

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

	YEAR-TO-DATE	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net earnings	\$ 431.0	\$ 390.0
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	453.4	432.4
LIFO charge	23.1	40.0
Stock-based employee compensation	25.1	24.5
Expense for Company-sponsored pension plans	11.5	9.3
Deferred income taxes	53.6	58.6
Other	6.3	9.9
Changes in operating assets and liabilities, net of effects from acquisitions of businesses:		
Store deposits in-transit	(25.8)	14.5
Receivables	18.3	6.0
Inventories	24.9	(48.3)
Prepaid expenses	171.0	224.2
Trade accounts payable	244.6	311.9
Accrued expenses	(96.9)	(159.5)
Income taxes receivable (payable)	176.3	16.6
Contribution to Company-sponsored pension plan	(200.0)	(0.2)
Other long-term liabilities	(29.1)	12.0
Net cash provided by operating activities	<u>1,287.3</u>	<u>1,341.9</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital expenditures	(635.4)	(576.9)
Payments for acquisitions	-	(79.5)
Proceeds from sale of assets	5.9	22.8
Other	(4.3)	0.6
Net cash used by investing activities	<u>(633.8)</u>	<u>(633.0)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from lease-financing transactions	1.3	-
Proceeds from issuance of long-term debt	3.1	775.0
Payments for long-term debt	(24.7)	(974.5)
Payments on bank revolver	(129.0)	(126.5)
Dividends paid	(58.7)	(49.9)
Excess tax benefits on stock-based awards	0.3	4.0
Proceeds from issuance of common stock	2.1	80.2
Treasury stock purchases	(19.8)	(381.2)
Decrease in book overdrafts	(53.3)	(28.2)
Other	(0.3)	(7.2)
Net cash used by financing activities	<u>(279.0)</u>	<u>(708.3)</u>
<b>NET INCREASE IN CASH</b>	374.5	0.6
<b>CASH FROM CONSOLIDATED VARIABLE INTEREST ENTITY</b>	-	65.0
<b>CASH AT BEGINNING OF YEAR</b>	263.1	241.6
<b>CASH AT END OF QUARTER</b>	<u>\$ 637.6</u>	<u>\$ 307.2</u>
<b>Reconciliation of capital expenditures</b>		
Payments for capital expenditures	\$ (635.4)	\$ (576.9)
Changes in construction-in-progress payables	(18.1)	(59.8)
Total capital expenditures	<u>\$ (653.5)</u>	<u>\$ (636.7)</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 162.7	\$ 147.7
Cash paid during the year for income taxes	\$ 36.5	\$ 139.3

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