Highlights

Retirement Plan Distributions Income Tax Information Notice

PUBLIX SUPER MARKETS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
(Including any Profit Sharing Plan balance merged 12/31/1999)

The following income tax information is required to be provided to an eligible recipient no earlier than 30 days and no later than 180 days prior to distribution. Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after you receive this notice. You have at least 30 days after receiving this notice to consider whether or not to have your distribution directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your distribution will then be processed in accordance with your election and the plan. **Please note that your distribution will generally be made within four (4) weeks following the Employment Separation Date you provide or receipt of all necessary forms by the Retirement Department, whichever is later, except during periods of no distributions.**

Special Tax Rules

The Internal Revenue Code (Code) provides several complex rules relating to the taxation of the amount you may receive as a distribution from the Publix Super Markets, Inc. Employee Stock Ownership Plan (ESOP), commonly known as the Publix PROFIT Plan. This notice summarizes those rules. As described in this notice, you may be liable for a 10 percent penalty tax on "early distributions" unless you roll over your distribution into an individual retirement arrangement (IRA), another employer's qualified retirement plan (another employer’s plan), annuity contract described in Code Section 403(b) or governmental Code Section 457 plan.

We encourage you to promptly consult a qualified tax advisor before making any decisions about your distribution.

Rollovers

Taxable income may be deferred for an eligible rollover distribution that is rolled over to an IRA, another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan. See Internal Revenue Service (IRS) Publication 590, *Individual Retirement Arrangements,* for more information on IRAs. **Generally, an eligible rollover distribution is ANY DISTRIBUTION received from the ESOP EXCEPT**:

1) Financial hardship withdrawals.
2) Dividends paid to you on Publix stock held in the ESOP.
3) Required minimum distributions which are required after you reach age 70½. Please note that if you did not make an irrevocable election to stop receiving distribution in the year in which you reached age 70½, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you (even if required minimum distributions were delayed until after your Employment Separation Date with Publix).

Rollovers

➔ If you receive a distribution as a surviving spouse, or spouse or former spouse who is an alternate payee under a Qualified Domestic Relations Order, generally, you have the same choices as the employee.

➔ If you receive a distribution as a beneficiary other than a surviving spouse, or an alternate payee other than a spouse or former spouse, you can choose a Direct Rollover into an inherited IRA. You may want to consult a tax advisor to discuss the tax ramifications of this type of account.

➔ If you are a surviving spouse, an alternate payee or another beneficiary, your payment is not subject to the 10 percent penalty tax described in this notice on page 3.

An eligible rollover distribution can be taken in two ways. You can have all or a portion of your payment either:

1) Paid in **Direct Rollover**, OR
2) Paid to **you**.

If you choose a Direct Rollover

- Your distribution from the Plan will not be taxed in the current year. Please note that you will not retain the cost basis for any Publix stock shares rolled over to an IRA.
- Your distribution is paid directly from the Plan to an IRA, another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan that accepts rollovers. However, please note that under the ESOP, a Direct Rollover of Publix stock shares **cannot** be made to another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan. Shares of Publix stock may be directly rolled over to an IRA; however, not all IRAs can hold Publix stock because it is not traded on any stock exchange. You will need to check with your IRA custodian directly to inquire about its capability to hold Publix stock. The IRA you select must be a "traditional" IRA. The SIMPLE IRA and Coverdell Education Savings Account (formerly known as an education IRA) are not traditional IRAs.
- The full value of your distribution will be taxed later when you take it out of the IRA, another employer's plan, annuity contract or governmental plan. Depending on the type of plan, the distribution from the IRA, another employer's plan, annuity contract or governmental plan may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose payment paid to you

- Your distribution will be taxed in the tax year in which it occurs (cost basis of the Publix stock shares if issued, and if sold, the net unrealized appreciation – More information is located on pages 4 and 5 of this notice) unless you roll over all or any portion of your distribution into an IRA, another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan within 60 days from the date your Publix stock shares are distributed from the Plan. (Please note that in order to rollover the proceeds to a governmental Code Section 457 plan, that plan must agree to separately account for the amounts rolled over from this Plan.) You may have to pay a 10 percent penalty tax on any amount not rolled over, in addition to any income tax due (see page 3 of this notice for more information). The amount rolled over will be taxed later when you take it out of the IRA, another employer's plan, annuity contract or governmental plan.

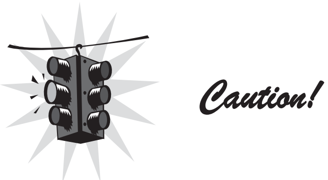
Taxation

ESOP Distributions – Stock Payments

Generally, Publix stock shares issued from the ESOP are eligible rollover distributions and are subject to taxation; however, they are not subject to the 20 percent mandatory federal withholding requirement. **If you elect to sell your Publix stock to Publix, the proceeds from the sale will be sent to you and you may roll over all or any portion of the proceeds within 60 days from the date your Publix stock shares are distributed from the Plan.** If you do not roll your stock distribution over, you may be subject to quarterly estimated tax payments as explained on IRS Form 1040-ES. Under the estimated tax rules, you may be subject to penalties if your total withholding deductions and estimated tax payments are insufficient to satisfy your federal income tax liability.

NOTE: If you do not roll over any portion of an eligible rollover distribution and if it qualifies as a lump sum distribution, special tax rules for 10-year averaging and capital gains treatment, as discussed on pages 3 and 4 of this notice, may apply. A rollover of any portion of your distribution would most likely disqualify the distribution and any subsequent distribution from the Plan for favorable 10-year averaging tax treatment.

Possible 10 Percent Penalty Tax



If you do not roll your distribution over into an IRA, another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan, you may have to pay a penalty tax equal to 10 percent of the taxable portion of your distribution from the ESOP. A direct rollover of Publix stock shares **cannot** be made to another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan. **Also**, not all IRAs can hold Publix stock because it is not traded on any stock exchange. If you elect to sell your Publix stock to Publix after distribution, the proceeds from the sale will be sent to you and you may roll over all or any portion of the proceeds into an IRA, another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan within 60 days from the date your Publix stock shares are distributed from the Plan. Please note that in order to rollover the proceeds to a governmental Code Section 457 plan, that plan must agree to separately account for the amounts rolled over from this Plan.

In general, the 10 percent penalty tax applies if you separate from employment prior to the calendar year in which you reach age 55 and receive your distribution prior to reaching age 59½. The 10 percent penalty tax is in addition to any income tax due on such distribution(s).

There are several types of distributions **<u>not</u> subject to the 10 percent penalty tax.** These include:

1) Distributions that are rolled over, as stated previously. However, if such amounts are withdrawn from the rollover account prior to your reaching age 59½, the penalty tax would usually apply in addition to regular income tax.
2) Distributions made because of the death of a participant.
3) Distributions made because of the disability of the participant as defined in Internal Revenue Code Section 72(m)(7), which is a more stringent definition than the meaning of disability under the ESOP.
4) Distributions made for medical expenses in excess of 7½ percent of adjusted gross income, determined without regard to whether the individual itemizes deductions on his/her federal income tax return. Thus, a distribution(s) up to the first 7½ percent of adjusted gross income may be subject to the penalty tax.
5) Distributions of dividends from the ESOP.
6) Distributions to an alternate payee pursuant to a Qualified Domestic Relations Order.
7) Distributions as a part of a series of substantially equal periodic payments (not less frequently than annually) based on the life expectancy of the participant or the joint life expectancy of the participant and his/her spouse.
8) Distributions that are paid directly to the government to satisfy a federal tax levy.

See **IRS Form 5329** for more information on the 10 percent penalty tax, which includes applications and exceptions to the penalty tax on distributions from a rollover account.

Ten-Year Averaging and Capital Gains Treatment

Special Tax Treatment

If your distribution from the ESOP is a lump sum distribution received on or after the date you reached age 59½, you may be eligible for special tax treatment by using 10-year averaging if you were at least 50 years of age as of January 1, 1986. Furthermore, if your distribution includes any amounts attributable to your participation in the Profit Sharing Plan before 1974, which was merged into the ESOP as of December 31, 1999, a portion of your distribution may be taxed as long-term capital gain.

A lump sum distribution eligible for 10-year averaging means a distribution of the entire balance under the plan within one tax year that is made because of the employee's separation from service or death or the employee is disabled or reaches age 59½. Further, for a payment to qualify as a lump sum distribution, the payment must be made after 5 or more years of participation in the plan, unless paid as a result of the death of the participant.

Ten-year averaging was eliminated for most participants for years beginning after 1986. Instead, individuals were permitted to make a one-time election to use 5-year averaging with respect to a single lump sum distribution received on or after the individual reached age 59½. As a result of a provision in the Small Business Job Protection Act (SBJPA), the favorable tax treatment available under the 5-year averaging for lump sum distributions is no longer available for distributions after December 31, 1999.

Ten-Year Averaging and Capital Gains Treatment, continued

There are special transitional rules under which any participant who was age 50 by January 1, 1986 (date of birth prior to January 1, 1936) is permitted to make one election to use 10-year averaging with respect to a single lump sum distribution. Transitional rules also allow individuals who were 50 by January 1, 1986 to elect capital gains treatment with respect to a lump sum distribution. If an individual elects the capital gains treatment (pre-1974 portion of a lump sum distribution), the capital gains portion is taxed at a rate of 20 percent.

IRS Form 4972 is used to compute your income tax under the 10-year averaging method and for the capital gain election for pre-1974 participation. **If you are ineligible for 10-year averaging, your lump sum distribution is taxable as ordinary income for the tax year in which it is distributed (unless you defer taxation by electing to roll it over as described previously).**

NOTE: Lump sum distributions eligible for 10-year averaging will be taxed as ordinary income if any portion is placed in an IRA, another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan.

Death Benefit Exclusion

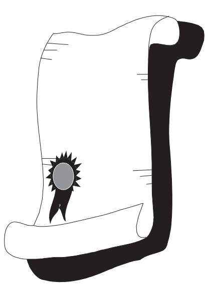
Regardless of whether or not the lump sum distribution rules apply to your distribution, up to $5,000 of the distribution may be excluded from income if the payment was made to beneficiary(ies) of a deceased participant whose date of death was prior to August 21, 1996. Where there is more than one beneficiary of the deceased participant, the maximum $5,000 death benefit exclusion must be prorated among all such beneficiaries. In any event, the aggregate amount excludable is limited to $5,000 with respect to all employers and all beneficiaries. Any amount so excludable should be subtracted from the gross amount reported on Form 1099-R in determining the taxable amount received.

Distributions from the ESOP

Following the merger of the Profit Sharing Plan into the ESOP as of December 31, 1999, your account balance under the ESOP is invested in two different ways. One portion of your account balance is invested in Publix Stock, which is shown as a specific number of shares allocated to your account. The remaining portion (if any), shown as cash, is your share of other investments held by the ESOP. **Distributions from the ESOP may only be paid in the form of shares of Publix common stock.**

Immediately prior to distribution, your “other investments” balance must be converted into shares of Publix stock, added to your existing shares, then the total shares are distributed. The conversion of your other investments balance into shares must be based on a valuation of Publix stock that is not more than 90 days old. Therefore, there are time periods during the calendar year in which distributions cannot be processed until a current valuation of Publix stock is received. *As an example, Publix’s fiscal quarter for second quarter 2007 ended June 29, 2007, and the valuation from an independent appraiser was received on August 1, 2007; therefore, distributions could not occur between June 30, 2007, and July 31, 2007.* Following receipt of the current stock valuation, the amounts held in the other investments balance are converted to shares of Publix stock for all pending retirement claims.

Distributions of Publix Stock

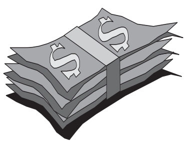


Publix Stock Certificate

SHARES ISSUED: A Publix stock certificate will be issued for the whole shares held in your ESOP account. The cost of the stock to the trust (cost basis) will be taxable as ordinary income in the year of distribution, unless the gross distribution amount is less than the cost basis in which case the gross distribution amount will be taxable. A **Form 1099-R will be issued to you** in the month of January following your distribution. The Form 1099-R will report the amount to be included in your income, along with the gross distribution amount (value of the stock at distribution) and any net unrealized appreciation (gross distribution value minus cost basis), commonly referred to as the gain.

For lump sum distributions, the net unrealized appreciation (gain) is **not** reported as taxable income in the year the stock is distributed because it is taxed in the year the stock is sold to Publix. For example, if the value of the shares contributed to your ESOP account were worth $1,000 at the time of contribution but were worth $1,200 when you received the shares in your distribution, you would not have to pay tax on the $200 increase in value until you later sold the shares. When the shares are sold, the net unrealized appreciation (gain) existing at the time of distribution is taxable as Long-Term Capital Gain. However, you **may** elect to report the appreciation (gain) in the year the stock is received. This may be advantageous if you are eligible for 10-year averaging. If this election is made, the taxable distribution will be the gross distribution shown on the Form 1099-R since it includes any net unrealized appreciation. (More information about 10-year averaging is located on pages 3 and 4 of this notice.)

Distributions of Publix Stock, continued



Cash Value

SHARES SOLD: You may exercise your right to sell to Publix the whole shares in your ESOP account. You will be deemed to have exercised your right to sell any fractional share held in your ESOP account. Upon receiving distribution of your ESOP shares, the cost basis must be reported on your individual income tax return for the year of distribution and will be taxed at ordinary income tax rates. Upon exercising your right to sell your ESOP shares, any net unrealized appreciation (gain) existing at the time of distribution from the ESOP must be reported on your individual income tax return for the year you sell your Publix stock and will be taxed at Long-Term Capital Gain tax rates. Any additional appreciation from the date of distribution from the ESOP to the date your Publix stock is sold to Publix is taxed as either Short- or Long-Term Capital Gain depending on how long you hold your shares and must be reported on your individual income tax return for the year you sell your Publix stock.

As discussed in this notice, there is a **10 percent penalty tax** if you separate from employment prior to the calendar year in which you reach age 55 and receive distribution of your ESOP account prior to reaching age 59½. **This penalty applies to the amount that is included in the taxable income of the participant.** The penalty tax is not applicable if the distribution is rolled over or you meet one of the exceptions to the 10 percent penalty tax as discussed in this notice.

Supplemental Distributions

A lump sum or rollover distribution from the ESOP reflects your total accumulated account balance as of the prior December 31st allocation date. Therefore, based on your individual circumstances, you may receive an additional amount allocated to your account after the original distribution.

IF you elected distribution from the ESOP, the supplemental allocation, if any, is generally distributed in the second quarter of the following calendar year.

IF you are eligible and elect to defer distribution from the ESOP, the supplemental allocation, if any, will be allocated to your account and accumulate with your previous account balance until you request distribution or no later than 60 days following the plan year end in which you reach age 62. If you are the beneficiary of a deceased participant, distribution must be made to you no later than December 31st of the calendar year containing the fifth anniversary of the participant's death, unless you are the surviving spouse of the participant. Distribution to a surviving spouse must be made by December 31st of the calendar following the calendar year of the participant's death or by December 31st of the calendar year the participant would have reached age 70½, if later.

Frequently Asked Questions

Q: How do I rollover the cash value of my shares in the ESOP to an IRA, another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan?

A: The ESOP must first distribute your Publix stock shares to you, and then you may sell the shares to Publix immediately following distribution from the ESOP. Publix will send you a check for the shares you sold. To defer taxation on your distribution, you have 60 days from the date your Publix stock shares are distributed from the ESOP to deposit the cash proceeds from the sale into an IRA, another employer's plan, annuity contract described in Code Section 403(b) or governmental Code Section 457 plan that accepts rollovers. Please note that in order to rollover the proceeds to a governmental Code Section 457 plan, that plan must agree to separately account for the amounts rolled over from this Plan.

Q: What are the time periods during the calendar year that NO distributions are made from the ESOP?

A: Under the general procedures, distributions are made weekly as of each Friday, unless Friday is a holiday. These general procedures are not followed during closed periods, when no distributions are made. The periods of NO distributions generally begin as of the last day of each of Publix's fiscal quarters and end following the date the stock valuation for that quarter is received. These periods are generally the months of January, February, April, July and October; however, during the months of January and February, any previously allocated whole shares of Publix stock are available for distribution.

Frequently Asked Questions, continued

Q: How long will it take to process my ESOP distribution?

A: Your ESOP distribution will generally be made within four (4) weeks following the Employment Separation Date you provide to the Retirement Department or receipt of all necessary forms by the Retirement Department, whichever is later, except during periods of no distributions.

Q: If I elect to sell my stock, what stock valuation will I receive for my ESOP distribution?

A: You have the right to sell to Publix any shares that you may receive and you will automatically be deemed to have sold any fractional share. If you elect to sell your whole shares, Publix will pay you the “fair market value” of the stock shares as of the date your election to sell your shares is processed by Publix (which will not be before the distribution date of your Publix stock shares from the ESOP). The fair market value is determined by the Publix Board of Directors based on an appraisal from an independent appraiser.

Q: I left Publix because I could no longer perform my job requirements because of medical reasons, what information do I need to submit?

A: If you become physically or mentally disabled and are unable to continue working for Publix, you may be entitled to receive the full value of your account if you were not vested. You must provide proof of your disability, which must be in writing from a medical doctor and submitted to the Retirement Department within 180 days of your Employment Separation Date with Publix. Additionally, even if you are otherwise vested, a total and permanent disability may not meet the Internal Revenue Code exception to the 10 percent penalty tax on distributions prior to the age of 59½.

Q: How can I update my address?

A: If you need to update your home mailing address, see your Department Manager or Support Department Head to have him or her complete an on-line SHARP Master Data Change form to update your information. If you are separated from employment with Publix, you should submit your correct address in writing to: Publix Super Markets, Inc., Personnel Records, Post Office Box 407, Lakeland, Florida 33802-0407.

Publix Super Markets, Inc.
Retirement Department
Post Office Box 32040
Lakeland, FL 33802-2040
(863) 688-7407, Extension 52327