

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

	YEAR-TO-DATE	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 386.0	\$ 336.6
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	432.4	403.7
LIFO charge	40.0	20.3
Stock-based employee compensation	24.5	22.3
Expense for Company-sponsored pension plans	9.3	18.9
Deferred income taxes	58.6	(12.2)
Other	9.9	7.9
Changes in operating assets and liabilities, net of effects from acquisitions of businesses:		
Store deposits in-transit	14.5	42.6
Receivables	6.0	50.4
Inventories	(51.5)	(109.0)
Prepaid expenses	224.2	286.1
Accounts payable	273.2	89.7
Accrued expenses	(117.6)	(161.9)
Income taxes receivable (payable)	16.6	158.3
Contribution to Company-sponsored pension plan	(0.2)	(50.1)
Other long-term liabilities	16.0	5.4
Net cash provided by operating activities	1,341.9	1,109.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital expenditures	(576.9)	(607.6)
Payments for acquisitions	(79.5)	-
Proceeds from sale of assets	22.8	13.7
Other	0.6	(6.6)
Net cash used by investing activities	(633.0)	(600.5)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lease-financing transactions	-	3.2
Proceeds from issuance of long-term debt	775.0	-
Payments for long-term debt	(974.5)	(213.8)
Payments on bank revolver	(126.5)	(241.9)
Dividends paid	(49.9)	(46.0)
Excess tax benefits on stock-based awards	4.0	27.5
Proceeds from issuance of common stock	80.2	123.3
Treasury stock purchases	(381.2)	(132.1)
Decrease in book overdrafts	(28.2)	(29.5)
Other	(7.2)	-
Net cash used by financing activities	(708.3)	(509.3)
NET INCREASE (DECREASE IN) CASH	0.6	(0.8)
CASH FROM CONSOLIDATED VIE	65.0	-
CASH AT BEGINNING OF YEAR	241.6	189.3
CASH AT END OF QUARTER	\$ 307.2	\$ 188.5
Reconciliation of capital expenditures		
Payments for capital expenditures	\$ (576.9)	\$ (607.6)
Changes in construction-in-progress payables	(59.8)	51.8
Total capital expenditures	\$ (636.7)	\$ (555.8)
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 147.7	\$ 139.4
Cash paid during the year for income taxes	\$ 139.3	\$ 19.5

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