

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

	YEAR TO DATE	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 676.0	\$ 548.0
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	969.6	949.3
LIFO charge	26.9	30.8
Deferred income taxes	(61.7)	143.2
Other	34.1	33.0
Changes in operating assets and liabilities, net of effects of acquisitions:		
Inventories	(456.6)	(491.6)
Receivables	(3.2)	20.5
Store deposits in-transit	321.2	12.0
Prepaid expenses	344.0	313.8
Accounts payable	(55.7)	330.6
Accrued expenses	122.2	(59.7)
Income tax payables and receivables	345.6	152.6
Contribution to company sponsored pension plan	(247.0)	(35.0)
Other long-term liabilities	33.6	100.4
	<u>2,049.0</u>	<u>2,047.9</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,010.9)	(1,280.0)
Proceeds from sale of assets	60.5	58.1
Other	(21.4)	6.8
	<u>(971.8)</u>	<u>(1,215.1)</u>
Net cash used by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	13.4	-
Payments for long-term debt	(61.3)	(777.2)
Borrowings (payments) on bank revolver	(629.4)	263.2
Proceeds from issuance of capital stock	75.9	32.5
Treasury stock purchases	(202.4)	(249.5)
Increase (decrease) in book overdrafts	(180.8)	(101.0)
Other	0.2	(29.8)
	<u>(984.4)</u>	<u>(861.8)</u>
Net cash used by financing activities		
NET INCREASE (DECREASE) IN CASH	92.8	(29.0)
CASH AT BEGINNING OF YEAR	144.1	158.9
CASH AT END OF QUARTER	<u>\$ 236.9</u>	<u>\$ 129.9</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 442.5	\$ 515.6
Cash paid during the year for income taxes	\$ 112.3	\$ 3.8

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