

PERFORMANCE FOOD GROUP CO

Form DEFM14A

April 14, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission  
Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**PERFORMANCE FOOD GROUP COMPANY**  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

Common stock, par value \$0.01 per share, of Performance Food Group Company  
(the PFG common stock )

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

35,505,683 shares of PFG common stock (including restricted shares), 219,771 stock appreciation rights to be settled in PFG common stock, and 2,488,949 options to purchase PFG common stock (2,055,698 with an exercise price of less than \$34.50).

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

The transaction value was determined based upon the sum of (a) \$34.50 per share of 35,505,683 shares of PFG common stock (including restricted shares); (b) \$34.50 minus weighted average exercise price of \$27.45 per share of

the outstanding options to purchase 2,055,698 shares of PFG common stock with an exercise price of less than \$34.50; and (c) \$34.50 minus a grant price of \$29.46 for each of the 219,771 stock appreciation rights. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000393 by the sum calculated in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:

\$1,240,546,380.24

(5) Total fee paid:

\$48,753.47

þ Fee paid previously with preliminary materials:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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12500 West Creek Parkway  
Richmond, Virginia 23238

April 14, 2008

Dear Shareholder:

On January 17, 2008, the board of directors of Performance Food Group Company (which we refer to as PFG, we, us or our) adopted and approved, and on January 18, 2008 PFG entered into, an agreement and plan of merger (which we refer to as the merger agreement) with VISTAR Corporation and its wholly-owned subsidiary Panda Acquisition, Inc. VISTAR Corporation is indirectly controlled by private equity funds affiliated with The Blackstone Group, with a minority interest held by an affiliate of Wellspring Capital Management LLC. Under the terms of the merger agreement, Panda Acquisition, Inc. will be merged with and into us, with PFG continuing as the surviving corporation. If the merger is completed, you will be entitled to receive \$34.50 in cash (less any applicable withholding tax requirements), without interest, for each share of PFG common stock that you own.

You will be asked, at a special meeting of our shareholders to be held on May 14, 2008, at 9:00 a.m., local time, to vote on a proposal to approve the merger agreement so that the merger can occur. After careful consideration, our board of directors has adopted and approved the merger agreement and determined that the merger and the merger agreement are advisable and in the best interests of PFG and our shareholders. **Our board of directors recommends that you vote FOR the approval of the merger agreement and FOR the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement.**

The special meeting will be held at PFG's executive offices located at 12500 West Creek Parkway, Richmond, Virginia 23238. Notice of the special meeting and the related proxy statement is enclosed.

The accompanying proxy statement gives you detailed information about the special meeting and the merger and includes a copy of the merger agreement attached thereto as Annex A. The receipt of cash in exchange for shares of PFG common stock pursuant to the merger will constitute a taxable transaction to U.S. persons for U.S. federal income tax purposes. We encourage you to read the proxy statement and the merger agreement carefully and in their entirety. You may also obtain additional information about PFG from documents we have filed with the Securities and Exchange Commission.

**Your vote is very important, regardless of the number of shares you own. We cannot complete the merger unless holders of a majority of all outstanding shares of PFG common stock entitled to vote on the matter vote to approve the merger agreement. If you fail to vote on the merger agreement, the effect will be the same as a vote against the approval of the merger agreement.**

**Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy in the accompanying reply envelope, or submit your proxy by telephone or the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.**

Our board of directors and management appreciate your continuing support of PFG, and we urge you to support this transaction.

Sincerely,

Robert C. Sledd  
*Chairman of the Board*

**Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

The proxy statement is dated as of April 14, 2008 and is first being mailed to shareholders on or about April 14, 2008.

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12500 West Creek Parkway  
Richmond, Virginia 23238

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
To Be Held On May 14, 2008**

Dear Shareholder:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Performance Food Group Company, a Tennessee corporation (which we refer to as PFG, we, us or our ), will be held on Wednesday, May 14, 2008, at 9:00 a.m. local time, at PFG's executive offices located at 12500 West Creek Parkway, Richmond, Virginia 23238 for the following purposes:

1. To consider and vote on a proposal to approve the Agreement and Plan of Merger (which we refer to as the merger agreement ), dated as of January 18, 2008, by and among PFG, VISTAR Corporation, a Colorado corporation, and Panda Acquisition, Inc., a Delaware corporation and a wholly-owned subsidiary of VISTAR Corporation, as the merger agreement may be amended from time to time, pursuant to which each outstanding share of common stock of PFG will be converted into the right to receive \$34.50 in cash without interest, less any applicable tax withholding requirements;
2. To consider and vote on any proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement; and
3. To transact such other business as may properly come before the special meeting and any and all adjourned or postponed sessions thereof.

The record date for the determination of shareholders entitled to notice of and to vote at the special meeting is April 3, 2008. Accordingly, only shareholders of record as of the close of business on that date will be entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting.

We urge you to read the accompanying proxy statement carefully as it sets forth details of the proposed merger and other important information related to the merger.

Your vote is important, regardless of the number of shares of PFG common stock you own. The approval of the merger agreement requires the affirmative approval of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon. An adjournment or postponement proposal would require that the votes cast in favor of adjournment or postponement exceed the votes cast against adjournment or postponement. Even if you plan to attend the special meeting in person, we request that you complete, date, sign and return the enclosed proxy, or submit your proxy by telephone or the Internet, prior to the special meeting in order to ensure that your shares will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card or fail to submit your proxy by telephone or the Internet, your shares will not be counted for purposes of determining whether a quorum is present at the meeting and will have the same effect as a vote against the approval of the merger agreement, but will not affect the outcome of the vote regarding the adjournment or postponement proposal. If you are a shareholder of record, voting in person at the special meeting will revoke any proxy previously submitted.

Please note that space limitations may make it necessary to limit attendance at the special meeting to shareholders. If you attend, please note that you may be asked to present valid picture identification. Street name holders will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices

and other electronic devices will not be permitted at the special meeting.

Under Tennessee law, holders of PFG common stock do not have dissenters' rights in connection with the merger.

**YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY IN THE ACCOMPANYING REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. YOUR PROXY MAY BE REVOKED AT ANY TIME IN THE MANNER MORE SPECIFICALLY DESCRIBED IN THE PROXY STATEMENT THAT ACCOMPANIES THIS NOTICE.**

By Order of the Board of Directors,  
Joseph J. Traficanti  
*Secretary*

Richmond, Virginia  
April 14, 2008

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References to PFG, we, our or us in this proxy statement refer to Performance Food Group Company and its subsidiaries unless otherwise indicated by context.

**SUMMARY TERM SHEET**

*This Summary Term Sheet, together with the Questions and Answers About the Special Meeting beginning on page 8, summarizes selected information in the proxy statement and may not contain all the information important to you. You should carefully read this entire proxy statement, its annexes and the other documents to which this proxy statement refers you for a more complete understanding of the matters being considered at the special meeting. In addition, this proxy statement incorporates by reference important business and financial information about PFG. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in Where You Can Find More Information beginning on page 80.*

**The Merger and the Merger Agreement**

*The Parties to the Merger (see page 13).* PFG, a Tennessee corporation, is a leading distributor of national and private label food and food-related products to restaurants, hotels, cafeterias, schools, healthcare facilities and other institutions. VISTAR Corporation, a Colorado corporation, which we refer to as VISTAR, operates two businesses (Vistar Specialty Markets and Roma Foodservice) that focus on different sub-segments within the food distribution industry. Vistar Specialty Markets is the leading specialty food distributor in the United States and is the only national distributor to the vending, office coffee services, theatre, and fund-raising markets, with leading market share in each of these categories. Roma Foodservice is a foodservice distributor with a particular focus on Italian foods and products that cater to independent Italian pizzerias, and has the number one market share in the independent pizza distribution market. Panda Acquisition, Inc., a Delaware corporation and a wholly-owned subsidiary of VISTAR, which we refer to as Merger Sub, was formed solely for the purpose of effecting the merger. Merger Sub has not engaged in any business except in furtherance of this purpose. At the time of the merger, VISTAR will be indirectly controlled by private equity funds affiliated with The Blackstone Group, which we refer to as Blackstone, with a minority interest held by an affiliate of Wellspring Capital Management LLC, which we refer to as Wellspring, and, together, as the sponsor group.

*The Merger.* You are being asked to vote to approve an agreement and plan of merger, which we refer to as the merger agreement, pursuant to which Merger Sub will merge with and into PFG, which we refer to as the merger, on the terms and subject to the conditions in the merger agreement. PFG will be the surviving corporation in the merger, which we refer to as the surviving corporation, and will do business as Performance Food Group Company following the merger. As a result of the merger, PFG will cease to be a publicly traded company and will become a wholly-owned subsidiary of VISTAR. See The Merger Agreement beginning on page 53.

*Merger Consideration.* If the merger is completed, you will be entitled to receive \$34.50 in cash, without interest and less any applicable withholding tax requirements, for each share of PFG common stock that you own and you will not own shares in the surviving corporation. See The Merger Agreement Merger Consideration beginning on page 53.

*Treatment of Outstanding Options, Restricted Shares and Stock Appreciation Rights.* Except as otherwise agreed by PFG and VISTAR:

all outstanding options to acquire PFG common stock and all outstanding stock appreciation rights under PFG's equity incentive plans will become fully vested and exercisable immediately prior to the effective time of the merger, and each stock option or stock appreciation right outstanding at the effective time of the

merger will be cancelled and entitle the holder of such stock option or stock appreciation right the right to receive an amount in cash equal to the product of (i) the amount, if any, by which \$34.50 exceeds the applicable exercise price of such stock option or grant price of

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such stock appreciation right and (ii) the aggregate number of shares issuable upon exercise of such stock option or the number of shares with respect to which such stock appreciation right was granted, without interest and less any applicable withholding tax requirements and, in the case of the stock appreciation rights any appreciation cap associated with the award related thereto; and

immediately prior to the effective time of the merger, restrictions applicable to all outstanding shares of restricted stock will lapse, and at the effective time of the merger, such shares will be cancelled and converted into the right to receive a cash payment equal to the number of outstanding restricted shares multiplied by \$34.50, without interest and less any applicable withholding tax requirements.

See The Merger Agreement Treatment of Options and Other Awards beginning on page 53.

*Conditions to the Merger (see page 62).* The consummation of the merger depends on the satisfaction or waiver of a number of conditions, including the following:

the merger agreement must have been approved by the affirmative vote of the holders of a majority of the outstanding shares of our common stock;

no statute, rule, executive order, regulation, order or injunction which prevents or prohibits the merger shall be in effect;

the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, and applicable foreign antitrust laws must have expired or been terminated (the waiting period under the HSR Act expired at 11:59 p.m. eastern time on March 24, 2008);

the respective representations and warranties of PFG, VISTAR and Merger Sub in the merger agreement must be true and correct as of the closing date in the manner described under the caption The Merger Agreement Conditions to the Merger beginning on page 62; and

PFG, VISTAR and Merger Sub must have performed and complied in all material respects with all covenants and agreements that each is required to perform or comply with under the merger agreement.

*Go-Shop (see page 64).* The merger agreement contains a go-shop provision pursuant to which we were entitled to initiate, solicit, facilitate and encourage alternative acquisition proposals for 50 days following the signing of the merger agreement. The 50-day go-shop period ended at 12:01 a.m. New York City time on March 9, 2008. Prior to the expiration of the go-shop period, our board of directors was prohibited from terminating the merger agreement to enter into a definitive agreement with respect to a superior proposal (as defined in the merger agreement) unless we negotiated with VISTAR and Merger Sub in good faith (to the extent VISTAR and Merger Sub desired to negotiate) to make such adjustments to the merger agreement such that the acquisition proposal ceased to constitute a superior proposal. We did not receive any acquisition proposals during the go-shop period. For the period following the go-shop period, the merger agreement restricts our ability to solicit or engage in discussions or negotiations with third parties regarding specified transactions involving our company or our subsidiaries. Notwithstanding the restrictions following the go-shop period, under certain circumstances and subject to certain conditions, our board of directors may respond to acquisition proposals and/or terminate the merger agreement and pay a termination fee in order to enter into an agreement with respect to a superior proposal.

*Termination of the Merger Agreement (see page 69).*

The merger agreement may be terminated at any time prior to the consummation of the merger, whether before or after shareholder approval has been obtained:

by mutual written consent of PFG and VISTAR;

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by either PFG or VISTAR, if:

the merger has not been consummated by 11:59 p.m. New York City time on July 31, 2008, except that this right to terminate will not be available to any party whose breach in any material respect of its obligations under the merger agreement has been the proximate cause of the failure of the merger to be consummated by that date;

a court of competent jurisdiction or other governmental entity has issued a final, non-appealable order, decree or ruling or taken any other action, or there exists any statute, rule or regulation, in each case preventing or otherwise prohibiting the consummation of the merger or that otherwise has the effect of making the merger illegal; provided, however, that the right to terminate the merger agreement in this situation is not available to any party whose breach in any material respect of its obligations under the merger agreement has been the proximate cause of such restraint on completing the merger; or

our shareholders fail to approve the merger agreement at a duly held meeting; or

by VISTAR, if:

our board of directors withdraws, qualifies or modifies, or publicly proposes to withdraw, qualify or modify, in a manner adverse to VISTAR, the recommendation of our board of directors that our shareholders approve the merger agreement;

our board of directors approves or recommends or publicly proposes to approve or recommend an acquisition proposal;

our board of directors fails to include in this proxy statement its recommendation that our shareholders approve the merger agreement; or

there has been a breach of, or inaccuracy in, any representation, warranty, covenant or agreement of ours under the merger agreement which would cause certain conditions to closing not to be satisfied (and the breach or inaccuracy is not cured or the condition is not satisfied within 20 business days after receipt of written notice thereof or the breach or inaccuracy is not reasonably capable of being cured prior to July 31, 2008 or the condition is not reasonably capable of being satisfied prior to July 31, 2008) and neither VISTAR nor Merger Sub is in material breach of its representations, warranties, covenants and obligations under the merger agreement so as to cause certain conditions to closing not to be satisfied; or

by PFG, if:

under certain circumstances, prior to obtaining the vote of our shareholders to approve the merger agreement, we concurrently enter into a definitive agreement with respect to a superior proposal or our board of directors withdraws, qualifies or modifies, or publicly proposes to withdraw, qualify or modify, in a manner adverse to VISTAR, the recommendation of our board of directors that the shareholders approve the merger agreement or our board of directors approves or recommends or publicly proposes to approve or recommend an acquisition proposal; provided that we have paid to VISTAR the termination fee as described below;

there has been a breach of, or inaccuracy in, any representation, warranty, covenant or agreement of VISTAR or Merger Sub under the merger agreement which would cause certain conditions to closing not

to be satisfied (and the breach or inaccuracy is not cured or the condition not satisfied within 20 business days after receipt of written notice thereof or the breach or inaccuracy is not reasonably capable of being cured prior to July 31, 2008 or the condition is not reasonably capable of being satisfied prior to July 31, 2008) and we are not in material breach of our representations, warranties, covenants and obligations under the merger agreement so as to cause certain conditions to closing not to be satisfied; or



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the conditions to the obligations of VISTAR and Merger Sub to close have been satisfied (except for delivery of our officer's certificate) and continue to be satisfied and VISTAR has failed to consummate the merger by the second business day following July 31, 2008.

*Termination Fees (see page 70).* If the merger agreement is terminated under certain circumstances:

PFG will be obligated to reimburse VISTAR's out-of-pocket fees and expenses, up to a limit of \$7,500,000;

PFG will be obligated to pay a termination fee of \$40,000,000 (less any out-of-pocket fees and expenses previously reimbursed as described above); or

VISTAR will be obligated to pay us a termination fee of \$40,000,000. Investment funds affiliated with Blackstone and Wellspring have agreed to guarantee up to \$30,000,000 and \$10,000,000, respectively, of any such termination fee payable by VISTAR to us. If the \$40,000,000 VISTAR termination fee is paid, then receipt of payment of the VISTAR termination fee shall be the sole and exclusive remedy of PFG and PFG's subsidiaries against VISTAR, Merger Sub, and any of their respective current, former or future representatives, affiliates, directors, officers, employees, partners, managers, members, or stockholders for any loss or damage suffered as a result of the breach of the merger agreement or any representation, warranty, covenant or agreement contained therein by VISTAR or Merger Sub or the failure of the merger to be consummated. See *The Merger Limited Guarantees; Remedies* beginning on page 43.

## **The Special Meeting**

See *Questions and Answers About the Special Meeting* beginning on page 8 and *The Special Meeting* beginning on page 14.

## **Other Important Considerations**

*Board of Directors Recommendation.* After careful consideration, our board of directors unanimously determined that the merger agreement and the merger are advisable, fair to and in the best interests of PFG and our shareholders and unanimously recommends that our shareholders vote FOR the approval of the merger agreement and FOR the adjournment of or postponement of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve the merger agreement. For a discussion of the factors our board of directors considered in deciding to recommend the approval of the merger agreement, see *The Merger Reasons for the Merger; Recommendation of Our Board of Directors* beginning on page 26.

*Share Ownership of Directors and Executive Officers.* As of April 3, 2008, the record date for the special meeting, the directors and executive officers of PFG held and were entitled to vote, in the aggregate, shares of PFG common stock outstanding as of that date, representing approximately 1.75% of the outstanding shares of the PFG common stock. See *The Special Meeting Voting Rights; Quorum; Vote Required for Approval* beginning on page 14.

*Interests of PFG's Directors and Executive Officers in the Merger.* In reaching its decision concerning the merger agreement, our board of directors extensively consulted with our management team and legal and financial advisors. Selected senior members of management generally participated in meetings of our board of directors. In considering the recommendation of our board of directors with respect to the merger, you should be aware that some of PFG's directors and executive officers (including Steven Spinner, our president and chief executive officer who is also a director) who participated in meetings of our board of directors have interests in

the merger that may be different from, or in addition to, the interests of our shareholders generally. For example, the merger agreement provides that, except as otherwise agreed by PFG and VISTAR, immediately prior to the effective time of the merger, each outstanding option to purchase shares of our common stock and each outstanding stock appreciation right, including those stock options and stock appreciation rights held by our directors and executive officers, will become fully vested and exercisable and at the effective time of the merger will generally

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be cancelled and converted into the right to receive (without interest and less any applicable withholding tax requirements) an amount equal to the excess, if any, of \$34.50 over the applicable stock option exercise price or stock appreciation right grant price (subject to any appreciation caps associated with any such stock appreciation right), and all shares of restricted stock, including those held by our directors and executive officers, will become free of restrictions immediately prior to the effective time of the merger, and at the effective time of the merger will be cancelled and converted into the right to receive \$34.50 per share (without interest and less any applicable withholding tax requirements). Certain of our executive officers may also be entitled to severance payments under certain circumstances following the merger pursuant to existing change in control agreements with us and may be entitled to receive cash incentive payments in connection with the merger. Vesting of benefits of our executive officers under certain retirement plans will also be accelerated upon consummation of the merger and our executive officers' account balances under these plans will be paid. The surviving corporation or its affiliates may grant new cash and equity-based incentives to certain of our executive officers and/or enter into employment agreements with such officers. These and other interests or potential interests of our directors and executive officers are more fully described under *The Merger - Interests of PFG's Directors and Executive Officers in the Merger* beginning on page 44. Our board of directors was aware of these interests in making its decisions.

*Opinion of Evercore Group L.L.C.* In connection with the proposed merger, Evercore Group L.L.C., which we refer to as Evercore, delivered its opinion to our board of directors that, as of January 17, 2008, and based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Evercore as set forth therein, the merger consideration to be received by the holders of PFG common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of Evercore's written opinion, dated January 17, 2008, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement. Evercore's opinion was addressed to, and for the information and benefit of, our board of directors in connection with its evaluation of the merger. The Evercore opinion is not a recommendation as to how any holder of PFG's common stock should vote with respect to the transaction. Pursuant to the terms of an engagement letter between PFG and Evercore, we have agreed to pay Evercore an advisory fee of \$10,000,000, (i) \$200,000 of which was paid to Evercore upon signing the engagement letter, (ii) \$1,750,000 of which was paid to Evercore following delivery of its written fairness opinion and (iii) the remainder of which is contingent upon, and payable upon, consummation of the merger. In addition, we have agreed to reimburse Evercore for its reasonable and customary expenses incurred in performing its services. See *The Merger - Opinion of Evercore Group L.L.C.* beginning on page 28.

*Sources of Financing.* The merger agreement does not contain any condition relating to the receipt of financing by VISTAR; provided, however, that VISTAR is not required to consummate the merger until the completion of a 20-consecutive business day marketing period described under *The Merger Agreement - Marketing Period*. In connection with the merger, VISTAR will cause approximately \$1,240,546,380.24 (based upon the number of shares of common stock (including shares of restricted stock), stock appreciation rights and options to purchase shares of common stock with an exercise or grant price of less than \$34.50 per share outstanding as of January 15, 2008) to be paid out to shareholders and holders of other equity interests in PFG, with any remaining funds to be used to repay existing indebtedness of VISTAR and PFG and to pay fees and expenses in connection with the proposed merger, the financing arrangements and the related transactions. Funding of the equity and debt financing is subject to the satisfaction of the conditions set forth in the commitment letters pursuant to which the financing will be provided. VISTAR has agreed to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange the debt financing on the terms and conditions (subject to certain exceptions) set



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forth in the debt commitment letters. These payments are expected to be funded by a combination of the following:

an aggregate of \$759.5 million in cash equity contributions by private equity funds affiliated with Blackstone and Wellspring or their co-investors;

up to \$1.1 billion in a senior secured asset-based revolving credit facility or, if availability under the asset-based revolving credit facility would be less than \$165 million at closing (after giving effect to extensions of credit on the closing date), up to \$825 million in senior secured credit facilities consisting of a \$100 million revolving credit facility, a \$75 million synthetic letter of credit facility and a \$650 million term loan facility;

up to \$300 million in principal amount of senior unsecured notes; and

cash and cash equivalents held by PFG and our subsidiaries at closing.

In addition, Blackstone and Wellspring will continue to beneficially own additional equity in VISTAR valued at approximately \$150 million. VISTAR and Merger Sub may replace or amend the debt commitment letters, which may include changing, among other things, the types and amounts of debt and the terms of the debt used to finance the merger, so long as such amendments would not adversely impact the ability of VISTAR and Merger Sub to consummate the transactions contemplated by the merger agreement in a timely manner or the likelihood of the consummation of the transactions contemplated by the merger agreement. See *The Merger Financing of the Merger* beginning on page 39.

*Regulatory Approvals (see page 38).* Under the HSR Act, and the rules promulgated thereunder by the Federal Trade Commission, which we refer to as the FTC, the merger may not be completed until notification and report forms have been filed with the FTC and the Antitrust Division of the Department of Justice, which we refer to as the DOJ, and the applicable waiting period has expired or has been terminated. PFG and affiliates of Blackstone each filed notification and report forms under the HSR Act with the FTC and the Antitrust Division of the DOJ on February 21, 2008 and February 20, 2008, respectively, and the waiting period under the HSR Act expired at 11:59 p.m. eastern time on March 24, 2008.

*Tax Consequences.* The merger will be a taxable transaction for U.S. federal income tax purposes. Your receipt of cash in exchange for your shares of PFG common stock pursuant to the merger generally will cause you to recognize gain or loss measured by the difference, if any, between the cash you receive pursuant to the merger (determined before the deduction of any applicable withholding taxes) and your adjusted tax basis in your shares of PFG common stock. If you are a non-U.S. holder (as defined below) of PFG common stock, the merger generally will not be a taxable transaction to you under U.S. federal income tax law unless you have certain connections to the United States. Under U.S. federal income tax law, you will be subject to information reporting on cash received pursuant to the merger unless an exemption applies. Backup withholding may also apply with respect to cash you receive pursuant to the merger, unless you provide proof of an applicable exemption or a correct taxpayer identification number and otherwise comply with the applicable requirements of the backup withholding rules. You should consult your own tax advisor for a full understanding of how the merger will affect your particular tax consequences, including federal, state, local and/or foreign taxes and, if applicable, the tax consequences of the receipt of cash in connection with the cancellation of your options to purchase shares of PFG common stock, your stock appreciation rights, or your shares of restricted stock. See *The Merger Material U.S. Federal Income Tax Consequences of the Merger to Our Shareholders* beginning on page 49.

*Dissenter's Rights.* Under Tennessee law, so long as PFG common stock is not delisted from the NASDAQ Global Select Market prior to the effective time of the merger, holders of PFG common stock do not have dissenters' rights in connection with the merger.

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*Market Price of PFG Common Stock (see page 75).* The closing sale price of PFG common stock on the NASDAQ Global Select Market on January 17, 2008, the last trading date before the date of the merger agreement, was \$24.19 per share. The \$34.50 per share to be paid for each share of PFG common stock pursuant to the merger agreement represents a premium of approximately 33.4% over the average closing share price of PFG common stock for the 30 trading days ended January 17, 2008. On April 10, 2008, the most recent practicable date before this proxy statement was printed, the closing price for the PFG common stock on the NASDAQ Global Select Market was \$32.40 per share.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting. These questions and answers do not address all questions that may be important to you as a PFG shareholder. You should still carefully read the Summary Term Sheet and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.*

**Q. When and where is the special meeting?**

A. The special meeting of PFG's shareholders will be held on May 14, 2008, at 9:00 a.m., local time, at PFG's executive offices located at 12500 West Creek Parkway, Richmond, Virginia 23238. To obtain directions to attend the special meeting and vote in person, please make an oral or written request to the Treasurer, Performance Food Group Company, 12500 West Creek Parkway, Richmond, Virginia 23238, telephone: (804) 484-7700.

**Q. What matters will be voted on at the special meeting?**

A. You will be asked to consider and vote on the following proposals:

to approve the merger agreement;

to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement; and

to transact such other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

**Q. How does PFG's board of directors recommend that I vote on the proposals?**

A. The members of our board of directors, including all of the independent members of our board of directors, unanimously recommend that you vote:

FOR the proposal to approve the merger agreement; and

FOR any adjournment or postponement proposal, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement.

**Q. Who is entitled to vote at the special meeting?**

A. All holders of PFG common stock as of the close of business on April 3, 2008, the record date for the special meeting, are entitled to vote at the special meeting. As of the record date, there were approximately 35,583,765 shares of PFG common stock outstanding. Approximately 13,250 holders of record held these shares. Every holder of PFG common stock is entitled to one vote for each share the shareholder held as of the record date.



Please note that space limitations may make it necessary to limit attendance at the special meeting to shareholders. If you attend, please note that you may be asked to present valid picture identification. Street name holders will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices are not permitted at the special meeting.

**Q. What vote is required for PFG s shareholders to approve the merger agreement?**

A. An affirmative vote of the holders of a majority of all outstanding shares of PFG common stock entitled to vote on the matter is required to approve the merger agreement.

**Q. What vote is required for PFG s shareholders to approve a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement?**

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- A. If a quorum is present, a proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement requires that the votes cast in favor of adjournment or postponement exceed the votes cast against adjournment or postponement.

**Q. Who is soliciting my vote?**

- A. This proxy solicitation is being made and paid for by PFG. In addition, we have retained Georgeson Inc. to assist in the solicitation. We anticipate that we will pay Georgeson Inc. approximately \$17,000 plus out-of-pocket expenses for its assistance. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or by other means of communication. These individuals will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation materials to the beneficial owners of shares of PFG common stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses.

**Q. What do I need to do now?**

- A. Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, if you hold your shares in your own name as the shareholder of record, please complete, sign, date and return the enclosed proxy card; submit a proxy using the telephone number printed on your proxy card; or submit a proxy using the Internet proxy submission instructions printed on your proxy card. You can also attend the special meeting and vote, or change your prior vote, in person. **Do NOT enclose or return your stock certificate(s) with your proxy.** If you hold your shares in street name through a broker, bank or other nominee, then you received this proxy statement from the nominee, along with the nominee's proxy card which includes voting instructions and instructions on how to change your vote.

**Q. How do I vote? How can I revoke my vote?**

- A. You may cause your shares to be voted by signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope, or as described below if you hold your shares in street name. If you return your signed proxy card, but do not mark the boxes showing how you wish your shares to be voted, your shares will be voted **FOR** the proposal to approve the merger agreement and **FOR** any adjournment or postponement proposal, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement.

You have the right to revoke your proxy at any time before the vote taken at the special meeting:

if you hold your shares in your name as a shareholder of record, by notifying us in writing at 12500 West Creek Parkway, Richmond, Virginia 23238, Attention: Corporate Secretary;

if you hold your shares in your name as a shareholder of record, by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting to revoke your proxy);

if you hold your shares in your name as a shareholder of record, by submitting a later-dated proxy card or by casting a new vote by telephone or Internet; or

if you hold your shares in street name and have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

**Q. Can I submit a proxy by telephone or electronically?**

A. If you hold your shares in your name as a shareholder of record, you may submit a proxy by telephone or electronically through the Internet by following the instructions included with your proxy card.

If your shares are held by your broker, bank or other nominee, often referred to as held in street name, please check your proxy card or contact your broker, bank or other nominee to determine whether you

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will be able to provide voting instructions to your broker, bank or other nominee by telephone or electronically.

**Q. If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?**

- A. Your broker, bank or other nominee will only be permitted to vote your shares if you instruct your broker, bank or other nominee how to vote. You should follow the procedures provided by your broker, bank or other nominee regarding the voting of your shares. If you do not instruct your broker, bank or other nominee to vote your shares, your shares will not be voted and the effect will be the same as a vote against the approval of the merger agreement and will have no effect on any adjournment or postponement proposal.

**Q. What do I do if I receive more than one proxy or set of voting instructions?**

- A. If you hold shares both as a record holder and in street name, or if your shares are otherwise registered differently, you may receive more than one proxy and/or set of voting instructions relating to the special meeting. **These should each be returned separately in order to ensure that all of your shares are voted.**

**Q. How are votes counted?**

- A. For the proposal to approve the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not be counted as votes cast or shares voting on the proposal to approve the merger agreement, but will count for the purpose of determining whether a quorum is present. If you abstain, it will have the same effect as if you vote against the approval of the merger agreement. In addition, if your shares are held in the name of a broker, bank or other nominee, your broker, bank or other nominee will not be entitled to vote your shares on the proposal to approve the merger agreement in the absence of specific instructions. These non-voted shares, or broker non-votes, will be counted for purposes of determining a quorum, but will have the same effect as a vote against the approval of the merger agreement.

For any proposal to adjourn or postpone the special meeting, you may vote FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will count for the purpose of determining whether a quorum is present, but will have no effect on the vote to adjourn or postpone the meeting, which requires, if a quorum is present, that the votes cast in favor of adjournment or postponement exceed the votes cast against such matter. If your shares are held in the name of a broker, bank or other nominee, your broker, bank or other nominee will not be entitled to vote your shares in the absence of specific instructions and this will result in a non-voted share or broker non-vote.

If you sign your proxy card without indicating your vote, your shares will be voted FOR the approval of the merger agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement, and in accordance with the recommendations of our board of directors on any other matters properly brought before the special meeting for a vote.

**Q: Who will count the votes?**

- A: Either our corporate secretary or a representative of our transfer agent, The Bank of New York Mellon, will count the votes and act as an inspector of election. Questions concerning stock certificates or other matters pertaining to your shares may be directed to The Bank of New York Mellon at 1-877-296-3703 or [shrrelations@bnymellon.com](mailto:shrrelations@bnymellon.com).

**Q. When is the merger expected to be completed? What is the marketing period ?**

- A. We are working toward completing the merger as soon as possible, and we anticipate that it will be completed in the second quarter of 2008. However, in order to complete the merger, we must obtain shareholder approval and the other closing conditions under the merger agreement must be satisfied or waived. In addition, VISTAR is not obligated to complete the merger until the expiration of a 20-consecutive business day marketing period that it may use to complete the debt financing for the merger. The

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marketing period begins to run after we have provided VISTAR with certain financial information required to be provided by us under the merger agreement, obtained the approval of the merger agreement by our shareholders and satisfied other specified conditions under the merger agreement. See *The Merger Agreement Marketing Period* and *The Merger Agreement Conditions to the Merger* beginning on page 62.

**Q. Should I send in my stock certificates now?**

- A. No. If the merger is completed, following completion of the merger you will be sent a letter of transmittal with detailed written instructions for exchanging your PFG common stock certificates for the merger consideration.

If your shares are held in *street name* by your broker, bank or other nominee, you will receive instructions from your broker, bank or other nominee as to how to effect the surrender of your *street name* shares in exchange for the merger consideration. **Please do not send your certificates in now.**

**How can I obtain additional information about PFG?**

- A. We will provide a copy of our Annual Report to shareholders and/or our Annual Report on Form 10-K for the year ended December 29, 2007, excluding certain of its exhibits, and other filings, including our reports on Form 10-Q, which have been filed with the Securities and Exchange Commission, which we refer to as the SEC, without charge to any shareholder who makes an oral or written request to the Treasurer, Performance Food Group Company, 12500 West Creek Parkway, Richmond, Virginia 23238, telephone: (804) 484-7700. Our Annual Report on Form 10-K and other SEC filings also may be accessed on the Internet at <http://www.sec.gov> or on the Investors page of PFG's website at <http://www.pfgc.com>. Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement and is not incorporated by reference. For a more detailed description of how to obtain additional information about PFG, please refer to *Where You Can Find More Information* beginning on page 80.

**Q. Who can help answer my questions?**

- A. If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact: Georgeson Inc., 17 State Street, 10th Floor, New York, New York 10004. Banks, brokers and any other shareholder with questions should call Georgeson toll-free at (888) 293-6903. If your broker, bank or other nominee holds your shares, you can also call your nominee for additional information. Shareholders may also make an oral or written request for assistance to the Treasurer, Performance Food Group Company, 12500 West Creek Parkway, Richmond, Virginia 23238, telephone: (804) 484-7700.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of PFG, the expected completion and timing of the merger and other information relating to the merger. There are forward-looking statements throughout this proxy statement, including, without limitation, under the headings Summary Term Sheet, The Merger, and in statements containing the words believes, plans, expects, anticipates, intends, estimates or other similar expressions. For each of these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of PFG. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to publicly update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, including a termination that under circumstances could require us to pay a \$40.0 million termination fee to VISTAR;

the outcome of any legal proceedings that have been or may be instituted against us and others relating to the merger agreement;

the failure of the merger to close for any reason, including the inability to complete the merger due to the failure to obtain shareholder approval or the failure to satisfy other conditions to consummation of the merger, or the failure to obtain the necessary debt financing arrangements set forth in commitment letters received in connection with the merger, and the risk that any failure of the merger to close may adversely affect our business and the price of our common stock;

the potential adverse effect on our business, properties and operations of any affirmative or negative covenants we agreed to in the merger agreement;

risks that the proposed transaction diverts management's attention and disrupts current plans and operations, and potential difficulties in employee retention as a result of the merger;

the effect of the announcement of the merger and actions taken in anticipation of the merger on our business relationships, operating results and business generally;

the amount of the costs, fees, expenses and charges related to the merger; and

other risks detailed in our current filings with the SEC, including our most recent filing on Form 10-K and subsequent filings on Form 10-Q. See Where You Can Find More Information beginning on page 80.

Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect our views only as of the date of this proxy statement. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.



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**THE PARTIES TO THE MERGER**

**PFG**

Performance Food Group Company is a Tennessee corporation headquartered in Richmond, Virginia. Our principal executive offices are located at 12500 West Creek Parkway, Richmond, Virginia 23238 and our telephone number is (804) 484-7700.

PFG was founded in 1987 through the combination of various foodservice distribution businesses and has grown internally through increased sales to existing and new customers and through acquisitions of existing businesses. PFG is the nation's third largest Broadline foodservice distributor based on 2007 net sales. We market and distribute over 68,000 national and proprietary brand food and non-food products to over 41,000 customers. Our extensive product line and distribution system allow us to service both of the major customer types in the foodservice or food-away-from-home industry: street foodservice customers, which include independent restaurants, hotels, cafeterias, schools, healthcare facilities and other institutional customers, and multi-unit, or chain, customers, which include regional and national casual and family dining, quick-service restaurants and other institutional customers.

For a more detailed description of the business and properties of PFG, see our Annual Report on Form 10-K for the fiscal year ended December 29, 2007, which is incorporated by reference herein, or visit our website at [www.pfgc.com](http://www.pfgc.com). Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement and is not incorporated by reference herein. PFG is publicly traded on the NASDAQ Global Select Market under the symbol PFGC. See [Where You Can Find More Information](#).

**VISTAR**

VISTAR Corporation is a Colorado corporation headquartered in Centennial, Colorado. The principal office address of VISTAR is 12650 East Arapahoe Road, Centennial, Colorado 80112, and its telephone number is (800) 880-9900. VISTAR, formerly Multifoods Distribution Group, Inc., was acquired by an affiliate of Wellspring in September 2002 which sold a majority equity interest in VISTAR to Blackstone in July 2007. VISTAR operates two businesses (Vistar Specialty Markets and Roma Foodservice) that focus on different sub-segments within the food distribution industry. Vistar Specialty Markets is the leading specialty food distributor in the United States and is the only national distributor to the vending, office coffee services, theatre, and fund-raising markets, with leading market share in each of these categories. Roma Foodservice is a foodservice distributor with a particular focus on Italian foods and products that cater to independent Italian pizzerias, and has the number one market share in the independent pizza distribution market. At the time of the merger, VISTAR will be indirectly controlled by private equity funds affiliated with Blackstone, with a minority interest held by an affiliate of Wellspring.

**Merger Sub**

Panda Acquisition, Inc., which we refer to as Merger Sub, is a Delaware corporation that was formed solely for the purpose of completing the proposed merger. Upon the consummation of the proposed merger, Panda Acquisition, Inc. will cease to exist and PFG will survive the merger as a wholly-owned subsidiary of VISTAR. Panda Acquisition, Inc. is wholly-owned by VISTAR and has not engaged in any business except as contemplated by the merger agreement. The principal office address of Merger Sub is c/o VISTAR Corporation, 12650 East Arapahoe Road, Centennial, Colorado 80112, telephone (800) 880-9900.



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**THE SPECIAL MEETING**

This proxy statement is furnished in connection with the solicitation of proxies by our board of directors in connection with the special meeting of our shareholders relating to the merger.

**Date, Time and Place of the Special Meeting**

The special meeting is scheduled to be held as follows:

Date: May 14, 2008

Time: 9:00 a.m., local time

Place: 12500 West Creek Parkway  
Richmond, Virginia 23238

**Proposals to be Considered at the Special Meeting**

At the special meeting, you will be asked to vote on a proposal to approve the merger agreement and to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement. If our shareholders fail to approve the merger agreement, the merger will not occur. A copy of the merger agreement is attached as Annex A to this proxy statement, and we encourage you to read it carefully and in its entirety.

**Record Date**

We have fixed the close of business on April 3, 2008 as the record date for the special meeting, and only holders of record of PFG common stock on the record date are entitled to vote at the special meeting. On the record date, there were 35,583,765 shares of PFG common stock outstanding and entitled to vote.

**Voting Rights; Quorum; Vote Required for Approval**

Each share of PFG common stock entitles the holder to one vote on all matters properly coming before the special meeting. The presence, in person or representation by proxy, of shareholders entitled to cast a majority of the votes of all issued and outstanding shares entitled to vote, shall constitute a quorum for the purpose of considering the proposals. Shares of PFG common stock represented at the special meeting but not voted, including shares of PFG common stock for which proxies have been received but for which shareholders have abstained, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies in favor of the proposal to approve the merger agreement.

Approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of PFG common stock entitled to vote on the matter. For the proposal to approve the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not be counted as votes cast or shares voting on the proposal to approve the merger agreement, but will count for the purpose of determining whether a quorum is present. **If you abstain, it will have the same effect as if you vote against the approval of the merger agreement.** In addition, if

your shares are held in the name of a broker, bank or other nominee, your broker, bank or other nominee will not be entitled to vote your shares on the proposal to approve the merger agreement in the absence of specific instructions. **These non-voted shares, or broker non-votes, will be counted for purposes of determining a quorum, but will have the same effect as a vote against the approval of the merger agreement.** Your broker, bank or nominee will vote your shares only if you provide instructions on how to vote by following the instructions provided to you by your broker, bank or nominee.

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If a quorum is present, any proposal to adjourn or postpone the special meeting requires that the votes cast in favor of adjournment or postponement exceed the votes cast against adjournment or postponement. For any proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will count for the purpose of determining whether a quorum is present, but broker non-votes will not count as shares voted for or against the proposal to adjourn the meeting. **As a result, abstentions and broker non-votes will have no effect on the vote to adjourn the special meeting, which requires that the votes cast in favor of adjournment exceed the votes cast against adjournment.**

As of April 3, 2008, the record date, the directors and executive officers of PFG held and were entitled to vote, in the aggregate, 621,095 shares of PFG common stock outstanding as of that date, representing approximately 1.75% of the outstanding PFG common stock. If our directors and executive officers vote their shares in favor of approving the merger agreement, approximately 1.75% of the outstanding shares of PFG common stock will have voted for the proposal to approve the merger agreement. This means that additional holders of approximately 17,170,788 shares, or approximately 48.25% of all shares entitled to vote at the special meeting, would need to vote for the proposal to approve the merger agreement in order for it to be approved.

## **Submission and Revocation of Proxies**

Shareholders of record may submit proxies by mail. Shareholders who wish to submit a proxy by mail should mark, date, sign and return the proxy card in the envelope furnished. If you hold your shares in your name as a shareholder of record, you may submit a proxy by telephone or electronically through the Internet by following the instructions included with your proxy card. Shareholders who hold shares beneficially through a nominee (like a bank or broker) may be able to submit a proxy by mail, or by telephone or the Internet if those services are offered by the nominee.

Proxies received at any time before the special meeting, and not revoked or superseded before being voted, will be voted at the special meeting. Where a specification is indicated by the proxy, it will be voted in accordance with the specification. If you hold your shares in your name as a shareholder of record and sign your proxy card without indicating your vote, your shares will be voted FOR the approval of the merger agreement and FOR any adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement, and in accordance with the recommendations of our board of directors on any other matters properly brought before the special meeting for a vote.

You have the right to revoke your proxy at any time before the vote taken at the special meeting:

if you hold your shares in your name as a shareholder of record, by notifying us in writing at 12500 West Creek Parkway, Richmond, Virginia 23238, Attention: Corporate Secretary;

if you hold your shares in your name as a shareholder of record, by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

if you hold your shares in your name as a shareholder of record, by submitting a later-dated proxy card or by casting a new vote by telephone or Internet; or

if you hold your shares in street name and you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

**Please do not send in your stock certificates with your proxy card.** If the merger is completed, a separate letter of transmittal will be mailed to you following completion of the merger that will enable you to receive the merger consideration in exchange for your stock certificates.

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**Rights of Shareholders Who Object to the Merger**

So long as PFG's common stock is not delisted from the NASDAQ Global Select Market prior to the effective time of the merger, shareholders of PFG are not entitled to dissenters' rights under Tennessee law in connection with the merger.

**Solicitation of Proxies**

This proxy solicitation is being made and paid for by PFG on behalf of our board of directors. In addition, we have retained Georgeson Inc. to assist in the solicitation. We anticipate that we will pay Georgeson Inc. approximately \$17,000 plus out-of-pocket expenses for their assistance. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These individuals will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of PFG common stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses. In addition, we will indemnify Georgeson Inc. against any losses arising out of that firm's proxy soliciting services on our behalf.

**Other Business**

We are not currently aware of any business to be acted upon at the special meeting other than the matters discussed in this proxy statement. Under our bylaws, business transacted at the special meeting is limited to the purposes stated in the notice of the special meeting, which is provided at the beginning of this proxy statement. If other matters do properly come before the special meeting, or at any adjournment or postponement of the special meeting, we intend that shares of PFG common stock represented by properly submitted proxies will be voted in accordance with the recommendations of our board of directors.

**Questions and Additional Information**

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call our proxy solicitor, Georgeson Inc., toll-free at (888) 293-6903, or contact PFG in writing at our principal executive offices at 12500 West Creek Parkway, Richmond, Virginia 23238, Attention: Corporate Secretary, or by telephone at (800) 484-7700.

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**THE MERGER**

*This discussion of the merger is qualified by reference to the merger agreement, which is attached to this proxy statement as Annex A. You should read the entire merger agreement carefully as it is the legal document that governs the merger.*

**Background of the Merger**

As part of its ongoing evaluation of its business, PFG's board of directors and senior management regularly evaluate PFG's long-term strategic alternatives and prospects for continued operations as an independent company. These strategic discussions have included the possibility of business combinations with other entities.

In late 2006, PFG's board of directors learned that the parent company of Company A, a larger foodservice distributor, intended to sell Company A in an auction process and PFG's board of directors determined that it would be advisable to consider the possible acquisition of Company A or certain of its assets. In December 2006, PFG engaged Evercore to assist it in connection with its evaluation of a possible transaction with Company A. With the assistance of Evercore, in December 2006 and January 2007 PFG's board of directors evaluated PFG's options related to making a viable offer for some or all of the business of Company A. The alternatives considered by PFG's board included seeking an investment from a private equity firm to obtain adequate equity financing necessary to support the level of debt that would be required to make such a bid or joining with another potential strategic buyer to acquire certain of Company A's assets. During this time, and in connection with considering the possibility of making a bid for Company A, PFG, along with representatives of Evercore, met with a number of private equity firms, including Blackstone, to discuss the possibility of making a proposal to acquire Company A. PFG also entered into discussions with Company B, a larger foodservice distributor, about the prospect of making a joint proposal to acquire Company A with PFG acquiring certain assets of Company A and Company B acquiring all other assets of Company A.

Ultimately, PFG was unable to reach an agreement with any third party for either alternative, so PFG decided to submit an initial range of valuation at which it would be prepared to acquire Company A without a partner. Company A's parent company rejected this initial range and PFG was not allowed to participate further in that process. Company A ultimately was sold to a consortium of two private equity firms.

During the first half of 2007, PFG's board of directors and management continued to consider PFG's position in the foodservice distribution industry and the inherent risks associated with the execution of its business plan. The board considered the challenges that PFG faced in achieving increased scale by growing its business through the acquisition of other foodservice distribution companies with significant size in attractive markets and in transactions that would be accretive to PFG. The board also considered certain actions that management had discussed with the board, including the possible closing of one or more of PFG's unprofitable or marginally profitable distribution centers.

Consistent with these discussions, in March 2007, PFG's board of directors asked Evercore to begin work on an analysis of PFG's reasonably available strategic alternatives. Representatives of Evercore met with various members of PFG's senior management team to discuss PFG's near and longer-term prospects assuming various scenarios, and on April 5, 2007, Evercore presented its analysis at a meeting of PFG's board of directors.

In early May 2007, following the public announcement that two private equity firms had entered into an agreement to acquire Company A at a price that the PFG board believed represented an extraordinary valuation, Blackstone contacted Evercore expressing interest in exploring the possibility of a potential business combination with PFG.



On May 16, 2007, at a regularly scheduled board meeting, the PFG board discussed the preliminary contact from Blackstone. Evercore provided an updated presentation to the board, taking into account the announcement of the planned sale of Company A, outlining a potential range of values that PFG might achieve for its shareholders if it remained an independent public company or, alternatively, if PFG were sold. The board discussed with representatives of Evercore the representatives' views regarding the anticipated levels

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of interest in PFG by private equity firms, including those with whom PFG had discussions regarding a possible offer to acquire Company A, the compelling valuations that private equity firms were then paying in other acquisition transactions, the likely strategic buyers that might be interested in pursuing a transaction with PFG, and the strategic position and prospects of PFG if it were to remain independent. The board also discussed possible responses to Blackstone and the advisability of approaching other private equity firms that management had met with in connection with the Company A auction process to determine whether any of these firms might be interested in a transaction with PFG. After discussion, the board authorized management to provide certain limited PFG financial information to Blackstone, subject to its executing a confidentiality agreement with PFG. Management subsequently provided Blackstone with its then current estimate of PFG's expected 2007 earnings before interest, taxes, depreciation and amortization, or EBITDA, the then current expected net sales for 2007 and expected stock compensation expense for 2007, in each case assuming the potential closure of three of PFG's distribution centers. The board also authorized Evercore to contact other private equity firms with whom PFG had had prior discussions in connection with the Company A auction process to determine these firms' interest in pursuing a possible transaction with PFG. In the event that such firms were interested in pursuing a potential transaction with PFG, the board authorized management to provide those firms the same financial information that would be provided to Blackstone, subject to those parties also executing confidentiality agreements with PFG.

On May 25, 2007, PFG's board of directors met to receive an update on the ongoing progress of Evercore's contacts with various private equity firms. Evercore reported to the board that it had contacted three other private equity firms in addition to Blackstone. Two of these firms indicated that they were not interested in pursuing a transaction with PFG, while the other firm expressed interest. Evercore also informed the board that Blackstone had provided them with a preliminary indication of interest in acquiring all of PFG's outstanding shares of common stock at an all cash price of up to \$40.00 per share based on the limited information that had been made available to Blackstone at the time and subject to numerous conditions including satisfactory completion of due diligence and obtaining of financing on satisfactory terms. Evercore also informed the board that PFG and its legal advisor were currently negotiating a confidentiality agreement with Blackstone, and that Blackstone had requested more information to continue its due diligence and analysis of PFG's business. After discussion, the board authorized Evercore to continue to have discussions with Blackstone and the other private equity firm that was interested in a potential transaction but requested that the board be allowed to understand the terms and scope of any due diligence request from Blackstone before PFG responded to the request. The board also directed Evercore to participate in meetings with Blackstone and authorized PFG and its legal advisor to negotiate the terms of an engagement letter with Evercore as PFG's financial advisor in connection with its consideration of a possible strategic transaction. This engagement letter was executed on August 1, 2007. PFG's board and management also agreed at this meeting that members of management would not have any discussions regarding post-transaction employment arrangements without the prior authorization of PFG's board.

On June 4, 2007, PFG and Blackstone executed a confidentiality agreement. On June 27, 2007, PFG executed a confidentiality agreement with the other private equity firm that had continued to express interest in a possible transaction with PFG, referred to herein as PE Firm Y. PFG would later execute confidentiality agreements with Wellspring and VISTAR, which at the time was controlled by an affiliate of Wellspring but later became controlled by an affiliate of Blackstone with a minority interest held by an affiliate of Wellspring.

On June 27, 2007, Messrs. Spinner and Austin and representatives of Evercore met with representatives of PE Firm Y at PE Firm Y's offices. The purpose of that meeting was for members of PFG's management to meet the representatives of PE Firm Y and discuss PFG's business and business plan and its 2007 year-to-date operating performance. PFG also provided PE Firm Y with certain financial information that PE Firm Y could use in preparing a possible value that PE Firm Y would be willing to pay to acquire all of PFG's outstanding common stock. This financial information consisted of historical and 2007 estimated revenue and EBITDA, as well as EBITDA margin information and operating expenses as a percentage of revenue, both on a consolidated basis and by operating segment, sales force

productivity trends, average drop sizes and gross margin per delivery, earned income for PFG's broadline operating segment, sample distribution center profitability levels, historical and projected corporate-level expenses and longer-term financial objectives for

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PFG. This information also included historical industry financial information and trend analysis, management's then current estimated five-year projected performance for PFG, broken down by net sales, EBITDA, earnings before interest and taxes, or EBIT, net income and diluted earnings per share. The financial information related to PFG was adjusted for the possible closing or consolidation of three of PFG's distribution centers.

On June 28, 2007, Messrs. Spinner and Austin and representatives of Evercore met with representatives of Blackstone in Evercore's office. The purpose of the meeting was for members of PFG's management to meet the Blackstone representatives and discuss PFG's business and business plan and its 2007 year-to-date operating performance. PFG also provided Blackstone with certain financial information that Blackstone could use in preparing a possible value that Blackstone would be willing to pay to acquire all of PFG's outstanding common stock. This financial information consisted of historical and 2007 estimated revenue and EBITDA, as well as EBITDA margin information and operating expenses as a percentage of revenue, both on a consolidated basis and by operating segment, sales force productivity trends, average drop sizes and gross margin per delivery, earned income for PFG's broadline operating segment, sample distribution center profitability levels, historical and projected corporate-level expenses and longer-term financial objectives for PFG. This information also included historical industry financial information and trend analysis, management's then current estimated five-year projected performance for PFG, broken down by net sales, EBITDA, EBIT, net income and diluted earnings per share. The financial information related to PFG was adjusted for the possible closing or consolidation of three of PFG's distribution centers.

PFG's board of directors met again on July 3, 2007, and received an update regarding Evercore's progress in soliciting interest from private equity firms. Evercore informed the board that of the four private equity firms previously contacted, PE Firm Y and Blackstone had signed confidentiality agreements and were provided certain financial information but that the other two firms with whom PFG had engaged in discussions regarding the Company A auction were not interested in pursuing a transaction with PFG. Evercore had also contacted a fifth private equity firm that had indicated a willingness to engage in further discussions, but this firm subsequently determined that it was not interested in pursuing a transaction and did not enter into a confidentiality agreement with PFG. Members of management and Evercore updated the board on the meetings that had taken place with PE Firm Y and Blackstone on June 27, 2007 and June 28, 2007, respectively. Representatives of Evercore also noted that Blackstone and PE Firm Y had asked for additional information from PFG in order to further pursue their due diligence. The board discussed with Evercore the advisability of contacting a likely potential strategic acquiror but decided to not do so at that time given the early stages of the discussions. The board also discussed with Evercore's representatives when PFG might receive initial indications of interest from the private equity firms still interested in pursuing a transaction with PFG.

From June 27, 2007 to July 16, 2007, PFG continued to provide information to Blackstone and PE Firm Y and to respond to each firm's additional due diligence requests.

On July 16, 2007 the board met and received an update from Evercore with respect to its contacts with private equity firms who had a potential interest in a business transaction with PFG. Evercore noted that Blackstone orally indicated a preliminary interest in purchasing all of PFG's common stock at a purchase price of \$38-\$40 per share in cash. PE Firm Y had stated a preliminary indication of interest at a range of \$39-\$40 per share in cash. Evercore noted that each firm's indication of interest was subject to further due diligence and the arranging of financing, and that each had requested access to a data room containing additional information about PFG in order to complete their diligence. The board discussed whether to permit access to a data room at that time and again discussed the advisability of contacting a likely potential strategic acquiror.

The board then discussed with Evercore and management the execution risk for PFG of achieving its business plan. The board was provided with the views and opinions of PFG's senior management regarding the potential advantages and disadvantages to PFG's shareholders of remaining an independent public company and the risks to PFG of executing its business plan. After discussion, the board authorized management to provide the private equity firms

with access to an online data room to allow them to complete their due diligence. The board also determined that it would be in the best interests of PFG's shareholders to wait to

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contact a likely potential strategic acquiror until a reasonable period of time before consideration of a transaction with a private equity firm to see if it would be interested in pursuing a transaction with PFG.

From July 16, 2007 into August 2007, management of PFG, together with Evercore and PFG's legal advisor, began the process of gathering legal and financial due diligence material and established an online data room for use by potential acquirors in conducting their due diligence.

During this same time period, the leveraged finance markets began to experience turmoil as a result of the downturn in the residential real estate market and weaknesses in the sub-prime segment of the mortgage-backed securities market. As the debt financing markets began to deteriorate, investors became increasingly unwilling to purchase debt that had previously been committed for previously announced leveraged buyout transactions. As a result, a backlog began to develop for the financing of these transactions. Lenders that had committed to finance these types of transactions were now unable to syndicate the debt on the terms at which the lenders had committed to provide the financing, and many previously announced transactions were stalled as the buyers waited for the lenders to fund these transactions.

On July 30, 2007, the PFG board held a meeting to receive a presentation from Evercore on the status of its representatives' and PFG management's discussions with Blackstone and PE Firm Y and the current state of the financing markets. The board also asked Evercore to provide its views on other potential alternatives for PFG to grow its business if a sale transaction was not ultimately pursued. At this meeting, Evercore's representatives provided their views on the status of the financing capital markets generally and the financing market for leveraged buyout transactions specifically. Evercore's representatives also discussed with the PFG board the possibility for PFG to engage in strategic acquisitions, identifying potential targets and the likely methods for financing any such acquisition as well as Evercore's analysis of the possible financial impact on PFG of an assumed acquisition.

In August 2007, Evercore informed each of Blackstone and PE Firm Y that they would need to have their final indications of interest to PFG in advance of PFG's August 22, 2007 scheduled board meeting. As a result of the continued turmoil in the leveraged finance markets and the further deterioration of the debt financing markets, Blackstone informed Evercore that it needed additional time to finalize its indication and PE Firm Y informed Evercore that it was not prepared to proceed with the transaction.

On September 10, 2007, representatives of Blackstone met with representatives of Evercore to inform them that in light of recent developments in the leveraged finance markets and the deterioration of the debt financing markets it was reducing its indicated price at which it would be willing to consider purchasing all of PFG's outstanding common stock to \$34.00 per share in cash. Alternatively, Blackstone proposed a transaction structure to Evercore whereby PFG would acquire all of the stock of VISTAR in a transaction that would result in the combined entity remaining a public company, with Blackstone and Wellspring owning approximately 20% of the combined company. In this transaction structure, PFG would pay a special dividend to all of its shareholders, including affiliates of Blackstone and Wellspring, following consummation of the merger that would be financed by borrowings.

On September 11, 2007, the board held a special meeting to receive an update on Evercore's continued communications with Blackstone on behalf of PFG. Mr. Spinner reported to the board Blackstone's reduced indication of interest and representatives of Evercore described for the board Blackstone's alternative proposal. The board engaged in a discussion of the alternative transaction structure, including the potential positive and negative attributes of the proposal, and whether such a transaction was in the best interests of PFG and its shareholders. Evercore also presented its valuation analysis of VISTAR and the proposed alternative transaction and the mechanics of how the transaction would be effected, before presenting its preliminary valuation analysis of PFG on a stand-alone basis. After discussion, the members of the board determined, that given the information then available to them, the alternative transaction structure was not likely to be in the best interests of PFG's shareholders.

Evercore next presented its preliminary valuation analysis of Blackstone's reduced indication of interest. After discussion, the board determined that the \$34.00 per share indication of interest was unacceptable. The board instructed Evercore to inform Blackstone that PFG was not prepared to engage in further discussions

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regarding either the acquisition by PFG of VISTAR or the acquisition of PFG by Blackstone on the terms indicated by Blackstone.

Following this meeting, representatives of Evercore communicated to Blackstone and Wellspring that PFG did not intend to have further discussions with them, and Blackstone's, Wellspring's and VISTAR's, as well as their representatives and advisors', access to the online data room was terminated. In the following weeks, representatives of Wellspring indicated to Evercore and PFG that Blackstone and Wellspring might be willing to increase their indicated price per share for PFG's outstanding stock; subsequently, representatives of Wellspring informed PFG and Evercore that they would increase the price at which they were interested in acquiring all of PFG's outstanding common stock to \$36.00 per share.

On October 9, 2007, representatives of Evercore had a telephone conversation with representatives of Blackstone and Wellspring. During that conversation the parties discussed Blackstone's and Wellspring's \$36.00 per share indication. Blackstone and Wellspring noted that they did not have committed financing at that time but expressed confidence in their ability to obtain a financing commitment for a transaction at that price and requested that PFG grant them permission under the confidentiality agreement to pursue financing with various sources. Blackstone and Wellspring indicated that they anticipated that it would take them three to four weeks to obtain a commitment letter and complete the due diligence they had begun in August.

On October 10, 2007, the board met and was presented with Evercore's update on the process, including Evercore's conversation with Blackstone and Wellspring on the previous day. Evercore then presented its analysis of Blackstone and Wellspring's \$36.00 per share cash indication price in comparison to PFG management's internally prepared projections. The board discussed Evercore's presentation. Representatives of Evercore then left the meeting and representatives of Goldman Sachs & Co., who had previously provided advice to PFG, joined the call to discuss with the board an analysis that they had prepared regarding historical leveraged financed buyouts and the credit markets generally, noting that although the credit markets had improved modestly, structuring leveraged buyout financing had become more complex and expensive than it had been in the past.

After discussion of PFG's business and prospects and current market conditions, the board determined that it would be in the best interests of PFG's shareholders to continue to negotiate with Blackstone and Wellspring and to contact Company B, a likely potential strategic acquiror, to inquire about its interest in engaging in a possible transaction with PFG. Counsel for PFG was also instructed to prepare a draft merger agreement for a possible transaction with Blackstone, Wellspring and VISTAR.

On October 11, 2007, representatives of Evercore also contacted Company B to determine whether it might be interested in pursuing a business combination transaction with PFG. On October 15, 2007, Company B informed Evercore that it had analyzed the possibility of pursuing a transaction with PFG and that it was not interested in pursuing such a transaction.

During the week of October 15, 2007, Messrs. Spinner and Austin, together with representatives of Evercore, met with representatives of Blackstone, Wellspring and VISTAR to provide them with certain financial information regarding PFG. At this meeting, representatives of Blackstone and Wellspring also discussed the two private equity firms' valuation analysis related to a possible transaction and their underlying assumptions, including the impact on their valuation analysis of the potential synergies of PFG and VISTAR and the assumptions about PFG's business made by Blackstone and Wellspring in connection with their \$36.00 per share indication. At the meeting, and in conversations following the meeting, representatives of Blackstone and Wellspring indicated that \$36.00 per share was the maximum price that they would be willing to pay for all of PFG's outstanding common stock.



The PFG board met again on October 23, 2007, and was updated on the meeting management and representatives of Evercore had with Blackstone and Wellspring the prior week and on Evercore's conversations with Company B. Evercore reviewed with the board its analysis of the \$36.00 per share indication, noting that it had been informed by Blackstone that this was the highest price Blackstone would be willing to pay. Counsel to PFG discussed with the board a possible time line for reaching an agreement and the material terms likely to be contained in an acquisition agreement. After discussion, the board determined that it was in

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the best interests of PFG's shareholders to continue discussions with Blackstone and Wellspring and agreed to allow Blackstone, VISTAR and Wellspring to again access the online data room and permit them to contact proposed financing sources.

During the weeks of October 22, 2007 and October 29, 2007, members of PFG's management and representatives of Evercore and PFG's legal advisor had multiple telephone conferences with representatives of Blackstone and Wellspring and their legal and accounting advisors to discuss possible structures for a transaction.

During late October and November 2007, Blackstone and Wellspring and their representatives engaged in extensive legal, accounting and financial due diligence, including meeting on numerous occasions with members of PFG's senior management team.

On November 1, 2007, representatives of PE Firm Y contacted Evercore expressing a renewed interest in PFG. Evercore informed PE Firm Y that if it were interested, its price needed to be within 10% of its initial indication of interest.

On November 2, 2007 the board of directors met again to discuss the process to date. The terms of a draft merger agreement were summarized by counsel for PFG and the board engaged in general discussion regarding the potential terms of an agreement. The board requested that any draft agreement be circulated to the board before being sent to Blackstone. Representatives of Evercore also informed the board of its recent conversations with PE Firm Y. PFG was never contacted again by PE Firm Y prior to signing the merger agreement about its interest in entering into a possible transaction with PFG.

During the week of November 9, 2007, members of PFG's senior management held meetings with representatives of VISTAR, Blackstone and Wellspring and their potential financing sources in which members of PFG's management presented this group with certain business and financial information regarding PFG so that the financing sources could reach a decision on lending commitments.

On November 9, 2007, PFG received an unsolicited indication of interest in PFG from a diversified company with foodservice operations based outside of the United States, referred to herein as Company C. Counsel to PFG negotiated a confidentiality agreement with Company C that was signed on November 15, 2007, and Company C was later granted access to the online data room to conduct due diligence. On November 16, 2007, Messrs. Spinner and Austin and representatives of Evercore met in New York with representatives of Company C to discuss certain PFG financial information and Company C's interest in a possible transaction with PFG. At this meeting, Company C proposed a transaction structure whereby PFG would acquire certain of Company C's international foodservice operations, with Company C receiving an ownership interest in PFG. Company C was informed by PFG management and Evercore that, given other alternatives that PFG was considering, it was not likely that PFG would be interested in Company C's proposed transaction but that if Company C wanted to submit an indication of interest to acquire all of the outstanding stock of PFG that PFG's board of directors would consider that indication of interest. Company C informed PFG that it would submit a preliminary indication of interest in PFG prior to the board's scheduled November 28th board meeting.

On November 16, 2007, PFG delivered a draft merger agreement and disclosure schedules to Blackstone and Wellspring and their counsel.

On November 20, 2007, at a special meeting, the PFG board met again for an update. Evercore updated the board on Company C's interest and on progress made since its last meeting. Evercore noted that Blackstone and Wellspring continued to have due diligence discussions with PFG's management but that Blackstone and Wellspring had indicated that they could finalize their due diligence shortly. The board agreed to continue to allow Company C access to the

online data room, provided that it delivered an indication of interest to PFG by November 28, 2007, the date of the next scheduled board meeting. Company C subsequently contacted Evercore and informed it that it would not deliver an indication of interest with respect to a transaction to acquire all of PFG's outstanding common stock, and its and its representatives' access to the online data room was terminated.

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In early December 2007, representatives of Blackstone contacted Evercore to discuss Blackstone's concerns following its due diligence investigation of PFG. These concerns related to (i) Blackstone's inability to utilize a portion of the cash on PFG's balance sheet to finance a portion of the merger consideration because of working capital needs for the business and regulatory capital requirements related to PFG's captive insurance company; (ii) the impact of reductions to actuarial insurance accruals on 2007 results; (iii) the fact that the proposed capital structure for PFG following consummation of the merger could potentially conflict with several agreements to which PFG or certain of its subsidiaries is a party; and (iv) the terms of PFG's change in control agreements. Blackstone informed PFG's management and representatives of Evercore that it needed more time to analyze its diligence findings, including the potentially conflicting agreements, and to consider ways in which Blackstone and PFG might eliminate the potential conflicts following consummation of the merger.

On December 6, 2007, Mr. Spinner met with representatives of Blackstone to discuss the various due diligence issues that Blackstone had raised. Blackstone informed Mr. Spinner at this meeting that it was not prepared to assume any costs associated with remedying the potentially conflicting agreements, and that PFG could either agree to secure amendments to the agreements that would eliminate Blackstone's concerns prior to signing or make securing the amendments a condition to Blackstone's obligation to close the transaction.

On December 10, 2007, PFG held a board meeting at which Mr. Spinner and representatives of Evercore briefed the board on the due diligence issues raised by Blackstone, including Blackstone's concerns regarding the potential costs of remedying the potentially conflicting agreements, and described for the board Blackstone's proposed solutions. The board discussed the matter and the proposed solutions and advised management and Evercore to meet with Blackstone and inform Blackstone that none of its proposed solutions were acceptable to PFG but that PFG would continue to work with Blackstone to attempt to find an alternative solution.

In mid-December 2007, members of PFG's management and representatives of Evercore and PFG's legal advisor held a number of telephone conferences with Blackstone and its representatives and advisors to discuss ways to address Blackstone's concerns. On December 19, 2007, representatives of Blackstone and Wellspring, along with their legal and financial advisors, and PFG's management and representatives of PFG's legal and financial advisor held a telephone conference to discuss the potentially conflicting agreements. During this telephone conference, Blackstone informed PFG that it actively worked with its potential financing sources, legal counsel, accountants and other advisors to refine the proposed capital and organizational structure of PFG following consummation of the merger in light of its diligence findings and that it had identified a potential solution that did not require amending the agreements, but that the solution it had developed involved significant time delay and uncertainty. Blackstone informed PFG's management that it was not prepared to assume the risk of this alternative, nor was it prepared to absorb any cost associated with this issue. As a result, Blackstone proposed three possible alternatives to solve the issue, resulting in a range of reductions in the per share merger consideration from \$0.14 to \$2.04 per share. These alternatives contemplated: (i) PFG approaching the counterparties to these agreements in advance of executing a merger agreement regarding their willingness to amend the agreements and, upon obtaining the amendments, entering into a merger agreement; (ii) PFG approaching the counterparties to these agreements regarding their willingness to amend the agreements and inserting a condition to closing in a merger agreement regarding elimination of the potential conflicts arising from the agreements; or (iii) the parties executing a merger agreement that contained a condition to closing regarding elimination of the potential conflicts arising from the agreements, but without approaching the counterparties to these agreements in advance. The parties discussed the three proposed alternatives in detail and PFG's management informed Blackstone that it would discuss the alternatives with the PFG board.

On December 21, 2007, the PFG board of directors met to discuss the status of the parties' attempts to address Blackstone's and Wellspring's concerns related to this issue. Messrs. Spinner and Austin, as well as representatives of Evercore, described the proposals and alternatives in detail for the board, including Blackstone's efforts to address its concerns in a way that would not require amendments to the agreements but that might result in significant delay, as

well as the negative impact on the per share merger consideration of

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each of the three alternatives. Representatives of Evercore described for the board the analysis they had prepared of the financial impact of each proposed alternative on the per share merger consideration. After discussing the various proposed alternatives, the board authorized PFG's management and Evercore to advise Blackstone that the board would be willing to consider a transaction at \$35.00 per share in cash, but only if satisfactory resolution of this issue was not a condition to Blackstone's obligation to close the merger. Later that day, representatives of Evercore contacted representatives of Blackstone to advise them of the PFG board's position. Blackstone's representatives immediately informed Evercore that Blackstone was unwilling to pay \$35.00 per share, but that it would be willing to consider offering \$34.00 per share if Blackstone was not assuming any cost or uncertainty with respect to this issue. Representatives of Evercore responded that Blackstone's revised offer was unacceptable to the PFG board and the parties ceased discussions regarding a possible transaction. PFG also terminated Blackstone's, Wellspring's and VISTAR's, and their representatives' and advisors', access to the online data room.

On December 27, 2007, pursuant to a suggestion made by VISTAR's financial advisor, representatives of Blackstone forwarded Blackstone's and Wellspring's comments to the draft merger agreement and disclosure schedules that had been circulated by PFG's legal advisor on November 16, 2007. Thereafter, on January 4, 2008, representatives of Blackstone informed PFG and Evercore that, based on additional work Blackstone and its advisors had undertaken to analyze the outstanding issues, they had satisfied themselves that they could proceed with the transaction without further conditions or delays based on any remaining diligence issues, but that, in return, they were unwilling to increase their indicated price above \$34.00 per share.

On January 9, 2008, the PFG board of directors met to discuss the status of the parties' discussions regarding a possible transaction. Mr. Spinner described for the board the discussions that had taken place between Blackstone's and Wellspring's representatives and PFG's management and Evercore's representatives since the last board meeting, noting that Blackstone had informed PFG that in light of its earlier due diligence concerns described above, Blackstone was unwilling to offer a price in excess of \$34.00 per share in cash. The board discussed the reasons cited by Blackstone and authorized PFG's management to respond to Blackstone with management's views on Blackstone's stated reasons. The board and management discussed their view that it was important to bring this process to a prompt conclusion so that the shareholders could either receive the benefit of any transaction or the management team could eliminate the distraction of the protracted process of considering a transaction. To this end, the board instructed Messrs. Spinner, Austin and Traficanti, along with independent board members John Stokely and Eddie Adair, and PFG's representatives from Evercore and its legal advisor to meet with Blackstone and Wellspring in person as soon as practicable to attempt to reach a conclusion to this process.

On January 14, 2008, Messrs. Spinner, Austin, Traficanti, Stokely and Adair, along with representatives from Evercore and PFG's legal advisor, met in person with representatives of Blackstone, Wellspring and their legal advisors in New York City. At this meeting, representatives of Blackstone and Wellspring expressed significant interest in entering into a transaction with PFG and described for PFG's management and board members the status of their financing commitments, noting that the financing commitments had been fully negotiated and that the lenders were prepared to sign the related commitment letters. At this meeting, PFG's representatives informed Blackstone that its previously indicated price of \$34.00 per share was unacceptable to the PFG board and that the comments to the merger agreement sent to PFG on December 27, 2007 were also unacceptable in several respects. Representatives of Blackstone and Wellspring each responded that they were prepared to negotiate quickly to resolve any issues with the comments to the merger agreement sent to PFG on December 27, 2007.

Over the course of the remainder of the afternoon the parties and their respective advisors negotiated certain key terms of the merger agreement, including, among other terms, the per share merger consideration, the definition of what would constitute a PFG material adverse effect, the limited guarantees that Blackstone and Wellspring would provide to PFG to support the obligations of VISTAR and Merger Sub under the merger agreement, the termination fee and reverse termination fee payable by the parties in certain circumstances upon termination of the merger agreement, the

go-shop and no-shop provisions, including the timing and number of any matching rights that VISTAR would have in the event that PFG received a superior proposal, and certain negative operational covenants during the pre-closing period. Blackstone and Wellspring also indicated on the afternoon of January 14, 2008 that their best and final price was \$34.50 per share.

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On January 15, 2008, the PFG board held a board meeting to discuss Blackstone and Wellspring's best and final price of \$34.50 per share and the status of certain terms of the merger agreement that the parties had negotiated on January 14, 2008. Messrs. Stokely and Adair described for the board their views on the status of the negotiations of the terms of the merger agreement and the efforts that they and PFG's management and advisors had taken to increase the certainty for PFG and its shareholders that the transaction would be consummated.

On January 15, 2008 the parties and their representatives again met in person to further negotiate the terms of the merger agreement and the ancillary agreements, including the limited guarantees of Blackstone and Wellspring.

Over the course of the next two days, the representatives of the parties continued to finalize the terms of the merger agreement and the ancillary agreements.

On January 17, 2008, PFG's board met at the offices of its legal advisor for the primary purpose of considering Blackstone's and Wellspring's proposal. Representatives of Evercore and PFG's legal advisor attended this meeting, as well as certain members of senior management. A representative of PFG's legal advisor reviewed with the board their applicable fiduciary duties and responsibilities and described for the board in detail the terms of the merger agreement, including the provisions relating to the payment of termination fees and expense reimbursement, the material adverse effect definition, the go-shop and no-shop provisions, the pre-closing negative operational covenants, the disclosure schedules to the merger agreement, and the debt financing commitments in place for VISTAR. Representatives of Evercore then presented their financial analysis with respect to PFG, the proposed merger and certain other available alternatives for enhancing shareholder value. See "The Merger" Opinion of Evercore Group, L.L.C. beginning on page 28 for a description of the presentation of Evercore. The board considered the \$34.50 per share proposal by Blackstone and Wellspring compared to the potential stock price appreciation assumed (based on management's assumptions as to future financial performance) with respect to PFG's other available alternatives for enhancing shareholder value (and the execution and other risks associated with each alternative), including the possibility of acquiring certain foodservice distribution companies or returning value to shareholders through a dividend or share repurchase program financed through borrowings.

Following further discussion, the board requested that Evercore provide its view regarding the fairness from a financial point of view of the \$34.50 per share in cash to be received by holders of PFG's common stock pursuant to the proposed merger agreement. Representatives of Evercore then rendered an oral opinion, subsequently confirmed by delivery of a written opinion dated January 17, 2008, that, as of that date, and subject to the matters and assumptions set forth in the opinion, the \$34.50 per share in cash to be received by the holders of outstanding shares of PFG common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of the written opinion of Evercore, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion, is attached as Annex B to this proxy statement.

Mr. Spinner next presented the views of management regarding the proposed transaction, concluding with management's recommendation that the Blackstone and Wellspring proposal be approved. Mr. Spinner and Mr. Austin then provided the board with a current business and financial update. Questions were asked regarding Mr. Spinner's recommendation and the basis for such recommendation, including the viability of other strategic alternatives available to PFG.

Following Mr. Spinner's presentation, the other directors discussed the transaction, the recommendation of management and the presentation by representatives of Evercore. After discussion, the board unanimously adopted and approved the merger agreement and the transactions contemplated by the merger agreement, and unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of PFG and its shareholders and are fair to, and in the best interests of, PFG and PFG's shareholders.



PFG's board further directed management to include in this proxy statement their recommendation that PFG's shareholders vote for the approval of the merger agreement and the consummation of the merger.

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The merger agreement was executed by the parties on January 18, 2008, following the board meeting and final negotiation of the merger agreement and disclosure schedules. Before the stock market opened on January 18, 2008, PFG issued a joint press release with Blackstone and Wellspring announcing the transaction.

**Reasons for the Merger; Recommendation of Our Board of Directors**

In reaching its decision to adopt and approve the merger agreement and the transactions contemplated thereby, including the merger and to recommend that our shareholders approve the merger agreement, our board of directors consulted with management, Evercore and PFG's outside legal counsel. Our board of directors considered a number of factors, including, without limitation, the following potentially positive factors in support of the merger:

the current and historical market prices of PFG common stock, and the fact that the \$34.50 per share to be paid for each share of PFG common stock pursuant to the merger represented a premium of 33.4% over the average closing share price for the 30 trading days ended January 17, 2008, the last trading day before PFG announced the execution of the merger agreement;

its belief that the merger was more favorable to our shareholders than any other alternative reasonably available to PFG and our shareholders. The board of directors considered possible alternatives to the sale of PFG, including continuing to operate PFG on a stand-alone basis (including the execution risks related to achieving our strategic plan particularly in light of current economic conditions and expectations including consumer spending trends), pursuing potential acquisitions, and returning capital to the shareholders through dividends or share repurchases, and the risks and uncertain returns associated with the alternatives, each of which the board of directors determined not to pursue when compared to the opportunity of our shareholders to realize the merger consideration in cash for their investment in connection with the merger;

the results of the process conducted by PFG, with the assistance of Evercore and our legal advisors over a period of eight months, which involved engaging in discussions with approximately seven parties to determine their potential interest in a business combination transaction with PFG and entering into five confidentiality agreements with potential acquirors or their affiliates;

the presentation of Evercore and its opinion, dated January 17, 2008, to the board of directors of PFG, to the effect that, as of January 17, 2008 and based upon and subject to the factors and assumptions set forth in the opinion, the \$34.50 per share in cash to be received by the holders of shares of PFG common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders (see "The Merger" Opinion of Evercore Group L.L.C. and Annex B to this proxy statement);

the size of the equity investments being made by affiliates of Blackstone and Wellspring in connection with the merger and the board's belief that the size of this investment increased the likelihood of consummation of the merger;

its belief that the combined company will be better able to grow its business and improve its profitability because of its increased scale and geographic reach;

the terms of the merger agreement, including without limitation:

in the view of PFG's board of directors, the limited number and nature of the conditions to the obligations of VISTAR and Merger Sub to consummate the merger and the limited risk of non-satisfaction of the conditions, including that for purposes of the merger agreement a material adverse effect on PFG does not include events, circumstances, changes or effects resulting from the events, circumstances, changes or effects

described under The Merger Agreement Representations and Warranties;

the ability of our board of directors, under certain circumstances, to change its recommendation that our shareholders vote in favor of the approval of the merger agreement;

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our right, even after expiration of the go-shop period but prior to the adoption of the merger agreement by our shareholders, to engage in negotiations with, and provide information to, a third party that makes an unsolicited written acquisition proposal if our board of directors, determines in good faith, after consultation with a financial advisor and outside legal counsel, that such acquisition proposal constitutes or could reasonably be expected to lead to a superior proposal, and after consultation with outside legal counsel, that failure to take such action could reasonably be expected to result in a breach of its fiduciary duties under applicable law; and

the ability of our board of directors, under certain circumstances and upon the payment to VISTAR of a termination fee of \$40.0 million, or a reduced termination fee of \$20.0 million for certain terminations prior to 12:01 a.m. New York City time on March 9, 2008, to terminate the merger agreement to accept a financially superior proposal;

the conclusion of the board of directors that both the \$40.0 million termination fee and the \$20.0 million termination fee (and the circumstances when each fee is payable) and the requirement to reimburse VISTAR for certain expenses, up to a limit of \$7.5 million and without duplication of the termination fee, in the event that the merger agreement is terminated because our shareholders fail to approve the merger agreement, were reasonable in light of the benefits of the merger, the sale process conducted by PFG, with the assistance of Evercore, and in the context of termination fees that were payable in other comparable transactions;

the absence of a financing condition to the consummation of the merger and the obligation of VISTAR to pay PFG a \$40.0 million termination fee, without the need to prove damages, if PFG terminates the merger agreement because (i) VISTAR and Merger Sub fail to effect the closing by the second business day after July 31, 2008 and all of the conditions to their obligations to close in the merger agreement (besides delivery of our officer's certificate) have been met and continue to be met or (ii) there has been a breach of, or inaccuracy in, any representation, warranty, covenant or agreement of VISTAR or Merger Sub in the merger agreement, which breach or inaccuracy would cause any condition to our obligation to close not to be satisfied (and such breach or inaccuracy has not been cured or such condition has not been satisfied within twenty (20) business days after the receipt of written notice thereof or such breach or inaccuracy is not reasonably capable of being cured prior to July 31, 2008 or such condition is not reasonably capable of being satisfied prior to July 31, 2008); provided that we are not in material breach of our representations, warranties, covenants and obligations under the merger agreement so as to cause any of the conditions to VISTAR and Merger Sub's obligations to close under the merger agreement not to be satisfied;

in the view of PFG's board of directors, the favorable debt commitment letters obtained by VISTAR, including the absence of market outs, and the favorable structure of the debt financing, together with VISTAR's obligation to use reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to arrange the debt financing on the terms and conditions (subject to certain exceptions) set forth in the debt commitment letters; and

the fact that in the merger agreement VISTAR agreed to take, and cause its affiliates and owners to take, whatever action may be necessary to resolve as promptly as possible any objections relating to the consummation of the merger as may be asserted under the HSR Act or any other applicable merger control, antitrust, competition or fair trade law with respect to the merger.

The board of directors also considered and balanced against the potentially positive factors the following potentially negative factors concerning the merger:

the risk that the merger might not be completed, including the risk that the merger might not occur if the financing contemplated by the debt commitment letters is not obtained;

the fact that our shareholders will not participate in any future earnings or growth of PFG, including earnings and growth resulting from the increased scale and geographic reach of the combined company, and will not benefit from any future appreciation in value of PFG;

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the actual and potential interests of PFG's executive officers and directors in the merger that may be different than or in addition to those of our shareholders generally (see "The Merger - Interests of PFG's Directors and Executive Officers in the Merger");

the restrictions in the merger agreement on our ability to solicit or engage in discussions or negotiations with a third party regarding other proposals after 12:01 a.m. on March 9, 2008 and the requirement in the merger agreement that PFG pay VISTAR either a \$40.0 million termination fee or a \$20.0 million termination fee (depending upon the circumstances) in order for the board of directors to accept a superior proposal;

the requirement in the merger agreement that we reimburse VISTAR for up to \$7.5 million of its reasonably documented out-of-pocket fees and expenses incurred in connection with the proposed merger if the merger agreement is terminated under certain circumstances, including if our shareholders do not approve the merger agreement;

the fact that the merger consideration consists of cash, and gains will therefore be taxable to certain of our shareholders for U.S. federal income tax purposes;

the risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger; and

the possibility of employee, customer and supplier disruption associated with the merger.

After taking into account all of the factors set forth above, as well as others, the board of directors determined that the potentially positive factors outweighed the potentially negative factors and that the merger agreement and the transactions contemplated thereby, including the merger are advisable, and fair to, and in the best interests of PFG and our shareholders. **The members of the board of directors have unanimously adopted and approved the merger agreement and the merger and recommend that PFG's shareholders vote FOR the approval of the merger agreement at the special meeting.**

This discussion of the information and factors considered by our board of directors is not intended to be exhaustive, but is believed to address the material information and factors considered by our board of directors. In view of the number and variety of these factors, our board of directors did not find it practicable to make specific assessments of, or otherwise assign relative weights to, the specific factors and analyses considered in reaching its determination. The determination to adopt and approve the merger agreement and the transactions contemplated thereby, including the merger, was made after consideration of all of the factors and analyses as a whole. In deciding to adopt and approve the merger agreement and the transactions contemplated thereby, including the merger, individual members of our board of directors may have given different weights to the different factors considered by our board of directors.

**Opinion of Evercore Group L.L.C.**

Pursuant to a letter agreement dated August 1, 2007, PFG engaged Evercore to act as its financial advisor in connection with evaluating strategic and financial alternatives. At a meeting of the board of directors of PFG on January 17, 2008, Evercore presented to the board of directors Evercore's financial analyses with respect to whether the merger consideration to be received by the holders of PFG's common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. In the course of this presentation, the members of the board of directors were reminded or informed of the material assumptions that Evercore made in carrying out its analyses, the matters considered by Evercore and the limits of Evercore's review. At that meeting Evercore orally rendered its opinion to the board of directors, which oral opinion was subsequently confirmed in a written opinion dated

January 17, 2008, that, as of January 17, 2008, based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Evercore, the merger consideration to be received by the holders of PFG common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders.

**The full text of Evercore's written opinion, dated January 17, 2008, is attached as Annex B to this proxy statement. You are encouraged to read Evercore's opinion carefully in its entirety, as it sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Evercore in rendering its opinion. The following is a summary of Evercore's**

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**opinion and the methodology that Evercore used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.**

Evercore's opinion only addresses the fairness from a financial point of view of the merger consideration to be received by holders of shares of PFG common stock pursuant to the merger agreement, and Evercore was not asked to express, nor has it expressed, any opinion with respect to any other aspect of the merger. Specifically, Evercore does not express any view on, and its opinion does not address, the fairness of the merger to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors or other constituencies of PFG, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of PFG, or any class of such persons, whether relative to the merger consideration or otherwise. Evercore assumed that any modification to the structure of the merger will not vary in any respect material to its analysis. Evercore's opinion does not address the relative merits of the merger as compared to other business or financial strategies that might be available to PFG, nor does it address the underlying business decision of PFG to engage in the merger. Evercore's opinion does not constitute a recommendation to the board of directors or to any other persons in respect of the merger, including as to how any holder of shares of PFG common stock should vote or act in respect of the merger. Evercore is not a legal, regulatory, accounting or tax expert and has assumed the accuracy and completeness of assessments by PFG and its advisors with respect to legal, regulatory, accounting and tax matters.

Evercore's opinion was addressed to, and for the information and benefit of, the board of directors of PFG in connection with their evaluation of the merger. Evercore expresses no opinion as to the price at which any securities of PFG will trade at any future time.

In connection with rendering its opinion, Evercore, among other things:

reviewed certain publicly available business and financial information relating to PFG that Evercore deemed to be relevant;

reviewed certain historical non-public financial statements and other historical non-public financial data relating to PFG prepared and furnished to Evercore by management of PFG;

reviewed certain projected non-public financial statements and other projected non-public financial data relating to PFG prepared and furnished to Evercore by management of PFG;

reviewed certain historical and projected non-public operating data relating to PFG prepared and furnished to Evercore by management of PFG;

discussed the past and current operations, financial projections and current financial condition of PFG with management of PFG (including their views on the risks and uncertainties of achieving such projections);

reviewed the reported prices and the historical trading activity of the common stock of PFG;

compared the financial performance of PFG and its stock market trading multiples with those of certain other publicly traded companies that Evercore deemed relevant;

compared the financial performance of PFG and the valuation multiples relating to the merger with those of certain other transactions that Evercore deemed relevant;

reviewed a draft of the merger agreement dated January 17, 2008;



reviewed drafts of the VISTAR and sponsor group debt and equity financing commitment letters; and

performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate.

In arriving at its opinion, Evercore assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore

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assumes no liability therefor. For purposes of rendering its opinion, members of the management of PFG provided Evercore with certain financial projections, which we refer to as the management projections. With respect to the management projections, Evercore assumed that they were reasonably prepared on bases reflecting the best available estimates and good faith judgments of PFG management as to the matters covered thereby.

In arriving at its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to the consummation of the merger will be satisfied without material waiver or modification thereof. Evercore further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the merger will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on PFG or the consummation of the merger or materially reduce the benefits of the merger. Evercore also assumed that the final form of the merger agreement would not differ in any material respect from the last draft of the merger agreement reviewed by Evercore.

Evercore does not make or assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of PFG, nor has Evercore been furnished with any such appraisals, nor has Evercore evaluated the solvency or fair value of PFG under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to it as of, January 17, 2008. It is understood that subsequent developments may affect Evercore's opinion and that Evercore does not have any obligation to update, revise or reaffirm its opinion.

In receiving Evercore's opinion on January 17, 2008 and reviewing with Evercore the written materials prepared by Evercore in support of its opinion, the board of directors of PFG was aware of the assumptions and other matters discussed above. The opinion was approved by the Opinion Committee of Evercore.

Evercore's opinion was only one of many factors considered by the board of directors of PFG in its evaluation of the merger and should be viewed together with the other factors considered by the PFG board of directors. For a discussion of the other factors considered by the PFG board of directors, see *The Merger - Reasons for the Merger Recommendation of the Board of Directors* beginning on page 26 of this proxy statement.

*Summary of Analyses*

**The following is a summary of the material analyses performed by Evercore and presented to the board of directors of PFG in connection with rendering its opinion. This summary is qualified in its entirety by reference to the full text of Evercore's written opinion, which is attached as Annex B to this proxy statement. You are urged to read the full text of the Evercore opinion carefully in its entirety for the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Evercore.**

Some of the financial analyses summarized below include summary data and information presented in tabular format. In order to understand fully the financial analyses, the summary data and tables must be read together with the full text of the analyses. The summary data and tables alone are not a complete description of the financial analyses. Considering the summary data and tables alone could create a misleading or incomplete view of Evercore's financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before January 17, 2008, and is not necessarily indicative of current market conditions.

*Historical Public Market Trading Levels Analysis*

Evercore reviewed the historical high and low closing prices of PFG common stock over the 52 weeks ended on January 16, 2008. The table below illustrates the premium or discount implied by the \$34.50 per

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share merger consideration to the closing price of PFG common stock on January 16, 2008 and the high and low closing share prices of PFG common stock for that period.

|                  | <b>Historical<br/>Closing Share<br/>Price</b> | <b>Premium/(Discount) of<br/>Merger Consideration<br/>of \$34.50 Per Share to<br/>Historical Share Price</b> |
|------------------|---|--|
| January 16, 2008 | \$ 24.35                                      | 41.7%  |
| 52 Week High     | \$ 35.50                                      | (2.8)%   |
| 52 Week Low      | \$ 23.74                                      | 45.3%  |

*Selected Public Company Trading Analysis*

Using publicly available information, Evercore reviewed the market values and implied trading multiples of selected publicly traded food and foodservice distribution companies that Evercore deemed to be similar to PFG for purposes of this analysis. These companies were chosen because they are publicly traded companies in the United States that operate in similar industries to PFG and have similar lines of business to PFG. Evercore noted, however, that none of the selected publicly traded companies is identical or directly comparable to PFG.

**Food and Foodservice Distributors**

Nash-Finch Company  
Spartan Stores, Inc.  
Supervalu Inc.  
Sysco Corporation  
United Natural Foods, Inc.

Evercore calculated and analyzed the ratio of total enterprise value, which we refer to as TEV, to estimated 2007 calendar year earnings before interest, taxes, depreciation and amortization, or EBITDA, for the above selected publicly-traded companies, as well as the ratio of TEV to estimated 2008 calendar year EBITDA. Review of TEV to EBITDA multiples is a customary form of valuation analysis for businesses of this type. Evercore calculated all multiples for the selected companies based on each respective company's closing share prices as of January 16, 2008. These calculations were based on publicly available financial data including I/B/E/S International, Inc., or I/B/E/S, estimates. I/B/E/S is a data source that monitors and publishes a compilation of earnings per share and other financial data produced by selected research analysts on companies of interest to investors. The range of implied multiples that Evercore calculated is summarized below:

| <b>Metric</b>    | <b>Public Market Trading Multiples<br/>Food and Foodservice<br/>Distributors</b> |             |               |
|------------------|--|-------------|---------------|
|                  | <b>PFG</b>   | <b>Mean</b> | <b>Median</b> |
| TEV/2007E EBITDA | 7.8x   | 7.6x        | 6.7x          |
| TEV/2008E EBITDA | 6.7x   | 6.8x        | 5.8x          |

Evercore then applied ranges of selected multiples derived from those described above for the selected companies to corresponding financial data based on financial projections provided by management of PFG. The 2007 estimated EBITDA multiples ranged from 6.5x to 8.5x and the 2008 estimated EBITDA multiples ranged from 5.5x to 7.5x. These ranges of multiples were then applied to the relevant EBITDA metrics in

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order to derive an implied per share equity value reference range. The ranges of implied per share equity values for PFG derived from this analysis are summarized below:

|      | <b>Implied Per Share Equity Reference Range</b> |                         |
|------|---|-------------------------|
|      | <b>TEV/2007E EBITDA</b>                         | <b>TEV/2008E EBITDA</b> |
| Low  | \$ 20.15  | \$ 19.75                |
| High | \$ 26.65  | \$ 27.29                |

*Precedent Transactions Analysis*

Evercore performed an analysis of selected merger and acquisition transactions involving companies that Evercore deemed to be similar in certain respects to the proposed merger because such transactions occurred in industry sectors similar to PFG's operations and overall business. Evercore identified and analyzed a group of 12 merger and acquisition transactions of food and foodservice distribution companies that were announced between 2000 and 2007. Evercore calculated the enterprise value as a multiple of EBITDA during the last twelve months prior to the acquisition, or LTM, implied by these transactions. Multiples for the selected transactions were based on publicly available financial information. Although none of the transactions is, in Evercore's opinion, identical or directly comparable to the merger, the transactions included were chosen because, in Evercore's opinion, they may be considered similar to the merger in certain respects for purposes of Evercore's analysis.

| <b>Date Announced</b> | <b>Target</b>   | <b>Acquiror</b>  |
|-----------------------|---|--|
| 6/28/07               | The Brakes Group  | Bain Capital, LLC  |
| 6/27/07               | VISTAR Corporation                                      | The Blackstone Group   |
| 5/2/07                | U.S. Foodservice  | Clayton, Dubilier & Rice, Inc. and Kohlberg Kravis Roberts & Co. |
| 2/20/07               | Smart & Final, Inc.                                     | Apollo Investment Corporation                                    |
| 2/24/05               | Roundy's, Inc.'s Wholesale Food Division                | Nash-Finch Company   |
| 5/2/03                | McLane Co.  | Berkshire Hathaway Inc.  |
| 4/24/02               | Core-Mark International, Inc. and Head Distributing Co. | Fleming Companies, Inc.  |
| 4/9/02                | Roundy's Supermarkets Inc.                              | Willis Stein & Partners  |
| 12/5/01               | SERCA Foodservice Inc.                                  | Sysco Corporation  |
| 9/4/01                | Alliant Exchange, Inc.                                  | U.S. Foodservice (a subsidiary of Koninklijke Ahold N.V.)        |

|         |                   |   |
|---------|-------------------|---|
| 8/18/00 | PYA/Monarch, Inc. | U.S. Foodservice (a subsidiary of Koninklijke Ahold N.V.) |
| 3/8/00  | U.S. Foodservice  | Koninklijke Ahold N.V.                                    |

The range of implied multiples that Evercore calculated is summarized below:

|                             | <b>Precedent Transaction Multiples</b> |               |
|-----------------------------|--|---------------|
|                             | <b>Mean</b>                            | <b>Median</b> |
| Enterprise Value/LTM EBITDA | 10.1x                                  | 11.0x         |

Evercore applied LTM EBITDA multiples ranging from 10.0x to 13.0x (13.0x being the highest such multiple in any of the transactions listed in the table above). This range of multiples was then applied to the

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relevant estimated EBITDA metrics as of December 31, 2007 in order to derive an implied enterprise value reference range and, with appropriate adjustments, an implied per share equity reference range. The range of implied per share equity values for PFG derived from this analysis are summarized below:

|      |    | <b>Implied Per Share Equity<br/>Reference Range<br/>TEV/LTM<br/>EBITDA</b> |       |
|------|----|--|-------|
| Low  | \$ |  | 30.55 |
| High | \$ |  | 39.60 |

*Discounted Cash Flow Analysis*

Evercore performed a discounted cash flow, or DCF, analysis, which calculated the present value of PFG's future unlevered, after-tax free cash flow based upon assumptions with respect to such cash flow and assumed discount rates. The financial forecast used in Evercore's DCF analysis was based upon the management projections.

Evercore calculated ranges of estimated terminal values by multiplying either (i) calendar year 2009 estimated EBITDA, or (ii) calendar year 2011 estimated EBITDA, by selected multiples ranging from 6.5x to 8.5x. Evercore performed this DCF analysis on both a two-year and four-year basis because management's projections contemplated operating improvements in the third and fourth years of the business plan. The estimated interim after-tax free cash flows and terminal values were then discounted to present value at December 31, 2007 using weighted average cost of capital discount rates of 8.5% to 10.5%. The range for weighted average cost of capital was determined by application of the capital asset pricing model to PFG as well as to the companies identified above under the caption "Selected Public Company Trading Analysis" to determine their after-tax weighted average cost of capital. The terminal EBITDA multiple range of 6.5x to 8.5x was selected based on a review of current and historical EBITDA trading multiples of PFG, as well as of companies identified above under the caption "Selected Public Company Trading Analysis." In deriving the equity value, Evercore assumed net debt as of December 31, 2007 of \$42 million. This analysis indicated the following implied per share equity reference ranges for PFG:

|      |    | <b>Implied Per Share Equity Reference Range</b> |                     |
|------|----|---|---------------------|
|      |    | <b>2009E EBITDA</b>                             | <b>2011E EBITDA</b> |
| Low  | \$ | 26.80   | \$ 32.97            |
| High | \$ | 35.47   | \$ 44.22            |

While discounted cash flow analysis is a widely used valuation methodology, it necessarily relies on numerous assumptions, including assets and earnings growth rates, terminal values and discount rates. As a result, it is not necessarily indicative of PFG's actual, present or future value or results, which may be significantly more or less favorable than suggested by such analysis.

*Present Value of Equity*

Evercore performed a present value of future stock price analysis of PFG based upon the management projections. Evercore calculated implied per share equity reference ranges by (i) calculating the implied terminal value per share by multiplying either (a) calendar year 2009 estimated earnings per share by selected multiples ranging from 14.0x to



18.0x, or (b) calendar year 2011 estimated earnings per share by selected multiples ranging from 16.0x to 20.0x, and then (ii) discounting the implied per share equity value to present value at December 31, 2007 using an equity discount rate of 10.0%. The terminal earnings per share multiple range was selected based on a review of current and historical trading multiples of PFG, as well as of

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companies identified above under the caption Selected Public Company Trading Analysis. This analysis indicated the following implied per share equity reference range for PFG:

|      | <b>Implied Per Share Equity Reference Range</b> |                  |
|------|---|------------------|
|      | <b>2009E P/E</b>                                | <b>2011E P/E</b> |
| Low  | \$ 22.91  | \$ 29.70         |
| High | \$ 29.45  | \$ 37.13         |

*Leveraged Buyout Analysis*

Based upon the future unlevered free cash flows described above, Evercore analyzed a potential valuation of PFG based upon a hypothetical leveraged buyout of the company by a generic financial sponsor, taking into account expectations for financial returns typical of such investors. Evercore assumed, among other things, the following in its leveraged buyout analysis: (i) an entry leverage debt multiple of 5.1x 2007 estimated EBITDA on terms consistent with the indicative terms proposed in the debt financing package provided to VISTAR by its financing sources under the debt and equity commitment letters; (ii) a range of selected exit multiples of 6.5x to 8.5x calendar year 2011 estimated EBITDA; and (iii) an equity investment that would achieve an annual rate of return during the investment period beginning December 31, 2007 of 20.0%. The exit EBITDA multiple range was selected based on a review of current and historical trading multiples of PFG, as well as of companies identified above under the caption Selected Public Company Trading Analysis. This analysis indicated the following implied per share equity reference range for PFG:

|      | <b>Implied Per Share Equity Reference Range</b> |       |
|------|---|-------|
| Low  | \$  | 26.83 |
| High | \$  | 32.61 |

*General*

The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. As a result, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Evercore made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Evercore believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the processes underlying its analyses and opinion. In addition, Evercore may have given various analyses and factors more or less weight than other analyses and factors and may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any of the foregoing analyses should not be taken to be Evercore's view of the actual value of PFG. The foregoing summary does not purport to be a complete description of all analyses performed by Evercore.

Evercore made numerous assumptions with respect to risks associated with industry performance, general business and economic conditions and other matters, many of which are beyond the control of PFG. Any estimates contained in Evercore's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. The analyses performed were prepared solely as part of

Evercore's analysis of the fairness of the merger consideration to be received by the holders of PFG common stock pursuant to the merger agreement, from a financial point of view, to such holders and were prepared in connection with the delivery by Evercore of its opinion to the board of directors of PFG.

The merger consideration was determined through the course of negotiations with Blackstone, Wellspring and VISTAR. Evercore provided advice to PFG during these negotiations. Evercore did not, however, recommend any specific merger consideration to PFG or suggest that any specific merger consideration constituted the only appropriate merger consideration.

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Evercore is an internationally recognized investment banking and advisory firm. Evercore, as part of its investment banking business, is continuously engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, competitive biddings and valuations for corporate, estate and other purposes. The board of directors of PFG selected Evercore because its investment banking professionals have had substantial experience in transactions comparable to the merger. In the ordinary course of its business, Evercore and its affiliates may from time to time trade in the securities or the indebtedness of PFG, Wellspring and Blackstone, or their respective affiliates or any currencies or commodities (or derivative thereof) for (i) its own account, (ii) the accounts of investment funds and other clients under the management of Evercore and (iii) for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities, indebtedness, currencies or commodities (or derivative thereof) for any such account.

Pursuant to the terms of an engagement letter, PFG has agreed to pay Evercore an advisory fee of \$10,000,000, (i) \$200,000 of which was paid to Evercore upon signing the engagement letter, (ii) \$1,750,000 of which was paid to Evercore following delivery of its written fairness opinion and (iii) the remainder of which is contingent upon, and payable upon, consummation of the merger. PFG has also agreed to reimburse Evercore for reasonable and customary out of pocket expenses (including legal fees) incurred in performing its services. In addition, PFG has agreed to indemnify Evercore and any of its members, partners, officers, directors, advisors, representatives, employees, agents, affiliates or controlling persons, against any losses, claims, damages, liabilities, or expenses to which any such person described above may become subject under any applicable federal or state law, or otherwise, related to, or arising out of or in connection with Evercore's engagement by PFG, Evercore's performance of any service pursuant to the engagement letter or any transaction contemplated by the engagement letter. Prior to this engagement, Evercore and its affiliates provided financial advisory services to PFG but did not receive fees for the rendering of those services other than reimbursement of expenses.

**Projected Financial Information**

PFG's senior management does not as a matter of course make public projections as to future performance or earnings beyond the current fiscal year and is especially wary of making projections for extended earnings periods due to the unpredictability of the underlying assumptions and estimates. However, senior management did provide financial forecasts to Blackstone, Wellspring, VISTAR and other potential acquirors and their advisors and potential financing sources in connection with their consideration of a possible transaction with PFG. These projections, and others, were also provided to PFG's board of directors and to Evercore, PFG's financial advisor. We have included in this proxy statement the projections that were deemed material by our board of directors for purposes of considering and evaluating the merger. The inclusion of these projections should not be regarded as an indication that management, our board of directors or Evercore or any other recipient of these or other financial projections considered, or now considers, these projections, or any other projections provided in connection with the transaction, to be a reliable prediction of future results and they should not be relied on as such. In addition, because the financial projections summarized in the table below were based on PFG's preliminary results for 2007, the detailed 2008 budget prepared by management and the determination of PFG to close only one distribution center, and reflected the economic and industry conditions in effect at the time that its board of directors approved the merger agreement, PFG believes that these projections better reflect PFG's expectations with respect to its future financial performance than any other projections prepared by management in connection with the transaction, including those provided to Blackstone, Wellspring, VISTAR, PE Firm Y, and Blackstone's, Wellspring's and VISTAR's advisors and potential financing sources, as described below.

PFG believes that the assumptions PFG's management used as a basis for the projections were reasonable at the time the projections were prepared, given information PFG's management had at the time. However, the projections do not take into account any circumstances or events occurring after the date they were prepared and you should not assume that the projections remain accurate as of the date of this proxy statement or that the projections will continue to be

accurate or reflective of PFG's management's view at the time you consider whether to vote for approval of the merger agreement. The internal financial forecasts upon which these projections were based are subjective in many respects and are thus susceptible to various interpretations. The

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projections reflect numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, all of which are difficult to predict and many of which are beyond PFG's control. The projections are also subject to significant uncertainties in connection with changes to PFG's business and its financial condition and results of operations, and include numerous estimates and assumptions related to PFG's business that are inherently subject to significant economic, political and competitive uncertainties, including those factors described above under "Special Note Regarding Forward-Looking Statements" beginning on page 12, all of which are difficult to predict and many of which are beyond PFG's control. As a result, although the projections set forth below were prepared in good faith based upon assumptions believed to be reasonable at the time the projections were prepared, there can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. Since the projections set forth below cover multiple years, such information by its nature becomes less reliable with each successive year.

The financial projections, including projections of EBITDA, set forth below were not prepared with a view toward public disclosure or toward complying with United States generally accepted accounting principles, or GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. PFG's independent registered public accounting firm has not examined or compiled any of the financial projections, expressed any conclusions or provided any form of assurance with respect to the financial projections and, accordingly, assumes no responsibility for them.

Our use of the term EBITDA may vary from others in our industry. EBITDA should not be considered as an alternative to net income (loss), operating income or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows as measures of liquidity. EBITDA has important limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our actual results as reported under GAAP. For example, EBITDA:

- excludes certain tax payments that may represent a reduction in cash available to us;

- does not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future; and

- does not reflect changes in, or cash requirements for, our working capital needs.

Since the date of the projections described below, PFG has made publicly available its actual results of operations for the fiscal year ended December 29, 2007. You should review PFG's Annual Report on Form 10-K for the fiscal year ended December 29, 2007 to obtain this information. See "Where You Can Find More Information" beginning on page 80. Readers of this proxy statement are cautioned not to place undue reliance on the specific portions of the financial projections set forth below. No one has made or makes any representation to you regarding the information included in these projections or the future financial results of PFG.

For the foregoing reasons, as well as the bases and assumptions on which the financial projections presented below were compiled, the inclusion of these specific portions of the financial projections in this proxy statement should not be regarded as an indication that such projections will be an accurate prediction of future results or events, and they should not be relied on as such. Except as required by applicable securities laws, PFG has not updated and does not intend to update or otherwise revise the financial projections or the specific portions presented below to reflect circumstances existing after the date when such projections were made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the projections are shown to be in error.



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A summary of the above-described financial projections is set forth below:

|   | <b>Fiscal Year Ending</b>                         |             |             |             |             |
|---|---|-------------|-------------|-------------|-------------|
|   | <b>2007(1)</b>                                    | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> |
|   | <b>(\$ in millions, except per share amounts)</b> |             |             |             |             |
| Revenue(2)                                | \$ 6,317  | \$ 6,908    | \$ 7,284    | \$ 7,992    | \$ 8,557    |
| EBITDA(3)                                 | 117   | 136         | 160         | 189         | 219         |
| Net Income                                | 51  | 53          | 74          | 90          | 107         |
| Adjusted Net Income(4)                    |   | 58          |             |             |             |
| Diluted earnings per share(5)             | 1.38  | 1.48        | 1.98        | 2.35        | 2.72        |
| Adjusted diluted earnings per share(4)(5) |   | 1.63        |             |             |             |
| Depreciation & Amortization               | 30  | 33          | 37          | 40          | 44          |
| Capital Expenditures                      | 75  | 31          | 33          | 37          | 42          |
| (Increase)/Decrease in Working Capital    | (16)  | (17)        | (1)         | (19)        | (22)        |

1. Represents senior management's estimates for the 2007 fiscal year at the time the financial projections were prepared.
2. The projected financial information assumes that overall net sales would grow at a compound annual growth rate, or CAGR, for the fiscal years 2007 through 2011 of 7.9%.
3. The projected financial information assumes that PFG's non-cash share-based compensation expense related to stock options, stock appreciation rights, restricted shares, and PFG's employee stock purchase plan for the 2007, 2008, 2009, 2010 and 2011 fiscal years would total \$7 million, \$9 million, \$11 million, \$12 million and \$12 million, respectively.
4. Excludes one-time costs of approximately \$9 million (pre-tax) that PFG expects to incur in 2008 associated with the closure of PFG's Magee, Mississippi broadline distribution center. These costs include costs related to severance pay and stay bonuses, real estate valuation reserves and facility lease payments, other expenses that include the write-down of assets and costs to consolidate the facility with other PFG facilities.
5. Calculated using fully-diluted weighted average shares outstanding and estimated growth in outstanding shares assuming historical trends for issuances.

The projected financial information set forth in the table above was prepared by members of PFG's senior management and was based on the latest operating results available to management at that time for the 2007 fiscal year and the detailed 2008 budget that management had developed at the time. In developing the projected financial information



for the fiscal years 2008 through 2011, management made numerous assumptions about our business, our industry, the restaurant industry, and general business and economic conditions.

From time to time in the ordinary course of business members of PFG's senior management prepare, update and refine internal financial forecasts based on the latest operating results and plans available to management at the time. In preparation for meetings with PE Firm Y on June 27, 2007 and Blackstone on June 28, 2007, members of PFG's senior management prepared preliminary five-year financial projections for PFG that were based on the operating results available to management at that time. These projections, which were prepared for the purpose of eliciting a full valuation at which Blackstone and PE Firm Y would be willing to acquire all of PFG's outstanding common stock, were prepared in light of then current economic and industry conditions and were further adjusted for the potential impact of the possible closure of three distribution centers. These projections were provided to PE Firm Y on June 27, 2007 and Blackstone on June 28, 2007 at the meetings between the parties and PFG's members of senior management present at the meetings described for PE Firm Y and Blackstone the assumptions underlying these projections.

On November 9, 2007, members of PFG's senior management met with representatives of Blackstone, Wellspring, VISTAR and their advisors and potential financing sources to discuss PFG's business operations and results of operations through the first three quarters of 2007. At this meeting, PFG's senior management presented updated five-year financial projections to Blackstone, Wellspring, VISTAR and the advisors and potential financing sources that had been refined based on PFG's latest operating results and plans available to management and in light of then current economic and industry conditions and management's then current view with respect to possibly reducing the number of PFG's distribution centers that were being considered for

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closure to two. PFG management also had revised these projections in light of the challenging economic environment that had continued to develop as well as the increasingly challenging environment then being faced by restaurant companies in general, and those in the casual dining segment in particular. These financial projections had also been revised to reflect management's then current views with respect to the possible reduction in the number of distribution centers that should be considered for closure.

**We have not updated and do not intend to update or otherwise revise these projections to reflect circumstances existing since their preparation or to reflect the occurrence of subsequent events even in the event that any or all of the underlying assumptions are no longer appropriate.**

## **Consideration**

At the effective time of the merger, Merger Sub will be merged with and into PFG. In connection with the merger and subject to the conditions set forth in the merger agreement:

each share of PFG common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by VISTAR, Merger Sub or any of our subsidiaries) will automatically be cancelled and converted into the right to receive \$34.50 in cash, without interest, less any applicable withholding tax requirements;

except as otherwise agreed in writing by PFG and VISTAR, immediately prior to the effective time of the merger, all outstanding stock options will become fully vested and exercisable, and each stock option outstanding at the effective time of the merger will be cancelled and converted into the right to receive a cash payment equal to the number of shares under such options multiplied by the amount (if any) by which \$34.50 exceeds the applicable exercise price, without interest and less any applicable withholding tax requirements;

except as otherwise agreed by PFG and VISTAR, immediately prior to the effective time of the merger, all outstanding stock appreciation rights will become fully vested and exercisable, and each stock appreciation right outstanding at the effective time of the merger will be cancelled and converted into the right to receive a cash payment equal to the number of stock appreciation rights multiplied by the amount (if any) by which \$34.50 exceeds the applicable grant price, subject to any applicable appreciation cap, without interest and less any applicable withholding tax requirements; and

except as otherwise agreed by PFG and VISTAR, immediately prior to the effective time of the merger, restrictions applicable to all outstanding shares of restricted stock will lapse, and at the effective time of the merger, such shares will be cancelled and converted into the right to receive a cash payment equal to the number of outstanding restricted shares multiplied by \$34.50, without interest and less any applicable withholding tax requirements.

## **Delisting and Deregistration of PFG Common Stock**

If the merger is completed, the PFG common stock will be delisted from the NASDAQ Global Select Market and deregistered under the Securities Exchange Act of 1934, and we will no longer file periodic reports with the SEC on account of the PFG common stock.

## **Regulatory Approvals**

Under the HSR Act and the rules promulgated thereunder by the FTC, the merger cannot be completed until PFG and affiliates of Blackstone each file a notification and report form under the HSR Act and the applicable waiting period

has expired or been terminated. PFG and such affiliates of Blackstone filed notification and report forms under the HSR Act with the FTC and the Antitrust Division of the DOJ on February 21, 2008 and February 20, 2008, respectively, and the waiting period under the HSR Act expired at 11:59 p.m. eastern time on March 24, 2008. At any time before or after consummation of the merger, notwithstanding the termination of the waiting period under the HSR Act, the Antitrust Division or the FTC could take action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of PFG or

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VISTAR or its private equity sponsors. At any time before or after the consummation of the merger, and notwithstanding the termination of the waiting period under the HSR Act, any state could take action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of PFG or VISTAR or its private equity sponsors. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

While there can be no assurance that the merger will not be challenged by a governmental authority or private party on antitrust grounds, PFG believes that the merger can be effected in compliance with federal, state and foreign antitrust laws. The term antitrust laws means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, and all other federal, state and foreign statutes, rules, regulations, orders, decrees, administrative and judicial doctrines, and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

## **Financing of the Merger**

In connection with the merger, VISTAR will cause approximately \$1,240,546,380.24 (based upon the number of shares of common stock (including shares of restricted stock), options to purchase shares of common stock and stock appreciation rights, with an exercise price or grant price of less than \$34.50 per share, outstanding as of January 15, 2008) to be paid out to our shareholders and holders of other equity interests in PFG, with any remaining funds to be used to repay existing indebtedness of VISTAR and PFG and to pay fees and expenses in connection with the proposed merger, the financing arrangements and the related transactions. These payments are expected to be funded by a combination of the following:

an aggregate of \$759.5 million in cash equity contributions by private equity firms affiliated with Blackstone and Wellspring or their co-investors;

up to \$1.1 billion in a senior secured asset-based revolving credit facility or, if availability under the asset-based revolving credit facility would be less than \$165 million at closing (after giving effect to extensions of credit on the closing date), up to \$825 million in senior secured credit facilities consisting of a \$100 million revolving credit facility, a \$75 million synthetic letter of credit facility and a \$650 million term loan facility;

up to \$300 million in principal amount of senior unsecured notes; and

cash and cash equivalents held by PFG and our subsidiaries at closing.

In addition, Blackstone and Wellspring will continue to beneficially own additional equity in VISTAR valued at approximately \$150 million.

## ***Equity Financing***

VISTAR's indirect parent company has received equity commitment letters from private equity funds affiliated with each of Blackstone and Wellspring, pursuant to which the funds have committed to contribute or cause to be contributed an aggregate of \$759.5 million in cash to it in connection with the proposed merger. The Blackstone and Wellspring funds have the right to effect the purchase of the equity directly or indirectly through affiliated entities or other designated co-investors, provided that this will not affect the equity commitments of Blackstone's and Wellspring's affiliated funds. The obligations of the Blackstone and Wellspring funds, respectively, to fund or cause the funding of these equity commitments are subject to the satisfaction or waiver by VISTAR and Merger Sub (as determined by the Blackstone fund) of each of the conditions precedent to VISTAR's and Merger Sub's obligations to complete the merger, in the case of the Wellspring fund's equity commitment, the substantially concurrent funding of

the equity investment of the Blackstone fund, and the substantially concurrent consummation of the merger in accordance with the merger agreement. In the event that VISTAR does not require all of the equity commitments in order to consummate the merger and pay any related fees and expenses, the amount to be funded will be reduced in a manner determined by Blackstone and Wellspring.

**Table of Contents*****Debt Financing*****Commitment Letter – Credit Facilities**

VISTAR's indirect parent company and VISTAR have received a fully executed commitment letter dated as of January 18, 2008 (the Credit Facilities Commitment Letter), from Wachovia Capital Markets, LLC (WCM), Wachovia Bank, National Association (Wachovia Bank), Credit Suisse Securities (USA) LLC (CS Securities), Credit Suisse (Credit Suisse), GE Capital Markets, Inc. (GECM) and General Electric Capital Corporation (GE Capital). The Credit Facilities Commitment Letter provides for up to \$1.1 billion in a senior secured asset-based revolving credit facility or, if availability under the asset-based revolving credit facility would be less than \$165 million at closing (after giving effect to extensions of credit on the closing date), up to \$825 million in senior secured credit facilities consisting of a \$100 million revolving credit facility, a \$75 million synthetic letter of credit facility and a \$650 million term loan facility for the purposes of financing the merger, repaying or refinancing certain existing indebtedness of VISTAR and its subsidiaries and of PFG and our subsidiaries, paying fees and expenses incurred in connection with the merger and the other transactions contemplated in connection therewith, including the financing, providing working capital and for other general corporate purposes of VISTAR and its subsidiaries (including the surviving corporation).

Subject to the terms and conditions set forth in the Credit Facilities Commitment Letter, the initial lenders indicated below have each severally, but not jointly, committed to provide the indicated percentage of the senior secured credit facilities that are the subject of the Credit Facilities Commitment Letter:

| Initial Lender | Percentage |
|----------------|------------|
| Wachovia Bank  | 60%        |
| Credit Suisse  | 20%        |
| GE Capital     | 20%        |

The commitments pursuant to the Credit Facilities Commitment Letter expire on July 31, 2008.

The documentation governing the senior secured credit facilities has not been finalized and, accordingly, the actual terms of the facilities may differ from those described in this proxy statement.

**Conditions Precedent to the Commitments Under the Credit Facilities Commitment Letter**

The availability of the senior secured credit facilities is subject to, among other things:

there not having occurred since December 30, 2006 a Company Material Adverse Effect as defined in the merger agreement (see The Merger Agreement Representations and Warranties);

the execution and delivery of definitive loan documents;

delivery of customary legal opinions, evidence of authority, customary officer's certificates, a closing date borrowing base certificate (with respect to the senior secured asset-based revolving credit facility), lien searches, good standing certificates and a solvency certificate from VISTAR's chief financial officer;

the correctness at the closing date of the accuracy of information representation regarding certain written information provided about VISTAR's indirect parent company, VISTAR, PFG and their respective

subsidiaries;

the accuracy in all material respects of representations and warranties made in the loan documents, but as to PFG and its subsidiaries, the only representations and warranties other than the accuracy of information representation that are a condition to funding on the closing date are (1) representations and warranties made by PFG in the merger agreement that are material to the interests of the lenders, but only to the extent that VISTAR has a right to terminate its obligations under the merger agreement as a result of the breach thereof, and (2) representations and warranties of PFG and its subsidiaries in the definitive financing documents that relate to corporate power and authority as they relate to due execution, delivery and performance of the loan documents, enforceability of the loan documents, Federal Reserve margin regulations and the Investment Company Act;

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consummation of the merger in accordance with the merger agreement, and no provision of the merger agreement being waived, amended, supplemented, consented to or otherwise modified in a manner material and adverse to the lenders without the consent of Wachovia Bank, Credit Suisse and GE Capital;

the making of the required equity contributions by private equity firms affiliated with Blackstone and Wellspring or their co-investors;

following consummation of the merger, the absence of any outstanding indebtedness of the indirect parent of VISTAR and its subsidiaries (including VISTAR, PFG and their subsidiaries), except for the indebtedness incurred pursuant to the senior secured credit facilities and the senior notes described below (see Debt Financing Commitment Letter-Senior Notes ) and indebtedness of PFG and its subsidiaries permitted to remain outstanding under the merger agreement and other indebtedness permitted to remain outstanding under the loan documents;

following consummation of the merger, VISTAR shall have outstanding no capital stock other than capital stock owned by management of VISTAR, certain affiliates of Blackstone and holders of the senior notes;

the delivery of specified audited, unaudited and pro forma financial statements;

perfection of security interests in the collateral for the senior secured credit facilities, except that certain requirements may be satisfied on a post-closing basis;

receipt by Wachovia Bank, Credit Suisse and GE Capital of documentation and information required under applicable know your customer and anti-money laundering laws such as the USA PATRIOT Act; and

with respect to the senior secured asset-based revolving credit facility, the existence of excess availability (after giving effect to extensions of credit on the closing date) of no less than \$165 million or, with respect to the other senior secured credit facilities, the existence of excess availability of less than that amount.

**Commitment Letter Senior Notes**

The indirect parent of VISTAR and VISTAR have received a fully executed commitment letter dated as of January 18, 2008 (the Senior Notes Commitment Letter ), from WCM, Wachovia Investment Holdings, LLC ( Wachovia Investments ), DLJ Investment Partners III, L.P. ( DLJ III ), DLJ Investment Partners, L.P. ( DLJ ), IP III Plar Investors, L.P. ( IP ), Blackstone Mezzanine Partners II L.P. ( Blackstone Mezzanine ), Blackstone VPS Capital Partners V L.P. ( VPS ), Blackstone VPS Capital Partners V-AC L.P. ( VPS-AC ), Blackstone Participation Partnership V VPS L.P. ( Participation ), Blackstone Family Investment Partnership V VPS L.P. ( Family ), Blackstone Family Investment Partnership V-SMD L.P. ( Family SMD ), and Wellspring Capital Partners IV, L.P. ( Wellspring IV ). The Senior Notes Commitment Letter provides for the purchase of up \$300 million in senior notes issued by VISTAR for the purposes of financing the merger, repaying or refinancing certain existing indebtedness of VISTAR and its subsidiaries and of PFG and our subsidiaries and paying fees and expenses incurred in connection with the merger and the other transactions contemplated in connection therewith.



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Subject to the terms and conditions set forth in the Senior Notes Commitment Letter, the initial purchasers indicated below have each severally, but not jointly, committed to purchase the indicated amount of the senior notes of VISTAR that are the subject of the Senior Notes Commitment Letter:

| Initial Purchaser    | Amount        |
|----------------------|---------------|
| Wachovia Investments | \$ 75,000,000 |
| DLJ III              | 48,304,000    |
| DLJ                  | 19,756,000    |
| IP                   | 6,940,000     |
| Blackstone Mezzanine | 75,000,000    |
| VPS                  | 56,056,658    |
| VPS-AC               | 8,979,592     |
| Participation        | 148,500       |
| Family               | 2,116,935     |
| Family SMD           | 198,315       |
| Wellspring IV        | 7,500,000     |

The commitments pursuant to the Senior Notes Commitment Letter expire on July 31, 2008.

The documentation governing the senior notes has not been finalized and, accordingly, the actual terms of the senior notes may differ from those described in this proxy statement.

**Conditions Precedent to the Commitments Under the Senior Notes Commitment Letter**

The availability of the senior notes is subject to, among other things:

there not having occurred since December 30, 2006 a Company Material Adverse Effect as defined in the merger agreement (see The Merger Agreement Representations and Warranties );

the negotiation, execution and delivery of definitive financing documents;

the correctness at the closing date of the accuracy of information representation regarding certain written information provided about the indirect parent of VISTAR, VISTAR, PFG and their respective subsidiaries;

the accuracy in all material respects of representations and warranties made in the financing documents, but as to PFG and its subsidiaries, the only representations and warranties other than the accuracy of information representation that are a condition to funding on the closing date are (1) representations and warranties made by PFG in the merger agreement that are material to the interests of the investors, but only to the extent that VISTAR has a right to terminate its obligations under the merger agreement as a result of the breach thereof, and (2) representations and warranties made regarding PFG and its subsidiaries in the definitive financing documents that relate to corporate power and authority as they relate to due execution, delivery and performance of the financing documents, enforceability of the financing documents, Federal Reserve margin regulations and the Investment Company Act;

consummation of the merger in accordance with the merger agreement (and no provision of the merger agreement being waived, amended, supplemented, consented to or otherwise modified in a manner material and adverse to the investors without the consent of the initial investors identified above (see Debt Financing

Commitment Letter-Senior Notes );

the making of the required equity contributions by private equity funds affiliated with Blackstone and Wellspring or their co-investors;

following consummation of the merger, the absence of any outstanding indebtedness of the indirect parent of VISTAR and its subsidiaries (including PFG and its subsidiaries), except for the indebtedness incurred pursuant to the senior notes and the senior secured credit facilities described above (see Debt Financing Commitment Letter-Senior Secured Credit Facilities ) and indebtedness of PFG and its

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subsidiaries permitted to remain outstanding under the merger agreement and other indebtedness permitted to remain outstanding under the loan documents;

following consummation of the merger, VISTAR shall have outstanding no capital stock other than capital stock owned by management of VISTAR, certain affiliates of Blackstone and holders of the senior notes;

the delivery of specified audited, unaudited and pro forma financial statements; and

receipt by the initial investors of documentation and information required under applicable know your customer and anti-money laundering laws such as the USA PATRIOT Act.

**Alternative Financing Arrangements**

Pursuant to the merger agreement, VISTAR is obligated to use its reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to arrange the debt financing on the terms and conditions set forth in the debt commitment letters (subject to certain exceptions). In the event that any portion of the debt financing becomes unavailable on the terms and conditions contemplated in the debt commitment letters, VISTAR must use its reasonable best efforts to arrange to obtain alternative financing from alternative sources in an amount sufficient, when combined with the funds under the equity commitment letters, to consummate the transactions contemplated by the merger agreement on terms not materially less favorable to VISTAR in the aggregate (as determined in the good faith reasonable judgment of VISTAR) than the debt financing (including the flex provisions related to the debt financing) as promptly as practicable following the occurrence of such event but no later than the closing as defined in the merger agreement (see The Merger Agreement Marketing Period ).

The merger agreement does not contain any condition relating to the receipt of financing by VISTAR. VISTAR is not required to consummate the merger until the completion of the marketing period described under The Merger Agreement Marketing Period. VISTAR and Merger Sub may replace or amend the debt commitment letters, which may include changing, among other things, the types and amounts of debt and the terms of the debt used to finance the merger, so long as such amendments would not adversely impact the ability of VISTAR and Merger Sub to timely consummate the transactions contemplated by the merger agreement or the likelihood of the consummation of the transactions contemplated by the merger agreement. See The Merger Financing of the Merger beginning on page 39.

**Limited Guarantees; Remedies**

In connection with the merger agreement, private equity funds affiliated with each of Blackstone and Wellspring have executed limited guarantees in which they each agree to guarantee the due and punctual payment of up to \$30.0 million and \$10.0 million, respectively of the VISTAR termination fee subject to the terms and limitations set forth in the merger agreement and the limited guarantees, including a cap on each fund's liability under each of the limited guarantees. If the VISTAR termination fee is paid, then PFG's termination of the merger agreement and receipt of payment of the \$40.0 million VISTAR termination fee shall be the sole and exclusive remedy of PFG and PFG's subsidiaries against VISTAR, Merger Sub, and any of their respective current, former or future representatives, affiliates, directors, officers, employees, partners, managers, members, or stockholders for any loss or damage suffered as a result of the breach of the merger agreement or any representation, warranty, covenant or agreement contained therein by VISTAR or Merger Sub or the failure of the merger to be consummated. The merger agreement also provides that PFG shall not be entitled to an injunction or injunctions to prevent breaches of the merger agreement by VISTAR or Merger Sub or to enforce specifically the terms and provisions of the merger agreement.

Notwithstanding anything to the contrary in the merger agreement, to the extent that PFG incurs any losses or damages in connection with the merger agreement or the transactions contemplated thereby, under the merger

agreement the maximum aggregate liability of VISTAR and Merger Sub is limited to \$40.0 million, inclusive of any termination fee, and the maximum liability, directly or indirectly, of each of the Blackstone and Wellspring private equity funds party to the limited guarantees is limited to the express obligations of the

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funds under their respective limited guarantees. Each limited guarantee will remain in full force and effect until the earlier of:

the closing as defined in the merger agreement and the payment of the aggregate merger consideration specified therein;

the receipt by PFG or its affiliates of the full and final payment of the VISTAR termination fee of \$40.0 million;

the termination of the merger agreement under certain circumstances that do not give rise to VISTAR's obligation to pay the VISTAR termination fee to PFG; and

the six month anniversary of any other termination of the merger agreement in accordance with its terms, except as to a claim for payment of the VISTAR termination fee presented by PFG to VISTAR, Merger Sub, or the (Blackstone or Wellspring) guarantor fund party to the limited guarantee prior to such date that sets forth in reasonable detail the basis for such claim and that the guarantor fund shall not be required to pay any claim not submitted on or before the six month anniversary of such termination of the merger agreement.

If PFG or any of its affiliates asserts a claim other than as permitted under the limited guarantees, including that the limitations on each guarantor's liability under the limited guarantees or that any provision of the limited guarantees, are illegal, invalid, or unenforceable in whole or in part, then the limited guarantees will immediately terminate and become null and void by their terms.

**Interests of PFG's Directors and Executive Officers in the Merger**

In considering the recommendations of the board of directors, PFG's shareholders should be aware that certain of PFG's directors and executive officers have interests in the transaction that may be different from, and/or in addition to, the interests of PFG's shareholders generally. Our board of directors was aware of these potential conflicts of interest when reaching its decision to adopt and approve the merger agreement and to recommend that our shareholders vote in favor of approving the merger agreement.

*Treatment of Equity Awards*

Upon the consummation of the merger, all of our equity compensation awards (including our awards held by directors and executive officers), except as agreed by PFG and VISTAR, will be subject to the treatment described under "The Merger Agreement - Treatment of Options and Other Awards." All of the related cash payments will be without interest and less any applicable withholding tax requirements.

The table below sets forth, as of April 3, 2008, for each of our directors and executive officers (before any deduction for applicable withholding tax requirements):

the aggregate number of stock options held by each director and executive officer that have an exercise price less than \$34.50, including those that will vest upon the consummation of the merger;

the aggregate cash payment that will be made in respect of the foregoing stock options upon the consummation of the merger;

the aggregate number of stock appreciation rights held by each director and executive officer, including those that will vest upon the consummation of the merger;

the aggregate cash payment that will be made in respect of the foregoing stock appreciation rights upon the consummation of the merger;

the aggregate number of restricted shares held by each director and executive officer that have restrictions that will lapse upon consummation of the merger; and

the aggregate cash payment that will be made in respect of the foregoing restricted shares upon the consummation of the merger.

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| Name                      | Stock Options |                 | Stock Appreciation Rights |               | Restricted Shares |               |
|---------------------------|---------------|-----------------|---------------------------|---------------|-------------------|---------------|
|                           | Number        | Cash Payment    | Number                    | Cash Payment  | Number            | Cash Payment  |
| <b>Directors</b>          |               |                 |                           |               |                   |               |
| Robert C. Sledd(1)        | 376,624       | \$ 4,961,218.00 | 0                         | \$ 0.00       | 11,092            | \$ 382,674.00 |
| Steven L. Spinner(2)      | 165,800       | \$ 943,791.50   | 37,800                    | \$ 190,512.00 | 24,950            | \$ 860,775.00 |
| Charles E. Adair          | 35,000        | \$ 405,962.50   | 0                         | \$ 0.00       | 2,500             | \$ 86,250.00  |
| Mary C. Doswell           | 10,000        | \$ 36,800.00    | 0                         | \$ 0.00       | 2,500             | \$ 86,250.00  |
| Fred C. Goad Jr.          | 30,000        | \$ 283,775.00   | 0                         | \$ 0.00       | 2,500             | \$ 86,250.00  |
| Timothy M. Graven         | 20,000        | \$ 69,850.00    | 0                         | \$ 0.00       | 2,500             | \$ 86,250.00  |
| John E. Stokely           | 40,750        | \$ 541,873.75   | 0                         | \$ 0.00       | 2,500             | \$ 86,250.00  |
| <b>Executive Officers</b> |               |                 |                           |               |                   |               |
| John D. Austin            | 77,827        | \$ 657,035.19   | 14,700                    | \$ 74,088.00  | 10,309            | \$ 355,661.00 |
| Thomas Hoffman            | 61,700        | \$ 203,224.00   | 10,500                    | \$ 52,920.00  | 8,200             | \$ 282,900.00 |
| J. Keith Middleton        | 22,600        | \$ 53,833.00    | 4,748                     | \$ 23,929.92  | 10,495            | \$ 362,078.00 |
| Joseph J. Paterak         | 29,150        | \$ 105,102.00   | 9,450                     | \$ 47,628.00  | 9,950             | \$ 343,275.00 |
| Charlotte E. Perkins      | 7,925         | \$ 51,485.25    | 8,400                     | \$ 42,336.00  | 8,687             | \$ 299,701.50 |
| Joseph J. Traficanti      | 9,125         | \$ 59,751.25    | 8,400                     | \$ 42,336.00  | 9,300             | \$ 320,850.00 |

(1) Mr. Sledd also serves as the Chairman of PFG.

(2) Mr. Spinner also serves as the President and Chief Executive Officer of PFG.

*Change in Control Agreements*

We have entered into agreements with certain of our key executives, including each of our executive officers, which provide for certain payments to be made to the executive if, within two years following a change in control of PFG (which will occur at the effective time of the merger), his or her employment with PFG is terminated by PFG for any reason other than Good Cause (as defined below) or if the executive terminates his or her employment with PFG for Good Reason (as defined below). Upon either such termination, the executive is entitled to receive:

(i) 299.9% of his or her base salary (defined as the higher of the executive's annual base salary immediately prior to the change in control of PFG or the executive's highest annual base salary in effect after the change in control but prior to termination);

(ii) 299.9% of his or her bonus (based upon the executive's average percentage of his bonus paid for each of the three calendar years prior to the change in control to his then current base salary multiplied by the executive's annual base salary immediately prior to the change in control or the highest bonus percentage after the change in control multiplied by the executive's highest annual base salary after the change in control, whichever is higher); and

(iii) an amount necessary to reimburse the executive for any excise tax payable under Section 4999 of the Internal Revenue Code of 1986, as amended, which we refer to herein as the Code, in connection with the change in control.

In accordance with the terms of the agreements, one-third of the amounts payable pursuant to clauses (i) and (ii) must be paid in equal semi-monthly installments over the twelve months following termination and the balance in a lump sum payment made within five business days after the expiration of the twelve-month period. Amounts payable pursuant to clause (iii) above must be paid within thirty days following termination of employment. Alternatively, the agreements provide that the executive may elect to receive all of the amounts payable pursuant to clauses (i), (ii) and (iii) above within thirty days following termination of employment. In addition to the payments described above, the executive and his or her spouse and family will be covered by all health, dental, disability, survivor income and life insurance plans of PFG for the twelve-



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month period following the termination of service unless the executive and his spouse and family are eligible for coverage under any new employer's plan.

For purpose of the executive change in control agreements described above, "Good Cause" exists if after the occurrence of a change in control of PFG:

- (1) the executive engages in material acts or omissions constituting dishonesty, breach of fiduciary obligation or intentional wrongdoing or malfeasance which are demonstrably injurious to PFG; or
- (2) the executive is convicted of a violation involving fraud or dishonesty.

For purpose of the executive change in control agreements described above, "Good Reason" exists if after the occurrence of a change in control of PFG:

- (1) there is a significant change in the nature or the scope of the executive's authority; or
- (2) there is a reduction in the executive's rate of base salary;
- (3) PFG changes the principal location in which the executive is required to perform services outside a 35 mile radius of such location without the executive's consent;
- (4) there is a reasonable determination by the executive that, as a result of a change in circumstances significantly affecting his position, he or she is unable to exercise the authority, powers, functions or duties attached to his position; or
- (5) PFG terminates or amends any incentive, bonus, deferred compensation or similar plan or arrangement (an Incentive Plan) so that, when considered in the aggregate with any substitute plan or other substitute compensation, the Incentive Plan in which he or she is participating fails to provide him or her with a level of benefits equivalent to at least 75% of the value of the level of benefits provided in the aggregate by the terminated or amended Incentive Plan at the date of such termination or amendment and such a decline is not related to a decline in performance.

The executive change in control agreements also contain certain confidentiality and non-competition covenants, including that for a period of one year following a termination described above, the executive generally cannot directly or indirectly own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, or aid or assist anyone else in the conduct of, any business which is in competition with any business conducted by PFG or any affiliate of PFG in any state in which PFG or any affiliate of PFG conducts business on the date of the change in control.

The executive officers are also entitled, upon termination under certain circumstances, to certain payments under the PFG Amended and Restated Senior Management Severance Plan, which we refer to as the senior management severance plan, including discretionary transition pay, severance pay up to 93 weeks, and a prorated bonus. The senior management severance plan states, however, that in the event that an executive receives benefits pursuant to a change in control agreement, the executive is not entitled to any benefits pursuant to the senior management severance plan.

The following table shows the amount of potential cash payments (bonus and base salary multiples) payable to each of our executive officers under the change in control agreements described above based on compensation and benefit levels in effect on April 3, 2008, and assuming the merger is completed on July 31, 2008, and the executive's employment terminates effective July 31, 2008 under circumstances that entitle him or her to the potential severance

payments immediately thereafter. The table also shows the estimated value of continuing insurance benefits and the estimated value of tax reimbursement expected to be due under

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Section 4999 of the Code and the change in control agreements in respect of these severance payments and the other payments and benefits described in this proxy statement.

| <b>Executive Officer</b> | <b>Amount of Potential Severance</b> | <b>Estimated Value of Insurance Benefits</b> | <b>Tax Reimbursement</b> | <b>Total</b> |
|--------------------------|--------------------------------------|--|--------------------------|--------------|
| Robert C. Sledd          | \$ 516,360                           | \$ 13,670                                    | \$                       | \$ 530,030   |
| Steven L. Spinner        | \$ 3,245,382                         | \$ 18,322                                    | \$ 1,595,349             | \$ 4,859,053 |
| John D. Austin           | \$ 1,937,195                         | \$ 15,755                                    | \$ 934,094               | \$ 2,887,044 |
| Joseph J. Traficanti     | \$ 1,337,372                         | \$ 2,854                                     | \$ 668,736               | \$ 2,008,962 |
| Thomas Hoffman           | \$ 2,126,273                         | \$ 10,157                                    | \$ 800,067               | \$ 2,936,497 |
| J. Keith Middleton       | \$ 1,150,298                         | \$ 16,181                                    | \$ 573,084               | \$ 1,739,563 |
| Joseph J. Paterak        | \$ 1,230,316                         | \$ 16,348                                    | \$ 494,597               | \$ 1,741,261 |
| Charlotte E. Perkins     | \$ 1,374,487                         | \$ 6,019                                     | \$ 687,050               | \$ 2,067,556 |

*Supplemental Executive Retirement Plan*

PFG maintains a Supplemental Executive Retirement Plan, or SERP, in which certain key executives participate, including all of the executive officers, other than Mr. Sledd who voluntarily elected not to participate. Under the SERP, PFG credits to the participants' accounts a percentage of compensation (salary and bonus) based on the attainment of certain performance criteria. The maximum percentage that may be credited is 20%. Since the beginning of fiscal year 2007, the performance criteria have been based solely upon PFG's earnings before interest and taxes. Account balances are credited with interest at a rate of 8%.

For contributions credited for periods beginning before December 31, 2006, participants vest in their SERP account at a rate of 20% per year, beginning after the second year of service with PFG or any company PFG previously acquired, and are fully vested after six years of service. For contributions credited for periods beginning on or after December 31, 2006, contributions are 50% vested after five years of service, with an additional 10% per year for each year of service thereafter and are fully vested after ten years of service. In accordance with the terms of the SERP, all unvested account balances will vest at the effective time of the merger. Generally, no payments are made under the SERP prior to a normal, early, delayed, or disability retirement date or the participant's death. PFG anticipates that the SERP will be terminated as of the effective time of the merger and account balances (including previously unvested balances that vest at the effective time of the merger) will be payable shortly thereafter.

The following table shows the total and vested and unvested SERP account balances of the executive officers as of April 3, 2008:

| <b>Executive Officer</b> | <b>Vested</b> | <b>Unvested</b> | <b>Total Balance</b> |
|--------------------------|---------------|-----------------|----------------------|
| Steven L. Spinner        | \$ 248,139    | \$              | \$ 248,139           |
| John D. Austin           | \$ 190,066    | \$              | \$ 190,066           |
| Joseph J. Traficanti     | \$ 24,488     | \$ 72,597       | \$ 97,085            |
| Thomas Hoffman           | \$ 199,876    | \$              | \$ 199,876           |
| J. Keith Middleton       | \$ 78,074     | \$ 30,438       | \$ 108,512           |
| Joseph J. Paterak        | \$ 124,428    | \$ 3,643        | \$ 128,071           |

|                      |           |           |           |
|----------------------|-----------|-----------|-----------|
| Charlotte E. Perkins | \$ 25,136 | \$ 73,062 | \$ 98,198 |
|----------------------|-----------|-----------|-----------|

*Executive Deferred Compensation Plan*

Pursuant to PFG's Executive Deferred Compensation Plan, certain members of PFG's senior management, including all of the executive officers, may defer a portion of their cash compensation, including base salary and non-equity incentive plan compensation, using either a flat dollar amount, a specified percentage of compensation or a specified percentage of compensation in excess of a specified dollar amount. Credits are made to each participant's account monthly. All of the executive officers' contributions are immediately vested and non-forfeitable.

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Each participant may elect, at the time of each year's deferral election, the time and form of payout. The participant may receive payments as of a specified date, or over a period of time ranging from two to ten years (including the period during which the participant is actively employed), or upon termination of employment. A participant may also make an irrevocable alternate election at the time an account is initially established. The alternate election allows for a participant to receive a lump sum distribution in the event the participant terminates employment within two years of a change in control of PFG or his or her employment is terminated involuntarily or voluntarily following a reduction in compensation, responsibility or work location.

PFG anticipates that the Executive Deferred Compensation Plan will be terminated as of the effective time of the merger and the account balances of the executive officers will be paid. The following table shows the total Executive Deferred Compensation Plan account balances of the executive officers as of April 3, 2008:

| <b>Executive Officer</b> | <b>Total Balance</b> |
|--------------------------|----------------------|
| Robert C. Sledd          | \$ 274,443           |
| Steven L. Spinner        | \$ 794,886           |
| John D. Austin           | \$ 733,743           |
| Joseph J. Traficanti     | \$ 190,247           |
| Thomas Hoffman           | \$ 1,665,660         |
| J. Keith Middleton       | \$ 176,673           |
| Joseph J. Paterak        | \$ 226,423           |
| Charlotte E. Perkins     | \$ 52,682            |

*Bonus Pool*

In connection with the merger, PFG's compensation committee approved the payment of cash bonuses totaling \$1.0 million to certain of PFG's employees on February 28, 2008. Payments under this plan were made on March 6, 2008 to employees identified by the compensation committee in recognition of these employees' services provided in connection with the negotiation of the merger agreement and consummation of the merger, including assisting VISTAR's efforts related to financing the transaction.

The amounts paid to PFG's executive officers were as follows:

Stev