

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

	FOURTH QUARTER				YEAR TO DATE			
	2005		2004		2005		2004	
SALES	\$ 14,719.5	100.00%	\$ 13,695.3	100.00%	\$ 60,552.9	100.00%	\$ 56,434.4	100.00%
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION (a), AND LIFO CHARGE (b)	11,062.0	75.15	10,279.6	75.06	45,564.7	75.25	42,162.9	74.71
OPERATING, GENERAL AND ADMINISTRATIVE (a)	2,645.9	17.98	2,514.2	18.36	11,025.6	18.21	10,589.1	18.76
RENT	147.5	1.00	155.5	1.14	661.4	1.09	680.2	1.21
DEPRECIATION	295.6	2.01	306.2	2.24	1,265.3	2.09	1,255.6	2.22
GOODWILL IMPAIRMENT CHARGE (c)	-	0.00	903.8	6.60	-	0.00	903.8	1.60
OPERATING PROFIT (LOSS)	568.5	3.86	(464.0)	-3.39	2,035.9	3.36	842.8	1.49
INTEREST (d)	116.4	0.79	115.5	0.84	510.4	0.84	557.0	0.99
EARNINGS (LOSS) BEFORE TAX EXPENSE	452.1	3.07	(579.5)	-4.23	1,525.5	2.52	285.8	0.51
TAX EXPENSE	170.0	1.15	72.6	0.53	567.5	0.94	390.0	0.69
NET EARNINGS (LOSS)	<u>\$ 282.1</u>	1.92%	<u>\$ (652.1)</u>	-4.76%	<u>\$ 958.0</u>	1.58%	<u>\$ (104.2)</u>	-0.18%
NET EARNINGS (LOSS) PER BASIC COMMON SHARE	<u>\$ 0.39</u>		<u>\$ (0.89)</u>		<u>\$ 1.32</u>		<u>\$ (0.14)</u>	
SHARES USED IN BASIC CALCULATION	723.9		730.2		724.5		736.4	
NET EARNINGS (LOSS) PER DILUTED COMMON SHARE	<u>\$ 0.39</u>		<u>\$ (0.89)</u>		<u>\$ 1.31</u>		<u>\$ (0.14)</u>	
SHARES USED IN DILUTED CALCULATION (e)	730.3		730.2		731.2		736.4	

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.

- (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 \$0.5 and \$17.9 were recorded in the fourth quarter of 2005 and 2004, respectively. For the year-to-date period, LIFO charges of \$27.4 and \$48.8 were recorded in 2005 and 2004, respectively.
- (c) An impairment charge totaling \$903.8, pre-tax, was recorded in the fourth quarter of 2004, as a result of the Company's annual review of goodwill for impairment.
- (d) Year-to-date 2004 includes a \$24.7 debt prepayment premium on the call of \$750.0, 7.375% bonds.
- (e) For the quarter and year ended January 29, 2005, there were options outstanding that were excluded from the calculation of diluted earnings per share because their inclusion would have had an anti-dilutive effect on the loss per share.