

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

	YEAR TO DATE	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 958.0	\$ (104.2)
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,265.3	1,255.6
LIFO charge	27.4	48.8
Goodwill impairment charge	-	861.0
Deferred income taxes	(63.2)	229.5
Other	38.3	58.8
Changes in operating assets and liabilities, net of effects of acquisitions:		
Store deposits in-transit	3.3	72.2
Receivables	(19.1)	13.4
Inventories	(157.0)	(236.1)
Prepaid expenses	31.5	(31.2)
Accounts payable	(79.8)	166.7
Accrued expenses	161.8	104.3
Income tax payables and receivables	199.9	(85.7)
Contribution to company sponsored pension plan	(300.0)	(35.0)
Other long-term liabilities	110.8	11.4
Net cash provided by operating activities	<u>2,177.2</u>	<u>2,329.5</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,306.5)	(1,614.6)
Proceeds from sale of assets	69.2	86.3
Other	(42.1)	(79.0)
Net cash used by investing activities	<u>(1,279.4)</u>	<u>(1,607.3)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	13.8	614.8
Proceeds from lease-financing transactions	76.0	6.0
Payments for long-term debt	(102.9)	(1,009.8)
Borrowings (payments) on bank revolver	(694.3)	-
Proceeds from issuance of common stock	77.6	25.4
Treasury stock purchases	(251.8)	(318.7)
Increase (decrease) in book overdrafts	35.1	(25.2)
Other	-	(29.5)
Net cash used by financing activities	<u>(846.5)</u>	<u>(737.0)</u>
NET INCREASE (DECREASE) IN CASH	51.3	(14.8)
CASH AT BEGINNING OF YEAR	144.1	158.9
CASH AT END OF QUARTER	<u>\$ 195.4</u>	<u>\$ 144.1</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 520.8	\$ 589.8
Cash paid during the year for income taxes	\$ 430.6	\$ 206.1

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