

Ruddick Corporation

Committed to Customer Service and Quality

2006 ANNUAL REPORT



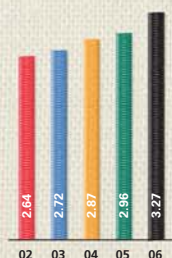
Harris Teeter
Your Neighborhood Food Market

Financial Highlights

(dollars in thousands, except per share data)

	2006	2005	2004 ^{1,2}	2003 ¹	2002 ¹
Net Sales	\$ 3,265,856	\$ 2,964,655	\$ 2,868,597	\$ 2,724,739	\$ 2,644,198
Total Operating Profit	123,069	115,260	112,414	102,112	93,802
Net Income	72,336	68,598	64,659	59,882	51,983
Net Income Per Share					
Basic	1.53	1.45	1.39	1.29	1.12
Diluted	1.52	1.44	1.38	1.29	1.12
Dividend Per Share	0.44	0.44	0.40	0.36	0.36
Total Assets	1,362,936	1,203,640	1,109,097	1,065,022	1,039,271
Long-Term Debt —					
Including Current Portion	237,731	163,445	166,287	189,095	185,892
Shareholders' Equity	670,517	608,942	549,710	495,265	457,688
Book Value Per Share	14.10	12.82	11.76	10.71	9.85

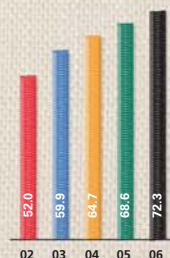
Sales
IN BILLIONS OF DOLLARS



Operating Profit
IN MILLIONS OF DOLLARS



Net Income
IN MILLIONS OF DOLLARS



Earnings per Share – Diluted
IN DOLLARS



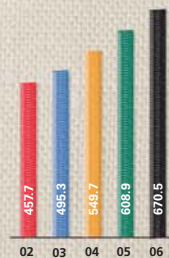
Dividends per Share
IN DOLLARS



Debt as a Percent of Capital Employed



Shareholders' Equity
IN MILLIONS OF DOLLARS



1 The following charges in fiscal 2004, 2003, and 2002 are included in the financial highlights:

Fiscal 2004: Net pre-tax exit and impairment charges of \$384 (\$238 after income tax benefits) related to severance costs.

Fiscal 2003: Net pre-tax exit and impairment charges of \$580 (\$360 after income tax benefits, or \$0.01 per diluted share) related to asset impairments.

Fiscal 2002: Net pre-tax charges of \$7.1 million (\$4.4 million after income tax benefits, or \$0.09 per diluted share) related to asset impairments and other exit costs.

2 53-week year.

Eleven-Year Financial and Operating Summary

(dollars in thousands, except share and per share data)	2006	2005	2004 ^{2,3}	2003 ²	2002 ²	2001 ²	2000	1999 ³	1998	1997	1996
Net Sales ¹											
Harris Teeter	\$ 2,922,679	\$ 2,644,976	\$ 2,572,367	\$ 2,431,632	\$ 2,349,650	\$ 2,416,799	\$ 2,332,908	\$ 2,273,156	\$ 2,132,223	\$ 1,931,212	\$ 1,833,042
American & Efird	343,177	319,679	296,230	293,107	294,548	326,491	359,183	361,133	365,184	378,723	317,261
Total Net Sales	\$ 3,265,856	\$ 2,964,655	\$ 2,868,597	\$ 2,724,739	\$ 2,644,198	\$ 2,743,290	\$ 2,692,091	\$ 2,634,289	\$ 2,497,407	\$ 2,309,935	\$ 2,150,303
Operating Profit (Loss) ¹											
Harris Teeter	\$ 127,637	\$ 113,580	\$ 104,406	\$ 93,622	\$ 88,773	\$ 31,802	\$ 59,146	\$ 55,438	\$ 52,126	\$ 45,671	\$ 48,459
American & Efird	1,579	9,010	13,073	13,624	12,495	21,635	47,478	48,617	42,070	49,165	34,684
Corporate	(6,147)	(7,330)	(5,065)	(5,134)	(7,466)	(4,735)	(7,178)	(7,507)	(7,770)	(9,794)	(10,109)
Total Operating Profit	\$ 123,069	\$ 115,260	\$ 112,414	\$ 102,112	\$ 93,802	\$ 48,702	\$ 99,446	\$ 96,548	\$ 86,426	\$ 85,042	\$ 73,034
Net Income (Loss)	\$ 72,336	\$ 68,598	\$ 64,659	\$ 59,882	\$ 51,983	\$ (727)	\$ 51,002	\$ 50,714	\$ 46,772	\$ 47,731	\$ 42,802
Net Income (Loss) Per Share — Diluted	1.52	1.44	1.38	1.29	1.12	(0.02)	1.10	1.08	1.00	1.02	0.92
Common Dividend	0.44	0.44	0.40	0.36	0.36	0.36	0.36	0.33	0.32	0.32	0.26
Shareholders' Equity	\$ 670,517	\$ 608,942	\$ 549,710	\$ 495,265	\$ 457,688	\$ 445,353	\$ 473,005	\$ 443,683	\$ 410,725	\$ 380,507	\$ 346,856
Percent Return on Beginning Equity	11.9%	12.5%	13.1%	13.1%	11.7%	(0.2%)	11.5%	12.3%	12.3%	13.8%	13.5%
Book Value Per Share	\$ 14.10	\$ 12.82	\$ 11.76	\$ 10.71	\$ 9.85	\$ 9.61	\$ 10.23	\$ 9.55	\$ 8.82	\$ 8.17	\$ 7.47
Capital Expenditures											
Harris Teeter	\$ 210,336	\$ 115,423	\$ 83,941	\$ 64,370	\$ 66,591	\$ 68,525	\$ 98,973	\$ 77,513	\$ 75,082	\$ 86,237	\$ 83,204
American & Efird	7,626	13,552	8,104	9,197	7,833	19,169	19,744	15,658	20,246	28,878	35,605
Corporate	574	25	47	14	4,692	27	38	3,766	145	184	4,471
Total Capital Expenditures	\$ 218,536	\$ 129,000	\$ 92,092	\$ 73,581	\$ 79,116	\$ 87,721	\$ 118,755	\$ 96,937	\$ 95,473	\$ 115,299	\$ 123,280
Working Capital	\$ 98,119	\$ 130,811	\$ 187,971	\$ 165,192	\$ 165,911	\$ 112,272	\$ 138,091	\$ 124,060	\$ 87,333	\$ 88,893	\$ 65,134
Total Assets	1,362,936	1,203,640	1,109,097	1,065,022	1,039,271	940,064	1,020,684	969,924	931,544	885,243	801,702
Long-Term Debt — Including Current Portion	237,731	163,445	166,287	189,095	185,892	157,113	227,940	198,961	191,931	190,494	164,435
Long-Term Debt as a Percent of Capital Employed	26.0%	21.0%	23.0%	27.3%	28.5%	25.7%	32.1%	30.7%	31.6%	33.1%	32.2%
Number of Employees	22,400	20,400	18,200	17,500	17,650	17,100	20,000	19,800	20,700	19,700	20,100
Common Shares Outstanding	47,557,894	47,488,979	46,730,758	46,223,233	46,454,188	46,319,696	46,220,876	46,451,240	46,554,591	46,599,301	46,461,290

1 The historical Net Sales and Operating Profit for fiscal 1996 does not include the Sales and Operating Profit of Jordan Graphics Inc. which was discontinued in fiscal 1996.

2 Operating Profit, Net Income, Net Income Per Share — Diluted and related returns include the following exit and impairment charges and tax settlement, which have been previously disclosed in the Company's annual reports on Form 10-K:

Fiscal 2004: Exit and impairment charges at A&E of \$384 (\$238 after taxes).

Fiscal 2003: Exit and impairment charges at A&E of \$580 (\$360 after taxes, or \$0.01 per diluted share).

Fiscal 2002: Exit and impairment credits at Harris Teeter of \$710 (\$431 after taxes, or \$0.01 per diluted share)

and exit and impairment charges at A&E of \$7,823 (\$4,825 after taxes, or \$0.10 per diluted share).

Fiscal 2001: Exit and impairment charges at Harris Teeter of \$45,035 (\$27,370 after taxes, or \$0.59 per diluted share), exit and impairment charges at A&E of \$2,105 (\$1,285 after taxes, or \$0.03 per diluted share) and a tax settlement with the IRS for \$20,000 (\$0.43 per diluted share).

3 53-week year.

Letter to Our Shareholders



*Thomas W. Dickson, Chairman of the Board,
President and Chief Executive Officer*

Dear Shareholders:

Fiscal 2006 was another successful year for our Company in terms of sales and earnings growth. Our continued success can be attributed, in many ways, to our commitment to customer service and quality. This commitment dictates how we run our businesses, from recruiting new associates to the processes we use to evaluate our operations and, most importantly, our customers' satisfaction. As part of our commitment to customer service and quality, we accelerated our growth plans for Harris Teeter and continued the transformation of American & Efid during this past year.

We are pleased to report our fiscal 2006 results, which were:

- » Net sales increased 10.2% to \$3.27 billion from \$2.96 billion;
- » Operating profit increased 6.8% to \$123.1 million from \$115.3 million;
- » Net income increased 5.4% to \$72.3 million from \$68.6 million; and
- » Earnings per share on a diluted basis increased 5.6% to \$1.52 from \$1.44.

The cash provided by these results, along with financing available under a new revolving credit facility we successfully negotiated in June 2006, provide the capital necessary to continue to grow our Harris Teeter supermarket business and expand the global operations of American & Efid.

During fiscal 2006, Harris Teeter expanded within its existing markets through the opening of sixteen new supermarkets, including the six stores we acquired from Winn-Dixie in fiscal 2005 and completely remodeled prior to their opening. In addition, we continue to invest in our existing store base through our comprehensive remodeling program. We remodeled six existing supermarkets in 2006, two of which were expanded in size.

Next year is expected to be another significant year for Harris Teeter's store growth. Currently we plan to open twenty-two new stores, including two replacements, and remodel eleven supermarkets during fiscal 2007. Six of the eleven stores to be remodeled in 2007 will be enlarged to better serve our customers. Our effort to



John B. Woodlief, *Vice President – Finance and Chief Financial Officer*



Frederick J. Morganthall, II,
President – Harris Teeter



Fred A. Jackson,
President – American & Efird

accelerate new store openings should result in more store openings during the first part of the fiscal year than we have historically accomplished.

Customer service and quality are essential components of the total value proposition we offer at Harris Teeter. We focus on customer service from the very beginning, as we evaluate potential store sites and recruit and train our associates. The demographics of the surrounding market for a new store are analyzed to determine what store format and product offerings will best serve the customers who live there. We also go to extra efforts in our recruiting process to determine that any new associate will be customer-service oriented and have the proper qualifications for their position.

Customer service means identifying new trends and anticipating our customers' wants and needs for new items. Whether it is continuously expanding our natural and organic food selection, adding hot food bars or enhancing our fresh seafood departments, we focus on staying ahead of our competitors in meeting our customers' present and future needs.

Customer service also entails providing our customers with a full selection of top-quality merchandise at reasonable prices. The product offerings for a particular Harris Teeter location are driven by the customers' preferences in the surrounding neighborhoods. We have continued to utilize the Harris Teeter Very Important Customer (VIC) rewards program to help us determine those local preferences and create superior value for our customers. Not only does the VIC program create excitement through special pricing and frequent shopper rewards, it also enables us to gather information to individually merchandise each store within our local markets.

Our attention to detail and commitment to customer service and quality has resulted in another record year for sales growth and operating profit at Harris Teeter. Total sales for fiscal 2006 grew by 10.5% and our comparable store sales increased 3.20%. During fiscal 2006 we also improved our operating profit margin by 8 basis points to 4.37%. These record results were achieved at the same time we accelerated our new store opening program.

We made substantial progress during fiscal 2006 in our transformation of American & Efird. During this past year we focused on expanding our operations in

China, integrating the operations of our recent acquisitions and further diversifying our product lines throughout our global footprint. The streamlining of our operations occurred throughout the world, by completing the consolidation of the operations of Ludlow Textiles Company, Inc. into our existing operations in North Carolina, and integrating the operations of Jimei Spinning Company Limited in China with our existing joint venture Hengmei Spinning Company, Ltd.

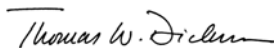
American & Efird is considered the second largest global supplier of industrial sewing thread, embroidery thread and technical textiles and we intend to continue our efforts to further diversify our product lines and build our global network.

Our expansion continued in September 2006 with the acquisition of TSP Tovarna Sukancev in Trakov d.d. (TSP) located in Maribor, Slovenia. This acquisition expands our non-apparel sales and production capacity in Europe, since TSP manufactures and distributes sewing thread and trimmings for industrial markets, primarily the automotive markets of Eastern Europe.

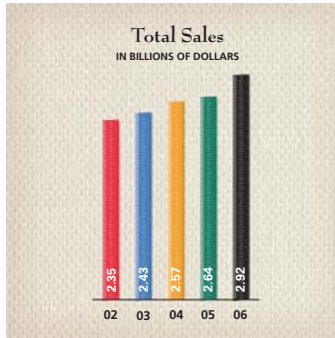
Our efforts to further diversify our product lines and customer base led us to our 2005 acquisition of Robison-Anton Textile Co., a producer of high-quality embroidery threads. We are capitalizing on the Robison-Anton brand recognition and have initiated a new advertising campaign to promote the sales and distribution throughout our global network, including Mexico, Asia, Central America and Europe.

During this past year we also continued on our strategic plan of capital investment in our China joint venture, Huamei Thread Company Limited, which is one of the largest thread producers in that rapidly growing market. This plan continued to pay dividends during the year with increases in sales of higher value-added thread products.

A commitment to customer service and quality serves as a guide for us at both Harris Teeter and American & Efird. We have been successful by adhering to this commitment in the past and will continue to follow our belief that providing the best possible customer service and quality will lead to our continued success. We thank all of our associates throughout the world for their dedication to our commitment, and for the success we have shared in the past and expect for the future.



Thomas W. Dickson,
Chairman of the Board, President and Chief Executive Officer



¹ Includes exit and impairment credits of \$ 0.7



Harris Teeter: Committed to Customer Service and Quality



We are committed to providing our customers the best variety and selection, the highest quality and outstanding customer service at competitive prices. This commitment is key to our success, both in the past as well as the future.

Our prior success has translated into future growth. In a year when we have accelerated our new store opening plans, we have also achieved record sales and operating profit. Both sales and operating profit increased from fiscal 2005 to fiscal 2006. Fiscal 2006 sales increased to \$2.92 billion, an increase of 10.5%, while operating profit increased 12.4% to \$127.6 million. We also realized a record operating profit margin of 4.37% in fiscal 2006. These results, along with our continued strong comparable store sales increases of 3.20% in fiscal 2006, 3.00% in fiscal 2005 and 2.97% in fiscal 2004, provide the stimulus for our accelerated growth.

During this past year we successfully opened sixteen new stores, including the six stores acquired from Winn-Dixie in 2005. The six acquired stores were completely remodeled prior to their opening to ensure they meet the high standards of a Harris Teeter supermarket. We plan to continue our accelerated new store openings next year with the expected opening of twenty-two supermarkets. Two of the new stores to be opened in fiscal 2007 will replace existing stores. During fiscal 2007 we also plan to increase the number of stores being remodeled. Our current plan calls for completing remodels on eleven supermarkets during fiscal 2007, up from the six remodels we completed during fiscal 2006. Six of the 2007 remodel projects will result in larger Harris Teeter supermarkets to better serve our customers.

At Harris Teeter, our knowledgeable staff is just the beginning of excellent customer service. We develop store designs and product offerings based on the demographics of the surrounding neighborhoods. Our prototypes begin with the Harris Teeter neighborhood store which is a 40,000-square-foot supermarket with a full selection of dry grocery, perishable and prepared food items. Next is our flagship store, which at 48,000 square feet, has expanded departments throughout for even greater variety as well as a fully staffed pharmacy. The top of the line is our superflagship which is a 55,000- to 70,000-square-foot store that adds further amenities such as in-store chefs, hot food bars, pizza and pasta stations, housewares and more.

Customer service and product selection sets us apart from our competitors. We strive to offer the most complete assortment of products and services to accommodate our customers' lifestyles. Our private-label brands and specialty programs are designed to complement the wide variety of national brand products we offer, and give our customers options when choosing their specialty products. Our customers today desire more organic and specialty foods, and we have responded by expanding our Harris Teeter Naturals® product line, which is exclusive to Harris Teeter. In addition, we continually refine and build upon our other specialty programs, including: Harris Teeter Fishermans Market™ which offers fresh seafood items through our weekly Fresh Catch program;



Harris Teeter Farmers Market,[®] specializing in fresh produce; and our ever-popular Harris Teeter Rancher[®] and Harris Teeter Reserve[®], which offer two top-quality grades of beef.

During fiscal 2006 we introduced an exciting new program for our health-conscious customers – Harris Teeter yourwellnessSM – designed as a guide for our customers to use when making nutritional choices. Dr. Russell H. Greenfield, M.D., a certified physician in integrated health and a food expert, has teamed up with us to develop the Harris Teeter yourwellnessSM guides and keys. Our guides include information on common health ailments; recommend food that shoppers can choose that may help prevent or minimize the effects of those ailments; list delicious recipes using these foods; and educate shoppers on food safety, produce variety and grilling tips. Harris Teeter yourwellnessSM keys are identifiers that we have incorporated into our great assortment of products under our Harris Teeter Naturals[®] and Harris Teeter Brand labels that serve as a quick reference to help our customers identify important attributes that apply to the food products they buy. The Harris Teeter yourwellnessSM program is another example of our commitment to customer service and quality.

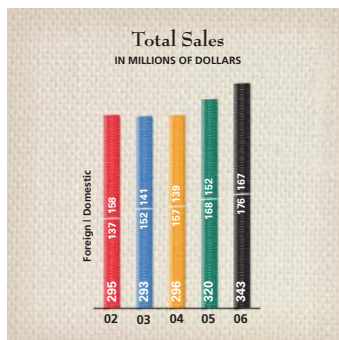
Providing superior customer service, excellent quality perishables, and the best variety and selection is our goal and is what sets us apart from our competitors. Successfully achieving this goal will enable us to maintain our position as a leading supermarket retailer and continue our expansion program in the future.

American & Efird: Committed to Customer Service and Quality



At American & Efird, we take pride in providing quality products, service and value to our customers, and we continue to be focused on enhancing this reputation by expanding our global footprint and diversifying our product lines. We are in the midst of a transformation that is designed to move A&E from its dependence on the U.S. apparel industry to a company that serves its global customers in a variety of industries that utilize threads and technical textiles. Today, our foreign operations account for over half of A&E's total sales, and our non-apparel thread and technical textile sales continue to grow.

During 2006, we also integrated the operations of Jimei Spinning Company Limited in China with our existing joint venture Hengmei Spinning Company, Ltd., located on the same complex in Hengshui City. Both operations now report under the same management structure, and the sales and operating schedules are coordinated for maximum efficiency. Elsewhere in China, we expanded our sales and distribution network and



**Global Availability
World Class Service**

Embroidery and Decorative Threads

Robison-Anton
TEXTILE COMPANY

A division of **A&E**
AMERICAN & EFIRD, INC.

Industrial Thread Products

Embroidery Products

Technical Textiles Products

¹ Includes exit and impairment costs as follows:
'02 - \$ 7.8; '03 - \$ 0.6; '04 - \$ 0.4

non-apparel thread manufacturing capacity at our Huamei Thread Company Limited joint venture. China is a growing market for both apparel and non-apparel products, and we plan to participate in this growth and create value for our customers throughout the Asian region.

In September 2006 we continued our expansion by acquiring TSP, a manufacturer and distributor of sewing thread and trimmings for the industrial markets of Europe. This acquisition further diversifies our non-apparel sales, particularly to automotive markets, and expands our production capacity in Europe. TSP's location in Central Europe improves our service capabilities throughout that region and to Eastern Europe. In the future, we plan to expand TSP's product lines by offering A&E branded apparel sewing thread products, together with our extensive embroidery and technical textiles product lines.

The acquisition of Synthetic Thread Company, Inc. in 2004 provided us with an entry into the technical textiles market, which we previously referred to as the specialty engineered yarn market. Technical textiles represent non-apparel yarns we supply to our customers in the automotive, telecommunication, wire and cable, paper production and other industries. We expanded our customer base and product line offerings in the technical textiles arena by acquiring Ludlow Textiles Company, Inc. in 2005. During 2006 we successfully converted a thread yarn spinning plant in the U.S. into a plant specializing in technical textiles, allowing us to consolidate multiple operations into one. With our professional sales and technical team, we are well positioned to provide some of the best products and services to our customers in the global diversified industrial markets.

We have also been successful in diversifying our product line through the acquisition of Robison-Anton Textile Co. in 2005. Robison-Anton is a highly recognized global brand for quality embroidery threads and we are focused on expanding the sales and distribution of this non-apparel thread throughout our global network. During 2006 we launched the Robison-Anton products through our distribution network in Mexico and are poised to expand our distribution in Asia, Central America and Europe in 2007 with the support of an aggressive sales effort and advertising campaign.

We recognized many years ago that to be successful in our industry, it was imperative to be flexible, to participate in the global market and to expand our customer base through product diversification. By continuing our global expansion and diversifying our product lines, we are demonstrating our commitment to providing a wide range of quality products and services that create value for our customers throughout the world.

Directors and Officers

Directors

John R. Bell
President and
Chief Operating Officer
Belle, Inc.

Edwin B. Borden, Jr.
Former President and CEO
*The Borden Manufacturing
Company*

John P. Derham Cato
President, Chairman of the
Board and CEO
The Cato Corporation

Alan T. Dickson
Former Chairman of the Board
Ruddick Corporation

R. Stuart Dickson
Former Chairman of the
Executive Committee
Ruddick Corporation

Thomas W. Dickson
Chairman of the Board,
President and CEO
Ruddick Corporation

James E.S. Hynes
Former Chairman
of the Board
Hynes, Inc.

Anna Spangler Nelson
Chairman
C.D. Spangler Construction Co.

Bailey W. Patrick
President
Bissell Patrick, LLC

Robert H. Spilman, Jr.
President and CEO
Bassett Furniture Industries, Inc.

Harold C. Stowe
Acting Dean of the
Wall College of Business
Coastal Carolina University
Former President and CEO
Canal Holdings, LLC

Isaiah Tidwell
Former Georgia Wealth
Management Director and
Executive Vice President
Wachovia Bank, N.A.

Executive Officers

Thomas W. Dickson
Chairman of the Board,
President and CEO

John B. Woodlief
Vice President – Finance and
Chief Financial Officer

Frederick J. Morganthall, II
President – Harris Teeter

Fred A. Jackson
President – American & Efird

Shareholder Information

Corporate Address
301 S.Tryon St.
Suite 1800
Charlotte, NC 28202
704-372-5404

Subsidiaries

HARRIS TEETER, INC.
701 Crestdale Road
Matthews, NC 28105
704-844-3100

AMERICAN & EFIRD, INC.
P.O. Box 507
22 American Street
Mount Holly, NC 28120
704-827-4311

General Counsel

Helms Mulliss & Wicker, PLLC
Charlotte, NC

Independent Public Accountants

KPMG LLP
Charlotte, NC

New York Stock Exchange

(NYSE) Listing

Common stock symbol: RDK
The most recent certifications by our
Chief Executive Officer and Chief
Financial Officer pursuant to Section
302 of the Sarbanes-Oxley Act of 2002
are filed as exhibits to our Form 10-K for
the fiscal year ended October 1, 2006.
Ruddick Corporation has also submitted
to the NYSE its most recent annual
certification by its Chief Executive
Officer confirming that the Company has
complied with the NYSE corporate
governance standards.

Stock Transfer Agent and Registrar
American Stock Transfer
& Trust Company
Brooklyn, NY

Shares Outstanding

As of October 1, 2006, Ruddick
had approximately 47.6 million shares
outstanding.

Dividends

It has been Ruddick's practice to pay
approximately 30% of net income in
dividends. Regular quarterly dividends
are usually paid at the first of January,
April, July and October.

Dividend Reinvestment and Stock Purchase Plan

Ruddick Corporation maintains a
Dividend Reinvestment and Stock
Purchase Plan for shareholders of
record. Information on this plan may be
obtained by calling Ruddick
Corporation at 704-372-5404.

Employee Stock Ownership Plan

Ruddick has an Employee Stock
Ownership Plan (ESOP), which was
established in 1976. At fiscal year end,
approximately 14% of Ruddick's
common shares were owned by
associates as participants in the ESOP.

Annual Meeting

The Annual Meeting of the
Shareholders of Ruddick Corporation
will be held in the Auditorium,
12th Floor, Two Wachovia Center,
301 S.Tryon Street, Charlotte, NC,
on February 15, 2007, at 10:00 a.m.
Shareholders are cordially invited
to attend.

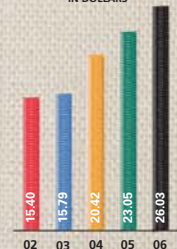
Annual Reports Including Form 10-K

Additional copies of the Company's
Annual Report, including the Form
10-K, are available without charge
upon written request or by telephone.

Written requests may be directed to:
Investor Relations Department
Ruddick Corporation
301 S.Tryon St., Suite 1800
Charlotte, NC 28202

Telephone inquiries may be
directed to 704-372-5404.

**Closing Stock Price
Fiscal Year End**
IN DOLLARS





Ruddick Corporation

Harris Teeter + American & Efird

Ruddick Corporation is a holding company with two primary operating subsidiaries – Harris Teeter, a leading regional supermarket chain, and American & Efird, one of the world's largest global manufacturers and distributors of industrial sewing thread, embroidery thread and technical textiles.

301 S. Tryon Street, Suite 1800, Charlotte, NC 28202 • 704.372.5404 • www.ruddickcorp.com