

THE KROGER CO.
CONSOLIDATED QUARTERLY STATEMENTS OF INCOME
WITHOUT AND WITH ONE-TIME ITEMS
(in millions, except per share amounts)

	SECOND QUARTER 2002			SECOND QUARTER 2001		
	WITHOUT	(f)	WITH	WITHOUT	(f)	WITH
SALES	\$ 11,926.5	\$ -	\$ 11,926.5	\$ 11,484.9	\$ -	\$ 11,484.9
COSTS AND EXPENSES:						
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING, AND TRANSPORTATION	8,738.3	-	8,738.3	8,327.7	2.4	8,330.1
OPERATING, GENERAL AND ADMINISTRATIVE (a)	2,212.2	3.7	2,215.9	2,177.0	7.2	2,184.2
RENT	150.4	-	150.4	151.4	-	151.4
DEPRECIATION	246.9	-	246.9	220.5	-	220.5
AMORTIZATION OF GOODWILL	-	-	-	26.0	-	26.0
INTEREST EXPENSE INCL. CAPITAL LEASES	137.4	-	137.4	151.6	-	151.6
RESTRUCTURING CHARGES AND RELATED ITEMS (a)	-	1.5	1.5	-	-	-
MERGER RELATED COSTS (a)	-	(0.7)	(0.7)	-	1.6	1.6
TOTAL	11,485.2	4.5	11,489.7	11,054.2	11.2	11,065.4
INCOME BEFORE TAX EXPENSE AND EXTRAORDINARY ITEM	441.3	(4.5)	436.8	430.7	(11.2)	419.5
TAX EXPENSE (b)	165.2	(1.4)	163.8	168.0	(4.2)	163.8
INCOME BEFORE EXTRAORDINARY ITEM	276.1	(3.1)	273.0	262.7	(7.0)	255.7
EXTRAORDINARY ITEM (c)	(9.0)	-	(9.0)	-	-	-
NET INCOME	\$ 267.1	\$ (3.1)	\$ 264.0	\$ 262.7	\$ (7.0)	\$ 255.7
INCOME PER BASIC COMMON SHARE:						
FROM OPERATIONS	\$ 0.35		\$ 0.35	\$ 0.33		\$ 0.32
EXTRAORDINARY ITEM (c)	(0.01)		(0.01)	0.00		0.00
NET INCOME PER COMMON SHARE (d)	\$ 0.34		\$ 0.34	\$ 0.33		\$ 0.32
SHARES USED IN BASIC CALCULATION	786.4		786.4	805.3		805.3
INCOME PER DILUTED COMMON SHARE:						
FROM OPERATIONS	\$ 0.35		\$ 0.34	\$ 0.32		\$ 0.31
EXTRAORDINARY ITEM (c)	(0.01)		(0.01)	0.00		0.00
NET INCOME PER DILUTED COMMON SHARE (d)	\$ 0.33		\$ 0.33	\$ 0.32		\$ 0.31
SHARES USED IN DILUTED CALCULATION	799.7		799.7	826.6		826.6
EBITDA (e)	\$ 825.6		\$ 825.6	\$ 836.8		\$ 836.8
LIFO CHARGE	-		-	8.0		8.0
GROSS PROFIT % (EXCLUDING LIFO CHARGE)	26.73%		26.73%	27.56%		27.54%
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION	73.27%		73.27%	72.51%		72.53%
OPERATING, GENERAL AND ADMINISTRATIVE	18.55%		18.58%	18.96%		19.02%
EFFECTIVE TAX RATE	37.45%		37.50%	39.00%		39.05%

Note: Certain prior year amounts have been reclassified to conform to current year presentation.

- (a) For the second quarter 2002, one-time items included \$2 million of costs related to a merger, \$1 million of expenses related to excess utility contracts and \$1.5 million of expenses related to implementation of Kroger's Strategic Growth Plan. For the second quarter 2001, one-time items included \$11.2 million of costs related to a merger. These amounts are pre-tax.
- (b) Tax expense is affected by the non-deductibility of certain one-time items.
- (c) The extraordinary item resulted from the early retirement of debt.
- (d) Per share amounts may not sum accurately due to rounding.
- (e) EBITDA, as defined in Kroger's credit agreements, represents earnings before interest, taxes, depreciation, amortization, LIFO, extraordinary items and one-time items.
- (f) Includes one-time items, restructuring charges and related items, and merger related costs.