

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

	YEAR TO DATE	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 490.7	\$ 405.3
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	682.4	661.8
LIFO charge	18.8	18.8
Deferred income taxes	(28.4)	101.8
Other	30.9	(3.1)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Inventories	87.7	78.6
Receivables	20.4	81.7
Store deposits in-transit	(3.3)	82.5
Prepaid expenses	299.9	285.9
Accounts payable	(135.0)	62.5
Accrued expenses	10.8	(101.6)
Income tax payables and receivables	302.5	142.9
Contribution to company sponsored pension plan	(106.5)	(14.0)
Other long-term liabilities	120.8	1.0
Net cash provided by operating activities	<u>1,791.7</u>	<u>1,804.1</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(672.5)	(873.0)
Proceeds from sale of assets	41.9	45.9
Other	(15.8)	9.8
Net cash used by investing activities	<u>(646.4)</u>	<u>(817.3)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	5.6	-
Reductions in long-term debt	(737.1)	(796.2)
Proceeds from issuance of capital stock	55.5	19.5
Treasury stock purchases	(190.6)	(169.0)
Increase (decrease) in book overdrafts	(43.9)	(68.8)
Other	(0.1)	(4.0)
Net cash used by financing activities	<u>(910.6)</u>	<u>(1,018.5)</u>
NET INCREASE (DECREASE) IN CASH	234.7	(31.7)
CASH AT BEGINNING OF YEAR	<u>144.1</u>	<u>158.9</u>
CASH AT END OF QUARTER	<u>\$ 378.8</u>	<u>\$ 127.2</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 297.6	\$ 376.9
Cash paid during the year for income taxes	\$ 5.1	\$ (7.0)
Non-cash changes related to purchase acquisitions:		
Fair value of assets acquired	\$ -	\$ 18.0
Goodwill recorded	\$ -	\$ 6.8
Liabilities assumed	\$ -	\$ 0.6

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