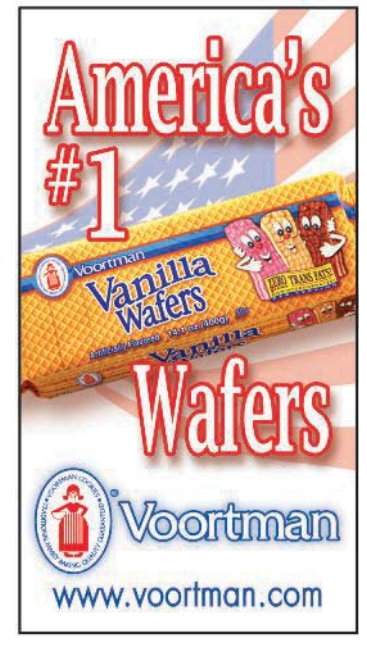


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SUPERMARKET NEWS



POWER 50

Spotlighting the most influential people of 2013, including the **Trending 10** — Page 14



Kroger Eyes Growth in Harris Teeter

By MARK HAMSTRA

CINCINNATI — The agreement by Kroger Co. here to acquire Harris Teeter Supermarkets puts the company in a strong position to grow in the Carolinas and Mid-Atlantic, analysts said last week.

“We continue to view Harris Teeter as a well-positioned, high-end banner in attractive markets for growth, including the Carolinas and greater Washington [including Baltimore], as well as a good cultural fit for Kroger,” said Andrew Wolf, a Boston-based analyst with BB&T Capital Markets.

Wolf just a few days prior to the acquisition had published a report called “Should Kroger Acquire Harris Teeter?” in which he speculated that such an agreement “would be a

good deal for Kroger” given Harris Teeter’s strong history of performance.

The \$2.5 billion price — \$49.38 per share, plus the assumption of \$100 million in debt — was at the low end of what Wolf had expected Harris Teeter to fetch. He suggested that other potential strategic bidders, such as Lakeland, Fla.-based Publix Super Markets, had dropped out of the bidding.

Meredith Adler, an analyst with Barclays Capital, New York, said she thought the price was “reasonable.”

“We think this is a very good acquisition for Kroger, given the quality of the asset and its operations in high-growth markets,” she said in a report.

Harris Teeter, based in Matthews, N.C., had disclosed earlier this year that

it was seeking strategic alternatives, after being contacted by investment firms. Kroger had indicated during the past year that while it remained cautious when evaluating acquisition opportunities, it was considering entering new markets.

(See more of Kroger Chief Executive Officer David Dillon’s comments on the acquisition in his Power 50 profile on Page 18.)

If the acquisition is completed — pending shareholder approval — it would be the largest acquisition in 15 years for Kroger.

Kroger said Harris Teeter’s strong position in growing markets made it a compelling target.

“Harris Teeter is located in the exciting, high growth mid-Atlantic and

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