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**SAFEWAY INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(In millions)

	53 Weeks 2014	52 Weeks 2013	52 Weeks 2012
<b>Operating Activities:</b>			
Net income before allocation to noncontrolling interest	\$ 112.5	\$ 3,522.2	\$ 598.1
Income from discontinued operations, net of tax	(9.3)	(3,305.1)	(348.9)
Income from continuing operations, net of tax	103.2	217.1	249.2
<b>Reconciliation to net cash flow from operating activities:</b>			
Depreciation expense	921.5	922.2	952.8
Loss on foreign currency	131.2	57.4	—
Property impairment charges	56.1	35.6	33.6
Share-based employee compensation	24.7	50.4	48.4
LIFO (income) expense	(5.0)	(14.3)	0.7
Equity in earnings of unconsolidated affiliate	(16.2)	(17.6)	(17.5)
Net pension and post-retirement benefits expense	76.2	114.8	129.0
Contributions to pension and post-retirement benefit plans	(13.3)	(56.3)	(110.3)
Gain on sale of PDC	(22.0)	—	—
Gain on property dispositions and lease exit costs, net	(38.8)	(51.2)	(48.3)
Loss on extinguishment of debt	84.4	10.1	—
Increase in accrued claims and other liabilities	26.2	9.2	60.5
Deferred income taxes	89.6	(276.6)	(36.1)
Other	20.8	36.9	20.2
<b>Changes in working capital items:</b>			
Receivables	16.5	(32.0)	20.3
Inventories at FIFO cost	(128.1)	(76.5)	(107.4)
Prepaid expenses and other current assets	63.4	(49.5)	(20.5)
Income taxes	(90.6)	71.0	(54.3)
Payables and accruals	87.9	120.7	106.2
Net cash flow from operating activities—continuing operations	1,387.7	1,071.4	1,226.5
Net cash flow (used by) from operating activities—discontinued operations	(2,008.9)	230.1	343.2
Net cash flow (used by) from operating activities	(621.2)	1,301.5	1,569.7
<b>Investing Activities:</b>			
Cash paid for property additions	(711.2)	(738.2)	(800.1)
Proceeds from sale of PDC	637.2	—	—
Proceeds from sale of property	99.2	220.3	263.0
Proceeds from company-owned life insurance policies	—	68.7	—
Restricted cash proceeds from the sale of PDC	(61.9)	—	—
Increase in restricted cash	(40.0)	—	—
Release of restricted cash for payment of mortgage	40.0	—	—
Advances to Blackhawk	(27.7)	—	—
Other	(51.2)	6.5	(56.1)
Net cash flow used by investing activities—continuing operations	(115.6)	(442.7)	(593.2)
Net cash flow from investing activities—discontinued operations	226.1	5,352.3	21.2
Net cash flow from (used by) investing activities	110.5	4,909.6	(572.0)