

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

	FIRST QUARTER			
	2009		2008	
SALES	\$ 22,798.9	100.00%	\$ 23,143.6	100.00%
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION (a), AND LIFO CHARGE (b)	17,267.2	75.74	17,845.1	77.11
OPERATING, GENERAL AND ADMINISTRATIVE (a)	4,034.6	17.70	3,890.3	16.81
RENT	199.8	0.88	206.7	0.89
DEPRECIATION	<u>453.4</u>	1.99	<u>432.4</u>	1.87
OPERATING PROFIT	843.9	3.70	769.1	3.32
INTEREST	<u>162.9</u>	0.71	<u>152.3</u>	0.66
EARNINGS BEFORE TAX EXPENSE	681.0	2.99	616.8	2.67
TAX EXPENSE	<u>250.0</u>	1.10	<u>226.8</u>	0.98
NET EARNINGS (c)	431.0	1.89	390.0	1.69
NET EARNINGS (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS (c)	<u>(4.1)</u>	(0.02)	<u>4.0</u>	0.02
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO. (c)	<u>\$ 435.1</u>	1.91%	<u>\$ 386.0</u>	1.67%
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO. PER BASIC COMMON SHARE	<u>\$ 0.67</u>		<u>\$ 0.58</u>	
SHARES USED IN BASIC CALCULATION	651.9		660.6	
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO. PER DILUTED COMMON SHARE	<u>\$ 0.66</u>		<u>\$ 0.58</u>	
SHARES USED IN DILUTED CALCULATION	655.3		666.4	

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.

Note: The Company defines selling gross margin, as described in the earnings release related to the Company's supermarkets, as gross margin before incurring expenses directly related to distributing and merchandising the products on its store shelves. These expenses include advertising, warehousing, transportation, and shrink. Selling gross margin is a measure of how competitively the Company is pricing the products it sells.

- (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 \$23.1 and \$40.0 were recorded in the first quarter of 2009 and 2008, respectively.
- (c) In the first quarter of 2009, the Company adopted SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements an Amendment of ARB No. 51". As a result, for those entities in which the Company has an equity investment, Net Earnings includes the entire amount of net earnings (loss) from those entities. The portion of those entities' earnings (loss) not attributable to The Kroger Co. is then removed from Net Earnings in order to determine Net Earnings Attributable to The Kroger Co. The tenets of this new accounting pronouncement have been retroactively applied to all periods presented, which changed income statement line amounts, but did not change Net Earnings Attributable to The Kroger Co. (Dollar amounts for prior periods previously presented as Net Earnings, which are now presented as Net Earnings Attributable to The Kroger Co., have not changed as a result of the adoption of this new accounting pronouncement.)