KROGER CO
Form 8-K
March 11, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: March 11, 2003

THE KROGER CO.
(Exact name of registrant as specified in its charter)

An Ohio Corporation	No. 1-303	31-0345740
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Number)

1014 Vine Street
Cincinnati, OH 45201
(Address of principal
executive offices)

Registrant's telephone number: (513) 762-4000

Item 5. Other Events

On March 11, 2003, the Company released its earnings for the fourth quarter of 2002 and for fiscal year 2002. Attached hereto as Exhibit 99.1 is the text of that release.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits:

99.1 Earnings release for fourth quarter 2002 and fiscal year 2002.

Item 9. Regulation FD Disclosure

2003 Guidance:

Economic and competitive environment -	Unchanged
Earnings per diluted share -	$1.63, including $0.02 of expense for systems conversion and consolidation of Michigan and Columbus divisions

Square footage growth -	2.5-3.0%, excluding acquisitions and operational closings
Identical store sales growth goal (including supermarket fuel sales) -	Positive for the year
Capital expenditures -	$2.0 billion, excluding acquisitions and the final synthetic lease buyout
Depreciation -	$1,175-1,200 million
Interest expense -	$575-595 million, based on the current interest rate environment
Diluted shares outstanding -	Beginning of 2003 = 770 million End of 2003 = 755 million Average outstanding for the year = 763 million
OG&A -	Increase 40-50 basis points
FIFO gross profit -	Increase 20-30 basis points
LIFO -	$35 million charge

Net operating working capital reduction -	$100 million
Tax rate -	37.5%
Inflation estimate -	0%
New, relocated or expanded stores -	100-110, excluding acquisitions
Remodels -	160-200
Supermarket fuel stations -	100-110
Pension discount rate -	6.75%
Pension assumed rate of return -	8.50%

Labor:

During fiscal 2003, UFCW collective bargaining agreements will expire in Toledo, Peoria, Portland, Memphis, Southern California, Charleston, WV, Arizona, and Indianapolis, among other labor agreements expiring this year.

Our ability to achieve the expected increases in sales and earnings could be adversely affected by the competitive environment in which we operate. In addition any labor dispute, delays in opening new stores, or changes in the economic climate could cause us to fall short of our sales and earnings targets. In addition, increases in sales of our corporate brand products and the "sister store" impact of our new store openings, could adversely affect identical store sales. Our ability to increase same store sales could be adversely affected by increased competition and sales shifts to other stores that we operate. Our capital expenditures could vary if we are unsuccessful in acquiring suitable sites for new stores, if development costs exceed those budgeted, or if our logistics and technology projects are not completed in the time frame expected or on budget. Our ability to meet working capital reduction targets could be adversely affected by increases in product costs, newly opened or consolidated distribution centers, our ability to achieve sales growth from new square footage, competitive activity in the markets in which we operate, changes in our product mix, and changes in laws and regulations. Square footage growth and the number of store projects completed during the year are dependent upon our ability to acquire desirable sites for construction of new facilities, as well as the timing of completion of projects. Depreciation and amortization may vary from our estimates due to the timing of new store openings. Interest expense will vary with changes in capital markets and the amount of debt that we have outstanding. LIFO will be affected by vendor promotions and changes in the cost of inventory. While we expect to achieve benefits through logistics and technology, development of new systems and integration of systems due to our merger with Fred Meyer carry inherent uncertainties, and we may not achieve the expected benefits. Unforeseen difficulties in integrating any acquired entity with Kroger could adversely affect our ability to meet our other expectations. The average diluted shares outstanding may vary based on the market price of our stock, the number of shares we repurchase and the number of stock awards made during the year. The amount and timing of future one-time, merger-related costs could be adversely affected by our ability to convert remaining systems as planned and on budget. The cost associated with implementation of our strategic growth plan, as well as the amount and timing of our expected cost reductions, could be affected by a worsening economy, increased competitive pressures, and any inability on our part to implement the strategic growth plan when expected. Any change in tax laws, the regulations related thereto, or the interpretation thereof by federal, state or local authorities could affect our expected tax rate.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

THE KROGER CO.

March 11, 2003

By: (Paul Heldman)
Paul Heldman
Senior Vice President, Secretary and General Counsel

EXHIBIT INDEX

Exhibit No.	Exhibit
99.1	Earnings release for fourth quarter 2002 and fiscal year 2002.