

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

	THIRD QUARTER				YEAR-TO-DATE			
	2011		2010		2011		2010	
SALES	\$ 20,594.3	100.00%	\$ 18,666.7	100.00%	\$ 68,968.6	100.00%	\$ 62,164.8	100.00%
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION (a), AND LIFO CHARGE (b)	16,358.9	79.43	14,549.7	77.94	54,538.7	79.08	48,256.3	77.63
OPERATING, GENERAL AND ADMINISTRATIVE (a)	3,312.6	16.09	3,188.1	17.08	10,987.9	15.93	10,569.8	17.00
RENT	145.6	0.71	154.3	0.83	492.9	0.71	502.7	0.81
DEPRECIATION AND AMORTIZATION	372.8	1.81	367.7	1.97	1,245.5	1.81	1,213.1	1.95
OPERATING PROFIT	404.4	1.96	406.9	2.18	1,703.6	2.47	1,622.9	2.61
INTEREST EXPENSE	99.1	0.48	103.4	0.55	334.4	0.48	337.4	0.54
EARNINGS BEFORE INCOME TAX EXPENSE	305.3	1.48	303.5	1.63	1,369.2	1.99	1,285.5	2.07
INCOME TAX EXPENSE	107.9	0.52	96.2	0.52	467.7	0.68	436.2	0.70
NET EARNINGS INCLUDING NONCONTROLLING INTERESTS	197.4	0.96	207.3	1.11	901.5	1.31	849.3	1.37
NET EARNINGS (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1.5	0.01	5.1	0.03	(7.5)	(0.01)	11.8	0.02
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO.	<u>\$ 195.9</u>	0.95%	<u>\$ 202.2</u>	1.08%	<u>\$ 909.0</u>	1.32%	<u>\$ 837.5</u>	1.35%
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO. PER BASIC COMMON SHARE	<u>\$ 0.33</u>		<u>\$ 0.32</u>		<u>\$ 1.51</u>		<u>\$ 1.30</u>	
AVERAGE NUMBER OF COMMON SHARES USED IN BASIC CALCULATION	582.7		633.1		597.0		637.6	
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO. PER DILUTED COMMON SHARE	<u>\$ 0.33</u>		<u>\$ 0.32</u>		<u>\$ 1.50</u>		<u>\$ 1.30</u>	
AVERAGE NUMBER OF COMMON SHARES USED IN DILUTED CALCULATION	585.9		636.2		600.7		640.7	

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 and amortization expense and rent expense which are included in separate expense lines.

(b) LIFO charges of \$61.6 and \$11.5 were recorded in the third quarter of 2011 and 2010, respectively. For the year-to-date period, LIFO charges of \$142.3 and \$38.5 were recorded for 2011 and 2010, respectively.