

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

	FOURTH QUARTER				YEAR-TO-DATE							
	2007		2006		2007		2006					
SALES	\$	17,234.6	100.00%	\$	16,858.7	100.00%	\$	70,234.7	100.00%	\$	66,111.2	100.00%
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION (a), AND LIFO CHARGE (b)		13,228.5	76.76		12,728.3	75.50		53,779.5	76.57		50,115.3	75.80
OPERATING, GENERAL AND ADMINISTRATIVE (a)		2,896.5	16.81		2,976.3	17.65		12,155.2	17.31		11,838.9	17.91
RENT		156.4	0.91		161.2	0.96		643.9	0.92		649.7	0.98
DEPRECIATION		325.5	1.89		299.1	1.77		1,355.5	1.93		1,271.8	1.92
OPERATING PROFIT		627.7	3.64		693.8	4.12		2,300.6	3.28		2,235.5	3.38
INTEREST		113.0	0.66		115.7	0.69		473.6	0.67		487.5	0.74
EARNINGS BEFORE TAX EXPENSE		514.7	2.99		578.1	3.43		1,827.0	2.60		1,748.0	2.64
TAX EXPENSE		191.8	1.11		193.3	1.15		646.5	0.92		633.1	0.96
NET EARNINGS	\$	<u>322.9</u>	1.87%	\$	<u>384.8</u>	2.28%	\$	<u>1,180.5</u>	1.68%	\$	<u>1,114.9</u>	1.69%
NET EARNINGS PER BASIC COMMON SHARE	\$	<u>0.48</u>		\$	<u>0.55</u>		\$	<u>1.71</u>		\$	<u>1.56</u>	
SHARES USED IN BASIC CALCULATION		668.3			705.8			689.8			715.2	
NET EARNINGS PER DILUTED COMMON SHARE	\$	<u>0.48</u>		\$	<u>0.54</u>		\$	<u>1.69</u>		\$	<u>1.54</u>	
SHARES USED IN DILUTED CALCULATION		675.8			715.2			697.7			723.0	

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 charge / (credit) of \$54.2 and \$(3.2) was recorded for the fourth quarter of fiscal years 2007 and 2006, respectively. LIFO charges of \$154.2 and \$49.5 were recorded for fiscal years 2007 and 2006, respectively.