

THE KROGER CO.
CONSOLIDATED STATEMENT OF INCOME
WITHOUT ONE-TIME ITEMS
(in millions of dollars, except per share amounts)

	FOURTH QUARTER		YEAR TO DATE	
	2000	1999	2000	1999
SALES	\$ 12,692.1	\$ 11,240.5	\$ 49,000.4	\$ 45,351.6
COSTS AND EXPENSES:				
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION	9,198.2	8,146.1	35,769.3	33,257.8
OPERATING, GENERAL AND ADMINISTRATIVE	2,278.8	2,042.5	9,030.4	8,299.7
RENT	155.5	151.8	658.7	641.4
DEPRECIATION	211.3	209.3	907.3	847.5
AMORTIZATION OF GOODWILL	23.0	22.7	101.3	97.9
NET INTEREST EXPENSE INCL. CAPITAL LEAS	167.2	152.2	674.8	636.8
TOTAL	<u>12,034.0</u>	<u>10,724.6</u>	<u>47,141.8</u>	<u>43,781.1</u>
INCOME BEFORE TAX EXPENSE AND EXTRAORDINARY ITEMS	658.1	515.9	1,858.6	1,570.5
TAX EXPENSE	<u>257.4</u>	<u>200.2</u>	<u>728.6</u>	<u>621.1</u>
INCOME BEFORE EXTRAORDINARY ITEMS	400.7	315.7	1,130.0	949.4
EXTRAORDINARY ITEMS (a)	<u>-</u>	<u>-</u>	<u>(3.2)</u>	<u>(9.8)</u>
NET INCOME	<u>\$ 400.7</u>	<u>\$ 315.7</u>	<u>\$ 1,126.8</u>	<u>\$ 939.6</u>
INCOME PER BASIC COMMON SHARE:				
FROM OPERATIONS	\$ 0.49	\$ 0.38	\$ 1.37	\$ 1.14
EXTRAORDINARY ITEMS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(0.01)</u>
NET INCOME PER COMMON SHARE	<u>\$ 0.49</u>	<u>\$ 0.38</u>	<u>\$ 1.37</u>	<u>\$ 1.13</u>
SHARES USED IN BASIC CALCULATION	816.2	832.1	823.2	829.4
INCOME PER DILUTED COMMON SHARE:				
FROM OPERATIONS	\$ 0.48	\$ 0.37	\$ 1.34	\$ 1.11
EXTRAORDINARY ITEMS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(0.01)</u>
NET INCOME PER DILUTED COMMON SHAF	<u>\$ 0.48</u>	<u>\$ 0.37</u>	<u>\$ 1.34</u>	<u>\$ 1.10</u>
SHARES USED IN DILUTED CALCULATION	841.7	854.5	846.1	858.2

(a) The Extraordinary Items are from the early retirement of debt.