PUBLIX SUPER MARKETS INC
Form 10-Q
November 09, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2006

OR

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

For the transition period from ______________ to ______________

Commission File Number 0-00981

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

| | |
|---|---|
| Florida | 59-0324412 |
| (State or other jurisdiction of incorporation or organization) | (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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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 Exchange Act).

Yes _____ No X

The number of shares outstanding of the Registrant's common stock, $1.00 par value, as of October 27, 2006 was 845,483,260.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PUBLIX SUPER MARKETS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts are in thousands, except par value and share amounts)

ASSETS

| | September 30, 2006 |
|---|---|
| | (Unaudi |
| Current assets: | |
| Cash and cash equivalents | $ 332,825 |
| Short-term investments | 116,426 |
| Trade receivables | 330,821 |
| Merchandise inventories | 1,058,897 |
| Deferred tax assets | 84,360 |
| Prepaid expenses | 49,812 |
| Total current assets | 1,973,141 |
| Long-term investments | 2,047,336 |
| Other noncurrent assets | 56,419 |
| Property, plant and equipment | 5,823,430 |
| Less accumulated depreciation | (2,744,483) |
| Net property, plant and equipment | 3,078,947 |
| Total assets | $ 7,155,843 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | |
|---|---|
| Current liabilities: | |
| Accounts payable | $ 872,295 |
| Accrued contribution to retirement plans | 280,131 |
| Accrued self-insurance reserves | 120,134 |
| Accrued salaries and wages | 164,420 |
| Federal and state income taxes | 870 |
| Other | 255,410 |
| Total current liabilities | 1,693,260 |
| Deferred tax liabilities | 250,689 |
| Self-insurance reserves | 248,798 |
| Accrued postretirement benefit cost | 69,339 |
| Other noncurrent liabilities | 104,908 |

| | |
|---|---|
| Stockholders' equity: | |
| Common stock of $1 par value. Authorized 1,000,000,000 shares; issued 861,906,758 shares at September 30, 2006 and 846,942,360 shares at December 31, 2005 | 861,907 |
| Additional paid-in capital | 533,553 |
| Retained earnings | 3,703,944 |
| | 5,099,404 |
| Less 16,463,573 treasury shares at September 30, 2006, at cost | (289,251) |
| Accumulated other comprehensive losses | (21,304) |
| Total stockholders' equity | 4,788,849 |
| Total liabilities and stockholders' equity | $ 7,155,843 |

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PUBLIX SUPER MARKETS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts are in thousands, except shares outstanding and per share amounts)

| | Three Mont |
|---|---|
| | September 30,2006 |
| | (Unaudi |
| Revenues: | |
| Sales | $ 5,247,050 |
| Other operating income | 39,631 |
| Total revenues | 5,286,681 |
| Costs and expenses: | |
| Cost of merchandise sold | 3,853,670 |
| Operating and administrative expenses | 1,095,504 |
| Total costs and expenses | 4,949,174 |
| Operating profit | 337,507 |
| Investment income, net | 30,019 |
| Other income, net | 5,132 |
| Earnings before income tax expense | 372,658 |
| Income tax expense | 119,791 |
| Net earnings | $ 252,867 |
| Weighted average number of common shares outstanding | 849,064,631 |
| Basic and diluted earnings per common share based on weighted average | |

| | |
|---|---|
| shares outstanding | $ 0.30 |
| Cash dividends paid per common share | none |

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Amounts are in thousands)

| | Three Mont |
|---|---|
| | September 30, 2006 |
| | (Unaudi |
| Net earnings | $ 252,867 |
| Other comprehensive earnings (losses): | |
| Unrealized gain (loss) on investment securities available-for-sale, net of tax effect of $11,938 and ($7,025) in 2006 and 2005, respectively | 19,010 |
| Reclassification adjustment for net realized gain on investment securities available-for-sale, net of tax effect of ($132) and ($118) in 2006 and 2005, respectively | (211) |
| Comprehensive earnings | $ 271,666 |



PUBLIX SUPER MARKETS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts are in thousands, except shares outstanding and per share amounts)

| | Nine Month |
|---|---|
| | September 30, 2006 |
| | (Unaudi |
| Revenues: | |
| Sales | $ 16,098,867 |
| Other operating income | 121,547 |
| Total revenues | 16,220,414 |
| Costs and expenses: | |
| Cost of merchandise sold | 11,757,641 |
| Operating and administrative expenses | 3,327,985 |
| Total costs and expenses | 15,085,626 |
| Operating profit | 1,134,788 |
| Investment income, net | 84,283 |
| Other income, net | 18,280 |

| | |
|---|---|
| Earnings before income tax expense | 1,237,351 |
| Income tax expense | 432,072 |
| Net earnings | $ 805,279 |
| Weighted average number of common shares outstanding | 851,891,922 |
| Basic and diluted earnings per common share based on weighted average shares outstanding | $ 0.95 |
| Cash dividends paid per common share | $ 0.20 |

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Amounts are in thousands)

| | Nine Month<br>September 30, 2006<br>(Unaudi |
|---|---|
| Net earnings | $ 805,279 |
| Other comprehensive losses: | |
| Unrealized loss on investment securities available-for-sale, net of tax effect of ($4,763) and ($5,294) in 2006 and 2005, respectively | (7,585) |
| Reclassification adjustment for net realized gain on investment securities available-for-sale, net of tax effect of ($40) and ($1,634) in 2006 and 2005, respectively | (63) |
| Comprehensive earnings | $ 797,631 |

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PUBLIX SUPER MARKETS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts are in thousands)

| | Nine Month<br>September 30,2006<br>(Unaudi |
|---|---|
| Cash flows from operating activities: | |
| Cash received from customers | $ 16,150,923 |
| Cash paid to employees and suppliers | (14,282,554) |
| Income taxes paid | (606,029) |
| Payment for self-insured claims | (150,146) |

| | |
|---|---|
| Dividends and interest received | 73,380 |
| Other operating cash receipts | 112,121 |
| Other operating cash payments | (7,453) |
| Net cash provided by operating activities | 1,290,242 |
| Cash flows from investing activities: | |
| Payment for property, plant and equipment | (339,750) |
| Proceeds from sale of property, plant and equipment | 10,632 |
| Proceeds from sale-leasebacks | 6,247 |
| Payment for investment securities - available-for-sale (AFS) | (773,464) |
| Proceeds from sale and maturity of investment securities - AFS | 306,604 |
| Net (payments to) proceeds from joint ventures and other investments | (17,963) |
| Other, net | 4,137 |
| Net cash used in investing activities | (803,557) |
| Cash flows from financing activities: | |
| Payment for acquisition of common stock | (503,213) |
| Proceeds from sale of common stock | 185,160 |
| Dividends paid | (171,645) |
| Other | (131) |
| Net cash used in financing activities | (489,829) |
| Net decrease in cash and cash equivalents | (3,144) |
| Cash and cash equivalents at beginning of period | 335,969 |
| Cash and cash equivalents at end of period | $ 332,825 |



PUBLIX SUPER MARKETS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Amounts are in thousands)

| | Nine Month |
|---|---|
| | September 30, 2006 |
| | (Unaudi |
| Reconciliation of net earnings to net cash provided by operating activities | |
| Net earnings | $ 805,279 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | |
| Depreciation and amortization | 289,666 |

| | |
|---|---|
| Retirement contributions paid or payable in common stock | 202,565 |
| Deferred income taxes | (27,372) |
| Loss on sale of property, plant and equipment | 11,847 |
| Amortization of deferred income from sale-leasebacks | (2,986) |
| Gain on sale of investments | (103) |
| Net (accretion) amortization of investments | (6,526) |
| Self-insurance reserves in excess of current payments | 7,144 |
| Postretirement accruals in excess of (less than) current payments | 1,251 |
| Increase (decrease) in advance purchase allowances | 742 |
| Decrease in closed store reserves | (7,315) |
| Other, net | (7,001) |
| Change in cash from: | |
| Trade receivables | 24,129 |
| Merchandise inventories | 50,646 |
| Prepaid expenses | (7,291) |
| Accounts payable and accrued expenses | 103,049 |
| Federal and state income taxes | (147,482) |
| Total adjustments | 484,963 |
| Net cash provided by operating activities | $ 1,290,242 |



PUBLIX SUPER MARKETS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying condensed consolidated financial statements included herein are unaudited; however, in the opinion of management, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are necessary for the fair statement of results for the interim period. These condensed consolidated financial statements should be read in conjunction with the fiscal 2005 Form 10-K Annual Report of the Company.

2. Due to the seasonal nature of the Company's business, the results for the three months and nine months ended September 30, 2006 are not necessarily indicative of the results for the entire 2006 fiscal year.

3. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

4. 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 1 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 condensed consolidated financial statements have been retroactively restated to give effect to the stock split.

5. Certain 2005 amounts have been reclassified to conform with the 2006 presentation.

6. 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.

7. 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 adoption of SFAS 123(R) had no effect on the Company's financial condition, results of operations or cash flows.

8. 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.



9. 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.

10. 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. As a result, the adoption of EITF 06-3 will not have an effect on the presentation of the Company's financial statements.

11. 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.

12. 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 an 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 SFAS 158 is not expected to have a material effect on the Company's financial condition, results of operations or cash flows.

13. 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.





## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Overview

The Company is primarily engaged in the retail food industry, operating stores in Florida, Georgia, South Carolina, Alabama and Tennessee. As of September 30, 2006, the Company operated 883 supermarkets, 5 convenience stores and 19 liquor stores. In addition, the Company has a majority position in the Crispers restaurant chain. As of September 30, 2006, Crispers operated 37 restaurants, all located in Florida.

### Liquidity and Capital Resources

Cash and cash equivalents, short-term investments and long-term investments totaled $2,496.6 million as of September 30, 2006, as compared with $2,029.1 million as of December 31, 2005.

Net cash provided by operating activities

Net cash provided by operating activities was $1,290.2 million for the nine months ended September 30, 2006, as compared with $1,131.4 million for the nine months ended September 24, 2005. 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 decreased net cash provided by operating activities by $95.0 million during the nine months ended September 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 decreased net cash provided by operating activities by $190.0 million during the nine months ended September 24, 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 $803.6 million for the nine months ended September 30, 2006, as compared with $741.4 million for the nine months ended September 24, 2005. The primary use of net cash in investing activities was funding capital expenditures and purchasing investments. During the nine months ended September 30, 2006, capital expenditures totaled $339.8 million. These expenditures were incurred in connection with the opening of eight net new supermarkets (18 new supermarkets opened and 10 supermarkets closed) and remodeling 37 supermarkets. Net new supermarkets added an additional 0.4 million square feet in the nine months ended September 30, 2006, a 1.0% increase. Expenditures were also incurred for new or enhanced information technology hardware and applications. During the nine months ended September 24, 2005, capital expenditures totaled $238.0 million. These expenditures were primarily incurred in connection with the opening of 14 net new supermarkets (22 new supermarkets opened and eight supermarkets closed) and remodeling or expanding 29 supermarkets. Net new supermarkets added an additional 0.6 million square feet in the nine months ended September 24, 2005, a 1.6% increase. Expenditures were also incurred in the expansion of warehouses and new or enhanced information technology applications.

Capital expenditure projection

Capital expenditures for the remainder of 2006, primarily consisting of new supermarkets, remodeling and expanding certain existing supermarkets, expansion of warehouses, installation of generators at hurricane prone locations, and new or enhanced information technology applications, are expected to be approximately $135.2 million. 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.

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Net cash used in financing activities

Net cash used in financing activities was $489.8 million for the nine months ended September 30, 2006, as compared with $519.8 million for the nine months ended September 24, 2005. The primary use of net cash in financing activities was funding net common stock repurchases and payment of an annual cash dividend. The Company currently repurchases common stock at the stockholders' request in accordance with the terms of the Company's Employee Stock Purchase Plan, 401(k) Plan, Employee Stock Ownership Plan and Non-Employee Directors Stock Purchase Plan. Net common stock repurchases totaled $318.1 million for the nine months ended September 30, 2006, as compared with $397.7 million for the nine months ended September 24, 2005. 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 on June 1, 2006 to stockholders of record as of the close of business April 21, 2006. In 2005, the Company paid an annual cash dividend on its common stock of $0.14 per share or $121.9 million.

### Cash requirements

In 2006, 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.

## Results of Operations

### Sales

Sales for the three months ended September 30, 2006 were $5.2 billion as compared with $4.9 billion for the three months ended September 24, 2005, an increase of $350.3 million or a 7.2% increase. The Company estimates that its sales increased approximately $100.6 million or 2.1% from net new supermarkets and approximately $249.7 million or 5.1% in comparable store sales (supermarkets open for the same weeks in both periods, including replacement supermarkets).

Sales for the nine months ended September 30, 2006 were $16.1 billion as compared with $14.9 billion for the nine months ended September 24, 2005, an increase of $1,247.5 million or an 8.4% increase. This reflects an increase of approximately $326.7 million or 2.2% from net new supermarkets and an increase of approximately $920.8 million or 6.2% in comparable store sales.

### Gross profit

Gross profit as a percentage of sales was 26.6% and 26.2% for the three months ended September 30, 2006 and September 24, 2005, respectively. These gross profit percentages were 27.0% for the nine months ended September 30, 2006 and September 24, 2005. The increase in gross profit as a percentage of sales for the three months ended September 30, 2006 was primarily due to improvements in buying and merchandising practices.

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### Operating and administrative expenses

Operating and administrative expenses as a percentage of sales were 20.9% and 21.1% for the three months ended September 30, 2006 and

September 24, 2005, respectively. The operating and administrative expenses as a percentage of sales were 20.7% and 20.9% for the nine months ended September 30, 2006 and September 24, 2005, respectively. The decreases in operating and administrative expenses as a percentage of sales during the three and nine months ended September 30, 2006 were primarily due to decreases in payroll and employee benefit costs as a percentage of sales which were partially offset by increases in utilities and other operating expenses.

Investment income, net

Investment income, net was $30.0 million and $20.5 million for the three months ended September 30, 2006 and September 24, 2005, respectively. Investment income, net was $84.3 million and $53.5 million for the nine months ended September 30, 2006 and September 24, 2005, respectively. The increase in investment income, net was primarily due to higher investment balances as well as higher interest rates during the three and nine months ended September 30, 2006.

Income taxes

The effective income tax rates were 32.1% and 36.2% for the three months ended September 30, 2006 and September 24, 2005, respectively. The effective income tax rates were 34.9% and 36.6% for the nine months ended September 30, 2006 and September 24, 2005, respectively. The decrease in the effective income tax rates is driven by increases in tax exempt income, dividends paid to ESOP participants, deductions for manufacturing production costs and the favorable resolution of various tax issues.

Net earnings

Net earnings were $252.9 million or $0.30 per share and $200.3 million or $0.23 per share for the three months ended September 30, 2006 and September 24, 2005, respectively. Net earnings were $805.3 million or $0.95 per share and $694.3 million or $0.80 per share for the nine months ended September 30, 2006 and September 24, 2005, respectively.

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 3. 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. There have been no material changes in the market risk factors from those disclosed in the Company's Form 10-K for the year ended December 31, 2005.

## Item 4. Controls and Procedures

As of the end of the period covered by this quarterly 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 during the quarter ended September 30, 2006 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.



PUBLIX SUPER MARKETS, INC.

# PART II. OTHER INFORMATION

## Item 1. Legal Proceedings

As reported in the Company's Form 10-K for the year ended December 31, 2005, 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 1A. Risk Factors

There have been no material changes in the risk factors from those disclosed in the Company's Form 10-K for the year ended December 31, 2005.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Shares of common stock repurchased by the Company during the three months ended September 30, 2006 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) |
|---|---|---|---|
| July 2, 2006 through August 5, 2006 | 7,112,877 | $17.74 | N/A |
| August 6, 2006 through September 2, 2006 | 2,815,475 | 18.25 | N/A |
| September 3, 2006 through September 30, 2006 | 2,354,346 | 18.25 | N/A |
| Total | 12,282,698 | $17.95 | N/A |

(1) 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's common stock is not traded on any public stock exchange. 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 does not believe that these repurchases of its common stock are within the scope of a publicly announced plan or program (although the terms of the plans discussed above have been communicated to the participants). Thus, the Company does not believe that it has made any repurchases during the three months ended September 30, 2006 required to be disclosed in the last two columns of the table.

## Item 3. Defaults Upon Senior Securities

Not Applicable.

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

Not Applicable.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits

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 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.

Date: November 9, 2006 /s/ John A. Attaway, Jr.

John A. Attaway, Jr., Secretary

Date: November 9, 2006 /s/ David P. Phillips

David P. Phillips, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)