

WINN DIXIE STORES INC  
Form DEF 14A  
September 16, 2004

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

# Winn-Dixie Stores, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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## **WINN-DIXIE STORES, INC.**

**5050 EDGEWOOD COURT JACKSONVILLE, FLORIDA 32254-3699**

### **Notice of Annual Meeting of Shareholders**

**to be held October 20, 2004**

*To all Shareholders of Winn-Dixie Stores, Inc.:*

You are invited to attend the 2004 annual meeting of shareholders of Winn-Dixie Stores, Inc. The annual meeting will be held at our headquarters at 5050 Edgewood Court, Jacksonville, Florida at 9:00 a.m., local time, on Wednesday, October 20, 2004. At the meeting, our shareholders will act on the following matters:

Election of four Class I directors for terms expiring in 2007;

Ratification of the appointment of KPMG LLP as our independent auditors for fiscal year 2005;

A shareholder proposal, if properly presented at the meeting; and

Any other business that may properly come before the meeting.

The Board of Directors has fixed August 20, 2004 as the record date for the annual meeting. Only holders of our common stock of record at the close of business on that date will be entitled to notice of, and to vote at, the annual meeting. A list of shareholders, as of August 20, 2004, will be available for inspection at the annual meeting by any shareholder.

Shareholders will need to register at the meeting to attend the meeting. If your shares are not registered in your name, you will need to bring proof of your ownership of those shares to the meeting in order to register. You should ask the broker, bank or other institution that holds your shares to provide you with either a copy of an account statement or a letter that shows your ownership of Winn-Dixie common stock on August 20, 2004. Please bring that documentation to the meeting to register.

By Order of the Board of Directors,

Larry B. Appel

*Secretary*

Jacksonville, Florida

September 16, 2004

**Whether or not you expect to attend the annual meeting, please sign and return the enclosed proxy promptly. Alternatively, you may give a proxy by telephone or over the Internet by following the instructions on your proxy card or in the proxy statement. If you decide to attend the meeting, you may, if you wish, revoke the proxy and vote your shares in person.**

# WINN-DIXIE STORES, INC.

5050 EDGEWOOD COURT JACKSONVILLE, FLORIDA 32254-3699

**PROXY STATEMENT**  
**FOR**  
**ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD OCTOBER 20, 2004**

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Our annual meeting of shareholders will be held on Wednesday, October 20, 2004 at our headquarters at 5050 Edgewood Court, Jacksonville, Florida, beginning at 9:00 a.m. local time. The enclosed form of proxy is solicited by our Board of Directors. We anticipate that this proxy statement and the accompanying proxy will first be mailed to holders of our common stock on or about September 16, 2004.

***Why am I receiving this proxy statement and proxy card?***

You are receiving a proxy statement and proxy card from us because you own shares of our common stock. This proxy statement describes issues on which we would like you, as a shareholder, to vote. It provides information on these issues so that you can make an informed decision.

When you sign the proxy card, you appoint A. Dano Davis, T. Wayne Davis and Charles P. Stephens as your representatives at the meeting. These representatives will vote your shares at the meeting (or any adjournments) as you have instructed them on the proxy card. With proxy voting, your shares will be voted whether or not you attend the annual meeting. Even if you plan to attend the meeting, it is a good idea to complete, sign and return your proxy card in advance of the meeting just in case your plans change.

If an issue comes up for vote at the meeting (or any adjournments) that is not described in this proxy statement, these representatives will vote your shares, under your proxy, at their discretion.

***Can I receive proxy materials via the Internet?***

For next year's annual meeting, you can help us save significant printing and mailing expenses by consenting to receive the proxy statement, proxy card and annual report electronically via the Internet. You can consent to receive next year's proxy materials and annual report electronically by following the instructions set forth at the Web site <http://www.proxyvotenow.com/win>. If you choose to receive your proxy materials and annual report electronically, then prior to next year's annual meeting, you will receive email notification when the proxy materials and annual report are available for on-line review over the Internet. Your choice for electronic distribution will remain in effect for all future shareholder meetings unless you revoke it prior to the meeting by following the instructions set forth at the Web site

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<http://www.proxyvotenow.com/win>. If you elect to access these materials via the Internet, you can still request paper copies by contacting your brokerage firm or bank or our transfer agent, Wachovia Bank.

### *What is householding and how does it affect me?*

Householding is a program approved by the Securities and Exchange Commission ( SEC ) which allows the delivery of only one package of proxy material to you if there are multiple shareholders residing at the same address. This means you will receive an envelope containing one set of proxy material and a separate proxy card for each shareholder account in the household. Proxy material may include an annual report and a proxy statement. Householding saves us money by reducing printing and postage costs. It also creates less paper for you to manage and is environmentally friendly.

We will promptly deliver, upon oral or written request, a separate copy of the proxy material to any shareholder residing at an address to which only one copy was mailed. Shareholders residing at the same address who do not wish to participate in householding may contact us to request multiple copies of the proxy materials in the future. Shareholders residing at the same address and currently receiving multiple copies of the proxy

materials may contact us to request to participate in householding in the future. For requests relating to householding, please contact Shareholder Relations, 5050 Edgewood Court, Jacksonville, Florida 32254-3699, telephone number (904) 783-5000.

***When is the record date?***

The Board of Directors has fixed August 20, 2004 as the record date for the annual meeting. Only holders of Winn-Dixie common stock as of the close of business on this date will be entitled to vote at the annual meeting.

***How many shares are outstanding?***

As of the record date, we had 142,043,551 shares of common stock issued and outstanding.

***What am I voting on?***

Each share is entitled to one vote. You are being asked to vote on the following:

the election of four directors;

the ratification of the appointment of KPMG LLP, referred to as KPMG, as our independent auditors for fiscal year 2005;

a shareholder proposal; and

any other business that may properly come before the meeting.

No cumulative rights are authorized and dissenters' rights are not applicable to any of the matters being voted upon.

***How do I vote?***

You have four voting options. You may vote:

over the Internet at <http://www.proxyvotenow.com/win>;



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by telephone toll-free at 1-866-235-8913;

by signing your proxy card and mailing it in the enclosed, prepaid and addressed envelope; or

by attending the annual meeting and voting in person.

If your shares are registered in your name with Wachovia, our transfer agent (instead of through a broker or other nominee), you can vote your shares on the Internet or by telephone. If your shares are held in an account at a brokerage firm or bank participating in a street name program, you may already have been offered the opportunity to elect to vote using the Internet. A number of brokerage firms and banks are participating in a program for shares held in street name that offers Internet voting options. These programs are different from the program offered by Wachovia for shares registered in the name of the shareholder.

If you vote by telephone or over the Internet, you will be prompted to enter the voter control number printed on your proxy card above your name and to follow a few simple instructions. Voting via the Internet or by telephone will not affect your right to vote in person should you decide to attend the annual meeting or to change your vote electronically or by telephone. Winn-Dixie reserves the right to cancel the electronic voting or telephone voting program with respect to future shareholder meetings.

***How are voting instructions provided for shares held in a dividend reinvestment plan account or the Winn-Dixie profit sharing/401(k) plan or acquired through the 2000 employee stock offering?***

If you are a participant in the Winn-Dixie dividend reinvestment plan, the enclosed proxy serves as voting instructions for the number of full shares in your dividend reinvestment plan account, as well as other shares registered in your name. If you are a participant in the Winn-Dixie profit sharing/401(k) plan, the enclosed proxy

also serves as voting instructions for the plan trustee for all accounts registered in your name. If voting instructions are not received for shares in the profit sharing/401(k) plan, your shares will be voted in the same proportion as the shares in the plan for which voting instructions are received. If you hold stock acquired through our 2000 employee stock offering, the enclosed proxy serves as voting instructions for those shares as well as other shares registered in your name.

***Can shareholders vote in person at the annual meeting?***

We will pass out written ballots to anyone who wants to vote at the meeting. If you hold your shares through a brokerage account but do not have a physical share certificate or the shares are registered in someone else's name, you must request a legal proxy from your stockbroker or the registered owner to vote at the meeting.

***What does it mean if I receive more than one proxy card?***

It means that you have multiple accounts with the transfer agent and/or with stockbrokers. Please vote all of the shares.

***What if I change my mind after I return my proxy?***

You may revoke your proxy and change your vote at any time before the polls close at the annual meeting. You may do this by:

voting again over the Internet or by telephone prior to 12:00 p.m., Eastern time, on October 19, 2004;

signing another proxy with a later date and mailing it to our transfer agent Wachovia, as long as Wachovia receives the proxy prior to 12:00 p.m., Eastern time, on October 19, 2004;

voting in person at the annual meeting; or

giving written notice to our Secretary.

***How many votes do you need to hold the meeting?***

For us to conduct the annual meeting, we must have a quorum, which means that a majority of our outstanding shares of common stock as of the record date must be present at the meeting. Your shares will be counted as present at the annual meeting if you:

vote via the Internet or by telephone;

properly submit a proxy (even if you do not provide voting instructions); or

attend the annual meeting and vote in person.

***What if I abstain from voting?***

Abstentions with respect to a proposal are counted for purposes of establishing a quorum. If a quorum is present, abstentions will not be included in vote totals and will not affect the outcome of the vote of any proposal contained in this year's proxy statement.

***How many votes are needed to elect directors?***

The four nominees receiving the highest number of *FOR* votes cast by the shareholders will be elected as directors, even if those nominees do not receive a majority of the votes cast. This number is called a plurality. A properly executed proxy card marked *Withheld* with respect to the election of directors will not be voted and will not count *FOR* or *AGAINST* any of the nominees.

***How many votes are needed to ratify the appointment of KPMG as our auditors for fiscal year 2005?***

The ratification of the appointment of KPMG as our independent auditors for fiscal year 2005 will be approved if the votes cast *FOR* the proposal exceed the votes cast *AGAINST* the proposal. A properly executed proxy card marked *Abstain* with respect to this proposal will not be voted and will not count *FOR* or *AGAINST* this proposal.

***How many votes are needed to approve the shareholder proposal if it is properly presented at the meeting?***

If the shareholder proposal is properly presented at the meeting, it will be approved if the votes cast *FOR* the proposal exceed the votes cast *AGAINST* the proposal. A properly executed proxy card marked *Abstain* with respect to the shareholder proposal will not be voted and will not count *FOR* or *AGAINST* the proposal.

***Will my shares be voted if I do not sign and return my Proxy Card?***

If your shares are held through a brokerage account, your brokerage firm, under certain circumstances, may vote your shares.

The election of directors and the ratification of the appointment of KPMG as our auditors are *routine* matters under New York Stock Exchange (NYSE) rules. The NYSE rules allow brokerage firms to vote their customers' shares on these matters if the customers do not provide voting instructions. If your brokerage firm votes your shares on these matters because you do not provide voting instructions, your shares will be counted for purposes of establishing a quorum to conduct business at the meeting and in determining the number of shares voted *FOR* or *AGAINST* the routine matter.

The shareholder proposal included in your proxy statement is not considered a *routine* matter. If your brokerage firm has not received your voting instructions, your brokerage firm cannot vote your shares on this proposal. This situation is referred to as a *broker non-vote*. *Broker non-votes* will be counted for purposes of establishing a quorum to conduct business at the meeting but not for determining the number of shares voted *FOR* or *AGAINST* the shareholder proposal.

If you do not provide voting instructions, your brokerage firm may either:

vote your shares on routine matters; or

leave your shares unvoted.

We encourage you to provide instructions to your brokerage firm by voting your proxy. This action ensures your shares will be voted at the meeting.

***What happens if a director nominee is unable to stand for election?***

The Board of Directors may by resolution provide for a lesser number of directors or designate a substitute nominee. In the latter event, shares represented by proxies will be voted as recommended by the Board of Directors to elect a substitute nominee.

***How are votes counted?***

Your shares will be voted as you indicate. If you just sign your proxy card with no further instructions, your shares will be voted:

*FOR* each director nominee;

*FOR* the ratification of the appointment of KPMG as our independent auditors for fiscal year 2005; and

*AGAINST* the shareholder proposal.

Voting results will be tabulated and certified by our transfer agent, Wachovia.

***Where can I find the voting results of the meeting?***

We will announce preliminary voting results at the meeting. We will publish the final results in our Quarterly Report on Form 10-Q for the first quarter of 2005 which will be filed with the SEC.

***Who will pay for the costs of soliciting proxies?***

We will bear the cost of soliciting proxies. In an effort to have as large a representation at the meeting as possible, our directors, officers and employees may solicit proxies by telephone or in person in certain circumstances. Upon request, we will reimburse brokers, dealers, banks, voting trustees and their nominees who are holders of record of our common stock on the record date for the reasonable expenses incurred for mailing copies of the proxy materials to the beneficial owners of such shares.

***How can I obtain a copy of the 2004 Annual Report to Shareholders and the 2004 Annual Report on Form 10-K?***

Our 2004 Annual Report to Shareholders accompanies this proxy statement. However, the 2004 Annual Report to Shareholders is not considered part of the material for the solicitation of proxies. The 2004 Annual Report to Shareholders is available on our Internet Web site at [http://www.winn-dixie.com/company/investor\\_info/annualreport/annual\\_report.asp](http://www.winn-dixie.com/company/investor_info/annualreport/annual_report.asp). Our 2004 Annual Report on Form 10-K, including audited financial statements, also accompanies this proxy statement. The 2004 Annual Report on Form 10-K is available on our Internet Web site at [http://www.winn-dixie.com/company/investor\\_info/sec\\_filings.asp](http://www.winn-dixie.com/company/investor_info/sec_filings.asp).

At the written request of any shareholder who owns common stock on the record date, we will provide, without charge, an additional paper copy of our 2004 Annual Report on Form 10-K as filed with the SEC, including the financial statements and financial statement schedules but not including exhibits. If requested, we will provide copies of the exhibits for a reasonable fee. Requests for additional paper copies of our 2004 Annual Report on Form 10-K should be mailed to:

Winn-Dixie Stores, Inc.

5050 Edgewood Court

Jacksonville, Florida 32254-3699

Attention: Shareholder Relations

**PROPOSAL 1 ELECTION OF DIRECTORS**

*What is the recommendation of the Board?*

**The Board of Directors recommends a vote FOR each of the nominees.**

*What is the current composition of the Board?*

Our bylaws require our Board of Directors to have at least three and no more than fifteen directors. Currently, the Board has fixed the number of directors at 11.

*Is the Board divided into classes? How long is the term of each class?*

Yes, the Board is divided into three classes. Each class of directors is elected to serve for a term of three years, and the terms of approximately one-third of the directors will expire each year. All directors serve until their successors are elected and qualified.

*Which directors are standing for election this year?*

The Board of Directors, on the recommendation of the Nominating and Corporate Governance Committee, has nominated the following Class I directors for reelection at the 2004 annual meeting of shareholders to hold office until the 2007 annual meeting of shareholders: T. Wayne Davis, Carleton T. Rider and Charles P. Stephens. The Board, on the recommendation of the Nominating and Corporate Governance Committee, has also nominated H. Jay Skelton for election as a Class I director at the annual meeting, to hold office until the 2007 annual meeting of shareholders.

After 35 years of service, A. Dano Davis, our Chairman and a Class I director, is retiring from the Board at the end of his term, effective as of the annual meeting. The Board thanks Mr. Davis for his many years of service to Winn-Dixie. The Nominating and Corporate Governance Committee has recommended to the Board, and the Board has elected, H. Jay Skelton as Chairman, effective as of the annual meeting.

*Who recommended Mr. Skelton to the Nominating and Corporate Governance Committee?*

Mr. Skelton was recommended as a nominee for director by Mr. A. Dano Davis, the Chairman of our Board of Directors.

*What if a nominee is unable or unwilling to serve?*

Should any one or more of these nominees become unable or unwilling to serve (which is not anticipated), the Board of Directors may designate substitute nominees, in which event the persons named in the enclosed proxy will vote proxies that otherwise would be voted for the named nominees for the election of such substitute nominee or nominees.

**The Board of Directors recommends a vote FOR each of the nominees.**



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**INFORMATION ON OUR BOARD OF DIRECTORS**

Name, Principal Occupation for the Past Five Years, Directorships	Age as of June 30, 2004	Director Since
<b>NOMINEES FOR CLASS I DIRECTORS WHOSE TERMS EXPIRE IN 2007</b>		
<b><i>T. Wayne Davis</i></b>	57	1981
<p>For more than the last five years, a private investor</p> <p>February 1989 to April 2002, Chairman of the Board of The Transit Group, Inc. (a logistics and transportation company)</p> <p>1971 to 1987, with Winn-Dixie in various capacities</p> <p>Director of Enstar Group, Inc. and MPS Group, Inc. (formerly Modis Professional Services, Inc.)</p>		
<b><i>Carleton T. Rider</i></b>	59	1992
<p>For more than the last five years, Senior Administrator, Mayo Foundation (a non-profit health care organization)</p> <p>1985 to July 1993, Administrator, Mayo Clinic Jacksonville</p> <p>Director of St. Luke's Hospital, Jacksonville, Florida</p>		
<b><i>H. Jay Skelton</i></b>	66	
<p>1989 to present, President and a Director of D.D.I., Inc. (a diversified investment company)</p> <p>1962 to 1988, with KPMG Peat Marwick in various capacities, including as Managing Partner of the Jacksonville, Florida office from 1978 to 1988</p>		
<b><i>Charles P. Stephens</i></b>	65	1982
<p>For more than the last five years, Vice President, director and a principal stockholder of Norman W. Paschall Co., Inc. (brokers, importers, exporters and processors of textile products)</p>		

Name, Principal Occupation for the Past Five Years, Directorships	Age as of June 30, 2004	Director Since
<b>INCUMBENT CLASS III DIRECTORS WHOSE TERMS EXPIRE IN 2005</b>		
<i>John E. Anderson</i>	59	2002
<p>For more than the last five years, President and Chief Executive Officer of Patriot Transportation Holding, Inc. (a transportation and real estate company)</p> <p>1989 to January 1, 2004, Director of Patriot Transportation Holding, Inc.</p>		
<i>John H. Dasburg</i>	61	2002
<p>April 2003 to present, Chairman of the Board and Chief Executive Officer of ASTAR Air Cargo, Inc. (formerly DHL Airways, Inc., an air freight company)</p> <p>February 2001 to April 2003, Chairman of the Board, Chief Executive Officer and President of Burger King Corporation</p> <p>1990 to 2000, President and Chief Executive Officer of Northwest Airlines Corporation</p> <p>Director of The St. Paul Companies, Inc.</p>		
<i>Julia B. North</i>	56	1994
<p>For more than the last five years, former President and Chief Executive Officer of VSI Enterprises, Inc. (videoconferencing products and services)</p> <p>Director of Simtrol, Inc. (formerly VSI Enterprises, Inc.), Mapics, Inc. and Acuity Brands, Inc.</p>		

Name, Principal Occupation for the Past Five Years, Directorships	Age as of June 30, 2004	Director Since
<b>INCUMBENT CLASS II DIRECTORS WHOSE TERMS EXPIRE IN 2006</b>		
<b><i>Tillie K. Fowler</i></b>	61	2001
<p>April 2001 to present, Partner, law firm of Holland &amp; Knight LLP</p> <p>1993 to 2001, Member, U.S. House of Representatives</p> <p>Director of Florida Rock Industries, Inc.</p>		
<b><i>Frank Lazaran</i></b>	47	2003
<p>June 2003 to present, President and Chief Executive Officer of Winn-Dixie</p> <p>April 2002 to June 2003, Executive Vice President and Chief Operating Officer of Winn-Dixie</p> <p>September 1999 to April 2002, President of Randalls Food Markets, Inc. (a division of Safeway, Inc.)</p> <p>November 1997 to September 1999, Senior Vice President, Sales, Merchandising and Logistics of Randalls Food Markets, Inc.</p>		
<b><i>Edward W. Mehrer, Jr.</i></b>	65	2003
<p>January 2004 to present, retired</p> <p>October 2002 to May 2003, interim President and Chief Executive Officer of CyDex, Inc. (a pharmaceutical delivery company)</p> <p>May 2003 to December 2003, Chief Financial Officer and Treasurer of CyDex, Inc.</p> <p>Director of Novastar Financial, Inc., MGI Pharma, Inc. and FBL Financial Group, Inc.</p>		
<b><i>Ronald Townsend</i></b>	62	2000
<p>1996 to present, communications consultant</p> <p>1989 to 1996, President of Gannett Television Group, Gannett Co., Inc. (a print and electronic media company)</p> <p>Director of Alltel Corporation and Rayonier, Inc.</p>		

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A. Dano Davis (who is retiring at the annual meeting), T. Wayne Davis and the spouse of Charles P. Stephens are first cousins. H. Jay Skelton is President and a Director of D.D.I., Inc., our largest shareholder, a Florida corporation that is beneficially owned by the founding family of the Company.

**CORPORATE GOVERNANCE**

**BOARD OF DIRECTORS STRUCTURE**

*How many times did the Board meet in fiscal 2004?*

During the fiscal year ended June 30, 2004, the Board of Directors held four regular meetings and six special meetings and took action by unanimous written consent in lieu of a meeting four times. All current directors attended at least 75% of these meetings.

*How does the Board determine which directors are independent?*

In fiscal 2003, the Board adopted Corporate Governance Guidelines that meet or exceed the independence standards adopted by the SEC and the NYSE. The guidelines set by the Board require that a majority of the members of the board be independent as defined under applicable law and NYSE listing standards. A director will not be considered independent if he or she has a material relationship with us as defined below:

The director has been employed by us in the past three years.

The director has been affiliated with or employed by one of our present or former auditors in the last three years.

The director is a member of the founding family of the Company.

The director has in the past three years been a part of an interlocking directorate in which one of our officers serves on the compensation committee of another company that employs the director.

The director has in any of the past three years received in excess of \$100,000 in direct compensation (other than directors' fees) from us or has been an officer or employee of another company (a) that accounts for the greater of at least 2% or \$1 million of our gross revenues or (b) for which we account for the greater of at least 2% or \$1 million of the other company's gross revenues.

The director serves as an officer, director or trustee of a charitable or other non-profit organization to which we have in any of the past three years given (not including Company matching contributions made to match gifts made by our employees who are not officers or directors) in excess of the greater of at least 2% or \$1 million of the total donations received by the organization.

Any immediate family member of the director meets one of the prior criteria, or the director indirectly meets one of the prior criteria through an entity for which the director serves as an employee, officer, director or consultant.

*What was the Board's determination with respect to director independence?*

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The Board of Directors reviewed the independence of each director in August 2004 based on the Independence Criteria. As a result of the review, the Board affirmatively determined that the following directors are independent: John E. Anderson, John H. Dasburg, Tillie K. Fowler, Edward W. Mehrer, Jr., Julia B. North, Carleton T. Rider and Ronald Townsend. Frank Lazaran is not independent because he is our employee. A. Dano Davis and T. Wayne Davis are not independent because they are members of the founding family of the Company. Charles P. Stephens is not independent because his spouse is a member of the founding family of the Company. H. Jay Skelton is not independent because he is a director and executive officer of D.D.I., Inc., the largest shareholder of our Company that is beneficially owned by the founding family of the Company.

***When is the current Chairman of the Board stepping down? Has the Board elected a new Chairman?***

A. Dano Davis is our current Chairman. After 35 years of service to our Company, Mr. Davis is retiring as a director at the end of his current term, which is at the annual meeting. The Nominating and Corporate Governance Committee has recommended to the Board, and the Board has elected, H. Jay Skelton as the new Chairman, effective as of the annual meeting.

***How can shareholders communicate with the Board?***

Shareholders who are interested in communicating directly with members of the Board or any chairperson of a Board committee may do so by writing directly to those individuals c/o General Counsel, Winn-Dixie Stores, Inc., 5050 Edgewood Court, Jacksonville, Florida 32254-3699. Our General Counsel will forward all communications directly to the Board member. If the correspondence is not addressed to a particular member, the communication will be forwarded to the Chairman of the Board. Our General Counsel will review all communications before forwarding to the appropriate Board member.

If you want to report a concern relating to our accounting, internal accounting controls, or audit matters, please call 1-800-445-2598. Your call will be confidential and you have the option of remaining anonymous. The Audit Committee of our Board of Directors will be directly notified of your call.

***Do the non-management directors of the Board meet during the year?***

Yes. At least three times each year the non-management directors meet without any representative of management being present. The non-management directors determine the process for selecting a presiding director at the non-management director meetings. The current process provides that the chair of the Nominating and Corporate Governance Committee presides at these meetings.

***Does the Board have a policy with respect to attendance at the annual meeting of shareholders?***

Yes. The Board has adopted a policy stating that all directors are expected to attend the annual meeting of shareholders. Although the Board understands that there may be situations that prevent a director from attending an annual meeting, the Board strongly encourages all directors to make attendance at the annual meeting a priority. All of the directors that were serving at the time of the 2003 annual meeting of shareholders attended the meeting.

**DIRECTOR COMPENSATION**

***How are the directors compensated?***

During fiscal year 2004, directors received the following compensation:

an annual retainer of \$24,000;

an additional retainer of \$3,000 if the director chairs a committee;

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in-person and telephonic meeting fees of \$1,500 per meeting;

a unanimous written consent fee of \$1,000 per consent;

if the director was elected or re-elected at the 2003 annual shareholders meeting on October 8, 2003, immediately exercisable options to purchase 5,000 shares of our common stock at an exercise price of \$9.13 (the closing price of our common stock on the grant date of October 8, 2003); and

if the director was not slated for election at the 2003 annual shareholders meeting on October 8, 2003, immediately exercisable options to purchase 2,500 shares of our common stock at an exercise price of \$9.13 (the closing price of our common stock on the grant date of October 8, 2003). All option grants expire on January 15 following the sixth full fiscal year after grant.

We paid the annual retainer on a quarterly basis, one-half in cash and one-half in our common stock issued pursuant to our Stock Plan for Directors described below. We also reimbursed directors for travel expenses incurred in traveling to committee and full board meetings. Directors who are employees were not paid annual retainers, meeting attendance fees or unanimous written consent fees.

Under our Stock Plan for Directors, 500,000 shares of our common stock are reserved for (1) direct grants and (2) issuances of common stock upon the exercise of options. Only non-employee directors are eligible to



receive grants under the plan. During fiscal year 2004, a total of 12,027 shares of our common stock were awarded to non-employee directors under the plan as payment of the half of the annual retainer that is paid in stock. Each director who was a committee chair was awarded stock each quarter with a value of \$3,375, and each other director was awarded stock with a value of \$3,000 based upon the trading price of our common stock on the date of issuance.

*May directors defer the payment of the fees they earn?*

Yes. Under our Directors' Deferred Fee Plan, a director may elect to defer payment of all or any part of the above fees until termination as a director. All fees deferred under this plan are credited, at the election of the director, to an income account paying interest equivalent to a national bank's prime rate of interest or to a stock equivalent account based on the closing market price of our common stock on the date the fees are earned. A director's interest in the deferred fee plan is payable only in cash in a single payment or in annual installments upon termination of service as a director. Julia B. North and A. Dano Davis elected to participate in this plan during fiscal year 2004.

## COMMITTEE STRUCTURE

*What are the committees of the Board?*

The Board of Directors currently has four committees: Audit, Nominating and Corporate Governance, Compensation and Finance. The Finance Committee was formed in April 2004. During the fiscal year ended June 30, 2004, all current directors attended at least 75% of the meetings of the committees on which they served.

*Who are the members of the committees, and how many times did the committees meet during fiscal 2004?*

The following table summarizes the composition of each of the committees of the Board during fiscal 2004 and the number of times each met during the fiscal year ended June 30, 2004:

	<u>Audit</u>	<u>Nominating and Corporate Governance</u>	<u>Compensation</u>	<u>Finance</u>
John E. Anderson		Member	Member	
John H. Dasburg	Member		Member	Chair
T. Wayne Davis		Member*		
Tillie K. Fowler		Chair		
Edward W. Mehrer, Jr.	Member		Member	Member
Julia B. North	Member		Chair	Member
Carleton T. Rider		Member		
Charles P. Stephens		Member*		
Ronald Townsend	Chair		Member	Member
<b>Number of meetings during year ended June 30, 2004</b>	8	4	10	1

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\* Mr. Davis and Mr. Stephens resigned from the Committee in August 2004.

*Will the committees have the same members during fiscal 2005?*

The Audit and Compensation Committees will continue with the same members after the annual meeting. John E. Anderson has been added as a member of the Finance Committee. To comply with independence requirements, as of August 2004, T. Wayne Davis and Charles P. Stephens are no longer serving on the Nominating and Corporate Governance Committee.

## AUDIT COMMITTEE

### *What are the responsibilities of the Audit Committee?*

The Board of Directors has adopted an Audit Committee Charter, most recently amended on April 21, 2004, which sets forth the responsibilities of the Audit Committee. The Audit Committee is responsible for oversight of:

the integrity of our financial statements and financial reporting;

the integrity and effectiveness of our disclosure and internal controls;

our compliance with applicable law, regulatory requirements and our code of conduct and other compliance policies; and

the independence, qualifications and performance of our internal and external auditors.

In addition, the Audit Committee reviews the scope and results of the audit and selects and evaluates our independent auditors. It also reviews the scope of internal audits, systems of internal controls and accounting policies and procedures. The Audit Committee Charter is attached as Appendix A to this proxy statement. The charter is also available on the Corporate Governance page of our Web site at [www.winn-dixie.com](http://www.winn-dixie.com).

### *What are the qualifications for serving on the Audit Committee?*

The Audit Committee is composed of no less than three directors. All of the members of the Audit Committee must be independent within the meaning of our Governance Principles and as required under applicable law and the NYSE listing standards. In addition, all of the members of the Audit Committee must be financially literate. The Board has determined that each of the members of the Audit Committee meets these qualifications.

### *Does the Audit Committee have a financial expert?*

Yes. The Board has determined that John H. Dasburg and Edward W. Mehrer, Jr. are audit committee financial experts as that term is defined by the SEC.

## NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

### *What are the responsibilities of the Nominating and Corporate Governance Committee?*

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The Board of Directors has adopted a Nominating and Corporate Governance Committee Charter, which sets forth the responsibilities of the Committee. The charter is available on the Corporate Governance page of our Web site at [www.winn-dixie.com](http://www.winn-dixie.com).

The Nominating and Corporate Governance Committee is responsible for oversight of:

board and committee composition and practices;

our corporate governance practices, including the content of our governance documents, such as the charters for all board committees, our articles of incorporation, bylaws, code of conduct and other compliance policies, and our other relevant policies and procedures;

director evaluation and educational programs; and

director compensation.

The Nominating and Corporate Governance Committee reviews the selection criteria for directors and the selection of nominees to serve as directors; evaluates the performance of the Board of Directors, together with the chairman; and develops, reviews, evaluates and makes recommendations to the Board of Directors with respect to corporate governance issues.

***What are the qualifications for serving on the Nominating and Corporate Governance Committee?***

The Nominating and Corporate Governance Committee is composed of no less than three directors. All members of the nominating and corporate governance committee must be independent within the meaning of our Governance Principles and as required under applicable law and the NYSE Standards. In addition, each member should have experience that qualifies him or her to evaluate director candidates, make recommendations on corporate governance and carry out the other functions of the Committee. The Board has determined that each of the members of the Nominating and Corporate Governance Committee meets these qualifications.

***What does the Nominating and Corporate Governance Committee consider in selecting nominees to the Board?***

The Committee selects director candidates on the basis of their character, integrity, judgment, and business, government, legal and other relevant experience. Financial expertise is also a relevant criterion. We desire a Board that is diverse in nature and experience.

We believe our Company's interests are best served by maintaining a board of directors exhibiting stability, knowledge of our business operations and knowledge of the retail food industry generally. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. When a director's principal occupation or business association changes substantially during his or her tenure, that director must notify the Board. The Committee will make a recommendation to the Board for action, if any, to be taken in response.

***Will the Nominating and Corporate Governance Committee consider shareholder nominations for director?***

Yes, the Nominating and Corporate Governance Committee will consider nominations for directors from Winn-Dixie shareholders. Any shareholder recommending a nomination should direct the recommendation to the Committee, in care of Winn-Dixie's Secretary, at the address on the front cover of this proxy statement.

## **COMPENSATION COMMITTEE**

***What are the responsibilities of the Compensation Committee?***

The Board of Directors has adopted a Compensation Committee Charter, which sets forth the responsibilities of the Committee. The charter is available on the Corporate Governance page of our Web site at [www.winn-dixie.com](http://www.winn-dixie.com).

The Compensation Committee is responsible for oversight of:

corporate goals and objectives relating to compensation of all executive officers;

administration of our equity-related employee benefit plans; and

management succession planning.

The Compensation Committee approves our compensation strategy to ensure that management employees are awarded appropriately for their contributions to company growth and profitability and that the compensation strategy supports organization objectives and shareholder interests. The Committee also establishes and reviews the salary, annual incentive, long-term incentive, and benefit plans for the chief executive officer, other executive officers and other management employees.

*What are the qualifications for serving on the Compensation Committee?*

The Compensation Committee is composed of no less than three directors. All members of the Compensation Committee must be independent within the meaning of our Governance Principles and as required under applicable law and NYSE listing standards. In addition, all members of the committee must be non-employee directors as defined under Section 16(b) of the Securities Exchange Act of 1934 (referred to as

the Exchange Act ) and be outside directors for purposes of Section 162(m) of the Internal Revenue Code. In addition, each member of the compensation committee should have business experience which, in the opinion of the Board, qualifies him or her to evaluate senior management compensation, equity-related compensation plans and management succession planning. The Board has determined that each of the members of the Compensation Committee meets these qualifications.

#### **FINANCE COMMITTEE**

##### ***What are the responsibilities of the Finance Committee?***

The Board of Directors formed the Finance Committee in April 2004. The Board has adopted a Finance Committee Charter, which sets forth the responsibilities of the Committee. The charter is available on the Corporate Governance page of our Web site at [www.winn-dixie.com](http://www.winn-dixie.com).

The Finance Committee is responsible for:

assisting the Board of Directors in fulfilling its oversight of financial planning and performance of the Company by reviewing and making recommendations regarding the capital structure of the Company, reviewing and making recommendations regarding the Company's operating and capital budgets, reviewing and assessing the ongoing financial performance and posture of the Company and reviewing the Company's cash management plans and strategies; and

assisting the Board of Directors in fulfilling its oversight of financial strategies of the Company by evaluating and making recommendations with respect to capital structure strategies, financial risk management strategies and strategic transactions.

##### ***What are the qualifications for serving on the Finance Committee?***

The Finance Committee is composed of no less than three directors. Each member should have experience that qualifies him or her to evaluate and carry out the functions of the Finance Committee. The Board has determined that each of the members of the Finance Committee meets these qualifications.

#### **OTHER GOVERNANCE MATTERS**

##### ***Does the Company have a Code of Conduct?***

Yes, we have a Code of Conduct for all directors, executive officers and associates to express our commitment to act with integrity and to conduct business in compliance with applicable laws. Among other things, the Code of Conduct covers:

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*A Compliance Program.* We maintain a Compliance Program to support the commitments expressed in our Code of Conduct. The Compliance Program provides tools and resources to assist in compliance and procedures for channeling concerns about potential violations.

*Conflicts of Interest.* To ensure that business decisions are based solely on the terms of each transaction and in the best interest of the Company, we maintain a policy designed to avoid conflicts of interest between work and personal matters.

*Company Assets.* This policy ensures that Company assets are used for intended business purposes.

*Work Environment.* To support our associates, we maintain policies to ensure our stores, other facilities and corporate offices are safe and healthy places to work.

*Compliance Policies.* We maintain seven compliance policies to establish expectations for complying with legal requirements and to manage key business risks, including: Advertising and Labeling; Antitrust; Data Usage, Security and Privacy; Disclosure and Financial Controls; Environmental Management and Property Development; Labor and Employment; and Safety.



***Does the Company have a Code of Ethics for Senior Executive and Financial Officers?***

Yes, we have a Code of Ethics for Senior Executive and Financial Officers that complements our Code of Conduct. Among other things, the Code of Ethics promotes:

*Honest and Ethical Conduct.* Due to their elevated role in the Company, our senior executive and financial officers should exhibit and promote the highest standards of honest and ethical conduct. The Code of Ethics specifically supports this goal by requiring senior executive and financial officers to:

avoid conflicts of interest;

inform our Director of Compliance of any deviations from policies and procedures governing honest and ethical behavior or any material transaction or relationship that could create a conflict of interest;

demonstrate personal support for the Code of Ethics through periodic communications; and

avoid the use of confidential information for personal advantage.

*Full, Fair, Accurate, Timely and Understandable Disclosure in Public Communications.* We are committed to full, fair, accurate, timely and understandable disclosure in documents filed with the SEC and in other public communications. In performing their disclosure responsibilities, the senior executive officers are required under the Code of Ethics to ensure that:

reports filed with the SEC contain full, fair, accurate, timely and understandable information and do not misrepresent or omit material facts;

business transactions are properly authorized and recorded under generally accepted accounting principles; and

retention or disposal of Company records is consistent with Company policies and applicable laws.

*Compliance with Applicable Laws, Rules and Regulations.* The Code of Ethics requires senior executive and financial officers not only to comply with all applicable laws, rules and regulations but also to establish and maintain mechanisms to monitor compliance and to identify, report and correct violations.

***Are the directors and executive officers required to certify compliance with the Codes?***

Yes, all of our directors and executive officers are required to certify compliance with the Code of Conduct at least annually. In addition, all of our senior executive and financial officers are required to certify compliance with the Code of Ethics at least annually. The Nominating and Corporate Governance Committee and the Board of Directors must unanimously approve in advance any waiver of any provision of the Code of Ethics for any member of the senior management team. The circumstances surrounding, and basis for, any waiver will be publicly disclosed on our Web site.

*Where can I find the Code of Conduct and Code of Ethics?*

The Code of Conduct and Code of Ethics are available on the Corporate Governance page of our Web site at [www.winn-dixie.com](http://www.winn-dixie.com). In addition, the codes were filed with the SEC as exhibits to our Annual Report on Form 10-K for fiscal year 2003.

**PROPOSAL 2 RATIFICATION OF  
APPOINTMENT OF INDEPENDENT AUDITORS**

*What am I voting on?*

You are voting on a proposal to ratify the appointment of KPMG LLP as our independent auditors for fiscal 2005. The Audit Committee of the Board has appointed KPMG LLP to serve as independent auditors. Although our governing documents do not require the submission of the selection of independent auditors to the shareholders for approval, the Board considers it desirable that the appointment of KPMG LLP be ratified by the shareholders.

*What is the recommendation of the Board?*

**The Board of Directors recommends a vote FOR the ratification of the appointment of the independent auditors.**

*What services do the independent auditors provide?*

Audit services provided by KPMG LLP for fiscal 2004 included the examination of our consolidated financial statements and services related to periodic filings made with the SEC. Additionally, KPMG LLP provided certain services relating to the consolidated quarterly reports and annual and other periodic reports and tax services as described later in this proxy statement.

*Will a representative of KPMG LLP be present at the meeting?*

Yes, one or more representatives of KPMG LLP will be present at the meeting. The representatives will have an opportunity to make a statement if they desire and will be available to respond to questions from shareholders.

*What if this proposal is not approved?*

If the appointment of KPMG LLP is not ratified, the Audit Committee may reconsider the appointment.

**The Board of Directors recommends a vote FOR Proposal 2.**



### PROPOSAL 3 SHAREHOLDER PROPOSAL

#### *Who submitted the following proposal?*

The following proposal was submitted by a shareholder. If the shareholder proponent, or a representative who is qualified under state law, is present and submits such proposal for a vote, then the proposal will be voted upon at the annual meeting.

In accordance with SEC regulations, we include the shareholder proposal plus any supporting statement exactly as submitted by the proponents. To make sure readers can easily distinguish between material provided by the proponent and material provided by us, we have put a box around material provided by the proponent.

*Mr. Chris Rossi, the beneficial owner of 2,000 shares of our common stock, has submitted the following proposal for consideration and presentation at our 2004 annual meeting of shareholders. The proposal is advisory in nature and will not be binding on the Board of Directors even if approved at the annual meeting. Mr. Rossi's address is P.O. Box 249, Boonville, California 95415.*

#### **Shareholder Input on Poison Pills**

RESOLVED: Shareholders request that our Directors take the steps necessary for the adoption, maintenance or extension of any future poison pill to be submitted to a shareholder vote as a separate ballot item at the earliest possible regular or special election. And take the steps necessary that any change or removal of the provisions of this proposal, once adopted, be subject to a shareholder vote as a separate ballot item at the earliest possible regular or special election.

This request includes that there shall be a shareholder vote even if such a future poison pill has an expiration date or has expired by the date of the vote. Such a vote would give our board guidance in case a new pill was contemplated soon after the expiration of an earlier pill.

The Council of Institutional Investors [www.cii.org](http://www.cii.org) formally recommends adoption of this proposal topic.<sup>1</sup> This topic also won an overall 60% yes-vote at 79 companies in 2003.<sup>2</sup>

#### **Pills Entrench Current Management**

They [poison pills] entrench the current management, even when it's doing a poor job. They [poison pills] water down shareholders' votes and deprive them of a meaningful voice in corporate affairs.

From "Take on the Street" by Arthur Levitt, SEC Chairman, 1993-2001, page 215

#### **Poison Pill Negative**

That's the key negative of poison pills: instead of protecting investors, they can also preserve the interests of management deadwood as well.

Source: *Morningstar.com*

**The Potential of a Tender Offer Can Motivate Our Directors**

Hectoring directors to act more independently is a poor substitute for the bracing possibility that shareholders could sell the company out from under its present management.

Source: *Wall Street Journal*, Feb. 24, 2003

**Diluted Stock**

There are often reasons that hostile takeovers should fail. But anti-democratic schemes to flood the market with diluted stock are not one of them.

Source: *The Motley Fool*

**Like a Dictator**

[Poison pill] That's akin to the argument of a benevolent dictator, who says, "Give up more of your freedom and I'll take care of you."

T.J. Dermot Dunphy, CEO of Sealed Air (NYSE) for 25 years

A response by our directors, which could still allow our directors to give a poison pill with no shareholder vote, is not a substitute for this proposal.

**Director Confidence in their Oversight**

I believe that a Board of Directors, which supports this proposal topic, is sending a powerful signal of confidence in its own oversight skill and strategy.

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<sup>1</sup> Council of Institutional Investors Corporate Governance Policies, updated September 4, 2003.

<sup>2</sup> IRRC (Investor Responsibility Research Center) Corporate Governance Bulletin, June-Sept. 2003.

**Shareholder Input on Poison Pills**

**Yes on 3**

**COMPANY RESPONSE TO PROPOSAL 3**

*What is the recommendation of the Board?*

**Our Board of Directors recommends a vote AGAINST Proposal 3.**

*What is a poison pill ?*

A poison pill, or shareholder rights plan, is a defensive measure against a hostile takeover of a company that works by diluting the ownership of a potential acquiror upon the occurrence of certain events. Poison pills are designed to strengthen the flexibility of a board of directors to maximize shareholder value and protect shareholders from abusive or opportunistic takeover tactics by encouraging negotiations with the board of directors of the target company.

*Does the Company currently have a poison pill?*

No, we do not currently have a poison pill.

*Why does the Board believe Proposal 3 is not in the best interests of all shareholders?*

First, requiring shareholder approval of a future poison pill could cause delays that may jeopardize our negotiating position and leverage in a hostile takeover situation. Obtaining shareholder approval is a costly, time consuming process. Poison pills are designed to give a board of directors sufficient time to evaluate and respond to acquisition proposals, negotiate higher bids from potential acquirors and develop and pursue strategic alternatives that may provide greater value to shareholders. Without the flexibility to respond expeditiously to a potential takeover, our Board could lose important bargaining power in negotiating with a potential acquiror or in pursuing a potentially superior alternative.

Second, we believe that the independence and fiduciary duties of our Board of Directors provide adequate assurance against using poison pills to entrench current management. A majority of our Board of Directors is independent under our Corporate Governance Principles and the rules and regulations of the SEC and the NYSE. Our President and Chief Executive Officer is the only member of management who is also a member of the Board. Under Florida law, each director has a fiduciary duty to act in good faith and in the best interest of the Company and its shareholders. Even if we adopted a poison pill, our Board would not have absolute veto power over any business combination because the directors are bound to act in accordance with their fiduciary duties.

Circumstances could arise in the future where adopting a poison pill could be an important tool to protect shareholders' interests. We recommend voting against this proposal based on our firm belief that restricting our Board of Directors' choices in this manner is not in the best interests of the Company and its shareholders.

**Our Board of Directors recommends a vote AGAINST Proposal 3.**



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**STOCK OWNERSHIP BY PRINCIPAL SHAREHOLDERS**

The following table shows the beneficial ownership of our common stock by each person or group who beneficially owned 5% or more of our common stock as of August 20, 2004:

Name and Address Of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class <sup>(2)</sup>
Davis Family <sup>(1)</sup>  c/o D.D.I., Inc.  4310 Pablo Oaks Court  Jacksonville, FL 32224	51,800,256	36.47%

- 
- (1) Relatives of the four founders of Winn-Dixie, and trusts, estates, corporations and other entities related to them and their associates (collectively, the Davis Family) beneficially own for the Davis Family, directly or indirectly, the shares listed in this table. These shares include those listed for A. Dano Davis, T. Wayne Davis, H. Jay Skelton and Charles P. Stephens in the following table setting forth the stock ownership by directors, nominees and executive officers of Winn-Dixie. As of August 20, 2004, 40,787,332 of the Winn-Dixie shares held by the Davis Family, or 28.71% of Winn-Dixie's issued and outstanding shares, were beneficially owned directly or indirectly by D.D.I., Inc., a Florida corporation owned by the Davis Family (DDI). Excluding any interest in Winn-Dixie common stock owned by DDI, no single individual or entity of the Davis Family beneficially owns 5% or more of the outstanding shares of Winn-Dixie common stock. Shareholders of DDI have entered into an Agreement of Shareholders, which has been filed as an exhibit to our Annual Report on Form 10-K for the fiscal year ended June 25, 2003, that includes rights of first refusal and establishes transfer restrictions on DDI's stock but does not include provisions relating to the voting or investment of the Winn-Dixie stock owned by DDI. The voting and investment power over Winn-Dixie common stock owned by DDI is exercised by DDI's board of directors, which currently consists of A. Dano Davis, T. Wayne Davis, Charles P. Stephens, H. Jay Skelton and one other individual. The Agreement of Shareholders provides that a majority of the board of directors of DDI must consist of lineal descendants or spouses of lineal descendants of the four founders of Winn-Dixie.
- (2) Based on 142,043,551 shares of common stock issued and outstanding as of August 20, 2004.

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**STOCK OWNERSHIP BY DIRECTORS AND MANAGEMENT**

The following table shows the beneficial ownership of our common stock, as of August 20, 2004, for:

each director and nominee,

the Chief Executive Officer, the four other most highly compensated executive officers that were serving at the end of the fiscal year, and one other executive officer who served during the fiscal year (collectively the **Named Executive Officers**), and

our directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>			Percent of Class <sup>(3)</sup>
	Sole Power <sup>(2)</sup>	Shared Power	Total	
John E. Anderson	23,529		23,529	*
A. Dano Davis	1,007,984 <sup>(4)</sup>	46,784,550 <sup>(5)</sup>	47,792,534	33.65%
T. Wayne Davis	237,555 <sup>(6)</sup>	40,814,316 <sup>(7)</sup>	41,051,871	28.90%
John H. Dasburg	207,799		207,799	*
Tillie K. Fowler	11,536		11,536	*
Edward W. Mehrer, Jr.	3,286		3,286	*
Julia B. North	2,409 <sup>(8)</sup>		2,409	*
Carleton T. Rider	3,979	900 <sup>(9)</sup>	4,879	*
H. Jay Skelton		48,182,316 <sup>(10)</sup>	48,182,316	33.92%
Charles P. Stephens	38,418 <sup>(11)</sup>	41,771,592 <sup>(12)</sup>	41,810,010	29.43%
Ronald Townsend	4,401		4,401	*
Frank Lazaran	331,807		331,807	*
Richard P. McCook	123,717	17,115 <sup>(13)</sup>	140,832	*
Laurence B. Appel	96,228		96,228	*
Richard C. Judd	88,344		88,344	*
Mark W. Matta	74,177		74,177	*
Karen E. Salem	62,348		62,348	*
Directors and executive officers as a group (23 persons)	2,523,125	49,618,219 <sup>(14)</sup>	52,141,344	36.71%

\* Indicates beneficial ownership of less than 1%.

(1) Under SEC rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person also is deemed to be a beneficial owner of any securities which that person has the right to acquire within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which he or she has no economic or pecuniary interest.

(2) Reflects shares that the beneficial owner has the right to acquire on or before October 19, 2004. The following individuals have the right to exercise options to purchase our common stock on or before October 19, 2004 in the following amounts:

John E. Anderson, 7,500 shares;  
A. Dano Davis, 2,500 shares;  
T. Wayne Davis, 12,500 shares;

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John H. Dasburg, 7,500 shares;  
Tillie K. Fowler, 12,500 shares;  
Edward W. Mehrer, Jr., 5,000 shares;  
Julia B. North, 12,500 shares;

Carleton T. Rider, 5,000 shares;  
Charles P. Stephens, 12,500 shares;  
Ronald Townsend, 10,000 shares;  
Frank Lazaran, 93,570 shares;  
Laurence B. Appel, 47,158 shares;  
Richard W. Judd, 41,515 shares;  
Mark W. Matta, 22,199 shares; and  
Karen E. Salem, 30,470 shares.

Phantom stock units are not included in the table because holders of those units will receive cash and have no right to acquire the underlying stock. Non-employee directors may defer all or a portion of their director fees into an income or stock equivalent account under the Directors Deferred Fee Plan. The fees in the stock equivalent account are phantom stock units. The following directors hold phantom stock units in the amounts listed: A. Dano Davis, 6,262 units; T. Wayne Davis, 6,418 units; Julia B. North, 21,180 units; and Carleton T. Rider, 2,895 units.

<sup>(3)</sup> Based on 142,043,551 shares of common stock issued and outstanding as of August 20, 2004.

<sup>(4)</sup> Includes the following shares for which A. Dano Davis may be deemed to have sole voting or investment power:

2,500 shares held pursuant to stock options exercisable on or before October 19, 2004; and

1,005,484 shares held by trusts of which A. Dano Davis is the sole trustee and he, his sons or his mother are beneficiaries. A. Dano Davis disclaims beneficial ownership of the 3,000 shares held for the benefit of his mother.

<sup>(5)</sup> Includes the following shares for which A. Dano Davis may be deemed to have shared voting or investment power:

40,787,332 shares held by D.D.I., Inc., a Florida corporation beneficially owned by the Davis Family. The voting or investment power over DDI stock is exercised by its board of directors of which A. Dano Davis is one of the directors;

5,569,178 shares held by Estuary Corporation and a limited partnership. Estuary and the limited partnership are beneficially owned by A. Dano Davis and his relatives. The voting or investment power over Estuary stock is exercised by its board of directors, of which A. Dano Davis is Chairman. The voting or investment power over the limited partnership is exercised by the general partner which is Estuary;

15,556 shares held by private charitable foundations of which A. Dano Davis is one of the directors. A. Dano Davis disclaims beneficial ownership of these shares; and

412,484 shares held by trusts of which A. Dano Davis is co-trustee and he, his sons, or his sister's children are the beneficiaries. A. Dano Davis disclaims beneficial ownership of 134,478 shares held for the benefit of his sister's children.

<sup>(6)</sup> Includes the following shares for which T. Wayne Davis may be deemed to have sole voting or investment power:

223,655 shares held by T. Wayne Davis individually, T. Wayne Davis as custodian for his grandchildren and irrevocable trusts for the benefit of T. Wayne Davis or his daughters, of which T. Wayne Davis is sole trustee. T. Wayne Davis disclaims beneficial ownership of 14,260 shares held by T. Wayne Davis as custodian for his grandchildren and 19,582 shares held by trusts for the benefit of his daughters;

12,500 shares held pursuant to stock options exercisable on or before October 19, 2004; and

1,400 shares held by T. Wayne Davis, individually, in certain retirement accounts.

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(7) Includes the following shares for which T. Wayne Davis may be deemed to have shared voting or investment power:

40,787,332 shares held by D.D.I., Inc., a Florida corporation beneficially owned by the Davis Family. The voting or investment power over DDI stock is exercised by its board of directors of which T. Wayne Davis is one of the directors; and

26,984 shares held by private charitable foundations of which T. Wayne Davis is one of the directors. T. Wayne Davis disclaims beneficial ownership of these shares.

- (8) Includes 400 shares held in joint tenancy with right of survivorship with Julia B. North's husband.
- (9) Includes 900 shares held by Carleton T. Rider's wife. Mr. Rider disclaims beneficial ownership of these shares.
- (10) Includes the following shares for which H. Jay Skelton may be deemed to have shared voting or investment power:

40,787,332 shares held by D.D.I., Inc., a Florida corporation beneficially owned by the Davis Family. The voting or investment power over DDI stock is exercised by its board of directors of which H. Jay Skelton is one of the directors. H. Jay Skelton disclaims beneficial ownership of these shares;

5,569,178 shares held by Estuary Corporation and a limited partnership. Estuary and the limited partnership are beneficially owned by members of the Davis Family. The voting or investment power over Estuary stock is exercised by its board of directors, of which H. Jay Skelton is a director. The voting or investment power over the limited partnership is exercised by the general partner which is Estuary. H. Jay Skelton disclaims beneficial ownership of these shares;

1,809,650 shares held by limited partnerships of which H. Jay Skelton is one of the directors. H. Jay Skelton disclaims beneficial ownership of these shares; and

16,156 shares held by private charitable foundations of which H. Jay Skelton is one of the directors. H. Jay Skelton disclaims beneficial ownership of these shares.

- (11) Includes the following shares for which Charles P. Stephens may be deemed to have sole voting or investment power:

25,918 shares held by Charles P. Stephens, individually; and

12,500 shares held pursuant to stock options exercisable on or before October 19, 2004.

- (12) Includes the following shares for which Charles P. Stephens may be deemed to have shared voting or investment power:

40,787,332 shares held by D.D.I., Inc., a Florida corporation beneficially owned by the Davis Family. The voting or investment power over DDI stock is exercised by its board of directors of which Charles P. Stephens is one of the directors;

2,984 shares held by a private charitable foundation of which Charles P. Stephens is one of the directors. Charles P. Stephens disclaims beneficial ownership of these shares; and

981,276 shares held by Charles P. Stephens's wife, his son, and irrevocable trusts of which Charles P. Stephens is co-trustee with his wife and his wife or children are beneficiaries. Charles P. Stephens disclaims beneficial ownership of these shares.

- (13) Includes 14,730 shares held by Richard P. McCook's wife, 1,035 shares held as custodian for his children and 1,350 held by his father. Mr. McCook disclaims beneficial ownership of these shares.
- (14) To avoid duplicate counting, the following shares are counted only once in the total stock ownership calculations:

40,787,332 shares held by DDI over which A. Dano Davis, T. Wayne Davis, H. Jay Skelton and Charles P. Stephens share voting and investment power as directors;

5,569,178 shares held by Estuary Corporation and a limited partnership. Estuary and the limited partnership are beneficially owned by A. Dano Davis and his relatives. The voting or investment power over Estuary stock is exercised by its board of directors, of which A. Dano Davis and H. Jay Skelton are directors. The voting or investment power over the limited partnership is exercised by the general partner which is Estuary;

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12,572 shares held by a private charitable foundation over which A. Dano Davis and H. Jay Skelton share voting and investment power as directors; and

2,984 shares held by a private charitable foundation over which A. Dano Davis, T. Wayne Davis, H. Jay Skelton and Charles P. Stephens share voting and investment power as directors.

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth information concerning the compensation paid to our Named Executive Officers for the fiscal years ended June 30, 2004, June 25, 2003 and June 26, 2002:

Name and Principal Position	Fiscal Year	Annual Compensation			Long-term Compensation			All Other Compensation <sup>(4)</sup> (\$)
		Salary <sup>(1)</sup> (\$)	Bonus (\$)	Other Compensation <sup>(2)</sup>	Restricted Stock Award <sup>(3)</sup> (\$)	Securities Underlying Options (#)		
Frank Lazaran <i>President and Chief Executive Officer</i>	2004	750,962	292,514	45,000	2,322,603	460,561	126,792	
	2003	503,968	324,594	35,000	268,757	437,792 <sup>(5)</sup>	150,526	
	2002	86,931	72,675	6,250	720,851	11,179	15,963	
Richard P. McCook <sup>(6)</sup> <i>Former Senior Vice President and Chief Financial Officer</i>	2004	405,568		25,000	519,786	<sup>(7)</sup>	2,217,330	
	2003	415,000	204,880	25,400	145,247	33,937	207,710	
	2002	385,350	177,261	25,000	134,862	31,512	114,191	
Laurence B. Appel <sup>(8)</sup> <i>Senior Vice President, Legal, General Counsel and Corporate Secretary</i>	2004	338,333	87,754	25,230	651,596	158,042	60,847	
	2003	214,667	114,234	18,356	213,436	56,714	56,858	
Richard C. Judd <i>Senior Vice President, Supply Chain</i>	2004	317,600	81,904	25,000	626,402	154,415	55,584	
	2003	217,500	98,922	15,000	77,163	18,026	23,318	
	2002	202,808	200,849	15,000	32,489	7,593	29,368	
Mark W. Matta <sup>(9)</sup> <i>Senior Vice President, Human Resources</i>	2004	310,000	77,224	25,000	562,052	129,091	41,953	
	2003	57,142	37,737	6,370	95,800	6,251	22,011	
Karen E. Salem <sup>(10)</sup> <i>Senior Vice President, Information Technology and Chief Information Officer</i>	2004	306,667	74,884	25,000				
	2003	210,715	92,687	19,178				