

Winn-Dixie Stores, Inc.

2Q and 28 Weeks Ended January 7, 2009

General Information		Key Personnel	
Address:	5050 Edgewood Court Jacksonville, FL 32254-3699	Chairman, President, &CEO:	Peter L. Lynch
Phone:	904-783-5000	SVP, CFO:	Bennett Nussbaum
Fax:	904-370-7224	VP, Corp Controller & CAO:	D. Michael Byrum
Website:	www.winn-dixie.com	Auditors:	KPMG LLP
Store Base		Financial Markets	
Count:	520 retail stores (as of February 11, 2009)	Stock Ticker:	WINN (NASDAQ)
Locations:	FL, AL, LA, GA and MS	Current Price:	\$8.26 (as of 3/9/09)
		52 Week High/Low:	\$19.41 / \$8.21

Analytical Overview

Winn Dixie's 2Q results included a jump in gross margin which allowed it to beat Street estimates by a penny. However, despite an initial equity analyst upgrade and a bump in the stock price to \$13.50, the stock quickly went into free-fall closing below \$9.00 soon after. Comps have barely registered positive for several quarters now and most of that can be attributed to product cost inflation. Basket size was up 5.7% and 2.8% during 1Q and 2Q with the drop moving predictably with easing inflation. The more alarming trend is the decrease in transaction counts as visits dropped 2.5% each quarter. The downward pressure on sales can be seen in results by competitor, Publix, which has registered declining comps itself for several quarters; its fourth quarter ended in December fell into negative territory. Winn Dixie credited its gross margin improvement to product mix changes (an increase in private label sales) and reduced promotional activity. However, overhead costs continue to rise, including payroll costs and depreciation on the stepped up remodeling activity. While the Company plays up its image as more a Publix competitor (high end) than Wal-Mart (pricing first) it has begun experimenting with its revamped SaveRite warehouse store. A recent 48,000 square foot prototype focuses on just the best selling 10,000 sku's, 75% less than a traditional Winn Dixie, with the Company indicating that pricing is comparable to Wal-Mart. Despite striving for an upscale image we can definitely see the Company considering more of these conversions to meet consumer demand, especially in the Florida market where sharply declining real estate values and unemployment have been much worse than the national average. Although liquidity remains strong, we believe the Company's capital spending commitment will ease in line with the diminishing returns on the remodels. The Company stated on their investor conference call, "we remain very cash conscious and we will continue to monitor the economic conditions as we consider our other capital spending needs for fiscal 2010."

Albert Furst, Vice President. (800) 789-0123 ext. 147.

Highlights

- Commenting on 2Q results,** Winn Dixie's CEO and President, Peter Lynch, said, "We are very pleased with our financial progress this quarter, especially the improvements in gross margin and adjusted EBITDA, which reflect the continued merchandising and marketing strategies we are using to drive more profitable sales. In recent years, the Company's gross margin had declined sequentially in the second quarter, due in part to heavy holiday promotions. Our management team has worked hard to refine our promotional activity in order to deliver margins more in line with the rest of the year. This quarter we built upon the progress made last year and successfully eliminated the sequential decline in our gross margin through a combination of product sales mix, less overall investment in promotional activity, and additional focus on our corporate brands. It is clear that consumers remain cautious with their spending, which had an impact this quarter on our identical store sales and on basket size in particular. As economic conditions develop, we will remain flexible in our approach as we seek to maintain an appropriate balance between sales and gross margin."
- Private Label.** The Company's corporate brands program is a key component of its long-term strategic plan. For the second quarter of fiscal 2009, the Company's penetration rate increased to 22.2%, a jump of 130 basis points compared to the same period in the prior fiscal year on categories measured by the Company. To date, the Company has completed packaging and label redesigns for over 2,000 private label products with a plan to have redesigned substantially all of its 3,000 private label products by the end of calendar 2009.
- Capital Expenditures.** The Company expects capital expenditures for fiscal 2009 to total approximately \$250.0 million. Of this total, approximately \$150.0 million is expected to be spent on its store-remodeling program. In addition to the store-remodeling program, the Company anticipates spending \$100.0 million on other capital expenditures during fiscal 2009, including maintenance and other store-related projects, information technology projects, new stores, back-up generators and logistics projects. Since the inception of the remodeling program in 2007, the Company has completed 112 store remodels. The Company's 54 offensive remodels in their first year of operation had a 9.6% weighted average sales lift after the grand re-opening phase. The sales lift in the offensive remodels resulted from increases in transaction count and basket size of 3.3% and 6.1%, respectively. The Company plans to remodel 75 stores per year going forward, at an average capital cost of approximately \$1.9 million.
- Credit Facility/Availability.** As of January 7, 2009, the Company indicates that it had zero borrowings and approximately \$632.1 million of liquidity, comprised of \$487.0 million of borrowing availability (net of a \$50.0 million minimum excess availability covenant) under its credit agreement and \$145.1 million of cash and cash equivalents. However, considering they would not currently be in compliance with a minimum EBITDA covenant if triggered, the Company must maintain \$75.0 million in minimum excess availability (the trigger), which reduces revolver availability to \$462.0 million under its \$725.0 million credit agreement. Availability was net of \$168.6 million in outstanding LC's (mostly related to workers' comp programs), \$17.8 million in borrowing base reserves and \$1.4 million in other borrowing base restrictions. The Company was in compliance with all covenants at second quarter end. The revolver expires on November 21, 2011. Under certain conditions, the Company may request to increase the size of the facility by \$100.0 million.

F&D Reports QuickScan

	16 Weeks Ended		% Change/ Difference	28 Weeks Ended		% Change/ Difference	Trailing 12 Months
	1/7/2009	1/9/2008		1/7/2009	1/9/2008		
	(Dollars in Millions)			(Dollars in Millions)			
Operating Performance:							
Sales	\$ 2,250.0	\$ 2,247.0	0.1%	\$ 3,926.0	\$ 3,867.9	1.5%	\$ 7,339.6
Comp Store Sales (% Change)	0.2%	0.5%		1.4%	0.4%		N.A.
Gross Margins	28.1%	26.7%	1.4%	28.0%	27.0%	1.0%	27.8%
SG&A Margin	26.5%	25.7%	0.8%	26.4%	26.0%	0.4%	26.1%
EBITDA ⁽¹⁾	\$ 35.5	\$ 21.6	64.5%	\$ 62.5	\$ 41.1	52.2%	\$ 119.9
EBITDA Margin	1.6%	1.0%	0.6%	1.6%	1.1%	0.5%	1.6%
Op. Income (Loss) ⁽¹⁾	\$ 5.4	\$ (4.9)	209.2%	\$ 7.8	\$ (4.7)	N.M.	\$ 22.5
Int. Exp. (Income)	\$ 1.6	\$ (1.1)	247.3%	\$ 2.6	\$ (2.5)	203.1%	\$ 2.0
Net Income (Loss)	\$ 16.1	\$ 4.1	295.5%	\$ 13.8	\$ 3.3	321.6%	\$ 23.4
Interest Coverage	22.33	Net Int. Inc.	N.M.	24.10	Net Int. Inc.	N.M.	58.61
Capital Expenditures	\$ 70.1	\$ 64.8	8.2%	\$ 107.4	\$ 108.6	-1.1%	\$ 216.5
Capex Margin	3.1%	2.9%	0.2%	2.7%	2.8%	-0.1%	3.0%
Return on equity for period	2.0%	0.5%	1.5%	1.7%	0.4%	1.3%	

Working Capital & Liquidity Indicators:

Cash and Equivalents	\$ 145.1	\$ 141.8	2.3%	\$ 145.1	\$ 141.8	2.3%
Accounts Receivable	\$ 77.6	\$ 137.4	-43.5%	\$ 77.6	\$ 137.4	-43.5%
Inventory	\$ 661.5	\$ 652.4	1.4%	\$ 661.5	\$ 652.4	1.4%
% Inventory financed by vendors	46.3%	46.2%	0.1%	46.3%	46.2%	0.1%
Inventory turnover (annualized)	8.09	8.23	-1.7%	8.09	8.23	-1.7%
Accounts Payable	\$ 306.0	\$ 301.2	1.6%	\$ 306.0	\$ 301.2	1.6%
Days Payable Outstanding	21.19	20.47	3.5%			
Working capital	\$ 299.4	\$ 411.1	-27.2%	\$ 299.4	\$ 411.1	-27.2%
Current ratio	1.48	1.73	-14.5%	1.48	1.73	-14.5%

Debt & Leverage Ratios:

Total Debt	\$ 34.8	\$ 25.2	38.1%	\$ 34.8	\$ 25.2	38.1%
Stockholders' Equity	\$ 846.7	\$ 806.9	4.9%	\$ 846.7	\$ 806.9	4.9%
Tangible Net Worth	\$ 582.9	\$ 488.6	19.3%	\$ 582.9	\$ 488.6	19.3%
Total debt to equity ratio	0.04	0.03	31.6%	0.04	0.03	31.6%
Total liabilities to equity ratio	1.07	1.09	-2.4%	1.07	1.09	-2.4%
Total debt to TTM EBITDA	0.29	0.22	34.7%	0.29	0.22	34.7%

(1) Excludes impairment charges of \$1.7 million and \$210,000 in the fiscal 2009 and 2008 second quarters and YTD periods. The fiscal 2009 second quarter and YTD period also excludes a \$22.4 million insurance settlement gain. Also excludes other net gains of \$6.9 million and \$13.3 million during the second quarters and \$3.1 million and \$9.8 million during the fiscal 2009 and 2008 YTD periods, respectively.

Free Cash Flow Analysis

(dollars in millions)

	2Q 1/7/09	1Q 9/17/08	FYE 6/25/08	3Q 4/2/08	2Q 1/9/08	1Q 9/19/07	FYE 6/27/07	3Q 4/4/07
Cash From Operations	\$ 36.5	\$ 15.8	\$ 208.7	\$ 136.3	\$ 52.2	\$ 53.9	\$ 22.6	\$ (32.7)
Cash From Investing	(83.4)	(32.2)	(207.9)	(157.9)	(152.8)	(49.0)	30.1	68.8
Cash From Financing	(9.3)	(22.9)	(1.5)	(2.5)	0.4	0.6	(38.3)	(41.9)
Net Change in Cash	(56.2)	(39.3)	(0.7)	(24.1)	(100.2)	5.5	14.4	(5.9)
Cash From Operations	36.5	15.8	208.7	136.3	52.2	53.9	22.6	(32.7)
+ Interest Expense (Income)	2.6	1.0	(3.1)	(3.6)	(2.5)	(1.4)	1.4	2.7
Capital Expenditures	(107.4)	(37.3)	(217.8)	(153.8)	(108.6)	(43.9)	(92.4)	(54.0)
Free Cash Flow Before Interest Expense	(68.3)	(20.5)	(12.2)	(21.1)	(58.9)	8.7	(68.4)	(84.0)
Free Cash Flow / Interest Expense	(26.36)	(20.44)	Net Int. Income	Net Int. Income	Net Int. Income	Net Int. Income	(49.03)	(31.52)
Free Cash Flow After Interest Expense	(70.9)	(21.5)	(9.1)	(17.5)	(56.4)	10.1	(69.8)	(86.7)
Debt Service								
Total Debt	\$ 34.8	\$ 29.0	\$ 25.7	\$ 24.9	\$ 25.2	\$ 24.3	\$ 24.9	\$ 13.5
Revolver Available	487.0	491.2	455.9	464.8	446.6	391.0	391.0	391.7

QUARTERLY DEBT REVIEW

Revolving Credit Facility

Original Facility Date	November 21, 2006
Maturity Date	November 21, 2011
Agent Bank	Wachovia Bank, N.A.
Other Participating Banks	Bank of America, NA, Merrill Lynch Capital, GE Capital Corp. GMAC Commercial Finance LLC, Citibank, NA and Wells Fargo Foothill
Maximum Borrowings ⁽¹⁾	\$725.0 million
Borrowing Base	Eligible A/R, Pharmacy Scripts, Inventory and certain Real Estate
Letter of Credit Sublimit	\$300.0 million
Availability (as of 1/7/09) ⁽²⁾	\$462.0 million
Interest Rate	Based on Avg Excess Availability, Initial \$50 million borrowed at Prime +2% or LIBOR +3.75%, subsequent borrowings at LIBOR + 1.75% or Prime
Security	Secured by a first priority lien on substantially all of the Company's assets
Financial Covenant Categories	Minimum Excess Availability of \$50.0 million at all times. If Excess Availability falls below \$75.0 million, then must comply with minimum LTM EBITDA covenant of \$180.0 million

(1) Can be increased to \$825.0 million at lender's discretion.

(2) Availability is net of \$75.0 million minimum availability requirement which would trigger minimum EBITDA covenant.

Trailing 12-Month Interest Coverage

Not applicable as the Company is generating TTM net interest income.

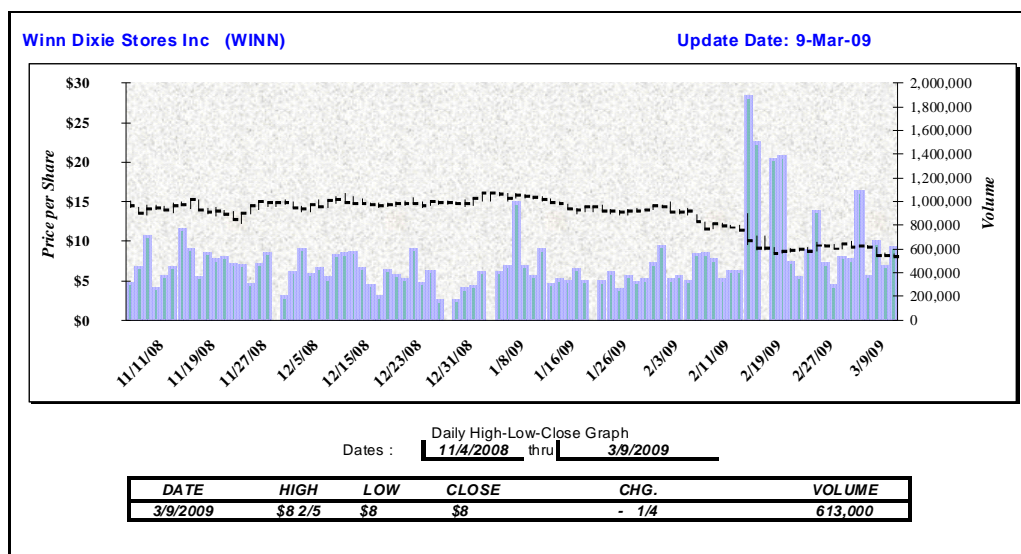
Critical Capital Requirements

(Approximate month and amount - dollars in millions)

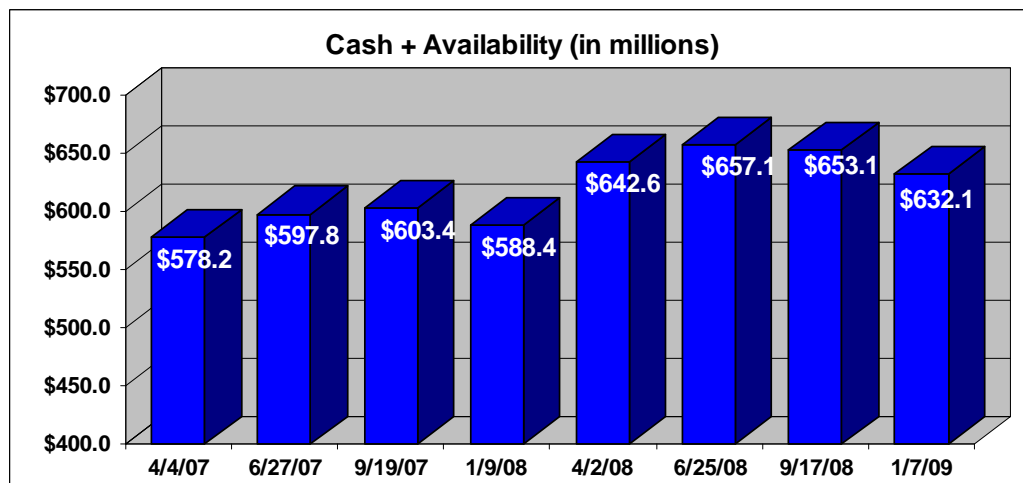
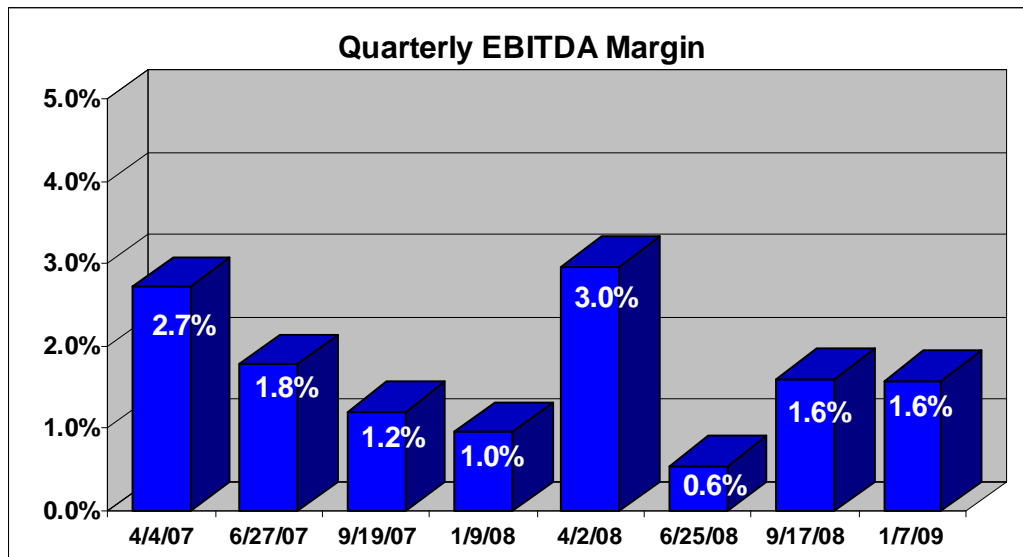
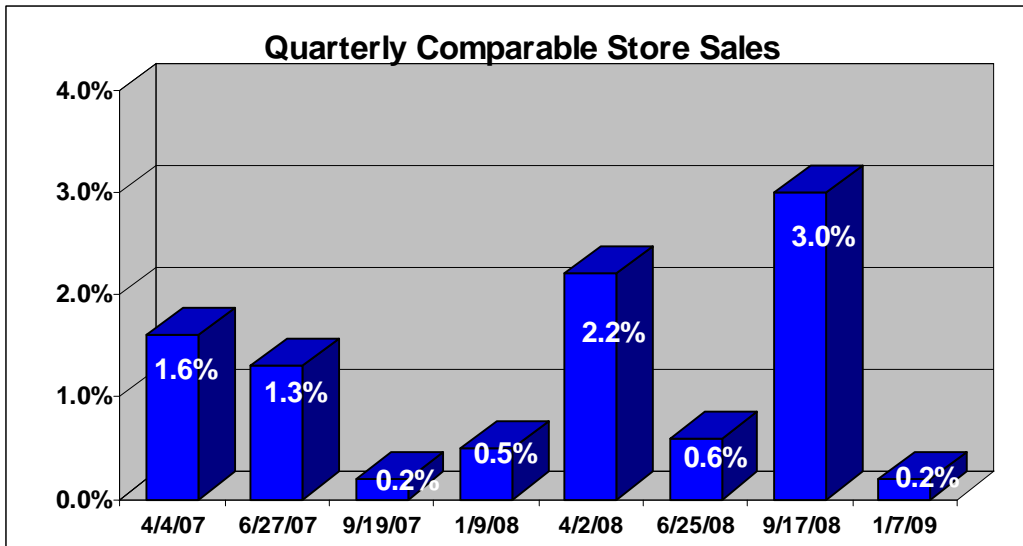
	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Other Debt</u>	<u>Total</u>
Capital Leases	<u>1.06</u> b	<u>1.06</u> b	<u>1.06</u> b	<u>1.06</u> b	<u>1.06</u> b	<u>1.06</u> b	--	<u>6.36</u>
	1.06	1.06	1.06	1.06	1.06	1.06	--	6.36

I=Interest Payment; P=Principal Payment; B=Both Interest and Principal Payments Due

The following chart shows the Company's stock price over the period indicated:



The following charts show various operating trends for the Company for the periods indicated:



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WINN-DIXIE STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

Amounts in thousands except per share data	16 weeks ended	
	January 7, 2009	January 9, 2008
Net sales	\$ 2,250,046	2,246,968
Cost of sales, including warehouse and delivery expenses	1,617,551	1,647,942
Gross profit on sales	632,495	599,026
Other operating and administrative expenses	620,236	591,560
Gain on insurance settlement	(22,430)	—
Impairment charges	1,666	210
Operating income	33,023	7,256
Interest expense (income), net	1,591	(1,080)
Income before income taxes	31,432	8,336
Income tax expense	15,330	4,265
Net income	\$ 16,102	4,071

Amounts in thousands except per share data	28 weeks ended	
	January 7, 2009	January 9, 2008
Net sales	\$ 3,925,981	3,867,866
Cost of sales, including warehouse and delivery expenses	2,826,728	2,822,485
Gross profit on sales	1,099,253	1,045,381
Other operating and administrative expenses	1,088,338	1,040,204
Gain on insurance settlement	(22,430)	—
Impairment charges	1,666	210
Operating income	31,679	4,967
Interest expense (income), net	2,593	(2,515)
Income before income taxes	29,086	7,482
Income tax expense	15,254	4,201
Net income	\$ 13,832	3,281

WINN-DIXIE STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Dollar amounts in thousands except par value

	January 7, 2009	June 25, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 145,056	201,275
Trade and other receivables, less allowance for doubtful receivables of \$2,329 (\$1,906 at June 25, 2008)	77,610	79,912
Insurance claims receivable	—	2,197
Income tax receivable	6,259	4,874
Merchandise inventories, less LIFO reserve of \$41,432 (\$24,738 at June 25, 2008)	661,458	649,022
Prepaid expenses and other current assets	33,645	42,099
Total current assets	924,028	979,379
Property, plant and equipment, net	518,737	446,866
Intangible assets, net	263,802	294,775
Deferred tax assets, non-current	37,645	39,454
Other assets, net	5,981	15,047
Total assets	\$ 1,750,193	1,775,521
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current obligations under capital leases	\$ 10,158	7,920
Accounts payable	306,028	340,211
Reserve for self-insurance liabilities	78,668	73,365
Accrued wages and salaries	71,946	77,575
Accrued rent	30,865	39,464
Deferred tax liabilities	48,711	50,557
Accrued expenses	78,261	76,244
Total current liabilities	624,637	665,336
Reserve for self-insurance liabilities	115,302	121,000
Long-term borrowings under credit facility	—	58
Unfavorable leases	119,265	126,049
Obligations under capital leases	24,667	17,698
Other liabilities	19,591	19,753
Total liabilities	903,462	949,894
Commitments and contingent liabilities (Notes 1 and 8)		
Shareholders' equity:		
Common stock, \$0.001 par value. Authorized 400,000,000 shares; 54,428,293 shares issued and 54,329,766 outstanding at January 7, 2009, and 54,179,890 shares issued and 54,081,363 outstanding at June 25, 2008.	54	54
Additional paid-in-capital	783,562	776,059
Retained earnings	55,109	41,277
Accumulated other comprehensive income	8,006	8,237
Total shareholders' equity	846,731	825,627
Total liabilities and shareholders' equity	\$ 1,750,193	1,775,521

WINN-DIXIE STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Amounts in thousands	28 weeks ended	
	January 7, 2009	January 9, 2008
Cash flows from operating activities:		
Net income	\$ 13,832	3,281
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) loss on sales of assets, net	(20)	145
Gain on insurance settlement	(22,430)	—
Impairment charges	1,666	210
Depreciation and amortization	53,392	43,963
Share-based compensation	7,503	6,856
Deferred income taxes	15,254	4,335
Change in operating assets and liabilities:		
Favorable and unfavorable leases, net	1,271	1,753
Trade, insurance and other receivables	13,651	(4,524)
Merchandise inventories	(12,436)	(10,966)
Prepaid expenses and other current assets	8,454	(988)
Accounts payable	(29,473)	33,899
Income taxes payable/receivable	451	(234)
Reserve for self-insurance liabilities	(395)	(9,082)
Accrued expenses and other	(14,256)	(16,427)
Net cash provided by operating activities	36,464	52,221
Cash flows from investing activities:		
Purchases of property, plant and equipment	(107,405)	(108,647)
Decrease (increase) in investments and other assets, net	6,017	(7,695)
Sales of assets	433	118
Purchases of marketable securities	—	(72,090)
Sales of marketable securities	—	35,466
Proceeds from insurance	17,601	—
Net cash used in investing activities	(83,354)	(152,848)
Cash flows from financing activities:		
Gross borrowings on credit facilities	7,740	6,654
Gross payments on credit facilities	(7,798)	(6,668)
(Decrease) increase in book overdrafts	(4,710)	4,487
Principal payments on capital leases	(4,561)	(4,024)
Net cash (used in) provided by financing activities	(9,329)	449
Decrease in cash and cash equivalents	(56,219)	(100,178)
Cash and cash equivalents at beginning of period	201,275	201,946
Cash and cash equivalents at end of period	\$ 145,056	101,768