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FLEMING COMPANIES INC /OK/

Form 11-K

July 10, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 27, 2002

Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 001-08140

THE FLEMING 401(k) PLAN

FLEMING COMPANIES, INC.
1945 Lakepointe Drive
P.O. Box 299013
Lewisville, Texas 75029

Name of issuer of the securities held pursuant to the plan and the address of its principal executive office

THE FLEMING 401(k) PLAN

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Plan Sponsor and Trustee
The Fleming 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of The Fleming 401(k) Plan as of December 27, 2002 and December 28, 2001, and the related statement of changes in net assets available for benefits for the year ended December 27, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of The Fleming 401(k) Plan as of December 27, 2002 and December 28, 2001, and the changes in net assets available for benefits for the year ended December 27, 2002 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note H to the financial statements, Fleming Companies, Inc. and its subsidiaries (the "Company") filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. At this time, the Company cannot predict what additional effects the reorganization might have on the Company's financial condition, liquidity or results of operations or on the Plan's assets or

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operations. The Plan's financial statements do not include any adjustments that might result from these uncertainties.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of nonexempt transactions and assets held for investment purposes are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. Such supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GRANT THORNTON LLP

Oklahoma City, Oklahoma

May 23, 2003 (except for the last paragraph of Note H,
as to which the date is July 7, 2003)

THE FLEMING 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	DECEMBER 27, 2002	December 28, 2001
	-----	-----
ASSETS		
Investments	\$ 312,350,841	\$ 392,358,149
Receivables		
Employer contributions	9,542,805	7,162,780
Participant contributions	237,326	240,900
Accrued interest, dividends and other	5,173	217,208
	-----	-----
	9,785,304	7,620,888
Cash	188,268	152,156
	-----	-----
Total assets	322,324,413	400,131,193
LIABILITIES		
Accrued expenses	42,117	112,304
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 322,282,296	\$ 400,018,889
	=====	=====

The accompanying notes are an integral part of these statements.

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THE FLEMING 401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year ended December 27, 2002

Additions	
Employer contributions	\$ 9,749,102
Participant contributions	25,829,629
Interest and dividend income	6,269,578
Net depreciation in fair value of investments	(63,044,446)
Direct transfers from other plans	4,448,870

	(16,747,267)
Deductions	
Benefits paid to participants, including distributions from a partial Plan termination	60,836,367
Administrative fees	152,959

	60,989,326

NET DEDUCTIONS	(77,736,593)
Net assets available for benefits at beginning of year	400,018,889

Net assets available for benefits at end of year	\$ 322,282,296
	=====

The accompanying notes are an integral part of this statement.

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THE FLEMING 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 27, 2002 and December 28, 2001

NOTE A - DESCRIPTION OF PLAN

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The following description of The Fleming 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan for a more complete description of the Plan's provisions. Effective January 1, 2002, the Plan Sponsor ("Fleming Companies, Inc.") amended and restated the Plan. Additionally, the Plan's name was changed to The Fleming 401(k) Plan from the Fleming Companies, Inc. Matching 401(k) Plan.

The Plan, established in 1980, and amended and restated at various times, is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan is designed to provide retirement benefits to eligible employees of Fleming Companies, Inc. and its subsidiaries (the "Company"). Employees are eligible to participate in the Plan after achieving three months of service and attaining 21 years of age, or participation in a prior plan.

During 2002, the Minter Weisman Company 401(k) Plan was merged into the Plan. The Plan recognized a transfer of net assets at fair value of \$4,448,870.

Partial Plan terminations occurred during 2002 and 2001 due to restructuring activities in 2002 and restructuring and the finalization of the strategic plan by the Company in 2001. Due to the bankruptcy restructuring of the Company, a partial Plan termination is expected to occur in 2003. Transfers of Plan assets resulting from the partial Plan terminations are shown as deductions in the accompanying financial statements.

Each year, participants may make deferrals of compensation contributions in accordance with the provisions of Internal Revenue Code (the "Code") section 401(k) of at least 1%, but not more than 25% (15% in 2001), of the participant's compensation, subject to certain limitations. Participant deferral accounts are 100% vested. For the participants employed on the last day of the Plan year, the Company will make a matching contribution equal to (1) 100% of the participant's deferrals of compensation but not to exceed the first 2% of such participant's compensation for such Plan year and (2) 25% of the participant's additional deferrals of compensation on the next 4% of such participant's compensation for such Plan year. A participant is 100% vested in the Company's contribution after three years of credited service (five years in 2001).

Effective January 1, 2002, the Company also makes an annual contribution on behalf of certain participants of the Plan, as defined by the Plan, based on the following years of service:

Years of credited service	Contribution rate as percentage of compensation
1-7	1%
8-15	2%
16-23	3%
24 or more	4%

The Company may revoke or alter its obligation to make Company contributions by giving written notice to all participants at any time during the relevant Plan year. This revocation or alteration will be effective on the date of notice and applicable for the entire Plan year.

THE FLEMING 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 27, 2002 and December 28, 2001

NOTE A - DESCRIPTION OF PLAN - CONTINUED

Separate accounts are maintained for each participant. Accounts are classified as follows:

- o Accounts attributable to Company contributions and related investment earnings.
- o Accounts attributable to contributions by participants under section 401(k) of the Code and related investment earnings.
- o Accounts attributable to contributions by participants on an after-tax basis and related investment earnings. This account no longer receives contributions.

Participants or beneficiaries, with certain limitations, may borrow from their vested accounts a minimum of \$500 up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. The loans are collateralized by the balance in the participants' accounts and bear interest at rates that are established by the Company's Retirement Committee. At December 27, 2002, the interest rates ranged from 5.25% to 11.5%. All interest payments made under the terms of the loans will be credited to the participants' accounts and not considered general earnings of the Plan. Participants' loans are repaid monthly through payroll deductions.

Benefits of the Plan are payable upon reaching normal retirement, early retirement or termination, or in the event of death or disability. Lump-sum distributions are the only distribution option available. In 2001, benefit payments were available as either a lump sum or periodic installment for a period of up to 15 years.

Upon termination of a participant's employment with the Company, the nonvested portion of the Company's contribution account is used first to pay Plan expenses and then to reduce future Company contributions. At December 27, 2002, forfeited nonvested accounts totaled approximately \$513,000. Approximately \$377,000 in forfeitures were used to reduce the Company's 2002 matching contribution.

Participants may direct their contributions into 18 investment funds. Participants should refer to the information provided by Fidelity Management Trust Company for a complete description of the investment options.

The trustee for the Plan is Fidelity Management Trust Company. The trustee also serves as custodian of the Plan's investments. The Plan provides for the appointment of, and the Company has, a committee responsible for Plan administration.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

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A summary of the Plan's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Plan Year End

The Plan's fiscal year ends on the Friday before the last Saturday in December.

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THE FLEMING 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 27, 2002 and December 28, 2001

NOTE B - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

2. Investments

Mutual funds are stated at net asset value as determined based on the closing market prices of the underlying investments held. Investments in shares of collective trust funds are valued at their estimated fair values, as determined in good faith by the trustee. Corporate common stocks are valued based upon quoted market prices. Participant loans are valued at cost which approximates fair value.

3. Cash

The Plan maintains its cash in accounts which may not be federally insured. The Plan has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash.

4. Administrative Fees

Certain expenses incurred in connection with the general administration of the Plan are paid by the Plan and are recorded as administrative fees.

5. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

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THE FLEMING 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 27, 2002 and December 28, 2001

NOTE C - INVESTMENTS

The Plan's investments are held by Fidelity Management Trust Company at December 27, 2002 and December 28, 2001. The following is a schedule of investments by type at:

	December 27, 2002	December 28, 2001
	-----	-----
Mutual funds	\$ 274,312,259	\$ 349,657,841
Collective trust funds	17,340,547	16,371,771
Corporate common stocks - Fleming Companies, Inc. (1)	12,678,694	16,807,821
Participant loans	8,019,341	8,129,341
Other	--	1,391,361
	-----	-----
	\$ 312,350,841	\$ 392,358,135
	=====	=====

(1) The Company's stock held by the Plan has been delisted from the New York Stock Exchange and its per-share price has declined from \$6.57 per share at December 31, 2002 to \$0.17 per share at May 23, 2003.

The following table presents the fair value of investments that represent 5% or more of the Plan's net assets available for benefits at:

	December 27, 2002		December 28, 2001	
	Number of shares	Fair value	Number of shares	Fair value
	-----	-----	-----	-----
Fidelity Contrafund	572,950	\$ 22,115,868	645,165	\$ 27,115,868
Fidelity Equity-Income Fund	575,685	22,837,414	635,435	30,837,414
Janus Twenty Fund	668,628	19,396,899	853,912	32,396,899
Fidelity Magellan Fund	834,903	65,923,913	956,168	99,923,913
Fidelity Managed Income Portfolio	17,340,547	17,340,547	16,371,771	16,371,771
Fidelity Puritan Fund	2,141,948	33,821,363	2,350,136	41,821,363
Fidelity Retirement Money Market Fund	49,336,964	49,336,964	51,856,946	51,856,946
Fidelity Intermediate Bond Fund	1,854,927	19,903,364	1,658,558	17,903,364

The following table presents the net depreciation (including gains and losses on investments bought and sold, as well as held during the year) by type of investment for the year ended December 27, 2002:

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Mutual funds	\$ (53,642
Corporate common stocks - Fleming Companies, Inc.	(9,402

	\$ (63,044
	=====

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THE FLEMING 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 27, 2002 and December 28, 2001

NOTE D - NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows at:

	December 27, 2002

Net assets	
Limited partnerships	\$ --
	=====
	Year ended
	December 27, 2002

Changes in net assets	
Net appreciation	\$ 25,624
Distributions to participants	(276,222)
Plan transfers	(1,140,767)

	\$ (1,391,365)
	=====

NOTE E - TAX STATUS

The Internal Revenue Service has determined and informed the Company in a letter dated March 26, 2003 that the Plan, as amended on November 2, 2001, meets the requirements of section 401(a) of the Code and is tax-exempt under section 501(a) of the Code.

However, effective January 1, 2002, the Plan was amended and restated. The

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Company has not yet received a determination letter from the Internal Revenue Service for the amended and restated Plan. The Company believes that the Plan currently is designed and is being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes is included in the Plan's financial statements.

NOTE F - PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, all Plan assets, except those required to meet necessary expenses incurred during the termination period, will be distributed on a pro rata basis based on participants' account balances. Upon Plan termination, all Company contributions would become 100% vested.

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THE FLEMING 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 27, 2002 and December 28, 2001

NOTE G - REFUNDS

The Plan approved refunds of \$252,121 of excess contributions to highly compensated members in 2001. Refunds were necessary in order to satisfy the actual deferral percentage limitation, the actual contribution percentage limitation and multiple-use test under Code section 401(m) for the year ended December 28, 2001. The Code requires these refunds be made prior to the end of the following year. These refunds were made within the first three months after December 28, 2001. No such refunds were required for 2002.

NOTE H - SUBSEQUENT EVENTS

In January 2003, the Head Distributing Company 401(k) Plan and the Core-Mark International Nest Egg Savings Plan were merged into the Plan. The Plan recognized a transfer of net assets at fair value of approximately \$31.5 million.

On April 1, 2003, the Company filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Company contributions for the 2003 Plan year, if any, would require affirmative approval by the U.S. Bankruptcy Court and would be contingent upon the financial condition of the Company as of the due date in 2004 for such contributions. The Company's stock held by the Plan has been delisted from the New York Stock Exchange and its per-share price has declined from \$6.57 per share at December 31, 2002 to \$0.17 per share at May 23, 2003. The Company cannot predict what additional effects the reorganization might have on the Company's financial condition, liquidity or results of operations or on the Plan's assets or operations. The Plan's financial statements do not include any adjustments that might result from these uncertainties.

By letter dated March 6, 2003, the Employee Benefits Security Administration of the United States Department of Labor (the "DOL") confirmed to the Company that it had initiated an investigation of certain of the retirement

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plans (including the Plan) sponsored by the Company (collectively, the "Retirement Plans") pursuant to the authority provided by Section 504 of ERISA. According to the confirmation letter from the DOL, the investigation will consist of interviews and the review of records of the Retirement Plans for the 2002 year through present.

The Company has provided access to the documents requested by the DOL and will provide copies of such documents as requested. The Company has not received any formal or informal results or finding from the DOL with respect to its investigation.

On July 7, 2003, the Company and certain of its subsidiaries entered into an Asset Purchase Agreement with C&S Wholesale Grocers, Inc. and C&S Acquisition LLC (collectively, "C&S") regarding the sale of the Company's wholesale grocery operations and assets to C&S, other than accounts receivable and certain other excluded assets.

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THE FLEMING 401(k) PLAN

SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS

Year ended December 27, 2002

Identity of party -----	Relationship to Plan -----	Description of transaction -----
Fleming Companies, Inc.	Sponsor	Remitted participant contributions between 60 and 31 days late

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THE FLEMING 401(k) PLAN

SCHEDULE H, LINE 4i - ASSETS HELD FOR INVESTMENT PURPOSES

December 27, 2002

Identity of issuer, borrower, lessor or similar party; description of investment -----	Units -----	Cost -----
Fidelity investments*		

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Asset Manager	151,188	**
Asset Manager - Growth	268,953	**
Asset Manager - Income	57,125	**
Contrafund	572,950	**
Equity-Income Fund	575,685	**
Intermediate Bond Fund	1,854,927	**
Magellan Fund	834,903	**
Overseas Fund	188,116	**
Puritan Fund	2,141,948	**
Low-Priced Stock Fund	486,900	**
Spartan US Equity Index	213,578	**
Janus Worldwide Fund	279,479	**
Janus Twenty Fund	668,628	**
PIMCO High Yield Fund	181,060	**
Templeton Developing Markets Trust A	148,128	**
Managed Income Portfolio	17,340,547	**
Retirement Money Market Portfolio	49,336,964	**
Total Fidelity investments		
Corporate common and preferred stocks Fleming Companies, Inc.*	1,929,786	**
Participant loans* (1)		**
TOTAL		

*Party in interest

**Cost omitted for participant-directed investments

(1) Participant loans, 5.25% to 11.5%, maturing at various dates through September 2019

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EXHIBIT INDEX

The following exhibit has been filed as part of this Form 11-K, and is incorporated herein by reference.

EXHIBIT NUMBER -----	DESCRIPTION -----
23	Consent of Grant Thornton LLP

SIGNATURES

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THE FLEMING 401(k) PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

THE FLEMING 401(k) PLAN

FLEMING COMPANIES, INC.

By: /s/ D. Dee Jerome

D. Dee Jerome
(Member of the Fleming Companies, Inc.
retirement committee which administers
the Plan)

Date: July 10, 2003