

Table 3.
THE KROGER CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	YEAR TO DATE	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 1,114.9	\$ 958.0
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,271.8	1,265.3
LIFO charge	49.5	27.4
Stock based compensation	71.9	7.3
Expense for Company-sponsored pension plans	161.4	138.2
Deferred income taxes	(60.4)	(63.2)
Other	19.9	38.3
Changes in operating assets and liabilities, net of effects of acquisitions:		
Store deposits in-transit	(125.3)	17.8
Receivables	(89.5)	(19.1)
Inventories	(172.9)	(157.0)
Prepaid expenses	(42.5)	31.5
Accounts payable	256.2	(79.8)
Accrued expenses	97.8	154.5
Income tax payables and receivables	(3.8)	199.9
Contribution to company sponsored pension plan	(150.0)	(300.0)
Other long-term liabilities	(48.2)	(27.4)
Net cash provided by operating activities	<u>2,350.8</u>	<u>2,191.7</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(1,683.1)	(1,306.5)
Proceeds from sale of assets	142.8	69.2
Other	(46.7)	(42.1)
Net cash used by investing activities	<u>(1,587.0)</u>	<u>(1,279.4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	10.2	13.8
Proceeds from lease-financing transactions	15.0	76.0
Payments for long-term debt	(556.0)	(102.9)
Borrowings (payments) on bank revolver	351.8	(694.3)
Dividends paid	(139.8)	-
Proceeds from issuance of common stock	168.4	77.6
Treasury stock purchases	(633.0)	(251.8)
Other	(1.0)	35.1
Net cash used by financing activities	<u>(784.4)</u>	<u>(846.5)</u>
NET INCREASE (DECREASE) IN CASH	(20.6)	65.8
CASH AT BEGINNING OF YEAR	209.9	144.1
CASH AT END OF YEAR	<u>\$ 189.3</u>	<u>\$ 209.9</u>
Reconciliation of capital expenditures		
Payments for property and equipment	\$ (1,683.1)	\$ (1,306.5)
Changes in construction-in-progress payables	(94.4)	-
Total capital expenditures	<u>\$ (1,777.5)</u>	<u>\$ (1,306.5)</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 514.2	\$ 510.8
Cash paid during the year for income taxes	\$ 615.2	\$ 430.6

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