

**Table 1.**  
**THE KROGER CO.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per share amounts)  
(unaudited)

	SECOND QUARTER				YEAR TO DATE			
	2007		2006		2007		2006	
SALES	\$ 16,139.0	100.00%	\$ 15,138.5	100.00%	\$ 36,864.6	100.00%	\$ 34,553.7	100.00%
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION (a), AND LIFO CHARGE (b)	12,314.7	76.30	11,597.3	76.61	28,148.6	76.36	26,256.4	75.99
OPERATING, GENERAL AND ADMINISTRATIVE (a)	2,827.2	17.52	2,649.2	17.50	6,435.8	17.46	6,177.5	17.88
RENT	149.2	0.92	153.4	1.01	338.3	0.92	349.1	1.01
DEPRECIATION	310.8	1.93	290.3	1.92	714.6	1.94	677.7	1.96
OPERATING PROFIT	537.1	3.33	448.3	2.96	1,227.3	3.33	1,093.0	3.16
INTEREST	104.3	0.65	110.0	0.73	250.7	0.68	265.0	0.77
EARNINGS BEFORE TAX EXPENSE	432.8	2.68	338.3	2.23	976.6	2.65	828.0	2.40
TAX EXPENSE	165.5	1.03	129.3	0.85	372.8	1.01	312.6	0.90
NET EARNINGS	<u>\$ 267.3</u>	1.66%	<u>\$ 209.0</u>	1.38%	<u>\$ 603.8</u>	1.64%	<u>\$ 515.4</u>	1.49%
NET EARNINGS PER BASIC COMMON SHARE	<u>\$ 0.38</u>		<u>\$ 0.29</u>		<u>\$ 0.86</u>		<u>\$ 0.72</u>	
SHARES USED IN BASIC CALCULATION	701.9		719.0		704.2		720.5	
NET EARNINGS PER DILUTED COMMON SHARE	<u>\$ 0.38</u>		<u>\$ 0.29</u>		<u>\$ 0.85</u>		<u>\$ 0.71</u>	
SHARES USED IN DILUTED CALCULATION	709.1		725.3		712.5		727.3	

Note: Certain prior-year amounts have been reclassified to conform to current-year presentation. Certain per share amounts and percentages may not sum due to rounding.

Note: The Company defines FIFO gross margin as sales minus merchandise costs plus the Last-In First-Out (LIFO) charge.

(a) Merchandise costs and operating, general and administrative expenses exclude depreciation expense and rent expense which are included in separate expense lines.

(b) LIFO charges of \$39.7 and \$12.4 were recorded in the second quarter of 2007 and 2006, respectively. For the year-to-date period, LIFO charges of \$60.0 and \$22.6 were recorded for 2007 and 2006, respectively.