

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

	FOURTH QUARTER				YEAR-TO-DATE			
	2008		2007		2008		2007	
SALES	\$ 17,259.5	100.00%	\$ 17,234.6	100.00%	\$ 75,999.7	100.00%	\$ 70,234.7	100.00%
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION (a), AND LIFO CHARGE (b)	13,088.2	75.83	13,228.5	76.76	58,563.6	77.06	53,779.5	76.57
OPERATING, GENERAL AND ADMINISTRATIVE (a)	3,015.0	17.47	2,896.5	16.81	12,884.3	16.95	12,155.2	17.31
RENT	149.8	0.87	156.4	0.91	659.4	0.87	643.9	0.92
DEPRECIATION	347.1	2.01	325.5	1.89	1,441.6	1.90	1,355.5	1.93
OPERATING PROFIT	659.4	3.82	627.7	3.64	2,450.8	3.22	2,300.6	3.28
INTEREST	114.7	0.66	113.0	0.66	484.8	0.64	473.6	0.67
EARNINGS BEFORE TAX EXPENSE	544.7	3.16	514.7	2.99	1,966.0	2.59	1,827.0	2.60
TAX EXPENSE	195.5	1.13	191.8	1.11	716.6	0.94	646.5	0.92
NET EARNINGS	<u>\$ 349.2</u>	2.02%	<u>\$ 322.9</u>	1.87%	<u>\$ 1,249.4</u>	1.64%	<u>\$ 1,180.5</u>	1.68%
NET EARNINGS PER BASIC COMMON SHARE	<u>\$ 0.54</u>		<u>\$ 0.48</u>		<u>\$ 1.92</u>		<u>\$ 1.71</u>	
SHARES USED IN BASIC CALCULATION	648.4		668.3		651.9		689.8	
NET EARNINGS PER DILUTED COMMON SHARE	<u>\$ 0.53</u>		<u>\$ 0.48</u>		<u>\$ 1.90</u>		<u>\$ 1.69</u>	
SHARES USED IN DILUTED CALCULATION	654.9		675.8		658.9		697.7	

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 described in the earnings release, as sales minus merchandise costs, including advertising, warehousing and transportation, but excluding the Last-In First-Out (LIFO) charge. This measure is included to reflect trends in current cost of product.

(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 \$40.9 and \$54.2 were recorded in the fourth quarter of 2008 and 2007, respectively. For the year-to-date period, LIFO charges of \$195.9 and \$154.2 were recorded for 2008 and 2007, respectively.