

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

	YEAR-TO-DATE	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 1,180.5	\$ 1,114.9
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,355.5	1,271.8
LIFO charge	154.2	49.5
Stock-based employee compensation	86.9	71.9
Expense for Company-sponsored pension plans	67.4	161.4
Gain on sale of property	(6.1)	(38.3)
Deferred income taxes	(116.8)	(60.4)
Other	43.1	58.2
Changes in operating assets and liabilities, net of effects of acquisitions:		
Store deposits in-transit	(61.8)	(125.3)
Receivables	(16.6)	(89.5)
Inventories	(383.1)	(172.9)
Prepaid expenses	2.5	(42.5)
Accounts payable	185.2	256.2
Accrued expenses	155.8	97.8
Income tax payables and receivables	73.9	(3.8)
Contribution to Company-sponsored pension plan	(51.5)	(150.0)
Other long-term liabilities	(88.5)	(48.2)
Net cash provided by operating activities	2,580.6	2,350.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital expenditures	(2,126.2)	(1,683.1)
Payments for acquisitions	(90.2)	-
Proceeds from sale of assets	49.5	142.8
Other	(51.4)	(46.7)
Net cash used by investing activities	(2,218.3)	(1,587.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lease-financing transactions	7.6	15.0
Proceeds from issuance of long-term debt	1,372.0	10.2
Payments for long-term debt	(559.7)	(556.0)
Borrowings on bank revolver	218.1	351.8
Dividends paid	(201.7)	(139.8)
Excess tax benefits on stock-based awards	35.7	37.6
Proceeds from issuance of common stock	188.2	130.8
Treasury stock purchases	(1,421.4)	(633.0)
Increase in book overdrafts	60.8	1.5
Other	(9.6)	(2.5)
Net cash used by financing activities	(310.0)	(784.4)
NET INCREASE (DECREASE IN) CASH	52.3	(20.6)
CASH AT BEGINNING OF YEAR	189.3	209.9
CASH AT END OF YEAR	\$ 241.6	\$ 189.3
Reconciliation of capital expenditures		
Payments for capital expenditures	\$ (2,126.2)	\$ (1,683.1)
Changes in construction-in-progress payables	65.6	(94.4)
Total capital expenditures	\$ (2,060.6)	\$ (1,777.5)
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 477.2	\$ 514.2
Cash paid during the year for income taxes	\$ 639.9	\$ 615.2

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