

KROGER CO
Form 10-Q
September 23, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 15, 2009

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-303

THE KROGER CO.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

31-0345740
(I.R.S. Employer
Identification No.)

1014 Vine Street, Cincinnati, OH 45202

(Address of principal executive offices)

(Zip Code)

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(513) 762-4000

(Registrant's telephone number, including area code)

Unchanged

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

There were 650,820,180 shares of Common Stock (\$1 par value) outstanding as of September 18, 2009.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

THE KROGER CO.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)

(unaudited)

	Second Quarter Ended		Two Quarters Ended	
	August 15, 2009	August 16, 2008	August 15, 2009	August 16, 2008
Sales	\$ 17,735	\$ 18,094	\$ 40,534	\$ 41,238
Merchandise costs, including advertising, warehousing, and transportation, excluding items shown separately below	13,650	14,066	30,917	31,911
Operating, general and administrative	3,088	3,004	7,123	6,894
Rent	150	151	350	358
Depreciation and amortization	348	327	801	760
Operating profit	499	546	1,343	1,315
Interest expense	115	111	278	263
Earnings before income tax expense	384	435	1,065	1,052
Income tax expense	133	159	383	386
Net earnings including noncontrolling interests	251	276	682	666
Net earnings (loss) attributable to noncontrolling interests	(4)	(1)	(8)	3
Net earnings attributable to The Kroger Co.	\$ 255	\$ 277	\$ 690	\$ 663
Net earnings attributable to The Kroger Co. per basic common share	\$ 0.39	\$ 0.42	\$ 1.06	\$ 1.01
Average number of common shares used in basic calculation	648	651	648	655
Net earnings attributable to The Kroger Co. per diluted common share	\$ 0.39	\$ 0.42	\$ 1.05	\$ 1.00
Average number of common shares used in diluted calculation	651	658	651	661
Dividends declared per common share	\$.09	\$.09	\$.18	\$.18

The accompanying notes are an integral part of the Consolidated Financial Statements.

THE KROGER CO.**CONSOLIDATED BALANCE SHEETS**

(in millions, except per share amounts)

(unaudited)

	August 15, 2009	January 31, 2009
ASSETS		
Current assets		
Cash and temporary cash investments	\$ 369	\$ 263
Deposits in-transit	628	631
Receivables	774	944
FIFO inventory	5,473	5,659
LIFO credit	(838)	(800)
Prefunded employee benefits		300
Prepaid and other current assets	300	209
Total current assets	6,706	7,206
Property, plant and equipment, net		
	13,606	13,161
Goodwill	2,271	2,271
Other assets	562	573