Qualified Joint and Survivor Annuity, Single Life Annuity and the Plan's other payment options for which you are eligible.

Waiving Required Payment Options

You are also permitted by law to waive the required payment options ("QJSA") in favor of one of the Plan's alternative payment options.

To waive the QJSA, your Spouse must consent to the waiver and to the selection of an alternative payment option. This includes your designation of another Beneficiary. The spousal consent must be in writing on forms provided by the Retirement Management Committee and must be witnessed by a notary public.

Alternative Payment Options

The payment options vary by payment amount based on the degree of survivor protection, guarantee of payments and other payment factors associated with a particular payment option.

Generally, the monthly amount of your payment during your life under the alternative payment options will be less than the single life annuity amount. The single life benefit is reduced to provide for the death benefit coverage provided by the payment options. The reduction makes the reduced benefit actuarially equivalent in value to the single life benefit. Actuarial equivalence is determined in accordance with the interest rates, mortality assumptions and actuarial procedures specified in the Plan.

The Plan provides for the following Alternative Payment Options:

Single Life Annuity Option: The "Single Life Annuity" option provides a monthly payment to you during your life, with payments ending upon your death. No death benefits are paid under this option.

Contingent Annuity Option: The "Contingent Annuity" option provides a monthly payment to you during your life. Upon your death, this payment option provides a monthly payment to your designated surviving Beneficiary for your Beneficiary's remaining life. If your designated Beneficiary survives you, your Beneficiary's benefit will be an amount equal to either 66-2/3% or 100% of your monthly payment amount.

Ten or Fifteen Year Certain Option: The "Ten or Fifteen Year Certain" option provides a monthly payment to you during your life, with payments guaranteed for a minimum period of 10 or 15 years. If you die before the end of the elected 10 or 15 year guarantee period, payments will continue after your death to your Beneficiary for the rest of the guarantee period. If you live beyond the 10 or 15 year period, you will continue to receive your benefit for the rest of your life and payments will cease when you die.

Level Income Annuity Option: The "Level Income Annuity" option provides for increased monthly payments up to age 62, and reduced payments thereafter. Your benefit payments, together with your expected Social Security benefits at age 62, will provide you with a level income for the duration of your life. The level of payments under this option will not change if the actual level of your Social Security benefits change after retirement, or differ from the expected level used to calculate the option. If this option is elected and your Plan benefits are relatively small, it is possible that the full value of your benefits under the Plan will be paid to you prior to age 62, and that no benefits under the Plan will be paid to you after age 62.

Restoration Annuity Option: The "Restoration Annuity" option is a variation of the Qualified Joint and Survivor Annuity and the Contingent Annuitant Option. The periodic payments during the joint lives of you and your Beneficiary under this payment option are reduced from their normal levels (with a corresponding reduction to the survivor annuity payable to your surviving Spouse or Beneficiary). If your Beneficiary dies before you, you will receive an increase in the periodic payments payable to you after the death of your Beneficiary. Your periodic payment is increased to the level of the periodic payment that would have been made to you if your Plan benefits had been paid under the Single Life Annuity option. You will receive this benefit amount for the remainder of your life.

Availability of Alternative Payment Options

The Contingent Annuity, Ten and Fifteen Year Certain and Restoration Annuity options are not available for Vested Termination Retirement Benefits and Disability Retirement Benefits before age 55. In addition, the Level Income Annuity option is available only to Early Retirement Benefits for Participants retiring between the ages of 55 and 62.

When you contact your Human Resources Manager for benefit claim and election forms, the Plan Administrator will provide you with estimated calculations of your Retirement Benefit under the Plan's payment options available to you.

Retirement Payment Option Examples

For several examples of the determination of various retirement payment options under the Plan, see *Plan Benefit Examples*, page 27.

<u>SPOUSE PRERETIREMENT DEATH BENEFIT</u> (Is My Spouse Protected if I Die?)

<u>Overview</u>

Once you become vested under the Plan, your surviving Spouse will be entitled to a preretirement death benefit in the event that you die before your Retirement Benefit begins.

If you die <u>after</u> your Retirement Benefit starts, your surviving Spouse or designated Beneficiary will be entitled to the survivor benefit feature provided by the payment option you select. The survivor benefit will be governed strictly by the terms of the payment option selected under the Plan. See *Retirement Payment Options*, page 13.

If you die <u>before</u> your Retirement Benefit starts, only your surviving Spouse will be entitled to a benefit from the Plan. This benefit is called the "Spouse Preretirement Death Benefit."

Spouse Preretirement Death Benefit

If you die prior to the date your Retirement Benefit payment begins, your surviving Spouse will be entitled to a Spouse Preretirement Death Benefit from the Plan if you have at least five years of Participating Service. Your surviving Spouse is the person to whom you are married at the time of your death. Note: Only your surviving Spouse is entitled to this benefit from the Plan. If you do not have a surviving Spouse at the time of your death, the Plan will not pay any person, including your estate, a benefit of any kind with respect to your benefit under the Plan.

Your surviving Spouse's Spouse Preretirement Death Benefit will:

- Begin, at your surviving Spouse's election, any time after your death, but no sooner than your Early Retirement Date (usually age 55) and no later than your Normal Retirement Date.
- Equal the same benefit your surviving Spouse would have received if you (1) retired or terminated employment, (2) received your Retirement Benefit in the form of a QJSA starting at the earliest date you could begin your Retirement Benefit and (3) died immediately thereafter.

The Spouse Preretirement Death Benefit will be paid to your surviving Spouse in the form of a single life annuity equal to 50% of the amount y ou would have received under the QJSA.

Note: Your surviving Spouse must survive to the date he or she could start the Spouse Preretirement Death Benefit to receive the Benefit. If your surviving Spouse dies before the date the Spouse Preretirement Death Benefit could begin, no benefit will be paid to your surviving Spouse.

To start the Spouse Preretirement Death Benefit, your surviving Spouse should contact your local Human Resources Manager for benefit claim and election forms at least three months before he or she would like to start his or her Spouse Preretirement Death Benefit.

Preretirement Death Benefit Examples

For examples of a Spouse Preretirement Death Benefit under the Plan, see *Plan Benefit Examples, Spouse Preretirement Death Benefit Examples,* page 32.

HISTORICAL PLAN PROVISIONS

Old \$60 Minimum Pension Formula

If you were a Participant in the Kroger Plan on or before December 28, 1991, you are eligible for the \$60 minimum Plan formula. Under this formula, your Accrued Benefit will not be less than the amount provided by the \$60 minimum formula. Your benefit under this formula is calculated as follows:

• \$60, times your years of Credited Service as of 12/28/91 (up to 40 years)

This formula was removed from the Plan as of December 28, 1991. Therefore, the Credited Service used in the benefit formula is frozen at December 28, 1991.

1968 Grandfathered Kroger Plan Minimum Benefit. If you were a participant in the Kroger Plan on or before December 27, 1968, you may be eligible for the 1968 grandfathered minimum plan benefit. Under this provision, you may not receive a

benefit under the Plan's normal retirement formula that is less than the amount provided by the 1968 grandfathered minimum. Your benefit under this formula is calculated as follows:

 \$60.00, plus 1-1/2% of your 10-year Average Annual Earnings in excess of \$5,500, times your years and months of Credited Service (up to 40 years). Only persons employed by certain eligible employing units are eligible for this benefit. Contact the Plan Administrator if you believe you may be eligible for this benefit.

<u>1978 Grandfathered ERIP Participants</u>. If you were a participant in the Kroger Employees' Retirement Income Plan (the "ERIP") on or before December 31, 1978, you may be eligible for the 1978 grandfathered minimum plan benefit. Under this provision, you may not receive a benefit under the Plan's normal retirement formula that is less than the amount provided by the 1978 grandfathered minimum. Your benefit under this formula is calculated as follows:

• 3/4% of your 10-year Average Annual Earnings up to \$3,000, plus 1-1/2% of your 10-year average Annual Earnings in excess of \$3,000, times your years and months of Credited Service (up to 40 years)

Grandfather Provisions

If you are eligible for a grandfather benefit from the ERIP Plan or Kroger Plan, and you receive an Early Retirement Benefit, your benefit will be reduced by the reduction factors stated in the applicable plan. In addition, disability benefits are reduced for early payment under the Income Plan. However, your benefit will be provided by the formula which provides you the greatest value.

MISCELLANEOUS BENEFIT PROVISIONS

Nonduplication of Benefits

If service credited under this Plan is also credited for a benefit under any other retirement plan to which the Company or a Participating Affiliate has made contributions, your benefit from the Plan will be reduced by the amount of that benefit.

Reemployment

Once you terminate employment, you will no longer actively participate in the Plan. If you are reemployed, you will immediately participate in the Plan again upon reemployment. If you are reemployed, you will immediately participate in the Plan again upon reemployment. However, your Accrued Benefit for Credited Service earned after your reemployment will be calculated using a different benefit formula and will be subject to different "Alternative Payment Options". Please refer to Appendix B for a discussion of the benefit formula used upon reemployment and the "Alternative Benefit Options" available for your Accrued Benefit earned after reemployment.

Retirement Benefit Commencement

To start your Retirement Benefit, you must contact your local Human Resources Manager. At that time, the Plan Administrator will provide you with the necessary benefit claim and election forms you will need to complete in order to begin your Retirement Benefit. The Plan Administrator also will provide you with a general description of the Plans payment options, an estimate of the actual payment amounts under each of the Plan's payment options that are available to you, and any other information you need regarding your Retirement Benefit. This information must be provided to you no less than 30 days and no more than 90 days prior to the date your retirement is to begin.

Spouse Preretirement Death Benefit Commencement

To begin the Spouse Preretirement Death Benefit, your surviving Spouse must contact your local Human Resources Manager. At that time, the Plan Administrator will provide your surviving Spouse with the necessary benefit claim and election forms to begin the Spouse Preretirement Death Benefit. The Plan Administrator will also provide to your surviving Spouse a general description of the Spouse Preretirement Death Benefit. This information must be provided to your surviving Spouse no less than 30 days and no more than 90 days prior to the date the benefit is to begin.

No Retroactive Benefit

The Plan does not provide for retroactive benefits. If you were eligible to start your Retirement Benefit at an earlier time but did not do so, the Plan will provide your Retirement Benefit only prospectively from the time of your election. The same is true for the Spouse Preretirement Death Benefit.

Maximum Benefits

Federal law sets a maximum limit on the amount of benefits that can be paid to you from the Plan. These limits usually only affect individuals at very high salary levels. You will be notified in the event that your benefits are affected by these limits.

Nonalienation of Benefits

You may not assign or sell your benefits under the Plan to others. Until paid to you, your benefits will be protected from your creditors to the maximum extent permitted by law.

Immediate Lump Sum Payment of Small Benefits

Effective for distributions beginning on or after January 1, 2006, if the present value of your Retirement Benefit is greater than \$1,000 but less than 5,000 upon your termination of employment, your Retirement Benefit will be paid in the form of a direct rollover to an individual retirement plan/arrangement (an "IRA") designated by the Retirement Management Committee, unless you elect to receive your Retirement Benefit directly or to directly rollover your Retirement Benefit to an Eligible Retirement Plan. The IRA provider will invest your Retirement Benefit in a type of investment designed to preserve principal and provide a reasonable rate of return and liquidity. The IRA provider will charge your account for any expenses associated with the establishment and maintenance of the IRA and with IRA investments. You may transfer the IRA funds, at any time and without costs, to any other IRA you choose. You may contact the Administrative Committee at the address and telephone number provided

below for further information regarding the Plan's automatic rollover provisions, the IRA provider, and the fees and expenses associated with the IRA.

However, your Beneficiary will be paid an immediate lump sum payment of his or her preretirement death benefit under the Plan if the present value of the preretirement death benefit is not more than \$5,000 at the time of your death. Your surviving Spouse's lump sum payment will:

- Be paid as soon as possible after your death.
- Equal the present value of your preretirement death benefit under the Plan based on certain interest rate and mortality assumptions specified in the Plan.

By law, you and your surviving Spouse have the right to rollover your lump sum payment directly to a qualified retirement plan or an individual retirement account or annuity ("IRA").

If you are reemployed by the Company or a Participating Affiliate after receiving a lump sum payment of your Retirement Benefit from the Plan, your Accrued Benefit under the Plan will be calculated using all of your service and earnings recognized under the Plan. Any subsequent Retirement Benefit payable from the Plan will be actuarially reduced to reflect the prior lump sum payment

Qualified Domestic Relation Orders ("QDRO")

The Plan permits vested benefits to be assigned according to a domestic relations order that meets certain qualifications pursuant to applicable law and the terms of the Plan. Once the Plan Administrator approves an order, the order will be considered to be a QDRO. Unless specifically authorized by the Retirement Committee, no former spouse will be treated as a surviving Spouse under a QDRO. Please contact the Retirement Management Committee for a model QDRO prescribed by the Plan Administrator.

Payment of Benefits

All payments from the Plan will be made solely from the Plan's Trust. The Plan Administrator may direct payment of benefits to be made to the guardian or conservator of the estate of a person legally incompetent to receive the payment. You and your surviving Spouse must always provide the Plan Administrator with your current address.

The Plan Administrator may correct any mistake concerning your Plan benefits and its payment when the mistake is discovered. The mistake may be corrected in any reasonable manner authorized by the Plan Administrator. If you or your Beneficiary receive an overpayment because of a mistake, you must repay the overpayment to the Plan, if requested to do so by the Plan Administrator.

Unclaimed Benefits

If you do not claim your Plan benefits, they will be canceled if all of the following events occur:

• The Plan Administrator has not located you after making a diligent effort to do so.

- A final notice of unclaimed benefits has been mailed to your last known address approximately two years after the first unclaimed payment.
- You have not responded to the final notice within three months after the notice was mailed.

Upon cancellation, the Plan will have no further liability to pay the canceled benefits. However, if you later notify the Plan Administrator of your whereabouts and request payment of the canceled benefits, the canceled benefits will be reinstated (without adjustment for interest and earnings), and the reinstated benefits will be paid to you.

APPEAL FROM A DENIAL OF YOUR BENEFIT CLAIM

<u>CLAIMS</u>. You must make a claim for benefits not received upon termination of employment in writing to the Plan Administrator. The Plan Administrator will handle claims in accordance with the provisions provided below:

General Rule. The Plan Administrator will notify you if a claim is wholly or partially denied within a reasonable period of time, but not later than 90 days after the Plan has received your claim, unless the Plan Administrator determines that special circumstances require an extension of time for processing your claim. If the Plan Administrator determines that an extension of time for processing is required, The Plan Administrator will give you written notice of the extension prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice provided by the Plan Administrator will state the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

<u>Calculating Time Periods</u>. For this purpose, the period of time within which a benefit determination is required to be made shall begin at the time a claim is filed in accordance with the Plan's claim procedures, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

<u>Manner and Content of Notification of Benefit Determination</u>. The Plan Administrator shall provide you with written notification of any adverse benefit determination. The notification must set forth, in a manner calculated to be understood by you--

- (i) The specific reason or reasons for the adverse determination;
- (ii) Reference to the specific Plan provisions on which the determination is based;
- A description of any additional material or information necessary for you claimant to perfect the claim and an explanation of why such material or information is necessary;
- (iv) A description of the Plan's review procedures as described in this section and the time limits applicable to such procedures, including a statement of the Participant or Beneficiary claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

Appeal of Adverse Benefit Determinations. You may appeal any written denial of a claim for benefits (including denial of an application for a withdrawal), within 60 days after the receipt from the Plan Administrator the written denial. By written application to the Plan Administrator, you may request a review by the Plan Administrator of the decision denying the payment of benefits.

<u>Submission of Additional Information</u>. In connection with an appeal of an adverse benefit determination, you are entitled to submit written comments, documents, records, and other information relating to your claim for benefits. Review of an appeal under this paragraph must take into account all comments, documents, records, and other information submitted by you relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

Review of Relevant Information. The Plan Administrator is required to provide you, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the you or your Beneficiary's claim for benefits. For purposes of this Section, the determination of whether a document, record, or other information shall be considered "relevant" shall be made in accordance with the definition provided below.

NOTIFICATION OF BENEFIT DETERMINATION ON REVIEW.

<u>Manner and Content of Notification of Benefit Determination on Review</u>. The Plan Administrator must provide you with written notification of the Plan's benefit determination on review. In the case of an adverse benefit determination, the notification must set forth, in a manner calculated to be understood by you:

- (i) The specific reason or reasons for the adverse determination;
- (ii) Reference to the specific plan provisions on which the determination is based;
- (iii) A statement that you or your Beneficiary is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. For purposes of this Section, determination of whether documents, records, and other information shall be considered "relevant" shall be made in accordance with the definition provided below;
- (iv) A statement of you or your Beneficiary claimant's right to bring a civil action under Section 502(a) of ERISA.

TIMING OF NOTIFICATION OF BENEFIT DETERMINATION ON REVIEW.

General Rule. Except as provided below, the Plan Administrator must notify you as required of the Plan's benefit determination on review within a reasonable period of time, but not later than 60 days after receipt of your request for review by the Plan, unless the Plan Administrator determines that special circumstances require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension must be furnished to you prior to the termination of the initial 60-day period. In no event shall

such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review.

Special Rule in Case of a Committee Serving as Plan Administrator. In the event that the Company has designated more than one person to serve by committee as Plan Administrator and the committee serving as Plan Administrator holds regularly scheduled meetings at least quarterly, the paragraph provided above will not apply, and the Plan Administrator shall instead make a benefit determination no later than the date of the meeting of the committee that immediately follows the Plan's receipt of a request for review, unless the request for review is filed within 30 days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second meeting following the Plan's receipt of the request for review. If special circumstances require further extension of time for processing, a benefit determination must be made not later than the third meeting of the committee following the Plan's receipt of the request for review. If such an extension of time for review is required because of special circumstances, the Plan Administrator must provide you with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Plan Administrator is required to notify you of the benefit determination as soon as possible, but no later than 5 days after the benefit determination is made.

<u>Calculating Time Periods</u>. For this purposes, the period of time within which the Plan Administrator is required to make a benefit determination on review will begin at the time an appeal is filed in accordance with the reasonable procedures of a Plan, without regard to whether all the information necessary to make a benefit determination on review accompanies the filing. In the event that a period of time is extended due to your failure to submit information necessary to decide a claim, the period for making the benefit determination on review shall be tolled form the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

DEFINITIONS. The following terms shall be defined as follows:

<u>Adverse benefit determination</u>. "Adverse benefit determination" means any of the following: a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit, including any such denial, reduction, termination, or failure to provide or make payment that is based on a determination of a you or your Beneficiary's eligibility to participate in the Plan.

Notice or notification. "Notice" or "Notification" means the delivery or furnishing of information to an individual in a manner that satisfies the standards of 29 CFR 2520.104b-1(b) as appropriate with respect to material required to be furnished or made available to an individual.

<u>**Relevant**</u>. A document, record or other information shall be considered "relevant" to claim if such document, record or other information:

- was relied upon in making the benefit determination;
- was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record,

or other information was relied upon in making the benefit determination; and

• demonstrates compliance with the administrative processes and safeguards designed to ensure and to verify that benefit claim determinations are made in accordance with the Plan and that, where appropriate, the Plan provisions have been applied consistently with respect to similarly situated Participants or Beneficiaries.

FORFEITURE OR LOSS OF VESTED BENEFITS

General Circumstances

There are many "general" circumstances that can result in the forfeiture or loss of your vested benefit that you might otherwise reasonably expect to be provided under the Plan. The following briefly notes some of these general circumstances.

Decline in Average Annual Earnings: If your Average Annual Earnings decline due to your lower current compensation, your Accrued Benefit under the Plan may be reduced because your Accrued Benefit "floats" with your current earnings and years of Credited Service. See *Plan Benefit Formulas*, page 6.

Employment After Normal Retirement Age: If you continue to be employed by the Company or an Affiliate at a time when your Retirement Benefit could begin without reduction for early commencement (usually age 62 or later), your Retirement Benefit payments will not commence until you retire or terminate employment. See *Your Retirement Benefit, Postponed Retirement Benefit,* page 11.

<u>Legal Maximum Benefit Limitations</u>: If your benefit is limited by legal maximum benefit limitations, the Plan is legally unable to provide your entire benefit under the Plan to you. See *Miscellaneous Benefit Provisions, Maximum Benefits*, page 19.

Insufficient Plan Assets: If the Plan's assets are insufficient at termination of the Plan, your benefit will be reduced to certain levels which are insured by the PBGC. See *Miscellaneous Plan In formation, PBGC Insurance,* page 36.

Lost Participant: If you are a lost Participant and your benefits under the Plan are unclaimed, your benefit will be forfeited. See *Miscellaneous Benefit Provisions, Unclaimed Benefits,* page 21.

Reemployment After Commencement: If you are reemployed after your Retirement Benefit begins, your Retirement Benefit payments generally will be suspended until your subsequent termination or retirement. Your subsequent Retirement Benefit will be actuarially reduced for your previous Retirement Benefit payments. See *Miscellaneous Benefit Provisions, Reemployment After Commencement,* page 20, and *Your Retirement Benefit, Postponed Retirement Benefit,* page 11.

<u>Recovery From Disability</u>: If you cease to be Disabled after your Disability Retirement Benefit begins, your Disability Retirement Benefit payments will be suspended if you have not reached your Normal Retirement Age. Your subsequent Retirement Benefit will be actuarially reduced for your previous Retirement Benefit payments. See Your Retirement Benefit, Disability Retirement Benefit, page 9.

Death Related Circumstances

There are many "death related" circumstances that can result in the forfeiture or loss of your vested benefit that you might otherwise reasonably expect to be provided under the Plan. The following briefly notes some of these death related circumstances.

<u>Your Death Prior to Retirement Without a Surviving Spouse</u>: If you die before your Retirement Benefit begins without a surviving Spouse, the Plan will not pay a benefit to any person. See *Spouse Preretirement Death Benefit*, page 16.

Surviving Spouse Death Prior to Commencement of Spouse Preretirement Death Benefit: If your surviving Spouse dies before the Spouse Preretirement Death Benefit begins under the Plan, the Plan will not pay a benefit to any person with respect to your Spouse's Spouse Preretirement Death Benefit under the Plan. See *Spouse Preretirement Death Benefit*, page 16.

Spouse Preretirement Death Benefit 50% Survivor Benefit: If you die before your Retirement Benefit begins with a surviving Spouse who begins to receive the Plan's Spouse Preretirement Death Benefit, your surviving Spouse is entitled only to the Spouse Preretirement Death Benefit which equals 50% of your QJSA. In addition, the Benefit is paid only in the form of a single life annuity for the life of your Spouse. See Spouse Preretirement Death Benefit, page 16.

Your Death After Commencement With Single Life or Level Income Annuity: If you start your Retirement Benefit with a Single Life Annuity or Level Income Annuity option and you die soon thereafter, the Plan will not pay a survivor benefit to any person with respect to your benefit under the Plan. See *Retirement Payment Options*, page 13.

Your Death After Commencement With No Survivor: If you start your Retirement Benefit with a QJSA or a Contingent Annuity option (both having a survivor benefit feature), but your Spouse or designated Beneficiary dies before you, the Plan will not pay a survivor benefit to any person. See *Retirement Payment Options*, page 13. Note: If you are eligible, the Restoration Annuity option allows you to obtain higher Retirement Benefit payments in the event your Spouse or designated Beneficiary predeceases you. Also, the Ten or Fifteen Year Certain option may provide a guaranteed death benefit to some Beneficiary of yours, even if your designated Beneficiary does not survive you.

PLAN BENEFIT EXAMPLES

Accrued Benefit Calculation

The following example will help you better understand the Plan's pension formulas and how your Accrued Benefit is determined under the Plan.

Joe Smith is age 58 and is a long service Employee with the Company. In April 2002, Joe begins to contemplate his eventual retirement. Here is more about Joe:

Birthday:

February 20,1944

Normal Retirement Date (age 65):	February 20, 2009
Current Average Annual Earnings:	\$35,000.00
Current Primary Social Security Benefit:	\$ 12,000.00 *

Current Credited Service: 33 years

Joe's current Accrued Benefit is determined under the following Plan benefit formula that produces the greatest amount:

Primary Formula. Under the Plan's "Primary Formula," Joe's Accrued Benefit is \$12,375.00 annually, or \$1,031.25 monthly, calculated as follows:

(1)	Average Annual Earnings	\$35,000.00
(2)	times 1 1/2%	<u>x 1.50%</u>
(3)	= gross benefit per year of Credited Service	525.00
(4)	times Credited Service	<u>x 33.00</u>
(5)	= annual gross benefit	\$ <u>17.325.00</u>
(6)	Primary Social Security Benefit	\$12,000.00
(7)	times 1-1/4%	<u>x 1.25%</u>
(8)	= reduction per year of Credited Service	150.00
(9)	times Credited Service	<u>x 33.00</u>
(10)	= annual reduction	\$ <u>4.950.00</u>
(11)	annual gross benefit from (5)	\$17,325.00
(12)	minus annual reduction from (10)	<u>-4,950.00</u>
(13)	= Primary Formula Accrued Benefit	\$ <u>12,375.00</u> annually

<u>Minimum Formula</u>. Under the Plan's "Minimum Formula," Joe's Accrued Benefit is \$11,550.00 annually, or \$962.50 monthly, calculated as follows:

(1)	Average Annual Earnings	\$35,000.00
(2)	times 1%	x <u> 1.00%</u>
(3)	= benefit per year of Credited Service	350.00
(4)	times Credited Service	<u>x 33.00</u>
(5)	= Minimum Formula Accrued Benefit	<u>\$11,550.00</u>

* This is an assumed number, it is not based on any actual calculation of Social Security benefits.

<u>Other Formulas.</u> The Plan's minimum benefit provisions produce a smaller benefit for Joe than the primary formula.

Joe's Accrued Benefit is the greater of the result obtained under the Primary Formula or the Minimum Formula. Therefore, Joe's Accrued Benefit is \$12,375.00 annually, or \$1,031.25 monthly, because the Primary Formula produces a larger amount than the Minimum Formula. This \$1,031.25 monthly amount will be the basis for the calculation of Joe's Retirement Benefit (or, if applicable, Spouse Preretirement Death Benefit) under the Plan.

Joe's Accrued Benefit represents a benefit payable to him monthly starting at his Normal Retirement Date, February 20, 2009, in the form of a single life annuity payable for his lifetime. This means that, if Joe retired today, Joe's basic benefit from the Plan is a single life annuity of \$1,031.25 payable monthly for his lifetime starting at age 65.

The actual amount of Joe's Retirement Benefit payments will vary depending on Joe's particular Retirement Benefit and the payment option he selects. See *Your Retirement Benefit*, page 8, and *Retirement Payment Options*, page 13.

Retirement Benefit Examples

The following examples will help you better understand the Plan's various Retirement Benefits.

Normal Retirement Benefit:

Joe Smith Retires at Age 65:

Assume Joe Smith has continued working until age 65. Also assume Joe's Accrued Benefit, with his additional Credited Service and Annual Earnings at age 65, is now \$1,200.00 monthly at the time of his retirement at age 65 (increased from \$1,031.25 monthly as in the example at age 58 in April 2002). Joe retires on his 65th birthday, his Normal Retirement Age under the Plan.

<u>Result</u>: In this case, Joe will receive a "Normal" Retirement Benefit from the Plan which will (1) start on his Normal Retirement Date and (2) equal his "full" Accrued Benefit under the Plan of \$1,200.00 payable monthly for his lifetime. Joe's actual payments will vary depending on the payment option he selects. See *Retirement Payment Options,* - page 13.

Early Retirement Benefit:

Joe Smith Retires at Age 58 and Starts Retirement Benefits Immediately:

Assume Joe Smith decides to retire at age 58 in April 2002. Joe is over age 55 and has more than five years of Participating Service. Joe's Accrued Benefit is \$1,031.25 monthly at April 2002. Joe elects to start receiving his Retirement Benefit immediately as of May 1,2002.

<u>Result:</u> In this case, Joe will receive an "Early" Retirement Benefit from the Plan which will (1) start on May 1,2002 and (2) equal a "reduced" Accrued Benefit under the Plan of \$835.31 payable monthly for his lifetime. Joe's Accrued Benefit of \$1,031.25 payable monthly is reduced by 19%. The reduction is equal to 1/3 of 1% for each of the first 24 months (8%), and ½ of 1% for each of the next 22 months (11%) between (1) May 1, 2002, the date retirement payments start and (2) March 1, 2006, the first day of the month following Joe's 62nd birthday (February 20, 2006). The actual amount of Joe's Retirement Benefit payments will vary depending on the payment option he selects. See *Retirement Payment Options*, page 13.

Early Retirement Benefit:

Joe Smith Decides to Defer Retirement:

Now assume Joe Smith decides instead to commence his Retirement Benefit on or after his 62nd birthday (February 20, 2006).

<u>Result</u>: In this case, Joe will be entitled to an "Early" Retirement Benefit from the Plan which will: (1) start on March 1,2006, and (2) equal his "full" Accrued Benefit under the Plan of \$1,031.25 payable monthly for his lifetime. Since Joe is starting his Retirement Benefit on or after his 62nd birthday, there is no reduction for early payment. The actual amount of Joe's Retirement Benefit payments will vary depending on the payment option he selects. See *Retirement Payment Options*, page 13.

Disability Retirement Benefit:

Joe Smith Retires at Age 58 on Disability:

Assume Joe Smith is age 58 and becomes Disabled during employment. Joe is over age 55 and has more than five years of Participating Service. Joe applies to the Plan Administrator for a Disability Retirement Benefit before his employment is terminated. Joe retires at age 58 in April 2002. The Plan Administrator determines that Joe is Disabled. Joe's Accrued Benefit is \$1,031.25 monthly at the time of his retirement in April 2002. Joe elects to start his Retirement Benefit immediately as of May 1,2002.

<u>Result</u>: In this case, Joe will receive a "Disability" Retirement Benefit from the Plan which will: (1) start on May 1,2002; and (2) equal his "full" Accrued Benefit under the Plan of \$1,031.25 payable monthly for his lifetime, without reduction that would otherwise occur for early payment of the Retirement Benefit. The actual amount of Joe's Retirement Benefit payments will vary based on the payment option he selects. See *Retirement Payment Options*, page 13.

Disability Retirement Benefit:

Susan Reynolds Retires at age 47 on Disability:

Assume Susan Reynolds is age 47 and becomes Disabled during employment She has more than five years of Participating Service. She is not eligible to enroll in Company provided long-term disability benefits and has at least 15 years of Credited Service. Susan applies to the Plan Administrator for a Disability Retirement Benefit before her employment is terminated. Susan retires at age 47 in July 2002. The Plan Administrator determines that Susan is Disabled. Susan's Accrued Benefit is \$725.00 monthly at the time of her retirement in July 2002. Susan elects to commence her Retirement Benefit immediately as of August 1, 2002.

<u>Result</u>: In this case, Susan will receive a "Disability" Retirement Benefit from the Plan which will: (1) start on August 1, 2002; and (2) equal her "full" Accrued Benefit under the Plan of \$725.00 payable monthly for her lifetime, without reduction that would otherwise occur for early payment of the Retirement Benefit. The actual amount of Susan's Retirement Benefit payments will vary depending on the payment option she selects. See *Retirement Payment Options*, page 13.

Note: If Susan either: (1) were eligible to enroll in Company provided long-term disability benefits; or (2) had less than 15 years of Credited Service, she would be ineligible to receive a Disability Retirement Benefit from the Plan. In this case, Susan would be entitled to a Vested Termination Retirement Benefit.

Vested Termination Retirement Benefit:

Mary Williams Terminates at Age 42:

Assume Mary Williams has 15 years of Participating Service and Credited Service. Mary terminates employment at age 42. Mary's Accrued Benefit is \$650.00 monthly at the time of her termination of employment at age 42.

<u>Result</u>: In this case, Mary will be entitled to a 'Vested Termination' Retirement Benefit from the Plan which will start, upon her election, at any time between her Early Retirement Date (age 55) and her Normal Retirement Date (age 65).

Vested Termination Retirement Benefit:

Mary Williams Elects Retirement at Age 55:

Assume Mary Williams lives to her Early Retirement Age (age 55) and elects to start her Vested Termination Retirement Benefit at her Early Retirement Age.

<u>Result:</u> In this case, Mary's Vested Termination Retirement Benefit will (1) start at her Early Retirement Date (age 55); and (2) equal a "reduced" Accrued Benefit under the Plan of \$325.00 payable monthly for her lifetime. Mary's Accrued Benefit of \$650.00 payable monthly is reduced by 50%. The reduction is equal to 1/3 of 1% for each of the first 60 months (20%), and ½ of 1% for each of the next 60 months (30%), between (1) her Early Retirement Date (age 55) and (2) her Normal Retirement Date (age 65). The actual amount of Mary's Retirement Benefit payments will vary based on the payment option she selects. See *Retirement Payment Options*, page 13.

Vested Termination Retirement Benefit:

Mary Williams Elects Retirement at Age 61:

Now assume Mary Williams decides instead to start her Retirement Benefit on or after her 61st birthday.

<u>Result</u>: In this case, Mary's Vested Termination Retirement Benefit will start at age 61. Mary will be entitled to a "reduced" Accrued Benefit under the Plan of \$546.00 payable monthly for her lifetime. Mary's Accrued Benefit of \$650.00 payable monthly is reduced by 16%. The reduction is equal to 1/3 of 1% for each of the first 48 months (16%) between: (1) her Early Retirement Date (age 61); and (2) her Normal Retirement Date (age 65). The actual amount of Mary's Retirement Benefit payments will vary depending on the payment option she selects. See *Retirement Payment Options*, page 13.

Vested Termination Retirement Benefit:

Mary Williams Elects Commencement at Normal Retirement Age (65):

Now assume Mary Williams decides instead to start her Retirement Benefit on or after her Normal Retirement Date (age 65).

<u>Result</u>: In this case, Mary's Vested Termination Retirement Benefit will: (1) start on her Normal Retirement Date (age 65); and (2) equal her "full" Accrued Benefit under the Plan of \$650.00 payable monthly for her lifetime. The actual amount of Mary's

Retirement Benefit payments will vary based on the payment option she selects. See *Retirement Payment Options,* page 13.

Postponed Retirement Benefit:

Don Jones Retires at Age 67:

Assume Don Jones has 15 years of Participating Service and Credited Service. Don continues working beyond his Normal Retirement Age (age 65) and terminates employment at age 67. Don's Accrued Benefit is \$800.00 monthly at the time of his termination of employment.

<u>Result:</u> In this case, Don will receive a "Postponed" Retirement Benefit from the Plan which will: (1) start at his Late Retirement Date (age 67); and (2) equal to the greater of (a) his "full" Accrued Benefit under the Plan of \$800.00 payable monthly for his lifetime or (b) the actuarial equivalent of the benefit he accrued at his Normal Retirement Age. The actual amount of Don's Retirement Benefit payments will vary depending on the payment option he selects. See *Retirement Payment Options*, page 13.

Retirement Payment Option Examples

The following examples will help you better understand the Plan's various retirement annuity options.

Required Payment Option:

Joe Smith is Married and Receives a QJSA:

Assume Joe Smith retires at age 58 and decides to defer commencement of his Early Retirement Benefit to age 62. Joe's Accrued Benefit is \$1,031.25 monthly at the time of his retirement at age 58. Joe is married at the time of commencement to his Spouse, Carol, who is two years younger than Joe.

<u>Result</u>: In this case, Joe will receive his Early Retirement Benefit from the Plan in the form of a Qualified Joint and Survivor Annuity. Joe's Retirement Benefit will start at age 62. Joe is entitled to his "full" Accrued Benefit under the Plan of \$1,031.25 payable monthly. The actual amount of Joe's Retirement Benefit payments, however, will be \$917.81 during his lifetime (which is reduced to reflect the 50% survivor protection of the QJSA). If Carol survives Joe, Carol will receive \$458.91 for her lifetime (50% of Joe's \$917.81 lifetime monthly payment).

Alternative Payment Option:

Joe Smith is Married and Elects a Fifteen Year Certain Annuity Option:

Assume Joe Smith decides to elect a Fifteen Year Certain Annuity Option and his Spouse, Carol, consents to this alternative payment option.

<u>Result</u>: In this case, Joe will receive his Early Retirement Benefit from the Plan in the form of a Fifteen Year Certain Annuity Option. The actual amount of Joe's Retirement Benefit payments under this alternative annuity option will be \$928.13 during his lifetime and, if Joe should die prior to the expiration of 15 years of monthly payments, Joe's Beneficiary (in this case Carol) will receive \$928.13 for the remainder of the 15 year

certain period. After the expiration of the 15 years of monthly payments, no further payments will be made to Carol or anyone, even if Carol is still alive.

Required Payment Option:

Joe Smith is Single and Receives a Single Life Annuity:

Now assume Joe Smith is not married at the time his Early Retirement Benefit begins at age 62.

<u>Result</u>: In this case, Joe will receive his Early Retirement Benefit from the Plan in the form of a Single Life Annuity. The actual amount of Joe's Retirement Benefit payments will be \$1,031.25 during his lifetime, the same amount as his "full" Accrued Benefit under the Plan of \$1,031.25 monthly.

Spouse Preretirement Death Benefit Examples

The following examples will help you better understand the Plan's Spouse Preretirement Death Benefit.

Joe Smith is Married and Dies Prior to Commencement of His Retirement Benefit:

Assume Joe Smith retires at age 58 and decides to defer commencement of his Early Retirement Benefit Joe's Accrued Benefit is \$1,031.25 monthly at the time of his retirement at age 58. Joe cues at age 62 and prior to the commencement of his Early Retirement Benefit from the Plan. Joe's Spouse, Carol, is still living at the time of Joe's death.

<u>Result</u>: In this case, Carol will receive a Spouse Preretirement Death Benefit from the Plan which will (1) start shortly after Joe's death and (2) equal the 50% survivor amount that Carol would have received under a Qualified Joint and Survivor Annuity if Joe had started his Early Retirement Benefit at age 62 and immediately died. This 50% survivor amount is \$458.91 payable monthly for her lifetime (50% of Joe's \$917.81 lifetime monthly payment) paid as a QJSA. See *Retirement Payment Options*, page 14.

Mary Williams Terminates at Age 42 is Married and Dies at Age 47:

Assume Mary Williams terminates employment at age 42. Mary's Accrued Benefit is \$650.00 monthly at the time of her termination of employment at age 42. Mary dies at age 47 and prior to the commencement of her Vested Termination Retirement Benefit from the Plan. Mary's Spouse, John, is still living at the time of Mary's death.

<u>Result</u> In this case, John will be entitled to a Spouse Preretirement Death Benefit from the Plan which will (1) start at John's election, but no sooner than Mary's Early Retirement Date (Mary's age 55) and (2) equal the 50% survivor amount that John would have received under a Qualified Joint and Survivor Annuity if Mary had started her Early Retirement Benefit at her Early Retirement Date and immediately died. This 50% survivor amount is \$151.13 payable monthly for his lifetime (50% of Mary's \$302.25 lifetime monthly payment). See below for more detail of the survivor benefit calculation.

Mary's Accrued Benefit payable at age 65 \$ 650.00

Reduction for early payment at age 55	<u>x 50%</u>
Benefit payable at Mary's age 55 325.00	
Reduction to provide for QJSA benefit	<u>x 0.93</u>
Qualified Joint & Survivor Form of Payment302.25	
50% of QJSA benefit	<u>x 50%</u>
John's monthly benefit payable for life	<u>\$151.13</u>

Mary Williams Terminates at age 42, is NOT Married and Dies at Age 47:

Assume Mary Williams terminates employment at age 42. Mary dies at age 47 prior to the commencement of her Vested Termination Retirement Benefit from the Plan. At the time of Mary's death at age 47, Mary did not have a surviving spouse.

<u>Result</u>: In this case, no person will be entitled to a benefit from the Plan. This is because Mary died before her starting Retirement Benefit from the Plan and without a surviving Spouse.

MISCELLANEOUS PLAN INFORMATION

Plan Information

The Kroger Consolidated Retirement Benefit Plan is a defined benefit pension plan with trust administration. The Plan is a qualified retirement plan under the Internal Revenue Code of 1986 ("IRC") and is an employee pension benefit plan under the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan has been assigned the plan number 001. The Plan's records are maintained on a 12 month period that ends on December 31 of each calendar year.

If you are represented by a union and your terms and conditions of employment are covered by a collective bargaining agreement with the Company or a Participating Affiliate, the Plan may be maintained pursuant to the collective bargaining agreement.

Plan Sponsor

The Plan Sponsor of the Plan is The Kroger Co. The Plan Sponsor has the power to amend or terminate the Plan, or to merge it with another plan, to appoint the Plan Administrator, the Trustee, and other Plan fiduciaries to administer the Plan. For information, contact The Kroger Co., 1014 Vine Street, Cincinnati, Ohio 45202, (513)762-4000, Employer Identification Numbers 31-0345740.

Participating Employers

The employers which participate in the Plan are the Company and the following Participating Affiliates listed on Appendix A.

All Participating Affiliates can be reached at The Kroger Co., 1014 Vine Street, Cincinnati, Ohio 45202, (513) 762-4000.

Plan Administrator

The Plan Administrator is generally responsible for the Plan's operation and administration. The Plan Administrator has the discretionary authority to interpret and construe the terms of the Plan and make all determinations regarding eligibility and benefits under the Plan. It may adopt rules for the administration of the Plan and, within certain limits, amend the Plan. The Plan Administrator is the Retirement Management Committee, do The Kroger Co., 1014 Vine Street, Cincinnati, Ohio 45202, Telephone: (513) 762-4000. The members of the Retirement Management Committee on July 1, 2002, are Paul Heldman, Michael Schlotman, and Della Wall.

Pension Investment Committee

The Pension Investment Committee is generally responsible for determining the amount of contributions that must be made to the Plan and for overseeing the investment of Plan assets. The Pension Investment Committee appoints the Plan Trustee and investment managers, assigns the Plan assets to be managed by each of them and may direct the Trustee as to the investment of Plan assets. The members of the Pension Investment Committee on July 1, 2002, are Lawrence M. Turner - Chairman, Walter B. Blake, William T. Boehm, Richard A. Manka and Pamela Taylor.

Plan Trustee

The Trustee of the Plan is responsible for the safekeeping of the assets of the Plan held by it and for the investment of the portion of the Plan's assets placed under its management. The Trustee is The Boston Safe Deposit and Trust Company, 135 Santilli Highway, Everett, Massachusetts 02149-1950, (___). The Employer Identification Number of the Trust is 36-6807397.

Collective Bargaining Agreement

The Plan itself is not maintained according to a collective bargaining agreement, but certain employees represented by a collective bargaining agent participate in the Plan. A copy of any collective bargaining agreement under which employees participate in the Plan may be obtained by you upon written request to your Human Resources Manager or the Plan Administrator and is otherwise available for your examination.

Agent for Service of Legal Process

Service of legal process may be made on the Plan Trustee, or on any person designated by the Company as an agent for service of legal process. The Company has designated the Plan Administrator as the Plan's agent for service of legal process: Retirement Management Committee, c/o The Kroger Co., 1014 Vine Street, Cincinnati, Ohio 45202. Legal service may be made on the Retirement Management Committee by serving any member of the Committee.

Contributions

The Company and Participating Affiliates make contributions to the Plan in the amounts and at the times the Pension Investment Committee determines it necessary to meet legal funding standards and to further the purposes of the Plan. The Pension Investment Committee may rely upon actuarial calculations and recommendations of an independent actuary in determining the amount of contributions. While the Company and Participating Affiliates intend and expect to fund the Plan sufficiently to meet all benefit obligations, future contributions are not guaranteed by them or by any Plan fiduciary. You are not required or permitted to make any contributions (including rollover contributions) to the Plan.

Plan Expenses

All proper expenses of the Plan will be paid or reimbursed from the Plan's trust fund. The Company or Participating Affiliates may pay Plan expenses directly, but they are not required to do so. You are not required to pay any Plan expenses.

Investment of Plan Assets

All contributions are paid into the Plan's trust fund. The trust fund is managed and invested by the Plan's Trustee or by investment managers appointed by the Pension Investment Committee. The Committee may direct the Trustee as to the investment of Plan assets. The Plan's trust fund may be invested in stocks (including Company stock within certain limits), bonds, real estate, insurance contracts, and other investments authorized under the terms of the Plan's trust agreement and applicable law.

Under normal circumstances, the investment performance of the Plan's trust fund will not affect the amount of your benefits. However, in the event of Plan termination or other unusual circumstances, the amount of benefits payable to you could be limited by available assets in the trust fund.

The Plan's Trustee, any appointed investment managers and the Pension Investment Committee will make every reasonable effort consistent with their fiduciary duties to preserve the assets of the trust fund and to secure a favorable investment return on them. However, no guarantee is made as to the rate of return, if any, that will be achieved. Plan investments may involve some risk to the principal of the trust fund, and if such risk materializes in losses, the principal amount of the trust fund may be reduced.

No Employment Contract

The Plan does not give you any assurance of being retained in the service of the Company or a Participating Affiliate, nor does it give you any rights to any benefits except those to which you are specifically entitled under the terms of the written legal documents constituting the Plan.

PBGC Insurance

Benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivors'

benefits. However, the PBGC does not guarantee all types of benefits under covered plans, and the amount of benefit protection is subject to certain limitations.

The PBGC guarantees vested benefits at the level in effect on the date of Plan termination. However, if a Plan has been in effect less than five years before it terminates, or if benefits have been increased within the five years before plan termination, the amount of the Plan's vested benefits or the benefit increases may not be guaranteed. In addition, there is a ceiling on the amount of monthly benefit that the PBGC guarantees, which is adjusted periodically.

For more information on the PBGC insurance protection and its limitations, ask the Plan Administrator or the PBGC. Inquiries to the PBGC should be addressed to the Office of Communications, PBGC, 2020 K Street, N.W., Washington, D.C. 20006. The PBGC Office of Communications may also be reached by calling (202) 326-4040.

Plan Amendment, Merger or Termination

The Company reserves the right to amend or modify the Plan, merge or consolidate the Plan with another plan, suspend or terminate its contributions to the Plan or terminate or partially terminate the Plan. The Plan Administrator also may amend the Plan, subject to certain limitations. Amendments to the Plan may be retroactive. Unless required or permitted by the Internal Revenue Code or other law, no amendment will reduce your vested Accrued Benefit under the Plan or permit Plan assets to be diverted from the purposes of the Plan. Your Plan benefits generally are governed by the terms of the Plan in effect on the date you terminate employment with the Company or a Participating Affiliate. You may not be entitled to benefit increases or other improvements made to the Plan after your termination of employment.

If the Plan is terminated or partially terminated, you will be fully vested in your Accrued Benefit. Payment of your vested Accrued Benefit will depend on the funds available in the Plan or through Pension Benefit Guaranty Corporation insurance. Assets available to pay benefits after payment of Plan expenses will be applied to provide benefits to you and other Participants affected by the termination in accordance with statutory priorities set forth in Title IV of ERISA. Payment of your vested Accrued Benefit will be made in accordance with the terms of the Plan, except that additional payment options permitted by law may be made available. After the payment of all Plan expenses and benefits, any surplus Plan assets remaining will be returned to the Company and Participating Affiliates, or will be otherwise applied as directed by the Company.

Previous Plan Mergers

If you were previously a participant in another pension plan that has been merged into this Plan, certain provisions in the Plan may apply to you. If any of these provisions apply to you, they will override the regular provisions of the Plan described in this Summary. These provisions serve to protect the benefits you earned before the merger and your payment rights with respect to these benefits. The provisions also describe how your service is determined for periods before and after the merger and how your benefits under this Plan are to be determined after the merger. The following pension plans have recently been merged into the Plan:

• The M&M Supermarkets, Inc. Retirement Plan was merged into the Plan on September 30,1989.

• The Kroger Employees Retirement Income Plan was merged into the Plan on December 28,1991.

<u>GLOSSARY</u>

Accrued Benefit: The amount determined under the Plan's benefit formulas. See *Plan Benefit Formulas*, page 6.

Affiliate: An entity which is at least 80% owned by the Company.

<u>Annual Earnings</u>: The following items are generally included in Annual Earnings in a calendar year:

- Base pay, overtime and bonuses paid to you by the Company or a Participating Affiliate during the calendar year.
- Salary reduction amounts under a Section 125 "cafeteria" plan.
- 401(k) contributions under the Company's Savings Plan.

The following items are generally excluded from Annual Earnings:

- Noncash compensation and moving expenses.
- Gains from stock options.
- Banked vacation paid in cash (1981 1988).

Annual Earnings are subject to certain legal compensation limitations.

<u>Authorized Leave of Absence</u>: An absence authorized by the Company or a Participating Affiliate under the Company's standard personnel practices, provided the Employee returns to work with the Company or an Affiliate at the end of the authorized leave. Most authorized leaves are sick leaves.

Average Annual Earnings: The average of your Annual Earnings for <u>any</u> of the five full calendar years in which your Annual Earnings were highest during the ten full calendar years immediately preceding the year of your retirement or other termination of employment. Prior to April 22, 1993, Average Annual Earnings were the average of your Annual Earnings for the five full <u>consecutive</u> calendar years in which your Annual Earnings were highest during the last 10 full calendar years of employment preceding the year of employment.

Beneficiary: Any person designated by you to receive benefits that may become available after your death. The consent of your Spouse is required if you designate a Beneficiary other than your Spouse with respect to the form of your Retirement Benefit paid under the Plan unless the form of payment is the Qualified Joint and Survivor Annuity.

Break in Service: A break in employment or reduction in hours. You will incur a Break in Service for each twelve consecutive month period beginning on the date of your

termination of employment with the Company or an Affiliate during which you have not been continuously employed with the Company or an Affiliate. Periods of severance of employment of less than one year generally will not be considered a Break in Service.

Company: The Kroger Co.

Contingent Annuity Option: One of the Plan's alternative payment options. See *Retirement Payment Options,* page 13.

<u>Credited Service</u>: Your service considered for purposes of the Plan's benefit formulas.

Disability Retirement Benefit: The Retirement Benefit payable to you from the Plan if you terminate employment or retire by reason of being Disabled and you meet certain other qualification requirements. See Your *Retirement Benefit, Disability Retirement Benefit,* page 10.

Disabled: You are Disabled if, as a result of bodily injury or disease, either occupational or non-occupational in cause, you (1) are declared eligible for Social Security disability benefits or (2) are found by the Retirement Management Committee, on the basis of an opinion of a licensed physician chosen by the Retirement Management Committee, to be wholly and permanently prevented from performing the normal duties of your regular occupation. You are not Disabled if your disability results from service in the armed forces of any country, war or act of war, intentional self-inflicted injury, attempted suicide, or engagement in criminal activity.

Early Retirement Benefit: The Retirement Benefit payable from the Plan if you terminate employment or retire after your Early Retirement Date, but before your Normal Retirement Date under the Plan. See *Your Retirement Benefit, Early Retirement Benefit,* page 9.

Early Retirement Date: The ending date of the week in which your pay ends following the later of the date you (1) attain age 55 or (2) earn five years of Participating Service.

Employee: Any person employed by the Company, excluding (1) independent contractors, leased employees, or employees employed by another employer and (2) any person whose terms and conditions of employment are subject to a collective bargaining agreement which does not provide for participation in the Plan. Any person who is treated as an independent contractor or as an employee of another employer shall be excluded from the Plan, even if it is later determined that the person is an employee of the Company

Hour of Service: An hour for which you are compensated by the Company or an Affiliate for the performance of duties. An Hour of Service does not include those hours for which you are paid but do not work (such as paid hours during vacations, holidays, jury duty, leave of absence, or the like).

Level Income Annuity Option: One of the Plan's alternative payment options. See *Retirement Payment Options*, page 13.

Normal Retirement Benefit: The Retirement Benefit payable to you from the Plan if you terminate employment or retire on your Normal Retirement Date. See *Your Retirement Benefit, Normal Retirement Benefit,* page 8.

Normal Retirement Date: The ending date of the Company's four-week accounting period following the later of the date you (1) attain age 65 or (2) complete five years of participation in the Plan or earn five years of Participating Service.

<u>Participant</u>: An individual who meets the current service and eligibility requirements for entry into the Plan, or who became a participant in the Plan under the Plan's prior eligibility provisions or through a plan merger.

Participation Affiliate: An entity which is at least 80% owned by the Company and which has adopted the Plan.

<u>Participating Service</u>: Your service considered for purposes of vesting and participation under the Plan.

Your service prior to age 18 is excluded for purposes of determining your years of Participating Service. In addition, you generally will receive credit under certain circumstances for an Authorized Leave of Absence for up to one year.

Plan: The Kroger Consolidated Retirement Benefit Plan.

Plan Administrator: The Retirement Management Committee.

Plan Sponsor: The Company.

Plan Year: The 12 month period ending on December 31 of each calendar year.

Postponed (Late) Retirement Benefit: The Retirement Benefit payable to you from the Plan if you retire after your Normal Retirement Date under the Plan. See *Your Retirement Benefit, Postponed (Late) Retirement Benefit,* page 11.

Primary Social Security Benefit: Means an <u>estimate</u> of your old-age benefit under the Social Security Act, as determined by the Plan Administrator in accordance with standard rules and procedures. If you terminate employment or retire before your Normal Retirement Age, your Primary Social Security Benefit means an estimate of your prospective benefit from Social Security at age 65 (assuming you receive no more wages, and disregarding any subsequent increases in the Social Security wage base or benefits).

<u>Qualified Joint and Survivor Annuity ("QJSA")</u>: A required payment option if you are married at the time of commencement of your Retirement Benefit. See *Retirement Payment Options*, page 13.

<u>Required Beginning Date</u>: The April 1 of the calendar year following the later of: (i) the calendar year in which you attain age 70-1/2; or (ii) the calendar year in which you retire.

Restoration Annuity Option: One of the Plan's alternative payment options. See *Retirement Payment Options,* page 13.

<u>Retirement Benefit</u>: The benefit from the Plan payable to you which will be a Normal, Early, Disability, Vested Termination, Postponed Retirement Benefit depending the timing and circumstances of your retirement or termination of employment.

<u>Retirement Management Committee</u>: The committee of individuals appointed by the Plan Sponsor to administer the Plan.

Single Life Annuity Option: A required payment option if you are single at the time of commencement of your Retirement Benefit and also one of the Plan's alternative payment options. See *Retirement Payment Options,* page 13.

Spouse: The person to whom you are married at the date your Retirement Benefit begins or the date of your preretirement death. Your Spouse at the date your Retirement Benefit begins remains your Spouse for all Plan purposes, even if you are divorced after your Retirement Benefit begins, and even if your Spouse remarries.

Spouse Preretirement Death Benefit: The preretirement death benefit payable to your surviving spouse from the Plan if you die before your Retirement Benefit begins under the Plan and you have at least five years of Participating Service. See *Spouse Preretirement Death Benefit*, page 16.

<u>Ten or Fifteen Year Certain Option</u>: One of the Plan's alternative payment options. See *Retirement Payment Options,* page 13.

Vested Termination Retirement Benefit: The Retirement Benefit payable to you from the Plan if you terminate employment prior to your Early Retirement Date under the Plan and you have at least five years of Participating Service. See *Your Retirement Benefit, Vested Termination Retirement Benefit,* page 10.

ERISA STATEMENT OF RIGHTS

You are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all participants and beneficiaries shall be entitled to:

Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor.

Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (the later of: (i) age 65, or (ii) the fifth anniversary of your first date of participation in the Plan, or the date you

earn five years of Participating Service) and if so, what your benefits would be at normal retirement age if you stop working under the plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The plan must provide the statement free of charge.

In addition to creating rights for plan participants ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA. If your claim for a pension benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the plan review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

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APPENDIX A

Participating Affiliates

Subsidiaries of The Kroger Co.

Agri-Products, Inc. Bluefield Beverage Company Country Oven, Inc. Dillon Companies, Inc. Also Doing Business As: Baker's Supermarkets City Market **Dillon Food Stores** Dillon Stores Division, Inc. **Dillon Warehouse** Food 4 Less GHC Merchandise Distribution Gerbes Supermarkets Jackson Ice Cream Co. Jackson & Company King Soopers Sav-Mor Dotto. Inc. Drugs Distributors, Inc. Embassy International, Inc. Fred Meyer, Inc. Henke & Pillot, Inc. Henpil, Inc. Inter-American Foods, Inc. Inter-American Products, Inc. J.V. Distributing, Inc. Kessel FP, L.L.C. Kessel RCD, L.L.C. Kessel Saginaw, L.L.C. KRGP, Inc. KRLP, Inc. The Kroger Co. of Michigan Also Doing Business As: The Apple Orchard Fruit Market **Bi-Lo Discount Foods Kessel Pharmacies** Kessel Food Markets World of Videos. Movies and Munch More

Kroger Group Cooperative, Inc. *Also Doing Business As:* Kroger Group, Inc. KGC, Inc. Michigan Dairy, L.L.C. Kroger Dedicated Logistics Co. Kroger Limited Partnership I Also Doing Business As: Foods Plus Hilander Food Stores JayC Food Stores Kentucky Distribution Center Kroger Kare Home Infusion **Owen's Supermarket** The Pet Food Super Center The Petfood Place Pevton's Southeastern Ruler Discount Foods Kroger Limited Partnership II Also Doing Business As: **Country Oven Bakery** Crossroad Farms Dairy Indianapolis Bakery K. B. Specialty Foods Kenlake Foods Pace Dairy of Indiana Pevton's Northern Winchester Farms Dairy Kroger Management Co. Kroger Texas L.P. Also Doing Business As: America's Beverage Company Vandervoort's Dairy Food Company MANUCO Incorporated One Holdings, Inc. Also Doing Business As: Seven Holdings, Inc. Pace Dairy Foods Company Pay Less Super Markets, Inc. Peyton's-Southeastern, Inc. Also Doing Business As:

Peyton's Mid-South Company Supermarket Merchandisers Co. Pontiac Foods, Inc. Queen City Assurance, Inc. (Subsidiary of The Kroger Co. of Michigan) RJD Assurance, Inc. Rocket Newco, Inc. Southern Ice Cream Specialties, Inc. Ten Holdings, Inc. Three Holdings, Inc. Topvalco, Inc. Two Holdings, Inc. Vine Court Assurance Incorporated

Subsidiaries of Dillon Companies, Inc.

Dillon Real Estate Co., Inc. Junior Food Stores of West Florida, Inc. Also Doing Business As: Tom Thumb Food Stores Kwik Shop, Inc. Mini Mart, Inc. Also Doing Business As: Kwik Way Food Loaf 'N Jug, Inc. Quik Stop Markets, Inc. Royalty Enterprises, Ltd. THGP Co., Inc. THLP Co., Inc. THLP, LLC Turkey Hill, L.P. Also Doing Business As: Turkey Hill Dairy, Inc. **Turkey Hill Minit Markets** Wells Aircraft, Inc. (Subsidiary of Dillon Real Estate Co., Inc.)

Subsidiaries of Fred Meyer, Inc.

Fred Meyer Stores, Inc. CB&S Advertising Agency, Inc. Distribution Trucking Company FM Fuel Stop Fred Meyer Jewelers, Inc. *Also Doing Business As:* Littman Jewelers Barclay Jewelers Smith's Food & Drug Centers, Inc. *Also Doing Business As:* Fry's Food & Drug Stores Fry's Marketplace Peyton's Phoenix Quality Food Centers, Inc. Hughes Markets, Inc. Ralphs Grocery Company *Also Doing Business As:* Food 4 Less Foods Co. Bell Markets, Inc. Cala Foods, Inc.

APPENDIX B

Benefit Formula Upon Reemployment (the "Non-Grandfathered Benefit Formula")

With respect to Credited Service earned after your Reemployment Date, your Accrued Benefit will be calculated based upon your Benefit Account, which is equal to the sum of:

• Your opening Pay Credit Account. For your first year of participation upon reemployment, your opening Pay Credit Account balance is zero. Thereafter, your opening Pay Credit Account balance is equal to your closing Pay Credit Account balance from the immediately preceding Plan Year.

- A pay credit equal to 5% of your Annual Earnings, (earned after your reemployment date) during the Plan Year.
- An interest credit equal to the average annual rate of interest on 30-year Treasury Securities in effect for the month of December (average annual rate during the month of November) which precedes the first day of the Plan Year multiplied by your opening Pay Credit Account balance. However, if your Annuity Starting Date occurs during the Plan Year, your interest credit will be multiplied by a fraction, the numerator will be the number of completed calendar days preceding your annuity starting date during the Plan Year, the denominator being the number of days in that calendar year (365 or 366 if a leap year).

Therefore, if you are reemployed you will have an Accrued Benefit based upon the Formula Retirement Benefit as described in the Section entitled Definitions (the "Grandfathered Benefit Formula") with respect to your Credited Service earned prior to your termination of service and an Accrued Benefit calculated based upon the Non-grandfathered Benefit Formula with respect to the Credited Service earned after your reemployment date.

If you withdrew your vested portion from Profit Sharing, and you do not exercise your buy back rights (pay the money back to the trust), the value of the previous distribution, including interest, will be factored into the calculation of your Accrued Benefit calculated under the Grandfathered Benefit Formula.

Payment Options

As described under the Section entitled "Required Payment Options", your benefit under the Benefit Account Formula must be paid to you in the same prescribed payment forms, depending on your marital status at the time your Normal Retirement Benefit begins, unless you file a waiver as described under the Section entitled "Waiving Required Payment Options." In addition, to the required payment options, the plan offers the following Alternative Payment Options with respect to your benefit earned under the Non-Grandfathered Benefit Formula:

Single Life Annuity Option: The "Single Life Annuity" option provides a monthly payment to you during your life, with payments ending upon your death. No death benefits are paid under this option.

Lump Sum: The "Lump Sum" option provides a cash payment to you equal to the Actuarial Equivalent of your Accrued Benefit.

Contingent Annuity Option: The "Contingent Annuity" option provides a monthly payment to you during your life. Upon your death, this payment option provides a monthly payment to your designated surviving Beneficiary for your Beneficiary's remaining life. If your designated Beneficiary survives you, your Beneficiary's benefit will be an amount equal to 100% of your monthly payment amount.