FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-02-02** | Period of Report: **2001-01-10**
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FILER

WINN DIXIE STORES INC
CIK:**107681**| IRS No.: **590514290** | State of Incorp.:**FL** | Fiscal Year End: **0630**
Type: **10-Q** | Act: **34** | File No.: **001-03657** | Film No.: **1523782**
SIC: **5411** Grocery stores

Mailing Address
5050 EDWOOD CT
JACKSONVILLE FL 32254

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5050 EDGEWOOD CT
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9047835000

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 10, 2001

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________________ to ____________________

Commission File Number 1-3657

WINN-DIXIE STORES, INC.
(Exact name of registrant as specified in its charter)

Florida	59-0514290
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
5050 Edgewood Court, Jacksonville, Florida	32254-3699
(Address of principal executive offices)	(Zip Code)

(904) 783-5000
(Registrant's telephone number, including area code)

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

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

As of January 10, 2001 there were 140,468,366 shares outstanding of the registrant's common stock, $1 par value.

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WINN-DIXIE STORES, INC. AND SUBSIDIARIES

FORM 10-Q

TABLE OF CONTENTS

Part I: Financial Information

WINN-DIXIE STORES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
Amounts in thousands except per share data

MOST RECENT QUARTER		For the 16 Weeks Ended	
		Jan. 10, 2001	Jan 12, 2000
Net sales	$	3,956,338	4,276,024
Cost of sales		2,895,224	3,106,343
Gross profit		1,061,114	1,169,681
Operating & administrative expenses		988,007	1,124,005
Restructuring and other non-recurring charges		37,253	-
Operating income		35,854	45,676
Interest expense (Note F)		16,068	26,803
Earnings before income taxes		19,786	18,873
Income taxes (Note F)		7,617	37,666
Net earnings (loss)	$	12,169	(18,793)
Basic earnings (loss) per share	$	0.09	(0.13)
Diluted earnings (loss) per share	$	0.09	(0.13)
Dividends per share	$	0.34	0.34

FISCAL YEAR-TO-DATE		For the 28 Weeks Ended	
		Jan. 10, 2001	Jan 12, 2000
Net sales	$	6,897,200	7,438,195
Cost of sales		5,089,187	5,398,922
Gross profit		1,808,013	2,039,273
Operating & administrative expenses		1,703,129	1,951,125
Restructuring and other non-recurring charges		46,206	-
Operating income		58,678	88,148
Interest expense (Note F)		23,586	33,390
Earnings before income taxes		35,092	54,758
Income taxes (Note F)		13,510	51,482
Net earnings	$	21,582	3,276
Basic earnings per share	$	0.15	0.02
Diluted earnings per share	$	0.15	0.02

Dividends per share	$	0.51	0.51

See accompanying notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
Amounts in thousands

ASSETS	Jan. 10, 2001	June 28, 2000
Current Assets:		
Cash and cash equivalents	$ 182,557	29,576
Trade and other receivables	120,524	107,425
Merchandise inventories less LIFO reserve of $239,368 ($232,368 at June 28, 2000)	1,172,505	1,141,405
Prepaid expenses	44,975	58,739
Deferred income taxes	136,711	134,777
Total current assets	1,657,272	1,471,922
Cash surrender value of life insurance, net	6,910	14,035
Net property, plant and equipment	1,162,154	1,034,493
Intangible assets, net	39,659	18,795
Non-current deferred income taxes	156,638	166,449
Other assets	42,174	41,399
	$ 3,064,807	2,747,093
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 507,039	575,877
Short-term borrowings	700,000	235,000
Reserve for insurance claims and self-insurance	101,969	101,874
Reserve for restructuring expenses	39,070	52,721
Accrued wages and salaries	105,409	114,883
Accrued rent	84,238	88,247
Accrued expenses	215,263	164,502
Current obligations under capital leases	2,843	2,843
Income taxes payable	62,858	85,606
Total current liabilities	1,818,689	1,421,553
Reserve for insurance claims and self-insurance	140,201	141,251
Obligations under capital leases	30,861	32,239
Defined benefit plan	47,825	45,241
Long-term restructuring expenses	123,532	143,188
Other liabilities	86,377	95,786
Shareholders' equity:		
Common stock	140,468	140,830
Retained earnings	680,300	727,005
Associates' stock loans	(3,446)	-
Total shareholders' equity	817,322	867,835
	$ 3,064,807	2,747,093

See accompanying notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Amounts in thousands

	For the 28 Weeks Ended	
FISCAL YEAR-TO-DATE	Jan. 10, 2001	Jan. 12, 2000
Cash flows from operating activities:		
Net earnings	$ 21,582	3,276
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	102,227	142,103
Deferred income taxes	7,877	12,856

Defined benefit plan	2,584	1,813
Non-cash restructuring and other non-recurring charges	9,940	17,500
Reserve for insurance claims and self-insurance	(954)	27,804
Stock compensation plans	5,759	1,198
Change in cash from:		
Receivables	(13,099)	57,977
Merchandise inventories	(27,172)	(12,597)
Prepaid expenses	13,993	13,208
Accounts payable	(68,839)	(31,784)
Restructuring	(31,289)	-
Income taxes	(22,748)	22,215
Other current accrued expenses	23,987	106,000
Net cash provided by operating activities	23,848	361,569
Cash flows from investing activities:		
Purchases of property, plant and equipment, net	(228,870)	(150,981)
Decrease in investments and other assets	3,563	19,074
Acquisitions, net of cash	(30,942)	-
Net cash used in investing activities	(256,249)	(131,907)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	465,000	(80,000)
Payments on capital lease obligations	(1,531)	(1,491)
Purchase of common stock	(16,965)	(74,559)
Proceeds of sales under associates' stock purchase plan	10,288	99
Dividends paid	(71,213)	(75,340)
Other	(197)	30
Net cash provided by (used in) financing activities	385,382	(231,261)
Increase (decrease) in cash and cash equivalents	152,981	(1,599)
Cash and cash equivalents at beginning of year	29,576	24,746
Cash and cash equivalents at end of period	$ 182,557	23,147
Supplemental cash flow information:		
Interest paid	$ 10,578	10,971
Interest and dividends received	$ 876	319
Income taxes paid	$ 28,381	14,148

See accompanying notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
Dollar amounts in thousands except per share data, unless otherwise noted

(A) Basis of Presentation: Financial information reflects all adjustments, which, in the opinion of management, are necessary to reflect the results of operations and financial position for the quarters shown. These condensed financial statements should be read in conjunction with the fiscal 2000 Form 10-K Annual Report of the Company. The condensed consolidated financial statements include the accounts of Winn-Dixie Stores, Inc. and its subsidiaries, which operate as a major food retailer in fourteen states and the Bahama Islands.

(B) Inventories: Merchandise inventories are stated at the lower of cost or market, approximately 84% of which are valued under the LIFO method.

(C) LIFO: Results for the quarter reflect a pre-tax LIFO inventory charge of $4.0 million in fiscal 2001 and in fiscal 2000. The year-to-date LIFO charge is $7.0 million in fiscal 2001 and in fiscal 2000. If the FIFO method had been used, current quarter net earnings would have been $14.6 million, or $0.10 per diluted share, as compared with a net (loss) of ($16.3) million, or ($0.11) per diluted share in the previous year. The year-to-date net earnings for the current year would have been $25.9 million, or $0.18 per diluted share, as compared with $7.6 million, or $0.05 per diluted share for the previous year. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subjected to many forces beyond management's control, interim results are subject to the final year-end LIFO inventory valuations.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), continued Dollar amounts in thousands except per share data, unless otherwise noted

(D) Comprehensive Income: The Company had no amounts from other comprehensive income for the quarters ended January 10, 2001 and January 12, 2000. Accordingly, comprehensive income equals net income for both years.

(E) Credit Arrangements: On January 4, 2000, the Company increased its authorized commercial paper program from $500.0 million to $700.0 million. In support of this program, or as an independent source of funds, the Company entered into a $700.0 million revolving credit facility (the "Facility"), which is syndicated to a group of 17 banks, with The Chase Manhattan Bank as administrative agent. The Facility was entered into on November 17, 1999. Outstanding amounts under the Facility bear interest at certain floating rates as specified by the Facility. The Facility contains certain financial and non-financial covenants relating to the Company's operations, including maintaining certain financial ratios.

During the current quarter, the Company replaced the commercial paper borrowings with borrowings under the Facility. The Facility permits a one-year term loan of up to $700.0 million, which the Company fully borrowed. The current rates under the Facility are higher than the commercial paper rates previously paid.

(E) Credit Arrangements: continued

In addition to the $700.0 million syndicated Facility, the Company also has $50.0 million available in short-term lines of credit, with no amounts outstanding. The weighted average interest rate on borrowings for the quarter is 7.9%.

(F) Income Taxes: The provision for income taxes reflects management's best estimate of the effective tax rate expected for the fiscal year. The effective tax rate for fiscal years 2001 and 2000 is 38.5%.

During fiscal 2000, the Company reserved $30.4 million for taxes and $19.7 million for interest ($42.5 million after tax, or $0.29 per diluted share) after receiving an unfavorable opinion in October 1999 and a computational decision on January 11, 2000 from the U.S. Tax Court. Interest expense related to the tax reserve totaled $1.9 million for the current quarter, as compared to $17.5 million for the corresponding quarter of the previous year. Year-to-date, the interest expense on the tax reserve totals $3.2 million as compared to $17.5 million for the previous year. The Tax Court upheld the Internal Revenue Service's position that interest related to loans on broad-based, company owned life insurance policies in 1993 was not deductible for income tax purposes. Congress passed legislation phasing out such deductions over a three-year period in the fall of 1996. The Company held such policies and deducted interest on outstanding loans from March 1993 through December 1997. Management disagrees with the Tax Court's decision and has appealed. While the ultimate outcome of this litigation cannot be predicted with certainty, in the opinion of management, the ultimate resolution of this matter will not have any additional material adverse impact on the Company's financial condition or results of operations.

(G) Earnings Per Share: The following weighted average number of shares of common stock was used in the calculation for earnings per share. The diluted weighted average number of shares includes the net shares that would be issued upon the exercise of stock options using the treasury stock method.

	2001	2000
Basic:		
Quarter	139,549,059	146,456,936
Year-to-Date	139,467,800	147,263,092

Dollar amounts in thousands except per share data,
unless otherwise noted

Diluted:		
Quarter	140,002,954	146,456,936
Year-to-date	139,825,214	147,405,604

(H) Common Stock: 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 outstanding common stock in addition to the five-million share repurchase program announced on October 6, 1999. From October 6, 1999 through September 20, 2000, the Company repurchased 9,034,400 shares having an aggregate cost of $179.0 million or $19.82 per share. No stock was repurchased under the program during the current quarter.

During the current quarter, approximately 910,000 shares were purchased for cash and credit by associates under the Revised Winn-Dixie Stock Purchase Plan for Employees, for an aggregate value of $13.7 million. The total amount of cash received at the time of sale was $10.3 million, with the remainder to be paid by associates over 12 months.

(I) Business Reporting Segments: Based on the information monitored by the Company's operating decision makers to manage the business, the Company has identified that its operations are within one reportable segment. Accordingly, financial information on industry segments is omitted because, apart from the principal business of operating retail self-service food stores, the Company has no other industry segments. All sales of the Company are to customers within the United States and the Bahama Islands. Sales and assets related to and located in the Bahama Islands represents less than 1% of the Company's total sales and assets.

(J) Restructuring and Other Non-recurring Charges: On April 20, 2000, the Board of Directors approved and the Company announced a major restructuring to improve the support of the retail stores and the Company's overall efficiency.

The restructuring plan includes the actions listed below that have been or will be implemented. The plan includes certain exit costs and employee termination benefits that will be incurred within one year from the commitment date.

Action	Status at Jan. 10, 2001
Executive management reduction and realignment.......	Completed
Division management reduction and realignment........	Completed
Consolidation of division offices eliminating three division offices - Tampa, Atlanta, and Midwest......	Completed
Closing of one warehouse facility- Tampa.............	Completed
Closing of two manufacturing facilities - Detergent and Bag Plants.....................................	Completed
Centralization of procurement, marketing and merchandising......................................	Completed
Eliminating approximately 11,000 positions...........	Completed
Closing of 116 unprofitable stores...................	112 closed
Retrofitting approximately 650 stores to improve efficiency and customer service.....................	217 completed and 341 under construction

(J) Restructuring and Other Non-recurring Charges: continued

As a result of the restructuring, the Company recorded expenses of approximately $396 million ($256 million after tax or $1.76 per diluted share) in the fourth quarter of fiscal 2000. Charges totaling $37.3 million ($22.9 million after tax or $0.16 per diluted share) were recorded in the current quarter and $46.2 million ($28.4 million after tax or $0.20 per diluted share) for the year. A summary of the restructuring charges and the remaining accrual follows:

Dollar amounts in thousands except per share data,
unless otherwise noted

<TABLE>

<S>	Employee Termination Costs <C>	Lease Termination Costs <C>	Other Location Closing Costs <C>	Asset Impairment <C>	Asset Removal & Related Costs <C>	Total <C>
Additions	$ 16,713	189,295	10,722	179,299	-	$ 396,029
Utilization	(7,546)	(2,628)	(10,647)	(179,299)	-	(200,120)
Balance at 6/28/00	$ 9,167	186,667	75	-	-	$ 195,909
Additions	-	-	3,050	2,611	5,310	10,971
Adjustments	(2,018)	-	-	-		(2,018)
Utilization	(4,812)	(10,124)	(3,084)	(2,611)	(5,310)	(25,941)
Balance at 9/20/00	$ 2,337	176,543	41	-	-	$ 178,921
Additions	-	-	2,584	6,109	28,560	37,253
Adjustments	-	-	-	-	-	-
Utilization	(2,148)	(14,168)	(2,587)	(6,109)	(28,560)	(53,572)
Balance at 1/10/01	$ 189	162,375	38	-	-	$ 162,602

</TABLE>

The adjustment to employee termination costs in the first quarter represents the accrued severance for employees in closed stores where the employees subsequently became ineligible for severance. The addition to other location closing costs includes travel expenses, inventory retagging and employee relocation costs in connection with the restructuring. Asset removal and related costs and asset impairments are the expenses involved in the retrofit of selected stores.

(J) Restructuring and Other Non-recurring Charges: continued

The following table shows the number of people that are eligible for severance under the restructuring plan.

	Retail	Manufacturing and Support Facilities	Total
Eligible for severance	3,351	655	4,006
Number paid	636	240	876
Became ineligible	1,275	63	1,338
Number eligible at June 28, 2000	1,440	352	1,792
Number paid	416	233	649
Became ineligible	902	53	955
Number eligible at September 20, 2000	122	66	188
Number paid	-	12	12
Became ineligible	-	-	-
Number eligible at January 10, 2001	122	54	176

(K) Reclassification: Cash discounts and other income have been reclassified as a reduction of cost of sales and operating and administrative expenses, respectively. The reclassification reduced cost of sales in fiscal years 1998, 1999 and 2000 by $105.5 million, $102.4 million and $87.2 million, respectively. This reclassification is consistent with industry practice. Certain prior year amounts have been reclassified to conform to the current year's presentation.

(L) Guarantor Subsidiaries: During the quarter, the Company filed a registration statement with the Securities and Exchange Commission to authorize the issuance of up to $1 billion in debt securities. The debt securities may be jointly and severally, fully and unconditionally guaranteed by substantially all of the Company's operating subsidiaries. The guarantor subsidiaries are 100% owned subsidiaries of the Company. Condensed consolidating financial information for the Company and its guarantor subsidiaries is as follows:

WINN-DIXIE STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(Amounts in thousands)

<TABLE>

16 Weeks ended January 10, 2001

<S>	Parent <C>	Guarantor Subsidiaries <C>	Eliminations <C>	Consolidated <C>
Net sales	$ 1,787,422	2,168,916	-	3,956,338
Cost of sales	1,286,356	1,608,868	-	2,895,224
Gross profit	501,066	560,048	-	1,061,114
Operating & administrative expenses	434,047	553,960	-	988,007
Restructuring and other non-recurring charges	22,488	14,765	-	37,253
Operating income (loss)	44,531	(8,677)	-	35,854
Equity in (loss) of consolidated subsidiaries	(5,336)	-	5,336	-
Interest expense	16,068	-	-	16,068
Earnings (loss) before income taxes	23,127	(8,677)	5,336	19,786
Income taxes	10,958	(3,341)	-	7,617
Net earnings (loss)	$ 12,169	(5,336)	5,336	12,169

28 Weeks ended January 10, 2001

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 3,095,479	3,801,721	-	6,897,200
Cost of sales	2,289,857	2,799,330	-	5,089,187
Gross profit	805,622	1,002,391	-	1,808,013
Operating & administrative expenses	731,889	971,240	-	1,703,129
Restructuring and other non-recurring charges	30,900	15,306	-	46,206
Operating income	42,833	15,845	-	58,678
Equity in earnings of consolidated subsidiaries	9,745	-	(9,745)	-
Interest expense	23,586	-	-	23,586
Earnings before income taxes	28,992	15,845	(9,745)	35,092
Income taxes	7,410	6,100	-	13,510
Net earnings	$ 21,582	9,745	(9,745)	21,582

</TABLE>

Dollar amounts in thousands except per share data,
unless otherwise noted

(L) Guarantor Subsidiaries, continued:

WINN-DIXIE STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(Amounts in thousands)

16 Weeks ended January 12, 2000

<TABLE>

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>
Net sales	$ 1,866,585	2,409,439	-	4,276,024
Cost of sales	1,372,154	1,734,189	-	3,106,343
Gross profit	494,431	675,250	-	1,169,681
Operating & administrative expenses	438,348	685,662	-	1,124,005
Restructuring and other non-recurring charges	-	-	-	-
Operating income (loss)	56,088	(10,412)	-	45,676
Equity in (loss) of consolidated subsidiaries	(6,404)	-	6,404	-
Interest expense	26,803	-	-	26,803
Earnings (loss) before income taxes	22,881	(10,412)	6,404	18,873
Income taxes	41,674	(4,008)	-	37,666
Net (loss)	$ (18,793)	(6,404)	6,404	(18,793)

28 Weeks ended January 12, 2000

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 3,218,896	4,219,299	-	7,438,195
Cost of sales	2,362,315	3,036,607	-	5,398,922
Gross profit	856,581	1,182,692	-	2,039,273
Operating & administrative expenses	777,146	1,173,979	-	1,951,125
Restructuring and other non-recurring charges	-	-	-	-
Operating income	79,435	8,713	-	88,148
Equity in earnings of consolidated subsidiaries	5,358	-	(5,358)	-
Interest expense	33,390	-	-	33,390
Earnings before income taxes	51,403	8,713	(5,358)	54,758
Income taxes	48,127	3,355	-	51,482
Net earnings	$ 3,276	5,358	(5,358)	3,276

</TABLE>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
Dollar amounts in thousands except per share data,
unless otherwise noted

(L) Guarantor Subsidiaries, continued:

WINN-DIXIE STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(Amounts in thousands)

<TABLE>

January 10, 2001

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>
Merchandise inventories	$ 291,061	881,444	-	1,172,505
Other current assets	458,203	26,564	-	484,767
Total current assets	749,264	908,008	-	1,657,272
Net property, plant and equipment	454,462	707,692	-	1,162,154

		Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Other noncurrent assets		227,497	17,884	-	245,381
Investments in and advances to/from subsidiaries		653,816	-	(653,816)	-
Total assets	$	2,085,039	1,633,584	(653,816)	3,064,807
Account payable	$	148,087	358,952	-	507,039
Short-term borrowings		700,000	-	-	700,000
Other current liabilities		237,167	374,483	-	611,650
Total current liabilities		1,085,254	733,435	-	1,818,689
Other noncurrent liabilities		183,026	245,770	-	428,796
Common stock of $1 par value		140,468	6,240	(6,240)	140,468
Retained earnings		676,854	647,576	(647,576)	676,854
Total liabilities and stockholders' equity	$	2,085,038	1,633,585	(653,816)	3,064,807

June 28, 2000

		Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Merchandise inventories	$	354,424	786,981	-	1,141,405
Other current assets		202,605	127,912	-	330,517
Total current assets		557,029	914,893	-	1,471,922
Net property, plant and equipment		440,874	593,619	-	1,034,493
Other noncurrent assets		224,926	15,752	-	240,678
Investments in and advances to/from subsidiaries		724,970	-	(724,970)	-
Total assets	$	1,947,799	1,524,264	(724,970)	2,747,093
Account payable	$	352,732	223,145	-	575,877
Short-term borrowings		235,000	-	-	235,000
Other current liabilities		304,608	306,068	-	610,676
Total current liabilities		892,340	529,213	-	1,421,553
Other noncurrent liabilities		187,624	270,081	-	457,705
Common stock of $1 par value		140,830	6,285	(6,285)	140,830
Retained earnings		727,005	718,685	(718,685)	727,005
Total liabilities and stockholders' equity	$	1,947,799	1,524,264	(724,970)	2,747,093

</TABLE>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
Dollar amounts in thousands except per share data,
unless otherwise noted

(L) Guarantor Subsidiaries, continued:

WINN-DIXIE STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(Amounts in thousands)

28 Weeks ended January 10, 2001

<TABLE>

<S>	<C> Parent	<C> Guarantor Subsidiaries	<C> Eliminations	<C> Consolidated
Net cash (used in) provided by operating activities	$ (227,729)	251,577	-	23,848
Purchases of property, plant & equipment, net	(50,581)	(178,289)	-	(228,870)
Decrease (increase) in other assets	88,750	(4,288)	(80,899)	3,563
Acquisitions, net of cash	(30,942)	-	-	(30,942)
Net cash provided by (used in) investing activities	7,227	(182,577)	(80,899)	(256,249)
Increase in short-term borrowings	465,000	-	-	465,000
Purchases of common stock	(16,965)	-	-	(16,965)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Dividends paid	(71,213)	-	-	(71,213)
Other	(1,161)	(71,178)	80,899	8,560
Net cash provided by (used in) financing activities	375,661	(71,178)	80,899	385,382
Increase (decrease) in cash and cash equivalents	155,159	(2,178)	-	152,981
Cash and cash equivalents at the beginning of the year	15,157	14,419	-	29,576
Cash and cash equivalents at end of the year	$ 170,316	12,241	-	182,557

28 Weeks ended January 12, 2000

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ 100,349	261,220	-	361,569
Purchases of property, plant & equipment, net	(36,689)	(114,292)	-	(150,981)
Decrease in other assets	167,313	33,830	(182,069)	19,074
Net cash provided by (used in) investing activities	130,624	(80,462)	(182,069)	(131,907)
Decrease in short-term borrowings	(80,000)	-	-	(80,000)
Purchases of common stock	(74,559)	-	-	(74,559)
Dividends paid	(75,340)	-	-	(75,340)
Other	(1,454)	(181,977)	182,069	(1,362)
Net cash (used in) financing activities	(231,353)	(181,977)	182,069	(231,261)
Decrease in cash and cash equivalents	(380)	(1,219)	-	(1,599)
Cash and cash equivalents at the beginning of the year	17,848	6,898	-	24,746
Cash and cash equivalents at end of the year	$ 17,468	5,679	-	23,147

</TABLE>

(L) Guarantor Subsidiaries, continued:

The Company allocates all cost incurred by its headquarters which is not specifically identifiable to each subsidiary based on its relative size to the Company as a whole. Taxes payable and deferred taxes are obligations of the Company. Expenses related to both current and deferred income taxes are allocated to each subsidiary based on the consolidated company's effective tax rates.

Expenses incurred by the guarantor subsidiaries, if they operated on a stand-alone basis, may or may not have been higher were it not for the benefit derived from related party transactions and the headquarters functions described above.

(M) Litigation: Various claims and lawsuits arising in the normal course of business are pending against the Company, including suits charging violations of certain civil rights laws and various proceedings arising under federal, state or local regulations protecting the environment.

Among the suits charging violations of certain civil rights laws, there are actions that purport to be class actions, and which allege sexual harassment, retaliation and/or a pattern and practice of race-based and gender-based discriminatory treatment of employees and applicants. The plaintiffs seek, among other relief, certification of the suits as proper class actions, declaratory judgment that the Company's practices are unlawful, back pay, front pay, benefits and other compensatory damages, punitive damages, injunctive relief and reimbursement of attorneys' fees and costs. The Company is committed to full compliance with all applicable civil rights laws. Consistent with this commitment, the Company has firm and long-standing policies in place prohibiting discrimination and harassment. The Company denies the allegations of the various complaints and is vigorously defending the actions.

While the ultimate outcome of litigation cannot be predicted with certainty, in the opinion of management, the ultimate resolution of these actions will not have a material adverse effect on the Company's financial condition or results of operations.

In July 1999, the Company, without admitting any wrongdoing, reached a settlement with the named plaintiffs in a discrimination class action lawsuit filed on behalf of certain female and African-American present and former associates. The settlement has been approved by the U. S. District Court in Jacksonville, Florida and a third party motion to intervene has been resolved. The settlement amount is approximately $33.0 million, which the Company will pay from accruals over seven years. The Company anticipates that the distribution of monetary awards, including discount and cash cards, will begin in the near future.

See note (F) "Income Taxes" with respect to certain litigation pending before the U.S. Tax Court.

This analysis should be read in conjunction with the Condensed Consolidated Financial Statements.

Results of Operations

Sales. Sales for the 16 weeks ended January 10, 2001 were $4.0 billion, a decrease of $319.7 million or 7.5% compared with the same quarter last year. For the 28 weeks ended January 10, 2001, sales were $6.9 billion, a $541.0 million decrease, or 7.3% under the prior year. Average store sales increased 0.9% for the quarter and 1.4% for the year. Identical store sales decreased 4.1% for the quarter and 3.7% for the year. Comparable store sales, which include replacement stores, decreased 3.9% for the quarter and 3.4% for the year. Identical and comparable sales decreased largely as a result of the elimination of unprofitable sales departments (melon bars, salad bars, dry cleaners, etc.), as well as a reduction in the number of 24-hour stores and construction disruptions from numerous store modifications (retrofits). During the second quarter, 537 locations had construction in progress due to the retrofit activity. It is anticipated that these factors will adversely affect the Company's sales for the balance of fiscal 2001.

For the 28 weeks ended January 10, 2001, the Company opened and/or acquired 22 new stores averaging 50,600 square feet and closed 12 older stores averaging 34,600 square feet. A total of 1,089 locations were in operation on January 10, 2001, compared to 1,185 on January 12, 2000. As of January 10, 2001, retail space totaled 48.8 million square feet, a 6.8% decrease from the prior year. Excluding stores closed in connection with the restructuring, retail space increased 2.5% as compared to the prior year. The Company has 6 new stores and 7 store enlargements or remodels under construction unrelated to the retrofits.

Gross Profit. Gross profit decreased $108.6 million for the quarter and $231.3 million year-to-date. As a percentage of sales, gross profit for the current quarter was 26.8%, compared to 27.4% in the same quarter of the previous year. Year-to-date, gross profit as a percent to sales was 26.2% in the current year, compared to 27.4% for the previous year. Gross profit dollars have decreased partially as a result of the closing of 112 stores as part of management's plan of restructuring. In addition, gross profit has been negatively impacted by the elimination of high gross profit, yet unprofitable, sales departments. Higher cost of goods sold was incurred during the Company's transition to centralized merchandise procurement.

The Company expects an improvement in gross profit as its central procurement operation matures and achieves more effective buying and enhanced promotional activity. Additionally, shrink reduction initiatives have contributed to an improvement in the gross profit margin in the current quarter as compared to the first quarter of fiscal 2001.

Operating and administrative expenses. Operating and administrative expenses decreased $136.0 million for the second quarter of fiscal 2001 as compared to the corresponding quarter in fiscal 2000. Year-to-date, operating and administrative expenses decreased $248.0 million. As a percentage of sales, operating and administrative expenses for the quarter were 25.0%, as compared to 26.3% in the previous year. Year-to-date, operating and administrative expenses as a percent of sales were 24.7% for the current year, as compared to 26.2% in the previous year.

The decrease in operating and administrative expenses was primarily due to a decrease in retail and administrative operating expenses, such as payroll, depreciation, rent and leasehold improvement amortization. The expense reduction was an expected result of the restructuring and came primarily from the closing of the three division offices, 112 stores, the elimination of high labor cost service departments and expense reductions from the retrofit activity.

Interest expense. Interest expense totaled $16.1 million for the second quarter of fiscal 2001, compared to $26.8 million for the corresponding quarter in fiscal 2000. Year-to-date, interest expense totaled $23.6 million for the current year, as compared to $33.4 million for the prior year. Interest expense is primarily interest on capital leases and interest on short-term debt. Interest expense reflects accrued interest relating to an unfavorable opinion from the U.S. Tax Court in October 1999 relating to company owned life insurance ("COLI") (see Note (F) "Income Taxes"). Interest expense related to the COLI reserve totaled $1.9 million for the current quarter, as compared to $17.5 million for the corresponding quarter of the previous year. Year-to-date, the interest expense on the COLI reserve totals $3.2 million as compared to $17.5 million for the previous year. Excluding interest on the COLI reserve, interest expense has increased in the current year as compared to the previous year due to an increase in short-term borrowings and an increase in interest rates.

The Company capitalized interest totaling $2.7 million during the second quarter of fiscal 2001, and $4.9 million for the year, related to construction of new stores and a warehouse facility in Jacksonville, Florida.

Earnings before income taxes. Earnings before income taxes were $19.8 million for the current quarter, compared to $18.9 million in the previous year. Year-to-date, earnings before income taxes were $35.1 million for the current year, compared to $54.8 million in the previous year. The reduction in pretax earnings for fiscal 2001 is primarily due to the decrease in gross profit, retrofit expenses and partially offset by a decline in operating and administrative expenses.

Income taxes have been accrued at an effective tax rate of 38.5% for fiscal 2001 and 2000. This rate is expected to approximate the effective rate for the full 2001 fiscal year.

Net earnings. Net earnings for the second quarter of fiscal 2001 amounted to $12.2 million, or $0.09 per diluted share as compared to a net (loss) of $(18.8) million, or $(0.13) per diluted share, for the corresponding quarter of the previous year. Year-to-date, net earnings amounted to $21.6 million, or $0.15 per diluted share as compared to $3.3 million, or $0.02 per diluted share, for the previous year. The LIFO charge reduced net earnings by $2.4 million, or $0.02 per diluted share for both the current quarter this year and the same quarter last year. Year-to-date, the LIFO charge reduced net earnings by $4.3 million, or $0.03 per diluted share for both the current and previous years.

Restructuring Plan

Part of the restructuring plan involves store modifications (retrofits) that combine certain service departments in approximately 650 stores to improve efficiency and customer service. As of January 10, 2001, 341 locations were under construction and 217 were completed. Capital expenditures related to the retrofits are estimated to be approximately $85 million.

The Company estimates restructuring charges during fiscal 2001 to be approximately $144 million ($88.6 million after tax or $0.63 per diluted share). The charges are for asset impairments and asset removal and related costs for the store retrofits and location closing costs. Of that amount, charges totaling $37.3 million ($22.9 million after tax or $0.16 per diluted share) were recorded in the quarter and $46.2 million ($28.4 million after tax or $0.20 per diluted share) were recorded for the year.

Restructuring Plan, continued

The following tables show the effect on the quarter and year of the restructuring charges (see Note (J) "Restructuring and Other Non-recurring Charges") and interest on the reserve recorded in connection with the tax court's decision regarding company owned life insurance (see Note (F) "Income Taxes").

16 weeks ended January 10, 2001	As Reported	Non-recurring Charges	Excluding Non-recurring
Net sales	$ 3,956,338	-	3,956,338
Cost of sales	2,895,224	-	2,895,224
Gross profit on sales	1,061,114	-	1,061,114
Operating and administrative expenses	988,007	-	988,007
Restructuring and other non-recurring charges	37,253	37,253	-
Operating income	35,854	(37,253)	73,107
Interest expense	16,068	1,851	14,217
Earnings before income taxes	19,786	(39,104)	58,890
Income taxes	7,617	(15,055)	22,672
Net earnings	$ 12,169	(24,049)	36,218
Basic earnings per share	$ 0.09	(0.17)	0.26
Diluted earnings per share	$ 0.09	(0.17)	0.26

28 weeks ended January 10, 2001	As Reported	Non-recurring Charges	Excluding Non-recurring
Net sales	$ 6,897,200	-	6,897,200
Cost of sales	5,089,187	-	5,089,187
Gross profit on sales	1,808,013	-	1,808,013
Operating and administrative expenses	1,703,129	-	1,703,129
Restructuring and other non-recurring charges	46,206	46,206	-
Operating income	58,678	(46,206)	104,884
Interest expense	23,586	3,238	20,348
Earnings before income taxes	35,092	(49,444)	84,536
Income taxes	13,510	(19,036)	32,546
Net earnings	$ 21,582	(30,408)	51,990
Basic earnings per share	$ 0.15	(0.22)	0.37
Diluted earnings per share	$ 0.15	(0.22)	0.37

Liquidity and Capital Resources

Cash and cash equivalents amounted to $182.6 million at January 10, 2001 compared to $23.1 million at January 12, 2000. Excess cash is invested in highly liquid overnight investments with an average interest rate received of approximately 6.2%.

Net cash provided by operating activities amounted to $23.8 million for the 28 weeks ended January 10, 2001. Capital expenditures in fiscal 2001 totaled $228.9 million compared to $151.0 million for the previous year. These expenditures were for new store locations, remodeling and enlargement of store locations and maintenance and expansion of support facilities. Included in the current year expenditures are amounts related to retrofits, new store construction and for construction of the distribution and retail support center in Jacksonville, Florida. The Company estimates that total capital investment in Company retail and support facilities, including operating leases, will be $450.0 million in 2001. The Company has no material construction or purchase commitments outstanding as of January 10, 2001.

Working capital amounted to $(161.4) million at January 10, 2001, compared to $50.4 million at June 28, 2000. The decrease was primarily due to the capital expenditures as previously discussed.

Excluding capital leases, the Company had no outstanding long-term debt as of either January 10, 2001 or June 28, 2000.

In September 2000, Standard & Poor's Ratings Service and Moody's Investors Service, Inc. lowered the Company's long term debt ratings to BBB- and Baa3, respectively, and its commercial paper ratings to A-3 and P-3, respectively. These actions adversely affected the cost and availability of commercial paper as a source of current financing. Therefore, the Company replaced its commercial paper borrowings with borrowings under its $700 million revolving credit facility (the "Facility"). The Facility permits a one-year term loan of up to $700 million, which the Company borrowed during the current quarter. The current rates under the Facility are higher than the commercial paper rates previously paid.

With respect to any references made to ratings assigned to the Company's debt securities, there can be no assurance that the Company will be successful in maintaining its credit quality, or that such credit ratings will continue for any given period of time, or that they will not be revised downward or withdrawn entirely by the rating agencies. Any further reduction in the Company's credit ratings would bring the Company's debt securities below which normally is considered to be investment grade. Credit ratings reflect only the view of the rating agencies, whose methodology and the significance of their ratings may be obtained from them.

The Company is a party to various proceedings arising under federal, state and local regulations protecting the environment. Management is of the opinion that any liability, which might result from any such proceedings, will not have a material adverse effect on the Company's consolidated earnings or financial position.

Impact of Inflation

The Company's primary costs, inventory and labor, increase with inflation. Recovery of these costs must come from improved operating efficiencies and, to the extent permitted by our competition, through improved gross profit margins.

Cautionary Statement Regarding Forward-Looking Information and Statements

This Form 10-Q 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" and "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:

- the Company's ability to complete successfully the restructuring of operations adopted by the Board of Directors on April 19, 2000,

- the Company's ability to integrate successfully the acquisition on January 11, 2001 of 68 stores and 32 gas stations from Jitney Jungle,

- heightened competition, including specifically the intensification of price competition, the entry of new competitors, or the expansion of existing competitors in one or more of our operating regions,

- changes in federal, state or local legislation or regulations affecting food manufacturing, food distribution, or food retailing, including environmental compliance;

- the availability and terms of financing, including in particular the possible impact of changes in the ratings assigned to us by nationally recognized rating agencies; and

- general business and economic conditions in our operating regions, including the rate of inflation/deflation and changes in population, consumer demands and spending, types of employment and numbers of jobs.

Please refer to discussions of these and other factors in this Form 10-Q 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.

WINN-DIXIE STORES, INC. AND SUBSIDIARIES

Part II - Other Information

Item 5. Other Information

Director: On January 31, 2001, the Company announced that Tillie K. Fowler, a retired member of the U. S. House of Representatives was elected to the Board of Directors.

Vice President: Dean Dell Antonia, formerly Managing Director of Compensation and Benefits with Rite Aid, was elected Vice President, Performance and Reward Systems.

Jitney Jungle's acquisition: In January 2001, the Company completed the acquisition of 68 grocery stores and 32 fuel centers located in Mississippi, Alabama and Louisiana.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(b) Report on Form 8-K

During the second quarter ended January 10, 2001, the Company filed two current reports on Form 8-K, one dated December 26, 2000 and another dated October 30, 2000.

The Form 8-K dated December 26, 2000, reported the consolidated financial statements of Winn-Dixie Stores, Inc. (the "Company") as of June 28, 2000 and June 30, 1999, and for each of the three years in the period ended June 28, 2000. These consolidated financial statements contain the same information as the consolidated financial statements included in Part II of the Company's Annual Report on Form 10-K filed on August 10, 2000, with the exception of a new Note 15 which provides condensed consolidating financial information for the Company and its guarantor subsidiaries which may, from time to time, fully and unconditionally guarantee debt securities issued by the Company.

The sole purpose of this Form 8-K, including the new Note 15, was to satisfy the information requirements of Rule 3-10 of Regulation S-X and Rule 12h-5 of the Federal securities laws with respect to such subsidiary guarantors.

The Form 8-K dated October 30, 2000, announced an agreement with Jitney-Jungle Stores of America, Inc. and related companies, under which Winn-Dixie plans to purchase 72 grocery stores, 32 fuel centers and 2 liquor stores located in Mississippi, Alabama, Louisiana and Florida.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WINN-DIXIE STORES, INC.

Date: February 1, 2001

RICHARD P. MC COOK

Richard P. McCook
Senior Vice President and
Chief Financial Officer

Date: February 1, 2001

D. MICHAEL BYRUM

D. Michael Byrum
Vice President, Corporate
Controller and Chief
Accounting Officer

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