

THE KROGER CO.
CONSOLIDATED YEAR TO DATE STATEMENTS OF INCOME
WITHOUT AND WITH ONE-TIME ITEMS AND THE CUMULATIVE EFFECT OF ACCOUNTING CHANGE
(in millions, except per share amounts)

	YEAR TO DATE 2002			YEAR TO DATE 2001		
	WITHOUT	(g)	WITH	WITHOUT	(g)	WITH
SALES	\$ 27,593.8	\$ -	\$ 27,593.8	\$ 26,587.2	\$ -	\$ 26,587.2
COSTS AND EXPENSES:						
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING, AND TRANSPORTATION	20,176.8	-	20,176.8	19,358.9	5.2	19,364.1
OPERATING, GENERAL AND ADMINISTRATIVE (a)	5,104.3	(0.5)	5,103.8	5,007.0	18.4	5,025.4
RENT	354.1	-	354.1	353.5	-	353.5
DEPRECIATION	570.3	-	570.3	508.6	-	508.6
AMORTIZATION OF GOODWILL	-	-	-	57.4	-	57.4
INTEREST EXPENSE INCL. CAPITAL LEASES	326.0	-	326.0	357.2	-	357.2
RESTRUCTURING CHARGES AND RELATED ITEMS (a)	-	14.4	14.4	-	-	-
MERGER RELATED COSTS (a)	-	1.8	1.8	-	3.9	3.9
TOTAL	26,531.5	15.7	26,547.2	25,642.6	27.5	25,670.1
INCOME BEFORE TAX EXPENSE AND EXTRAORDINARY ITEMS	1,062.3	(15.7)	1,046.6	944.6	(27.5)	917.1
TAX EXPENSE (b)	397.8	(5.3)	392.5	368.4	(10.3)	358.1
INCOME BEFORE EXTRAORDINARY ITEMS	664.5	(10.4)	654.1	576.2	(17.2)	559.0
EXTRAORDINARY ITEMS (c)	(11.7)	-	(11.7)	-	-	-
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	652.8	(10.4)	642.4	576.2	(17.2)	559.0
CUMULATIVE EFFECT OF ACCOUNTING CHANGE (d)	-	(16.5)	(16.5)	-	-	-
NET INCOME	\$ 652.8	\$ (26.9)	\$ 625.9	\$ 576.2	\$ (17.2)	\$ 559.0
INCOME PER BASIC COMMON SHARE:						
FROM OPERATIONS	\$ 0.84		\$ 0.83	\$ 0.71		\$ 0.69
EXTRAORDINARY ITEMS (c)	(0.01)		(0.01)	0.00		0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE (d)	0.00		(0.02)	0.00		0.00
NET INCOME PER COMMON SHARE (e)	\$ 0.83		\$ 0.79	\$ 0.71		\$ 0.69
SHARES USED IN BASIC CALCULATION	790.2		790.2	808.9		808.9
INCOME PER DILUTED COMMON SHARE:						
FROM OPERATIONS	\$ 0.83		\$ 0.81	\$ 0.69		\$ 0.67
EXTRAORDINARY ITEMS (c)	(0.01)		(0.01)	0.00		0.00
CUMULATIVE EFFECT OF ACCOUNTING CHANGE (d)	0.00		(0.02)	0.00		0.00
NET INCOME PER DILUTED COMMON SHARE (e)	\$ 0.81		\$ 0.78	\$ 0.69		\$ 0.67
SHARES USED IN DILUTED CALCULATION	805.1		805.1	830.5		830.5
EBITDA (f)	\$ 1,970.6		\$ 1,970.6	\$ 1,887.8		\$ 1,887.8
LIFO CHARGE	12.0		12.0	20.0		20.0
GROSS PROFIT % (EXCLUDING LIFO CHARGE)	26.92%		26.92%	27.26%		27.24%
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION	73.12%		73.12%	72.81%		72.83%
OPERATING, GENERAL AND ADMINISTRATIVE	18.50%		18.50%	18.83%		18.90%
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 2002, one-time items included \$7.6 million of costs related to a merger, \$6.3 million of net credit from the mark-to-market of the excess utility contracts and \$14.4 million of expenses related to implementation of Kroger's Strategic Growth Plan. For 2001, one-time items included \$27.5 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 items resulted from the early retirement of debt and the write-off of related deferred financing costs.

(d) 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.

(e) Per share amounts may not sum accurately due to rounding.

(f) EBITDA, as defined in Kroger's credit agreements, represents earnings before interest, taxes, depreciation, amortization, LIFO, extraordinary items and one-time items.

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