

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

	YEAR TO DATE	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 306.4	\$ 294.3
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	387.4	388.7
LIFO charge	10.2	10.8
Stock option expense	21.8	-
Pension expense for Company-sponsored pension plans	49.4	42.5
Loss (gain) on sale of property	(7.3)	(4.9)
Deferred income taxes	(19.4)	(19.7)
Other	58.2	22.5
Changes in operating assets and liabilities, net of effects of acquisitions:		
Store deposits in-transit	(34.3)	(14.8)
Receivables	(16.3)	45.3
Inventories	32.0	53.1
Prepaid expenses	224.5	265.3
Accounts payable	67.5	(135.4)
Accrued expenses	(116.9)	(59.3)
Income tax payables and receivables	167.7	181.1
Contribution to company sponsored pension plan	(150.0)	(88.6)
Other long-term liabilities	3.0	(8.3)
Net cash provided by operating activities	<u>983.9</u>	<u>972.6</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(420.0)	(400.6)
Proceeds from sale of assets	53.0	27.9
Other	(2.8)	(3.7)
Net cash used by investing activities	<u>(369.8)</u>	<u>(376.4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	-	5.6
Payments for long-term debt	(24.9)	(31.7)
Borrowings (payments) on bank revolver	-	(428.0)
Proceeds from issuance of common stock	48.9	22.4
Treasury stock purchases	(133.5)	(152.6)
Increase (decrease) in book overdrafts	(54.4)	(20.7)
Other	(0.7)	(0.1)
Net cash used by financing activities	<u>(164.6)</u>	<u>(605.1)</u>
NET INCREASE (DECREASE) IN CASH	449.5	(8.9)
CASH AT BEGINNING OF YEAR	210.0	144.1
CASH AT END OF QUARTER	<u>\$ 659.5</u>	<u>\$ 135.2</u>
Reconciliation of capital expenditures		
Payments for property and equipment	\$ (420.0)	\$ (400.6)
Changes in construction-in-progress payables	(29.9)	-
Total capital expenditures	<u>\$ (449.9)</u>	<u>\$ (400.6)</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 178.6	\$ 189.8
Cash paid during the year for income taxes	\$ 24.1	\$ 5.3

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