

PERFORMANCE FOOD GROUP CO

Form DEF 14A

April 12, 2006

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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 (Amendment No. )

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

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(Name of Registrant as Specified In Its Charter)

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(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)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:  
\_\_\_\_\_
- (2) Aggregate number of securities to which transaction applies:  
\_\_\_\_\_
- (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):  
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\_\_\_\_\_
- (5) Total fee paid:  
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- o 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:

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

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(3) Filing Party:

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(4) Date Filed:

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**12500 West Creek Parkway  
Richmond, Virginia 23238  
(804) 484-7700**

Dear Shareholder:

It is our pleasure to extend to you a cordial invitation to attend the Annual Meeting of Shareholders of Performance Food Group Company (the Company) to be held at 10:00 a.m., eastern daylight time, on Tuesday, May 16, 2006, at the offices of the Company located at 12500 West Creek Parkway, Richmond, Virginia.

Shareholders will be asked to elect two directors. In addition, we will present an oral report on the condition and performance of the Company, and you will have an opportunity to question management on matters that affect the interests of all shareholders.

We hope you will be able to attend the meeting in person. Whether you expect to attend or not, we request that you complete and return the enclosed proxy card in the enclosed post-paid envelope or vote by toll-free telephone or internet as described in the enclosed proxy card. Your vote is important.

We look forward to seeing you on May 16, 2006.

Sincerely,

Robert C. Sledd  
*Chairman and Chief Executive Officer*

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**12500 West Creek Parkway  
Richmond, Virginia 23238  
(804) 484-7700**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting ) of Performance Food Group Company (the Company ) will be held at 10:00 a.m, eastern daylight time, on Tuesday, May 16, 2006, at the Company s offices located at 12500 West Creek Parkway, Richmond, Virginia for the following purposes:

1. To elect two Class I directors to hold office for a term of three years and until their successors are elected and qualified; and
2. To transact such other business as may properly come before the Annual Meeting.

The Board of Directors has fixed the close of business on March 20, 2006 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting.

Your attention is directed to the Proxy Statement accompanying this notice for a more complete statement regarding matters to be acted upon at the Annual Meeting.

By the Order of the Board of Directors

Joseph J. Traficanti, *Secretary*

Richmond, Virginia

April 12, 2006

**YOUR REPRESENTATION AT THE ANNUAL MEETING IS IMPORTANT. TO ENSURE YOUR REPRESENTATION, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY OR VOTE BY TOLL-FREE TELEPHONE OR INTERNET AS DESCRIBED IN THE ENCLOSED PROXY CARD. SHOULD YOU DESIRE TO REVOKE YOUR PROXY, YOU MAY DO SO AS PROVIDED IN THE ACCOMPANYING PROXY STATEMENT AT ANY TIME BEFORE IT IS VOTED.**

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**12500 West Creek Parkway  
Richmond, Virginia 23238  
(804) 484-7700**

**PROXY STATEMENT**

The accompanying proxy is solicited by the Board of Directors of Performance Food Group Company for use at the Annual Meeting of Shareholders of the Company to be held on May 16, 2006 (the Annual Meeting ), and any adjournments thereof, notice of which is attached hereto.

The purposes of the Annual Meeting are to elect two Class I directors and to transact such other business as may properly be brought before the Annual Meeting or any adjournment thereof.

A shareholder who signs and returns a proxy may revoke the same at any time before the authority granted thereby is exercised by attending the Annual Meeting and electing to vote in person, by filing with the Secretary of the Company a written revocation, by duly executing a proxy bearing a later date or by casting a new vote by toll-free telephone or the internet. Unless so revoked, the shares represented by the proxy will be voted at the Annual Meeting. Where a choice is specified on the proxy, the shares represented thereby will be voted in accordance with such specifications. If no specification is made, such shares will be voted FOR the election of the two director nominees.

The Board of Directors knows of no other matters that are to be brought to a vote at the Annual Meeting. If any other matter does come before the Annual Meeting, however, the persons appointed in the proxy or their substitutes will vote in accordance with their best judgment on such matters.

The Board of Directors has fixed the close of business on March 20, 2006 as the record date for the Annual Meeting. Only record holders of the Company s common stock, \$.01 par value per share (the Common Stock ), at the close of business on that date will be entitled to vote at the Annual Meeting. On the record date, the Company had outstanding 34,338,785 shares of Common Stock. Holders of the Common Stock will be entitled to one vote for each share of Common Stock so held, which may be given in person or by proxy duly authorized in writing.

The representation in person or by proxy of at least a majority of the outstanding shares entitled to vote is necessary to provide a quorum at the meeting. Abstentions and non-votes are counted as present in determining whether the quorum requirement is satisfied. Because directors are elected by a plurality of the votes cast by the holders of the Common Stock represented and entitled to vote at the Annual Meeting, elections to withhold authority to vote for a director and non-votes are not considered in the election. Any other matters that may properly come before the meeting or any adjournment thereof shall be approved by the affirmative vote of a majority of the votes cast by the holders of Common Stock represented and entitled to vote at the Annual Meeting, and abstentions and non-votes will have no effect on the outcome of the vote. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

This Proxy Statement and Proxy and the Company s Annual Report to Shareholders have been mailed on or about April 12, 2006 to all shareholders of record at the close of business on March 20, 2006. The cost of solicitation of proxies will be borne by the Company, including expenses in connection with preparing, assembling and mailing this Proxy Statement. Such solicitation will be made by mail and may also be made by the Company s

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regular officers or employees personally or by telephone or telecopy. The Company may reimburse brokers, custodians and nominees for their expenses in sending proxies and proxy materials to beneficial owners.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information as of March 20, 2006 concerning persons known to the Company to be the beneficial owners of more than 5% of the outstanding shares of the Common Stock.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class (1)</b>
Mellon Financial Corporation One Mellon Center Pittsburgh, Pennsylvania 15258	2,427,676(2)	7.1%
Prudential Financial, Inc. 751 Broad Street Newark, New Jersey 07102	2,422,138(3)	7.1%
Dimensional Fund Advisors Inc. 1299 Ocean Avenue 11 <sup>th</sup> Floor Santa Monica, California 90401	2,317,880(4)	6.8%
Barclays Global Investors, NA 45 Fremont Street San Francisco, California 94105	1,987,741(5)	5.8%

(1) Computed in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 (the Exchange Act ).

(2) Based solely on information contained in a Schedule 13G filed by Mellon Financial Corporation with the Securities and Exchange Commission (the SEC ) on February 15, 2006.



- (3) Based solely on information contained in a Schedule 13G filed by Prudential Financial, Inc. with the SEC on February 10, 2006.
- (4) Based solely on information contained in a Schedule 13G filed by Dimensional Fund Advisors Inc. with the SEC on February 6, 2006.
- (5) Based solely on information contained in a Schedule 13G filed by Barclays Global Investors, NA with the SEC on January 26, 2006.

#### **PROPOSAL 1: ELECTION OF DIRECTORS**

The Company's Restated Charter classifies the Board of Directors into three classes, each class to be as nearly equal in number as possible, designated Class I, Class II and Class III. At each annual meeting, directors of the class whose term of office expires in that year are elected for a three-year term. The term of two Class I directors, Charles E. Adair and Timothy M. Graven, will expire upon the election and qualification of new directors at this Annual Meeting. The terms of the Class II directors and the Class III directors will expire at the annual meetings in 2007 and 2008, respectively.

The Nominating and Corporate Governance Committee has approved the nomination of, and the Board of Directors has designated, Charles E. Adair and Timothy M. Graven, as the two nominees for election as Class I directors for a three-year term expiring at the annual meeting in 2009 and until their successors are elected and qualified. These two nominees are currently directors of the Company, and each was elected by the shareholders.

Unless contrary instructions are received, it is intended that the shares represented by proxies solicited by the Board of Directors will be voted in favor of the election of the two Class I nominees as directors. Each nominee has consented to be a candidate and to serve, if elected. While the Board has no reason to believe that any nominee will be unable to accept nomination or election as a director, if such an event should occur, the persons named in the

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Proxy have advised the Company that they will vote for such substitute or substitutes as shall be designated by the current Board of Directors.

The following persons are the nominees for election to serve as Class I directors. Certain information relating to the nominees, which has been furnished to the Company by the individuals named, is set forth below.

*Charles E. Adair* has served as a director of the Company since August 1993. Since 1993, Mr. Adair has been a partner in Cordova Ventures, a venture capital management company. Mr. Adair was employed by Durr-Fillauer Medical, Inc., a distributor of pharmaceuticals and other medical products, from 1973 to 1992, serving as Executive Vice President from 1978 to 1981, as President and Chief Operating Officer from 1981 to 1992, and as a director from 1976 to 1992. In addition, Mr. Adair serves as a director of Tech Data Corporation, a distributor of microcomputers and related hardware and software products, PSS World Medical, Inc., a specialty marketer and distributor of medical products to physicians, long-term care providers and other alternate-site healthcare providers, and Torchmark Corporation, a financial services holding company specializing in life and supplemental health insurance. Mr. Adair is a certified public accountant.

*Timothy M. Graven* has served as a director of the Company since August 1993. Mr. Graven is the Managing Partner and co-founder of Triad Investment Company, LLC, a private investment firm founded in 1995. Mr. Graven served as President and Chief Operating Officer of Steel Technologies, Inc. of Louisville, Kentucky, a steel processing company, from March 1990 to November 1994, as Executive Vice President and Chief Financial Officer from May 1985 to March 1990 and as a director from 1982 to 1994. Mr. Graven is also a certified public accountant.

The following four persons are currently members of the Board of Directors and will continue their present positions after the Annual Meeting. The following persons are not nominees, and shareholders are not being asked to vote for them. Certain information relating to the following persons, which has been furnished by the individuals named, is set forth below.

*Mary C. Doswell* has served as a director of the Company since August 2003. Ms. Doswell served as President of Dominion Resources Services, Inc., a gas and electric holding company, from January 2003 to December 2003 and has served as Chief Executive Officer since January 2004. She has served as Senior Vice President and Chief Administrative Officer of Dominion Resources, Inc. since January 2003, and served as Vice President-Billing & Credit of Dominion Resources, Inc. from October 2001 to December 2002. Ms. Doswell also served Dominion Resources, Inc. as Vice President-Metering from January 2000 to October 2001 and as General Manager-Metering from February 1999 to January 2000. Prior thereto, Ms. Doswell held various management positions with Dominion Virginia Power for 19 years. Ms. Doswell serves on the board of directors of the VCU Rice Center for Environmental Life Sciences, the board of directors of Richmond Renaissance and is a member of the Governor's Advisory Board on Revenue Estimates.

*Fred C. Goad, Jr.* has served as a director of the Company since July 1993. Since April 2001, Mr. Goad has served as a partner of Voyent Partners, L.L.C., a private investment company. Mr. Goad served as Co-Chief Executive Officer of the transaction services division of WebMD from March 1999 to March 2001. From June 1996 to March 1999, Mr. Goad served as Co-Chief Executive Officer and Chairman of ENVOY Corporation ( ENVOY ), a provider of electronic transaction processing services for the health care industry, which was acquired by WebMD in 1999. From 1985 to June 1996, Mr. Goad served as President and Chief Executive Officer and as a director of ENVOY. Mr. Goad also serves as a director of Luminex Corporation, a maker of proprietary technology that simplifies biological testing for the life sciences industry, and Emageon Inc., a provider of an enterprise level information technology solution for the clinical analysis and management of digital medical images.

*Robert C. Sledd* has served as Chairman of the Board of Directors since February 1995, has served as a director of the Company since 1987, and has served as Chief Executive Officer since March 2004. Mr. Sledd also served as Chief Executive Officer of the Company from 1987 to August 2001 and as President of the Company from 1987 to February 1995 and from March 2004 through May 2005. Mr. Sledd served as a director of Taylor & Sledd Industries, Inc., a predecessor of the Company, since 1974, and served as President and Chief Executive Officer of that company from 1984 to 1987. Mr. Sledd also serves as a director of SCP Pool Corporation, a supplier of swimming pool supplies and related products.



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*John E. Stokely* has served as a director of the Company since April 1998. Since August 1999, Mr. Stokely has been self-employed as a business consultant. Mr. Stokely was the President, Chief Executive Officer and Chairman of the Board of Directors of Richfood Holdings, Inc. ( Richfood ), a retail food chain and wholesale grocery distributor, from January 1997 until August 1999, when Richfood was acquired by Supervalu Inc. Mr. Stokely served on the Board of Directors and as President and Chief Operating Officer of Richfood from April 1995 to January 1997 and served as Executive Vice President and Chief Financial Officer from 1990 to April 1995. Mr. Stokely also serves as a director of SCP Pool Corporation, a supplier of swimming pool supplies and related products, Transaction Systems Architects, Inc., a provider of enterprise e-payments and e-commerce solutions, and O Charleys Inc., an owner and operator of restaurants.

The Board of Directors held eleven meetings, seven of which were via teleconference, during the fiscal year ended December 31, 2005. All incumbent directors attended at least 75% of the meetings of the Board and each committee of the Board on which such directors served at the time of such meeting, held during the fiscal year ended December 31, 2005. The Company has adopted guidelines which state that directors are expected to attend all regular meetings of the Board, all meetings of committees of which he or she is a member and the annual meeting of shareholders. All of the Company's directors attended the annual meeting of shareholders held on May 18, 2005. Directors are also expected to make every effort to attend any specially called Board or committee meeting. All of the members of the Board of Directors except Mr. Sledd are independent, as defined by applicable law and the listing standards of the National Association of Securities Dealers, Inc. ( NASD ). The independent directors of the Board have adopted guidelines which require the independent directors to have executive sessions at regularly scheduled meetings and at other times as determined by the independent directors at which only independent directors are present.

## **Corporate Governance**

### **Corporate Governance Guidelines**

The Board of Directors has adopted Corporate Governance Guidelines which reflect a set of core values that provide the foundation for the Company's governance and management systems and its interaction with others. The guidelines address, among other matters, the responsibilities of the Board of Directors and management, Board and Committee composition and structure, the conduct of Board meetings, Board compensation, performance evaluation and succession planning. A copy of the Corporate Governance Guidelines can be obtained from the Corporate Governance section of the Company's website at [www.pfgc.com](http://www.pfgc.com).

The Corporate Governance Guidelines require, if the positions of Chairman and Chief Executive Officer are held by the same person, that an independent director be appointed by a majority of the independent directors of the Board to serve as the Presiding Director. In March 2004, Mr. Sledd, who is the Chairman of the Board, was elected as Chief Executive Officer, and the independent directors of the Board appointed Mr. Stokely to serve as the Presiding Director.

### **Committees of the Board**

*Audit Committee.* The Board of Directors has established an Audit Committee for the purpose of engaging the Company's independent registered public accounting firm, overseeing and reviewing the scope of its engagement, consulting with such firm, reviewing the results of the audit, acting as a liaison between the Board and the Company's independent registered public accounting firm and reviewing various Company policies, including those related to accounting and internal control matters. It is the function of the Audit Committee to ensure that the Company's financial statements accurately reflect the Company's financial position and results of operations. The Audit Committee is a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, that operates pursuant to the terms of a Second Amended and Restated Charter which was amended and restated by the Board of Directors on April 13, 2005 (the Audit Committee Charter ) and is available from the Corporate Governance section of the Company's website at [www.pfgc.com](http://www.pfgc.com). The Audit Committee reviews and reassesses the adequacy of the Audit Committee Charter annually.

Messrs. Goad, Graven and Stokely and Ms. Doswell, each of whom is independent as defined by the NASD listing standards and the rules and regulations of the SEC, comprise the Audit Committee. The Audit Committee met 26 times during the fiscal year ended December 31, 2005. The Board of Directors of the Company has determined that

the Audit Committee has two audit committee financial experts, as such term is defined under the rules and regulations of the SEC. These persons are Messrs. Graven and Stokely.

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*Compensation Committee.* The Board of Directors has established a Compensation Committee for the purpose of evaluating the performance of the Company’s officers, reviewing and determining officers’ compensation, formulating bonuses for the Company’s management and administering the Company’s stock incentive plans. A copy of the Compensation Committee Charter (the Compensation Committee Charter) is available under the Corporate Governance section of the Company’s website at [www.pfgc.com](http://www.pfgc.com). Messrs. Adair, Goad, Graven and Stokely and Ms. Doswell comprise the Compensation Committee, which met six times during the fiscal year ended December 31, 2005. Each of the members of the Compensation Committee is independent as defined by the NASD listing standards.

*Nominating and Corporate Governance Committee.* The Board of Directors has established a Nominating and Corporate Governance Committee for the purpose of identifying and approving the nomination of qualified candidates for election to the Board of Directors, reviewing the composition of the Board of Directors, reviewing and recommending corporate governance policies for the Company and periodically evaluating the performance of the Board of Directors. A copy of the Nominating and Corporate Governance Committee Charter is available under the Corporate Governance section of the Company’s website at [www.pfgc.com](http://www.pfgc.com). Messrs. Adair, Goad, Graven and Stokely and Ms. Doswell comprise the Nominating and Corporate Governance Committee which met three times during the fiscal year ended December 31, 2005. Each member of the Nominating and Corporate Governance Committee is independent as defined by the NASD listing standards.

The Nominating and Corporate Governance Committee will assess a nominee for director based upon an individual’s background, skills and abilities and whether the individual possesses the experience, expertise, diversity and time availability necessary to ensure that the Board can perform its oversight function effectively. The Nominating and Corporate Governance Committee will consider nominees for the Board of Directors recommended by shareholders if shareholders comply with the advance notice provisions contained in the Company’s Restated Bylaws. Shareholder recommendations for nominees must include biographical information about both the proposed nominee and the shareholder making the recommendation as well as the proposed nominee’s written consent to nomination. The Nominating and Corporate Governance Committee evaluates nominees recommended by shareholders on the same basis as nominees recommended by any other source. The recommendations must be addressed to the Company’s Corporate Secretary and delivered or mailed and received at the Company’s principal executive offices not later than 120 days before the date of the Company’s annual meeting.

**Code of Corporate Conduct**

The Company has a code of corporate conduct that applies to all associates (including officers) and directors. The purpose of the code is, among other things, to provide written standards that are reasonably designed to deter wrongdoing and to promote: honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest; full, fair, accurate, timely, and understandable disclosure in reports and documents filed with the SEC and other public communications by the Company; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of violations of the code; and accountability for adherence to the code. A copy of the Company’s code of corporate conduct can be obtained from the Corporate Governance section of the Company’s website at [www.pfgc.com](http://www.pfgc.com).

**Communications with the Board**

The Board has adopted a process for holders of the Company’s Common Stock and other interested parties to send written communications to the Board. Such communications should be sent to them c/o Performance Food Group Company, 12500 West Creek Parkway, Richmond, Virginia 23238 or may be sent by email to [boardofdirectors@pfgc.com](mailto:boardofdirectors@pfgc.com). The Corporate Secretary will review any communications received by the Company and forward appropriate communications to the appropriate Board members. Communications may also be sent directly to the chair of any committee by email at [auditchair@pfgc.com](mailto:auditchair@pfgc.com) (Audit Committee), [nomgovchair@pfgc.com](mailto:nomgovchair@pfgc.com) (Nominating and Corporate Governance Committee) or [compchair@pfgc.com](mailto:compchair@pfgc.com) (Compensation Committee) or to the outside directors as a group at [outsidedirectors@pfgc.com](mailto:outsidedirectors@pfgc.com).

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The following table contains, as of March 20, 2006, certain information concerning the Named Executive Officers (as defined herein) and directors of the Company, including the nominees, as well as certain information concerning the directors and executive officers of the Company as a group which information has been furnished to the Company by the individuals named or included in such group:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Term Expires</b>	<b>Position</b>	<b>Shares of Common Stock Beneficially Owned (1)</b>	<b>Percent of Class</b>
Current Officers and Directors:						
Robert C. Sledd	53	1987	2007	Chairman, Chief Executive Officer, and Director	913,997(2)	2.6%
Steven L. Spinner	46			President and Chief Operating Officer	251,208	*
Thomas Hoffman	66			Senior Vice President and Chief Executive Officer -- Customized Segment	107,217	*
John D. Austin	44			Senior Vice President and Chief Financial Officer	86,308	*
J. Keith Middleton	40			Senior Vice President and Controller	26,090	
Charles E. Adair	58	1993	2006	Director	67,000	*
Mary C. Doswell	47	2003	2007	Director	21,588(3)	*
Fred C. Goad, Jr.	65	1993	2008	Director	67,000(4)	*
Timothy M. Graven	54	1993	2006	Director	35,000	*
John E. Stokely	53	1998	2008	Director	44,750	*

Officer whose employment terminated during 2005:

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Mark J. Drever	49	Former Chief Executive Officer -- Fresh-cut Segment	500	*
All directors and executive officers as a group (12 persons)			1,637,157	4.6%
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- \* Less than one percent
  
- (1) Includes the following shares which are not currently outstanding but which the named individuals are entitled to acquire as of March 20, 2006 and within 60 days of such date upon the exercise of options:
  - Mr. Sledd  
420,600;
  - Mr. Spinner  
167,850;
  - Mr. Hoffman  
69,000;
  - Mr. Austin  
76,250;
  - Mr. Middleton  
20,500;
  - Mr. Adair  
40,000;
  - Ms. Doswell  
15,500; Mr.  
Goad 43,000;
  - Mr. Graven  
20,000;
  - Mr. Stokely  
40,750; and
  - Mr. Drever 0;all directors and executive officers as a group, which excludes Mr. Drever who was not an executive officer as of

March 20, 2006  
(12 persons)  
921,450 shares.  
The shares  
described in this  
note are deemed  
to be  
outstanding for  
the purpose of  
computing the  
percentage of  
outstanding  
Common Stock  
owned by such  
persons  
individually and  
by the group,  
but are not  
deemed to be  
outstanding for  
the purposes of  
computing the  
percentage of  
ownership of  
any other  
person.

- (2) Includes 81,000 shares held by Mr. Sledd as trustee for the benefit of his children. Also includes 3,500 shares held by Mr. Sledd's wife for which Mr. Sledd disclaims beneficial ownership.
- (3) Includes 4,588 shares held by Ms. Doswell's husband and 900 shares held by her children.
- (4) Includes 3,000 shares held by

Mr. Goad's wife  
for which  
Mr. Goad  
disclaims  
beneficial  
ownership.

### EXECUTIVE COMPENSATION

The following table summarizes the compensation paid or accrued by the Company during the three fiscal years ended December 31, 2005 (fiscal 2005), January 1, 2005 (fiscal 2004) and January 3, 2004 (fiscal 2003) for (i) the Chief Executive Officer of the Company, (ii) the four highest paid executive officers of the Company whose salary and bonus payments exceeded \$100,000 for fiscal 2005 and (iii) Mark J. Drever, who served as the Company's Senior Vice President and Chief Executive Officer - Fresh-cut Segment until June 27, 2005 (collectively, the Named Executive Officers).

Name and Principal Position	Fiscal Year	Annual Compensation		Long-Term Compensation Awards Securities		
		Salary (\$)	Bonus (\$)	Restricted Stock Award (\$)	Underlying Options/SARs #(3)	All Other Compensation \$(4)
Robert C. Sledd Chairman and Chief Executive Officer	2005	\$630,115	\$ 565,213	\$120,486(1)	38,600	\$ 8,488(4)
	2004	537,500	91,000	170,280(2)	45,000	9,963
	2003	246,561	103,837		22,500	11,827
Steven L. Spinner President and Chief Operating Officer	2005	419,526	223,188	215,754(1)	7,700	82,401(4)
	2004	402,215	61,000	99,330(2)	15,000	33,213
	2003	370,385	140,600		15,000	11,899
Thomas Hoffman Senior Vice President and Chief Executive Officer Customized Segment	2005	316,440	293,910	86,862(1)	9,300	79,729(4)
	2004	302,820	164,000(5)	141,900(2)	15,000	34,396
	2003	290,499	332,624		15,000	11,619
John D. Austin Senior Vice President and Chief Financial Officer	2005	321,695	302,760(6)	142,902(1)	5,200	81,351(4)
	2004	308,474	47,000	70,950(2)	15,000	28,849
	2003	270,904	117,895		13,000	12,899
J. Keith Middleton Senior Vice President and Controller	2005	195,289	121,664	56,040(1)	2,100	45,988(4)
	2004	173,942	100,625	56,760(2)	8,000	23,909
	2003	153,943	52,044		10,000	12,898
Officer whose employment terminated during 2005:						
Mark J. Drever Former Chief Executive Officer Fresh-cut Segment	2005	209,600	4,897,172(7)			
	2004	420,923			12,500	31,101
	2003	384,002			12,500	9,099

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- (1) These amounts reflect the value of restricted shares granted to the Named Executive Officers (other than Mr. Drever) in the amounts of 4,300, 7,700, 3,100, 5,100 and 2,000, respectively, for Messrs. Sledd, Spinner, Hoffman, Austin and Middleton based on the closing price of the Company's Common Stock on The Nasdaq National Market on the date of grant, April 21, 2005, of \$28.02 per share. These restricted shares vest on the fourth anniversary of the date of grant, and the holders will receive any dividends paid by the Company on its shares of Common Stock for the restricted shares. At December 31, 2005, the named executive officers aggregate

holdings of restricted shares of the Company and the market value of such shares (based on a price of \$28.37 per share at December 31, 2005) was as follows:

Mr. Sledd,  
10,300 shares  
valued at  
\$292,211;

Mr. Spinner,  
11,200 shares  
valued at  
\$317,744;

Mr. Hoffman,  
8,100 shares  
valued at  
\$229,797;

Mr. Austin,  
7,600 shares  
valued at  
\$215,612; and

Mr. Middleton,  
4,000 shares  
valued at  
\$113,480.

Mr. Drever did not hold any restricted shares at December 31, 2005.

- (2) These amounts reflect the value of restricted shares granted to the Named Executive Officers for 2004 performance in the amounts of 6,000, 3,500, 5,000, 2,500 and 2,000, shares respectively for

Messrs. Sledd,  
Spinner,  
Hoffman,  
Austin and  
Middleton based  
on the closing  
price of the  
Company's  
Common Stock  
on The Nasdaq  
National Market  
on the date of  
grant, March 15,  
2005, of \$28.38  
per share. These  
restricted shares  
vest 50% on the  
first anniversary  
of the date of  
grant and 25%  
on each of the  
second and third  
anniversaries of  
the date of  
grant, and the  
holders will  
receive any  
dividends paid  
by the Company  
on its shares of  
Common Stock  
for the restricted  
shares. None of  
the Named  
Executive  
Officers owned  
any shares of  
restricted stock  
at January 1,  
2005.

- (3) Number of  
stock options  
granted under  
the 1993  
Employee Stock  
Incentive Plan  
(the 1993 Plan )  
or 2003 Equity  
Incentive Plan  
(the Equity

Incentive Plan ).

- (4) Includes allocations by the Company to each Named Executive Officer s, other than Mr. Drever, ESOP account of \$539, \$2,278 and \$4,899 for 2005, 2004 and 2003, respectively. Allocations to the ESOP accounts are based on the closing price of the Common Stock on The Nasdaq National Market of \$28.37 at December 30, 2005 for fiscal 2005, \$26.91 per share at December 31, 2004 for fiscal 2004 and \$36.17 per share at December 31, 2003 for fiscal 2003. Also includes contributions by the Company to each Named Executive Officer s 401(k) account in fiscal 2005 as follows:  
Mr. Sledd  
\$7,350;  
Mr. Spinner  
\$7,350;  
Mr. Hoffman  
\$8,400;

Mr. Austin  
\$8,400;  
Mr. Middleton  
\$8,400; and  
Mr. Drever  
\$8,384; in fiscal  
2004 as follows:  
Mr. Sledd  
\$7,084;  
Mr. Spinner  
\$7,172;  
Mr. Hoffman  
\$8,175;  
Mr. Austin  
\$8,196;  
Mr. Middleton  
\$7,535; and  
Mr. Drever  
\$7,175; and in  
fiscal 2003 as  
follows:  
Mr. Sledd  
\$6,928; Mr.  
Spinner \$7,000;  
Mr. Hoffman  
\$6,720;  
Mr. Austin  
\$8,000;  
Mr. Middleton  
\$7,999; and Mr.  
Drever \$4,200.  
Also includes  
contributions by  
the Company to  
the account of  
certain Named  
Executive  
Officers  
pursuant to the  
Company's  
Supplemental  
Executive  
Retirement Plan  
(the "SERP") for  
fiscal 2005 as  
follows:  
Mr. Sledd \$0;  
Mr. Spinner  
\$73,913;  
Mr. Hoffman  
\$70,191;



Mr. Austin  
\$71,813;  
Mr. Middleton  
\$36,450; and  
Mr. Drever \$0;  
and for fiscal  
2004 as follows:  
Mr. Sledd \$0;  
Mr. Spinner  
\$23,161;  
Mr. Hoffman  
\$23,341;  
Mr. Austin  
\$17,774;  
Mr. Middleton  
\$13,728 and  
Mr. Drever  
\$21,046; and  
contributions of  
\$599 for each of  
Messrs. Sledd,  
Spinner,  
Hoffman,  
Austin and  
Middleton in  
fiscal 2005,  
\$602 for each of  
Messrs. Sledd,  
Spinner,  
Hoffman,  
Austin and  
Drever in fiscal  
2004 and \$533  
for  
Mr. Middleton  
in fiscal 2004  
pursuant to the  
profit sharing  
component of  
the Company's  
401(k) plan.

- (5) Mr. Hoffman's  
bonus includes  
\$118,000 earned  
by Mr. Hoffman  
with respect to  
prior fiscal  
periods under  
longer-term  
performance

criteria.

- (6) Mr. Austin's bonus includes \$75,000 earned by Mr. Austin in connection with the sale of the Company's Fresh-cut segment in 2005.
  
- (7) Mr. Drever's bonus was paid to him pursuant to the terms of an incentive and retention agreement that the Company entered into with Mr. Drever in connection with the Company's sale of its Fresh-cut segment.

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The following table summarizes certain information regarding stock options issued to the Named Executive Officers during fiscal 2005. No stock appreciation rights ( SARs ) have been granted by the Company.

**Option Grants in Last Fiscal Year**

Name	Number of Securities Underlying Options Granted (#)(1)	Percent of Total Options Granted to Employees in Fiscal 2005(%)	Individual Grants		Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term	
			Exercise Price (\$/Share)	Expiration Date	5%(\$)	10%(\$)
Robert C. Sledd	38,600(2)	18.8%	\$ 28.02	4/21/15	\$ 680,195	\$ 1,723,747
Steven L. Spinner	7,700(2)	3.7	28.02	4/21/15	135,687	343,856
Thomas Hoffman	9,300(2)	4.5	28.02	4/21/15	163,881	415,307
John D. Austin	5,200(2)	2.5	28.02	4/21/15	91,632	232,215
J. Keith Middleton Officer whose employment terminated during 2005: Mark J. Drever	2,100(2)	1.0	28.02	4/21/15	37,005	93,779

(1) The options were granted to the Named Executive Officers on April 21, 2005 pursuant to the Equity Incentive Plan. The options were granted at an exercise price determined by the closing price of the Common Stock on The Nasdaq National Market on the date of grant.

(2) The options become 100% exercisable on April 21, 2009.

If any of certain events which generally constitute a change in control of the Company occur, the options would become immediately exercisable.

The Company has no long-term incentive plans, as that term is defined in regulations promulgated by the SEC. Also, the Company presently has no defined benefit or actuarial plans covering any employees of the Company. During fiscal 2005, the Company did not adjust or amend the exercise price of stock options awarded to the Named Executive Officers, whether through amendment, cancellation or replacement grants, or other means.

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The following table sets forth certain information with respect to stock options issued to the Named Executive Officers pursuant to the 1993 Plan and the Equity Incentive Plan.

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND  
FISCAL 2005 YEAR-END OPTION VALUES**

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options Held at December 31, 2005		Value of Unexercised In-the-Money Options at December 31, 2005 \$(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robert C. Sledd		\$	447,602	38,600	\$ 5,594,430	\$ 13,510
Steven L. Spinner			167,850	32,700	1,725,060	2,695
Thomas Hoffman	52,340	1,045,253	76,800	9,300	453,701	3,255
John D. Austin	3,750	80,325	76,250	5,200	505,469	1,820
J. Keith Middleton			20,500	2,100		735

Officer whose  
employment  
terminated during  
2005:

Mark J. Drever

- (1) Based on the closing price of the Company's Common Stock on The Nasdaq National Market at December 30, 2005, of \$28.37 per share.

**Director Compensation**

Non-employee directors receive an annual retainer of \$35,000 and a fee of \$1,500 for each Board meeting attended in person, \$1,000 for each committee meeting attended in person, \$750 for each Board meeting attended by telephone and \$500 for each committee meeting attended by telephone, except that the Chairman of the Audit Committee receives a fee of \$1,500 per Audit Committee meeting attended whether in person or by telephone. In addition, each non-employee director is reimbursed for expenses reasonably incurred in connection with their services as directors. Also, the Chairman of the Audit Committee receives an annual retainer of \$10,000, and the Chairmen of the Compensation and Nominating and Corporate Governance Committees receive annual retainers of \$5,000 each. The

Presiding Director also receives an annual retainer of \$12,000. Directors who are officers or employees of the Company receive no compensation for serving as members of the Board. The aggregate amount of fees paid to all of the non-employee directors for fiscal 2005 was \$360,700.

Each non-employee director participates in the Equity Incentive Plan which was approved by the Company's shareholders on May 7, 2003. Prior thereto, the non-employee directors participated in the 1993 Outside Directors Stock Option Plan (the "Outside Directors Plan"), which was approved by the shareholders of the Company on July 21, 1993. Awards to non-employee directors are made at the discretion of the full Board pursuant to the Equity Incentive Plan. All non-employee directors received an option grant of 5,000 shares on May 20, 2005. The options become exercisable, subject to a director's continued service on the Board of Directors, one year from the date of grant, and expire on the tenth anniversary of the grant date. All options issued under the Equity Incentive Plan and Outside Directors Plan have an exercise price per share at the date of grant equal to the closing sale price of the Common Stock on The Nasdaq National Market on that date. At December 31, 2005, there were five participants who had been granted options under the Equity Incentive Plan covering an aggregate of 25,000 shares at an exercise price of \$27.46 per share, 20,000 shares at an exercise price of \$33.91 per share, 10,500 shares at an exercise price of \$37.26 per share and 25,000 shares at an exercise price of \$34.18 per share. Also at December 31, 2005, there were five participants who had been granted options under the Outside Directors Plan covering an aggregate of 31,500 shares at an exercise price of \$4.67 per share, 9,000 shares at an exercise price of \$6.34 per share, 9,000 shares at an exercise price of \$7.09 per share, 9,000 shares at an exercise price of \$9.17 per share,

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15,000 shares at an exercise price of \$10.00 per share, 25,500 shares at an exercise price of \$10.07 per share, 20,000 shares at an exercise price of \$12.97 per share, 30,500 shares at an exercise price of \$13.25 per share, 25,000 shares at an exercise price of \$28.48 per share and 25,000 shares at an exercise price of \$38.00.

The Board of Directors may in the future adjust the compensation of directors as it deems advisable and consistent with the best interests of the Company's shareholders and the financial abilities of the Company.

**Change in Control Agreements**

Effective as of October 29, 1997, the Company entered into agreements which were amended as of February 26, 2003, with certain of its key executives (the Agreement), including the Chief Executive Officer and other Named Executive Officers, which provide for certain payments to be made to the executive if, within two years following a Change in Control (as defined in the Agreement) of the Company, his employment with the Company is terminated for any reason other than Cause (as defined in the Agreement) or if the executive terminates his employment with the Company for Good Reason (as defined in the Agreement). Upon termination, the executive is entitled to receive (i) 299.9% of his base salary (defined as the higher of the executive's annual base salary prior to the Change in Control or the executive's highest annual base salary in effect after the Change in Control but prior to termination), (ii) 299.9% of his bonus (based upon the executive's highest bonus for the three fiscal years prior to the Change in Control or highest bonus 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 in connection with the Change in Control. In accordance with the terms of the Agreement, as amended as of February 26, 2003, 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 Agreement, as amended, provides that the key 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.

**Retention and Incentive Agreement**

In connection with the Company's sale of its Fresh-cut segment, the Company entered into a retention and incentive agreement with Mr. Drever pursuant to which the Company paid a retention and incentive bonus of \$4.9 million to Mr. Drever.

**Supplemental Executive Retirement Plan**

In November 2003, the Board of Directors adopted the SERP in which certain key executives, including the Named Executive Officers (other than Mr. Sledd), could participate beginning in fiscal 2004, as determined by the Compensation Committee. Pursuant to the terms of the SERP, the Compensation Committee authorized the Company to contribute 5% of each participant's salary and bonus to a participant's SERP account and for every 1% that the Company achieves over 95% of a performance target established by the Compensation Committee during the fiscal year, an additional 1% of the participant's salary and bonus will be added to such participant's account. The maximum contribution that can be made for any participant for any fiscal year is 20% of the participant's salary and bonus. A participant vests in his or her SERP account at a rate of 20% per year, beginning after the second year of service with the Company or any acquired company, and will be fully vested after six years of service, provided that the participant will vest in the entire account upon his or her death or upon a Change in Control (as defined in the SERP) or, if determined by the Compensation Committee, upon a Potential Change in Control (as defined in the SERP) of the Company. If a participant's employment with the Company is terminated for Cause (as defined in the SERP) or if the participant becomes employed within one year following his or her termination of employment with an entity that is deemed to be in competition with this Company, a participant will forfeit his or her entire interest in the SERP. For 2005, the Company contributed 11.5% of each participant's salary and bonus to the account of each participating executive, including the Named Executive Officers (other than Mr. Sledd).

**Severance Plan**

The Board of Directors of the Company adopted, effective January 1, 2005, a Senior Management Severance Plan (the Severance Plan) to provide for certain transition and severance benefits as well as payment for a non-competition agreement to certain associates of the Company who hold a position with the Company or any of its subsidiaries with

a title of vice president or corporate director or above and who are also a member of a select group of management or highly compensated employees within the meaning of Title 1 of the Employee



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Retirement Income Security Act of 1974 (each an Eligible Participant ) in the event of a Company-initiated separation from the Company for other than Cause (as defined in the Severance Plan).

Under the terms of the Severance Plan, following termination by the Company other than for Cause, an Eligible Participant may receive, as transition pay, his or her base salary compensation and benefits for a period ranging from four to eighteen weeks, depending on the Eligible Participant's position with the Company and years of service with the Company. In order to receive this transition pay, an Eligible Participant must enter into a transition confidentiality and non-compete agreement and general release. In addition to the transition pay, if any, an Eligible Participant may receive severance pay for periods ranging from four weeks to ninety-three weeks following the transition period based on his or her base salary at the termination date, position with the Company and years of service. Receipt of these severance payments is conditioned upon the Eligible Participant signing a non-compete agreement and general release or post-transition and non-compete agreement and general release.

The Plan is administered by the Chairman of the Company's Board of Directors and Chief Executive Officer and the Company's Chief Human Resources Officer. In the event that the Eligible Participant in question is the Company's Chief Human Resources Officer, or a reporting person under Section 16 of the Exchange Act and the rules and regulations promulgated thereunder, the Severance Plan will be administered by the Chairman of the Company's Compensation Committee.

Pursuant to the Severance Plan, the Company has reserved the right to discontinue any payments under the Severance Plan if an Eligible Participant is terminated for Cause during the transition period, if any, or if the Eligible Participant at any time violates the confidentiality, non-competition or non-solicitation agreement between the Eligible Participant and the Company.

The Company maintains the right to terminate or discontinue the Severance Plan at any time, and the Severance Plan will not provide benefits to Eligible Participants in the event of a transaction involving a spinoff, corporate sale, sale of assets or a legal or organizational restructuring of any subsidiary, segment or division of the Company or for intercompany transfers within the Company and its subsidiaries. In addition, if the Eligible Participant receives benefits pursuant to a separate Agreement for Key Executives between the Company and the Eligible Participant, the Eligible Participant will not be entitled to any benefits under the Severance Plan. Any severance payments payable under the Severance Plan will be reduced by any amounts paid to an Eligible Participant under any employment or similar agreement between the Company and the Eligible Participant upon the Eligible Participant's termination of employment.

If their employment had been terminated without Cause as of December 31, 2005, the Named Executive Officers (other than Mr. Drever) would have been entitled to the following transition and severance payments under the Severance Plan (assuming that Mr. Spinner's employment with the Company began on the date of the Company's acquisition of AFI Food Service Distributors, Inc.): Mr. Sledd \$1,355,481; Mr. Spinner \$654,231; Mr. Hoffman \$621,538; Mr. Austin \$631,250; and Mr. Middleton \$161,538.

**Compensation Committee Interlocks and Insider Participation**

During fiscal 2005, the Compensation Committee of the Board of Directors was composed of Messrs. Adair, Goad, Graven and Stokely and Ms. Doswell. None of these persons has at any time been an officer or employee of the Company or any of its subsidiaries. In addition, there are no relationships among the Company's executive officers, members of the Compensation Committee or entities whose executives serve on the Board of Directors or the Compensation Committee that require disclosure under applicable SEC regulations.

**Compensation Committee Report on Executive Compensation**

Decisions with respect to compensation of the Named Executive Officers for fiscal 2005 were made by the Compensation Committee of the Board of Directors, which was composed of Messrs. Adair, Goad, Graven and Stokely and Ms. Doswell. None of these persons has at any time been an officer or employee of the Company or any of its subsidiaries. The Compensation Committee determines compensation actions and long-term incentive awards for the Named Executive Officers and other key employees of the Company and reviews and administers the incentive compensation, stock option and other compensation plans of the Company. The Compensation Committee Charter provides that the Compensation Committee shall meet in executive session when determining the compensation of the Company's Chief Executive Officer and other executive officers, except that the Chief Executive Officer may be

present during the Committee's deliberation with respect to all other executive officers.

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The overall objectives of the Company's executive compensation program for fiscal 2005 were to:

- Attract and retain the highest quality talent to lead the Company;
- Reward key executives based on business performance;
- Design incentives to maximize shareholder value; and
- Assure that objectives for corporate and individual performance were measured.

The philosophy upon which these objectives are based is to provide incentive to the Company's officers to enhance the profitability of the Company and closely align the financial interests of the Company's officers with those of its shareholders. In order to uphold this philosophy for fiscal 2005, the Compensation Committee reviewed the various elements of executive compensation, including salaries, incentive compensation awards and stock option awards under the Equity Incentive Plan. The Compensation Committee periodically retains an independent consulting firm to analyze the Company's compensation programs in relation to a group of similarly sized companies in comparable industries. These comparable companies are primarily in the distribution industry, including certain of the Company's competitors for which compensation data is available. Their analysis compared the compensation levels of the Chief Executive Officer and other Named Executive Officers to similar positions at these peer companies. The Compensation Committee then used this information when establishing compensation levels for the Company's senior management. In addition, the Compensation Committee also considers amounts that may be allocated or paid to the Named Executive Officers pursuant to individual change in control agreements, the Company's retirement plans, the SERP and the Severance Plan, each as more fully described elsewhere in this Proxy Statement.

The Compensation Committee set annual base salaries for the Named Executive Officers near or just below the midpoint of the relative salaries of similar executives at these peer companies. To closely align an executive's compensation to the Company's goals, the Compensation Committee believes that a substantial portion of an executive's compensation should be incentive based. Therefore, the Company relies to a significant degree on cash bonuses for both annual and two-year performance periods and long-term stock-based incentive compensation. Beginning in fiscal 2003, the Compensation Committee and the Board implemented a bonus program based in part on sales, earnings or return on capital and in part on individual performance objectives. Under this program, an executive's bonus varies directly with improvement in and with the amount of Company-wide or segment-specific sales, earnings or return on capital over both a one and two-year period. Therefore, an executive is rewarded for creating shareholder wealth by most effectively utilizing the Company's capital or generating a specified level of sales or earnings. In addition, an executive's bonus is at risk, in that no bonuses are required to be paid if the Company or one of its segments fails to improve the utilization of capital or generate a specified level of sales or earnings for the performance periods. In fiscal 2005, certain bonus targets were met by the Company and each Named Executive Officer, and each Named Executive Officer received a cash bonus under the Company's bonus plan.

The long-term incentive program for senior management consists of stock option and other stock-based awards granted under the Equity Incentive Plan. During 2005, the Compensation Committee approved the grant of 22,200 shares of restricted stock and an aggregate of 62,900 stock options under the Equity Incentive Plan to the Named Executive Officers, representing 9.9% and 30.6% of the total shares of restricted stock and options, respectively, granted to employees in fiscal 2005. The restricted shares vest four years from the date of grant. The options were granted at the fair market value of the Common Stock on the date of grant and vest four years from the date of grant.

*Compensation of Chief Executive Officer*

Robert C. Sledd, the Company's President and Chief Executive Officer, was compensated during fiscal 2005 in accordance with the same general criteria established from time to time by the Compensation Committee of the Board of Directors with respect to the Named Executive Officers. In April 2005, the Compensation Committee granted Mr. Sledd options to purchase 38,600 shares of the Company's Common Stock at an exercise price of \$28.02 per share, the fair market value of such stock on the date of grant. Such options vest four years from the date of the grant. Mr. Sledd was paid a base salary for fiscal 2005 of \$630,115, he earned a cash bonus of \$565,213 and was granted an award of 4,300 shares of restricted stock having a value of \$120,486 on the date of grant. Mr. Sledd was not present during voting or deliberations of the Compensation Committee with respect to his compensation.

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*Federal Income Tax Deductibility Limitations*

The Compensation Committee believes it is appropriate to take into account the \$1,000,000 limit on the deductibility of executive compensation for federal income tax purposes enacted as part of the 1993 Omnibus Budget Reconciliation Act and to seek to qualify the Company's long-term compensation awards as performance-based compensation excluded from the \$1,000,000 limit. The Compensation Committee believes that all incentive compensation of the Company's current executive officers will qualify as a tax deductible expense when paid. The Compensation Committee will continue to evaluate, however, whether it will approve annual compensation arrangements exceeding \$1,000,000 and whether it will attempt to qualify any such amounts for deductibility under the federal tax laws.

The tables set forth under Executive Compensation, and the accompanying narrative and footnotes, reflect the decisions covered by the above discussion.

Charles E. Adair    Mary C. Doswell    Fred C. Goad, Jr.    Timothy M. Graven    John E. Stokely

The foregoing report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference the Proxy Statement into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such acts.

**Audit Committee Report**

In accordance with the Audit Committee Charter, the Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility to oversee the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance and the independence and performance of the Company's independent registered public accounting firm and internal auditing department.

In discharging its oversight responsibility as to the audit process, the Audit Committee obtained from the independent registered public accounting firm a formal written statement describing all relationships between the firm and the Company that might be thought to bear on the firm's independence consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, discussed with the independent registered public accounting firm any relationships that may impact its objectivity and independence and satisfied itself as to the firm's independence. The Audit Committee has been updated at least quarterly on management's process to assess the adequacy of the Company's system of internal control over financial reporting, the framework used to make the assessment, and management's conclusions on the effectiveness of the Company's internal control over financial reporting. The Audit Committee has also discussed with the independent registered public accounting firm the Company's internal control assessment process, management's assessment with respect thereto and the independent registered public accounting firm's evaluation of the Company's system of internal control over financial reporting. The Audit Committee also discussed with management and the independent registered public accounting firm the steps taken to implement recommended improvements in internal controls, as well as significant judgments, critical accounting policies and the clarity of disclosures in the financial statements. The Audit Committee reviewed with the independent registered public accounting firm its fees, audit plans, audit scope and identification of audit risks.

The Audit Committee discussed and reviewed with the independent registered public accounting firm all communications required by auditing standards generally accepted in the United States of America, including those described in Statement on Auditing Standards No. 61, as amended, Communications with Audit Committees and discussed and reviewed the results of the independent registered public accounting firm's audit of the consolidated financial statements.

The Audit Committee reviewed and discussed the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2005 with management and the independent registered public accounting firm. Management has the responsibility for the preparation of the Company's consolidated financial statements and the independent registered public accounting firm has the responsibility for the audit of those statements.

As previously disclosed, the Company announced in February 2005, that it had received certain anonymous allegations questioning certain accounting practices at one of its Broadline operating subsidiaries. The Audit

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Committee immediately began investigating these allegations and retained independent counsel, who retained an independent accounting firm, to assist the Audit Committee in reviewing these allegations. Subsequently, the staff of the SEC informed the Company that it had opened an informal inquiry into these anonymous allegations, as well as an allegation that the Company's Broadline operating subsidiaries may have made improper transfers of inventory to avoid internally established reserve requirements for aged inventory. The Audit Committee conducted a thorough investigation and found no basis for any material change to the Company's previously reported financial results.

Based on the above-mentioned review and discussions with management and the independent registered public accounting firm, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2005 for filing with the SEC. The Audit Committee has selected KPMG LLP as the Company's independent registered public accounting firm for fiscal 2006.

Mary C. Doswell   Fred C. Goad, Jr.   Timothy M. Graven   John E. Stokely

The foregoing report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference the Proxy Statement into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such acts.

**Relationship with Independent Registered Public Accounting Firm**

The Audit Committee of the Board of Directors of the Company has selected KPMG LLP to serve as the Company's independent registered public accounting firm for 2006. Such firm has served as the Company's independent registered public accounting firm since 1987. Representatives of KPMG LLP are expected to be present at the Annual Meeting and will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. The following is a description of the fees billed to the Company by KPMG LLP for fiscal 2005 and fiscal 2004.

*Audit Fees*

Audit fees include fees paid by the Company to KPMG in connection with the annual audit of the Company's consolidated financial statements, KPMG's review of the Company's interim financial statements and KPMG's review of the Company's Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q. Audit fees also include fees for services performed by KPMG that are closely related to the audit and in many cases could only be provided by the Company's independent registered public accounting firm. Such services include comfort letters and consents related to SEC registration statements and certain reports relating to the Company's regulatory filings. The aggregate fees billed to the Company by KPMG for audit services rendered to the Company and its subsidiaries for fiscal 2005 and fiscal 2004 totaled \$1,899,000 and \$1,290,000, respectively.

*Audit Related Fees*

Audit related services include due diligence and audit services related to mergers and acquisitions, accounting consultations, employee benefit plan audits, certain attest services and KPMG's audit of the Company's Fresh-cut Segment in fiscal 2005 and fiscal 2004. The aggregate fees billed to the Company by KPMG for audit related services rendered to the Company and its subsidiaries for fiscal 2005 and fiscal 2004 totaled \$691,000 and \$115,000, respectively.

*Tax Fees*

Tax fees include corporate tax compliance and counsel and advisory services. The aggregate fees billed to the Company by KPMG for the tax related services rendered to the Company and its subsidiaries for fiscal 2005 and fiscal 2004 totaled \$4,750 and \$33,340, respectively.

*All Other Fees*

KPMG did not perform any other services for the Company during fiscal 2005 or fiscal 2004.

During the latter half of 2002, the Company reviewed its existing practices regarding the use of its independent registered public accounting firm to provide non-audit and consulting services, to ensure compliance

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with recent SEC proposals. The Company adopted a policy, effective as of January 1, 2003, which provides that the Company's independent registered public accounting firm may provide certain non-audit services which do not impair the independent registered public accounting firm's independence. In that regard, the Audit Committee must pre-approve all audit services provided to the Company, as well as all non-audit services provided by the Company's independent registered public accounting firm. This policy is administered by the Company's senior corporate financial management, which reports throughout the year to the Audit Committee. All of the foregoing audit related fees and tax fees were pre-approved by the Audit Committee in accordance with this policy.

**Shareholder Return Performance Graph**

The following graph compares the percentage change in the unaudited cumulative total shareholder return on the Company's Common Stock against the cumulative total return of the S&P Smallcap 600 Index and the S&P Food Distributors Index between December 31, 2000 and December 31, 2005. The graph assumes the value of the investment in the Company's Common Stock and each index was \$100 at December 31, 2000 and that all dividends, if any, were reinvested.

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of the Company's Common Stock, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no Forms 5 were required for those persons, the Company believes that all filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with during the fiscal year ended December 31, 2005, except one transaction for a gift of 2,250 shares given by Mr. Spinner, which was filed late.

**CERTAIN TRANSACTIONS**

The Board of Directors of the Company has adopted a policy which provides that any transaction between the Company and any of its directors, officers, or principal shareholders or affiliates thereof must be on terms no less favorable to the Company than could be obtained from unaffiliated parties and must be approved by vote of a majority of the appropriate committee of the Board of Directors, each of which is comprised solely of independent directors of the Company.

**PROPOSALS OF SHAREHOLDERS**

Shareholders intending to submit proposals should send such proposals in writing, by certified mail, return receipt requested, to Joseph J. Traficanti, Secretary, Performance Food Group Company, 12500 West Creek Parkway, Richmond, Virginia 23238. To be included in the proxy statement and form of proxy relating to the Company's 2007 Annual Meeting of Shareholders or to be presented at the Company's 2007 Annual Meeting of Shareholders, proposals must be received by the Company prior to December 13, 2006.

**DELIVERY OF ANNUAL REPORT AND PROXY STATEMENT  
TO SHAREHOLDERS SHARING AN ADDRESS**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for shareholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If at any time you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or us, or our transfer agent, if you hold registered shares. You can notify us by sending a written request to Performance Food Group Company, Attention: Treasurer, 12500 West Creek Parkway, Richmond, Virginia 23238, or by calling the Treasurer at (804) 484-7700. You can notify our transfer agent, American Stock Transfer & Trust Co., by sending them a written request to 59 Maiden Lane, New York, New York 10038, or by calling (800) 937-5449.

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**PERFORMANCE FOOD GROUP COMPANY  
12500 West Creek Parkway  
Richmond, Virginia 23238  
Revocable Proxy for the Annual Meeting of Shareholders  
May 16, 2006**

You can vote in one of three ways: 1) By Mail, 2) By Phone, 3) By Internet.

See the reverse side of this sheet for instructions.

**IF YOU ARE NOT VOTING BY TELEPHONE OR BY INTERNET, COMPLETE BOTH SIDES OF PROXY CARD, DETACH AND RETURN IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE**

**IF MAILED IN THE UNITED STATES**

**This Proxy is solicited upon behalf of the Board of Directors for the Annual Meeting to be held on May 16, 2006, and any adjournments thereof.** The undersigned hereby constitutes and appoints Robert C. Sledd and John D. Austin, and each of them, the proxies of the undersigned, with full power of substitution, to attend the Annual Meeting of Shareholders of Performance Food Group Company (the Company) to be held at the offices of the Company located at 12500 West Creek Parkway, Richmond, Virginia on Tuesday, May 16, 2006, at 10:00 a.m., local time, and any adjournment(s) thereof, and to vote all the shares of common stock of the Company held of record by the undersigned on March 20, 2006.

**1. ELECTION OF TWO CLASS I DIRECTORS TO SERVE UNTIL THE 2009 ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFIED**

- FOR ALL
- WITHHOLD ALL
- FOR ALL EXCEPT

Nominees: (1) Charles E. Adair (2) Timothy M. Graven

To withhold authority to vote for any individual nominee, mark For All Except and write that nominee's name on the line below:

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY AND WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS MARKED HEREIN, AND WILL BE VOTED FOR PROPOSAL 1 AND AS DETERMINED BY A MAJORITY OF THE BOARD OF DIRECTORS AS TO OTHER MATTERS IF NO INSTRUCTIONS TO THE CONTRARY ARE MARKED HEREIN AND TO THE EXTENT THIS PROXY CONFERS DISCRETIONARY AUTHORITY.**

Please mark, date and sign as your name appears herein and return in the enclosed envelope. If acting as executor, administrator, trustee, guardian, etc. you should so indicate when signing. If the signer is a corporation, please sign the full name by duly appointed officer. If a partnership or limited liability company, please sign in partnership or limited liability company name by authorized person. If shares are held jointly, each shareholder named should sign.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_





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**TO VOTE BY INTERNET [www.proxyvote.com](http://www.proxyvote.com)**

Use the internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by Performance Food Group Company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

**VOTE BY PHONE 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Performance Food Group Company, c/o ADP, 51 Mercedes Way, Edgewood, NY 11717.