

THE KROGER CO.
SALES AND EARNINGS
WITH ONE-TIME EXPENSES
(in millions, except per share amounts)

	4th Quarter		Entire Year	
	1999	1998 (3)	1999	1998 (4)
Sales	\$ 11,240	\$ 11,205	\$ 45,352	\$ 43,082
EBITDA (1)	\$ 900	\$ 799	\$ 3,180	\$ 2,783
LIFO	\$ (35)	\$ (18)	\$ (29)	\$ 10
Interest	\$ 157	\$ 156	\$ 652	\$ 645
Depreciation	\$ 214	\$ 165	\$ 861	\$ 745
Amortization	\$ 23	\$ 26	\$ 99	\$ 92
One-time items (5)	\$ 105	\$ 31	\$ 468	\$ 420
Pre-tax earnings earnings before extraordinary item	\$ 436	\$ 438	\$ 1,129	\$ 871
Tax expense	\$ 190	\$ 176	\$ 491	\$ 378
Earnings before extraordinary item	\$ 246	\$ 262	\$ 638	\$ 494
Extraordinary item (2)	\$ 0	\$ (28)	\$ (10)	\$ (257)
Net earnings	\$ 246	\$ 234	\$ 628	\$ 237
Diluted earnings per common share:				
From operations	\$ 0.29	\$ 0.31	\$ 0.74	\$ 0.58
From extra- ordinary item (2)	\$ 0.00	\$ (0.03)	\$ (0.01)	\$ (0.30)
Diluted net earnings per common share	\$ 0.29	\$ 0.28	\$ 0.73	\$ 0.28
Number of shares used in diluted per share calculation	854	859	858	851

(1) EBITDA, as defined in our credit agreements, represents earnings before interest, taxes, depreciation, amortization, LIFO and one-time items.

(2) From the early retirement of debt.

(3) The information for the fourth quarter of 1998 includes the results of operations of The Kroger Co. for the 13 weeks ended January 2, 1999, its wholly owned subsidiary, Dillon Companies, Inc., for the 14 weeks ended January 2, 1999, and its wholly owned subsidiary, Fred Meyer, Inc., for the 12 weeks ended January 30, 1999.

(4) The information for the entire year of 1998 includes the results of operations of The Kroger Co. for the 53 weeks ended January 2, 1999, Dillon Companies, Inc., for the 53 weeks ended January 2, 1999, and Fred Meyer, Inc., for the 52 weeks ended January 30, 1999.

(5) The one-time items in 1999 are costs related to mergers. The one-time items in the fourth quarter of 1998 are costs related to mergers. The one-time items for the entire year of 1998 are costs related to mergers (\$278 million), logistic initiatives (\$41 million), accounting and operations consolidations in Texas (\$11 million), and charges related to an accounting change (\$90 million).

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	1999	1998 (3)	1999	1998 (4)
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EBITDA (1)	\$ 900	\$ 799	\$ 3,180	\$ 2,783
LIFO	\$ (35)	\$ (18)	\$ (29)	\$ 10
Interest	\$ 157	\$ 156	\$ 652	\$ 645
Depreciation	\$ 214	\$ 165	\$ 861	\$ 745
Amortization	\$ 23	\$ 26	\$ 99	\$ 92
Pre-tax earnings earnings before extraordinary item	\$ 541	\$ 470	\$ 1,597	\$ 1,291
Tax expense	\$ 210	\$ 193	\$ 631	\$ 529
Earnings before extraordinary item	\$ 331	\$ 277	\$ 966	\$ 762
Extraordinary item (2)	\$ 0	\$ (28)	\$ (10)	\$ (257)
Net earnings	\$ 331	\$ 249	\$ 956	\$ 505
Diluted earnings per common share:				
From operations	\$ 0.39	\$ 0.32	\$ 1.13	\$ 0.89
From extra- ordinary item (2)	\$ 0.00	\$ (0.03)	\$ (0.01)	\$ (0.30)
Diluted net earnings per common share	\$ 0.39	\$ 0.29	\$ 1.12	\$ 0.59
Number of shares used in diluted per share calculation	854	859	858	851

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