



KROGER TIMES AT NORTHSHORE DRIVE!

A Letter from Dave Dillon

December 8, 2009



Moments ago, we released our third-quarter earnings report publicly. As usual, our results will quickly become headline news in the communities where we operate. It's important that our associates hear from you, understand the factors influencing our third-quarter results and know what each of us must do to win in this intensely challenging economy.

Although we achieved identical supermarket sales of 1.3% (without fuel), we reported a net loss for the quarter due to two accounting charges related to Ralphs. These combined charges amount to \$1.05 billion and reduced our earnings per share for the third quarter by \$1.62 per diluted share. Our team at Ralphs continues to do a terrific job in one of the most difficult operating environments in the country right now. We remain confident in the ability of our Ralphs associates to strengthen our position there.

These accounting charges certainly had an impact on the quarter, but they were not the only factors at work. Excluding the accounting charges, net earnings for the quarter would have been \$176.7 million (\$0.27 per diluted share) compared to \$237.7 million (\$0.36 per diluted share) for the same period last year.

All of our divisions are operating in an environment of deflation, aggressive competition and cautious customers. Though temporary, we expect these factors to continue the rest of this year and into 2010.

Across the company, it is imperative that all of us focus on executing our Customer 1st strategy, reducing costs, and increasing sales. Helping associates understand our business environment – and roles in our strategy – is more important than ever. A discussion guide about our earning is attached to help you frame your conversations with associates. A copy of our complete third-quarter earnings release is posted online at www.kroger.com.

Please be proactive about sharing this information with your leadership teams and with associates throughout our company.

We know the challenges ahead, and we recognize the opportunities as well. Our associates' individual connections with our customers during this important holiday season will help strengthen our position into 2010. As you meet with your teams, please share my thanks with them for their dedication and hard work as we focus on delivering the best experience for our customers.

KEY PEOPLE IN OUR STORE:

Store Manager.....Ted Mills

Front End.....Holly Lawson

Fuel.....Elizabeth Brakebill

Starbucks.....Tampa Newport

Pharmacy.....Kristie Hutchinson

Floral.....Kim Jones

Produce.....Mike Beckham

Nutrition.....Chris Coning

Deli.....John Pugh

Cheese Shop.....Belinda Brackett

Bakery.....Debbie Moody

Seafood.....Alex Kandilakis

Meat.....Chuck Breeden

Drug G.M.....Karen Lindsay

Grocery.....Ray Caldwell

Frozen Food.....Gordon Smith

Dairy.....Jeff Trentham

December Anniversaries

<u>Name</u>	<u>Date</u>
Tanza Leatherwood	12/02/85
Brandi Lawhorn	12/11/07
Gerry Anders	12/18/07
Randy Clark	12/18/80
Steve Nelson	12/19/73
Randy York	12/31/06



December Birthdays

<u>Name</u>	<u>Date</u>
Betty Noe	12/11
Sharif Ahmaed	12/11
Janice Allen	12/11
Brandon Hollifield	12/12
Steven Russell	12/12
Kim Jones	12/17
Tampa Newport	12/20
Charles Hamilton	12/24
Trish Stinnett	12/25
Lynnette Draine	12/29
Sonya Kron	12/31

Shining Stars Period 11 Winners



Being Customer First Really Pays! Just ask Kim Snyder, Lora Huffman and David Lemelin.

Each of these employees has won a \$20 Gift Card for being recognized as being Customer First, in the Shining Stars 11th Period Drawing. Congratulations to each of these OUTSTANDING Employees. Every time we put the Customer 1st we all win.



Store 525's Shining Stars!



Your Newsletter is on the Web

Don't forget to visit Your525Newsletter online, with a Brand New Look, at

<http://your525newsletter.yolasite.com>.

Be sure to check it out and drop me a line to share your comments and suggestions with me about how to improve the site or what you would like to see. I would love to hear from you!

Check It Out!





As Part Of Kroger's Core Values, We Have Created An Inclusion Council Help Make Our Store The Best That It Can Be For Both Our Associates And Our Customers. Here Is The Goal Of The Kroger Inclusion Council: Your Voice Matters, Working Together Works, Encouraging Everyone's Involvement, Being The Best Person You Can Be. The Council Includes 12 Associates Throughout Store That Would Like To Hear Your Comments, Suggestions, Concerns and Ideas So That You Have A "Voice" In The Store.

KROGER 525 INCLUSION COUNCIL MEMBERS

- Alex Kandilakis.....Meat/Seafood
- Alice Pinckard.....Front End
- Betty Noe.....Front End
- Danielle Allen.....Management
- David Lemelin.....Grocery
- Debbie Moody.....Bakery
- Doug Flynn.....Accounting
- John Ingram.....Fuel
- Mechelle Hawkins.....Deli
- Mitchell Honey.....Produce
- Sherri Breeden.....Drug G/M
- Tampa Newport.....Starbucks



From the Vault items are specially priced online items for Associates only and reflect a savings greater than the everyday Associate 20% discount.

10kt. White Gold, 1/6 ct. tw. Diamond Journey Heart Pendant or 3/4 ct. tw. Diamond Solitaire Earrings in 14K White Gold



Advertised Price \$99.99
From the Vault Price \$69.99*
 (*includes free 2nd day shipping \$5.95 value)

Advertised Price \$499
From the Vault Price \$379*
 (*includes free 2nd day shipping \$5.95 value)



Available online only

Use online discount code: 9KREPD379
 Offer valid 12/1/09 - 12/31/09
 Cannot be combined with any other offer or discount



Mountains Majestic
By: Timothy Sorsdahl

December Happenings

- Dec. 1, 1955: Rosa Parks Is Jailed In Montgomery
- Dec 7, 1941: Japan Bombs Pearl Harbor
- Dec. 16, 1773: The Boston Tea Party
- Dec. 18, 1787: New Jersey Became The 3rd State
- Dec. 25: Christmas Day



Check Out Your Total Associate Discounts

Don't forget all the discounts available to you as an associate, especially now during the holiday season. From jewelry to computer products to cell phone service to flowers, CDs, DVDs and more, there's plenty to pick from and save money. Check out this list:

Employee Assistance Program Visit www.MagellanHealth.com/member or call 1-800-547-1442 for information, referrals and support on topics such as:

- Family
- Work-Life Balance
- Stress
- Health and Wellness
- Relationship Issues
- Grief and Loss
- Depression and Anxiety
- Alcohol or Drug Concerns



Convenient, Easy & Secure

With Express HR you can update your Personal Information, add or update Direct Deposit, view and print your pay stub and update your Federal Taxes (W-4). You can update this information through Express HR in three different ways:

- Log in using the kiosk Express HR kiosk in our store
- Log in from any computer by going to www.myemployeeinfo.com/atlanta and clicking on the link for Express HR
- Call 1-800-952-8889, keyword Express HR

[Fred Meyer Jewelers and Littman Jewelers](#)



Every month, there is a special associate-only offer from Fred Meyer Jewelers. Also, visit www.fredmeyerjewelers.com or www.littmanjewelers.com to save **20 percent off our everyday low, online prices** with promotion code **910KRE20**. DISCOUNT DOES NOT INCLUDE: SWISS WATCHES, DIVING WATCHES, UNMOUNTED DIAMONDS AND GIFT CARDS.

[Microsoft Associate Purchase Program](#)



Purchase some of Microsoft's most popular software and hardware at discounted prices!

[Hewlett Packard/Compaq/dell/sarcom Computer Equipment](#)



As part of the Kroger team, you can enjoy the benefits of reduced cost, easy procurement and great support from HP/Compaq and Dell. Purchases can be made online or by telephone.

[i-wireless](#)



i-wireless and Kroger partnered together to launch a new reward program for associates and customers. i-wireless offers associates 30 free minutes for every \$100 spent.

[FM Store 24/7: Associate-Only Savings on CDs, DVDs & Video Games](#)



Save an **extra 10 percent off** low Fred Meyer online prices on CDs, DVDs and games, which include more than 300,000 titles. FREE shipping on orders over \$25. Use promo code "**KR112008**" at **checkout**.

[Kroger Flowers - Online Discount](#)



Receive 10 percent off all flowers, plants and gifts on online purchases from the floral section of www.kroger.com. Enter **EMP11** at **checkout**.

[Ford Vehicle Purchase Program](#)



Through the Partner Recognition Program, the Ford Motor Company extends special pricing to associates, both active and retired, and their spouses (CHILDREN ARE NOT ELIGIBLE) who purchase or lease eligible Ford vehicles. Enter **partner code XD810**.

[Cell Phone Plans and Service Providers](#)



Kroger has negotiated national accounts with **Cingular**, **Nextel (from Sprint)** and **Verizon** to offer associates discounted cell phone plans. Coverage and calling plans vary based on your location.

[Dream Seats](#)



All Kroger associates can enjoy a **5 percent discount** with Dream Seats, a preferred seating provider for concerts, sports and theater events nationwide.

THINK SHRINK: SHRINK SMARTS



Period 12 Shrink Topic: Production Planning Sales Tool

Benefits of using the Production Planning Sales Tool

- Building Sales
- Improve the customer shopping experience
- Better case presentation
- Sell more packages at full retail
- Save labor by not cutting product that you won't need
- Better cooler organization
- Less time doing markdowns
- As history to find past sales
- Better Shrink Results

The Shrink Topic For The 12th Period Is...

Production Planning Sales Tool



Period 12 Safety

Topic:

Equipment Safety

U-boats and carts

“Working together, we can develop a culture that will reduce accidents to zero.”

Safety Creed

Carts and U-boats make lifting and moving heavy loads easier and safer.

Make sure you:

- Never load them above the shoulder height and keep a clear line of sight while moving.
- Push them instead of pull them.
- Inspect them before each use.
- Keep pathways clear of debris and obstructions.
- Never block entrances, exits or pathways with them.

NOBODY LIKES SHRINK



PERIOD 12 **Production Planning Sales Tool**

Control shrink from unsold product or missed sales.

Plan Ahead to Maximize Sales and Minimize Loss

- The PPST/CMT (Production Planning Sales Tool/Case Management Tool) is an important part of maintaining the variety and freshness of the items we sell in our stores.
- Using the PPST/CMT will ensure that departments, such as Meat and Bakery, will have the appropriate amount of product required to grow sales while minimizing excessive inventory.

Pop Quiz Circle the correct answer for each of the following

1. What does the asterisk mean on the PPST/CMT?
 - A. A Mandatory item.
 - B. An item you store should carry, if sales permit.
 - C. A Variety item designated by the division for all stores to carry.
 - D. A & C.
2. Items listed on the PPST/CMT as “not assigned to a group” are?
 - A. Old UPC's.
 - B. Deleted UPC's.
 - C. UPC's not assigned to a family.
 - D. Either A, B or C.
3. Items with brackets on the PPST/CMT indicate:
 - A. Selling less than daily target.
 - B. Selling more than daily target.
 - C. Selling less than presentation minimum set by division.



Fill out this quiz for your chance to **Win a \$5 In-Store Gift Card**

NAME

DEPARTMENT

TALK TO US
1-800-689-4609

www.ethicspoint.com

If you have concerns or questions about losses at our store, talk with your manager. If you'd rather report your concerns confidentially, call the help line. It's confidential and available 24 hours a day.



New and
Improved!
Check it out!



Get On Track!

Our Customers

expect us to be our very best every time they shop!



Our People Are Great!

- Friendly Cashiers & Courtesy Clerks
- Friendly Store Associates who acknowledge and assist customers



I Got the Products I Need, Plus a Little:

- Well Stocked
- Fresh perishables
- Variety and selection of products



Kroger Has Good Prices:

- Advertised items in stock and well signed
- Using stickers or balloons to highlight sale items
- Exciting P.A.'s about our feature items, special events, fuel rewards, gift cards, etc.



The Shopping Experience makes me want to return:

- Efficient and quick checkout
- Clean store-dairy cases, floors and restrooms
- Uncluttered store/well merchandised
- Great overall atmosphere – feeling good about their experience

Where are the Surveys?

You may wonder what happens to the Associate 1st Surveys from the time they leave our store or computer screen to the time the results are posted. Currently, our outside vendor is scanning paper surveys and tabulating your results. As the photos show, once the paper surveys are removed from the boxes, they're sorted by location and are prepared for scanning. The vendor has received hundreds of thousands of surveys – you can see a portion of the survey boxes stacked on the floor, waiting to be sorted. All those stacks of surveys are waiting to be scanned. After the paper surveys are processed and tabulated, the vendor will combine the paper and electronic surveys and deliver final, summary reports to our company leaders in January.



With the end of the year quickly approaching you will need to have the correct address on file with ExpressHR to ensure that you receive your W-2 form for 2010. **This needs to be done no later than December 31, 2009. You can make changes by:**

- Log in using the kiosk Express HR kiosk in our store
- Log in from any computer by going to www.myemployeeinfo.com/atlanta and clicking on the link for Express HR
- Call 1-800-952-8889, keyword Express HR

