# Winn-Dixie Stores, Inc. 1999 Annual Report

Earnings per diluted share $1.23
Taxes per diluted share $2.07
See Highlights

# Winn-Dixie Stores, Inc. A Special Tribute

James Kufeldt

It was with profoundly mixed feelings that we said farewell this past summer to our retiring President, James Kufeldt. Our feelings are mixed because, on the one hand, we well miss his leadership and warm, friendly presence; yet, on the other hand, we know that he richly deserves the time his retirement will give him to spend with his wife, Anne, and their sons, Tom and Phil, daughter, Sara, and their families.

Born in Homestead, Florida, on July 15, 1938, Jim joined the Winn-Dixie family as a produce clerk in our Miami division in September 1961. His management talent was quickly recognized, and he rose steadily in the Company, first coming to Headquarters in 1966 as Director of Corporate Training and Work Methods. After additional management experience with our Tampa, Orlando and Atlanta divisions, Jim returned to our corporate office in 1986 as Senior Vice President and Director of Retail Information and Planning. In 1988, Jim was named President of Winn-Dixie Stores, Inc., Chairman of the Executive Committee and member of our Board of Directors. He has also been a leader in the supermarket industry, serving as a Director and Vice Chairman of the Food Marketing Institute.

Business and family are only two aspects of Jim's exemplary legacy. He has also given his time and talent to the University of North Florida, the North Florida Technology Innovation Corporation and numerous other civic and charitable groups.

All of us who are members of the Winn-Dixie family, from the Davises to our newest associates in the 14 states and the Bahamas in which we operate, extend to Jim and his own family our heartfelt best wishes. We respect and admire the service and leadership he has given to our Company, and we take pride in his contributions to the betterment of his industry, his community and his fellow human beings.

Congratulations and farewell, Jim - job well done!

A. Dano Davis
Chairman
Principal Executive Officer

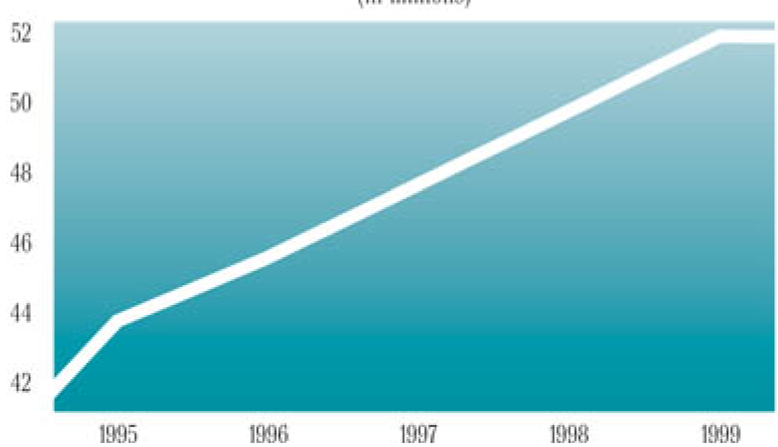
# Winn-Dixie Stores, Inc. Highlights

| For the Fiscal Year | | **June 30, 1999** | June 24, 1998 | Percentage Change | June 25, 1997 | June 26, 1996 | June 28, 1995 |
|---|---|---|---|---|---|---|---|
| | | Dollars in thousands except per share data | | | | | |
| SALES | $ | **14,136,503** | 13,617,485 | + 3.8 | 13,218,715 | 12,955,488 | 11,787,843 |
| Per dilluted share | $ | **95** | 91 | + 4.4 | 88 | 85 | 79 |
| GROSS PROFIT | $ | **3,800,913** | 3,623,917 | + 4.9 | 3,315,853 | 3,093,244 | 2,723,307 |
| Percent of sales | | **26.9** | 26.6 | | 25.1 | 23.9 | 23.1 |
| OPERATING AND ADMINISTRATIVE EXPENSES | $ | **3,593,651** | 3,374,905 | + 6.5 | 3,093,767 | 2,802,712 | 2,461,883 |
| Percent of sales | | **25.4** | 24.8 | | 23.4 | 21.6 | 20.9 |
| TAXES | | | | | | | |
| Federal, state and local | $ | **308,246** | 302,274 | + 2.0 | 284,737 | 287,758 | 260,885 |
| Per diluted share | $ | **2.07** | 2.03 | | 1.90 | 1.89 | 1.74 |
| NET EARNINGS | $ | **182,335** | 198,620 | - 8.2 | 204,443 | 255,634 | 232,187 |
| Per diluted share | $ | **1.23** | 1.33 | - 7.5 | 1.36 | 1.68 | 1.55 |
| Percent of sales | | **1.3** | 1.5 | | 1.5 | 2.0 | 2.0 |
| EBITDA | $ | **618,542** | 676,735 | - 8.6 | 632,757 | 656,857 | 569,256 |
| EBITDAR | $ | **961,419** | 985,893 | - 2.5 | 911,634 | 914,882 | 791,500 |
| DIVIDENDS PAID ON COMMON STOCK | $ | **151,231** | 150,923 | + 0.2 | 144,165 | 134,042 | 116,506 |
| Per share (present annual rate **$1.02**) | $ | **1.02** | 1.02 | + 0.2 | .96 | .885 | .78 |
| NET CAPITAL EXPENDITURES | $ | **345,723** | 369,636 | - 6.5 | 423,105 | 361,961 | 371,563 |
| DEPRECIATION & AMORTIZATION | $ | **292,414** | 330,408 | - 11.5 | 291,236 | 248,287 | 200,931 |
| **At Year End** | | | | | | | |
| Working capital | $ | **250,666** | 228,581 | + 9.7 | 195,358 | 388,712 | 414,923 |
| Current ratio | | **1.2 to 1** | 1.2 to 1 | | 1.1 to 1 | 1.4 to 1 | 1.4 to 1 |

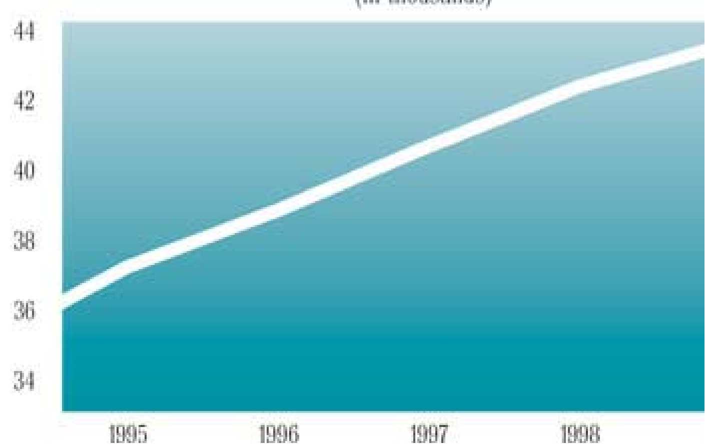
| | | | | | | |
|---|---|---|---|---|---|---|
| Shareholders' equity | **$ 1,411,079** | 1,368,883 | + 3.1 | 1,337,494 | 1,342,296 | 1,230,592 |
| Percent of equity to total capitalization | **97.3** | 96.6 | | 96.1 | 95.7 | 94.1 |
| Total shares outstanding (000's) | **148,577** | 148,531 | | 148,876 | 151,685 | 151,122 |
| Stores in operation | **1,188** | 1,168 | + 1.7 | 1,174 | 1,178 | 1,175 |
| Return on average equity (%) | **13.1** | 14.7 | | 15.3 | 19.9 | 20.3 |

- At June 30, 1999, we operated 1,188 stores, of which 173 where less than 35,000 square feet, 451 were 35,000 to 45,000 square feet and 564 were more than 45,000 square feet.
- 85 percent of our stores now have at least 35,000 square feet, compared with 63 percent in 1995.
- Our average square footage per store increased to 43,700 this year, compared to 37,300 in 1995.


Total retail store square footage
(in millions)




Average square footage per store
(in thousands)



# Winn-Dixie Stores, Inc. Message to our shareholders

| James Kufeldt<br>President | A. Dano Davis<br>Chairman<br>Principal Executive Officer | Charles H. McKellar<br>Executive Vice President |
|---|---|---|

Consolidation and competition continue to change the supermarket industry. As the largest food retail chains grow larger, all major operators face the challenge of attracting shoppers by providing an increasing variety of fresher products and convenient services while operating more efficiently than ever to create value for customers and shareholders alike.

Winn-Dixie continues to take bold steps to meet this challenge. In the past five years, we and our landlords have invested $4 billion - an average of $800 million a year - to create the newest and nicest stores in the business. More than 76% of our stores today are new, enlarged or remodeled within the last five years, making us an industry leader in this category. More importantly, we achieved this without incurring long-term debt, keeping us financially strong so that we can respond quickly and nimbly to our larger competitors.

Our sales reached a record $14.1 billion in 1999. We are determined to build on this by remaining close to our customers and operating every one of our 1,188 stores as a friendly neighborhood supermarket with Exceptional Customer Service.

Because of where Winn-Dixie operates, we directly compete against more Wal-Mart SuperCenters than anyone else, over 300 of them in the 14 states we serve. One of the best things about competition generally is that it makes good companies better. It makes a company strive even harder to improve everything it does - and we have made an executive commitment to our customers, shareholders and associates to do just that.

We have acted boldly because we mean to succeed, just as we always have throughout our 74-year history. For Winn-Dixie, this year meant honestly comparing our own operations with the competition, hiring outside experts to advise us, learning from our best practices, and doing whatever it takes to give our customers not only nicer stores but also fresher products, friendlier service, greater value, more variety, true convenience and all of the other things that will ensure our success.

## Financial Strength

Sound financial management remains a Winn-Dixie trademark. The record $14.1 billion in sales we achieved in 1999 represented our 65th consecutive annual increase, without long-term debt. Our strategy is to focus on our strength as a Sunbelt leader providing a wide variety of quality products and services at competitive prices. That is another reason we chose not to incur long-term debt to finance the $4 billion capital investment in store and support facility improvements. We have built a foundation for future earnings, unencumbered by the burden of long-term debt.

Our earnings this year of $182.3 million are not yet where we want them to be, but they reflect where we are in our transition. Now that we have created the best stores, we are moving ahead to generate future earnings by enhancing all of the other aspects of our business.

**Merchandising**

Today's customers want more than goods on shelves and in cases. They want home meal solutions. They want variety as well as freshness. They want seasonal sales and special promotions. They want convenience, whether they fill a shopping cart of just stop to pick up milk and bread. They want one-stop shopping that includes general merchandise as well as services like banking, pharmacies and one-hour photo labs.

In the business, we call meeting those needs merchandising. It means giving customers what they want, when they want it. It means skillfully promoting what you offer, from customer-friendly advertising to attractive store displays.

In November, we promoted Roy J. Brocato, former President of Winn-Dixie Atlanta and Vice President of the Company to the newly created position of Corporate Director of Merchandising and in January, we elected him Senior Vice President of the Company. Roy and his team of corporate merchandisers traveled the country and consulted with experts to identify the best merchandising techniques and practices being used.

Walk into a Winn-Dixie today and you will see the difference. We offer not only ready-to-serve, chilled or microwaveable take-home meals, but we're also introducing meal solution areas where customers can quickly find all the items they want for a particular full home meal, all in one place.

Throughout the store, we are enhancing our merchandising to give our customers a pleasant shopping experience tailored to their lifestyles and busy schedules.

**Produce Freshness**

We also have made an executive commitment to the freshness and quality of our produce. Consumer surveys show that this remains a key element in building and retaining a loyal customer base. As we did with our merchandising, we also looked at our produce operations from top to bottom, hired outside experts to advise us, and took action.

To ensure the freshness and quality of our fruits and vegetables, we have increased the frequency of deliveries to our stores by implementing new ordering procedures and updating our distribution system to eliminate delays. We also have enhanced our training program so that our associates know the best ways to handle perishable items.

What matters most to customers is that they can visit our stores on any given day and find fresh, quality produce. We have confidence that our customers will be able to count on this and come to know Winn-Dixie for produce quality, as well as for quality WD Brand® beef.

**Exceptional customer service**

As we focused in the last few years on upgrading our stores, we may have been slow to recognize some of the recent changes in what motivates people to provide Exceptional Customer Service. We also may not have fully appreciated that a strong economy and low unemployment create a somewhat less experienced workforce for large employers like us, making training even more vital.

To enhance our associate training, we consulted outside experts and went to our own stores and others to identify the best customer service practices. WE have more than doubled our investment of time and resources in associate training to ensure not just excellent, but Exceptional Customer Service. Our associates working in service areas receive instructor-led certification with periodic retraining as we monitor customer service in the field. We have charged our district managers to lead this effort. We have directly involved our experienced associates, who are known for their own outstanding customer service, in conducting the training.

Of course, what matters most to our customers is how they are treated when they visit our stores. Do they get a friendly greeting? Do our associates stop to acknowledge them no matter what other task they might be doing at the time? Do we give customers individual attention, whether they are in the aisles looking for something or moving through the checkout lanes? The customer response we are committed to receiving to those basic questions is an emphatic *yes*.

**Technology and facilities improvements**

To serve over two million customers a day - and do it efficiently - requires using advanced technology and constantly updating our manufacturing, warehousing, delivery fleet and headquarters operations. In 1999, we continued to upgrade our systems and facilities to help our 132,000 associates better serve the shopping public. These improvements benefit not only our retail store operations, but also the management and distribution systems supporting them.

For example, improved marketing forecasts enable us to give customers "just in time" delivery of the items they want from our distribution centers. By putting items on our store shelves more quickly, we ensure freshness and reduce storage space at our stores. This keeps our costs down which, in turn, helps ensure low prices for our customers and a better return for our shareholders.

The renovation of our retail support facility in Greenville, South Carolina, will soon be completed and we have made progress on the enlargement of our Charlotte, North Carolina, retail support center. We also have begun construction of larger retail support centers in Jacksonville, Florida, and Hammond, Louisiana.

When we receive goods at our warehouses today, a computer on the forklift reads the bar code on the pallet, indicating exactly where the goods should be held for pickup and distribution to our stores. When the goods are shipped to the store, the receiving associate at the store uses radio frequency technology to log in the items quickly and accurately, with no paperwork required.

Our manufacturing plants also are equipped with a world class system to enable us to better monitor and control production. We reduce costs and use only the freshest ingredients by maintaining lower inventories at our plants. Our tracking system allows us to follow ingredients through every stage of production and helps us to maintain consistently high quality in the items we produce.

We routinely update our fleet operations to provide timely and reliable transportation among our facilities and stores. Today's loading methods promote easier and faster shipment and delivery. For instance, products are placed in family groupings and put on pallets for easy retail stocking. It is not unusual for our stores to receive as many as five, six or even seven deliveries a week now that we have our fleet operations integrated into our improved distribution system.

At headquarters, we have finished our consolidation of offices and accounting systems and have completed the new addition to our building. This will yield immediate savings of $3 million, as well as help us support our retail operations with increased efficiency and faster turnaround times. Because we began our companywide Y2K assurance early, we should have this task completed by September.

Our emphasis on advanced technology is also visible in our stores. In 140 of our stores, for example, we have added self-checkout lanes for those customers who like this fast, easy option. In-store banks are another example of the convenient services made possible by advanced technology. In June, we announced an agreement with Canadian Imperial Bank of Commerce (CIBC) to provide innovative banking services to our customers beginning this fall with a pilot program in Central Florida. Some 250 of our stores now provide in-store banking.

**Thank you**

We extend our appreciation to five other corporate officers who retired during fiscal year 1999. In addition to James Kufeldt, our President, James H Childers retired in December 1998 as Vice President and Director of Grocery Merchandising after 43 years with the Company. In June, James L. Cooper, Vice President and Director of Manufacturing, retired after 46 years; Richard J. Ehster retired as Miami Division President and Vice President of the Company after 41 years; Ray Raulerson retired as Vice President and Director of Information Systems after 39 years; and John Critchlow retired at the end of the fiscal year as President of Winn-Dixie Raleigh and Vice President of the Company after 31 years with us. We wish all these men well and thank them for their service.

Writing our annual message brings to mind everyone in the Winn-Dixie family whose friendship, work and support throughout the year contribute to the success of our Company, our customers, our shareholders, our suppliers and business colleagues, and of course our associates, whose loyalty and dedication are the heart of Winn-Dixie.

We are grateful to our associates not only for what they do for our customers but also for the time and support they volunteer to the communities in which we do business. This year, Winn-Dixie again honored hundreds of civic, youth, service and educational organizations with Good Citizenship Awards. The recipients were saluted at community luncheons and were given more than $12.1 million. Winn-Dixie Stores Foundation contributed over $2.3 million to community organizations during fiscal 1999. This total included $1.0 million in associate matching grants. Another $2.4 million in financial and in-kind contributions was donated by individual stores.

**Come shop with us**

In the 74 years since our founding, we have succeeded by changing with the times while still providing friendly neighborhood service and operating on a financially sound basis. As we near the next millennium, we have made a commitment to improve the things that have made us successful.

In the face of consolidation and intense competition in our industry, we have taken bold steps to ensure that Winn-Dixie will strengthen its position as the supermarket of choice for millions of customers throughout our operating area.

A. Dano Davis
Chairman
Principal Executive Officer

James Kufeldt
President

Charles H. McKellar
Executive Vice President

**Good citizenship**

During our annual Good Citizenship program, we presented these associates with Founders Awards as Associate Good Citizens of the Year: Simon Williams, Atlanta; Jeff Van Doren, Charlotte; Kevin Morbach, Jacksonville; Terry Taynton, Miami; Frank Marcinek and Sandee Olson, Midwest; Eunice McNeill, Montgomery; Thomas J. Lewis, New Orleans; Kenneth McCann, Orlando; David Hudgins, Raleigh; Raymond Woodie, Tampa; and Anthony Drake, Ft. Worth.

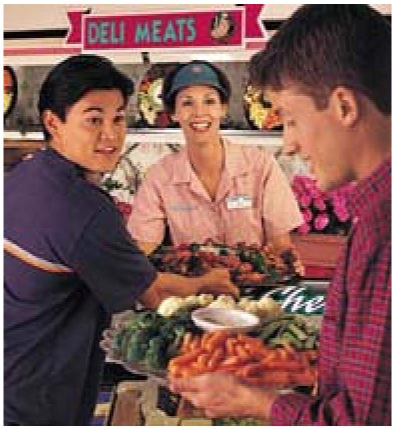
Winn-Dixie Stores, Inc.

# Freshness, Quality and Variety

As consumer demand continues to grow for produce, prepared foods and other perishables, we're focusing even harder on delivering the goods. After all, freshness and variety are what the Winn-Dixie Marketplace is all about.

With that in mind, in 1999 we embarked on a new program designed to ensure that our produce is the best in the market. We stepped up deliveries to our stores, updated our distribution network to eliminate delays, implemented new ordering procedures and launched an enhanced training program to acquaint associates with the latest ways to handle perishables at the store level. A new advertising campaign proclaims our produce as "sweeter, fresher, better than ever," signaling our confidence in this very important department.

Also in the spotlight was the Winn-Dixie Marketplace pharmacy, an area with real growth potential in our booming markets. Our pharmacies have become community hubs, where customers not only fill prescriptions, but also consult with our pharmacists and peruse our Mayo Clinic Health Information Centers for health updates, nutrition information, even "light" cookbooks. The key to continued pharmacy strength is service, and that is our emphasis as we head into the new millennium.




Service is a buzzword in every department at the Winn-Dixie Marketplace, and increasingly, that means offering self-service options to our busy customers.  In the deli and bakery, shoppers can pick up freshly prepared food, prepackaged to go.  Also available are party planning services and special-order platters, dinners and cakes.


Our floral shops now offer more ready-made arrangements than ever, as well as gift novelties, plants and seasonal flowers by the stem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The Fisherman's Wharf displays the catch of the day - a stunning variety of fish and shellfish delivered fresh from all over the globe.  Our seafood associates will gladly share cooking tips, and we offer the option of in-store steaming, free.


Shoppers in a hurry love our meat department, where they can pick up freshly prepared meal solutions, their favorite cuts of WD Brand® beef and much more.  There's a world of shopping opportunities inside a Winn-Dixie Marketplace, where it's easy to enjoy the finer things in life.


As Winn-Dixie looks ahead to our 75th anniversary, we're reminded that the more things change, the more they stay the same.  Today's Winn-Dixie Marketplace is stocked with more variety and more fresh foods than ever before.  We offer the latest conveniences, from in-store ATMs to full-service bank branches to postage stamps and Western Union money orders and transfers.

Our photo labs are state-of-the-art, providing one-hour service, quality enlargements and photo novelties - including a beautiful selection of frames. The impact is far different from the corner grocery store that started it all, almost three-quarters of a century ago. But what hasn't changed is our commitment to bringing shoppers the freshest of everything, the biggest variety possible, and above all, a standard of excellence backed by a 100 percent satisfaction guarantee that applies to everything we sell, from national brands to our own qualityproducts.


Winn-Dixie Stores, Inc. Financial review

**Results of operations**

Fiscal 1999 was the sixty-fifth consecutive year of sales increases. Sales for 1999, a 53-week year, totaled $14.1 billion, a 3.8% increase over 1998, a 52-weak year. The Company experienced a 0.9% decrease in identical stores sales in 1999, as compared to a decrease of 0.3% in 1998. sales for the 13-week fourth quarter of 1999 were $3.5 billion, a $227.9 million increase over the comparable 12-week quarter last year. These results reflect the repositioning of our retail store base and the increased competitive activity in our operating area.

During 1999, our Company opened and acquired 79 additional stores averaging 51,100 square feet and closed 59 smaller and older stores averaging 33,600 square feet. We also enlarged or remodeled 64 store locations. On June 30, 1999, we operated 1,188 stores averaging 43,700 square feet, as compared to 1,168 stores averaging 42,200 square feet in 1998, and 1,174 stores averaging 40,700 square feet in 1997. Total retail store square footage has increased from 47.8 million in 1997 to 49.6 million in 1998, to 52.0 million in 1999.

Our marketing strategy is one-stop shopping with more choices and low prices while providing Exceptional Customer Service. During 1999, our gross profit dollars increased $177.0 million to $3.8 billion, and our gross profit margin increased from 26.6% in 1998 to 26.9% in 1999. Operating margins improved with an increase in the number of larger stores, added service departments and improved pricing.

Approximately 86% of our inventories are valued under the LIFO (Last-In, First-Out) method. Our LIFO valuations of inventories resulted in a decrease in gross profit of $4.4 million, as compared to an increase of $12.1 million in 1998. In 1998, our Company experienced a deflation in product costs.

Our expenses were impacted by increased training costs associated with our emphasis toward increased customer service, occupancy costs and our "While you're at The Marketplace" marketing campaign. Operating and administrative expenses, as a percent of sales, were 25.4% and 24.8% in fiscal 1999 and 1998, respectively. During fiscal 1999, the Company increased the estimated useful lives used to compute depreciation for certain assets. Store equipment and lease-holds associated with larger, full-service store formats are expected to have a longer life because of the types of equipment and the expected timing of store remodels. In addition, the change resulted in useful lives more consistent with the predominant industry practices for these types of assets.

In 1998, the Company began its consolidation of the accounting departments to corporate headquarters. The opening of the new distribution facility in Raleigh, North Carolina, resulted in the closing and the sale of the older Raleigh distribution facility; the closing of the Greenville, South Carolina distribution center, which is being converted into a general merchandise and pharmaceutical distribution center, and the reorganization of the Raleigh and Charlotte divisions. The Company experienced a nonrecurring administrative charge totaling $18.1 million due to these activities.

Cash discounts and other income totaled $118.9 million in 1999 and $115.4 million in 1998.

Interest expense, which consists primarily of a computation of interest on capital lease obligations and from short-term borrowings, totaled $29.6 million in 1999, as compared to $28.5 million in 1998. The increase in interest expense reflects an increase in short-term borrowings.

Earnings before income taxes decreased from $317.8 million in 1998 to $296.5 million in 1999. The decrease in pre-tax earnings is primarily a result of the increase in operating expenses as previously mentioned.

Income tax expense decreased from $119.2 million in 1998 to $114.1 million in 1999, reflecting a decrease in pre-tax earnings. The effective income tax rate increased from 37.5% in 1998 to 38.5% in 1999. The effective tax rate for 1998 reflects a change made by the Health Insurance Portability and Accountability Act of 1996, whereby certain deductions for interest relating to indebtedness with respect to certain corporate-owned life insurance (COLI) policies are being phased out over a three-year period.

Net income for 1999 totaled $182.3 million, as compared to $198.6 million in 1998, an 8.2% decrease. Diluted earnings per share totaled $1.23 in 1999, as compared to $1.33 in 1998, a decrease of $0.10 per share.

Our Company experienced a relatively low inflation rate in 1999 and deflation in 1998. The computation resulted in a decrease in net earnings of $2.7 million, or $0.02 per diluted share, in 1999, as compared to an increase in net earnings of $7.4 million, or $0.05 per diluted share, in 1998.

The Company's goal of a 20.0% return on average equity was not attained in 1999 or 1998. Our return on average equity was 13.1% in 1999 and 14.7% in 1998. For the past 5 years, our return on average equity has averaged 16.7%

**Liquidity and capital resources**

The Company's financial condition remains sound and strong at year end. Excluding obligations under capital leases, we have no financial long-term debt. Shareholders' equity increased from 96.6% in 1998 to 97.3% in 1999.

Cash and equivalents increased from $23.6 million in 1998 to $24.7 million in 1999. Cash provided by operating activities amounted to $436.4 million in 1999 and $464.5 million in 1998.

Capital expenditures totaled $345.7 million, a $23.9 million decrease from 1998. This decrease is attributable to a reduction in the number of stores opened, enlarged or remodeled. When considering the capital investment of our landlords for leased premises, the capital investment in 1999 relating to facilities operated by our Company is estimated to be $550.0 million. There are no material construction or purchase commitments outstanding as of June 30, 1999.

Since the timing of cash inflows and outflows is not always the same, the Company has authorized a $500.0 million Commercial Paper Program. In support of this program, or as an independent source of short-term funds, the Company also has available $492.0 million in short-term bank lines of credit, which are renewable on an annual basis. These immediately available financing programs can be used for any general corporate purpose. On June 30, 1999, $465.0 million was outstanding under these credit facilities, as compared to $420.0 million on June 24, 1998.

The Company believes that both its short-term and long-term capital needs will be sufficiently provided through the cash flow generated by its normal business operations and its available credit facilities. The Company continually evaluates its strategy to provide for its short-term and long-term borrowing needs.

**Cautionary statement regarding forward looking information and statements**

This Annual Report contains certain information that constitutes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act, which involves risks and uncertainties. Actual results may differ materially from the results described in the forward-looking statements. When used in this document, the words, "estimate," "project," "intend," "believe," and other similar expressions, as they relate to the Company, are intended to identify such forward-looking statements. Such statements reflect the current views of the Company and are subject to certain risks and uncertainties that include, but are not limited to, growth, competition, inflation, pricing and margin pressures, law and taxes. Please refer to discussions of these and other factors in this Annual Report and other Company filings with the Securities and Exchange Commission. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

**Consolidated statement of earnings**

| Years Ended June 30, 1999 and June 24, 1998 | | **1999*** | 1998 |
|---|---|---|---|
| | Amounts in thousands except per share data | | |
| Net sales | **$** | **14,136,503** | 13,617,485 |

| | | | |
|---|---|---|---|
| Cost of sales, including warehousing and delivery expenses | | **10,335,590** | 9,993,568 |
| Gross profit on sales | | **3,880,913** | 3,623,917 |
| Operating and administrative expenses | | **3,593,651** | 3,374,905 |
| Consolidation and distribution facility closing charge | | **-** | 18,080 |
| Operating income | | **207,262** | 230,932 |
| Cash discounts and other income, net | | **118,866** | 115,395 |
| | | **326,128** | 346,327 |
| Interest Expense | | **29,648** | 28,535 |
| Earnings before income taxes | | **296,480** | 317,792 |
| Income taxes | | **114,145** | 119,172 |
| Net earnings | **$** | **182,335** | 198,620 |
| Basic earnings per share | **$** | **1.23** | 1.34 |
| Diluted earnings per share | **$** | **1.23** | 1.33 |

*53 weeks

**Consolidated balance sheets**

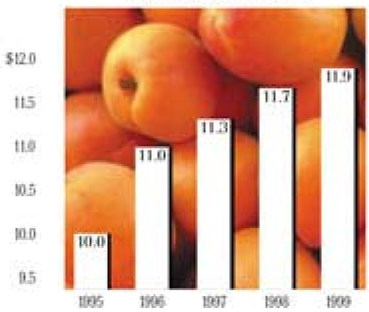
June 30, 1999 and June 24, 1998

| **Assets** | | **1999** | 1998 |
|---|---|---|---|
| Current assets: | | Amounts in thousands | |
| Cash and cash equivalents | **$** | **24,746** | 23,566 |
| Trade and other receivables, net | | **188,314** | 146,166 |
| Merchandise inventories at lower of cost or market less LIFO reserve of $217,274,000 ($212,869,000 in 1998) | | **1,425,098** | 1,404,917 |
| Prepaid expenses | | **159,832** | 161,141 |
| Total current Assets | | **1,797,990** | 1,735,790 |
| Investments and other assets | | **128,524** | 140,450 |
| Deferred income taxes | | **-** | 22,626 |
| Net property, plant and equipment | | **1,222,633** | 1,169,848 |
| | | **3,149,147** | 3,068,714 |

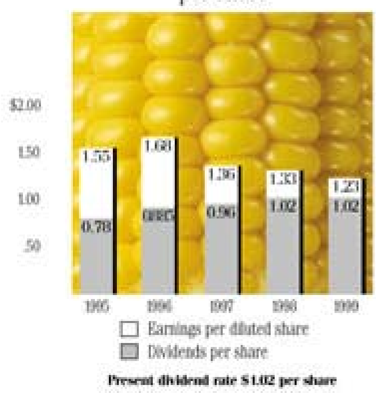
**Liabilities and Shareholders' Equity**

| | | | |
|---|---|---|---|
| Current liabilities | $ | **1,547,324** | 1,507,209 |
| Obligations under capital leases | | **38,493** | 48,580 |
| Defined benefit plan | | **41,234** | 37,102 |
| Reserve for insurance claims and self-insurance | | **92,256** | 93,514 |
| Other liabilities | | **18,761** | 13,426 |
| Shareholders' equity | | **1,411,079** | 1,368,883 |
| | $ | **3,149,147** | 3,068,714 |

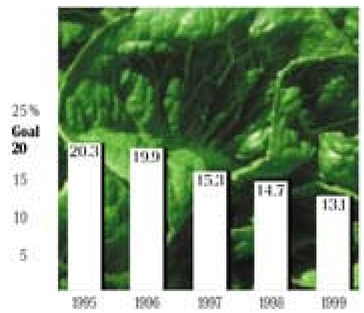
Average annual sales per store in millions of dollars




Earnings and dividends per share




Return on equity



# Winn-Dixie Stores, Inc. Board of Directors

**A. Dano Davis**
Chairman and Principal Executive Officer +

**Robert D. Davis**
Chairman, DDI, Inc. +

**Armando M. Codina**
Chairman, Codina Group, Inc * -

**T. Wayne Davis**
Chairman, Transit Group, Inc. +

**James Kufeldt**
President

**Radford D. Lovett**
Chairman, Commodores Point Terminal Corporation + * -

**Charles H. McKellar**
Executive Vice President

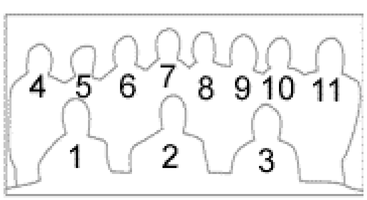
**David F. Miller**
Private Investor *

**Julia B. North**
Telecommunications Consultant * -

**Carelton T. Rider**
Senior Administrator
Mayo Foundation * -

**Charles P. Stephens**
Vice President
Norman W. Paschall Co., Inc. + *

* Audit Committee
\+ Nominating Committee
\- Compensation Committee




(1) Robert D. Davis, (2) A. Dano Davis, (3) T. Wayne Davis,(4) James Kufeldt, (5) Julia B. North, (6) Carleton T. Rider, (7) Radford D. Lovett, (8) Charles P. Stephens, (9) Charles H. McKellar, (10) Armando M. Codina, (11) David F. Miller

# Winn-Dixie Stores, Inc. Management

## Executive Committee

**A. Dano Davis**, 54, 31
*Chairman*
*Principal Executive Officer*

**James Kufeldt**, 60, 38
*President*
*Chairman of Executive Committee*

**Charles H. McKellar,** 61, 42
*Executive Vice President*

**R. J. Brocato,** 55, 35
*Senior Vice President*
*Director of Corporate Merchandising*

**H. E. Hess,** 59, 41
*Senior Vice President*
*Regional Director of*
*Atlanta, Orlando, Montgomery*
*and New Orleans Divisions*

**R. A. Savin,** 56, 38
*Senior Vice President*
*Regional Director of*
*Tampa, Miami, Fort Worth*
*and Midwest Divisions*

**C. E. Winge,** 54, 36
*Senior Vice President*
*Regional Director of*
*Jacksonville, Charlotte, Raleigh*
*and Bahama Divisions*

**L. H. May,** 54, 34
*Vice President*
*Director of Associate Relations and*
*Human Resources*

**R. P. McCook,** 46, 15
*Financial Vice President*
*Principal Financial Officer*

**E. E. Zahra, Jr.,** 52, 4
*Vice President*
*General Counsel*

## Division presidents and corporate vice presidents

**W. C. Calkins,** 60, 40
*President, Jacksonville Division*
*100 Stores*

**J. W. Critchlow,** 52, 31
*President, Raleigh Division*
*125 Stores*

**R. J. Ehster,** 58, 41
*President, Miami Division*
*125 Stores*

**J. D. Fitzgerald,** 49, 28
*President, Charlotte Division*
*137 Stores*

**D. G. Lafever,** 50, 32
*President, Orlando Division*
*85 Stores*

**R. C. Lunn, Jr.,** 47, 30
*President, New Orleans Division*
*85 Stores*

**H. E. Miller,** 67, 43
*President, Montgomery Division*
*130 Stores*

**L. J. Sadlowski,** 58, 42
*President, Fort Worth Division*
*73 Stores*

**J. A. Schlosser,** 50, 32
*President, Midwest Division*
*83 Stores*

**M. A. Sellers,** 45, 26
*President, Tampa Division*
*113 Stores*

**J. T. White,** 51, 31
*President, Atlanta Division*
*94 Stores*

**Corporate Officers**

**B. C. Baxter,** 53, 33
*Vice President*
*Director of Marketing*

**D. H. Bragin,** 55, 38
*Treasurer*
*Principal Accounting Officer*

**W. F. Brim,** 63, 46
*Vice President*
*Director of Seafood Merchandising*

**G. E. Clerc, Jr.,** 64, 38
*Vice President*
*Director of Public Relations*

**J. L. Cooper,** 65, 46
*Vice President*
*Director of Manufacturing*

**J. W. Dixon,** 57, 35
*Secretary*

**C. W. Doolittle,** 47, 16
*Vice President*
*Director of Security*

**R. L. Hutton,** 47, 32
*Vice President*
*Director of Government Relations*

**D. J. Ledford,** 63, 46
*Vice President*
*Director of Meat Merchandising*

**T. M. Moon,** 49, 31
*Vice President*
*Director of Deli/Bakery Merchandising*

**P. H. Payment, Jr.,** 44, 28
*Director of Grocery Merchandising*

**C. R. Raulerson,** 56, 39
*Vice President*
*Director of Information Systems*

**D. J. Richardson,** 49, 33
*Vice President*
*Director of Produce and Floral Operations*

**W. H. Sutton,** 52, 28
*Vice President*
*Director of General Merchandise*

**A. C. Webb,** 58, 39
*Vice President*
*Director of Services*

Winn-Dixie Stores, Inc. **Shareholder information**

### Business Description

Winn-Dixie is one of the nation's largest retail food chains, with more than 132,000 associates, dedicated to providing our customers with the best quality, variety and service. As of June 30, 1999, the Company operated 1,188 supermarkets in 14 states and in the Bahama Islands. The Company also operated a network of distribution centers, processing and manufacturing plants and a fleet of trucks, providing a comprehensive support system.

### Shareholder communications

Please address any inquiries or comments to:

First Chicago Trust Company of New York
Transfer Agent and Registrar
Winn-Dixie Stores, Inc.
P. O. Box 2500
Jersey City, New Jersey 07303-2500

| | |
|---|---|
| Toll-Free Number: | 1-888-U-CALL-WD |
| | (1-888-822-5593) |
| For Hearing Impaired: | 1-201-222-4955 |
| E-mail Address: | fctc@em.fcnbd.com |
| Internet Address: | http://www.fctc.com |
| or | |

Shareholder Relations
Winn-Dixie Stores, Inc.
P. O. Box B
Jacksonville, Florida 32203-0297

The Company's annual report to the Securities and Exchange Commission on form 10-K may be obtained by any shareholder, free of charge, upon written request to the Company or can be retrieved through the Company's website.

### Stock market listing

New York Stock Exchange
Symbol: **WIN**

### Annual shareholders' meeting

You are cordially invited to attend the meeting to be held Wednesday, October 6, 1999, 9:00 a.m., at the headquarters office of the Company at 5050 Edgewood Court, Jacksonville, Florida.

Formal notice of the meeting, a proxy and proxy statement are being mailed to shareholders who are of record as of the close of business on July 30, 1999.

### Corporate headquarters

Winn-Dixie Stores, Inc.
P. O. Box B
Jacksonville, Florida 32203-0297
Internet Address: http://www.winndixie.com

### Transfer agent and registrar

First Chicago Trust Company of New York
P. O. Box 2500
Jersey City, New Jersey 07303-2500

### Divident reinvestment

The Company's Dividend Reinvestment Plan allows our shareholders who own at least 10 shares of record to reinvest dividends on Winn-Dixie common stock automatically, without service charges or brokerage fees. Participating shareholders may also supplement the amount invested with voluntary cash investments on the same cost-free basis. Approximately 64% of the Company's shareholders participate in the Dividend Reinvestment Plan. More information may be obtained by contacting First Chicago Trust Company of New York.

### Direct deposit

The Company offers direct deposit of dividends to our shareholders. More information may be obtained by contacting First Chicago Trust Company of New York.

### Operating area