

PERFORMANCE FOOD GROUP CO

Form PRER14A

April 01, 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

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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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**PRELIMINARY PROXY STATEMENT,  
SUBJECT TO COMPLETION**

**12500 West Creek Parkway  
Richmond, Virginia 23238**

, 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 , 2008, at .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 \_\_\_\_\_, 2008 and is first being mailed to shareholders on or about \_\_\_\_\_, 2008.

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**12500 West Creek Parkway  
Richmond, Virginia 23238**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
To Be Held On \_\_\_\_\_, 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 \_\_\_\_\_, 2008, at \_\_\_\_\_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 \_\_\_\_\_, 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  
, 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 , 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 .*

### **The Merger and the Merger Agreement**

*The Parties to the Merger (see page ).* 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 .

*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 .

*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 .

*Conditions to the Merger (see page )*. 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 ; 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 )*. 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 )*.

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 ).* 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 .

## **The Special Meeting**

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

## **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 .

*Share Ownership of Directors and Executive Officers.* As of , 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 % of the outstanding shares of the PFG common stock. See *The Special Meeting Voting Rights; Quorum; Vote Required for Approval* beginning on page .

*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 . 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 .

*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 .

*Regulatory Approvals (see page ).* 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 .

*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 ).* 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 , 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 \$ 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 \_\_\_\_\_, 2008, at \_\_\_\_\_ .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 \_\_\_\_\_, 2008, the record date for the special meeting, are entitled to vote at the special meeting. As of the record date, there were approximately \_\_\_\_\_ shares of PFG common stock outstanding. Approximately \_\_\_\_\_ 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 pages and , respectively.

**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 .

**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 .

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:           ,           , 2008

Time:           .m., local time

                          12500 West Creek Parkway  
Place: 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           , 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           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 \_\_\_\_\_, 2008, the record date, 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 \_\_\_\_\_ % of the outstanding PFG common stock. If our directors and executive officers vote their shares in favor of approving the merger agreement, approximately \_\_\_\_\_ % 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 \_\_\_\_\_ shares, or approximately \_\_\_\_\_ % 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 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;

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