PUBLIX SUPER MARKETS INC
Form 10-K
February 28, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 30, 2006

( ) 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 0-00981

PUBLIX SUPER MARKETS, INC.
(Exact name of Registrant as specified in its charter)

Florida	59-0324412
(State of Incorporation)	(I.R.S. Employer Identification No.)
3300 Publix Corporate Parkway Lakeland, Florida	33811
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (863) 688-1188

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Common Stock $1.00 Par Value

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No X

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 and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer X Accelerated filer Non-accelerated filer

--- --- ---

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ----- No X -----

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $7,722,062,000 as of June 30, 2006, the last trading day of the Registrant's most recently completed second fiscal quarter.

The number of shares of Registrant's common stock outstanding as of February 9, 2007 was 838,122,000.

DOCUMENTS INCORPORATED BY REFERENCE

Pages 2 through 17 of the Proxy Statement solicited for the 2007 Annual Meeting of Stockholders to be held on April 17, 2007 are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III hereof.

TABLE OF CONTENTS

PART IV

PART I

Item 1. Business

Publix Super Markets, Inc. and its wholly owned subsidiaries, hereinafter collectively referred to as the "Company," are in the primary business of operating retail food supermarkets in Florida, Georgia, South Carolina, Alabama and Tennessee. The Company has no other significant lines of business or industry segments.

Merchandising and manufacturing

The Company's supermarkets sell grocery, dairy, produce, deli, bakery, meat, seafood, housewares and health and beauty care items. Most supermarkets also have pharmacy and floral departments.

The Company's lines of merchandise include a variety of nationally advertised and private label brands, as well as unbranded merchandise such as produce, meat and seafood. These products are delivered through Company distribution centers or directly from manufacturers and wholesalers. The Company receives the food and non-food products it distributes from many sources. These products are generally available in sufficient quantities to enable the Company to adequately satisfy its customers. The Company believes that its sources of supply of these products and raw materials used in manufacturing are adequate for its needs and that it is not dependent upon a single supplier or relatively few suppliers. Private label items are produced in the Company's dairy, bakery and deli manufacturing facilities or are manufactured for the Company by outside suppliers.

The Company has experienced no significant changes in the kinds of products sold or in its methods of distribution since the beginning of the fiscal year.

Store operations

The Company operated 892 supermarkets at the end of 2006, compared with 875 at the beginning of the year. In 2006, 29 supermarkets were opened, 12 supermarkets were closed and 58 supermarkets were remodeled. The net increase in square footage was 0.8 million square feet or 2.0% in 2006. At the end of 2006, the Company had 645 supermarkets located in Florida, 167 in Georgia, 38 in South Carolina, 28 in Alabama and 14 in Tennessee. Also, as of year end, the Company had 21 supermarkets under construction in Florida, two in South Carolina, one in Georgia, and one in Tennessee.

Competition

The Company is engaged in a highly competitive industry. Competition is based primarily on price, quality of goods and service, convenience, product mix and store location. The Company's primary competition throughout its market areas is with several national and regional supermarket chains, independent supermarkets, supercenters, membership warehouse clubs, mass merchandisers, dollar stores, drug stores, specialty food stores, restaurants and convenience stores. The Company anticipates continued competitor format innovation and location additions in 2007.

Working capital

The Company's working capital at the end of 2006 consisted of $1,966.0 million in current assets and $1,754.8 million in current liabilities. Normal operating fluctuations in these balances can result in changes to cash flow from operating activities presented in the consolidated statements of cash flows that are not necessarily indicative of long-term operating trends. There are no unusual industry practices or requirements relating to working capital items.

Seasonality

The influx of winter residents to Florida and increased purchases of food during the traditional Thanksgiving, Christmas and Easter holidays typically result in seasonal sales increases between November and April of each year.

Employees

The Company had approximately 140,000 employees at the end of 2006, approximately 66,000 on a full-time basis and 74,000 on a part-time basis. By comparison, the Company had approximately 134,000 employees at the end of 2005, approximately 62,000 on a full-time basis and 72,000 on a part-time basis. The Company considers its employee relations to be good.

Environmental matters

Compliance by the Company with Federal, state and local environmental protection laws during 2006 had no material effect upon capital expenditures, results of operations or the competitive position of the Company.

Company information

This Annual Report on Form 10-K and the 2007 Proxy Statement will be mailed to stockholders of record as of the close of business on February 9, 2007. These reports as well as Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports may also be obtained electronically, free of charge, through the Company's website at www.publix.com/stock.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating the Company's business. The Company's financial condition and results of operations could be materially adversely affected by any of these risks. Please note that additional risks not presently known to the Company or that the Company currently deems immaterial may also impair its operations.

Competition, low profit margins and other factors

The retail food industry is highly competitive and generally characterized by low profit margins. The Company's competitors include national and regional supermarket chains, independent supermarkets, supercenters, membership warehouse clubs, mass merchandisers, dollar stores, drug stores, specialty food stores, restaurants and convenience stores. Competition is based primarily on price, quality of goods and service, convenience, product mix and store location. The Company believes it will face increased competition in the future from all of these competitors and its financial condition and results of operations could be impacted by the pricing, purchasing, advertising or promotional decisions made by the competitors. In addition, the Company's business could be adversely affected by other factors, including severe weather conditions, unexpected increases in fuel or other transportation related costs and volatility in food commodity prices. Any of these factors could adversely affect the Company's financial condition and results of operations.

Labor intensive business

The retail food industry is labor intensive. In addition, the Company's operations tend to be more labor intensive than some of its competitors due to the additional customer service offered in its supermarkets. Tight labor markets, government mandated increases in the minimum wage or other benefits, an increased proportion of full-time employees and increased costs of health care and other benefits could result in an increase in labor costs, which could adversely affect the Company's financial condition and results of operations.

Strategy execution

The Company's core strategy focuses on customer service, product quality, shopping environment, competitive pricing and convenient locations. The Company has implemented several strategic business and technology initiatives as part of the execution of these core strategies. The Company believes these core strategies and related strategic initiatives differentiate it from its competition and present opportunities for increased market share and sustained financial growth. Failure to execute on these core strategies could adversely affect the Company's financial condition and results of operations.

New supermarket growth

The Company's ability to open new supermarkets is dependent on identifying and entering into lease or purchase agreements on commercially reasonable terms for properties that are suitable for its needs. If the Company fails to identify suitable sites and enter into lease or purchase agreements on a timely basis for any reason, including competition from other companies seeking similar sites, the Company's growth may be impaired because it may be unable to open new supermarkets as anticipated. Similarly, its business may be harmed if it is unable to renew the leases on its existing supermarkets on commercially reasonable terms.

Information technology

The Company is dependent on information technology applications to operate its business, enhance customer service, improve the efficiency of its supply chain and increase employee efficiency. A failure to timely integrate new information technology applications or upgrade existing applications could have an adverse impact on the Company's financial condition and results of operations. In addition, any disruptions in these applications due to information security breakdowns, internal failures of technology, severe damage to the data center or large scale external interruptions in technology infrastructure, such as power, telecommunications, or the internet, could also have an adverse impact on the Company's financial condition and results of operations.

Product liability claims and adverse publicity

The packaging, marketing, distribution and sale of food and drug products purchased from others or manufactured by the Company entail an inherent risk of product liability claims, product recall and the resulting adverse publicity. Such products may contain contaminants that may be inadvertently distributed by the Company. These contaminants may, in certain cases, result in illness, injury or death if processing at the consumer level does not eliminate the contaminants. Even an inadvertent shipment of adulterated products is a violation of law and may lead to a product recall and/or an increased risk of exposure to product liability claims. There can be no assurance that such claims will not be asserted against the Company or that the Company will not be obligated to perform such a recall in the future. If a product liability claim is successful, the Company's insurance may not be adequate to cover all liabilities it may incur, and it may not be able to continue to maintain such insurance or obtain comparable insurance at a reasonable cost, if at all. If the Company does not have adequate insurance or contractual indemnification available, product liability claims relating to defective products could have a material adverse effect on the Company's ability to successfully market its products and on the Company's financial condition and results of operations. In addition, even if a product liability claim is not successful or is not fully pursued, the adverse publicity surrounding any assertion that the Company's products caused illness or injury could have a material adverse effect on the Company's reputation with existing and potential customers and on the Company's financial condition and results of operations.

Environmental liability

The Company is subject to Federal, state and local laws and regulations that govern activities that may have adverse environmental effects and impose liabilities for the costs of cleaning up and certain damages arising from sites

of past spills, disposals or other releases of hazardous materials. Under applicable environmental laws, the Company may be responsible for the remediation of environmental conditions and may be subject to associated liabilities relating to its supermarkets and other facilities regardless of whether the Company leases, subleases or owns the supermarkets or other facilities and regardless of whether such environmental conditions were created by the Company or a prior owner or tenant. The costs of investigation, remediation or removal of environmental conditions may be substantial. There can be no assurance that environmental conditions relating to prior, existing or future sites will not adversely affect the Company's financial condition and results of operations through, for instance, business interruption, cost of remediation or adverse publicity.

Laws and regulations

In addition to environmental laws and regulations, the Company is subject to Federal, state and local laws and regulations relating to, among other things, product safety, zoning, land use, work place safety, public health, accessibility and restrictions on the sale of various products including alcoholic beverages, tobacco and drugs. The Company is also subject to laws governing its relationship with employees, including minimum wage requirements, overtime, working conditions, disabled access and work permit requirements. Compliance with, or changes in, these laws could adversely affect the Company's financial condition and results of operations.

Legal proceedings

The Company is a party in various legal claims and actions considered in the normal course of business including labor and employment, personal injury, intellectual property and other issues. Although not currently anticipated by management, the results of pending or future proceedings could adversely affect the Company's financial condition or results of operations.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

At year end, the Company operated approximately 40.8 million square feet of supermarket space. The Company's supermarkets vary in size. Current supermarket prototypes range from 28,000 to 61,000 square feet. Supermarkets are often located in strip shopping centers where the Company is the anchor tenant.

The majority of the Company's supermarkets are leased. Substantially all of these leases will expire during the next 20 years. However, in the normal course of business, it is expected that the leases will be renewed or replaced by leases on other properties. At 62 locations, both the building and land are owned, and at 33 other locations, the building is owned while the land is leased.

The Company supplies its supermarkets from eight primary distribution centers located in Lakeland, Miami, Jacksonville, Sarasota, Orlando, Deerfield Beach and Boynton Beach, Florida, and Lawrenceville, Georgia.

The Company operates six manufacturing facilities including three dairy plants located in Lakeland and Deerfield Beach, Florida, and Lawrenceville, Georgia, two bakery plants located in Lakeland, Florida and Atlanta, Georgia and a deli plant located in Lakeland, Florida.

4

The Company's corporate offices, primary distribution centers and manufacturing facilities are owned with no outstanding debt.

The Company's properties are well maintained, in good operating condition and suitable and adequate for operating its business.

Item 3. Legal Proceedings

The Company is a party in various legal claims and actions considered in the normal course of business. In the opinion of management, the ultimate resolution of these legal proceedings will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

None

5

EXECUTIVE OFFICERS OF THE COMPANY

Name	Age	Position	Nature of Family Relationship Between Officers
John A. Attaway, Jr.	48	Senior Vice President, General Counsel and Secretary	
Hoyt R. Barnett	63	Vice Chairman	
David E. Bornmann	49	Vice President	
David E. Bridges	57	Vice President	
Scott E. Brubaker	48	Vice President	
R. Scott Charlton	48	Senior Vice President	
William E. Crenshaw	56	President	Cousin of Charles H. Jenkins, Jr.

G. Gino DiGrazia	44	Vice President and Controller	
David S. Duncan	53	Vice President	
William V. Fauerbach	60	Vice President	
John R. Frazier	57	Vice President	
Linda S. Hall	47	Vice President	
M. Clayton Hollis, Jr.	50	Vice President	
John T. Hrabusa	51	Senior Vice President	
Mark R. Irby	51	Vice President	
Charles H. Jenkins, Jr.	63	Chief Executive Officer	Cousin of William E. Crenshaw
Randall T. Jones, Sr.	44	Senior Vice President	
Linda S. Kane	41	Vice President and Assistant Secretary	
Thomas M. McLaughlin	56	Vice President	
Sharon A. Miller	63	Assistant Secretary	

EXECUTIVE OFFICERS OF THE COMPANY

Name	Age	Position	Nature of Family Relationship Between Officers
Robert H. Moore	64	Vice President	
Dale S. Myers	54	Vice President	
Alfred J. Ottolino	41	Vice President	
David P. Phillips	47	Chief Financial Officer and Treasurer	
James H. Rhodes II	62	Vice President	
Richard J. Schuler II	51	Vice President	
Edward T. Shivers	67	Vice President	
Michael R. Smith	47	Vice President	
Sandra J. Woods	47	Vice President	

		and Controller
Laurie S. Zeitlin	43	Senior Vice President and Chief Information Officer

The terms of all officers expire in May 2007 or upon the election of their successors.

Name	Business Experience During Last Five Years
John A. Attaway, Jr.	General Counsel and Secretary of the Company to January 2005, Senio and Secretary thereafter.
Hoyt R. Barnett	Vice Chairman of the Company and Trustee of the Employee Stock Owne
David E. Bornmann	Vice President of the Company.
David E. Bridges	Vice President of the Company.
Scott E. Brubaker	Regional Director of Retail Operations-Lakeland Division of the Com Regional Director of Retail Operations-Jacksonville Division to Jul
R. Scott Charlton	Vice President of the Company to July 2005, Senior Vice President t
William E. Crenshaw	President of the Company.
G. Gino DiGrazia	Director of Business Analysis and Reporting to May 2002, Vice Presi
David S. Duncan	Vice President of the Company.
William V. Fauerbach	Vice President of the Company.
John R. Frazier	Vice President of the Company.
Linda S. Hall	Director of Internal Audit to November 2002, Vice President thereaf
M. Clayton Hollis, Jr.	Vice President of the Company.
John T. Hrabusa	Vice President of Office Depot, Inc. to March 2004, Vice President Senior Vice President thereafter.
Mark R. Irby	Vice President of the Company.
Charles H. Jenkins, Jr.	Chief Executive Officer of the Company.
Randall T. Jones, Sr.	Regional Director of Retail Operations - Jacksonville Division of t Vice President to July 2005, Senior Vice President thereafter.
Linda S. Kane	Director of Benefits Administration and Assistant Secretary of the Vice President and Assistant Secretary thereafter.
Thomas M. McLaughlin	Vice President of the Company.

Name	Business Experience During Last Five Years
Sharon A. Miller	Director of Administration and Assistant Secretary of the Company t Publix Super Markets Charities, Inc. and Assistant Secretary therea
Robert H. Moore	Vice President of the Company.
Dale S. Myers	Vice President of the Company.
Alfred J. Ottolino	Vice President of Wakefern Food Corporation to June 2003, Vice Pres from July 2003 to March 2004, Vice President of the Company thereaf
David P. Phillips	Chief Financial Officer and Treasurer of the Company.
James H. Rhodes II	Vice President of the Company.
Richard J. Schuler II	Vice President of the Company.
Edward T. Shivers	Vice President of the Company.
Michael R. Smith	Director of Deli and Bakery Manufacturing to July 2004, Director of July 2005, Vice President thereafter.
Sandra J. Woods	Director of Corporate Accounting to May 2002, Vice President and Co
Laurie S. Zeitlin	Vice President of The Home Depot, Inc.to November 2003, Senior Vice Officer of Kinko's, Inc. to February 2004, Senior Vice President an FedEx Kinko's Office and Print Center, Inc. to January 2006, Senior Information Officer of the Company thereafter.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Market Information*

The Company's common stock is not traded on any public stock exchange. Therefore, substantially all transactions of the Company's common stock have been among the Company, its employees, former employees, their families and the benefit plans established for the Company's employees. The Company's common stock is made available for sale only to the Company's current employees through the Company's Employee Stock Purchase Plan (ESPP) and 401(k) Plan. In addition, common stock is made available under the Employee Stock Ownership Plan (ESOP). Common stock is also made available for sale to members of the Company's Board of Directors through the Non-Employee Directors Stock Purchase Plan (Directors Plan). The Company currently repurchases common stock subject to certain terms and conditions. The ESPP, 401(k) Plan, ESOP and

Directors Plan each contain provisions prohibiting any transfer for value without the owner first offering the common stock to the Company. The Company serves as the registrar and stock transfer agent for its common stock.

Because there is no trading of the Company's common stock on a public stock exchange, the market price of the Company's common stock is determined by the Board of Directors based upon quarterly appraisals prepared by an independent appraiser. The market prices for the Company's common stock for 2006 and 2005 were as follows:

	2006	2005
January - February	$15.45	11.70
March - April	16.10	12.80
May - July	17.65	13.30
August - October	18.25	14.55
November - December	19.60	15.45

(b) Approximate Number of Equity Security Holders

As of February 9, 2007, the approximate number of holders of the Company's common stock was 104,000.

(c) Dividends*

The Company paid an annual cash dividend of $0.20 per share of common stock in 2006 and $0.14 per share in 2005. Payment of dividends is within the discretion of the Company's Board of Directors and depends on, among other factors, net earnings, capital requirements and the financial condition of the Company. It is believed that comparable cash dividends will be paid in the future.

* Restated to give retroactive effect for 5-for-1 stock split in July 2006.

(d) Purchases of Equity Securities by the Issuer

Issuer Purchases of Equity Securities

Shares of common stock repurchased by the Company during the three months ended December were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	A Do tha Pur t P
October 1, 2006 through November 4, 2006	897,146	$18.53	N/A	

November 5, 2006 through December 2, 2006	5,603,012	19.60	N/A
December 3, 2006 through December 30, 2006	1,821,966	19.60	N/A
Total	8,322,124	$19.48	N/A

(e) Performance Graph

The following performance graph sets forth the Company's cumulative total stockholder return during the five years ended December 30, 2006, with the cumulative total return on the S&P 500 Index and a custom Peer Group Index including companies in the same line of business (retail food supermarket companies) (1). The Company added Ahold, Delhaize and Supervalu to its Peer Group Index due to their significant ownership of U.S. supermarkets. The Peer Group Index is weighted based on the various companies' market capitalization. The comparison assumes $100 was invested at the end of 2001 in the Company's common stock and in each of the related indices and assumes reinvestment of dividends.

The Company's common stock is valued as of the end of each fiscal quarter. After the end of a quarter, however, shares continue to be traded at the prior valuation until the new valuation is received. The cumulative total return for the companies represented in the S&P 500 Index and the custom Peer Group Index is based on those companies' calendar year end trading price. The following performance graph is based on the Company's trading price at fiscal year end based on its appraised value as of the prior fiscal quarter. Because the Company's fiscal year end valuation of the Company's shares is effective after the deadline to file this document with the Securities and Exchange Commission, a performance graph based on the fiscal year end valuation (appraised value as of March 1, 2007) is not presented below. Rather, for comparative purposes, a performance graph based on the fiscal year end valuation is provided in the 2007 Proxy Statement.

Comparison of Five-Year Cumulative Return Based Upon Year End Trading Price

	2001	2002	2003	2004	200
Publix	$100.00	90.92	115.48	146.54	195.
S&P 500	100.00	76.65	97.70	109.75	115.
Peer Group(1)	100.00	58.97	62.23	64.86	65.

Item 6. Selected Financial Data

	2006	2005	2004	2003
Sales:				
Sales	$21,654,774	20,589,130	18,554,486	16,760,749
Percent increase	5.2%	11.0%	10.7%	5.7%
Comparable store sales percent increase (decrease)	5.2%	5.4%	5.7%	0.0%
Earnings:				
Gross profit	$ 5,842,817	5,529,450	4,976,746	4,485,617
Earnings before income tax expense	$ 1,687,553	1,550,738	1,295,011	1,047,089
Net earnings	$ 1,097,209	989,156	819,383	660,933
Net earnings as a percent of sales	5.07%	4.80%	4.42%	3.94%
Common stock:*				
Weighted average shares outstanding	849,815,000	860,196,000	883,879,000	920,564,000
Basic and diluted earnings per common share, based on weighted average shares outstanding	$ 1.29	1.15	0.93	0.72
Cash dividends per share	$ 0.20	0.14	0.09	0.08
Financial data:				
Capital expenditures	$ 481,247	338,946	403,373	563,576
Working capital	$ 211,219	236,488	221,583	209,941
Current ratio	1.12	1.13	1.13	1.15
Total assets	$ 7,393,086	6,727,223	5,964,271	5,150,717
Stockholders' equity	$ 4,974,865	4,205,774	3,585,716	3,169,310
Supermarkets	892	875	850	801

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company is primarily engaged in the retail food industry, operating supermarkets in Florida, Georgia, South Carolina, Alabama and Tennessee. The Company has no other significant lines of business or industry segments. As of December 30, 2006, the Company operated 892 supermarkets representing approximately 40.8 million square feet of space.

At the end of 2006, the Company had 645 supermarkets located in Florida, 167 in Georgia, 38 in South Carolina, 28 in Alabama and 14 in Tennessee. The Company opened 13 supermarkets in Florida, nine supermarkets in Georgia, three supermarkets in Tennessee, three supermarkets in Alabama and one supermarket in South Carolina during 2006. The Company closed 12 supermarkets in 2006, including six supermarkets that were replaced by new supermarkets.

The Company's revenues are earned and cash is generated as merchandise is sold to customers in the supermarkets. Income is earned by selling merchandise at price levels that produce sales revenues in excess of cost of merchandise sold and operating and administrative expenses. The Company has historically been able to increase revenues and net earnings from year to year. Further, the Company has historically been able to meet its cash requirements from internally generated funds without the need to generate cash through debt financing. The Company's year end cash balances are significantly impacted during the year by capital expenditures, investment transactions, stock repurchases and the annual cash dividend.

The Company sells a variety of merchandise to generate revenues. This merchandise includes grocery, dairy, produce, deli, bakery, meat, seafood, housewares and health and beauty care items. Most of the Company's supermarkets also have pharmacy and floral departments. Merchandise includes a mix of nationally advertised and private label brands. The Company's private label brands play an increasingly important role in its merchandising strategy.

In 2001, the Company began piloting a convenience store concept. As of December 30, 2006, the Company operated five convenience stores in Florida.

In 2002, the Company acquired a minority interest in Crispers, a casual dining restaurant chain based in Lakeland, Florida. In 2004, the Company increased its ownership in Crispers to a majority position. As of December 30, 2006, Crispers operated 39 restaurants in Florida.

In 2004, the Company began piloting a liquor store concept. The liquor stores are located adjacent to the Company's supermarkets. As of December 30, 2006, the Company operated 23 liquor stores in Florida.

Operating Environment

The Company is engaged in the highly competitive retail food industry. Competition is based primarily on price, quality of goods and service, convenience, and product mix. In addition, the Company competes with other retailers for prime retail site locations. The Company competes with retailers as well as other labor market competitors in attracting and retaining quality employees. The Company's primary competition throughout its market areas is with several national and regional traditional supermarket chains, independent supermarkets and specialty food stores, as well as non-traditional

competition such as supercenters, membership warehouse clubs, mass merchandisers, dollar stores, drug stores, restaurants and convenience stores. As a result of the highly competitive environment, traditional supermarkets, including the Company, face business challenges. There has been a trend in recent years for traditional supermarkets to lose market share to non-traditional competition. The success of the Company, in particular its ability to retain its customers, depends on its ability to meet the business challenges created by this competitive environment.

In order to meet the competitive challenges facing the Company, management continues to focus on the Company's core strategies, including customer service, product quality, shopping environment, competitive pricing and convenient locations. The Company has implemented several strategic business and technology initiatives as part of the execution of these core strategies. The Company believes these core strategies and related strategic initiatives differentiate it from its competition and present opportunities for increased market share and sustained financial growth.

Liquidity and Capital Resources

Cash and cash equivalents, short-term investments and long-term investments totaled $2,621.6 million as of December 30, 2006, as compared with $2,029.1 million and $1,390.4 million as of December 31, 2005 and December 25, 2004, respectively.

Net cash provided by operating activities

Net cash provided by operating activities was $1,629.4 million for the year ended December 30, 2006, as compared with $1,579.8 million and $1,643.2 million for the years ended December 31, 2005 and December 25, 2004, respectively. As a result of Hurricane Wilma that occurred during the fourth quarter of 2005, the Company received an extension on its Federal income tax payment due December 15, 2005 until February 28, 2006. The delay in this tax payment increased net cash provided by operating activities by $95 million during the year ended December 31, 2005 with the resulting decrease in net cash provided by operating activities occurring during the year ended December 30, 2006. During 2004, the Company experienced an unprecedented four major hurricanes in six weeks. As a result, the Company received an extension on its Federal income tax payments due September 15, 2004 and December 15, 2004 until December 30, 2004 (which fell within the 2005 fiscal year). The delay in these tax payments increased net cash provided by operating activities by $190 million during the year ended December 25, 2004 with the resulting decrease in net cash provided by operating activities occurring during the year ended December 31, 2005. Any net cash in excess of the amount needed for current operations is invested in short-term and long-term investments.

Net cash used in investing activities

Net cash used in investing activities was $1,139.6 million for the year ended December 30, 2006, as compared with $1,031.6 million and $950.3 million for the years ended December 31, 2005 and December 25, 2004, respectively. The primary use of net cash in investing activities was funding capital expenditures and purchasing investments. During the year ended December 30, 2006, capital expenditures totaled $481.2 million. These expenditures were primarily incurred in connection with the opening of 17 net new supermarkets (29 new supermarkets opened and 12 supermarkets closed) and remodeling 58 supermarkets. Net new supermarkets added an additional 0.8 million square feet in the year ended December 30, 2006, a 2.0% increase. Significant expenditures were also incurred for new or enhanced information technology hardware and applications and emergency backup generators. During the year ended December 31, 2005, capital expenditures totaled $338.9 million. These expenditures were primarily incurred in connection with the opening of 25 net new supermarkets (36 new supermarkets opened and 11 supermarkets closed) and remodeling 48 supermarkets. Net new

supermarkets added an additional 1.1 million square feet in the year ended December 31, 2005, a 2.8% increase. Significant expenditures were also incurred in the expansion of warehouses and new or enhanced information technology hardware and applications. During the year ended December 25, 2004, capital expenditures totaled $403.4 million. These expenditures were primarily incurred in connection with the opening of 49 net new supermarkets (57 new supermarkets opened and eight supermarkets closed) and remodeling or expanding 71 supermarkets. Net new supermarkets and expansions added an additional 2.1 million square feet in the year ended December 25, 2004, a 5.7% increase. Significant expenditures were also incurred in the expansion of warehouses, office construction and new or enhanced information technology hardware and applications.

Capital expenditure projection

In 2007, the Company plans to open approximately 37 supermarkets. Although real estate development is unpredictable, the Company's 2007 new store growth represents a reasonable estimate of anticipated future growth. Capital expenditures for 2007 are expected to be approximately $600 million, primarily consisting of new supermarkets, remodeling certain existing supermarkets, new or enhanced information technology hardware and applications, emergency backup generators and expansion of warehouses. This capital program is subject to continuing change and review. In the normal course of operations, the Company replaces supermarkets and closes supermarkets that are not meeting performance expectations. The impact of future supermarket closings is not expected to be material.

Net cash used in financing activities

Net cash used in financing activities was $602.3 million for the year ended December 30, 2006, as compared with $582.6 million and $599.7 million for the years ended December 31, 2005 and December 25, 2004, respectively. The primary use of net cash in financing activities was funding net common stock repurchases and payment of the annual cash dividend. The Company currently repurchases common stock at the stockholders' request in accordance with the terms of the Company's ESPP, 401(k) Plan, ESOP and Directors Plan. Net common stock repurchases totaled $430.5 million for the year ended December 30, 2006, as compared with $460.5 million and $518.8 million for the years ended December 31, 2005 and December 25, 2004, respectively. The amount of common stock offered to the Company for repurchase is not within the control of the Company, but is at the discretion of the stockholders. The Company expects to continue to repurchase its common stock, as offered by its stockholders from time to time, at its then currently appraised value for amounts similar to those in prior years. However, such purchases are not required and the Company retains the right to discontinue them at any time.

Dividends*

The Company paid an annual cash dividend on its common stock of $0.20 per share or $171.6 million, $0.14 per share or $121.9 million and $0.09 per share or $80.8 million in 2006, 2005 and 2004, respectively.

Cash requirements

In 2007, the cash requirements for current operations, capital expenditures and common stock repurchases are expected to be financed by internally generated funds or liquid assets. Based on the Company's financial position, it is expected that short-term and long-term borrowings would be readily available to support the Company's liquidity requirements, if needed.

* Restated to give retroactive effect for 5-for-1 stock split in July 2006.

Contractual Obligations

Following is a summary of contractual obligations as of December 30, 2006:

	Total	2007	2008 2009	2010 2011
			(Amounts are in thousands)	
Contractual Obligations:				
Operating leases (1)	$4,123,160	352,082	677,577	625,983
Purchase obligations (2)(3)(4)	1,838,775	738,416	215,475	183,518
Other long-term liabilities:				
Self-insurance reserves (5)	363,237	112,177	96,030	44,163
Accrued postretirement benefit cost (6)	81,852	2,958	6,673	7,677
Other noncurrent liabilities	17,729	---	17,729	---
Total	$6,424,753	1,205,633	1,013,484	861,341

(Payments Due by Period spans the 2008/2009 and 2010/2011 columns as printed.)

Off-Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, results of operations or cash flows.

17

Hurricane Impact - 2006

The Company was not impacted by any hurricanes in 2006.

Hurricane Impact - 2005

During the fourth quarter ended December 31, 2005, the Company was impacted by Hurricane Wilma. The Company recorded the effect of this hurricane in the fourth quarter of 2005.

Temporary supermarket closings occurred primarily in south Florida due to weather conditions, evacuations of certain areas and damage to the Company's supermarkets. Almost all affected supermarkets were reopened within 24 hours, operating on generator power if normal power had not been restored. All supermarkets were reopened within nine days, except one location. This supermarket sustained significant damage causing it to be permanently closed.

The impact of Hurricane Wilma did not have a material adverse effect on the Company's financial condition, results of operations or cash flows. The Company estimated additional costs related to Hurricane Wilma included in cost of merchandise sold were approximately $35 million. These costs were primarily related to inventory losses due to extensive power outages and additional distribution costs. The additional operating and administrative expenses related to Hurricane Wilma were approximately $8 million. These expenses were primarily related to incremental payroll, facility repairs and disposal fees for inventory lost due to power outages. The Company estimated the profit on the incremental sales resulting from customers stocking up and replenishing, as well as sales of hurricane supplies, partially offset these losses.

The Company maintains property insurance coverage for hurricanes on a per occurrence basis. The deductible on the Company's insurance coverage for this occurrence was approximately $31 million. The Company recorded an estimated amount of insurance recovery in 2005, received partial payment of this recovery from its insurance carrier in 2006 and expects to receive the balance in 2007.

Hurricane Impact - 2004

During the third quarter ended September 25, 2004, the Company experienced an unprecedented four major hurricanes in six weeks. The Company recorded the effect of these hurricanes, Charley, Frances, Ivan and Jeanne, in the third quarter of 2004.

Temporary supermarket closings occurred throughout the Company due to weather conditions and evacuations of certain areas. Almost all affected supermarkets were reopened within 24 hours, operating on generator power if normal power had not been restored. All supermarkets were reopened within five days.

The impact of the four hurricanes on the Company did not have a material adverse effect on the Company's financial condition, results of operations or cash flows. The Company estimated additional costs related to the four hurricanes included in cost of merchandise sold were approximately $58 million. These costs were primarily related to inventory losses due to power outages and additional distribution costs. The additional operating and administrative expenses related to the four hurricanes were approximately $5 million. These expenses were primarily related to facility repairs and disposal fees for inventory lost due to power outages. The Company estimated the profit on the incremental sales resulting from repeated cycles of customers stocking up and replenishing, as well as sales of hurricane supplies, largely offset the losses incurred by the Company. The losses incurred by the Company were below the insurance policy deductible limits per occurrence, so there was no recovery of the losses from insurance coverage.

Results of Operations

The Company's fiscal year ends on the last Saturday in December. Fiscal years 2006 and 2004 included 52 weeks and fiscal year 2005 included 53 weeks.

Sales

Sales for 2006 were $21.7 billion as compared with $20.6 billion in 2005, an increase of $1,065.6 million or a 5.2% increase. After excluding sales of $387.5 million for the extra week included in 2005, this reflects an increase of approximately $412.1 million or 2.0% from net new supermarkets and approximately $1,041.0 million or 5.2% from comparable store sales (supermarkets open for the same weeks in both periods, including replacement supermarkets). The Company estimates that sales for 2005 were positively impacted by approximately $73 million as a result of the hurricane the Company experienced during the fourth quarter of 2005. If sales for 2005 had not been positively impacted by the hurricane, the reported 5.2% increase in comparable store sales for 2006 would have been 5.6%.

Sales for 2005 were $20.6 billion as compared with $18.6 billion in 2004, an increase of $2,034.6 million or an 11.0% increase. Sales increased approximately $387.5 million or 2.1% from an additional week in 2005, approximately $645.2 million or 3.5% from net new supermarkets and approximately

$1,001.9 million or 5.4% from comparable store sales. The Company estimates that sales for 2005 were positively impacted by approximately $73 million as a result of the hurricane the Company experienced during the fourth quarter of 2005. The Company estimates that sales for 2004 were positively impacted by approximately $189 million as a result of the unprecedented four major hurricanes the Company experienced during 2004. If sales for 2005 and 2004 had not been positively impacted by the hurricanes, the reported 5.4% increase in comparable store sales for 2005 would have been 6.1%.

Sales for 2004 were $18.6 billion as compared with $16.8 billion in 2003, an increase of $1,793.7 million or a 10.7% increase. Sales increased approximately $833.7 million or 5.0% from net new supermarkets and approximately $960.0 million or 5.7% from comparable store sales. The Company estimates that sales for 2004 were positively impacted by approximately $189 million as a result of the unprecedented four major hurricanes the Company experienced during 2004. If sales for 2004 had not been positively impacted by the hurricanes, the reported 5.7% increase in comparable store sales for 2004 would have been 4.6%.

Gross profit

Gross profit as a percentage of sales was 27.0% in 2006 as compared with 26.9% and 26.8% in 2005 and 2004, respectively. In 2006, gross profit as a percentage of sales remained relatively unchanged compared to 2005 and 2004.

Operating and administrative expenses

Operating and administrative expenses as a percentage of sales were 20.6%, 20.6% and 20.9% in 2006, 2005 and 2004, respectively. In 2006, operating and administrative expenses as a percentage of sales remained relatively unchanged compared to 2005 and 2004. Employee benefit costs decreased as a percentage of sales during 2006 which were offset by increases in utilities and other operating expenses. The decrease in operating and administrative expenses as a percentage of sales during 2005 was primarily due to the incremental sales from an additional week and a decrease in workers' compensation, partially offset by increases in certain facilities costs as a percentage of sales.

Investment income, net

Investment income, net was $115.9 million, $74.3 million and $35.3 million in 2006, 2005 and 2004, respectively. The increase in investment income, net was primarily due to higher average balances of short-term and long-term investments as well as higher interest rates during 2006 and 2005.

Income taxes

The effective income tax rates were 35.0%, 36.2% and 36.7% in 2006, 2005 and 2004, respectively. The decrease in the effective income tax rate is driven by increases in tax exempt income, dividends paid to ESOP participants, deductions for manufacturing production costs and the favorable resolution of certain tax issues.

Impact of inflation

In recent years, the impact of inflation on the Company's product costs has been lower than the overall increase in the Consumer Price Index.

Net earnings*

Net earnings were $1,097.2 million or $1.29 per share, $989.2 million or $1.15 per share and $819.4 million or $0.93 per share for 2006, 2005 and 2004, respectively.

* Restated to give retroactive effect for 5-for-1 stock split in July 2006.

Accounting Standards

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 151, "Inventory Costs," (SFAS 151) effective for fiscal years beginning after June 15, 2005. SFAS 151 amends Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material. SFAS 151 requires that those items be recognized as current period charges and requires that allocation of fixed production overhead to the cost of conversion be based on the normal capacity of the production facilities. The adoption of SFAS 151 did not have a material effect on the Company's financial condition, results of operations or cash flows.

In December 2004, the FASB issued a revision to Statement of Financial Accounting Standard No. 123, "Share-Based Payment," (SFAS 123(R)) effective for fiscal years beginning after June 15, 2005. SFAS 123(R) requires all stock-based compensation awards to be recorded at fair value as an expense in the Company's consolidated financial statements. The Company does not currently have any stock-based employee compensation subject to SFAS 123(R). Therefore, the adoption of SFAS 123(R) had no effect on the Company's financial condition, results of operations or cash flows.

In May 2005, the FASB issued Statement of Financial Accounting Standard No. 154, "Accounting Changes and Error Corrections," (SFAS 154) effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. SFAS 154 replaces Accounting Principles Board Opinion 20, "Accounting Changes," and Statement of Financial Accounting Standard No. 3, "Reporting Accounting Changes in Interim Financial Statements." Among other changes, SFAS 154 requires retrospective application to prior periods' financial statements for changes in accounting principle, unless it is impractical to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 also requires that a change in depreciation, amortization, or depletion method for long-lived non-financial assets be accounted for as a change in accounting estimate effected by a change in accounting principle. The adoption of SFAS 154 will only affect the Company's financial condition or results of operations if it has such changes or corrections of errors in the future.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109," (FIN 48) effective for fiscal years beginning after December 15, 2006. FIN 48

clarifies the accounting for uncertainty in tax positions. FIN 48 requires financial statement recognition of the impact of a tax position when it is more likely than not, based on its technical merits, that the position will be sustained upon examination and the cumulative effect of the change in accounting principle is to be recorded as an adjustment to opening retained earnings. The adoption of FIN 48 is not expected to have a material effect on the Company's financial condition, results of operations or cash flows.

In June 2006, the FASB ratified Emerging Issues Task Force Issue No. 06-3, "How Sales Taxes Collected From Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)," (EITF 06-3) effective for periods beginning after December 15, 2006. EITF 06-3 allows taxes assessed by various governmental authorities that are directly imposed on revenue-producing transactions between a seller and a customer, such as sales and some excise taxes, to be presented on either a gross or net basis. If such taxes are significant, the accounting policy should be disclosed as well as the amount of taxes included in revenue if presented on a gross basis. The Company records sales net of applicable sales taxes. Therefore, the adoption of EITF 06-3 had no effect on the presentation of the Company's financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 157, "Fair Value Measurement," (SFAS 157) effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements. The Company is currently evaluating the effect of adopting SFAS 157.

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R)," (SFAS 158). SFAS 158 requires financial statement recognition of the overfunded or underfunded status of a defined benefit postretirement plan or other postretirement plan as an asset or liability and recognition of changes in the funded status in comprehensive earnings in the year in which the changes occur, effective for fiscal years ending after December 15, 2006. SFAS 158 also requires that the measurement date for the calculation of plan assets and obligations coincide with a company's fiscal year end dates, effective for fiscal years ending after December 15, 2008. The adoption of the recognition provision of SFAS 158 did not have a material effect on the Company's financial condition, results of operations or cash flows.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," (SAB 108) effective for fiscal years ending after November 15, 2006. SAB 108 provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. The adoption of SAB 108 is not expected to have a material effect on the Company's financial condition, results of operations or cash flows.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported

amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's significant accounting policies are described in Note 1 of the Notes to Consolidated Financial Statements. The Company believes the following critical accounting policies reflect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Inventories

Inventories are valued at the lower of cost or market. The cost for 86% of inventories was determined using the dollar value last-in, first-out method. Under this method, inventory is stated at cost, which is determined by applying a cost-to-retail ratio to each similar merchandise category's ending retail value. The cost of remaining inventories was determined using the first-in, first-out ("FIFO") method. The FIFO cost of inventory approximates replacement or current cost. The Company also reduces inventory for estimated losses related to shrink.

Investments

The Company reviews its investments for other-than-temporary impairments based on criteria that include the extent to which cost exceeds market value, the duration of the market decline and the financial health of and prospects for the issuer. This review requires significant judgment. If market or issuer conditions decline, the Company may incur future impairments.

Property, Plant and Equipment and Depreciation

Assets are recorded at cost and are depreciated using the straight-line method over their estimated useful lives or the terms of their leases, if shorter, as follows: buildings and improvements are at 10 - 40 years, furniture, fixtures and equipment are at 3 - 20 years and leasehold improvements are at 3 - 40 years. The Company considers lease renewals in the useful life of its leasehold improvements when such renewals are reasonably assured.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the net book value of an asset may not be recoverable. The Company's judgments regarding the existence of impairment indicators are based on market conditions and operational performance, such as operating profit and cash flows. The variability of these factors depends on a number of conditions, including uncertainty about future events; therefore, the Company's accounting estimates may change from period to period. These factors could cause the Company to conclude that impairment indicators exist and the applicable impairment tests could result in a determination that the value of long-lived assets is impaired, resulting in a write-down of the long-lived assets.

Revenue Recognition

Revenue is recognized at the point of sale for retail sales. Vendor coupons that are reimbursed are accounted for as sales. Coupons and other sales incentives offered by the Company that are not reimbursed are recorded as a reduction of sales.

Cost of Merchandise Sold

Cost of merchandise sold includes costs of inventory and costs related to in-store production. Cost of merchandise sold also includes inbound freight charges, purchasing and receiving costs, warehousing costs and other costs of the Company's distribution network.

Vendor allowances and credits, including cooperative advertising fees, received from a vendor in connection with the purchase or promotion of the vendor's products, are recognized as a reduction of cost of merchandise sold as

earned. These allowances and credits are recognized as earned in accordance with the underlying agreement with the vendor and completion of the earning process. Short-term vendor agreements with advance payment provisions are recorded as a current liability and are recognized over the appropriate period as earned according to the underlying agreement. Long-term vendor agreements with advance payment provisions are recorded as a noncurrent liability and are recognized over the appropriate period as earned according to the underlying agreement.

Self-Insurance

Self-insurance reserves are established for health care, fleet liability, general liability and workers' compensation claims. These reserves are determined based on actual claims experience and an estimate of claims incurred but not reported, including, where necessary, actuarial studies. Actuarial projections of losses for general liability and workers' compensation are discounted and subject to a high degree of variability. The causes of variability include, but are not limited to, such factors as future interest and inflation rates, future economic conditions, litigation trends and benefit level changes. The Company has insurance coverage for losses in excess of varying amounts.

Forward-Looking Statements

From time to time, certain information provided by the Company, including written or oral statements made by its representatives, may contain forward-looking information as defined in Section 21E of the Securities Exchange Act of 1934. Forward-looking information includes statements about the future performance of the Company, which is based on management's assumptions and beliefs in light of the information currently available to them. When used, the words "plan," "estimate," "project," "intend," "believe" and other similar expressions, as they relate to the Company, are intended to identify such forward-looking statements. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from those statements including, but not limited to: competitive practices and pricing in the food and drug industries generally and particularly in the Company's principal markets; results of programs to control or reduce costs, improve buying practices and control shrink; results of programs to increase sales, including private-label sales, improve perishable departments and improve pricing and promotional efforts; changes in the general economy; changes in consumer spending; changes in population, employment and job growth in the Company's principal markets; and other factors affecting the Company's business in or beyond the Company's control. These factors include changes in the rate of inflation, changes in state and Federal legislation or regulation, adverse determinations with respect to litigation or other claims, ability to recruit and retain employees, increases in operating costs including, but not limited to, labor costs, credit card fees and utility costs, particularly electric utility costs, ability to construct new supermarkets or complete remodels as rapidly as planned and stability of product costs. Other factors and assumptions not identified above could also cause the actual results to differ materially from those set forth in the forward-looking statements. The Company assumes no obligation to update publicly these forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company does not utilize financial instruments for trading or other speculative purposes, nor does it utilize leveraged financial instruments. The Company does not consider to be material the potential losses in future earnings, fair values and cash flows from reasonably possible near-term changes in interest rates.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Securities Exchange Act of 1934).

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 30, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. Based on this assessment and these criteria, management believes that the Company's internal control over financial reporting was effective as of December 30, 2006.

The Company's independent registered public accounting firm, KPMG LLP, has issued an audit report on management's assessment of the Company's internal control over financial reporting, which is included herein on page 27.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Schedule

The following consolidated financial statement schedule of the Company for the years ended December 30, 2006, December 31, 2005 and December 25, 2004 is submitted herewith:

Schedule:
II - Valuation and Qualifying Accounts

All other schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

25

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Publix Super Markets, Inc.:

We have audited the accompanying consolidated balance sheets of Publix Super Markets, Inc. and subsidiaries (the "Company") as of December 30, 2006 and December 31, 2005, and the related consolidated statements of earnings, comprehensive earnings, stockholders' equity and cash flows for each of the years in the three-year period ended December 30, 2006. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Publix Super Markets, Inc. and subsidiaries as of December 30, 2006 and December 31, 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended December 30, 2006, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 5, the Company adopted Statement of Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" as of December 30, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 30, 2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

February 26, 2007
Tampa, Florida
Certified Public Accountants

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Publix Super Markets, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Publix Super Markets, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 30, 2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Publix Super Markets, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 30, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control - Integrated Framework issued by COSO. Also, in our opinion, Publix Super Markets, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 30, 2006, based on criteria established in Internal Control - Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Publix Super Markets, Inc. and subsidiaries as of December 30, 2006 and December 31, 2005, and the related consolidated statements of earnings, comprehensive earnings, stockholders' equity and cash flows for each of the years in the three-year period ended December 30, 2006, and our report dated February 26, 2007 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

February 26, 2007
Tampa, Florida
Certified Public Accountants

PUBLIX SUPER MARKETS, INC.
Consolidated Balance Sheets
December 30, 2006 and
December 31, 2005

Assets	2006	
	(Amounts are in thousa	
Current assets:		
Cash and cash equivalents	$ 223,571	
Short-term investments	126,221	
Trade receivables	363,020	
Merchandise inventories	1,151,907	1,
Deferred tax assets	58,513	
Prepaid expenses	42,784	
Total current assets	1,966,016	2,
Long-term investments	2,271,810	1,
Other noncurrent assets	55,938	
Property, plant and equipment:		
Land	173,595	
Buildings and improvements	1,104,917	1,
Furniture, fixtures and equipment	3,521,085	3,
Leasehold improvements	996,315	
Construction in progress	76,875	

	5,872,787	5,
Less accumulated depreciation	2,773,465	2,
Net property, plant and equipment	3,099,322	3,
	$7,393,086	6,

Liabilities and Stockholders' Equity	2006	
	(Amounts are in thousa except par value)	
Current liabilities:		
Accounts payable	$ 934,446	
Accrued expenses:		
Contribution to retirement plans	359,753	
Self-insurance reserves	112,177	
Salaries and wages	98,293	
Other	216,889	
Total accrued expenses	787,112	
Federal and state income taxes	33,239	
Total current liabilities	1,754,797	1,
Deferred tax liabilities	225,572	
Self-insurance reserves	251,060	
Accrued postretirement benefit cost	78,894	
Other noncurrent liabilities	107,898	
Total liabilities	2,418,221	2,
Stockholders' equity:		
Common stock of $1 par value. Authorized 1,000,000 shares; issued and outstanding 839,715 shares in 2006 and 846,942 shares in 2005	839,715	
Additional paid-in capital	533,559	
Retained earnings	3,616,368	3,
	4,989,642	4,

Accumulated other comprehensive losses	(14,777)	
Total stockholders' equity	4,974,865	4,
Commitments and contingencies	---	
	$7,393,086	6,

PUBLIX SUPER MARKETS, INC.
Consolidated Statements of Earnings
Years ended December 30, 2006, December 31, 2005
and December 25, 2004

	2006	2005
	(Amounts are in thousands, except per sha	
Revenues:		
Sales	$ 21,654,774	20,589,130
Other operating income	164,951	155,681
Total revenues	21,819,725	20,744,811
Costs and expenses:		
Cost of merchandise sold	15,811,957	15,059,680
Operating and administrative expenses	4,459,786	4,231,402
Total costs and expenses	20,271,743	19,291,082
Operating profit	1,547,982	1,453,729
Investment income, net	115,851	74,293
Other income, net	23,720	22,716
Earnings before income tax expense	1,687,553	1,550,738
Income tax expense	590,344	561,582
Net earnings	$ 1,097,209	989,156

	============	==========
Weighted average number of common shares outstanding	849,815	860,196
	============	==========
Basic and diluted earnings per common share based on weighted average shares outstanding	$ 1.29	1.15
	============	==========

30

PUBLIX SUPER MARKETS, INC.
Consolidated Statements of Comprehensive Earnings
Years ended December 30, 2006, December 31, 2005
and December 25, 2004

	2006	2005	2004
	(Amounts are in thousands)		
Net earnings	$1,097,209	989,156	819,383
Other comprehensive earnings (losses):			
Unrealized gain (loss) on investment securities available-for-sale, net of tax effect of $4,585, ($8,484) and $419 in 2006, 2005 and 2004, respectively	7,282	(13,510)	668
Reclassification adjustment for net realized gain on investment securities available-for-sale, net of tax effect of ($564), ($1,692) and ($1,348) in 2006, 2005 and 2004, respectively	(895)	(2,695)	(2,147)
	----------	-------	--------
Comprehensive earnings	$1,103,596	972,951	817,904
	==========	=======	========

31

PUBLIX SUPER MARKETS, INC.
Consolidated Statements of Cash Flows

Years ended December 30, 2006, December 31, 2005
and December 25, 2004

	2006	2005
		(Amounts are in thousands)
Cash flows from operating activities:		
Cash received from customers	$21,683,210	20,560,245
Cash paid to employees and suppliers	(19,355,029)	(18,309,454)
Income taxes paid	(735,285)	(678,167)
Payment for self-insured claims	(205,135)	(200,477)
Dividends and interest received	100,379	73,708
Other operating cash receipts	152,470	142,185
Other operating cash payments	(11,178)	(8,206)
Net cash provided by operating activities	1,629,432	1,579,834
Cash flows from investing activities:		
Payment for property, plant and equipment	(481,247)	(338,946)
Proceeds from sale of property, plant and equipment	11,042	11,423
Proceeds from sale-leasebacks	6,247	4,860
Payment for investment securities - available-for-sale (AFS)	(1,150,488)	(1,090,077)
Proceeds from sale and maturity of investment securities - AFS	479,683	393,933
Net (payments to) proceeds from joint ventures and other investments	(8,291)	275
Other, net	3,494	(13,045)
Net cash used in investing activities	(1,139,560)	(1,031,577)
Cash flows from financing activities:		
Payment for acquisition of common stock	(665,376)	(592,566)
Proceeds from sale of common stock	234,882	132,070
Dividends paid	(171,645)	(121,949)
Other	(131)	(131)
Net cash used in financing activities	(602,270)	(582,576)
Net (decrease) increase in cash and cash equivalents	(112,398)	(34,319)
Cash and cash equivalents at beginning of year	335,969	370,288
Cash and cash equivalents at end of year	$ 223,571	335,969

	2006	2005
	(Amounts are in thousands)	
Reconciliation of net earnings to net cash provided by operating activities		
Net earnings	$1,097,209	989,156
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	390,996	373,684
Retirement contributions paid or payable in common stock	268,006	290,422
Deferred income taxes	(30,738)	(32,459)
Loss on sale of property, plant and equipment	20,785	7,663
Amortization of deferred income from sale-leasebacks	(3,461)	(5,213)
Gain on sale of investments	(1,459)	(4,387)
Net (accretion) amortization of investments	(8,551)	10,696
Self-insurance reserves in excess of current payments	1,449	5,957
Postretirement accruals in excess of (less than) current payments	1,528	(13)
Increase (decrease) in advance purchase allowances	5,669	(130)
(Decrease) increase in closed store reserves	(11,355)	2,044
Other, net	(6,548)	(2,122)
Change in cash from:		
Trade receivables	(8,070)	(65,495)
Merchandise inventories	(42,364)	(55,360)
Prepaid expenses	(263)	(30,717)
Accounts payable and accrued expenses	71,712	180,234
Federal and state income taxes	(115,113)	(84,126)
Total adjustments	532,223	590,678
Net cash provided by operating activities	$1,629,432	1,579,834

33

PUBLIX SUPER MARKETS, INC.
Consolidated Statements of Stockholders' Equity
Years ended December 30, 2006, December 31, 2005
and December 25, 2004

	Common Stock	Additional Paid-in Capital	Retained Earnings	Common Stock (Acquired From) Sold to Stock-holders	A Co Ear

(Amounts are in thousands, except per share

Balances at December 27, 2003	$891,847	---	2,273,435	---
Comprehensive earnings (losses)	---	---	819,383	---
Cash dividends, $0.09 per share	---	---	(80,764)	---
Contribution of 19,230 shares to retirement plans	12,528	123,221	---	62,314
Acquired 55,396 shares from stockholders	---	---	---	(598,516)
Sale of 7,278 shares to stockholders	355	3,302	---	76,062
Retirement of 41,771 shares	(41,771)	---	(418,369)	460,140
Balances at December 25, 2004	862,959	126,523	2,593,685	---
Comprehensive earnings (losses)	---	---	989,156	---
Cash dividends, $0.14 per share	---	---	(121,949)	---
Contribution of 17,933 shares to retirement plans	14,210	172,618	---	42,724
Acquired 43,445 shares from stockholders	---	---	---	(592,566)
Sale of 9,495 shares to stockholders	273	3,037	---	128,760
Retirement of 30,500 shares	(30,500)	---	(390,582)	421,082
Balances at December 31, 2005	846,942	302,178	3,070,310	---
Comprehensive earnings	---	---	1,097,209	---
Cash dividends, $0.20 per share	---	---	(171,645)	---
Contribution of 17,090 shares to retirement plans	13,576	208,082	---	53,484
Acquired 37,799 shares from stockholders	---	---	---	(665,376)
Sale of 13,482 shares to stockholders	1,397	23,299	---	210,186
Retirement of 22,200 shares	(22,200)	---	(379,506)	401,706
Adjustment to reflect additional unfunded postretirement benefit obligation per SFAS 158	---	---	---	---
Balances at December 30, 2006	$839,715	533,559	3,616,368	---

34

PUBLIX SUPER MARKETS, INC.

Notes to Consolidated Financial Statements

December 30, 2006, December 31, 2005
and December 25, 2004

(1) Summary of Significant Accounting Policies

(a) Business
The Company is in the primary business of operating retail food supermarkets in Florida, Georgia, South Carolina, Alabama and Tennessee. The Company operates in a single industry segment.

(b) Principles of Consolidation
The consolidated financial statements include all entities over which the Company has control, including its majority-owned subsidiaries. The Company accounts for equity investments in companies over which it has the ability to exercise significant influence, but does not hold a controlling interest, under the equity method. All significant intercompany balances and transactions are eliminated in consolidation.

(c) Fiscal Year
The fiscal year ends on the last Saturday in December. Fiscal years 2006 and 2004 include 52 weeks. Fiscal year 2005 includes 53 weeks.

(d) Cash Equivalents
The Company considers all liquid investments with maturities of three months or less to be cash equivalents.

(e) Trade Receivables
Trade receivables primarily include amounts due from vendor allowances, debit and credit card sales and third party insurance pharmacy billings.

(f) Inventories
Inventories are valued at the lower of cost or market. The cost for 86% of inventories was determined using the dollar value last-in, first-out method as of December 30, 2006 and December 31, 2005. The cost of remaining inventories was determined using the first-in, first-out ("FIFO") method. The FIFO cost of inventory approximates replacement or current cost. The Company also reduces inventory for estimated losses related to shrink.

(g) Investments
The Company determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at cost, adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion is included in investment income, net. The Company had no held-to-maturity securities as of December 30, 2006 or December 31, 2005.

All of the Company's debt and marketable equity securities are classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported as other comprehensive earnings and included as a separate component of stockholders' equity. The cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion is included in investment income, net. The Company reviews its investments for impairment based on criteria that include the extent to which cost exceeds market value, the duration of the market decline and the financial health of and prospects for the issuer. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in investment income, net. The cost of securities sold is based on the specific identification method.

Interest income is accrued as earned. Dividend income is recognized as income on the ex-dividend date of the stock.

The Company also holds other investments in joint ventures, partnerships or other equity investments for which evaluation of the existence and quantification of other-than-temporary declines in value may be required. Realized gains and losses and declines in value judged to be other-than-temporary on other investments are included in investment income, net.

(h) Property, Plant and Equipment and Depreciation

Assets are recorded at cost and are depreciated using the straight-line method over their estimated useful lives or the terms of their leases, if shorter, as follows:

Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	3 - 20 years
Leasehold improvements	3 - 40 years

Maintenance and repairs are charged to operating expenses as incurred. Expenditures for renewals and betterments are capitalized. The gain or loss realized on disposed assets or assets to be disposed of is recorded as operating and administrative expenses in the consolidated statements of earnings.

(i) Capitalized Computer Software Costs

The Company capitalizes certain costs incurred in connection with developing or obtaining software for internal use. These costs are capitalized and amortized over a three year life. The amounts capitalized were $14,297,000, $10,176,000 and $17,444,000 for the years ended December 30, 2006, December 31, 2005 and December 25, 2004, respectively.

(j) Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the net book value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the net book value of an asset to the future net undiscounted cash flows expected to be generated by the asset. An impairment loss would be recorded for the excess of the net book value over the fair value of the asset impaired. The fair value is estimated based on expected discounted future cash flows. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell and are no longer depreciated.

(k) Self-Insurance
Self-insurance reserves are established for health care, fleet liability, general liability and workers' compensation claims. These reserves are determined based on actual claims experience and an estimate of claims incurred but not reported, including, where necessary, actuarial studies. Actuarial projections of losses for general liability and workers' compensation are discounted. The Company has insurance coverage for losses in excess of varying amounts.

(l) Stock Split
On April 18, 2006, the Company's stockholders approved an increase in the number of authorized shares of common stock from 300 million shares to one billion shares to allow for a 5-for-1 stock split effective July 1, 2006. All applicable data, including share and per share amounts, in the accompanying consolidated financial statements have been retroactively restated to give effect to the stock split.

(m) Comprehensive Earnings
Comprehensive earnings include net earnings and other comprehensive earnings. Other comprehensive earnings include revenues, expenses, gains and losses that have been excluded from net earnings and recorded directly to stockholders' equity. Included in other comprehensive earnings for the Company are unrealized gains and losses on available-for-sale securities.

As of December 30, 2006, accumulated other comprehensive losses include net unrealized losses on available-for-sale securities of $11,824,000, net of tax effect of $4,555,000 and unfunded postretirement benefit obligation of $12,236,000, net of tax effect of $4,728,000. As of December 31, 2005, accumulated other comprehensive losses include net unrealized losses on available-for-sale securities of $22,232,000, net of tax effect of $8,576,000.

(n) Revenue Recognition
Revenue is recognized at the point of sale for retail sales. Vendor coupons that are reimbursed are accounted for as sales. Coupons and other sales incentives offered by the Company that are not reimbursed are recorded as a reduction of sales.

(o) Sales Taxes
The Company records sales net of applicable sales taxes.

(p) Other Operating Income
Other operating income includes income generated from other activities, primarily lottery commissions, automated teller transactions, commissions on licensee sales, check cashing fees, circulation commissions, money transfer and money order fees, coupon handling fees, in-store subleases and vending machine commissions.

PUBLIX SUPER MARKETS, INC.

Notes to Consolidated Financial Statements

(q) Cost of Merchandise Sold

Cost of merchandise sold includes costs of inventory and costs related to in-store production. Cost of merchandise sold also includes inbound freight charges, purchasing and receiving costs, warehousing costs and other costs of the Company's distribution network.

Vendor allowances and credits, including cooperative advertising fees, received from a vendor in connection with the purchase or promotion of the vendor's products, are recognized as a reduction of cost of merchandise sold as earned. These allowances and credits are recognized as earned in accordance with the underlying agreement with the vendor and completion of the earning process. Short-term vendor agreements with advance payment provisions are recorded as a current liability and are recognized over the appropriate period as earned according to the underlying agreement. Long-term vendor agreements with advance payment provisions are recorded as a noncurrent liability and are recognized over the appropriate period as earned according to the underlying agreement.

(r) Advertising Costs

Advertising costs are expensed as incurred and were $163,141,000, $153,528,000 and $140,668,000 for the years ended December 30, 2006, December 31, 2005 and December 25, 2004, respectively.

(s) Other Income, net

Other income, net includes rent received from shopping center operations, net of related expenses, and other miscellaneous nonoperating income.

(t) Income Taxes

Deferred tax assets and liabilities are established for temporary differences between financial and tax reporting bases and are subsequently adjusted to reflect changes in tax rates expected to be in effect when the temporary differences reverse.

(u) Earnings Per Share

Basic and diluted earnings per common share are calculated by dividing net earnings by the weighted average number of common shares outstanding. Basic and diluted earnings per common share are the same because the Company does not have options or other stock compensation programs that would impact the calculation of diluted earnings per share.

(v) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(w) Reclassifications
Certain 2005 and 2004 amounts have been reclassified to conform with the 2006 presentation.

38

PUBLIX SUPER MARKETS, INC.

Notes to Consolidated Financial Statements

(2) Merchandise Inventories

If the FIFO method of valuing inventories had been used by the Company to value all inventories, inventories and current assets would have been higher than reported by $165,561,000, $152,047,000 and $141,808,000 as of December 30, 2006, December 31, 2005 and December 25, 2004, respectively.

(3) Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and cash equivalents: The carrying amount for cash and cash equivalents approximates fair value.

Investment securities: The fair values for debt and marketable equity securities are based on quoted market prices.

The carrying amount of the Company's other financial instruments as of December 30, 2006 and December 31, 2005 approximated their respective fair values.

All other investments are accounted for using the equity method. The carrying amount of other investments approximates fair value.

39

PUBLIX SUPER MARKETS, INC.

Notes to Consolidated Financial Statements

(4) Investments

Following is a summary of investments as of December 30, 2006 and December 31, 2005:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fai Val
		(Amounts are in thousands)		
2006				
Available-for-sale:				

Tax exempt bonds	$ 644,910	1,161	5,991	640
Taxable bonds	1,593,219	3,165	24,261	1,572
Equity securities	114,909	15,411	1,309	129
	2,353,038	19,737	31,561	2,341
Other investments	56,817	---	---	56
	$2,409,855	19,737	31,561	2,398
2005				
Available-for-sale:				
Tax exempt bonds	$ 549,035	605	6,264	543
Taxable bonds	1,110,192	2,149	21,728	1,090
Equity securities	13,998	3,006	---	17
	1,673,225	5,760	27,992	1,650
Other investments	42,105	---	---	42
	$1,715,330	5,760	27,992	1,693

PUBLIX SUPER MARKETS, INC.

Notes to Consolidated Financial Statements

The amortized cost and estimated fair value of debt and marketable equity securities classified as available-for-sale and other investments as of December 30, 2006 and December 31, 2005, by expected maturity, are as follows:

	2006		2005	
	Amortized Cost	Fair Value	Amortized Cost	Fa Val
	(Amounts are in thousands)			
Due in one year or less	$ 126,625	126,221	119,937	119,
Due after one year through five years	407,177	403,757	328,729	324,
Due after five years through ten years	104,570	102,983	75,403	73,
Due after ten years	1,599,757	1,579,242	1,135,158	1,116,
	2,238,129	2,212,203	1,659,227	1,633,
Equity securities	114,909	129,011	13,998	17,
Other investments	56,817	56,817	42,105	42,
	$2,409,855	2,398,031	1,715,330	1,693,

Following is a summary of temporarily impaired investments as of December 30, 2006 and December 31, 2005:

	Less Than 12 Months		12 Months or Longer		
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
	(Amounts are in thousands)				
2006					
Tax exempt bonds	$241,734	1,350	339,885	4,641	581,61
Taxable bonds	472,347	3,842	659,608	20,419	1,131,95
Equity securities	17,376	1,309	---	---	17,37
Total temporarily impaired investments	$731,457	6,501	999,493	25,060	1,730,95
2005					
Tax exempt bonds	$294,980	2,333	196,053	3,931	491,03
Taxable bonds	623,392	13,185	232,159	8,543	855,55
Total temporarily impaired investments	$918,372	15,518	428,212	12,474	1,346,58

The Company believes the unrealized losses presented above are temporary. To make this determination, management reviews the length of time and the extent to which the security's market value has been less than cost; the financial condition, credit worthiness and near term prospects of the issuer; the intent and ability to hold the security for a period of time sufficient to allow recovery of cost; and underlying factors mitigating risk of loss of principal or default of interest

payments. There are 383 investment issues contributing to the total unrealized loss of $31,561,000 as of December 30, 2006. The unrealized loss is primarily driven by changes in interest rates impacting the market value of the bonds owned by the Company. The Company continues to receive scheduled principal and interest payments on these investments.

(5) Postretirement Benefits

The Company provides life insurance benefits for salaried and hourly full-time employees. Such employees retiring from the Company on or after attaining age 55 and having ten years of full-time service are entitled to postretirement life insurance benefits.

Effective January 1, 2002, the Company amended the plan's eligibility requirements. As of October 1, 2001, an employee must have had at least five years of full-time service and the employee's age plus years of credited service must have equaled 65 or greater to retain postretirement life insurance benefits at retirement. In addition, the employee must be at least age 55 with ten years of full-time service at retirement to receive the benefit.

In September 2006, the FASB issued SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R)." In adopting SFAS 158 as of December 30, 2006, the Company recognized the underfunded status of its postretirement plan as a liability and as a component of accumulated other comprehensive losses, net of tax effect.

The Company made benefit payments to beneficiaries of retirees of $3,169,000, $2,841,000 and $2,140,000 during the years ended December 30, 2006, December 31, 2005 and December 25, 2004, respectively.

The following tables provide a reconciliation of the changes in the benefit obligations and fair value of plan assets measured as of October 1.

	2006	2005
	(Amounts are in thousands)	
Change in benefit obligation:		
Benefit obligation as of beginning of year	$85,628	80,174
Service cost	372	479
Interest cost	4,656	4,568
Actuarial (gain) loss	(5,635)	3,248
Benefit payments	(3,169)	(2,841)
Benefit obligation as of end of year	$81,852	85,628
Change in fair value of plan assets:		
Fair value of plan assets as of beginning of year	$ ---	---
Employer contributions	3,169	2,841
Benefit payments	(3,169)	(2,841)
Fair value of plan assets as of end of year	$ ---	---

	2006	2005
	(Amounts are in thousands)	
Funded status	$81,852	85,628
Unrecognized actuarial loss	(12,236)	(19,986)
Unrecognized prior service cost	---	2,446

Amount recognized in noncurrent liabilities	12,236	---
Accrued postretirement benefit costs	$81,852	68,088

Following are the actuarial assumptions that were used in the calculation of the year end benefit obligation:

	2006	2005
Discount rate	5.90%	5.50%
Rate of compensation increase	4.00%	4.00%

In 2006, the Company determined the discount rate using a yield curve methodology based on high quality corporate bonds, AA or better. Prior to 2006, the discount rate was based on the Moody's AA 20 year corporate bond rate.

Net periodic postretirement benefit cost consists of the following components:

	2006	2005
	(Amounts are in thousands)	
Service cost	$ 372	479
Interest cost	4,656	4,568
Amortization of prior service cost	(2,446)	(4,075)
Recognized actuarial loss	2,115	1,856
Net periodic postretirement benefit cost	$4,697	2,828

Effective with the adoption of SFAS 158, actuarial losses are amortized from accumulated other comprehensive losses into net periodic postretirement benefit cost over future years when the accumulation of such losses exceeds 10% of the year end benefit obligation.

Following are the actuarial assumptions that were used in the calculation of the net periodic postretirement benefit cost:

	2006	2005
Discount rate	5.50%	5.75%
Rate of compensation increase	4.00%	4.00%

Notes to Consolidated Financial Statements

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year	(Amounts are in thousands)
2007	$ 2,958
2008	3,208
2009	3,465
2010	3,720
2011	3,957
2012 through 2016	23,880

The following summarizes the effect of applying SFAS 158 on the consolidated balance sheet as of December 30, 2006:

	Before Adoption of SFAS 158	Adjustments
	(Amounts are in thousands)	
Accrued postretirement benefit cost:		
Current	$ 2,958	---
Noncurrent	66,658	12,236
Deferred tax assets	238,146	4,728
Total liabilities	2,405,985	12,236
Accumulated other comprehensive losses	7,269	7,508
Total stockholders' equity	4,982,373	(7,508)

(6) Retirement Plans

The Company has a trusteed, noncontributory Employee Stock Ownership Plan (ESOP) for the benefit of eligible employees. The amount of the Company's discretionary contribution to the ESOP is determined annually by the Board of Directors and can be made in Company common stock or cash. The expense recorded for contributions to this plan was $249,710,000, $273,429,000 and $228,585,000 for the years ended December 30, 2006, December 31, 2005 and December 25, 2004, respectively.

The Company has a 401(k) plan for the benefit of eligible employees. The 401(k) plan is a voluntary defined contribution plan. Eligible employees may contribute up to 10% of their eligible annual compensation, subject to the maximum contribution limits established by Federal law. The Company may make a discretionary annual matching contribution to eligible participants of this plan as determined by the Board of Directors. During 2006, 2005 and 2004, the Board of Directors approved a match of 50% of eligible contributions up to 3% of eligible wages, not to exceed a maximum match of $750 per employee. The match, which is determined as of the last day of the plan year and paid in the subsequent plan year, is in common stock of the Company. The expense recorded for the Company's match to the 401(k) plan was $18,296,000, $16,993,000 and $15,502,000 for the years ended December 30, 2006, December 31, 2005 and December 25, 2004, respectively.

PUBLIX SUPER MARKETS, INC.

Notes to Consolidated Financial Statements

The Company intends to continue its retirement plans; however, the right to modify, amend, terminate or merge these plans has been reserved. In the event of termination, all amounts contributed under the plans must be paid to the participants or their beneficiaries.

(7) Income Taxes

Total income taxes for the years ended December 30, 2006, December 31, 2005 and December 25, 2004 were allocated as follows:

	2006	2005
	(Amounts are in thousands	
Earnings	$590,344	561,582
Other comprehensive earnings (losses)	4,021	(10,176)
Accumulated other comprehensive losses	(4,728)	---
	$589,637	551,406

The provision for income taxes consists of the following:

	Current	Deferred
	(Amounts are in thousands	
2006		
Federal	$560,073	(25,218)
State	61,009	(5,520)
	$621,082	(30,738)
2005		
Federal	$518,473	(27,920)
State	75,568	(4,539)
	$594,041	(32,459)
2004		
Federal	$400,202	13,899
State	62,337	(810)
	$462,539	13,089

The actual tax expense for the years ended December 30, 2006, December 31, 2005 and December 25, 2004 differs from the "expected" tax expense for those years (computed by applying the U.S. Federal corporate tax rate of 35% to earnings before income taxes) as follows:

	2006	2005
	(Amounts are in thousands	
Computed "expected" tax expense	$590,644	542,758
State income taxes (net of Federal income tax benefit)	36,068	46,169
Other, net	(36,368)	(27,345)
	$590,344	561,582

PUBLIX SUPER MARKETS, INC.

Notes to Consolidated Financial Statements

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities as of December 30, 2006 and December 31, 2005 are as follows:

	2006	2005
	(Amounts are in thousands)	
Deferred tax assets:		
Self-insurance reserves	$127,596	124,829
Retirement plan contributions	37,851	35,672
Postretirement benefit cost	31,582	26,267
Reserves not currently deductible	14,201	18,395
Advance purchase allowances	11,456	7,866
Inventory capitalization	9,685	6,748
Other	10,503	15,550
Total deferred tax assets	$242,874	235,327
Deferred tax liabilities:		
Property, plant and equipment, principally due to depreciation	$396,726	425,971
Other	13,207	7,860
Total deferred tax liabilities	$409,933	433,831

The Company expects the results of future operations and the reversal of deferred tax liabilities to generate sufficient taxable income to allow utilization of deferred tax assets; therefore, no valuation allowance has been recorded as of December 30, 2006 or December 31, 2005.

(8) Commitments and Contingencies

(a) Operating Leases

The Company conducts a major portion of its retail operations from leased premises. Initial terms of the leases are typically 20 years, followed by renewal options at five year intervals and may include rent escalation clauses. Minimum rentals represent fixed lease obligations, including insurance and maintenance, to the extent they are fixed in the lease. Contingent rentals represent payment of variable lease obligations, including real estate taxes, insurance, maintenance and, for certain premises, additional rentals based on a percentage of sales in excess of stipulated minimums. The payment of variable real estate taxes, insurance and maintenance is generally based on the Company's prorata share of total shopping center square footage. The Company recognizes rent expense for operating leases with rent escalation clauses on a straight-line basis over the applicable lease term. Additionally, the Company has operating leases for certain transportation and other equipment.

Total rental expense for the years ended December 30, 2006, December 31, 2005 and December 25, 2004, is as follows:

	2006	2005	2004
	(Amounts are in thousands)		
Minimum rentals	$336,932	350,654	302,055
Contingent rentals	111,624	100,849	87,022
Sublease rental income	(8,978)	(9,245)	(8,461)
	$439,578	442,258	380,616

As of December 30, 2006, future minimum lease payments for all noncancelable operating leases and related subleases are as follows:

Year	Minimum Rental Commitments	Sublease Rental Income	Net
	(Amounts are in thousands)		
2007	$ 352,082	(8,479)	343,603
2008	344,605	(5,215)	339,390
2009	332,972	(4,238)	328,734
2010	321,280	(3,467)	317,813
2011	304,703	(2,006)	302,697
Thereafter	2,467,518	(5,305)	2,462,213
	$4,123,160	(28,710)	4,094,450

The Company also owns shopping centers which are leased to tenants for minimum monthly rentals plus, in certain instances, contingent rentals. Minimum rentals represent fixed lease commitments, including insurance and maintenance. Contingent rentals include variable real estate taxes, insurance, maintenance and, in certain instances, additional rentals based on a percentage of sales in excess of stipulated minimums. Total rental amounts included in trade receivables were $1,255,000 and $1,429,000 as of December 30, 2006 and December 31, 2005, respectively. Rental income was $21,565,000, $19,815,000 and $19,191,000 for the years ended December 30, 2006, December 31, 2005 and December 25, 2004, respectively. The approximate amounts of minimum future rental payments to be received under noncancelable operating leases are $15,669,000, $13,279,000, $10,482,000, $7,511,000 and $5,303,000 for the years 2007 through 2011, respectively, and $28,614,000 thereafter.

(b) Letters of Credit

As of December 30, 2006, the Company had $8,657,000 outstanding in trade letters of credit and $1,749,000 in standby letters of credit to support certain purchase obligations. In addition, the Company had $184,200,000 in standby letters of credit outstanding for the benefit of the Company's insurance carriers related to self-insurance reserves.

(c) Litigation

The Company is a party in various legal claims and actions considered in the normal course of business. In the opinion of management, the ultimate resolution of these legal proceedings will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

(9) Quarterly Information (unaudited)

Following is a summary of the quarterly results of operations for the years ended December 30, 2006 and December 31, 2005. All quarters have 13 weeks except the fourth quarter of 2005, which has 14 weeks.

	Quarter		
	First	Second	Third
	(Amounts are in thousands, except per share amoun		
2006			
Revenues	$5,551,078	5,382,654	5,286,681
Costs and expenses	$5,133,561	5,002,891	4,949,174
Net earnings	$ 288,407	264,005	252,867
Basic and diluted earnings per common share, based on weighted average shares outstanding	$ 0.34	0.31	0.30
2005			

Revenues	$5,180,473	4,850,927	4,934,116
Costs and expenses	$4,792,466	4,502,433	4,647,649
Net earnings	$ 259,106	234,904	200,270
Basic and diluted earnings per common share, based on weighted average shares outstanding	$ 0.30	0.27	0.23

48

PUBLIX SUPER MARKETS, INC.
Valuation and Qualifying Accounts
Years ended December 30, 2006, December 31, 2005
and December 25, 2004
(Amounts are in thousands)

Description	Balance at Beginning of Year	Additions Charged to Income	Deductions From Reserves
Year ended December 30, 2006			
Reserves not deducted from assets:			
Self-insurance reserves:			
Current	$119,339	197,973	205,135
Noncurrent	242,449	8,611	---
	$361,788	206,584	205,135
Year ended December 31, 2005			
Reserves not deducted from assets:			
Self-insurance reserves:			
Current	$115,010	204,806	200,477
Noncurrent	240,821	1,628	---
	$355,831	206,434	200,477
Year ended December 25, 2004			
Reserves not deducted from assets:			
Self-insurance reserves:			
Current	$123,462	177,417	185,869
Noncurrent	202,737	38,084	---
	$326,199	215,501	185,869

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic Securities and Exchange Commission filings. There have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation that occurred during the quarter ended December 30, 2006, that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Internal Control over Financial Reporting

Management's report on the Company's internal control over financial reporting is included on page 24 of this report. The independent registered public accounting firm has issued their report, included herein on page 27, (1) on management's assessment of the effectiveness of internal control over financial reporting and (2) on the effectiveness of internal control over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Certain information concerning the directors and executive officers of the Company is incorporated by reference to pages 2 through 9 of the Proxy Statement of the Company (2007 Proxy Statement) which the Company intends to file no later than 120 days after its fiscal year end. Certain information concerning the executive officers of the Company is set forth in Part I under the caption "Executive Officers of the Company."

The Company has adopted a Code of Ethical Conduct for Financial Managers that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller and all persons performing similar functions. A copy of the Code of Ethical Conduct for Financial Managers was filed as Exhibit 14 to the Annual Report of the Company on Form 10-K for the year ended December 28, 2002.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated by reference to pages 10 through 15 of the 2007 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership is incorporated by reference to pages 7 through 9 of the 2007 Proxy Statement.

Item 13. Certain Relationships, Related Transactions and Director Independence

Information regarding certain relationships and related transactions is incorporated by reference to pages 3 and 9 of the 2007 Proxy Statement.

Item 14. Principal Accounting Fees and Services

Information regarding principal accounting fees and services is incorporated by reference to page 17 of the 2007 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Consolidated Financial Statements and Schedule

The consolidated financial statements and schedule listed in the accompanying Index to Consolidated Financial Statements and Schedule are filed as part of this Annual Report on Form 10-K.

(b) Exhibits

3.1(a) Composite of the Restated Articles of Incorporation of the Company dated June 25, 1979 as amended by (i) Articles of Amendment dated February 22, 1984, (ii) Articles of Amendment dated June 24, 1992, (iii) Articles of Amendment dated June 4, 1993, and (iv) Articles of Amendment dated April 18, 2006 are incorporated by reference to the exhibits to the Quarterly Report of the Company on Form 10-Q for the quarter ended April 1, 2006.

3.1(b) Articles of Amendment of the Restated Articles of Incorporation of the Company dated April 18, 2006 are incorporated by reference to the exhibits to the Quarterly Report of the Company on Form 10-Q for the quarter ended April 1, 2006.

3.2 Amended and Restated By-laws of the Company are incorporated by reference to the exhibits to the Quarterly Report of the Company on Form 10-Q for the quarter ended June 29, 2002.

10. Indemnification Agreement is incorporated by reference to the form attached as an exhibit to the Quarterly Report of the Company on Form 10-Q for the quarter ended March 31, 2001,

between the Company and all of its directors and officers as reported in the quarterly, annual and current reports of the Company on Form 10-Q, Form 10-K and Form 8-K for the periods ended March 31, 2001, June 30, 2001, September 29, 2001, June 29, 2002, December 28, 2002, September 27, 2003, December 27, 2003, March 27, 2004, May 18, 2005, July 1, 2005 and January 30, 2006.

10.1	Non-Employee Directors Stock Purchase Plan Summary Plan Description, as registered in the Form S-8 filed with the Securities and Exchange Commission on June 21, 2001, is incorporated by reference to the exhibits to the Quarterly Report of the Company on Form 10-Q for the quarter ended June 30, 2001.
10.2	Incentive Bonus Plan is incorporated by reference to the exhibits to the Annual Report of the Company on Form 10-K for the year ended December 25, 2004.
14.	Code of Ethical Conduct for Financial Managers is incorporated by reference to the exhibits to the Annual Report of the Company on Form 10-K for the year ended December 28, 2002.
21.	Subsidiaries of the Registrant.
23.	Consent of Independent Registered Public Accounting Firm.
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

PUBLIX SUPER MARKETS, INC.

February 28, 2007 By: /s/ John A. Attaway, Jr.

John A. Attaway, Jr.
Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Carol Jenkins Barnett	Director	February 28, 2007

---------------------------- Carol Jenkins Barnett		
/s/ Hoyt R. Barnett ---------------------------- Hoyt R. Barnett	Vice Chairman and Director	February 28, 2007
/s/ Joan G. Buccino ---------------------------- Joan G. Buccino	Director	February 28, 2007
/s/ William E. Crenshaw ---------------------------- William E. Crenshaw	President and Director	February 28, 2007
/s/ Sherrill W. Hudson ---------------------------- Sherrill W. Hudson	Director	February 28, 2007
/s/ Charles H. Jenkins, Jr. --------------------------- Charles H. Jenkins, Jr.	Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2007
/s/ Howard M. Jenkins ---------------------------- Howard M. Jenkins	Chairman of the Board and Director	February 28, 2007
/s/ E. Vane McClurg ---------------------------- E. Vane McClurg	Director	February 28, 2007
/s/ Kelly E. Norton ---------------------------- Kelly E. Norton	Director	February 28, 2007
/s/ Maria A. Sastre ---------------------------- Maria A. Sastre	Director	February 28, 2007
/s/ David P. Phillips ---------------------------- David P. Phillips	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 28, 2007