

THE KROGER CO.  
PRO FORMA QUARTERLY STATEMENTS OF INCOME  
WITHOUT AND WITH ONE-TIME ITEMS AND THE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE  
(in millions, except per share amounts)

Note: The following table adjusts net income, net income per basic common share and net income per diluted common share for the adoption of SFAS No. 142.

	FIRST QUARTER 2002			FIRST QUARTER 2001		
	WITHOUT	(b)	WITH	WITHOUT	(b)	WITH
REPORTED NET INCOME	\$ 385.7	\$ (23.8)	\$ 361.9	\$ 313.5	\$ (10.1)	\$ 303.4
ADDBACK:						
AMORTIZATION OF GOODWILL	-	-	-	31.3	-	31.3
TAX EFFECT	-	-	-	(4.0)	-	(4.0)
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE (a)	-	16.5	16.5	-	-	-
ADJUSTED NET INCOME	385.7	(7.3)	378.4	340.8	(10.1)	330.7
REPORTED INCOME PER BASIC COMMON SHARE	\$ 0.49		\$ 0.46	\$ 0.39		\$ 0.37
ADDBACK:						
AMORTIZATION OF GOODWILL	0.00		0.00	0.04		0.04
TAX EFFECT	0.00		0.00	(0.01)		0.00
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE (a)	0.00		0.02	0.00		0.00
ADJUSTED NET INCOME PER COMMON SHARE	<u>\$ 0.49</u>		<u>\$ 0.48</u>	<u>\$ 0.42</u>		<u>\$ 0.41</u>
SHARES USED IN BASIC CALCULATION	793.1		793.1	811.7		811.7
REPORTED INCOME PER DILUTED COMMON SHARE	\$ 0.48		\$ 0.45	\$ 0.38		\$ 0.36
ADDBACK:						
AMORTIZATION OF GOODWILL	0.00		0.00	0.04		0.04
TAX EFFECT	0.00		0.00	(0.01)		0.00
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE (a)	0.00		0.02	0.00		0.00
ADJUSTED NET INCOME PER DILUTED COMMON SHARE	<u>\$ 0.48</u>		<u>\$ 0.47</u>	<u>\$ 0.41</u>		<u>\$ 0.40</u>
SHARES USED IN DILUTED CALCULATION	809.2		809.2	833.4		833.4

(a) Adoption of SFAS No. 142 in the first quarter 2002 resulted in a \$16.5 million impairment charge, net of a \$9.9 million tax benefit, for the write-down of the jewelry division goodwill.

(b) Includes one-time items, restructuring charges, merger related costs and the cumulative effect of an accounting change.