



Message From Our Chairman

2000 Annual Report Winn-Dixie Stores, Inc.



A. Dano Davis, Chairman of Board

The past fiscal year was a disappointing one for Winn-Dixie. The industry landscape in which we operate has changed rapidly and significantly, and today we face the most competitive environment of our 75 years as a company. To prosper, we must make changes. The old ways of doing business provide us no safe harbor.

Winn-Dixie *is* changing. A program already in progress is reshaping and revitalizing operations across the board. It's a fresh approach and a new beginning. We are committed to the process and challenges that change is forcing us to face. We firmly believe we are on course for a new position in the marketplace, one that will return us to operational profitability and strong shareholder return.

A ship in rough seas needs an experienced helmsman. I am proud to say we have such a person in Al Rowland, who came on board with us last November as our new President and CEO. The Board and I have total confidence in his abilities and have given him the authority to apply his expertise for the benefit of the Company. The team he has assembled is a blend of Winn-Dixie experience and fresh industry insights, and together, they are a dynamic force for change.

Al has been in the grocery business his entire working life, some 35 years. He comes to us with the kind of background Winn-Dixie needs most: extensive experience in large-store operations, with an emphasis on the critical areas of customer service and perishables. Under Al's stewardship, we have embarked on the most comprehensive and far-reaching restructuring program in our history.

The Davis family and our associates built Winn-Dixie into one of the largest grocery chains in the country, one that has served generations of Americans for over 75 years. We are justly proud of that heritage, and we are going to do whatever is necessary to make sure that Winn-Dixie emerges from this period of retooling as a strong and profitable company for the future. We owe that to all who believe in us and wish us success.

A handwritten signature in black ink, which appears to read "A. Dano Davis". The signature is fluid and cursive.

A. Dano Davis
Chairman of the Board

Business Description

2000 Annual Report Winn-Dixie Stores, Inc.

Winn-Dixie is one of the nation's largest retail food chains, with more than 120,000 associates, dedicated to providing our customers with the best quality, variety and service. As of June 28, 2000, the Company operated 1,079 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.



Highlights**2000 Annual Report
Winn-Dixie Stores, Inc.**

For the Fiscal Year	June 28, 2000	June 30, 1999*	Percentage Change	June 24, 1998	June 25, 1997	June 26, 1996
Dollars in thousands except per share data						
SALES	\$ 13,697,547	14,136,503	-3.1	13,617,485	13,218,715	12,955,488
Per diluted share	\$ 94	95	-1.1	91	88	85
GROSS PROFIT	\$ 3,639,847	3,800,913	-4.2	3,623,917	3,315,853	3,093,244
Percent of sales	26.6	26.9		26.6	25.1	23.9
OPERATING AND						
ADMINISTRATIVE EXPENSES	\$ 3,609,248	3,593,651	+ 0.4	3,374,905	3,093,767	2,802,712
Percent of sales	26.4	25.4		24.8	23.4	21.6
RESTRUCTURING AND OTHER NON-RECURRING CHARGES						
	\$ 396,029	--	--	18,080	--	--
Percent of sales	2.9			0.1		
TAXES						
Federal, state and local	\$ 123,085	308,246	-60.1	302,274	284,737	287,758
Per diluted share	\$ 0.85	2.07		2.03	1.90	1.89
NET (LOSS) EARNINGS	\$ (228,895)	182,335	-225.5	198,620	204,443	255,634
Per diluted share	\$ (1.57)	1.23	-227.6	1.33	1.36	1.68
Percent of sales	(1.7)	1.3		1.5	1.5	2.0
EBITDA	\$ 1,341	618,542	-99.8	676,735	632,757	656,857
EBITDAR	\$ 325,838	961,419	-66.1	985,893	911,634	914,882
Excluding restructuring and other non-recurring charges						
EBITDA	\$ 397,370	618,542	-35.8	694,815	632,757	656,857
EBITDAR	\$ 721,867	961,419	-24.9	1,003,973	911,634	914,882
DIVIDENDS PAID ON COMMON STOCK						
	\$ 148,966	151,231	-1.5	150,923	144,165	134,042
Per share (present annual rate \$1.02)	\$ 1.02	1.02		1.02	.96	.885

NET CAPITAL EXPENDITURES	\$	213,874	345,723	-38.1	369,636	423,105	361,961
DEPRECIATION & AMORTIZATION	\$	256,671	292,414	-12.2	330,408	291,236	248,287

At Year End

Working capital	\$	50,369	284,989	-82.3	262,615	220,104	403,770
Current ratio		1.0 to 1	1.2 to 1		1.2 to 1	1.1 to 1	1.4 to 1

Shareholders' equity	\$	867,835	1,411,079	-38.5	1,368,883	1,337,494	1,342,296
Percent of equity to total capitalization		96.4	97.3		96.6	96.1	95.7

Total shares outstanding (000's)		140,830	148,577	-5.2	148,531	148,876	151,685
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Stores in operation		1,079	1,188	-9.2	1,168	1,174	1,178
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Return on average equity (%)		(20.1)	13.1		14.7	15.3	19.9
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* 53 Weeks

Message to Our Shareholders

2000 Annual Report Winn-Dixie Stores, Inc.

For Winn-Dixie, fiscal 2000 was a year of pride, disappointment and, ultimately, renewed optimism. As our 75th year in business, it was a time to reflect on the Company's proud heritage, but also a time to chart a new path for the future. It was a disappointing year because Winn-Dixie continued to perform below acceptable levels, and our plan to sell the Texas and Oklahoma operations was opposed by the Federal Trade Commission.

Nevertheless, despite these setbacks, Winn-Dixie initiated the most significant corporate restructuring effort in its history. Also, after reevaluation, we believe there is opportunity for growth in Texas and Oklahoma.

Immediately after my appointment as President and CEO last November, our restructuring process began in earnest. At that time we initiated a thorough process of self-analysis at Winn-Dixie designed to identify best industry practices in order to address two primary issues of concern:

First, how to do the best job possible of serving our customers' needs in each store.

Secondly, how to coordinate and organize all of Winn-Dixie's operations so that they serve our customers most efficiently.

The process evolved to touch upon more areas of the Company than originally anticipated. In doing so, it created an experience that was challenging and purposefully at odds with the old ways. But it also proved to be reinvigorating, and because of the energies it released, it has served to infuse Winn-Dixie with renewed optimism and confidence for the future.



Al Rowland, President, Chief Executive Officer & Chairman of the Executive Committee



Dan Lafever, Senior Vice President & Director of Operations

Our self-examination began by identifying our weaknesses at the store level through the eyes of our customers: what did they think about our stores, our operations and our people? We came to understand that our stores need to be cleaner, better stocked and our service to the customer a whole lot friendlier and more helpful.

In order to achieve these objectives, we must create a structure that will support a stronger store management team. Our Store Managers must have direct responsibility for meeting customers' needs and expectations. After all, they are the ones closest to our customers. So we have empowered them to lead their associates and to run their stores in the manner best suited for their individual markets and communities.

To assist them in that effort, teams, led by a District Manager and consisting of experts in various product categories, have been established to support the needs of our Store Managers. Each team serves approximately 20 stores and helps to coordinate extensive training and service validation programs at all levels of store operations.

Concurrent with our efforts at the operational

Rick McCook, Senior Vice President & Chief Financial Officer



John Sheehan, Senior Vice President & Director of Sales and Procurement



August Toscano, Senior Vice President & Director of Human Resources



store level, we have instituted a centralization program that has reassigned many responsibilities not directly linked to our retail operations to our corporate headquarters in Jacksonville, Florida. Doing so will assure that the energies of our management personnel at the division level remain focused on our customer-centered objectives at store level.



Ellis Zahra, Senior Vice President & General Counsel

As part of the centralization effort, warehouse and fleet operations, new store development and construction programs and existing store maintenance are now directed out of corporate headquarters in Jacksonville. This will provide more consistency, better coordination of resources as well as considerable cost savings.

To achieve more efficient operations overall, we conducted a comprehensive and aggressive

analysis of all of our support operations and staff functions, which have resulted in the following changes:

- Management responsibilities for our Midwest, Atlanta, and Tampa divisions have been assumed by neighboring divisions.
- We closed 111 unprofitable stores and two manufacturing operations were discontinued.
- We combined our private label and manufacturing operations.
- We centralized our purchasing, merchandising and marketing functions for all divisions into one group located in Jacksonville.
- We have assigned 650 stores for remodeling in 2001 in order to improve their appeal and functionality.
- At corporate headquarters, the staff was reorganized, with significant emphasis placed on the direction of the Company's training and human resource functions. Going forward, our goal is to field the best associates, at all levels, in every store.
- Taken together, these changes affected over 11,000 positions. While it was difficult to eliminate jobs, we implemented a severance package for those qualifying associates who could not assume other positions within our organization.

The immediate impact of these developments is significant and, unfortunately, painful: Winn-Dixie has incurred a charge to earnings of \$396 million in 2000 and we expect to incur additional charges of approximately \$144 million in 2001.

However, on the positive side of the ledger, we anticipate achieving a considerable longer term benefit as a direct result: a savings of approximately \$400 million per year in expenses beginning about one year following completion of our restructuring program and implementation of improved store operations and support.

Structural and operational improvements, combined with annual cost savings, will serve to enhance our competitive position and, in turn, positively impact our sales and profitability.

Seventy-five years is a significant milestone for any business, and a company that achieves such an anniversary has undoubtedly weathered many challenges along the way. But to survive and prosper in the years ahead, every successful enterprise needs to embrace change as a necessary business process.

While 2000 was a disappointing year for Winn-Dixie, the organization has embraced change

"From time to time, every business has to reevaluate the way they do things, and sometimes the old ways are no longer the best. Making tough decisions is the only way to move forward."

-Al Rowland



and is fully committed to proceed through that dynamic process. We have taken dramatic and necessary steps to reposition the Company for the future, and we will not waver in our goal of creating a new Winn-Dixie for the new century.

A handwritten signature in black ink, appearing to read "Al Rowland". The signature is fluid and cursive, with a large initial "A" and a long, sweeping tail.

Al Rowland
President and Chief Executive Officer

Financial Review

2000 Annual Report Winn-Dixie Stores, Inc.

Results of Operations

Sales for fiscal 2000, a 52 week year, totaled \$13.7 billion, a 3.1% decrease from 1999, a 53 week year. The Company experienced a 2.7% decrease in identical store sales in 2000, as compared to a decrease of 0.9% in 1999. Sales for the 12 week fourth quarter of 2000 were \$3.1 billion, a \$418.0 million decrease, or 12.0% under the 13 week fourth quarter last year. Excluding the effect of fiscal 1999 being a 53 week year and the effect of closing stores in the fourth quarter of fiscal 2000 as part of the Company's restructuring plan, sales remained flat in fiscal 2000 compared to fiscal 1999.

During 2000, the Company opened and/or acquired 34 additional stores averaging 52,300 square feet and closed 143 stores averaging 41,400 square feet. The 143 store closings include 111 stores that were closed as part of the Company's announced restructuring plan with five additional stores to be further evaluated during fiscal 2001. We also enlarged or remodeled 42 store locations. On June 28, 2000, we operated 1,079 stores averaging 44,600 square feet, as compared to 1,188 stores averaging 43,700 square feet in 1999. Total retail store square footage decreased from 52.0 million in 1999, to 48.1 million in 2000. Adjusted for the stores included in the restructuring, retail space would have increased 1.8% over last year.

During 2000, our gross profit dollars decreased \$161.1 million, and our gross profit margin decreased from 26.9% in 1999 to 26.6% in 2000. The decrease in the gross profit dollars for fiscal 2000 is primarily due to the decrease in sales from the stores that closed as part of the restructuring and the effect of the 53 week year in 1999. In addition, the Company had a charge to gross profit of approximately \$8.9 million related to restructuring.

Approximately 84% 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 \$15.1 million, as compared to a decrease of \$4.4 million in 1999.

Operating and administrative expenses, as a percent of sales, were 26.4% and 25.4% in fiscal 2000, and 1999, respectively. Operating and administrative expenses continue to be negatively impacted by payroll and occupancy costs related to the Company's direction of building larger, full-service stores. The Company believes its restructuring effort, including the retrofit of 650 stores, will result in more efficient operations and a decrease in payroll dollars.

Cash discounts and other income totaled \$110.1 million and \$118.9 million in 2000 and 1999, respectively. The decrease in cash discounts and other income for fiscal 2000 is primarily due to a reduction in merchandise purchases. The reduction in purchases is due to the store closings from restructuring and an initiative to minimize excess inventory.

Interest expense, which consists primarily of a computation of interest on capital lease obligations and from short-term borrowings, totaled \$47.1 million in 2000, as compared to \$29.6 million in 1999. The increase in interest expense for the year reflects a \$19.7 million interest reserve recorded after receiving an unfavorable opinion from the U.S. Tax Court in October 1999 related to company owned life insurance (COLI).

Earnings before income taxes decreased from \$296.5 million in 1999 to a loss of \$302.4 million in 2000.

The income taxes changed from an expense of \$114.1 million in 1999 to a benefit of \$73.5 million in 2000. The effective income tax expense (benefit) rate changed from 38.5% in 1999 to (24.3)% in 2000. The effective tax rate for 2000 reflects the effects of certain restructuring charges and COLI adjustments.

Net (loss) for 2000 totaled \$(228.9) million, as compared to net income of \$182.3 million in 1999. Diluted (loss) earnings per share totaled \$(1.57) in 2000, as compared to \$1.23 in 1999.

The Company recorded a charge to earnings in fiscal 2000 of approximately \$396.0 million as a result of management's "Plan of Restructuring." Other related non-recurring restructuring charges recorded during the year totaled \$8.9 million, for a total of \$404.9 million, or \$261.6 million after tax. Other after-tax charges to earnings in fiscal 2000, related to the U.S. Tax Court's decision regarding COLI, totaled \$42.5 million for the year. Excluding the effects of COLI, restructuring and other non-recurring charges, net earnings for the year would have been \$75.2 million or \$0.52 per diluted share.

The LIFO computation resulted in an increase in the net loss of \$9.3 million, or \$0.06 per diluted share, in 2000, as compared to a decrease in net earnings of \$2.7 million or \$0.02 per diluted share in 1999.

Liquidity and Capital Resources

Cash and cash equivalents increased from \$24.7 million in 1999 to \$29.6 million in 2000. Cash provided by operating activities amounted to \$743.3 million in 2000 and \$436.4 million in 1999. The increase for fiscal 2000 is primarily due to the reduction in merchandise inventories and accounts receivable.

Capital expenditures totaled \$213.9 million, a \$131.8 million decrease over 1999. When considering the capital investment of our landlords for leased premises, the capital investment in 2000 relating to facilities operated by our Company is estimated to be \$400.0 million. Total capital investment for 2001 is estimated to be \$450.0 million. There are no material construction or purchase commitments outstanding as of June 28, 2000.

Since the timing of cash inflows and outflows is not always the same, the Company has authorized a \$700.0 million Commercial Paper Program. In support of this program, or as an independent source of funds, the Company entered into a \$700.0 million revolving credit facility, which is syndicated to a group of 17 banks, with The Chase Manhattan Bank as administrative agent, and is renewable on an annual basis. On June 28, 2000, the Company had \$235.0 million in commercial paper and no amounts from short-term lines of credit outstanding, as compared to \$300.0 million in commercial paper and \$165.0 million from short-term lines of credit on June 30, 1999.

On April 19, 2000, the Board of Directors authorized the repurchase, in either open market or private transactions, of up to ten million shares of the Company's outstanding common stock in addition to the five-million share repurchase program announced on October 6, 1999. As of June 28, 2000, the Company had repurchased 7,858,000 shares having an aggregate value of \$162.1 million or \$20.62 per share.

The Company's cash flow from operations and available credit facilities are considered adequate to fund both the short-term and long-term capital needs of the Company. 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 Security 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 Statements of Operations

Years Ended June 28, 2000 and June 30, 1999	2000	1999*
	Amounts in thousands except per share data	
Net sales	\$ 13,697,547	14,136,503
Cost of sales, including warehousing and delivery expenses	10,057,700	10,335,590
Gross profit on sales	3,639,847	3,800,913
Operating and administrative expenses	3,609,248	3,593,651

Restructuring and other non-recurring charges	396,029	-
Operating (loss) income	(365,430)	207,262
Cash discounts and other income, net	110,100	118,866
	(255,330)	326,128
Interest Expense	47,081	29,648
(Loss) earnings before income taxes	(302,411)	296,480
Income taxes	(73,516)	114,145
Net (loss) earnings	\$ (228,895)	182,335
Basic (loss) earnings per share	\$ (1.57)	1.23
Diluted (loss) earnings per share	\$ (1.57)	1.23

*53 weeks

Consolidated Balance Sheets

June 28, 2000 and June 30, 1999

Assets	2000	1999
Amounts in thousands		
Current assets:		
Cash and cash equivalents	\$ 29,576	24,746
Trade and other receivables, net	107,425	188,314
Merchandise inventories at lower of cost or market less		
LIFO reserve of \$232,368,000 (\$217,274,000 in 1999)	1,141,405	1,425,098
Prepaid expenses	193,516	159,832
Total current assets	1,471,922	1,797,990
Investments	14,035	24,072
Net property, plant and equipment	1,034,493	1,222,633
Deferred income taxes	166,449	-
Other assets	60,194	104,452
	2,747,093	3,149,147
Liabilities and Shareholders' Equity		
Current liabilities	\$ 1,421,553	1,513,001

Reserve for insurance claims and self-insurance	141,251	92,256
Obligations under capital leases	32,239	38,493
Defined benefit plan	45,241	41,234
Other liabilities	238,974	53,084
Shareholders' equity	867,835	1,411,079
	<hr/>	
	\$ 2,747,093	3,149,147
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Board of Directors

2000 Annual Report Winn-Dixie Stores, Inc.

A. Dano Davis
Chairman

Radford D. Lovett ~ o
Chairman
Commodores Point
Terminal Corporation

Allen R. Rowland
President
Chief Executive Officer

Julia B. North ~ + o
Telecommunications Consultant

Armando M. Codina ~ + o
Chairman
Codina Group, Inc.

Carleton T. Rider ~ + o
Senior Administrator
Mayo Foundation

Robert D. Davis
Chairman
DDI, Inc.

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

T. Wayne Davis +
Chairman
Transit Group, Inc.

~ Audit Committee

+ Corporate Governance Committee

o Compensation Committee

Management

2000 Annual Report Winn-Dixie Stores, Inc.

Management, their ages and years of service:

EXECUTIVE COMMITTEE

Allen R. Rowland, 56, 1
*President
Chief Executive Officer
Chairman of the Executive
Committee*

A. Dano Davis, 55, 32
Chairman

Daniel G. Lafever, 51, 33
*Senior Vice President
Director of Operations*

Richard P. McCook, 47, 16
*Senior Vice President
Chief Financial Officer*

John R. Sheehan, 42, 1
*Senior Vice President
Director of Sales &
Procurement*

August B. Toscano, 38, 1
*Senior Vice President
Director of Human Resources*

E. Ellis Zahra, Jr., 53, 5
*Senior Vice President
General Counsel*

DIVISION PRESIDENTS & CORPORATE VICE PRESIDENTS

J. Darryl Fitzgerald, 50, 29
*Charlotte Division
144 Stores*

Michael J. Istre 49, 31
*New Orleans Division
98 Stores*

Raymond G. Lunn, Jr., 48, 31
*Miami Division
148 Stores*

Daniel J. Richardson, 50, 34
*Montgomery Division
186 Stores*

Lawrence J. Sadlowski, 59, 43
*Fort Worth Division
74 Stores*

Mark A. Sellers, 46, 27
*Orlando Division
147 Stores*

H. Matt Solana, Jr., 45, 29
*Raleigh Division
132 Stores*

Don A. Weaver, 44, 28
*Jacksonville Division
138 Stores*

CORPORATE OFFICERS/VICE PRESIDENTS

W. R. (Bob) Baxley, 37, 1
*Vice President
Director of Deli/Bakery
Merchandising*

W. M. (Mac) Berry, 48, 1
*Vice President
Director of Corporate Brands*

D. Michael Byrum, 47, 27
*Vice President
Corporate Controller
Chief Accounting Officer*

Keith B. Cherry, 51, 1
*Vice President
Director of Design &
Construction*

G. E. (Mickey) Clerc, Jr., 65, 39
*Vice President
Director of Public Relations*

Judith W. Dixon, 58, 36
Secretary

C. W. (Bill) Doolittle, 47, 17
*Vice President
Director of Security*

Randall L. Hutton, 48, 33
*Vice President
Director of Government
Relations*

Ted M. Moon, 50, 32
*Vice President
Director of Produce & Floral
Merchandising*

Michael E. Nixon, 48, 29
*Vice President
Director of Information Systems*

Philip H. Payment, Jr., 45, 29
*Vice President
Director of Grocery
Merchandising*

Monty H. Powers, 45, 29
*Vice President
Director of Meat/Seafood
Merchandising*

Kellie D. Ross, 31, 1
Vice President
Strategic Planning Treasurer

A. C. (Buddy) Webb, 59, 40
Vice President
Director of Services

Shareholder Information

**2000 Annual Report
Winn-Dixie Stores, Inc.**

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.fcncbd.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 Winn-Dixie's web site.

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 4, 2000, 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, 2000.

Corporate Headquarters

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

Transfer Agent and Registrar

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

Dividend Reinvestment

The Company's Dividend Reinvestment Plan allows our shareholders who own at least 10 shares in certificate form 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 65% 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

