SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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SCHEDULE 13D

Under the Securities Exchange Act of 1934

RYKOFF-SEXTON, INC.
(Name of Issuer)

Common Stock, Par Value $.10 Per Share
(Title of Class of Securities)

783759103
(CUSIP Number)

Merrill Lynch Capital Partners, Inc.
225 Liberty Street
New York, New York 10080-6123
Attention: James V. Caruso
Telephone: (212) 236-7753
(Name, Address and Telephone Number of
Person Authorized to Receive Notices and
Communications)

Copy to:

Marcia L. Tu, Esq.
Merrill Lynch & Co., Inc.
World Financial Center
North Tower
New York, New York 10281-1323
Telephone: (212) 449-8412

May 17, 1996
(Date of Event which Requires Filing of this Statement)

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If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box |_|. Check the following box if a fee is being paid with this statement /X/.

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH & CO, INC.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,078,104 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,078,104 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,078,104

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) HC, CO

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH GROUP, INC.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) HC, CO

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH MBP INC.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)

|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) CO

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERCHANT BANKING L.P. NO. II

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH CAPITAL PARTNERS, INC.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) CO

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
ML EMPLOYEES LBO MANAGERS, INC.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) CO

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
ML EMPLOYEES LBO PARTNERSHIP NO. I, L.P.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH LBO PARTNERS NO. IV, L.P.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,011 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,011 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,011

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. XIII, L.P.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
ML OFFSHORE LBO PARTNERSHIP NO. XIII

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Cayman Islands

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH LBO PARTNERS NO. B-IV, L.P.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. B-XVIII, L.P.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
ML OFFSHORE LBO PARTNERSHIP NO. B-XVIII

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Cayman Islands

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MLCP ASSOCIATES L.P. NO. II

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MLCP ASSOCIATES L.P. NO. IV

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
ML IBK POSITIONS, INC.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) CO

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
KECALP INC.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) CO

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH KECALP L.P. 1987

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH KECALP L.P. 1991

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

CUSIP No. 783759103

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
MERRILL LYNCH KECALP L.P. 1994

(2) Check the Appropriate Box if a Member of Group (See Instructions)

|_| (a)
|_| (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware

| | | |
|---|---|---|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) Sole Voting Power | -0- |
| | (8) Shared Voting Power | 10,076,004 |
| | (9) Sole Dispositive Power | -0- |
| | (10) Shared Dispositive Power | 10,076,004 |

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 10,076,004

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11) 36.4%

(14) Type of Reporting Person (See Instructions) PN

Item 1. Security and Issuer.

The class of equity securities to which this Statement on Schedule 13D relates is the common stock, par value $.10 per share (the "Issuer Common Stock"), of Rykoff-Sexton, Inc., a Delaware corporation (the "Issuer"). The address of the Issuer's principal executive offices is 1050 Warrenville Road, Lisle, Illinois 60523-5201.

Item 2. Identity and Background.

This Statement is being filed by (a) Merchant Banking L.P. No. II, (b) ML Employees LBO Partnership No. I, L.P., (c) Merrill Lynch Capital Appreciation Partnership No. XIII, L.P., (d) ML Offshore LBO Partnership No. XIII, (e) Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P., (f) ML Offshore LBO Partnership No. B-XVIII, (g) MLCP Associates L.P. No. II, (h) MLCP Associates L.P. No. IV, (i) ML IBK Positions, Inc., (j) Merrill Lynch KECALP L.P. 1987, (k) Merrill Lynch KECALP L.P. 1991, (l) Merrill Lynch KECALP L.P. 1994 (collectively, the "ML Investors"), (m) Merrill Lynch & Co., Inc., (n) Merrill Lynch Group, Inc., (o) Merrill Lynch MBP Inc., (p) Merrill Lynch Capital

Partners, Inc., (q) ML Employees LBO Managers, Inc., (r) Merrill Lynch LBO Partners No. IV, (s) Merrill Lynch LBO Partners No. B-IV and (t) KECALP, Inc. (collectively with the ML Investors, the "Filing ML Entities").

Merrill Lynch Group, Inc. is a wholly owned subsidiary of Merrill Lynch & Co. Inc. Merrill Lynch MBP Inc., Merrill Lynch Capital Partners, Inc., ML IBK Positions, Inc. and KECALP Inc. are wholly owned subsidiaries of Merrill Lynch Group, Inc. Merrill Lynch MBP Inc. is the general partner of Merchant Banking L.P. II. Merrill Lynch Capital Partners, Inc. is the general partner of Merrill Lynch LBO Partners No. IV, Merrill Lynch LBO Partners No. B-IV, MLCP Associates L.P. No. II and MLCP Associates L.P. No. IV. ML Employees LBO Managers, Inc. is a wholly owned subsidiary of Merrill Lynch Capital Partners, Inc. ML Employees LBO Managers, Inc. is the general partner of ML Employees LBO Partnership No. I L.P. Merrill Lynch LBO Partners No. IV is the general partner of Merrill Lynch Capital Appreciation Partnership No. XIII, L.P. and the investment general partner of ML Offshore LBO Partnership No. XIII. Merrill Lynch LBO Partners No. B-IV is the general partner of Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P. and the investment general partner of ML Offshore LBO Partnership No. B-XVIII. KECALP, Inc. is the general partner of Merrill Lynch KECALP L.P. 1987, Merrill Lynch KECALP L.P. 1991 and Merrill Lynch KECALP L.P. 1994. Merrill Lynch International, Inc. is a wholly owned subsidiary of Merrill Lynch & Co., Inc., and Merrill Lynch International Capital Management (Guernsey) II Limited is a wholly owned subsidiary of Merrill Lynch International, Inc. Merrill Lynch International Capital Management (Guernsey) II Limited is the administrative general partner of both ML Offshore LBO Partnership No. XIII and ML Offshore LBO Partnership No. B-XVIII.

Merrill Lynch & Co., Inc., Merrill Lynch Group, Inc., Merrill Lynch MBP Inc., Merrill Lynch Capital Partners, Inc., ML IBK Positions, Inc., KECALP Inc., ML Employees LBO Managers, Inc. and Merrill Lynch International, Inc. (collectively, the "ML Domestic Corporate Entities") are each corporations organized under the laws of the state of Delaware, and Merrill Lynch International Capital

Management (Guernsey) II Limited (together with the ML Domestic Corporate Entities, the "ML Corporate Entities") is a corporation organized under the laws of Guernsey, Channel Islands. Merchant Banking L.P. No. II, ML Employees LBO Partnership No. I, L.P., Merrill Lynch LBO Partners No. IV, Merrill Lynch LBO Partners No. B-IV, Merrill Lynch Capital Appreciation Partnership No. XIII, L.P., Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P., MLCP Associates L.P. No. II, MLCP Associates L.P. No. IV, Merrill Lynch KECALP L.P. 1987, Merrill Lynch KECALP L.P. 1991 and Merrill Lynch KECALP L.P. 1994 (collectively, the "ML Domestic Partnerships") are each limited partnerships organized under the laws of the State of Delaware. ML Offshore LBO Partnership No. XIII and ML Offshore LBO Partnership No. B-XVIII (collectively, the "ML Offshore Partnerships") are each limited partnerships organized under the laws of the Cayman Islands.

Attached hereto as Appendix A is a list of each of the ML Corporate Entities, each of the ML Domestic Partnerships and each of the ML Offshore Partnerships setting forth the following information with respect to each such entity:

(a) name;

(b) principal business; and

(c) address of principal business and office.

Attached hereto as Appendix B is a list of the executive officers and directors of each ML Corporate Entity setting forth the following information with respect to each such person:

(a) name;

(b) business address (or residence where indicated);

(c) present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted; and

(d) citizenship.

During the last five years, no entity listed on Appendix A and, to the knowledge of the Filing ML Entities, no person listed on Appendix B, has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a result of such proceeding, was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

This statement relates to shares of the Issuer Common Stock that the ML Investors have received as consideration in the merger (the "Merger") of US

Foodservice, a Delaware corporation ("US Foodservice"), with and into USF Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of the Issuer ("Merger Sub"), in accordance with the terms and conditions of an Agreement and Plan of Merger dated February 2, 1996 (the "Merger Agreement") among the Issuer, Merger Sub and US Foodservice. On May 17, 1996, pursuant to the terms and conditions of the Merger Agreement, (A) the Merger was consummated, and (B) each outstanding share of (i) Class A Common Stock, par value $.01 per share, of US Foodservice (the "Class A Common Stock") and (ii) Class B Common Stock, par value $.01 per share, of US Foodservice (the "Class B Common Stock" and, together with the Class A Common Stock, the "US Foodservice Common Stock") (other than shares of US Foodservice Common Stock held by holders who have demanded and perfected appraisal rights) was converted into the right to receive 1.457 shares of the Issuer Common Stock. Immediately prior to the Merger, the ML Entities owned 6,915,588, shares of the Class A Common Stock, which represented approximately 78.2% of the then total outstanding shares of US Foodservice Common Stock.

A copy of the Merger Agreement is attached hereto as Exhibit A and is hereby incorporated herein by reference.

Item 4. Purpose of Transaction.

The Issuer Common Stock was acquired by the ML Investors pursuant to the Merger. The Issuer Common Stock so acquired by the ML Investors is being held for investment purposes and not with the intention of acquiring control of the Issuer.

The Filing ML Entities from time to time intend to review their respective investments in the Issuer on the basis of various factors, including the Issuer's business, financial condition, results of operations and prospects, general economic and industry conditions, the securities markets in general and those for the Issuer's securities in particular, as well as other developments and other investment opportunities. Based upon such review, and subject to the restrictions set forth in the agreements referred to below, the Filing ML Entities will take such actions in the future as the Filing ML Entities may deem appropriate in light of the circumstances existing from time to time.

Merrill Lynch Capital Partners, Inc. and the ML Investors (collectively, the "ML Entities") are parties to certain agreements with the Issuer, described in Item 6 below, that, among other things, prohibit the acquisition by the ML Entities of any additional shares of Issuer Common Stock and impose substantial restrictions on the ability of the ML Investors to dispose of their shares of Issuer Common Stock. In addition, pursuant to such agreements (i) the ML Investors have agreed to vote in favor of the Issuer's nominees to the Issuer's Board of Directors and to abstain from taking certain actions relating to the control of the Issuer, (ii) the ML Investors have the right to nominate up to four of the twelve directors of the Issuer, with such number of nominees decreasing as the ownership of the ML Investors decreases and (iii) the Issuer has granted the ML Investors certain "demand" and "piggy back" registration rights. Upon the consummation of the Merger, the Board of Directors of the Issuer was increased from eight to twelve directors and the vacancies created thereby were filled by appointees of the ML Investors.

None of the Filing ML Entities has formulated any plans or proposals that relate to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

The Filing ML Entities beneficially own an aggregate of 10,080,211 shares of Issuer Common Stock, representing approximately 36.4% of the total currently outstanding.

For each Filing ML Entity, the information contained in Items 7-11 and Item 13 on the applicable cover page hereto regarding such Filing ML Entity is hereby incorporated herein by reference.

Each Filing ML Entity disclaims beneficial ownership of the shares of Issuer Common Stock not held of record by such Filing ML Entity.

None of the entities listed on Schedule I and, to the knowledge of

the Filing ML Entities, no person listed on Schedule II has effected any transaction in the Issuer Common Stock during the past 60 days, in each case other than the acquisition of the Issuer Common Stock pursuant to the Merger. The Merger and the Merger Agreement are described in Item 3 hereof, and the information contained in Item 3 is hereby incorporated herein by reference.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

The ML Entities have entered into certain agreements with the Issuer with respect to, among other things, the acquisition of additional Issuer Common Stock by the ML Entities and the transfer and voting of the Issuer Common Stock held by the ML Investors.

The Issuer and the ML Entities are parties to an agreement (the "Standstill Agreement") providing, among other things, (i) for the designation by the ML Entities of four nominees to the Issuer's Board of Directors, which has twelve members, with such number of nominees and Board members decreasing if the percentage of outstanding shares of Issuer Common Stock held by the ML Entities falls below certain levels, (ii) that, for a period of ten years, the ML Entities will not acquire beneficial ownership of additional voting securities of the Issuer representing voting power in excess of 36.4% of the outstanding voting securities of the Issuer and will not take certain other actions relating to the control of the Issuer, (iii) that the ML Entities will vote in favor of the Issuer's nominees for the Issuer's Board of Directors, (iv) for certain restrictions on transfer of the Issuer's voting securities held by the ML Entities and (v) for a right of first refusal, under specified circumstances, for the Issuer in respect of certain transfers by the ML Entities of shares of Issuer Common Stock. Notwithstanding the foregoing, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and its affiliates (other than the ML Entities) may effect or recommend transactions in the ordinary course of its or their business provided that they do not acquire beneficial ownership of more than 2% of the outstanding voting securities of the Issuer (with such percentage increasing up to 5% if the percentage of outstanding voting securities of the Issuer held by the ML Entities

falls below certain levels). A copy of the Standstill Agreement is attached hereto as Exhibit B and is incorporated herein by reference.

The Issuer and the ML Investors are parties to an agreement (the "Registration Rights Agreement") which provides the ML Investors with certain "demand" and "piggyback" registration rights and certain other parties with "piggyback" registration rights, subject to certain conditions, requiring the Issuer to register for sale under the Securities Act all or a portion of the Issuer Common Stock owned by them. A copy of the Registration Rights Agreement is attached hereto as Exhibit C and is incorporated herein by reference.

The Issuer and certain former stockholders of US Foodservice, including all of the ML Investors, are parties to an agreement (the "Tax Agreement") that provides assurances in connection with the qualification of the Merger as a tax-free reorganization for federal income tax purposes. Each stockholder of US Foodservice that is a party to the Tax Agreement has agreed, for the two-year period following the Effective Time, not to sell, exchange, distribute or otherwise dispose of in any manner more than approximately 49% of the shares of Issuer Common Stock received in the Merger by such stockholder. For purposes, however, of applying the transfer restrictions in the Tax Agreement to the ML Investors, all of the shares of Issuer Common Stock received in the Merger by the ML Investors are to be aggregated, and the ML Investors are treated as a single stockholder. Provided that a stockholder of US Foodservice that is a party to the Tax Agreement complies with the transfer restrictions contained therein and satisfies certain other conditions, the Issuer and each other stockholder of US Foodservice that is a party to the Tax Agreement waives and releases any claims that any of them might have against such stockholder under the Tax Agreement or otherwise resulting from the failure of the Merger to qualify as a tax-free reorganization for federal income tax purposes. A copy of the Tax Agreement is attached hereto as Exhibit D and is incorporated herein by reference.

Except for the Standstill Agreement, the Registration Rights Agreement and the Tax Agreement, none of the entities listed on Schedule I and, to the knowledge of the Filing ML Entities, none of the persons listed on Schedule II has any contract, arrangement, understanding or relationship (legal or otherwise) with any person with respect to any securities of the Issuer, including, but not limited to, transfer or voting of any such securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

Item 7. Material to be Filed as Exhibits.

A. Agreement and Plan of Merger dated February 2, 1996, among the Issuer, Merger Sub and US Foodservice.

B. Standstill Agreement dated as of May 17, 1996 among the ML Entities, certain other stockholders of the Issuer and the Issuer.

C. Registration Rights Agreement dated as of May 17, 1996 among the ML Investors and the Issuer.

D. Tax Agreement dated as of May 17, 1996 among the ML Investors and the Issuer.

E. Joint Filing Agreement dated as of May 28, 1996 among the Filing ML Entities.

Signature

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this Statement is true, complete and correct.

May 28, 1996

MERRILL LYNCH CAPITAL PARTNERS, INC.

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Exhibit Index

| Exhibit | Description |
|---|---|
| A. | Agreement and Plan of Merger dated February 2, 1996 among the Issuer, Merger Sub and US Foodservice. |
| B. | Standstill Agreement dated as of May 17, 1996 among the ML Entities and the Issuer. |
| C. | Registration Rights Agreement dated as of May 17, 1996 among the ML Entities and the Issuer. |
| D. | Tax Agreement dated as of May 17, 1996 among the ML Entities and the Issuer. |
| E. | Join Filing Agreement dated as of May 28, 1996 among the Filing ML Entities. |

APPENDIX A

CORPORATIONS AND LIMITED PARTNERSHIPS

The names and principal businesses of the reporting entities are set forth below. Unless otherwise noted, the ML Corporate Entities and the ML Domestic Partnerships have as the address of their principal business and office 225 Liberty St., New York, NY 10080; and the ML Offshore Partnerships have as the address of their principal business and office Roseneath, The Grange, St. Peter Port, Guernsey, Channel Islands GYI 3AP.

<TABLE>
<CAPTION>

| NAME | PRINCIPAL BUSINESS |
|---|---|

| | |
|---|---|
| <S> | <C> |
| ML Corporate Entities | |
| - ---------- | |
| Merrill Lynch & Co., Inc. (1) | Holding Company that, through its subsidiaries and affiliates, provides investment, financing, insurance and related services on a global basis. |
| Merrill Lynch Group, Inc.(2) | Holding Company. |
| Merrill Lynch MBP Inc. | Acts as general partner for Merchant Banking L.P. No. II. |
| Merrill Lynch Capital Partners, Inc. | Acts as general partner for various investment partnerships. |
| ML IBK Positions, Inc. | Holds proprietary investments for Merrill Lynch & Co., Inc. |
| KECALP Inc. | Acts as general partner for various KECALP investment partnerships. |
| ML Employees LBO Managers, Inc. | Acts as general partner for ML Employees LBO Partnership No. 1, L.P. |
| Merrill Lynch International Incorporated(3) | Provides through its subsidiaries and affiliates investment, financing, insurance and related services outside the US and Canada. |
| Merrill Lynch International Capital Management (Guernsey) II Limited(4) | Acts as administrative General Partner for various investment partnerships. |

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1 250 Vesey St., New York, NY 10281.

2 250 Vesey St., New York, NY 10281.

3 250 Vesey St., New York, NY 10281.

4 Roseneath, The Grange,
St. Peter Port, Guernsey, Channel Islands
GYI 3AP

</FN>
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| NAME | PRINCIPAL BUSINESS |
|---|---|
| ---- | ------------------ |
| <S> | <C> |
| ML Domestic Partnerships | |
| - ------------------------ | |
| Merchant Banking L.P. No. II | Investment partnership. |
| ML Employees LBO Partnership No. I, L.P. | Investment partnership. |
| Merrill Lynch LBO Partners No. IV | Acts as general partner for various investment partnerships. |
| Merrill Lynch LBO Partners No. B-IV | Acts as general partner for various investment partnerships. |
| Merrill Lynch Capital Appreciation Partnership No. XIII, L.P. | Investment partnership. |
| Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P. | Investment partnership. |
| MLCP Associates L.P. No. II | Investment partnership. |

| | |
|---|---|
| MLCP Associates L.P. No. IV | Investment partnership. |
| Merrill Lynch KECALP L.P. 1987 | Investment partnership. |
| Merrill Lynch KECALP L.P. 1991 | Investment partnership. |
| Merrill Lynch KECALP L.P. 1994 | Investment partnership. |
| ML Offshore Partnerships | |
| ML Offshore LBO Partnership No. XIII | Investment partnership. |
| ML Offshore LBO Partnership No. B-XVIII | Investment partnership. |

## APPENDIX B

## EXECUTIVE OFFICERS AND DIRECTORS

The names and principal occupations of each of the executive officers and directors of Merrill Lynch & Co., Inc.; Merrill Lynch Group, Inc.; Merrill Lynch MBP Inc.; Merrill Lynch Capital Partners, Inc.; ML IBK Positions, Inc.; KECALP Inc.; ML Employees LBO Managers, Inc.; Merrill Lynch International Incorporated; and Merrill Lynch International Capital Management (Guernsey) II Limited are set forth below. Unless otherwise noted, all of these persons are United States citizens, and have as their business address World Financial Center, New York, NY 10281.

| NAME/POSITION | PRESENT PRINCIPAL OCCUPATION |
|---|---|
| Merrill Lynch & Co., Inc. | |
| Daniel P. Tully<br>Chairman & CEO | Same |
| Herbert M. Allison, Jr.<br>Exec. VP, Corporate and Institutional Client Group | Same |
| William O. Bourke(1)<br>Director | Former Chairman and Chief Executive Officer, Reynolds Metals Co. |
| Worley H. Clark(2)<br>Director | Former Chairman and Chief Executive Officer, Nalco Chemical Co. |
| Jill K. Conway(3)<br>Director | Visiting Scholar, Massachusetts Institute of Technology |
| Edward L. Goldberg<br>Exec. VP, Operations, Systems & Communications | Same |

1 Reynolds Metal Company
6601 West Broad St.
Richmond, VA 23230

2 W. H. Clark Associates, Ltd.
135 South LaSalle St.
Suite 1117
Chicago, IL 60603

3 Massachusetts Institute of Technology
Program on Science, Technology & Society
STS Building
E-51, Room 209 F
Cambridge, MA 02139

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| NAME/POSITION | PRESENT PRINCIPAL OCCUPATION |
|---|---|
| <S> | <C> |
| Stephen L. Hammerman<br>Vice Chairman, Director & General Counsel | Same |
| Earle H. Harbison, Jr.(4)<br>Director | Chairman, Harbison Corporation |
| George B. Harvey(5)<br>Director | Chairman, President & Chief Executive Officer, Pitney Bowes Inc. |
| William R. Hoover(6)<br>Director | Chairman & Former Chief Executive Officer, Computer Sciences Corp. |
| Jerome P. Kenney<br>Exec. VP, Corp. Strategy, Credit & Research | Same |
| David H. Komansky<br>President, COO & Director | Same |
| Robert P. Luciano(7)<br>Director | Chairman, Schering-Plough Corporation |
| Aulana L. Peters(8)<br>Director | Partner of Gibson, Dunn & Crutcher |
| John J. Phelan, Jr.<br>Director | Senior Advisor, Boston Consulting Group |

<FN>

4 Harbison Corporation
7700 Bonhomme Ave.
Suite 750
St. Louis, MO 63105

5 Pitney Bowes Inc.
World Headquarters
Location #65-27
One Elmcroft Road
Stamford, CT 06926-0700

6 Computer Sciences Corp.
2100 East Grand Ave.
El Segundo, CA 90245

7 Schering-Plough Corp.
P.O. Box 1000
One Giralda Farms
Madison, NJ 07940-1000

8 Gibson, Dunn & Crutcher
333 South Grand Ave.
47th Floor
Los Angeles, CA 90071

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| NAME/POSITION | PRESENT PRINCIPAL OCCUPATION |
|---|---|
| <S> | <C> |
| Winthrop H. Smith, Jr.(9)<br>Chairman, Merrill Lynch International | Same |
| John L. Steffens<br>Exec. VP, Private Client Group | Same |
| William L. Weiss(10)<br>Director | Chairman Emeritus, Ameritech Corporation |
| Joseph T. Willet<br>CFO & Senior VP | Same |

| | |
|---|---|
| Arthur H. Zeikel(11)<br>President, Merrill Lynch Asset Management | Same |
| Merrill Lynch Group, Inc.<br>- ------------------------ | |
| Rosemary T. Berkery<br>Director & Vice President | Senior Vice President and Associate General Counsel |
| Theresa Lang<br>Director & President & Treasurer | Senior Vice President and Treasurer |
| Stanley Schaefer(12)<br>Director & Vice President | Director of Tax |
| Frank T. Vayda<br>Director & Vice President | Director, Corporate Reporting |
| Daniel C. Cochran(13)<br>Vice President | Chief Administrative Officer, Merrill Lynch International |

<FN>
- --------
9 225 Liberty St.
New York, NY 10080

10 One First National Plaza
21 South Clark St.
Suite 2530C
Chicago, IL 60603-2006

11 Merrill Lynch Asset Management
800 Scudders Mill Rd.
Plainsboro, NJ 08536

12 225 Liberty St.
New York, NY 10080

13 18/F, Asia Pacific Finance Tower
3 Garden Road, Central
Hong Kong
</FN>
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| NAME/POSITION<br>- ------------ | PRESENT PRINCIPAL OCCUPATION<br>---------- |
|---|---|
| <S><br>H. Allen White(14)<br>Vice President | <C><br>Director, Corporate Real Estate and Purchasing |
| Merrill Lynch MBP Inc.<br>- ---------- | |
| Herbert M. Allison, Jr<br>Vice President & Director | Executive Vice President, Corporate and Institutional Client Group |
| Matthias B. Bowman<br>President | Vice Chairman, Investment Banking |
| James V. Caruso(15)<br>Treasurer & Vice President | Director, Partnership Analysis and Management |
| Thomas W. Davis<br>Vice President & Director | Co-head, Investment Banking |
| Barry S. Friedberg<br>Director | Executive Vice President |
| Theresa Lang<br>Vice President & Director | Senior Vice President and Treasurer |
| Jack Levy<br>Vice President & Director | Managing Director and Co-head, M&A |
| Robert F. Tully(16)<br>Treasurer & Vice President | Vice President, Investment Banking |
| Merrill Lynch Capital Partners, Inc.<br>- ---------- | |

| | |
|---|---|
| Gerald S. Armstrong<br>Director | Partner, Stonington Partners, Inc. |
| Daniel H. Bayly<br>Director | Co-head, Investment Banking |
| Matthias B. Bowman<br>President, Director | Vice Chairman, Investment Banking |

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14 225 Liberty St.
New York, NY 10080

15 225 Liberty St.
New York, NY 10080

16 225 Liberty St.
New York, NY 10080
</FN>
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| NAME/POSITION | PRESENT PRINCIPAL OCCUPATION |
|---|---|
| <S> | <C> |
| James J. Burke, Jr.(17)<br>Director | Managing Partner, Stonington Partners, Inc. |
| James V. Caruso<br>Vice President, Treasurer | Director, Partnership Analysis and Management |
| Thomas W. Davis<br>Director | Co-head, Investment Banking |
| Robert F. End(18)<br>Director | Partner, Stonington Partners, Inc. |
| Albert J. Fitzgibbons III(19)<br>Director | Partner, Stonington Partners, Inc. |
| Barry S. Friedberg<br>Director | Executive Vice President |
| Jerome P. Kenney<br>Director | Executive Vice President |
| Theresa Lang<br>Director | Senior Vice President and Treasurer |
| Mark McAndrews<br>Director | Chief Administrative Officer, Investment Banking |
| Stephen M. McLean(20)<br>Director | Partner, Stonington Partners, Inc. |

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- --------
17 Stonington Partners, Inc.
767 Fifth Avenue
48th Floor
New York, NY 10153

18 Stonington Partners, Inc.
767 Fifth Avenue
48th Floor
New York, NY 10153

19 Stonington Partners, Inc.
767 Fifth Avenue
48th Floor
New York, NY 10153

20 Stonington Partners, Inc.
767 Fifth Avenue
48th Floor
New York, NY 10153

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| NAME/POSITION | PRESENT PRINCIPAL OCCUPATION |
|---|---|
| Ross D. McMahon(21)<br>Vice President | Vice President, Partnership Analysis and Management |
| Alexis P. Michas(22)<br>Director | Partner and Chief Operating Officer, Stonington Partners, Inc. |
| Jerry G. Rubenstein(23)<br>Director | Independent Adviser, Omni Management Associates |
| Rupinder S. Sidhu(24)<br>Director | Partner, Stonington Partners, Inc. |
| Nathan C. Thorne<br>Vice President, Director | Managing Director, Investment Banking |
| Michael von Clemm(25)<br>Director | Chairman, Highmount Capital, Inc. |
| Robert W. Williamson(26)<br>Director | Senior Vice President and Chief Credit Officer |
| **ML IBK Positions, Inc.** | |
| Matthias B. Bowman<br>President, Director | Vice Chairman, Investment Banking |

<FN>

| | |
|---|---|
| 21 | 225 Liberty St.<br>New York, NY 10080 |
| 22 | Stonington Partners, Inc.<br>767 Fifth Avenue<br>48th Floor<br>New York, NY 10153 |
| 23 | 123 Coulter Ave.<br>Ardmore, PA 19003 |
| 24 | Stonington Partners, Inc.<br>767 Fifth Avenue<br>48th Floor<br>New York, NY 10153 |
| 25 | 2 Drayson Mews<br>London W8 4LY, England |
| 26 | 225 Liberty St.<br>New York, NY 10080 |

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| NAME/POSITION | PRESENT PRINCIPAL OCCUPATION |
|---|---|
| James V. Caruso(27)<br>Vice President, Director | Director, Partnership Analysis and Management |
| Barry S. Friedberg<br>Director | Executive Vice President |

| | |
|---|---|
| Jeffrey A. Gelfand<br>Administration<br>Vice President | Financial Vice President and Director, Finance & |
| Jeffrey S. Martin<br>Vice President, Director | Managing Director, Investment Banking |
| Mark McAndrews<br>Vice President | Chief Administrative Officer, Investment Banking |
| Martin J. McInerney(28)<br>Vice President | Vice President, Accounting |
| Nathan C. Thorne<br>Vice President | Managing Director, Investment Banking |
| Neven Viducic<br>Treasurer | Vice President, Accounting |

KECALP, Inc.
- ------------

| | |
|---|---|
| Rosemary T. Berkery<br>Vice President & Director | Senior Vice President and Associate General Counsel |
| James V. Caruso(29)<br>Director | Director, Partnership Analysis and Management |
| Andrew J. Melnick<br>Vice President & Director | Director, Global Fundamental Equity Research |
| Walter Perlstein(30)<br>Outside Director | Same |
| John L. Steffens<br>President & Director | |

<FN>
- --------
27 225 Liberty St.
New York, NY 10080

28 225 Liberty St.
New York, NY 10080

29 225 Liberty St.
New York, NY 10080

30 225 Liberty St.
New York, NY 10080
</FN>
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| NAME/POSITION<br>- ------------ | PRESENT PRINCIPAL OCCUPATION<br>---------- |
|---|---|
| <S><br>Patrick J. Walsh<br>Vice President & Director | <C><br>Senior Vice President and Director, Human Resources |

ML Employees LBO Managers, Inc.
- ------------------------------

| | |
|---|---|
| Kevin K. Albert<br>Director | Managing Director, Private Equity Group,<br>Investment Banking |
| Daniel H. Bayly<br>Director | Co-head, Investment Banking |
| Matthias B. Bowman<br>President, Director | Vice Chairman, Investment Banking |
| James V. Caruso(31)<br>Vice President, Treasurer, Director | Director, Partnership Analysis and Management |
| Alfred F. Hurley, Jr.<br>Director | |

| | |
|---|---|
| Jeffrey S. Martin<br>Vice President, Director | Managing Director, Investment Banking |
| Jeffrey M. Peek<br>Vice President, Director | Director, Research |
| Nathan C. Thorne<br>Vice President | Managing Director, Investment Banking |

Merrill Lynch International Incorporated

| | |
|---|---|
| Winthrop H. Smith, Jr.(32)<br>Chairman, Director | Same |
| Michael J.P. Marks(33)<br>Deputy Chairman, Director | Co-head, Global Equities, Merrill Lynch International |
| Donald N. Gershuny<br>Senior Vice President, Director | General Counsel, Private Client |
| Carlos M. Morales<br>Senior Vice President, Director | Senior Vice President and General Counsel, Corporate & Institutional Client |

31 225 Liberty St.
New York, NY 10080

32 225 Liberty St.
New York, NY 10080

33 P.O. Box 293
20 Farringdon Road
London EC1M 3NH, England

| NAME/POSITION | PRESENT PRINCIPAL OCCUPATION |
|---|---|
| Ronald J. Strauss<br>Senior Vice President and COO, Director | Financial Vice President, Merrill Lynch International |
| Gregory E. Andrews<br>Senior Vice President & CFO | Senior Finance Officer, Private Client Group |
| Anthony Vanadia<br>Vice President & Treasurer | Same |

Merrill Lynch International Capital Management (Guernsey) II Ltd.

| | |
|---|---|
| John L. Loveridge(34)<br>Director | Senior Manager, Mutual Funds, Bank of Butterfield Intl. (Cayman) |
| Martin R. Wise(35)<br>Director | Director, European Operations |
| James J. Burke, Jr.(36)<br>Director | Managing Partner, Stonington Partners, Inc. |

34 Bank of Butterfield Intl. (Cayman)
PO Box 705, Butterfield House
Fort St., George Town
Grand Cayman, Cayman Islands
British West Indies

35 Ropemaker Place
25 Ropemaker Street
London, England
EC2Y 9LY

36 Stonington Partners, Inc.

767 Fifth Avenue
48th Floor
New York, NY 10153
</FN>
</TABLE>

Exhibit A

AGREEMENT AND PLAN OF MERGER
AMONG
RYKOFF-SEXTON, INC.,
USF ACQUISITION CORPORATION
AND
US FOODSERVICE INC.
DATED FEBRUARY 2, 1996

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (hereinafter called this "Agreement"), dated February 2, 1996, among Rykoff-Sexton, Inc., a Delaware corporation ("RSI"), USF Acquisition Corporation, a Delaware corporation, and a direct Wholly-Owned Subsidiary of RSI ("Merger Sub"), and US Foodservice Inc., a Delaware corporation (the "Company").

W I T N E S S E T H:

WHEREAS, the Boards of Directors of RSI, Merger Sub and the Company each have determined that it is in the best interests of their respective stockholders for the Company to merge with and into Merger Sub, upon the terms and subject to the conditions of this Agreement;

WHEREAS, as a condition to its willingness to enter into this Agreement, RSI has required that, simultaneously with the execution hereof, the ML Entities (as hereinafter defined) enter into the Agreement, dated as of the date hereof (the "ML Agreement") with RSI pursuant to which the ML Entities are agreeing to vote all of their Shares (as hereinafter defined) for approval and adoption of this Agreement and the Merger (as hereinafter defined), and certain other matters;

WHEREAS, RSI, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger; and

WHEREAS, for federal income tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Code (as hereinafter defined).

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein, RSI, Merger Sub and the Company hereby agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Affiliate": As defined in Rule 12b-2 under the Exchange Act.

"Affiliate Letter": As defined in Section 7.8.



"Alternative Sara Lee Bridge Financing": As defined in Section 7.10(a).

"Associate": As defined in Rule 12b-2 under the Exchange Act.

"Assumed Options": As defined in Section 4.1(e).

"Assumed Warrants": As defined in Section 4.1(e).

"Authorization": Any consent, approval or authorization of, expiration

or termination of any waiting period requirement (including pursuant to the HSR Act) by, or filing, registration, qualification, declaration or designation with, any Governmental Body.

"Benefit Arrangement": As defined in Section 5.8(a).

"Bridge Financing": As defined in Section 7.10(a).

"Business Day": A day on which the principal offices of the SEC in Washington, D.C. are open to accept filings, or in the case of determining a date on which any payment is due, a day other than Saturday, Sunday or any day on which banks located in New York City are authorized or obligated by law to close.

"Certificate of Merger": The certificate of merger with respect to the merger of the Company with and into Merger Sub, containing the provisions required by, and executed in accordance with, Section 251 of the DGCL.

"Certificates": As defined in Section 4.2(b).

"Class A Common Stock": Class A Common Stock, par value $.01 per share, of the Company.

"Class B Common Stock": Class B Common Stock, par value $.01 per share, of the Company.

"Closing": The closing of the Merger.

"Closing Date": The date on which the Closing occurs.

"Closing Date Market Price": With respect to one RSI Common Share, the arithmetic average of the Closing Prices for such a share during the period of the 20 most recent trading days ending on the third Business Day prior to the Closing Date.

"Closing Price": On any day, the last reported sale price of one RSI Common Share on the NYSE, as reported in the New York Stock Exchange Composite Tape.



"Code": The Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder, as in effect from time to time.

"Commitment Letter": As defined in Section 7.11.

"Common Stock": The Class A Common Stock and Class B Common Stock.

"Company": US Foodservice Inc., a Delaware corporation.

"Company Alternative Proposal": As defined in Section 7.2.

"Company Charter": As defined in Section 7.10(d).

"Company Disclosure Statement": The disclosure statement dated the date of this Agreement delivered by the Company to RSI.

"Company Management Loans": The loans made by the Company to certain members of management of the Company or any of its Subsidiaries to enable them to the purchase Shares, pursuant to the Non-Recourse Promissory Notes in the amounts and to the individuals described in the Company Disclosure Statement.

"Company Material Adverse Effect": A material adverse effect on the business, properties, operations or financial condition of the Company and its Subsidiaries taken as a whole.

"Company Tax Matters Certificate": As defined in Section 5.20.

"Company Update Letter": As defined in Section 8.2(i).

"Continuing Director": As defined in Article Thirteenth of the Restated Certificate of Incorporation of RSI, as amended from time to time.

"Controlled Group Liability": As defined in Section 5.8(e).

"Covered Company Proceeding": As defined in Section 8.2(i).

"Covered RSI Proceeding": As defined in Section 8.3(g).

"Dissenting Shares": As defined in Section 4.5.

"DGCL": The Delaware General Corporation Law.

"Effective Time": As defined in Section 2.2.

"Employee Plan": As defined in Section 5.8(a).

"Employees": As defined in Section 5.8(a).

"Environmental Laws": As defined in Section 5.13.



"Equitable Entities": Equitable Deal Flow Fund, L.P., the Equitable Life Assurance Society of the United States and Equitable Variable Life Insurance Company.

"ERISA": The Employee Retirement Income Security Act of 1974, as amended, and all regulations promulgated thereunder, as in effect from time to time.

"ERISA Affiliate": Any trade or business, whether or not incorporated, that is now or has at any time in the past been treated as a single employer with the Company or RSI (as applicable) or any of their respective Subsidiaries under Section 414(b), (c), (m) or (o) of the Code and the Treasury Regulations thereunder.

"Exchange Act": The Securities Exchange Act of 1934, as amended.

"Exchange Agent": As defined in Section 4.2(a).

"Exchange Fund": As defined in Section 4.2(a).

"Exchange Ratio": As defined in Section 4.1(a).

"Exchangeable Preferred Stock": Preferred Stock, par value $.01 per share, designated as $15.00 Cumulative Exchangeable Redeemable Preferred Stock, Series A, in Article Fourth B.3. of the Company's Restated Certificate of Incorporation.

"Expenses": All out-of-pocket expenses (including, without limitation, all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto) incurred in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement and the transactions contemplated hereby.

"Goldman Sachs": As defined in Section 6.20.

"Governmental Body": Any Federal, state, municipal, political subdivision or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

"HSR Act": The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnified Party": As defined in Section 7.13(a).

"Intellectual Property": All industrial and intellectual property rights including, but not limited to, Proprietary Technology, patents, patent applications, trademarks, trademark applications and registrations, service marks, service mark applications and registrations, copyrights, know-how, licenses, trade secrets, proprietary processes, formulae and customer



lists. "Proprietary Technology" means all proprietary processes, formulae, inventions, trade secrets, know-how, development tools and other proprietary rights used by the Company and its Subsidiaries or RSI and its Subsidiaries, as the case may be, pertaining to any product or service manufactured, marketed, licensed or sold by the Company and its Subsidiaries or RSI and its

Subsidiaries, as the case may be, in the conduct of their business or used, employed or exploited in the development, license, sale, marketing, distribution or maintenance thereof, and all documentation and media constituting, describing or relating to the above, including, but not limited to, manuals, memoranda, know-how, notebooks, software, records and disclosures.

"Liens": As defined in Section 5.12.

"Merger": The merger of the Company with and into Merger Sub as contemplated by Section 2.1.

"Merger Sub": USF Acquisition Corporation, a Delaware corporation.

"Merrill Lynch": As defined in Section 5.18.

"ML Agreement": As defined in the second recital.

"ML Entities": Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P., a Delaware limited partnership, ML Offshore LBO Partnership No. B-XVIII, a Cayman Islands limited partnership, Merrill Lynch Capital Appreciation Partnership No. XIII, L.P., a Delaware limited partnership, ML IBK Positions, Inc., a Delaware corporation, Merrill Lynch KECALP L.P. 1991, a Delaware limited partnership, Merrill Lynch KECALP L.P. 1994, a Delaware limited partnership, MLCP Associates L.P. No. II, a Delaware limited partnership, MLCP Associates L.P. No. IV, a Delaware limited partnership, ML Offshore LBO Partnership No. XIII, a Cayman Islands limited partnership, ML Employees LBO Partnership No. I, L.P., a Delaware limited partnership, Merchant Banking L.P. No. II, a Delaware limited partnership, Merrill Lynch KECALP L.P. 1987, a Delaware limited partnership, and MLCP.

"MLCP": Merrill Lynch Capital Partners, Inc., a Delaware corporation.

"NYSE": The New York Stock Exchange, Inc.

"Option": As defined in Section 4.1(e).

"Option Plans": As defined in Section 4.1(e).

"Person": Any individual or corporation, company, partnership, trust, incorporated or unincorporated association, joint venture or other entity of any kind.



"Preferred Stock": The 10% Preferred Stock and Exchangeable Preferred Stock.

"Preferred Stock Redemption Agreements": The Redemption Agreement dated as of September 26, 1995 between Sara Lee Corporation and the Company, as amended by the Amendment to Redemption Agreement dated November 20, 1995 and by the Sara Lee Amendment (if executed), the Redemption Agreement dated as of September 8, 1995 among ML IBK Positions, Inc., Merchant Banking L.P. No. IV and the Company, as amended as of December 29, 1995 and February 2, 1996 and the Redemption Agreement dated as of September 11, 1995 between Bankamerica Capital Corporation and the Company.

"10% Preferred Stock": Preferred Stock, par value $.01 per share, designated as "10.0% Preferred Stock" in Article Fourth B.2. of the Company's Restated Certificate of Incorporation.

"Preliminary Prospectus": The Company's Preliminary Prospectus dated November 21, 1995 relating to the Company's proposed Common Stock offering and filed as a part of the Amendment No. 3 to the S-1 Registration Statement.

"Previous Company Auditor's Letter": As defined in Section 8.2(i).

"Previous RSI Auditor's Letter": As defined in Section 8.3(g).

"Proxy Statement/Prospectus": As defined in Section 7.4.

"Respective Representatives": As defined in Section 7.6.

"Registration Rights Agreement": The Registration Rights Agreement among RSI and the other parties thereto in the form attached to the ML Agreement as Exhibit A.

"Rights Agreement": The Rights Agreement, dated as of December 8, 1986, as amended, between RSI and Bank of America National Trust and Savings

Association, as Rights Agent.

"RSI": Rykoff-Sexton, Inc., a Delaware corporation.

"RSI Alternative Proposal": A bona fide written offer submitted to RSI or the holders of RSI Common Shares from any Person (other than the Company or any Affiliate of the Company), unsolicited by RSI, for the acquisition or purchase of all or a material amount of the assets or securities of, or any merger, consolidation or business combination with, RSI or any Subsidiary of RSI.

"RSI Benefit Arrangement": As defined in Section 6.09(a).



"RSI Common Shares": Shares of common stock, par value of $.10 per share, of RSI.

"RSI Disclosure Statement": The disclosure statement dated the date of this Agreement delivered by RSI to the Company.

"RSI Employee Plan": As defined in Section 6.09(a).

"RSI Employees": As defined in Section 6.09(a).

"RSI Material Adverse Effect": A material adverse effect on the business, properties, operations or financial condition of RSI and its Subsidiaries taken as a whole.

"RSI SEC Reports": As defined in Section 6.15.

"RSI Stockholders Meeting": As defined in Section 7.3(b).

"RSI Tax Matters Certificate": As defined in Section 6.22.

"RSI Update Letter": As defined in Section 8.3(g).

"Rule 145 Affiliate": As defined in Section 7.8.

"S-1 Registration Statement": The Registration Statement of the Company on Form S-1 (No. 33-96704) filed with the SEC on September 8, 1995 as amended by Amendment No. 1 filed with the SEC on October 2, 1995, Amendment No. 2 filed with the SEC on October 30, 1995 and Amendment No. 3 filed with the SEC on November 21, 1995.

"S-4 Registration Statement": As defined in Section 7.4.

"Sara Lee": As defined in Section 7.10(a).

"Sara Lee Amendment": As defined in Section 7.10(a).

"Sara Lee Bridge Financing": As defined in Section 7.10(a).

"Sara Lee Redemption Agreement": As defined in Section 7.10(a).

"SEC": The Securities and Exchange Commission.

"Securities Act": The Securities Act of 1933, as amended.

"Share Consideration": As defined in Section 4.1(b).

"Shares": Collectively, the shares of Common Stock.

"Significant Subsidiary": As defined under Rule 12b-1 of the Exchange Act.



"Standstill Agreement": The Standstill Agreement between RSI and the ML Entities in the form attached to the ML Agreement as Exhibit B.

"Stock Split": The .396-for-1 reverse stock split of the Common Stock, effective January 31, 1996.

"Stockholders Agreement": The Amended and Restated Stockholders Agreement, dated September 22, 1993, among the Company, certain of the ML Entities, the Equitable Entities, and the other signatories thereto.

"Subsidiary": As to any Person, any other Person of which at least 50% of the equity or voting interests are owned, directly or indirectly, by such first Person.

"Surviving Corporation": The surviving corporation in the Merger.

"Tax Agreement": The Agreement between RSI and each ML Entity and certain other stockholders of the Company in the form attached as Exhibit C to the ML Agreement.

"Tax Returns": As defined in Section 5.10.

"Termination Agreement": As defined in Section 5.21.

"Warrants": Warrants each dated September 4, 1992, for the purchase of an aggregate of 227,700 shares of Common Stock exercisable at $15.35 per share held by the Warrantholders.

"Warrantholders": Nippon Credit Bank, Ltd., Teachers Insurance and Annuity Association of America, Dresdner Bank AG, New York Branch and Dresdner Bank AG, Grand Cayman Branch.

"Wholly-Owned Subsidiary": A Subsidiary of which 100% of the equity interest is owned directly or indirectly by the relevant parent company.

## ARTICLE II

## THE MERGER; EFFECTIVE TIME; CLOSING

2.1. The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time, the Company shall be merged with and into Merger Sub in accordance with the provisions of Section 251 of the DGCL and with the effect provided in Sections 259 and 261 of the DGCL. The separate corporate existence of the Company shall thereupon cease and Merger Sub shall be the Surviving Corporation and shall continue its corporate existence under the laws of the State of Delaware.



2.2. Effective Time. The Merger shall become effective on the date and at the time (the "Effective Time") that the Certificate of Merger shall have been accepted for filing by the Secretary of State of the State of Delaware (or such later date and time as may be specified in the Certificate of Merger as may be permitted by such Secretary of State), which shall be the Closing Date or as soon as practicable thereafter.

2.3. Closing. Subject to the fulfillment or waiver of the conditions set forth in Article VIII, the Closing shall take place (i) at the offices of Jones, Day, Reavis & Pogue, Chicago, Illinois, at 10:00 a.m. on the third Business Day following the date of the RSI Stockholders Meeting or (ii) at such other place and/or time and/or on such other date as RSI and the Company may agree or as may be necessary to permit the fulfillment or waiver of the conditions set forth in Article VIII.

## ARTICLE III

## TERMS OF MERGER

3.1. Certificate of Incorporation. The Certificate of Incorporation of Merger Sub as in effect immediately prior to the Effective Time shall be the Certificate of Incorporation of the Surviving Corporation, until duly amended in accordance with the terms thereof and of the DGCL, except that Article FIRST thereof shall be amended to read as follows:

> "The name of the Corporation (which is hereinafter called the "Corporation") is US Foodservice Inc."

3.2. The By-Laws. The By-Laws of Merger Sub in effect at the Effective Time shall be the By-Laws of the Surviving Corporation, until duly amended in

accordance with the terms thereof, and in accordance with the Certificate of Incorporation of the Surviving Corporation and the DGCL.

3.3. Directors. The directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and By-Laws.

3.4. Officers. The officers of the Company at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and By-Laws.



## ARTICLE IV

## MERGER CONSIDERATION; CONVERSION OR CANCELLATION OF SHARES IN THE MERGER

4.1. Share Consideration; Conversion or Cancellation of Shares in the Merger. Subject to the provisions of this Article IV, at the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof, the shares of the constituent corporations shall be converted as follows:

(a) Each Share issued and outstanding immediately prior to the Effective Time (other than Shares, if any, held by RSI, Merger Sub or any other Subsidiary of RSI) shall be converted into that number of RSI Common Shares, rounded to the nearest thousandth of a share, or if there shall not be a nearest thousandth of a share, to the next higher thousandth of a share, equal to the quotient (the "Exchange Ratio") derived by dividing $25 by the Closing Date Market Price of one RSI Common Share; provided, however, that (i) if the foregoing would result in an Exchange Ratio greater than 1.457, the Exchange Ratio shall be deemed to be 1.457, and (ii) if the foregoing would result in an Exchange Ratio less than 1.244 the Exchange Ratio shall be deemed to be 1.244. If, prior to the Effective Time, RSI should split, reclassify or combine the RSI Common Shares, or pay a stock dividend or other stock distribution in RSI Common Shares, or otherwise change or convert the RSI Common Shares into any other securities, or make any other dividend or distribution on the RSI Common Shares (other than normal cash dividends, subject to Section 7.9(c)), or if a record date with respect to any of the foregoing shall have been set, then the Exchange Ratio will be appropriately adjusted to reflect such split, reclassification, combination, dividend or other distribution or change.

(b) All Shares to be converted into RSI Common Shares pursuant to this Section 4.1 shall cease to be outstanding, shall be canceled and retired and shall cease to exist, and each holder of a certificate representing any such Shares shall thereafter cease to have any rights with respect to such Shares, except the right to receive for each of the Shares, upon the surrender of such certificate in accordance with Section 4.2, the amount of RSI Common Shares specified in accordance with Section 4.1(a) (the "Share Consideration") and cash in lieu of fractional RSI Common Shares as contemplated by Section 4.3.

(c) Shares, if any, held by RSI, Merger Sub or any other Subsidiary of RSI and each Share held by the Company as treasury stock immediately prior to the Effective Time shall cease to be outstanding, shall be canceled and retired without payment of any consideration therefor, and shall cease to exist.

(d) Each share of common stock, par value of $.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall continue to be one share of common stock



of the Surviving Corporation, with the same rights, powers and privileges as such share of common stock of Merger Sub immediately prior to the Effective Time.

(e) (i) Each outstanding option to purchase Shares listed on Schedule

4.1(e) in the Company Disclosure Statement (each, an "Option") issued pursuant to the Company's stock option plans (collectively, the "Option Plans") filed as an exhibit to the S-1 Registration Statement, whether or not vested or exercisable, shall be assumed by RSI and shall constitute an option to acquire, on the same terms and conditions as were applicable under such Option, a number of RSI Common Shares, rounded up or down to the nearest thousandth of a share, or if there shall not be a nearest thousandth of a share, to the next higher thousandth of a share, equal to the product of the Exchange Ratio and the number of Shares subject to such Option immediately prior to the Effective Time, at a price per share equal to the aggregate exercise price for the Shares subject to such Option divided by the number of RSI Common Shares deemed to be purchasable pursuant to such Option ("Assumed Options"); provided that with respect to those Options which are performance options, not vested in accordance with their terms, the performance criteria shall be deemed satisfied on the first anniversary of the Effective Time; provided further, that the conversion of any Option into an Assumed Option with an exercise price less than $.10 per RSI Common Share shall be subject to the optionee's agreement that upon exercise, (x) to the extent RSI is holding RSI Common Shares as treasury shares that are not reserved for any other purpose, RSI shall issue the appropriate number of such treasury shares to the optionee and (y) to the extent that no such treasury shares are available, such optionee shall pay an exercise price of $.10 per RSI Common Share; and (ii) each Warrant shall be assumed by RSI and shall constitute a warrant to acquire, on the same terms and conditions as were applicable under such Warrant, a number of RSI Common Shares equal to the product of the Exchange Ratio and the number of Shares subject to such Warrant at a price per share equal to the aggregate exercise price for the Shares subject to such Warrant divided by the number of RSI Common Shares deemed to be purchasable pursuant to such Warrant ("Assumed Warrants"). At the Effective Time, RSI shall deliver to holders of Assumed Options and Assumed Warrants appropriate option and warrant agreements representing the right to acquire RSI Common Shares on the same terms and conditions as contained in the Options and Warrants (subject to any adjustments required by the preceding sentence), upon surrender of the outstanding Options and Warrants. RSI shall comply with the terms of the Option Plans as they apply to the Options assumed as set forth above. RSI shall take all corporate action necessary to reserve for issuance a sufficient number of RSI Common Shares for delivery upon exercise of the Assumed Options and Assumed Warrants in accordance with this Section 4.1(e). RSI shall file a registration statement on Form S-8 (or any successor form) or another appropriate form, effective as of the Effective Time, with respect to RSI Common Shares subject to Assumed Options and shall use commercially



reasonable efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as the Assumed Options remain outstanding. RSI shall cause the Assumed Options to be administered by RSI's Management Development - Compensation and Stock Option Committee or any successor committee.

4.2. Payment for Shares in the Merger. The manner of making payment for Shares in the Merger shall be as follows:

(a) At the Effective Time, RSI shall make available to an exchange agent selected by RSI and reasonably acceptable to the Company (the "Exchange Agent"), for the benefit of those Persons who immediately prior to the Effective Time were the holders of Shares, for exchange in accordance with this Article IV, a sufficient number of certificates representing RSI Common Shares required to effect the delivery of the aggregate Share Consideration required to be issued pursuant to Section 4.1 (the certificates representing RSI Common Shares comprising such aggregate Share Consideration being hereinafter referred to as the "Exchange Fund"). The Exchange Agent shall, pursuant to irrevocable instructions to be given by RSI at or prior to the Effective Time following approval thereof by the Company, such approval not to be unreasonably withheld, deliver the RSI Common Shares contemplated to be issued pursuant to Section 4.1 out of the Exchange Fund. Except as provided in Section 4.3, the Exchange Fund shall not be used for any other purpose.

(b) Promptly after the Effective Time, the Exchange Agent shall mail to each holder of record (other than holders of certificates for Shares referred to in Section 4.1(c)) of a certificate or certificates which immediately prior to the Effective Time represented outstanding Shares (the "Certificates") (i) a form of letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent) and (ii) instructions for use in effecting the surrender of the Certificates for payment therefor. Upon surrender of Certificates for cancellation to the Exchange Agent, together with such letter of transmittal duly executed and any other documents as may be reasonably required, the holder of such Certificates shall be entitled to

receive for each of the Shares represented by such Certificates the Share Consideration and the Certificates so surrendered shall forthwith be canceled. Until so surrendered, Certificates shall represent solely the right to receive the Share Consideration and any cash in lieu of fractional RSI Common Shares as contemplated by Section 4.3 with respect to each of the Shares represented thereby. No dividends or other distributions that are declared after the Effective Time on RSI Common Shares and payable to the holders of record thereof after the Effective Time will be paid to Persons entitled by reason of the Merger to receive RSI Common Shares until such Persons surrender their



Certificates. Upon such surrender, there shall be paid to the Person in whose name the RSI Common Shares are issued any dividends or other distributions having a record date after the Effective Time and payable with respect to such RSI Common Shares between the Effective Time and the time of such surrender. After such surrender there shall be paid to the Person in whose name the RSI Common Shares are issued any dividends or other distributions on such RSI Common Shares which shall have a record date after the Effective Time and prior to such surrender and a payment date after such surrender and such payment shall be made on such payment date. In no event shall the Persons entitled to receive such dividends or other distributions be entitled to receive interest on such dividends or other distributions. If any cash or any certificate representing RSI Common Shares is to be paid to or issued in a name other than that in which the Certificate surrendered in exchange therefor is registered, it shall be a condition of such exchange that the Certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the Person requesting such exchange shall pay to the Exchange Agent any transfer or other taxes required by reason of the issuance of certificates for such RSI Common Shares in a name other than that of the registered holder of the Certificate surrendered, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to a holder of Shares for any RSI Common Shares or dividends thereon or, in accordance with Section 4.3, cash in lieu of fractional interests, delivered to a public official pursuant to applicable escheat law. The Exchange Agent shall not be entitled to vote or exercise any rights of ownership with respect to the RSI Common Shares held by it from time to time hereunder, except that it shall receive and hold all dividends or other distributions paid or distributed with respect to such RSI Common Shares for the account of the Persons entitled thereto.

(c) Certificates surrendered for exchange by any Person constituting a Rule 145 Affiliate of the Company shall not be exchanged for certificates representing RSI Common Shares until RSI has received an Affiliate Letter from such Person as provided in Section 7.8.

(d) Any portion of the Exchange Fund which remains unclaimed by the former stockholders of the Company for one year after the Effective Time shall be delivered to RSI, upon demand of RSI, and any former stockholders of the Company shall thereafter look only to RSI for payment of their claim for the Share Consideration for the Shares or for any cash in lieu of fractional RSI Common Shares.

(e) In the event any certificates representing Shares shall have been lost, stolen or destroyed, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed certificates, upon the making of such affidavit of that fact by



the holder thereof or the delivery of such other documents and instruments (including, without limitation, any indemnity bond) as the Exchange Agent shall require, such RSI Common Shares as may be required pursuant to Section 4.2.

4.3. Fractional Shares. No fractional RSI Common Shares shall be issued in the Merger. In lieu of any such fractional securities, each holder of Shares who would otherwise have been entitled to a fraction of an RSI Common Share upon surrender of Certificates for exchange pursuant to this Article IV will be paid an amount in cash (without interest), rounded to the nearest cent, determined by multiplying (a) the Closing Date Market Price by (b) the fractional interest to which such holder otherwise would be entitled. As soon as practicable after the determination of the amount of cash to be paid to former stockholders of the

Company in lieu of any fractional interests, RSI shall deposit with the Exchange Agent the cash necessary for this purpose.

4.4. Transfer of Shares after the Effective Time. No transfers of Shares shall be made on the stock transfer books of the Company after the close of business on the day prior to the date of the Effective Time.

4.5. Dissenting Shares. (a) Notwithstanding the provisions of Section 4.1 or any other provision of this Agreement to the contrary, Shares that are issued and outstanding immediately prior to the Effective Time and are held by stockholders who have not voted such Shares in favor of the adoption of this Agreement or consented thereto in writing and who properly demand appraisal of such Shares in accordance with Section 262 of the DGCL (the "Dissenting Shares") will not be converted as provided in Section 4.1(a) at or after the Effective Date unless and until the holder of such Dissenting Shares fails to perfect or effectively withdraws or loses such right to appraisal and payment under the DGCL. If a holder of Dissenting Shares so fails to perfect or effectively withdraws or loses such right to appraisal and payment, then, as of the Effective Time or the occurrence of such event, whichever last occurs, such holder's Dissenting Shares will be converted into and represent solely the right provided in Section 4.1(a).

(b) The Company will give RSI (i) prompt written notice of any written demands for appraisal, withdrawals of demands for appraisal and any other instruments served pursuant to Section 262 of the DGCL and received by the Company and (ii) the opportunity to direct all negotiations and proceedings with respect to demands for appraisal under Section 262 of the DGCL. The Company will not voluntarily make any payment with respect to any demands for appraisals and will not, except with the prior written consent of RSI, settle or offer to settle any such demands.



## ARTICLE V

## REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to RSI and Merger Sub that, except as set forth in the S-1 Registration Statement or the Company Disclosure Statement:

5.1. Organization, Etc. of the Company. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own and operate its properties, to carry on its business as now conducted and proposed by the Company to be conducted, to enter into this Agreement and to carry out the provisions of this Agreement and consummate the transactions contemplated hereby. The Company is duly qualified and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary and where the failure to be so qualified has or would be reasonably expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect. The Company has obtained from the appropriate Governmental Bodies all approvals and licenses necessary for the conduct of its business and operations as currently conducted, which approvals and licenses are valid and remain in full force and effect, except where the failure to have obtained such approvals or licenses or the failure of such licenses and approvals to be valid and in full force and effect does not have and would not be reasonably expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect. The Company is not subject to any order, complaint, proceeding or investigation pending or, to the knowledge of the Company, threatened, which affects or would reasonably be expected (so far as can be foreseen at the time) to affect the validity of any such approvals or licenses or impair the renewal thereof, except where the invalidity of any such approvals or licenses or the non-renewal thereof does not have and would not be reasonably expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect.

5.2. Subsidiaries. Each Subsidiary of the Company (a) is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has the full corporate power and authority to own its properties and conduct its business and operations as currently conducted, except where the failure to be duly organized, validly existing and in good standing does not have, and would not be reasonably expected (so far as can be foreseen at the time) to have, a Company Material Adverse Effect, (b) is duly qualified and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature

of the business conducted by it makes such qualification necessary, except where the failure to be so qualified does not have and would not be reasonably expected (so far as can be



foreseen at the time) to have a Company Material Adverse Effect, (c) has obtained from the appropriate Governmental Bodies all approvals and licenses necessary for the conduct of its business and operations as currently conducted, which licenses and approvals are valid and remain in full force and effect, except where the failure to have obtained such approvals and licenses or the failure of such licenses and approvals to be valid and in full force and effect does not have and would not be reasonably expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect, and (d) is subject to no order, complaint, proceeding or investigation pending or, to the knowledge of the Company or such Subsidiary, threatened, which would be reasonably expected (so far as can be foreseen at the time) to affect the validity of any such approvals or licenses or impair the renewal thereof, except where the invalidity of any such approvals or licenses or the non-renewal thereof does not have and would not be reasonably expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect. Exhibit 22 to the S-1 Registration Statement sets forth an accurate and complete list of all Subsidiaries of the Company.

5.3. Agreement. The Board of Directors of the Company has approved, by the unanimous vote of those directors present, the Merger, this Agreement and the transactions contemplated hereby and have approved recommending approval of the Merger, this Agreement and the transactions contemplated hereby to the stockholders of the Company. This Agreement has been duly executed and delivered by a duly authorized officer of the Company and constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application which may affect the enforcement of creditors' rights generally and by general equitable principles. The Company has delivered to RSI true and correct copies of resolutions adopted by the Board of Directors of the Company approving this Agreement.

5.4. Capital Stock. The authorized capital stock of the Company consists of (a) 50,000,000 shares of Class A Common Stock, of which 8,019,037 shares are issued and outstanding and 37,152 shares are held as treasury stock as of the date hereof, (b) 50,000,000 shares of Class B Common Stock, of which 821,206 shares are issued and outstanding as of the date hereof and no shares are held as treasury stock, (c) 2,000,000 shares of Preferred Stock, of which (i) 33,564.35 shares are designated as 10% Preferred Stock, of which 27,934 shares are issued and outstanding as of the date hereof and no shares are held as treasury stock, and (ii) 314,000 shares are designated as Exchangeable Preferred Stock, of which 246,179 shares are issued and outstanding as of the date hereof and no shares are held as treasury stock. Schedule 4.1(e) in the Company Disclosure Statement sets forth a true, accurate and complete list of (a) each holder of record of shares of Class A Common Stock and



Class B Common Stock and the number of such shares held of record by each such holder, (b) each optionee under the Options and the number of shares of Class A Common Stock or Class B Common Stock issuable upon exercise of such Options and (c) each holder of record of Warrants, and the number of shares of Class A Common Stock and Class B Common Stock issuable upon exercise of such Warrants. All of the outstanding shares of Class A Common Stock and Class B Common Stock are duly authorized, validly issued, fully paid and nonassessable. As of the date hereof, the 64,952 shares of Exchangeable Preferred Stock formerly held by Bankamerica Capital Corporation have been redeemed by the Company at a total redemption price (including interest to the date of redemption) of $6,677,395.09, and such redemption was made in accordance with the terms of the Preferred Stock Redemption Agreement with Bankamerica Capital Corporation. Schedule 7.10 in the Company Disclosure Statement sets forth true and accurate redemption amounts for the 10% Preferred Stock and the Exchangeable Preferred Stock as of the respective redemption dates set forth therein calculated in accordance with the terms of the Company's Restated Certificate of Incorporation. Other then pursuant to the Stockholders Agreement, no class of capital stock of the Company is entitled to preemptive rights. No options, warrants or other rights to acquire capital stock from the Company or any stockholder of the Company are outstanding, other than (a) the right to convert

shares of Class B Common Stock into Class A Common Stock and the right to convert Class A Common Stock into Class B Common Stock pursuant to the Restated Certificate of Incorporation of the Company, (b) Options and Warrants described on Schedule 4.1(e) in the Company Disclosure Statement representing in the aggregate the right to purchase up to 973,290 shares of Common Stock and (c) pursuant to Section VII of the Stockholders Agreement. Except as described under the heading "Capitalization" as the Company's actual capitalization in the Preliminary Prospectus, there are no outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote or which are convertible into or exercisable for securities having the right to vote with stockholders of the Company on any matter. All outstanding shares of capital stock of the Subsidiaries of the Company are owned by the Company or a direct or indirect Wholly-Owned Subsidiary of the Company, free and clear of all liens, charges, encumbrances, claims and options of any nature. The Company Disclosure Statement or the S-1 Registration Statement list, and the Company has delivered to RSI true and complete copies of, all agreements and contracts, whether oral or written, relating to shares of capital stock of the Company or options, warrants or other rights to acquire capital stock of the Company (including, without limitation, any rights of first refusal), including the Preferred Stock Redemption Agreements and all amendments thereto, and all such agreements and contracts are in full force in effect. Subject to the redemption of the Preferred Stock in accordance with the Preferred Stock Redemption Agreements or as otherwise contemplated by Section 7.10, no approval or consent of securityholders of the Company is required under the Company's



Restated Certificate of Incorporation or Bylaws, the DGCL, the Stockholders Agreement or any other agreement, with respect to this Agreement, the Merger and the transactions contemplated hereby, other than (i) the execution by each party to the Stockholders Agreement of the Termination Agreement, which has been effected, (ii) the affirmative vote of 66-2/3% of the outstanding shares of Class A Common Stock and Class B Common Stock voting together as a class and (iii) the affirmative vote of a majority of the votes represented by the outstanding shares of Class A Common Stock, Class B Common Stock and Exchangeable Preferred Stock, voting together as a class. The ML Entities collectively hold of record a sufficient number of shares of Class A Common Stock to approve this Agreement, the Merger and the transactions contemplated hereby in accordance with the Company's Restated Certificate of Incorporation and Bylaws, the Stockholders Agreement and the DGCL. The Stock Split was effective on January 31, 1996, and effected in accordance with the Company's Restated Certificate of Incorporation and Bylaws, the Stockholders Agreement and the DGCL.

5.5. Other Interests. Except for interests in the Company's Subsidiaries, neither the Company nor any of the Company's Subsidiaries owns, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, joint venture, business, trust or entity (other than (i) non-controlling investments in the ordinary course of business and cooperative marketing and similar undertakings and arrangements entered into in the ordinary course of business (ii) other investments, consisting of cash equivalents and equity interests in former customers in settlement of indebtedness, of less than $3,000,000 in the aggregate and (iii) Company Management Loans and other loans to employees described in the Company Disclosure Statement.

5.6. Litigation. There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries, or any property of the Company or any such Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Body, except actions, suits, investigations or proceedings which, in the aggregate, do not have and would not be reasonably expected (so far as can be foreseen at the time) to (a) have a Company Material Adverse Effect or (b) have the effect of preventing or materially delaying the performance by the Company of its obligations under this Agreement.

5.7. Compliance with Other Instruments, Etc. Neither the Company nor any Subsidiary of the Company is in violation of any term of (a) its charter, bylaws or other organizational documents, (b) any agreement or instrument related to indebtedness for borrowed money or any other agreement to which it is a party or by which it is bound, (c) any applicable law, ordinance, rule or regulation of any Governmental Body, or

(d) any applicable order, judgment or decree of any court, arbitrator or Governmental Body, the consequences of which violation, whether individually or in the aggregate, have or would be reasonably expected (so far as can be foreseen at the time) to (i) have a Company Material Adverse Effect or (ii) have the effect of preventing or materially delaying the performance by the Company of its obligations under this Agreement. The execution, delivery and performance of this Agreement by the Company will not result in any violation of or conflict with, constitute a default under, or require any consent under any terms of the charter, by-laws or other organizational document of the Company (or any of its Subsidiaries) or any such agreement, instrument, law, ordinance, rule, regulation, order, judgment or decree or result in the creation of (or impose any obligation on the Company or any of its Subsidiaries to create) any mortgage, lien, charge, security interest or other encumbrance upon any of the properties or assets of the Company or any of its Subsidiaries pursuant to any such term, except where such violation, conflict or default, or the failure to obtain such consent, individually or in the aggregate, does not have and would not be reasonably expected (so far as can be foreseen at the time) to (i) have a Company Material Adverse Effect or (ii) have the effect of preventing or materially delaying the performance by the Company of its obligations under this Agreement.

5.8. Employee Benefit Plans. (a) The Preliminary Prospectus, the "Exhibit Index" to the S-1 Registration Statement or the Company Disclosure Statement sets forth a true and complete list of all the following: (x) each "employee benefit plan," as such term is defined in Section 3(3) of ERISA, pursuant to which the Company or any of its Subsidiaries has (A) any liability in respect of current or former employees, agents, directors, or independent contractors of the Company or its Subsidiaries ("Employees") or any beneficiaries or dependents of any Employees or (B) any obligation to issue capital stock of the Company or any of its Subsidiaries (each, an "Employee Plan"), and (y) each other plan, program, policy, contract or arrangement providing for bonuses, pensions, deferred pay, stock or stock related awards, severance pay, salary continuation or similar benefits, hospitalization, medical, dental or disability benefits, life insurance or other employee benefits, or compensation to or for any Employees or any beneficiaries or dependents of any Employees (other than directors' and officers' liability policies), whether or not insured or funded, (A) pursuant to which the Company or any of its Subsidiaries has any material liability or (B) constituting an employment or severance agreement or arrangement with any officer or director of the Company or any Subsidiary or with any holder of Shares (each, a "Benefit Arrangement"). The Company has used its reasonable efforts to provide to RSI with respect to each Employee Plan and Benefit Arrangement: (i) a true and complete copy of all written documents comprising such Employee Plan or Benefit Arrangement and any related trust agreement, insurance contract or other



funding vehicle (including amendments and individual agreements relating thereto, or, if there is no such written document, an accurate and complete description of such Employee Plan or Benefit Arrangement); (ii) the most recent Form 5500 or Form 5500-C/R (including all schedules thereto), if applicable; (iii) the most recent financial statements and actuarial reports or valuations, if any; (iv) the summary plan description currently in effect and all material modifications thereof, if any; and (v) the most recent Internal Revenue Service determination letter, if any. Any such Employee Plans and Benefit Arrangements for which the Company has not so provided such documents after using its reasonable efforts are not in the aggregate material to the Company and its Subsidiaries taken as a whole.

(b) Each Employee Plan and Benefit Arrangement has been established, operated and maintained in all material respects in accordance with its terms and in material compliance with all applicable laws and the rules and regulations thereunder, including, but not limited to, ERISA and the Code. Neither the Company nor any of its Subsidiaries or former Subsidiaries nor any of their respective current or former directors, officers, or employees, nor, to the best knowledge of the Company, any other disqualified person or party-in-interest with respect to any Employee Plan, have engaged directly or indirectly in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, with respect to which the Company or its Subsidiaries could have or has any material liability. All contributions and other payments required to be made for any period through the date to which this representation speaks to the Employee Plans and Benefit Arrangements (or to any person pursuant to the terms thereof) have been made or paid in a timely fashion, or, to the extent not required to be made or paid on or before the date to which this representation speaks, have been reflected in the Company's financial statements. Each Employee Plan that is intended to be qualified under Section 401(a) of the Code has, as amended or proposed to be amended to comply

with the Tax Reform Act of 1986 and subsequent legislation, been determined by the Internal Revenue Service to be so qualified or an application for such a determination, which was filed before the expiration of the applicable remedial amendment period, is pending, and, to the best knowledge of the Company, no circumstances exist that are reasonably expected by the Company to result in the revocation of any such determination.

(c) With respect to each Employee Plan that is subject to Title IV of ERISA: (i) as of the last applicable annual valuation date, the present value of all benefits under such Employee Plan did not exceed the value of the assets of such Employee Plan allocable to such benefits, on a projected benefits basis, using the actuarial methods, factors and assumptions used for the most recent actuarial report with respect to such Employee Plan; and (ii) there has been no termination, partial termination or "reportable event" (as defined in Section 4043 of ERISA) with



respect to any such Employee Plan. No Employee Plan that is subject to Section 412 of the Code has incurred any "accumulated funding deficiency" (as defined in Section 412 of the Code), whether or not waived. No event has occurred, and, to the best knowledge of the Company, there do not exist any circumstances, that could subject the Company or any Subsidiary of the Company to any material liability arising under ERISA. With respect to the Employee Plans and Benefit Arrangements, individually and in the aggregate, no event has occurred, and, to the best knowledge of the Company, there do not exist any circumstances, that could subject the Company or any Subsidiary of the Company to any material liability under the Code or other applicable law, or under any indemnity agreement to which the Company or any Subsidiary of the Company is a party, excluding liability for benefit claims, administrative expenses and funding obligations payable in the ordinary course.

(d) No Employee Plan is a "multiemployer plan" as that term is defined in Section 3(37) of ERISA or a "multiple employer plan" described in Section 4063(a) of ERISA, nor has the Company or any ERISA Affiliate of the Company at any time since January 1, 1992, contributed to or been obligated to contribute to such a multiemployer plan or multiple employer plan.

(e) Except with respect to an Employee Plan, neither the Company nor any ERISA Affiliate of the Company has any Controlled Group Liability, nor do any circumstances exist that could result in any of them having any Controlled Group Liability. "Controlled Group Liability" means any and all liabilities under (i) Title IV of ERISA, (ii) Section 302 of ERISA, (iii) Sections 412 and 4971 of the Code and (iv) the continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code.

(f) Neither the execution or delivery of this Agreement, nor the consummation of the transactions contemplated hereby (either alone or together with any additional or subsequent events), constitutes an event under any Employee Plan, Benefit Arrangement, loan to, or individual agreement or contract with, an Employee that may result in any payment (whether of severance pay or otherwise), restriction or limitation upon the assets of any Employee Plan or Benefit Arrangement, acceleration of payment or vesting, increase in benefits or compensation, or required funding, with respect to any Employee, or the forgiveness of any loan or other commitment of any Employees.

(g) There are no actions, suits, arbitrations, inquiries, investigations or other proceedings (other than routine claims for benefits) pending or, to the Company's knowledge, threatened, with respect to any Employee Plan or Benefit Arrangement.

(h) No Employees and no beneficiaries or dependents of Employees are or may become entitled under any Employee Plan or Benefit Arrangement to post-employment or retiree welfare



benefits of any kind, including without limitation death or medical benefits, other than coverage mandated by Part 6 of Title I of ERISA or Section 4980B of the Code or other applicable law.

5.9. Labor Matters. There are no agreements with, or pending petitions for recognition of, a labor union or association as the exclusive bargaining

agent for any of the employees of the Company or any of its Subsidiaries; no such petitions have been pending at any time within two years of the date of this Agreement and, to the best knowledge of the Company, there has not been any organizing effort by any union or other group seeking to represent any employees of the Company or any of its Subsidiaries as their exclusive bargaining agent at any time within two years of the date of this Agreement. There are no labor strikes, work stoppages or other labor troubles, other than routine grievance matters, now pending, or, to the Company's knowledge, threatened, against the Company or any of its Subsidiaries, nor have there been any such labor strikes, work stoppages or other labor troubles, other than routine grievance matters, with respect to the Company or any of its Subsidiaries at any time within two years of the date of this Agreement.

5.10. Taxes. (a) The Company and its Subsidiaries have timely filed all federal, state, county, local and foreign tax returns, reports, declarations and forms ("Tax Returns") required to be filed by them, or requests for extensions to file such Tax Returns have been timely filed and granted and have not expired, and all Tax Returns are complete and accurate in all respects, except to the extent that such failures to file or be complete and accurate in all respects, as applicable, individually or in the aggregate do not have and would not reasonably be expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect. The Company and each of its Subsidiaries has paid (or the Company has paid on its behalf) or made adequate provision for all taxes shown as due on such Tax Returns. The Company and each of its Subsidiaries have paid or made adequate provision for all taxes required to be paid without the filing of any Tax Returns which have become due and payable. The most recent financial statements contained in the Preliminary Prospectus reflect adequate reserves for all taxes payable by the Company and its Subsidiaries for all taxable periods and portions thereof accrued through the date of such financial statements, and no deficiencies for any taxes have been proposed, asserted or assessed against the Company or any of its Subsidiaries that are not adequately reserved for, except for inadequately reserved taxes and inadequately reserved deficiencies that, individually or in the aggregate, do not have and would not reasonably be expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has any reasonable basis to believe that any such deficiencies exist in excess of such established reserves. The consolidated federal income tax returns of the Company have been audited by the Internal Revenue Service (or closed by



applicable statute of limitations), and all liabilities in respect thereof have been finally determined, for all taxable years up to and including the taxable year ended December 31, 1991. Neither the Company nor any of its Subsidiaries is a party to any pending or has knowledge of any threatened action or proceeding by any taxing authority for the determination, assessment or collection of any taxes of the Company or any of its Subsidiaries or relating to their respective businesses and operations. There are no liens for taxes (other than for current taxes not yet due and payable) on the assets of the Company or its Subsidiaries. No requests for waivers of the time to assess any taxes against the Company or any of its Subsidiaries have been granted or are pending, except for requests with respect to such taxes that have been adequately reserved for in the most recent financial statements contained in the Preliminary Prospectus, or, to the extent not adequately reserved, the assessment of which, individually or in the aggregate, do not have and would not reasonably be expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to or bound by any agreement providing for the allocation or sharing of taxes. Neither the Company nor any of its Subsidiaries has filed a consent pursuant to or agreed to the application of Section 341(f) of the Code. Each of the Company and its Subsidiaries has disclosed on its federal income tax returns all positions taken therein that could give rise to a substantial understatement of federal income tax within the meaning of Section 6662 of the Code. All taxes that are required by the laws of the United States, any state or political subdivision thereof, or any foreign country to be withheld or collected by the Company or any of its Subsidiaries have been duly withheld or collected and, to the extent required, have been paid to the proper governmental authorities or properly deposited as required by applicable laws. None of the Company and its Subsidiaries (i) has been a member of an affiliated group filing a consolidated federal income tax return (other than a group the common parent of which was the Company), or (ii) has any liability for the taxes of any Person (other than any of the Company and its Subsidiaries) under Treas. Reg. ss. 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract or otherwise. Neither the Company nor any of its Subsidiaries will be required, as a result of a change in method of accounting for a taxable year beginning on or before the Closing Date, to include any adjustment under Section 481(a) of the Code in its taxable income for any taxable year beginning after the Closing Date. Neither the Company nor any of its Subsidiaries is or has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the

Code. For purposes of this Agreement, the term tax (including, with correlative meaning, the terms "taxes" and "taxable") shall include all federal, state, local, and foreign income, profits, franchise, gross receipts, payroll, sales, employment, use, property, withholding, excise, and other taxes, duties, or assessments of any nature whatsoever,



together with all interest, penalties, and additions imposed with respect to such amounts.

(b) The Company Disclosure Statement sets forth each state in which the Company and its Subsidiaries (i) filed an income or franchise tax return, whether on a consolidated, combined or separate return basis, for the taxable year ended December 31, 1995, and (ii) collected or remitted any sales and/or use taxes as of December 31, 1995.

(c) Neither the Company nor any of its Subsidiaries owns any real property in the State of New York. The only real property leased by the Company or any of its Subsidiaries in the State of New York consists of three offices, designated as Office #100, Office #101B and Office #105, located in the Pickard Office Building, 5858 East Molloy Road, Syracuse, New York 13211.

(d) Neither the Company nor any of its Subsidiaries has taken or agreed to take any action that would prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

5.11. Intellectual Property. The Company and its Subsidiaries own, or possess valid licenses or other valid rights to use, the Intellectual Property used in the Company's business, except where the failure to own or have the right to use such Intellectual Property, in the aggregate, does not have and would not be reasonably expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect.

5.12. Properties. Except as disclosed or reserved against in the most recent financial statements contained in the Preliminary Prospectus, the Company and each of its Subsidiaries have good and marketable title to all of the material properties and assets, tangible or intangible, reflected in such financial statements as being owned by the Company and each of its Subsidiaries as of the dates thereof, free and clear of all liens, encumbrances, charges, defaults or equities of whatever character except such imperfections or irregularities of title, liens, encumbrances, charges or defaults that do not affect the use thereof in any material respect and statutory liens securing payments not yet due ("Liens"). All leased buildings and all leased fixtures, equipment and other property and assets that are material to the Company's business on a consolidated basis are held under leases or subleases that are valid and binding instruments enforceable in accordance with their respective terms, and there is not under any of such leases, any existing material default or event of default (or event which with notice or lapse of time, or both, would constitute a material default), except where the lack of such validity and binding nature or the existence of such default or event of default does not have and would not reasonably be expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect.



5.13. Environmental Matters. Except in all cases that, in the aggregate, have not had and would not reasonably be expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect, the Company and each of its Subsidiaries (i) have obtained all applicable permits, licenses and other authorizations which are required to be obtained under all applicable federal, state, local or foreign laws or any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to pollution or protection of the environment ("Environmental Laws"), including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, or hazardous or toxic materials or wastes into ambient air, surface water, ground water, or land or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants or hazardous or toxic materials or wastes by the Company or its Subsidiaries (or their respective agents); (ii) are in compliance with all terms and conditions of such required permits, licenses and authorization, and also are in compliance

with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in applicable Environmental Laws; (iii) as of the date hereof, are not aware of nor have received notice of any past or present violations of Environmental Laws, or any event, condition, circumstance, activity, practice, incident, action or plan which is reasonably likely to interfere with or prevent continued compliance with or which would give rise to any common law or statutory liability, or otherwise form the basis of any claim, action, suit or proceeding, against the Company or any of its Subsidiaries based on or resulting from the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge or release into the environment, of any pollutant, contaminant or hazardous or toxic material or waste; and (iv) have taken all actions necessary under applicable Environmental Laws to register any products or materials required to be registered by the Company or its Subsidiaries (or any of their respective agents) thereunder.

5.14. Registration Statement and Financial Statements. The Company has previously furnished or made available to RSI a true and complete copy of the S-1 Registration Statement and all exhibits thereto that were filed with the SEC. The S-1 Registration Statement, as of the date of the Preliminary Prospectus, contained no untrue statement of material fact nor omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that RSI acknowledges that (i) the Company's recapitalization, refinancing, initial public offering, new stock option plan, option vesting and forgiveness of the Company Management Loans as described in the S-1 Registration Statement have not been consummated, and (ii) the descriptions of the



amended and restated Stockholders Agreement, the Company's Restated Certificate of Incorporation and the Company's Bylaws contained in the S-1 Registration Statement reflect amendments which have not been implemented. Each of the balance sheets (including the related notes) included in the S-1 Registration Statement presents fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the respective dates thereof, and the other related statements (including the related notes) included therein present fairly, in all material respects, the results of operations, changes in shareholders equity and cash flows of the Company and its Subsidiaries for the respective periods or as of the respective dates set forth therein, all in conformity with generally accepted accounting principles consistently applied during the periods involved, except as otherwise noted therein, and subject, in the case of the unaudited interim financial statements, to normal year-end adjustments and any other adjustments described therein. The Company has provided to RSI true and correct copies of the Company's unaudited consolidated financial statements as of, and for the year ended, December 31, 1995. Such unaudited financial statements present fairly in all material respects, the results of operations and cash flows of the Company and its Subsidiaries as of, and for the year ended, December 31, 1995, all in conformity with general accepted accounting principles consistently applied during the period involved except as otherwise noted therein and except for the absence of footnote disclosure, and subject to normal audit adjustments and any other adjustments described therein. The S-1 Registration Statement, as of its date, complied in all material respects with the disclosure requirements of Form S-1 and Regulation S-K under the Securities Act.

5.15. Absence of Certain Changes or Events. During the period since December 31, 1995, the business of the Company and its Subsidiaries has been conducted only in the ordinary course, consistent with past practice, and neither the Company nor any Subsidiary of the Company has entered into any material transaction other than in the ordinary course, consistent with past practice, and there has not been (a) any change in the business, financial condition, results of operations, properties, assets or liabilities of the Company and its Subsidiaries taken as a whole that, individually or in the aggregate, has or would reasonably be expected to have (so far as can be foreseen at the time) a Company Material Adverse Effect, (b) any damage, destruction or loss (whether or not covered by insurance) with respect to any property or asset of the Company or any of its Subsidiaries which, individually or in the aggregate, has or would reasonably be expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect, (c) any change by the Company in its accounting, methods, principles or practices, other than immaterial changes consistent with generally accepted accounting principles, (d) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of the Company or any of its

Subsidiaries or any redemption, purchase or other acquisition of any of their respective securities other than dividends by any Subsidiary of the Company to the Company and other than the redemption of the Preferred Stock held by Bankamerica Capital Corporation for the amount of $6,677,395.09 which occurred on December 15, 1995 in accordance with the Preferred Stock Redemption Agreement with Bankamerica Capital Corporation, (e) except after the date hereof as permitted by Section 7.1(d), any entering into, establishment or amendment of, any Employee Plan or Benefit Arrangement (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards), or any other increase (other than ordinary course increases) in the compensation payable or to become payable to any officers or key employees of the Company or any Subsidiary of the Company, except for immaterial severance payments to departing employees consistent with past practice.

5.16. Contracts and Leases. The S-1 Registration Statement and the Company Disclosure Statement contain an accurate and complete listing of all contracts, leases, agreements or understandings, whether written or oral, required to be described in, or filed as exhibits to, the S-1 Registration Statement pursuant to the Securities Act and the applicable rules and regulations thereunder, or which are otherwise material to the business, properties, operations or financial condition of the Company and its Subsidiaries taken as a whole. Each of such contracts, leases, agreements and understandings is in full force and effect and (a) none of the Company or its Subsidiaries or, to the Company's best knowledge, any other party thereto, has breached or is in default thereunder, (b) no event has occurred which, with the passage of time or the giving of notice would constitute such a breach or default, (c) no claim of default thereunder has, to the Company's best knowledge, been asserted or threatened and (d) none of the Company or its Subsidiaries or, to the Company's best knowledge, any other party thereto is seeking the renegotiation thereof or substitute performance thereunder, except where such breach or default, or attempted renegotiation or substitute performance, individually or in the aggregate, does not have and would not be reasonably expected (so far as can be foreseen at the time) to have a Company Material Adverse Effect. The Company has provided RSI or its representative with accurate and complete copies of all such contracts, leases, agreements and understandings.

5.17. Affiliated Transactions. The S-1 Registration Statement contains an accurate and complete description of all contracts, leases, agreements or understandings, whether written or oral, with or on behalf of any Affiliate of the Company, to which the Company or any of its Subsidiaries is a party or is otherwise bound and which is required to be described in the S-1 Registration Statement pursuant to the Securities Act and the applicable rules and regulations thereunder.



5.18. Brokers and Finders. Except for the fees and expenses payable to Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), which fees and expenses are reflected in its agreement with the Company, a true and complete copy of which has been furnished to RSI, the Company has not employed any investment banker, broker, finder or intermediary in connection with the transactions contemplated by this Agreement or any other transactions which would be entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with this Agreement, the transactions contemplated hereby or any other transactions.

5.19. S-4 Registration Statement and Proxy Statement/ Prospectus. None of the information supplied or to be supplied by the Company for inclusion in the S-4 Registration Statement or the Proxy Statement/Prospectus will (a) in the case of the S-4 Registration Statement, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading or (b) in the case of the Proxy Statement/Prospectus, at the time of the mailing of the Proxy Statement/Prospectus and at the time of the RSI Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. If at any time prior to the Effective Time any event with respect to the Company, its officers and directors or any of its Subsidiaries should occur which is required to be described in an amendment of, or a supplement to, the Proxy Statement/Prospectus or the S-4 Registration

Statement, the Company shall notify RSI thereof by reference to this Section 5.19 and such event shall be so described to RSI.

5.20. Tax Matters. The representations set forth in the numbered paragraphs of the form of Tax Matters Certificate of the Company attached to the Company Disclosure Statement (the "Company Tax Matters Certificate") are true and correct in all respects, and such representations are hereby incorporated herein by reference with the same effect as if set forth herein in their entirety.

5.21. Stockholders Agreement. The Company has delivered to RSI a true and complete copy of an amendment to the Stockholders Agreement executed by each stockholder of the Company and providing that immediately prior to the Effective Time all terms and provisions of the Stockholders Agreement shall be terminated and of no further force and effect (the "Termination Agreement"). As of the Effective Time, the Termination Agreement shall be in full force and effect, and shall not have been amended or modified in any respect.

5.22. Opinion of Financial Advisor. Merrill Lynch has delivered to the Board of Directors of the Company its written



opinion to the effect that, as of the date of such opinion, the Exchange Ratio was fair, from a financial point of view, to the Company's stockholders.

## ARTICLE VI

## REPRESENTATIONS AND WARRANTIES OF RSI AND MERGER SUB

RSI and Merger Sub each represents and warrants to the Company that, except as set forth in the RSI SEC Reports or the RSI Disclosure Statement:

6.1. Organization, Etc. of RSI. RSI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own and operate its properties, to carry on its business as now conducted and proposed by RSI to be conducted, to enter into this Agreement and to carry out the provisions of this Agreement and consummate the transactions contemplated hereby. RSI is duly qualified and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary and where the failure to be so qualified has or would be reasonably expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect. RSI has obtained from the appropriate Governmental Bodies all approvals and licenses necessary for the conduct of its business and operations as currently conducted, which approvals and licenses are valid and remain in full force and effect, except where the failure to have obtained such approvals or licenses or the failure of such licenses and approvals to be valid and in full force and effect does not have and would not be reasonably expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect. RSI is not subject to any order, complaint, proceeding or investigation pending or, to the knowledge of RSI, threatened, which affects or would be reasonably expected (so far as can be foreseen at the time) to affect the validity of any such approvals or licenses or impair the renewal thereof, except where the invalidity of any such approvals or licenses or the non-renewal thereof does not have and would not be reasonably expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect.

6.2. Subsidiaries. Each Subsidiary of RSI (a) is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has the full corporate power and authority to own its properties and conduct its business and operations as currently conducted, except where the failure to be duly organized, validly existing and in good standing does not have, and would not be reasonably expected (so far as can be foreseen at the time) to have, an RSI Material Adverse Effect, (b) is duly qualified and in good standing in each jurisdiction



in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified does not have and would not be reasonably expected

(so far as can be foreseen at the time) to have an RSI Material Adverse Effect (c) has obtained from the appropriate Governmental Bodies all approvals and licenses necessary for the conduct of its business and operations as currently conducted, which licenses and approvals are valid and remain in full force and effect, except where the failure to have obtained such approvals and licenses or the failure of such licenses and approvals to be valid and in full force and effect does not have and would not be reasonably expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect, and (d) is subject to no order, complaint, proceeding or investigation pending or, to the knowledge of RSI or such Subsidiary, threatened, which would be reasonably expected (so far as can be foreseen at the time) to affect the validity of any such approvals or licenses or impair the renewal thereof, except where the invalidity of any such approvals or licenses or the non-renewal thereof does not have and would not be reasonably expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect. RSI has no Subsidiaries other than Merger Sub, RSI, Inc., John Sexton & Co. and Duke Associates.

6.3. Agreement. On February 2, 1996, the Board of Directors of RSI and Merger Sub approved, by the unanimous vote of those directors present, the Merger, this Agreement and the transactions contemplated hereby, and on such date the Board of Directors of RSI approved recommending approval of the issuance of RSI Common Shares in connection with the Merger to the stockholders of RSI. RSI as sole stockholder of Merger Sub has approved the Merger, this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by a duly authorized officer of each of RSI and Merger Sub and constitutes a valid and binding agreement of RSI and Merger Sub, enforceable against RSI and Merger Sub in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application which may affect the enforcement of creditors' rights generally and by general equitable principles. RSI has delivered to the Company true and correct copies of resolutions adopted by the Board of Directors of each of RSI and Merger Sub approving this Agreement. The Board of Directors of RSI has taken all necessary action to cause the supermajority vote provisions of Section 203 of the DGCL and Articles Twelfth and Fourteenth of RSI's Amended and Restated Certificate of Incorporation to be inapplicable to the transactions contemplated and authorized by this Agreement. The Board of Directors of RSI has taken all necessary action to cause the dilution provisions of the Rights Agreement to be inapplicable to the transactions contemplated and authorized by this Agreement, without any payment to the holders of the rights issued pursuant thereto. RSI has executed and delivered the



Second Amendment and Third Amendment to the Rights Agreement, true and complete copies of which have been furnished to the Company. The Second Amendment to the Rights Agreement is in full force and effect, and upon execution of the Third Amendment to the Rights Agreement by the Rights Agent, will be superseded by the Third Amendment to the Rights Agreement. No approval or consent of securityholders of RSI is required under RSI's Amended and Restated Certificate of Incorporation or Bylaws, the DGCL, RSI's NYSE listing agreement or any other agreement, with respect to this Agreement, the Merger and the transactions contemplated and authorized hereby, other than such vote required by NYSE Rule 312.05.

6.4. Capital Stock. The authorized capital stock of RSI consists of (a) 40,000,000,000 RSI Common Shares and (ii) 10,000,000 shares of preferred stock, of the par value of $.10 per share, 50,000 of which have been designated as Series A Junior Participating Preferred Stock. All of the outstanding shares of capital stock of RSI are duly authorized, validly issued, fully paid and nonassessable. As of the close of business on January 26, 1996, 14,796,516 RSI Common Shares and no shares of preferred stock were issued and outstanding. No class of capital stock of RSI is entitled to preemptive rights. No options, warrants or other rights to acquire capital stock from RSI are outstanding, other than as set forth in the RSI SEC Reports or as heretofore otherwise disclosed in writing to the Company. Except as set forth in the RSI SEC Reports, there are no outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote or which are convertible into or exercisable for securities having the right to vote with stockholders of RSI on any matter. Except as disclosed in the RSI SEC Reports, all outstanding shares of capital stock of the Subsidiaries of RSI are owned by RSI, free and clear of all liens, charges, encumbrances, claims and options of any nature. The RSI Disclosure Statement or the RSI SEC Reports list, and RSI has delivered to the Company true and complete copies of, all agreements, contracts or understandings, whether oral or written, relating to shares of capital stock of RSI or options, warrants or other rights to acquire capital stock of RSI (including, without limitation, any rights of first refusal), and all such agreements, contracts and understandings are in full force and effect.

6.5. Authorization for RSI Common Shares. Prior to the Effective Time, RSI will have taken all necessary action to permit it to issue the number of RSI Common Shares required to be issued pursuant to Article IV. The RSI Common Shares issued pursuant to Article IV will, when issued, be duly authorized, validly issued, fully paid and nonassessable and no stockholder of RSI will have any preemptive right of subscription or purchase in respect thereof. The RSI Common Shares will, when issued, be registered under the Securities Act and the Exchange Act, and registered or exempt from registration under any applicable state securities laws and listed on the New York Stock Exchange.



6.6. Other Interests. Except for interests in RSI's Subsidiaries, neither RSI nor any of RSI's Subsidiaries owns, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, joint venture, business, trust or entity (other than (i) non-controlling investments in the ordinary course of business and cooperative marketing and similar undertakings and arrangements entered into in the ordinary course of business and (ii) other investments, consisting of cash equivalents and equity interests in former customers in settlement of indebtedness, of less than $3,000,000 in the aggregate).

6.7. Litigation. The RSI Disclosure Statement lists all actions, suits, investigations or proceedings pending or, to the knowledge of RSI, threatened against RSI or any of its Subsidiaries, or any property of RSI or any such Subsidiary, in any court or before any arbitrator of any kind or before or by any Governmental Body, except actions, suits, investigations or proceedings which, in the aggregate, do not have and would not be reasonably expected (so far as can be foreseen at the time) to (a) have an RSI Material Adverse Effect or (b) have the effect of preventing or materially delaying the performance by RSI of its obligations under this Agreement.

6.8. Compliance with Other Instruments, Etc. Neither RSI nor any Subsidiary of RSI is in violation of any terms of (a) its charter, by-laws or other organizational documents, (b) any agreement or instrument related to indebtedness for borrowed money or any other agreement to which it is a party or by which it is bound, (c) any applicable law, ordinance, rule or regulation of any Governmental Body, or (d) any applicable order, judgment or decree of any court, arbitrator or Governmental Body, the consequences of which violation, whether individually or in the aggregate, have or would be reasonably expected (so far as can be foreseen at the time) to (i) have an RSI Material Adverse Effect or (ii) have the effect of preventing or materially delaying the performance by RSI of its obligations under this Agreement. The execution, delivery and performance of this Agreement by each of RSI and Merger Sub will not result in any violation of or conflict with, constitute a default under, or require any consent under any terms of the charter or by-laws of RSI (or any of its Subsidiaries) or any such agreement, instrument, law, ordinance, rule, regulation, order, judgment or decree or result in the creation of (or impose any obligation on RSI or any of its Subsidiaries to create) any mortgage, lien, charge, security interest or other encumbrance upon any of the properties or assets of RSI or any of its Subsidiaries pursuant to any such term, except where such violation, conflict or default, or the failure to obtain such consent, individually or in the aggregate, does not have and would not be reasonably expected (so far as can be foreseen at the time) to (i) have an RSI Material Adverse Effect or (ii) have the effect of preventing or materially delaying the performance by RSI of its obligations under this Agreement.



6.9. Employee Benefit Plans. (a) The RSI SEC Reports or the RSI Disclosure Statement sets forth a true and complete list of all the following: (x) each "employee benefit plan," as such term is defined in Section 3(3) of ERISA, pursuant to which RSI or any of its Subsidiaries has (A) any liability in respect of current or former employees, agents, directors, or independent contractors of RSI or its Subsidiaries ("RSI Employees") or any beneficiaries or dependents of any RSI Employees or (B) any obligation to issue capital stock of RSI or any of its Subsidiaries (each, an "RSI Employee Plan"), and (y) each other plan, program, policy, contract or arrangement providing for bonuses, pensions, deferred pay, stock or stock related awards, severance pay, salary continuation or similar benefits, hospitalization, medical, dental or disability benefits, life insurance or other employee benefits, or compensation to or for

any RSI Employees or any beneficiaries or dependents of any RSI Employees (other than directors' and officers' liability policies), whether or not insured or funded, (A) pursuant to which RSI or any of its Subsidiaries has any material liability or (B) constituting an employment or severance agreement or arrangement with any officer or director of RSI or any Subsidiary or with any holder of RSI Common Shares (each, an "RSI Benefit Arrangement"). RSI has used its reasonable efforts to provide to the Company with respect to each RSI Employee Plan and RSI Benefit Arrangement: (i) a true and complete copy of all written documents comprising such RSI Employee Plan or RSI Benefit Arrangement and any related trust agreement, insurance contract or other funding vehicle (including amendments and individual agreements relating thereto, or, if there is no such written document, an accurate and complete description of such RSI Employee Plan or RSI Benefit Arrangement); (ii) the most recent Form 5500 or Form 5500-C/R (including all schedules thereto), if applicable; (iii) the most recent financial statements and actuarial reports or valuations, if any; (iv) the summary plan description currently in effect and all material modifications thereof, if any; and (v) the most recent Internal Revenue Service determination letter, if any. Any such RSI Employee Plans and RSI Benefit Arrangements for which RSI has not so provided such documents after using its reasonable efforts are not in the aggregate material to RSI and its Subsidiaries taken as a whole.

(b) Each RSI Employee Plan and RSI Benefit Arrangement has been established, operated and maintained in all material respects in accordance with its terms and in material compliance with all applicable laws and the rules and regulations thereunder, including, but not limited to, ERISA and the Code. Neither RSI nor any of its Subsidiaries or former Subsidiaries nor any of their respective current or former directors, officers, or employees, nor, to the best knowledge of RSI, any other disqualified person or party-in-interest with respect to any RSI Employee Plan, have engaged directly or indirectly in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, with respect to which RSI or its Subsidiaries could have or has any material liability. All



contributions and other payments required to be made for any period through the date to which this representation speaks to the RSI Employee Plans and RSI Benefit Arrangements (or to any person pursuant to the terms thereof) have been made or paid in a timely fashion, or, to the extent not required to be made or paid on or before the date to which this representation speaks, have been reflected in the RSI's financial statements. Each RSI Employee Plan that is intended to be qualified under Section 401(a) of the Code has, as amended or proposed to be amended to comply with the Tax Reform Act of 1986 and subsequent legislation, been determined by the Internal Revenue Service to be so qualified or an application for such a determination, which was filed before the expiration of the applicable remedial amendment period, is pending, and, to the best knowledge of RSI, no circumstances exist that are reasonably expected by RSI to result in the revocation of any such determination.

(c) With respect to each RSI Employee Plan that is subject to Title IV of ERISA: (i) as of the last applicable annual valuation date, the present value of all benefits under such RSI Employee Plan did not exceed the value of the assets of such RSI Employee Plan allocable to such benefits, on a projected benefits basis, using the actuarial methods, factors and assumptions used for the most recent actuarial report with respect to such RSI Employee Plan; and (ii) there has been no termination, partial termination or "reportable event" (as defined in Section 4043 of ERISA) with respect to any such RSI Employee Plan. No RSI Employee Plan that is subject to Section 412 of the Code has incurred any "accumulated funding deficiency" (as defined in Section 412 of the Code), whether or not waived. No event has occurred, and, to the best knowledge of RSI there do not exist any circumstances, that could subject RSI or any Subsidiary of RSI to any material liability arising under ERISA. With respect to the RSI Employee Plans and RSI Benefit Arrangements, individually and in the aggregate, no event has occurred, and, to the best knowledge of RSI there do not exist any circumstances, that could subject RSI or any Subsidiary of RSI to any material liability arising under the Code or other applicable law, or under any indemnity agreement to which RSI or any Subsidiary of RSI is a party, excluding liabilities for benefit claims, administrative expenses and funding obligations payable in the ordinary course.

(d) No RSI Employee Plan is a "multiple employer plan" described in Section 4063(a) of ERISA, nor has RSI or any ERISA Affiliate of RSI at any time since January 1, 1994, contributed to or been obligated to contribute to such a multiple employer plan. With respect to any "multiemployer plan" as defined in Section 3(37) of ERISA contributed to by RSI or any ERISA Affiliate, to the best knowledge of RSI, after due inquiry, if RSI or any Subsidiary of RSI were to have withdrawn from all such multiemployer plans during 1995, any withdrawal liability that would have been assessed against RSI with respect to such withdrawal would not have an RSI Material Adverse Effect.

(e) Except with respect to an RSI Employee Plan, neither RSI nor any ERISA Affiliate of RSI has any Controlled Group Liability, nor do any circumstances exist that could result in any of them having any Controlled Group Liability.

(f) Neither the execution or delivery of this Agreement, nor the consummation of the transactions contemplated hereby (either alone or together with any additional or subsequent events), constitutes an event under any RSI Employee Plan, RSI Benefit Arrangement, loan to, or individual agreement or contract with, an RSI Employee that may result in any payment (whether of severance pay or otherwise), restriction or limitation upon the assets of any RSI Employee Plan or RSI Benefit Arrangement, acceleration of payment or vesting, increase in benefits or compensation, or required funding, with respect to any RSI Employee, or the forgiveness of any loan or other commitment of any RSI Employees.

(g) There are no actions, suits, arbitrations, inquiries, investigations or other proceedings (other than routine claims for benefits) pending or, to RSI's knowledge, threatened, with respect to any RSI Employee Plan or RSI Benefit Arrangement.

(h) No RSI Employees and no beneficiaries or dependents of RSI Employees are or may become entitled under any RSI Employee Plan or RSI Benefit Arrangement to post-employment or retiree welfare benefits of any kind, including without limitation death or medical benefits, other than coverage mandated by Part 6 of Title I of ERISA or Section 4980B of the Code or other applicable law.

6.10. Labor Matters. There are no agreements with, or pending petitions for recognition of, a labor union or association as the exclusive bargaining agent for any of the employees of RSI or any of its Subsidiaries; no such petitions have been pending at any time within two years of the date of this Agreement and, to the best knowledge of RSI, there has not been any organizing effort by any union or other group seeking to represent any employees of RSI or any of its Subsidiaries as their exclusive bargaining agent at any time within two years of the date of this Agreement. There are no labor strikes, work stoppages or other labor troubles, other than routine grievance matters, now pending, or, to RSI's knowledge, threatened, against RSI or any of its Subsidiaries, nor have there been any such labor strikes, work stoppages or other labor troubles, other than routine grievance matters, with respect to RSI or any of its Subsidiaries at any time within two years of the date of this Agreement.

6.11. Taxes. (a) RSI and its Subsidiaries have timely filed all Tax Returns required to be filed by them, or requests for extensions to file such Tax Returns have been timely filed and granted and have not expired, and all Tax Returns are complete and accurate in all respects, except to the extent that



such failures to file or be complete and accurate in all respects, as applicable, individually or in the aggregate, do not have and would not reasonably be expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect. RSI and each of its Subsidiaries has paid (or RSI has paid on its behalf) or made adequate provision for all taxes shown as due on such Tax Returns. RSI and each of its Subsidiaries have paid or made adequate provision for all taxes required to be paid without the filing of any Tax Return which have become due and payable. The most recent financial statements contained in the RSI SEC Reports reflect adequate reserves for all taxes payable by RSI and its Subsidiaries for all taxable periods and portions thereof accrued through the date of such financial statements, and no deficiencies for any taxes have been proposed, asserted or assessed against RSI or any of its Subsidiaries that are not adequately reserved for, except for inadequately reserved taxes and inadequately reserved deficiencies that, individually or in the aggregate, do not have and would not reasonably be expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect. Neither RSI nor any of its Subsidiaries has any reasonable basis to believe that any such deficiencies exist in excess of such established reserves. The consolidated federal income

tax returns of RSI have been audited by the Internal Revenue Service (or closed by applicable statute of limitations), and all liabilities in respect thereof have been finally determined, for all taxable years up to and including the taxable year ended May 2, 1992. Neither RSI nor any of its Subsidiaries is a party to any pending or has knowledge of any threatened action or proceeding by any taxing authority for the determination, assessment or collection of any taxes of RSI or any of its Subsidiaries or relating to their respective businesses and operations. There are no liens for taxes (other than for current taxes not yet due and payable) on the assets of RSI or its Subsidiaries. No requests for waivers of the time to assess any taxes against RSI or any of its Subsidiaries have been granted or are pending, except for requests with respect to such taxes that have been adequately reserved for in the most recent financial statements contained in the RSI SEC Reports, or, to the extent not adequately reserved, the assessment of which, individually or in the aggregate, do not have and would not reasonably be expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect. Neither RSI nor any of its Subsidiaries is a party to or bound by any agreements providing for the allocation or sharing of taxes. Neither RSI nor any of its Subsidiaries has filed a consent pursuant to or agreed to the application of Section 341(f) of the Code. Each of RSI and its Subsidiaries has disclosed on its federal income tax returns all positions taken therein that could give rise to a substantial understatement of federal income tax within the meaning of Section 6662 of the Code. All taxes that are required by the laws of the United States, any state or political subdivision thereof, or any foreign country to be withheld or collected by RSI or any of its Subsidiaries have been duly withheld or collected and, to the extent required, have been paid to the



proper governmental authorities or properly deposited as required by applicable laws. None of RSI and its Subsidiaries (i) has been a member of an affiliated group filing a consolidated federal income tax return (other than a group the common parent of which was RSI), or (ii) has any liability for the taxes of any Person (other than any of RSI and its Subsidiaries) under Treas. Reg. ss.1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise. Neither RSI nor any of its Subsidiaries will be required, as a result of a change in method of accounting for a taxable year beginning on or before the Closing Date, to include any adjustment under Section 481(a) of the Code in its taxable income for any taxable year beginning after the Closing Date.

(b) The RSI Disclosure Statement sets forth each state in which RSI and its Subsidiaries (i) filed an income or franchise tax return, whether on a consolidated, combined or separate return basis, for the taxable year ended April 29, 1995, and (ii) collected or remitted any sales and/or use taxes as of December 31, 1995.

(c) None of RSI, Merger Sub or any other Subsidiary of RSI has taken or agreed to take any action that would prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

6.12. Intellectual Property. RSI and its Subsidiaries own, or possess valid licenses or other valid rights to use, the Intellectual Property used in RSI's business, except where the failure to own or have the right to use such Intellectual Property, in the aggregate, does not have and would not be reasonably expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect.

6.13. Properties. Except as disclosed or reserved against in the most recent financial statements contained in the RSI SEC Reports, RSI and each of its Subsidiaries have good and marketable title to all of the material properties and assets, tangible or intangible, reflected in such financial statements as being owned by RSI and each of its Subsidiaries as of the dates thereof, free and clear of all Liens. All leased buildings and all leased fixtures, equipment and other property and assets that are material to RSI's business on a consolidated basis are held under leases or subleases that are valid and binding instruments enforceable in accordance with their respective terms, and there is not, under any of such leases, any existing material default or event of default (or event which with notice or lapse of time, or both, would constitute a material default), except where the lack of such validity and binding nature or the existence of such default or event of default does not have and would not reasonably be expected (so far as can be foreseen at the time), to have an RSI Material Adverse Effect.

6.14. Environmental Matters. Except in all cases that, in the aggregate, have not had and would not reasonably be expected (so far as can be foreseen at the time) to have an RSI Material Adverse Effect, RSI and each of its Subsidiaries (i) have obtained all applicable permits, licenses and other authorizations which are required to be obtained under all applicable Environmental Laws, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, or hazardous or toxic materials or wastes into ambient air, surface water, ground water, or land or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants or hazardous or toxic materials or wastes by RSI or its Subsidiaries (or their respective agents); (ii) are in compliance with all terms and conditions of such required permits, licenses and authorization, and also are in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in applicable Environmental Laws; (iii) as of the date hereof, are not aware of nor have received notice of any past or present violations of Environmental Laws, or any event, condition, circumstance, activity, practice, incident, action or plan which is reasonably likely to interfere with or prevent continued compliance with or which would give rise to any common law or statutory liability, or otherwise form the basis of any claim, action, suit or proceeding, against RSI or any of its Subsidiaries based on or resulting from the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge or release into the environment, of any pollutant, contaminant or hazardous or toxic material or waste; and (iv) have taken all actions necessary under applicable Environmental Laws to register any products or materials required to be registered by RSI or its Subsidiaries (or any of their respective agents) thereunder.

6.15. Reports and Financial Statements. RSI has filed all reports required to be filed with the SEC since May 1, 1995 through the date hereof (collectively, the "RSI SEC Reports"), and has previously furnished or made available to the Company true and complete copies of all RSI SEC Reports. None of the RSI SEC Reports, as of their respective dates (as amended through the date hereof), contained any untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the balance sheets (including the related notes) included in the RSI SEC Reports presents fairly, in all material respects, the consolidated financial position of RSI and its Subsidiaries as of the respective dates thereof, and the other related statements (including the related notes) included therein present fairly, in all material respects, the results of operations, the changes in shareholders equity and cash flows of RSI and its Subsidiaries for the respective periods or as of the respective dates set forth therein, all in conformity with generally



accepted accounting principles consistently applied during the periods involved, except as otherwise noted therein and subject, in the case of the unaudited interim financial statements, to normal year-end adjustments and any other adjustments described therein. RSI has provided to the Company true and correct copies of RSI's unaudited consolidated statement of operations and statement of cash flows for the eight months ended, and RSI's consolidated balance sheet as of, December 30, 1995 (the "RSI Unaudited Financial Statements"). Such RSI Unaudited Financial Statements present fairly in all material respects the results of operations and cash flows for the eight months ended, and the financial position of RSI and its Subsidiaries as of, December 30, 1995, all in conformity with generally accepted accounting principles consistently applied during the period involved except as otherwise noted therein and except for the absence of footnote disclosure, and subject to (x) normal year-end adjustments, (y) any adjustments required to reflect a physical inventory for the months of November and December, 1995, and (z) any other adjustments described therein. All of the RSI SEC Reports, as of their respective dates (as amended through the date hereof), complied in all material respects with the requirements of the Exchange Act.

6.16. Absence of Certain Changes or Events. During the period since December 30, 1995, the business of RSI and its Subsidiaries has been conducted only in the ordinary course, consistent with past practice, and neither RSI nor any Subsidiary of RSI has entered into any material transaction other than in the ordinary course, consistent with past practice, and there has not been (a) any change in the business, financial condition, results of operations, properties, assets or liabilities of RSI and its Subsidiaries taken as a whole that, individually or in the aggregate, has or would reasonably be expected to

have (so far as can be foreseen at the time) an RSI Material Adverse Effect, (b) any damage, destruction or loss, (whether or not covered by insurance) with respect to any property or asset of RSI or any of its Subsidiaries which, individually or in the aggregate, has or would reasonably be expected to have (so far as can be foreseen at the time) an RSI Material Adverse Effect, (c) any change by RSI in its accounting methods, principles or practices, other than immaterial changes consistent with generally accepted accounting principles, (d) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of RSI or any of its Subsidiaries, or any redemption, purchase or other acquisition of any of their respective securities, other than regular semi-annual dividends on RSI Common Shares not in excess of $.03 per share and dividends by any Subsidiary of RSI to RSI, (e) except after the date hereof as permitted by Section 7.9(d), any entering into, establishment or amendment of, any RSI Employee Plan or RSI Benefit Arrangement (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards), or any other increase in the compensation payable or to become payable to any officers or key



employees of RSI or any Subsidiary of RSI, except for immaterial severance payments to departing employees consistent with past practice.

6.17. Contracts and Leases. The RSI SEC Reports and the RSI Disclosure Statement contain an accurate and complete listing of all contracts, leases, agreements or understandings, whether written or oral, required to be described in, or filed as exhibits to, the RSI SEC Reports pursuant to the Exchange Act and the applicable rules and regulations thereunder, or which are otherwise material to the business, properties, operations, financial condition of RSI and its Subsidiaries taken as a whole. Each of such contracts, leases, agreements and understandings is in full force and effect and (a) none of RSI or its Subsidiaries or, to RSI's best knowledge, any other party thereto, has breached or is in default thereunder, (b) no event has occurred which, with the passage of time or the giving of notice, would constitute such a breach or default, (c) no claim of default thereunder has, to RSI's best knowledge, been asserted or threatened and (d) none of RSI or its Subsidiaries or, to RSI's best knowledge, any other party thereto is seeking the renegotiation thereof or substitute performance thereunder, except where such breach or default, or attempted renegotiation or substitute performance, individually or in the aggregate, does not have and would not be reasonably expected so far as can be foreseen at the time) to have an RSI Material Adverse Effect. RSI has provided the Company or its representatives with accurate and complete copies of all such contracts, leases, agreements and understandings.

6.18. Affiliated Transactions. The RSI SEC Reports contain an accurate and complete description of all contracts, leases, agreements or understandings, whether written or oral, with or on behalf of any Affiliate of RSI, to which RSI or any of its Subsidiaries is a party or is otherwise bound and which is required to be described in any RSI SEC Report pursuant to the Exchange Act and the applicable rules and regulations thereunder.

6.19. Ownership of Merger Sub; No Prior Activities; Assets of Merger Sub. (a) Merger Sub was formed by RSI solely for the purpose of engaging in the transactions contemplated hereby.

(b) As of the date hereof and the Effective Time, the capital stock of Merger Sub is and will be owned 100% by RSI directly. Further, there are not as of the date hereof and there will not be at the Effective Time any outstanding or authorized options, warrants, calls, rights, commitments or any other agreements of any character which Merger Sub is a party to, or may be bound by, requiring it to issue, transfer, sell, purchase, redeem or acquire any shares of capital stock or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for or acquire, any shares of capital stock of Merger Sub.



(c) As of the date hereof and the Effective Time, except for obligations or liabilities incurred in connection with its incorporation or organization and the transactions contemplated thereby and hereby (including the refinancing of all or any portion of the debt of the Company and its Subsidiaries), Merger Sub has not and will not have incurred, directly or

indirectly through any Subsidiary or Affiliate, any obligations or liabilities or engaged in any business or activities of any type or kind whatsoever or entered into any arrangements or arrangements with any Person.

6.20. Brokers and Finders. Except for the fees and expenses payable to Goldman, Sachs & Co. ("Goldman Sachs") and BA Partners, which fees and expenses will be paid by RSI and are reflected in RSI's respective agreements with each of Goldman Sachs and BA Partners, true and complete copies of which have been furnished to the Company, RSI has not employed any investment banker, broker, finder or intermediary in connection with the transactions contemplated by this Agreement which would be entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with this Agreement or the transactions contemplated hereby.

6.21. S-4 Registration Statement and Proxy Statement/ Prospectus. Neither the S-4 Registration Statement nor the Proxy Statement/Prospectus (including, without limitation, unless otherwise modified in the S-4 Registration Statement, the information contained in the RSI SEC Reports), will (a) in the case of the S-4 Registration Statement, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading or (b) in the case of the Proxy Statement/Prospectus, at the time the stockholders of the Company take action to approve this Agreement and the Merger as contemplated by Section 7.3(a) and at the time of the mailing of the Proxy Statement/Prospectus and at the time of the RSI Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading; provided, however, that RSI makes no representation with respect to information supplied in writing by the Company for inclusion in the S-4 Registration Statement or the Proxy Statement/Prospectus. If at any time prior to the Effective Time any event with respect to RSI, its officers and directors or any of its Subsidiaries shall occur which is required to be described in the Proxy Statement/Prospectus or the S-4 Registration Statement, such event shall be so described, and an amendment or supplement shall be promptly filed with the SEC and, as required by law, disseminated to the stockholders of RSI and such amendment or supplement shall comply with all provisions of applicable law. The S-4 Registration Statement will, at the time it becomes effective, comply as to form in all material respects with the provisions of the Securities Act.



6.22. Tax Matters. The representations set forth in the numbered paragraphs of the form of Tax Matters Certificate of RSI attached to the RSI Disclosure Statement (the "RSI Tax Matters Certificate") are true and correct in all respects, and such representations are hereby incorporated herein by reference with the same effect as if set forth herein in their entirety.

6.23. Company Management Loans. RSI acknowledges that the Company Management Loans shall be forgiven in their entirety immediately prior to the Effective Time, and consents to the forgiveness thereof, provided, that each management employee of the Company subject to a Company Management Loan agrees that, provided RSI complies with Section 7.16 hereof, the shares of Common Stock purchased by management employees with the proceeds of the Company Management Loans (and the RSI Common Shares issuable to such employee upon conversion of such shares of Common Stock in the Merger) will not be sold for a period of one year from the Effective Time or such earlier date on which such individual ceases to be an employee due to resignation, retirement or termination.

6.24. Opinion of Financial Advisor. Goldman Sachs has delivered to the Board of Directors of RSI its written opinion to the effect that, as of the date of this Agreement, the aggregate number of RSI Common Shares to be issued as consideration for the outstanding shares of Common Stock pursuant to this Agreement is fair to RSI.

## ARTICLE VII

## ADDITIONAL COVENANTS AND AGREEMENTS

7.1. Conduct of Business of the Company. Except as contemplated by this Agreement or the Commitment Letter, as set forth in the Company Disclosure Statement or as otherwise permitted by the prior written consent of RSI, during the period from the date of this Agreement to the Effective Time (i) the Company will, and will cause each of its Subsidiaries to, conduct its operations in the ordinary course of business consistent with past practice, and (ii) the Company will not, and will cause each of its Subsidiaries not to, enter into any material transaction other than in the ordinary course of business consistent

with past practice. Without limiting the generality of the foregoing, and except as otherwise permitted in this Agreement or as contemplated in the Commitment Letter, prior to the Effective Time, the Company will not, and will not permit any of its Subsidiaries to, without the prior written consent of RSI (except to the extent set forth in the Company Disclosure Statement):

(a) except for Shares issued upon exercise of Options and Warrants outstanding as of the date hereof and the issuance of Class A or Class B Common Stock, as the case may be, upon the conversion of Class B or Class A Common Stock as required by the Company's Restated Certificate of Incorporation, issue, deliver,



sell, dispose of, pledge or otherwise encumber, or authorize or propose the issuance, sale, disposition or pledge or other encumbrance of (A) any shares of its capital stock of any class (including the Shares), or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for any shares of its capital stock, or any rights, warrants, options, calls, commitments or any other agreements of any character to purchase or acquire any shares of its capital stock or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for, any shares of its capital stock, or (B) any other securities in respect of, in lieu of, or in substitution for, Shares outstanding on the date hereof;

(b) redeem, purchase or otherwise acquire, or propose to redeem, purchase or otherwise acquire, any of its outstanding securities (including the Shares), except for redemption of the Preferred Stock in accordance with the Preferred Stock Redemption Agreements or as otherwise contemplated by Section 7.10;

(c) split, combine, subdivide or reclassify any shares of its capital stock or declare, set aside for payment or pay any dividend, or make any other actual, constructive or deemed distribution in respect of any shares of its capital stock or otherwise make any payments to stockholders in their capacity as such;

(d) (A) other than in the ordinary course of business consistent with past practices, and as approved by the Board of Directors of the Company, (i) grant any increases in the base compensation of any of its directors, officers or key employees, or (ii) pay or agree to pay any material pension, retirement allowance or other employee benefit not required by any of the Employee Plans or Benefit Arrangements as in effect on the date hereof to any such director, officer or key employees, whether past or present, or (B) (i) enter into any new or amend any existing employment or severance agreement with any director, officer or key employee of the Company or any Subsidiary of the Company, except as permitted in the Company Disclosure Statement, or (ii) except as may be required to comply with applicable law, become obligated under any new Employee Plan or Benefit Arrangement which was not in existence on the date hereof, or amend any such Employee Plan or Benefit Arrangement in existence on the date hereof if such amendment would have the effect of accelerating or materially enhancing any benefits thereunder;

(e) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries (other than the Merger);

(f) other than as disclosed in the Company's current capital budget, make any acquisition or disposition, by means of merger, consolidation or otherwise, of any material assets (other



than sales of inventory in the ordinary course of business, and the disposition of obsolete assets or assets no longer used in the business) or other business enterprise or operation;

(g) adopt any amendments to its Restated Certificate of Incorporation or Bylaws or alter through merger, liquidation, reorganization, restructuring or in any other fashion the corporate structure or ownership of any Subsidiary;

(h) other than (i) borrowings under existing credit facilities, (ii) other borrowings in the ordinary course in the aggregate at any time outstanding

up to $10 million after the date hereof, (iii) borrowings in connection with the redemption of Preferred Stock to the extent permitted by Section 7.10 hereof, and (iv) borrowings of up to $35 million to be used for construction of a new operating facility for Biggers Brothers, Inc., incur any indebtedness for borrowed money or guarantee any such indebtedness or, except in the ordinary course consistent with past practice, make any loans, advances or capital contributions to, or investments in, any other Person (other than to the Company or any Wholly-Owned Subsidiary of the Company);

(i) enter into any agreement providing for acceleration of payment of any material obligation or performance of any material benefit or payment or other consequence as a result of a change of control of the Company or its Subsidiaries;

(j) except as disclosed in the Company's current capital budget, a true and complete copy of which has been delivered to RSI, enter into any contract, arrangement or understanding requiring the lease or purchase of equipment, materials, supplies or services over a period greater than 12 months, which is not cancelable without penalty on 30 days' or less notice;

(k) take any actions, which would, or would be reasonably likely to, adversely affect the qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Code, and the Company shall use all reasonable efforts to achieve such result; or

(l) enter into any contract, agreement, commitment or arrangement to do any of the foregoing.

7.2. Other Transactions. From the date hereof until the Effective Time, neither the Company nor any of its Subsidiaries, employees, officers, agents or representatives, shall, directly or indirectly (a) solicit or initiate any inquiry, proposal or offer from any Person relating to any acquisition or purchase of all or a material amount of the assets of, or any securities of, or any merger, consolidation or business combination with, the Company or any Subsidiary (any such inquiry, proposal or offer being hereinafter referred to as a "Company Alternative Proposal"), or (b)(i) participate in any negotiations with respect to a Company Alternative Proposal, (ii) furnish to any



other Person any confidential information with respect to the Company or its business, or (iii) otherwise cooperate in any way with, or assist or participate in, or facilitate any Company Alternative Proposal. The Company shall promptly notify RSI if any Company Alternative Proposal is made.

7.3. Stockholder Votes. (a) As soon as practicable, and in any case within ten Business Days after RSI has delivered to the Company copies of the Proxy Statement/Prospectus in the form mailed to RSI stockholders and copies of the RSI SEC Reports incorporated by reference into the Proxy Statement/Prospectus, the Company will cause to be taken all stockholder action necessary in accordance with applicable law, the Company's Restated Certificate of Incorporation and Bylaws, the Stockholders Agreement and the DGCL to approve this Agreement and the Merger. If such action is taken by less than unanimous written consent of the stockholders of the Company, the Company will deliver prompt notice of the taking of such action to all stockholders of the Company who did not consent to such action, in accordance with DGCL Section 228. The Board of Directors of the Company will recommend and declare advisable such approval. Pursuant to the ML Agreement, each of the ML Entities have agreed to vote all Shares owned by them or which they have the right to vote in support and in favor of approval of the Merger and this Agreement, which vote the Company represents and warrants shall be sufficient to obtain the requisite approval of the Merger and this Agreement. The Company shall promptly provide to RSI copies of all notices, letters and other materials delivered to the stockholders of the Company (other than the Proxy Statement/Prospectus and the RSI SEC Reports incorporated therein by reference) in connection with such stockholder action, and will keep RSI apprised of the status of such stockholder action.

(b) As soon as practicable after the effectiveness of the S-4 Registration Statement, and following an appropriate notice period in accordance with applicable law, RSI's Restated Certificate of Incorporation or RSI's Bylaws, RSI will take all action necessary in accordance with applicable law and its Restated Certificate of Incorporation and Bylaws to convene a meeting of its stockholders (the "RSI Stockholders Meeting") to consider and vote upon the approval of the issuance of the RSI Common Shares in connection with the Merger. The Board of Directors of RSI shall recommend and declare advisable such approval and RSI shall take all lawful action to solicit, and use all reasonable efforts to obtain, such approval. RSI, as the sole stockholder of Merger Sub, has consented to the adoption of this Agreement by Merger Sub and agrees that

such consent shall be treated for all purposes as a vote duly adopted at a meeting of the stockholders of Merger Sub held for this purpose.

7.4. Registration Statement. RSI and the Company shall cooperate and promptly prepare and RSI shall file with the SEC as soon as practicable a Registration Statement on Form S-4 under the Securities Act with respect to the RSI Common Stock issuable



in the Merger (the "S-4 Registration Statement"), a portion of which Registration Statement shall also serve as the proxy statement with respect to the RSI Stockholder Meeting (such proxy statement/prospectus, together with any amendments thereof or supplements thereto, in each case in the form or forms mailed to stockholders, is herein called the "Proxy Statement/Prospectus"). RSI will cause the Proxy Statement/Prospectus and the S-4 Registration Statement to comply as to form in all material respects with the applicable provisions of the Securities Act, the Exchange Act and the rules and regulations thereunder. RSI shall use all reasonable efforts, and the Company will cooperate with RSI, to have the S-4 Registration Statement declared effective by the SEC as promptly as practicable and to keep the S-4 Registration Statement effective as long as is necessary to consummate the Merger. RSI shall, as promptly as practicable, provide the Company copies of any written, and will inform the Company of any oral, comments on the S-4 Registration Statement received from the SEC. RSI shall use its best efforts to obtain, prior to the effective date of the S-4 Registration Statement, all necessary state securities law or "Blue Sky" permits or approvals required to carry out the transactions contemplated by this Agreement and will pay all expenses incident thereto. RSI agrees that the Proxy Statement/Prospectus and each amendment or supplement thereto at the time of mailing thereof and at the time of the RSI Stockholders Meeting, or, in the case of the S-4 Registration Statement, at the time it becomes effective, as it may be amended or supplemented, will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the foregoing shall not apply to the extent that any such untrue statement of a material fact or omission to state a material fact was made by RSI in reliance upon and in conformity with written information concerning the Company furnished to RSI by the Company for inclusion in the Proxy Statement/Prospectus and the S-4 Registration Statement, as it may be amended or supplemented. The Company agrees that the written information concerning the Company, its Subsidiaries, and its officers and directors provided by it for inclusion in the Proxy Statement/Prospectus and each amendment or supplement thereto, at the time of mailing thereof and at the time of the RSI Stockholders Meeting, or, in the case of written information concerning the Company provided by the Company for inclusion in the S-4 Registration Statement or any amendment or supplement thereto, at the time it is filed or becomes effective, will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No amendment or supplement to the Proxy Statement/Prospectus that amends or supplements information relating to the Company will be made by RSI without the approval of the Company, such approval not to be unreasonably withheld. RSI will advise the Company, promptly after it receives notice



thereof, of the time when the S-4 Registration Statement has become effective or any supplement or amendment has been filed, the issuance of any stop order, the suspension of a qualification of the RSI Common Shares issuable in connection with the Merger for offering or sale in any jurisdiction, or any written request by the SEC for amendment of the Proxy Statement/Prospectus or the S-4 Registration Statement or for additional information. As soon as practicable after the S-4 Registration Statement has become effective, RSI will provide the Company with sufficient copies of the Proxy Statement/Prospectus in the form mailed to RSI stockholders, as well as sufficient copies of the RSI SEC Reports incorporated by reference into the Proxy Statement/Prospectus, to enable the Company to deliver a copy to each stockholder of record of the Company.

7.5. Reasonable Efforts. The Company and RSI shall and shall use reasonable best efforts to cause their respective Subsidiaries to: (i) promptly make all filings and seek to obtain all Authorizations required under all applicable laws with respect to the Merger and the other transactions

contemplated hereby and will cooperate with each other with respect thereto; and (ii) promptly take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or appropriate to satisfy the conditions set forth in Article VIII and to consummate and make effective the transactions contemplated by this Agreement on the terms and conditions set forth herein as soon as practicable (including, without limitation, using their respective reasonable best efforts to avoid the entry of (or, if entered, to have lifted, vacated or reversed) any order, decree, judgment or ruling of any court or Governmental Body restraining or preventing the consummation of the transactions contemplated by this Agreement on the basis of any federal or state antitrust laws or regulations; provided, however, that in connection with any filing or submission required or action to be taken by either the Company or RSI or any of their Subsidiaries to effect the Merger and to consummate the other transactions contemplated hereby, (A) neither the Company nor any of its Subsidiaries shall, without RSI's prior written consent, commit to any divestiture or hold separate or similar transaction and (B) neither RSI nor any of its Subsidiaries shall be required to divest or hold separate or otherwise take or commit to take any action, in each case, that materially limits its freedom of action with respect to, or its ability to retain, the Company or any of its Subsidiaries or any material portion of the assets of the Company and its Subsidiaries or any existing (as of the date hereof) and material business, product line or asset of RSI or any of its Subsidiaries.

7.6. Access to Information; Confidentiality. (a) Upon reasonable notice, each of the Company and RSI shall (and shall cause each of its Subsidiaries to) afford to officers, employees, counsel, accountants and other authorized representatives of the other party ("Respective Representatives") access, during normal



business hours throughout the period prior to the Effective Time, to its properties, books and records (including, without limitation, the work papers of independent accountants) and, during such period, shall (and shall cause each of its Subsidiaries to) furnish promptly to such Respective Representatives all information concerning its business, properties and personnel as may reasonably be requested, provided that no investigation pursuant to this Section 7.6 shall affect or be deemed to modify any of the respective representations or warranties made by RSI or the Company.

(b) All confidential information obtained by the Company respecting RSI and its Subsidiaries pursuant to this Section 7.6 or prior to the date hereof shall be kept confidential in accordance with the Confidentiality Agreement dated as of November 20, 1995 between RSI and the Company.

(c) All confidential information respecting the Company and its Subsidiaries obtained by RSI pursuant to this Section 7.6 or prior to the date hereof shall be kept confidential in accordance with the Confidentiality Agreement dated as of December 11, 1995 between the Company and RSI.

7.7. Listing of RSI Common Shares. RSI will use its reasonable best efforts to cause the RSI Common Shares to be issued pursuant to this Agreement, and upon exercise of Assumed Options and Assumed Warrants, to be listed for trading on the NYSE.

7.8. Rule 145 Affiliates. The Company shall use reasonable efforts to cause each party (other than RSI and the ML Entities) to the Registration Rights Agreement (the "Rule 145 Affiliates") or who may otherwise be deemed to be an Affiliate of the Company to deliver to RSI on or prior to the Effective Time, a written agreement, in the form attached as Exhibit A hereto, providing, inter alia, that such Rule 145 Affiliate will not sell, pledge, transfer or otherwise dispose of any shares of RSI Common Shares issued to such Rule 145 Affiliate pursuant to the Merger, except pursuant to an effective registration statement or in compliance with Rule 145 or an exemption from the registration requirements of the Securities Act ("Affiliate Letter"). Concurrently with the execution of this Agreement, each of the ML Entities have agreed to execute such Affiliate Letters.

7.9. Conduct of Business of RSI. Except as contemplated by this Agreement or the Commitment Letter, as set forth in the RSI Disclosure Statement or as otherwise permitted by the prior written consent of the Company, during the period from the date of this Agreement to the Effective Time, (i) RSI will, and will cause each of its Subsidiaries to, conduct its operations in the ordinary course of business consistent with past practice, and (ii) RSI will not, and will cause each of its Subsidiaries not to, enter into any material transaction other than in the ordinary course of business consistent with past practice.

Without limiting the generality of the foregoing, and except as otherwise permitted in this Agreement or as contemplated by the Commitment Letter, prior to the Effective Time, RSI will not, and will not permit any of its Subsidiaries to, without the prior written consent of the Company (except to the extent set forth in the RSI Disclosure Statement):

(a) issue, deliver, sell, dispose of, pledge or otherwise encumber, or authorize or propose the issuance, sale, disposition or pledge or other encumbrance of (A) any shares of its capital stock of any class, or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for any shares of its capital stock, or any rights, warrants, options, calls, commitments or any other agreements of any character to purchase or acquire any shares of its capital stock or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for, any shares of its capital stock, or (B) any other securities in respect of, in lieu of, or in substitution for, shares of capital stock outstanding on the date hereof;

(b) redeem, purchase or otherwise acquire, or propose to redeem, purchase or otherwise acquire, any of its outstanding securities;

(c) split, combine, subdivide or reclassify any shares of its capital stock or declare, set aside for payment or pay any dividend (other than normal cash dividends in the ordinary course, but not in an amount to exceed $.03 per share semi-annually, and other than dividends of Subsidiaries of RSI to RSI), or make any other actual, constructive or deemed distribution in respect of any shares of its capital stock or otherwise make any payments to stockholders in their capacity as such;

(d) (A) other than in the ordinary course of business consistent with past practices and as approved by the Board of Directors of RSI, (i) grant any increases in the base compensation of any of its directors, officers or key employees, or (ii) pay or agree to pay any material pension, retirement allowance or other employee benefit not required by any of the RSI Employee Plans or RSI Benefit Arrangements as in effect on the date hereof to any such director, officer or key employees, whether past or present, or (B) (i) enter into any new or amend any existing employment or severance agreement with any such director, officer or key employee, except as contemplated by Section 7.17 or as permitted in the RSI Disclosure Statement, or (ii) except as may be required to comply with applicable law, become obligated under any new RSI Employee Plan or RSI Benefit Arrangement which was not in existence on the date hereof, or amend any such RSI Employee Plan or RSI Benefit Arrangement in existence on the date hereof if such amendment would have the effect of accelerating or materially enhancing any benefits thereunder;



(e) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of RSI or any of its Subsidiaries (other than the Merger);

(f) other than as disclosed in RSI's current capital budget, make, engage in negotiations with any third party respecting, or directly or indirectly solicit or initiate any inquiry, proposal or offer respecting, the acquisition or disposition, by means of merger, consolidation, business combination or otherwise, all or a material amount of assets of, or any securities of, RSI or any Subsidiary thereof (other than sales of inventory in the ordinary course of business, the disposition of obsolete assets or assets no longer used in the business or the sale of U.S. Lace Paperworks); provided, however, that nothing contained in this Section 7.9(f) shall require the Board of Directors of RSI to act or refrain from acting in connection with taking and disclosing to RSI's stockholders a position contemplated by Rules 14d-9 and 14e-2 under the Exchange Act;

(g) adopt any amendments to its Restated Certificate of Incorporation or Bylaws (except for Bylaw amendments which are required in connection with the performance by RSI of its obligations hereunder or under any other agreement contemplated hereunder) or alter through merger, liquidation, reorganization, restructuring or in any other fashion the corporate structure or ownership of any Subsidiary;

(h) other than (i) borrowings under existing credit facilities, (ii) other borrowings in the ordinary course in the aggregate at any time outstanding up to $10 million after the date hereof, incur any indebtedness for borrowed money or guarantee any such indebtedness or, except in the ordinary course consistent with past practice, make any loans, advances or capital contributions to, or investments in, any other Person (other than to RSI or any Wholly-Owned Subsidiary of RSI);

(i) except in connection with modifications to RSI's Change in Control Agreements as contemplated by Section 7.17 or otherwise on terms no more favorable than contemplated by Section 7.17 for those executives not named in such Section, enter into any agreement providing for acceleration of payment of any material obligation or performance of any material benefit or obligation or other consequence as a result of a change of control of RSI or its Subsidiaries;

(j) except as disclosed in RSI's current budget, a true and complete copy of which has been delivered to the Company, enter into any contract, arrangement or understanding requiring the lease or purchase of equipment, materials, supplies or services over a period greater than 12 months, which is not cancelable without penalty on thirty (30) days or less notice;



(k) take any actions, which would, or would be reasonably likely to, adversely affect the qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Code, and RSI shall use all reasonable efforts to achieve such result; or

(l) enter into any contract, agreement, commitment or arrangement to do any of the foregoing.

7.10. Preferred Stock Redemption; Withdrawal of S-1 Registration Statement; USDA Matter. (a) The Company shall use its best efforts prior to February 16, 1996 (i) to obtain an amendment to the Redemption Agreement dated as of September 26, 1995 between Sara Lee Corporation ("Sara Lee") and the Company, as amended by the Amendment to Redemption Agreement dated November 20, 1995 (the "Sara Lee Redemption Agreement") to (x) extend the termination date set forth in Section 7.1(b) thereof to at least the earlier of the Closing or July 31, 1996 ("Sara Lee Amendment"), and (y) acknowledge and agree that RSI or Merger Sub shall be entitled to purchase the 10% Preferred Stock upon payment of the purchase price therefor as set forth in the Sara Lee Redemption Agreement and Sara Lee Amendment, and (ii) negotiate and arrange committed bank loan financing (and any necessary consents) to enable the Company to fund prior to March 15, 1996 the full purchase price for the purchase of the 10% Preferred Stock as set forth in Section 1.2 of the Sara Lee Redemption Agreement ("Sara Lee Bridge Financing"). "Best efforts" shall not require the Company to make or agree to make any material payments to, or to be bound by any material commitment with respect to, Sara Lee. If by February 16, 1996, the Company shall not have obtained either the Sara Lee Amendment or Sara Lee Bridge Financing on terms and conditions reasonably acceptable to RSI, RSI shall be entitled to arrange for the Sara Lee Bridge Financing with such Persons and on such terms as RSI may negotiate and which are as a whole more favorable to the Company than the Sara Lee Bridge Financing and which are reasonably acceptable to the Company ("Alternative Sara Lee Bridge Financing") on the Company's behalf.

(b) If by March 10, 1996 the Company shall not have obtained the Sara Lee Amendment, the Company shall execute and deliver such documents and perform such acts as may be necessary to effect the Sara Lee Bridge Financing or the Alternative Sara Lee Bridge Financing ("Bridge Financing") and shall effect the purchase of the 10% Preferred Stock in accordance with the terms of the Sara Lee Redemption Agreement. The Company shall have complied with its obligations under subsections (a) and (b) of this Section 7.10 if by March 15, 1996 it shall have either (a) obtained the Sara Lee Amendment, or (b) redeemed the 10% Preferred Stock in accordance with the Sara Lee Redemption Agreement.

(c) Except as expressly provided by this Section 7.10, the Company shall not amend any of the Preferred Stock Redemption



Agreements or redeem the Preferred Stock prior to the earlier of the Closing

Date or July 31, 1996 without the prior written consent of RSI.

(d) If prior to March 15, 1996 the Company shall not have obtained the Sara Lee Amendment or effected the Bridge Financing and purchased the 10% Preferred Stock, at the Closing (i) the 10% Preferred Stock shall be redeemed in accordance with Article Fourth, Paragraph (B)(2)(4) of the Company's Restated Certificate of Incorporation ("Company Charter"), and (ii) the Exchangeable Preferred Stock shall be acquired by RSI or Merger Sub for a price equal to the price payable upon redemption by the Company in accordance with Article Fourth, Paragraph (B)(3)(5) of the Company Charter; provided, however, that in no event shall the redemption amount or the price payable for such Preferred Stock exceed the amounts set forth on Schedule 7.10. Nothing set forth in this Section 7.10(d) shall be deemed to have had a Company Material Adverse Effect.

(e) Any redemption of Preferred Stock after March 15, 1996 pursuant to this Agreement shall be deemed to occur immediately prior to the Effective Time.

(f) In the event that the Preferred Stock is redeemed on the Closing Date and in connection with the consummation of the transactions contemplated by this Agreement, RSI and the Company agree that RSI shall make, on behalf of the Company, all the required payments under the Preferred Stock Redemption Agreements directly to the respective holders of the Preferred Stock.

(g) No later than one Business Day after the date of this Agreement, the Company shall request the withdrawal of the S-1 Registration Statement from the SEC in accordance with the Securities Act.

(h) The Company shall keep RSI apprised of the status of, and new developments concerning, the USDA matter referred to in the S-1 Registration Statement, including, without limitation, promptly providing copies of all notices, orders, proposals or other material correspondence to or from the USDA regarding such matter and promptly providing RSI with prior notice of, and a reasonable opportunity to comment on, any proposed settlement of such matter.

7.11. Commitment Letter. RSI and the Company shall use their respective reasonable best efforts to consummate the transactions set forth in the commitment letter dated February 2, 1996 from Bank of America National Trust and Savings Association, BA Securities, Inc., The Chase Manhattan Bank, N.A., and Chase Securities, Inc. to RSI and the Company (the "Commitment Letter") which has been executed and delivered by RSI and which, to the best knowledge of each of RSI and the Company, remains in full force and effect.



7.12. Publicity. The initial press release relating to this Agreement shall be a joint press release and thereafter the Company and RSI shall, subject to their respective legal obligations, consult with each other, and use reasonable efforts to agree upon the text of any press release, before issuing any such press release or otherwise making public statements with respect to the transactions contemplated hereby and in making any filings with any federal or state governmental or regulatory agency or with any national securities exchange with respect to the transactions contemplated hereby.

7.13. Director and Officer Indemnification. (a) Subject to the receipt by RSI of a waiver and release by the ML Entities, in the form attached to the ML Agreement, and by any officer or director of the Company who is also a stockholder of the Company, in substantially the same form, of any claims against present or former directors and officers of the Company arising from or pertaining to acts or omissions, or alleged acts or omissions, occurring prior to the Effective Time, from and after the Effective Time, RSI will, and will cause the Surviving Corporation to, indemnify and hold harmless each person who is now, or has been at any time prior to the date hereof, an officer or director of the Company (individually, an "Indemnified Party", and collectively, the "Indemnified Parties") with respect to acts or omissions occurring prior to the Effective Time to the extent required by Article VIII of the Company's By-Laws as filed as Exhibit 3.12 to the S-1 Registration Statement.

(b) After the Effective Time, RSI shall cause the directors and officers of the Surviving Corporation and its Subsidiaries to be covered by directors' and officers' liability insurance maintained by RSI on terms and conditions no less favorable to such directors and officers as are applicable to similarly situated directors and officers of Subsidiaries of RSI; provided that such insurance shall not include coverage for any acts or omissions occurring prior to the Effective Time.

7.14. Conveyance Taxes. RSI and the Company will cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding any real property transfer or gains, sales, use,

transfer, value added, stock transfer and stamp taxes, any transfer, recording, registration and other fees and any similar taxes which become payable in connection with the transactions contemplated by this Agreement that are required or permitted to be filed on or before the Effective Time and each party will pay any such tax or fee which becomes payable by it on or before the Effective Time. RSI agrees to assume liability for and hold stockholders of the Company harmless against liability for real property transfer or gain tax imposed on such stockholders by the State of New York as a result of the Merger.

7.15. Parachute Payments. With respect to any "payments" required to be made by the Company to "disqualified persons"



pursuant to any employment, severance, supplemental retirement, stock option or loan agreement or in connection with the cancellation thereof which may constitute a "parachute payment" with respect to the transactions contemplated by this Agreement (as such terms are defined by Section 280G of the Code), the Company shall (i) in consultation with RSI, obtain stockholder approval of such payments in accordance with Section 280G (b)(5)(B) of the Code and the regulations (including any proposed or temporary regulations) thereunder and (ii) at least 15 days prior to the Closing Date, provide evidence satisfactory to RSI that such approval has been obtained.

7.16. RSI Loans. After the Effective Time, RSI shall extend loans to those management employees of the Company for whom Company Management Loans were forgiven at the Effective Time and whose RSI Common Shares are subject to restriction as provided in Section 6.23, in an amount sufficient to cover the federal and state income tax due from such management employees as a result of such forgiveness. Such loans shall be made pursuant to terms and documentation reasonably satisfactory to RSI, shall bear interest at a rate not less than that prescribed by Section 7872 of the Code and shall be due and payable in full ninety days after the expiration of the restrictions on the RSI Common Shares referred to in Section 6.23 (whether such expiration occurs because of the passage of one year from the Effective Time or because of the resignation, retirement or termination of such employee).

7.17. RSI Change in Control Arrangements. Pursuant to Amended and Restated Change in Control Agreements in the form of Schedule 7.17 hereto, RSI has taken such action as may be necessary so that the consummation of the transactions contemplated by this Agreement does not result in a "Change in Control", as such term is defined in individual agreements with Messrs. Van Stekelenburg, Harter, Martin, Feather and Giuliani, subject to the satisfaction of the terms of such Amended and Restated Change in Control Agreements.

## ARTICLE VIII

## CONDITIONS

8.1. Conditions to Each Party's Obligations. The respective obligations of each party to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Effective Time of each of the following conditions, any or all of which may be waived in whole or in part by the party being benefitted thereby, to the extent permitted by applicable law:

(a) Stockholder Approval. This Agreement and the transactions contemplated hereby shall have been duly approved by the requisite holders of Shares in accordance with applicable law, the Restated Certificate of Incorporation and Bylaws of the



Company, and the Stockholders Agreement; and the issuance of RSI Common Shares in connection with the Merger shall have been duly approved by the requisite holders of RSI Common Shares in accordance with the rules of the NYSE.

(b) Government Consents, Etc. Except for the filing of a certificate of merger in accordance with the DGCL, all Authorizations required in connection with the execution and delivery of this Agreement and the performance of the obligations hereunder shall have been made or obtained, except where the failure to have made or obtained any such Authorizations would not have a material adverse effect on the business, properties, operations or financial condition of RSI and its Subsidiaries (including the Surviving Corporation) following the

Effective Time.

(c) No Injunction. There shall not be in effect any judgment, writ, order, injunction or decree of any court of Governmental Body of competent jurisdiction, restraining, enjoining or otherwise preventing consummation of the transactions contemplated by this Agreement.

(d) Registration Statement. The S-4 Registration Statement shall have been declared effective by the SEC under the Securities Act and shall be effective at the Effective Time, and no stop order suspending effectiveness shall have been issued, no action, suit, proceeding or investigation by the SEC to suspend the effectiveness thereof shall have been initiated and be continuing, and all necessary approvals under state securities laws or the Securities Act or Exchange Act relating to the issuance or trading of the RSI Common Shares to be issued in the Merger shall have been received.

(e) Listing of RSI Common Shares on NYSE. The RSI Common Shares required to be issued hereunder (including upon exercise of Options and Warrants as provided in Section 4.1(e)) shall have been approved for listing on the NYSE, subject only to official notice of issuance.

(f) Financing. All conditions precedent to the closing of the financing described to in the Commitment Letter shall have been satisfied, and the transactions contemplated by such commitment letter shall have been consummated.

(g) Redemption of Preferred Stock. (i) All shares of Exchangeable Preferred Stock shall have been purchased by RSI or Merger Sub pursuant to the Redemption Agreement dated as of September 8, 1995 among ML IBK Positions, Inc., Merchant Banking L.P. No. IV and the Company, as amended as of December 29, 1995 and February 2, 1996 or otherwise in accordance with the terms of Section 7.10; and (ii) all shares of 10% Preferred Stock shall have been redeemed in accordance with the terms and conditions set forth in the Sara Lee Redemption Agreement or otherwise in accordance with the terms of Section 7.10, or redeemed by the



Company or purchased by RSI or Merger Sub pursuant to the Sara Lee Amendment.

(h) Tax Opinion. The Company shall have received an opinion of Morgan, Lewis & Bockius LLP, dated the Closing Date, in substantially the form attached hereto as Exhibit E-1, to the effect that the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. In rendering such opinion, Morgan, Lewis & Bockius LLP may receive and rely upon the representations of certain stockholders of the Company contained in the Tax Agreement and representations contained in certificates of the Company, stockholders of the Company, RSI, Merger Sub and others, including without limitation the Company Tax Matters Certificate and the RSI Tax Matters Certificate.

(i) Tax Opinions. RSI shall have received an opinion of Jones, Day, Reavis & Pogue (addressed to RSI) in substantially the form attached hereto as Exhibit E-2, dated the Closing Date, to the effect that the Merger should be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. RSI shall have received an opinion of Shearman & Sterling (addressed to the ML Entities) in substantially the form attached hereto as Exhibit E-3, dated the Closing Date, to the effect that the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. In rendering such opinions, Jones, Day, Reavis & Pogue and Shearman & Sterling may receive and rely upon the representations of certain stockholders of the Company contained in the Tax Agreement and representations contained in certificates of the Company, stockholders of the Company, RSI, Merger Sub and others, including without limitation the Company Tax Matters Certificate and the RSI Tax Matters Certificate.

8.2. Conditions to Obligations of RSI and Merger Sub. The respective obligations of RSI and Merger Sub to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Effective Time of each of the following conditions, any or all of which may be waived in whole or part by RSI and Merger Sub, as the case may be, to the extent permitted by applicable law:

(a) Representations and Warranties True. (i) The representations and warranties of the Company contained in Article V or otherwise required hereby to be made after the date hereof in a writing expressly referred to herein by or on behalf of the Company pursuant to this Agreement shall have been true in all material respects when made and at the time of the Closing with the same effect as though such representations and warranties had been made at such time, except

(x) for changes specifically permitted by this Agreement or resulting from the consummation of the transactions contemplated hereby, and (y) that those representations and warranties which address



matters only as of a particular date shall remain true and correct in all material respects as of such date, and (ii) the representations and warranties of each of the ML Entities contained in the ML Agreement or otherwise required hereby or thereby to be made by any ML Entity after the date hereof in a writing expressly referred to herein or in the ML Agreement by or on behalf of any ML Entity pursuant to this Agreement or the ML Agreement shall have been true in all material respects when made and at the time of the Closing with the same effect as though such representations and warranties had been made at such time, except for changes specifically permitted by this Agreement or the ML Agreement or resulting from the consummation of the transactions contemplated hereby or by the ML Agreement.

(b) Performance. (i) The Company shall have performed or complied in all material respects with all agreements and conditions contained herein required to be performed or complied with by it prior to or at the time of the Closing, and (ii) each ML Entity shall have performed or complied in all material respects with all agreements and conditions contained in the ML Agreement required to be performed or complied with by it prior to or at the time of the Closing.

(c) Compliance Certificate. (i) The Company shall have delivered to RSI a certificate, dated the date of the Closing, signed by the President or any Vice President of the Company, certifying as to the fulfillment of the conditions specified in Section 8.2(a)(i) and (b)(i) and (ii) each ML Entity shall have delivered to RSI a certificate, dated the date of the Closing, signed by a duly authorized representative of such ML Entity, certifying as to the fulfillment of the conditions specified in Section 8.2(a)(ii) and (b)(ii).

(d) Opinion of Counsel for the Company. RSI shall have received from Morgan, Lewis & Bockius LLP and/or other counsel for the Company satisfactory to RSI an opinion, dated the Closing Date, covering the items specified in Exhibit B attached hereto.

(e) Standstill Agreement. RSI shall have received the Standstill Agreement executed by each ML Entity, together with the opinion of Shearman & Sterling or other counsel for the ML Entities satisfactory to RSI, dated the Closing Date, covering the items specified in Exhibit E attached to the ML Agreement.

(f) Fairness Opinion. The opinion of Goldman Sachs dated the date of this Agreement shall not have been withdrawn, or materially modified or amended, on or prior to the date of the Proxy Statement/Prospectus.

(g) Stockholders Agreement. The Stockholders Agreement shall have been terminated and be of no further force and effect.

(h) Tax Agreement. RSI shall have received a Tax Agreement executed by each ML Entity and the other parties thereto.



(i) Legal Proceedings. With respect to any action, suit, arbitration or other proceeding pending against the Company or any Subsidiary thereof as of the date of this Agreement where the amount in controversy exceeds $10.0 million ("Covered Company Proceeding"), (i) a final non-appealable judgment or award shall have been entered in such Covered Company Proceeding, or a binding settlement agreement of such Covered Company Proceeding shall have been executed and delivered, providing in each such case for (A) a judgment or award in favor of the Company or such Subsidiary, or (B) payment by the Company or such Subsidiary of, or the imposition of fines or other remedies against the Company or such Subsidiary involving, an amount (I) not in excess of the range specified in any letter or opinion of the Company's counsel in such Covered Company Proceeding to the Company's auditors during the 12 months preceding the date of this Agreement ("Previous Company Auditor's Letter") or (II) if such amount is in excess of such range, the payment of such amount does not have, or would not

reasonably be expected to have (so far as can be foreseen at the time), a Company Material Adverse Effect, or (ii) if such Covered Company Proceeding has not been finally resolved, (x) the Company shall have received an update ("Company Update Letter") to the Previous Company Auditor's Letter which specifies a range above which an award or judgment is not favored by the balance of probabilities, and (y) (A) such range shall not exceed that specified in the Previous Company Auditor's Letter, or (B) if such range as set forth in the Company Update Letter exceeds the range set forth in the Previous Company Auditor's Letter, an award or judgment in such range would not have, or would not reasonably be expected to have so far as can be foreseen at the time, a Company Material Adverse Effect.

8.3. Conditions to Obligations of the Company. The obligations of the Company to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Effective Time of each of the following conditions, any or all of which may be waived in whole or in part by the Company to the extent permitted by applicable law:

(a) Representations and Warranties True. The representations and warranties of RSI and Merger Sub contained in Article VI or otherwise required hereby to be made after the date hereof in a writing expressly referred to herein by or on behalf of RSI and Merger Sub pursuant to this Agreement shall have been true in all material respects when made and at the time of the Closing with the same effect as though such representations and warranties had been made at such time, except (i) for changes specifically permitted by this Agreement or resulting from the consummation of the transactions contemplated hereby and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct in all material respects as of such date.

(b) Performance. RSI and Merger Sub shall have performed or complied in all material respects with all agreements and



conditions contained herein required to be performed or complied with by them prior to or at the time of the Closing.

(c) Compliance Certificate. RSI shall have delivered to the Company a certificate, dated the date of the Closing, signed by the President or any Vice President of RSI, certifying as to the fulfillment of the conditions specified in Section 8.3(a) and (b).

(d) Opinions of Counsel for RSI. The Company shall have received from Jones, Day, Reavis & Pogue and Maslon Edelman Borman & Brand, or other counsel for RSI satisfactory to the Company, opinions, dated the Closing Date, covering the items specified in Exhibit C attached to this Agreement.

(e) Registration Rights Agreement. The Registration Rights Agreement, duly executed by RSI, shall have been received by the other parties thereto.

(f) Employment Agreements. The individuals listed on the employment agreements included as Exhibit D hereto shall have received executed employment agreements from RSI in the respective forms of such exhibit.

(g) Legal Proceedings. With respect to any action, suit, arbitration or other proceeding pending against RSI or any Subsidiary thereof as of the date of this Agreement where the amount in controversy exceeds $10.0 million ("Covered RSI Proceeding"), (i) a final non-appealable judgment or award shall have been entered in such Covered RSI Proceeding, or a binding settlement agreement of such Covered RSI Proceeding shall have been executed and delivered, providing in each such case for (A) a judgment or award in favor of RSI or such Subsidiary, or (B) payment by RSI or such Subsidiary of, or the imposition of fines or other remedies against RSI or such Subsidiary involving, an amount (I) not in excess of the range specified in any letter or opinion of RSI's counsel in such Covered RSI Proceeding to RSI's auditors during the 12 months preceding the date of this Agreement ("Previous RSI Auditor's Letter") or (II) if such amount is in excess of such range, the payment of such amount does not have, or would not reasonably be expected to have (so far as can be foreseen at the time), an RSI Material Adverse Effect, or (ii) if such Covered RSI Proceeding has not been finally resolved, (x) RSI shall have received an update ("RSI Update Letter") to the Previous RSI Auditor's Letter which specifies a range above which an award or judgment is not favored by the balance of probabilities, and (y) (A) such range shall not exceed that specified in the Previous RSI Auditor's Letter, or (B) if such range as set forth in the RSI Update Letter exceeds the range set forth in the Previous RSI Auditor's Letter, an award or judgment in such range would not

have, or would not reasonably be expected to have so far as can be foreseen at the time, an RSI Material Adverse Effect.



ARTICLE IX

TERMINATION

9.1. Termination by Mutual Consent. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, before or after approval of matters presented in connection with the Merger by holders of RSI Common Shares or holders of the Shares, by the mutual written consent of the Boards of Directors of each of RSI and the Company.

9.2. Termination by Either RSI or the Company. This Agreement may be terminated (upon notice from the terminating party to the other parties) and the Merger may be abandoned by action of the Board of Directors of either RSI or the Company at any time prior to the Effective Time, before or after approval of the issuance of RSI Common Shares in connection with the Merger by holders of the Shares or holders of the RSI Common Shares, if (a) the Merger shall not have been consummated by July 31, 1996 (provided that the right to terminate this Agreement under this clause (a) shall not be available to any party whose failure to perform its covenants set forth in this Agreement has been the cause of or resulted in the failure of the Merger to occur on or before such date), (b) any court of competent jurisdiction in the United States or Governmental Body in the United States shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have become final and nonappealable; provided, that the party seeking to terminate this Agreement pursuant to this clause (b) shall have used all reasonable efforts to remove such order, decree, ruling or other action, or (c) the approval of RSI's stockholders required by Section 8.1(a) is not obtained at the RSI Stockholders Meeting or at any adjournment thereof.

9.3. Termination by RSI. This Agreement may be terminated (upon notice from RSI to the Company) and the Merger may be abandoned at any time prior to the Effective Time, before or after approval of the issuance of RSI Common Shares in connection with the Merger by holders of RSI Common Shares, by action of the Board of Directors of RSI, if (i) the Company shall have failed to comply in any material respect with any of the covenants, conditions or agreements contained in this Agreement to be complied with or performed by the Company at or prior to such date of termination, which failure to comply has not been cured within thirty Business Days following receipt by the Company of notice of such failure to comply, (ii) any of the ML Entities shall have failed to comply in any material respect with any of the covenants, conditions or agreements contained in the ML Agreement to be complied with or performed by any of the ML Entities at or prior to the such date of termination, which failure to comply has not been cured by such ML Entity within thirty Business Days following receipt by such ML Entity of notice of such failure to comply, (iii) any representation or



warranty of the Company contained in this Agreement shall not be true in all material respects when made (provided such breach has not been cured within thirty Business Days following receipt by the Company of notice of the breach) or on and as of the Effective Time as if made on and as of the Effective Time, except that those representations and warranties which address matters only as of a particular date shall remain true in all material respects as of such date, or (iv) any representation or warranty of any ML Entity contained in the ML Agreement shall not be true in all material respects when made (provided such breach has not been cured within thirty Business Days following receipt by such ML Entity of notice of the breach) or on and as of the Effective Time as if made on and as of the Effective Time, except that those representations and warranties which address matters only as of a particular date shall remain true in all material respects as of such date.

9.4. Termination by the Company. This Agreement may be terminated (upon notice from the Company to RSI) and the Merger may be abandoned at any time prior to the Effective Time, before or after the approval by holders of the

Shares, by action of the Board of Directors of the Company, if (i) RSI or Merger Sub shall have failed to comply in any material respect with any of the covenants, conditions or agreements contained in this Agreement to be complied with or performed by RSI or Merger Sub at or prior to such date of termination, which failure to comply has not been cured with thirty Business Days following receipt by the breaching party of notice of such failure to comply, or (ii) any representation or warranty of RSI or Merger Sub contained in this Agreement shall not be true in all material respects when made (provided such breach has not been cured within thirty Business Days following receipt by the breaching party of notice of the breach) or on and as of the Effective Time as if made on and as of the Effective Time, except that those representations and warranties which address matters only as of a particular date shall remain true in all material respects as of such date. Notwithstanding anything to the contrary contained in this Section 9.4, the Company may terminate this Agreement if, (x) as permitted pursuant to the proviso to Section 7.5, RSI has refused to consent to any divestiture, hold separate or similar transaction on the part of the Company, or RSI refuses to take or commit to take any action referred to in such proviso, in each case that is required, in the reasonable opinion of the Company, for the consummation of the transactions contemplated by this Agreement, and (y) RSI has failed to make such consent or to take or commit to be taken such action, within ten Business Days following receipt by RSI of notice of the Company's intention to terminate this Agreement on that basis.

9.5. Effect of Termination and Abandonment. In the event of termination of this Agreement and abandonment of the Merger pursuant to this Article IX, no party hereto (or any of its directors or officers) shall have any liability or further obligation under this Agreement, except the obligations of the



parties pursuant to Sections 7.6(b) and (c), 7.12, 10.1, 10.2, 10.4, 10.5, 10.6, 10.7, 10.9, 10.10, 10.11, 10.12 and 10.13, except that nothing herein will relieve any party from liability for any wilful breach of any of its representations and warranties, covenants or other agreements set forth in this Agreement; provided, however, that the failure of RSI or the Company to close the transactions contemplated by the Commitment Letter shall not be deemed to be a wilful breach of any of its representations and warranties, covenants or other agreements set forth in this Agreement; provided, further, however, that the payment by RSI of the amounts referred to in Section 10.1(b) shall be liquidated damages and following the payment of such amounts, RSI shall have no liability or further obligation under this Agreement except pursuant to Section 7.6(c), 7.12, 10.1, 10.2, 10.4, 10.5, 10.6, 10.7, 10.9, 10.10, 10.11, 10.12 and 10.13.

## ARTICLE X

## MISCELLANEOUS AND GENERAL

10.1. Expenses. (a) Except as set forth in this Section 10.1, each party shall bear its own Expenses, except that in the event of a dispute concerning the terms or enforcement of this Agreement, the prevailing party in any such dispute shall be entitled to reimbursement of reasonable legal fees and disbursements from the other party or parties to such dispute.

(b) RSI agrees that if (i) an RSI Alternative Proposal shall have been publicly announced or sent to holders of RSI Common Shares after the date of this Agreement and prior to the RSI Stockholders Meeting, and (ii) the issuance of the RSI Common Shares in connection with the Merger shall not have been approved by the requisite holders of RSI Common Shares in accordance with the rules of the NYSE at the RSI Stockholders Meeting and (iii) within 12 months of the date on which such meeting is held a definitive agreement with respect to such RSI Alternative Proposal is executed by RSI, then simultaneous with the execution of such definitive agreement, unless RSI shall have properly terminated this Agreement pursuant to Section 9.2(a) or (b), or Section 9.3, RSI shall pay to the Company an amount equal to $4,500,000 plus all Expenses (not to exceed $1,000,000) incurred by the Company.

10.2. Notices, Etc. All notices, requests, demands or other communications required by or otherwise with respect to this Agreement shall be in writing and shall be deemed to have been duly given to any party when delivered personally (by courier service or otherwise), when delivered by telecopy and confirmed by return telecopy, or seven days after being mailed by first-class mail, postage prepaid and return receipt requested in each case to the applicable addresses set forth below:

If to the Company:

US Foodservice Inc.
1065 Highway 315
Crosscreek Pointe
Wilkes-Barre, PA 18702
Attn: Frank H. Bevevino, Chairman of the Board
and Chief Executive Officer
Telecopy: (717) 822-0909

with a copy to:

Philip H. Werner, Esq.
Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178
Telecopy: (212) 309-6273

If to RSI:

Rykoff-Sexton, Inc.
1050 Warrenville Road
Lisle, IL 60532-5201
Attn: Mark Van Stekelenburg, Chairman,
President and Chief Executive
Officer
Telecopy: (708) 971-6588

with a copy to:

Elizabeth C. Kitslaar, Esq.
Jones, Day, Reavis & Pogue
77 W. Wacker
Chicago, IL 60601-1692
Telecopy: (312) 782-8585

or to such other address as such party shall have designated by notice so given to each other party.

10.3. Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified except by an instrument in writing signed by all the parties hereto. This Agreement may be amended by the parties hereto, by action taken by their respective Board of Directors, at any time before or after approval of matters presented in connection with the Merger by the stockholders of the Company, Merger Sub and RSI, but after any such stockholder approval, no amendment shall be made which by law requires the further approval of stockholders without obtaining such further approval.

10.4. No Assignment. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties and their respective successors and assigns; provided that, except as otherwise expressly set forth in this Agreement,



neither the rights nor the obligations of any party may be assigned or delegated without the prior written consent of the other party.

10.5. Entire Agreement. This Agreement (together with the ML Agreement, the Exhibits and Schedules hereto and thereto, the Company Disclosure Statement, the RSI Disclosure Statement and the Confidentiality Agreements dated as of November 20, 1995 and December 11, 1995, between RSI and the Company) embodies the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. There are no representations, warranties or covenants by the parties hereto relating to such subject matter other than those expressly set forth in this Agreement (including the Company Disclosure Statement and the RSI Disclosure Statement) and any writings expressly required hereby.

10.6. Specific Performance. The parties acknowledge that money damages are not an adequate remedy for violations of this Agreement and that any party may, in its sole discretion, apply to a court of competent jurisdiction for

specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof and, to the extent permitted by applicable law, each party waives any objection to the imposition of such relief.

10.7. Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

10.8. No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

10.9. No Third Party Beneficiaries. Except as provided in Sections 7.13, 7.14 and 7.16, the provisions of which may be enforced by the intended beneficiaries thereof, this Agreement is not intended to be for the benefit of and shall not be enforceable by any Person who or which is not a party hereto.

10.10. Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery in the State of Delaware in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and



waives any objection based on forum non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 10.10 and shall not be deemed to be a general submission to the jurisdiction of said Court other than for such purpose. RSI and the Company hereby waive any right to a trial by jury in connection with any such action, suit or proceeding.

10.11. Governing Law. This Agreement and all disputes hereunder shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to principles of conflict of laws that would apply the laws of any other jurisdiction.

10.12. Name, Captions, Etc. The name assigned this Agreement and the section captions used herein are for convenience of reference only and shall not affect the interpretation or construction hereof. Unless otherwise specified, (a) the terms "hereof", "herein" and similar terms refer to this Agreement as a whole and (b) references herein to Articles or Sections refer to articles or sections of this Agreement.

10.13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies each signed by less than all, but together signed by all, the parties hereto.

10.14. Knowledge. The term "knowledge" or "best knowledge" and any derivatives thereof when applied to any party to this Agreement shall refer only to the actual knowledge of that party (or in the case of a corporation, partnership or other entity, the actual knowledge of its executive officers), but no information known by any other employee, or any attorney, accountant or other representative, of such party shall be imputed to such party.

10.15. Nonsurvival of Representations and Warranties. All representations and warranties and agreements in this Agreement or in any certificate delivered pursuant to this Agreement (a) shall be deemed to the extent expressly provided herein to be conditions to the Merger and (b) shall not survive the Merger, provided, however, that the agreements contained in Article IV, this Article X and Sections 7.13, 7.14 and 7.16 shall survive the Merger and Section 9.5 shall survive termination.

10.16. No Other Representations and Warranties. Without limiting the generality of Section 10.5, each party agrees that neither it nor any Affiliate or stockholder thereof, nor any of their respective partners, officers, directors, employees or representatives makes, has made or shall be deemed to have made, any representation or warranty, express or implied, to any other

party or to any Affiliate or stockholder thereof or any of their respective partners, officers, directors, employees or representatives with respect to (a) the execution and delivery of this Agreement or the transactions contemplated hereby; (b) any financial projections heretofore or hereafter delivered to or made available to any such Persons or their counsel, accountants, advisors, representatives or Affiliates, and agrees that it has not and will not rely on such financial projections in connection with its evaluation of any other party or the Merger; or (c) any information, statement or document heretofore or hereafter delivered to or made available to any such Persons or their counsel, accountants, advisors, representatives or Affiliates with respect to any other party or the businesses, operations or affairs of any other party, except (with respect to clauses (a) and (c) only), to the extent and as expressly covered by a representation and warranty contained in Articles V or VI hereof or contained in the ML Agreement or the other agreements expressly referred to herein or therein.



IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties set forth below.

US FOODSERVICE INC.

By: /s/ Frank H. Bevevino
---
Name: Frank H. Bevevino
Title: Chairman and Chief Executive Officer

RYKOFF-SEXTON, INC.

By: /s/ Mark Van Stekelenburg
---
Name: Mark Van Stekelenburg
Title: Chairman, President and Chief Executive Officer

USF ACQUISITION CORPORATION

By: /s/ Mark Van Stekelenburg
---
Name: Mark Van Stekelenburg
Title: President

Exhibit B

# STANDSTILL AGREEMENT

STANDSTILL AGREEMENT (the "Agreement"), dated as of May 17, 1996, by and between RYKOFF-SEXTON, INC., a Delaware corporation ("RSI"), on the one hand, and the other Persons set forth on the signature pages hereto (collectively, the "ML Entities"), on the other hand.

W I T N E S S E T H:

WHEREAS, RSI, USF Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of RSI ("Merger Sub"), and US Foodservice Inc., a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger dated February 2, 1996 (the "Merger Agreement"; capitalized terms used without definition herein having the meanings ascribed thereto in the Merger Agreement);

WHEREAS, as a result of the Merger, the ML Entities will beneficially own approximately 36.4% of the issued and outstanding RSI Common Shares, depending upon the Exchange Ratio; and

WHEREAS, pursuant to the Agreement dated as of February 2, 1996 (the "ML Agreement") between RSI, on the one hand, and the ML Entities, on the other hand, RSI and the ML Entities have agreed that at the Effective Time they shall enter into a Standstill Agreement in the form of this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein, RSI and the ML Entities hereby agree as follows:

## ARTICLE I

## DEFINITIONS

For purposes of this Agreement, the following terms have the following meanings:

(a) "Additional Percentage" shall mean (w) 2% of the Total Voting Power, in the event that the ML Entities and their Affiliates beneficially own Voting Securities representing in the aggregate at least 30% of the Total Voting Power; (x) 3% of the Total Voting Power, in the event that the ML Entities and their Affiliates beneficially own Voting Securities representing in the aggregate less than 30%, but at least 22%, of the Total Voting Power; (y) 4% of the Total Voting Power, in the event that the ML Entities and their Affiliates beneficially own Voting Securities representing in the aggregate less than 22%, but at least 16%, of the Total Voting Power; and (z) 5% of the Total Voting Power, in the event that the ML Entities and their Affiliates beneficially own Voting Securities representing in the aggregate less than 16%, but at least 10%, of the Total Voting Power.

(b) "Affiliate" shall have the meaning set forth in Rule 12b-2 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"); provided, however, that any corporation in which an ML Entity or any of its Affiliates owns less than a majority of the securities entitled generally to vote for the election of directors shall not be considered an Affiliate of such ML Entity or such Affiliate unless such ML Entity or such Affiliate otherwise controls such corporation.

(c) "Beneficial ownership" and "beneficially own" shall have the meanings set forth in Rule 13d-3 under the Exchange Act.

(d) "Continuing Director" and "Continuing Director Quorum" shall have the meanings set forth in Article Thirteenth of the Restated Certificate of Incorporation of RSI, as amended from time to time; provided, however, that no ML Director shall

constitute a Continuing Director or be counted in determining the presence of a Continuing Director Quorum.

(e) "Control" shall mean, with respect to a Person or a Group, (i) beneficial ownership by such Person or Group of securities entitling it to exercise in the aggregate more than 50 percent of the votes in any election of directors or other governing body of the entity in question; or (ii) possession by such Person or Group of the power, directly or indirectly, (x) to elect a majority of the board of directors (or equivalent governing body) of the entity in question or (y) in case of a non-corporate entity, to manage or govern the business, operations or investments of any such non-corporate entity.

(f) "Group" shall have the meaning comprehended by Section 13(d)(3) of the Exchange Act; provided that, solely for purposes of Section 3.1(a)(iv) of this Agreement, the ML Entities shall not by themselves constitute a "Group."

(g) "Person" shall have the meaning set forth in Section 3(a)(9) of the Exchange Act.

(h) "ML Representative" means any natural person who has been chosen in writing, with notice thereof to RSI, by the ML Entities holding beneficial ownership of Voting Securities representing in the aggregate a majority of the Total Voting Power held by the ML Entities, Matthias B. Bowman being hereby designated as the initial ML Representative.

(i) "Schedule 13D Filer" means any Person or Group which, based on its direct or indirect beneficial ownership of any Voting Securities, is, or after the acquisition of such



beneficial ownership would be, required to file a statement on Schedule 13D with the SEC in accordance with Rule 13d-1 under the Exchange Act, but shall not include any Schedule 13G Filer.

(j) "Schedule 13G Filer" means any Person or Group which, based on its direct or indirect beneficial ownership of any Voting Securities, is, or after the acquisition of such beneficial ownership would be, required to file a statement on Schedule 13D with the SEC in accordance with Rule 13d-1 under the Exchange Act, but which in lieu of such filing may instead file a short-form statement on Schedule 13G in accordance with such Rule.

(k) "Standstill Percentage" means 36.4% of the Total Voting Power; provided that in the event that the percentage of the Total Voting Power represented by the shares of Voting Securities beneficially owned by the ML Entities and their Affiliates from time to time is less than 36.4%, then the Standstill Percentage shall be automatically reduced to the percentage of Total Voting Power represented by shares of Voting Securities beneficially owned by the ML Entities and their Affiliates from time to time; provided further, that (x) following any such reduction in the Standstill Percentage, the Standstill Percentage shall not thereafter be subject to any increase (other than as provided for in the following clause (y)), and (y) if the percentage of Total Voting Power represented by shares of Voting Securities beneficially owned by the ML Entities and their Affiliates is increased as a result of any RSI Action (as defined in Section 3.1(a)(i) of this Agreement), the Standstill Percentage shall be automatically increased to reflect such RSI Action.

(l) "Total Voting Power" means, at any time, the aggregate number of votes which may be cast by holders of outstanding Voting Securities.

(m) "Transfer" means sell, transfer, assign, pledge, hypothecate, give away or in any manner dispose of any Voting Securities.

(n) "Voting Securities" means the RSI Common Shares and any other securities (including voting preferred stock) issued by RSI which are entitled to vote generally for the election of directors of RSI, whether currently outstanding or

hereafter issued (other than securities having such powers only upon the occurrence of a contingency).

ARTICLE II

BOARD REPRESENTATION

2.1 Initial Board Representation. At the Effective Time, RSI will (a) take such action as may be necessary to increase the



size of the Board of Directors of RSI (the "Board of Directors") to 12, and (b) use its best efforts to fill four of the vacancies thereby created in the three classes of directors with directors designated by the ML Representative (each, a "ML Director" and, collectively, the "ML Directors") in accordance with Article Thirteenth of RSI's Restated Certificate of Incorporation. Of the four initial ML directors, one shall be appointed to Class A (current term expiring in 1996), one shall be appointed to Class B (current term expiring in 1998) and two shall be appointed to Class C (current terms expiring in 1997). The ML Entities acknowledge that any designees of ML Directors who are not employees of either an ML Entity which is controlled by Merrill Lynch & Co., Inc. or an Affiliate of an ML Entity which is controlled by Merrill Lynch & Co., Inc. must be reasonably acceptable to the Continuing Directors of RSI.

2.2 Continuing Board Representation. Until such time as the ML Entities no longer beneficially own Voting Securities representing in the aggregate at least 10% of the Total Voting Power, RSI covenants and agrees as follows:

(a) except as contemplated by this Agreement or as otherwise agreed to by a majority of the ML Directors, RSI will not take or recommend to its stockholders any action which would (i) cause the Board of Directors to consist of any number of directors other than twelve directors divided into three classes of four directors each or (ii) result in any amendment to the By-Laws of RSI or the By-Laws or Regulations of any Subsidiary (as defined in Section 2.3(b) hereof) in effect on the date hereof that would impose any qualifications to the eligibility of directors of RSI or any Subsidiary to serve on any committee of the Board of Directors, any Subsidiary Board or any committee of any Subsidiary Board, except as may be required by applicable law;

(b) so long as the ML Entities beneficially own Voting Securities representing in the aggregate at least 34% of the Total Voting Power, RSI will use its best efforts to cause the Nominating Committee of the Board of Directors (the "Nominating Committee") (or if the Nominating Committee makes no such recommendation, the Board of Directors) to recommend for election in the applicable year in which the respective class term expires, one ML Director in Class A, one ML Director in Class B and two ML Directors in Class C, in each case as designated by the ML Representative; provided, that if despite such best efforts, any such ML Director is not elected by the stockholders of RSI, RSI shall have no further obligations under this Section 2.2(b) for the applicable year;

(c) in the event that the ML Entities beneficially own Voting Securities representing in the aggregate less than 34%, but at least 27%, of the Total Voting Power, RSI will use its best efforts to cause the Nominating Committee (or if the Nominating Committee makes no such recommendation, the Board of



Directors) to recommend for election in the applicable year in which the respective class term expires, one ML Director in Class A, one ML Director in Class B and one ML Director in Class C, in

each case as designated by the ML Representative; provided, that if despite such best efforts, any such ML Director is not elected by the stockholders of RSI, RSI shall have no further obligations under this Section 2.2(c) for the applicable year;

(d) in the event that the ML Entities beneficially own Voting Securities representing in the aggregate less than 27%, but at least 16%, of the Total Voting Power, RSI will use its best efforts to cause the Nominating Committee (or if the Nominating Committee makes no such recommendation, the Board of Directors) to recommend for election in the applicable year in which the respective class term expires, one ML Director in Class A and one ML Director in Class B or Class C, in each case as designated by the ML Representative; provided, that if despite such best efforts, any such ML Director is not elected by the stockholders of RSI, RSI shall have no further obligations under this Section 2.2(d) for the applicable year; and

(e) in the event that the ML Entities beneficially own Voting Securities representing in the aggregate less than 16%, but at least 10%, of the Total Voting Power, RSI will use its best efforts to cause the Nominating Committee (or if the Nominating Committee makes no such recommendation, the Board of Directors) to recommend for election in the applicable year in which the respective class term expires, one ML Director in Class A; provided, that if despite such best efforts, such ML Director is not elected by the stockholders of RSI, RSI shall have no further obligations under this Section 2.2(e) for the applicable year.

2.3 Committee Representation; Subsidiary Board Representation. (a) Until such time as the ML Entities no longer beneficially own Voting Securities representing in the aggregate at least 16% of the Total Voting Power, to the extent that, and for so long as, any of the ML Directors is qualified under the then-current rules and regulations of the New York Stock Exchange ("NYSE Rules"), the rules and regulations under the Internal Revenue Code of 1986, as amended, relating to the qualification of employee stock benefit plans, the rules and regulations under Section 16(b) of the Exchange Act, including Rule 16b-3 thereunder or any successor rule, and RSI's By-laws, RSI shall use its best efforts to cause the Board of Directors to designate one of the ML Directors to serve on each of the committees of the Board of Directors to the same extent, and on the same basis, as the other members of the Board of Directors; provided, however, that subject to the foregoing director qualification requirements, in the event that, and for so long as, the ML Entities own Voting Securities representing in the aggregate at least 10% of the Total Voting Power, RSI shall use its best efforts to cause the Board of Directors to designate one of the ML Directors to serve on the Nominating Committee and the



Management Development Compensation and Stock Option Committee of the Board of Directors to the same extent, and on the same basis, as the other members of the Board of Directors.

(b) Until such time as the ML Entities no longer beneficially own Voting Securities representing in the aggregate at least 10% of the Total Voting Power, to the extent that (I) any Continuing Director who is not an officer or employee of RSI ("Outside Director") is also a director of any wholly-owned subsidiary of RSI ("Subsidiary"), and (II) the ML Directors are qualified under the By-laws or Regulations of the relevant Subsidiary, RSI shall cause to be included (i) on the board of directors of such Subsidiary a number of ML Directors equal to the product of (x) the number of Continuing Directors on the board of directors of such Subsidiary (a "Subsidiary Board"), multiplied by (y) a quotient, the numerator of which shall be the total number of ML Directors which RSI is required to use its best efforts to cause the Nominating Committee to recommend for election pursuant to Section 2.2(b), 2.2(c), 2.2(d) or 2.2(e), as the case may be, and the denominator of which shall be twelve, provided that if the product calculated above is less than 1, then to the extent that any Outside Director is also a director of any such Subsidiary, one ML Director designated by the ML Representative shall be entitled to sit on such Subsidiary Board so long as the ML Entities beneficially own Voting Securities

representing at least 10% of the Total Voting Power; and (ii) on each committee of each Subsidiary Board, if an ML Director is entitled to sit on any Subsidiary Board, one ML Director designated by the ML Representative, subject to the rules and regulations described in Section 2.3(a) and qualification under the By-laws or Regulations of the relevant Subsidiary.

2.4 Removal of Directors; Vacancies. The ML Representative shall have the right, with cause, to request the removal from the Board of Directors of any ML Director. Any such removal shall be subject to the applicable provisions of the Restated Certificate of Incorporation and By-Laws of RSI (including, without limitation, any stockholder vote requirement), as well as applicable statutory provisions; provided that RSI will use its best efforts to cause the Continuing Directors to vote, subject to Section 2.6, in favor of such requested removal. In the event that any ML Director for any reason ceases to serve as a member of the Board of Directors during his or her term of office and at such time the ML Representative would have the right to a designation hereunder if an election for the resulting vacancy were to be held, (a) the director to fill such vacancy ("ML Director Vacancy") shall be designated by the ML Representative and, if not an employee of an ML Entity which is controlled by Merrill Lynch & Co., Inc. or an Affiliate of an ML Entity which is controlled by Merrill Lynch & Co, Inc., shall be reasonably acceptable to the Continuing Directors of RSI, and (b) such ML Director Vacancy shall be filled in accordance with Article Thirteenth of RSI's Restated Certificate of Incorporation. In the event that, and for so long as, any ML Director is a member



of the Nominating Committee of the Board of Directors, the ML Entities shall cause the ML Directors to take such action as may be necessary and to vote in accordance with the recommendation of the Continuing Directors to fill any vacancies in the Board of Directors (other than an ML Director Vacancy).

2.5 Resignation. In the event that the percentage of Total Voting Power represented by the Voting Securities beneficially owned in the aggregate by the ML Entities at any time decreases below the minimum percentage thresholds specified in Sections 2.2(b), (c), (d) or (e) or Sections 2.3(a) or (b), the ML Entities shall cause such number of ML Directors to resign as is necessary to adjust the number of remaining ML Directors to the number (if any) to which the ML Entities would have been entitled under such Sections if the nominations to the Board of Directors or Subsidiary Board or the selections for committees of the Board of Directors or Subsidiary Board were made at such time; provided that in the event of any such decrease below any such minimum percentage threshold, any subsequent increase in the percentage of the Total Voting Power represented in the aggregate by the Voting Securities beneficially owned by the ML Entities above such minimum percentage threshold shall not entitle the ML Entities to have any additional ML Directors named or elected to the Board of Directors or any committee thereof or any Subsidiary Board or any committee thereof.

2.6 Charter and By-laws; Fiduciary Duties. The obligations of RSI set forth in this Article II are subject to compliance with the provisions of Article Thirteenth of RSI's Restated Certificate of Incorporation and RSI's By-laws, and the fiduciary duties of the Board of Directors and the Nominating Committee to RSI's stockholders. Nothing contained in this Article II shall require RSI to violate any such provisions or to require any director of RSI to breach any such fiduciary duty.

2.7 No Voting Trust. This Agreement does not create or constitute, and shall not be construed as creating or constituting, a voting trust agreement under the Delaware General Corporation Law or any other applicable corporation law.

2.8 Notification of Nominations. The rights of the ML Entities, ML Directors and ML Representative and the obligations of RSI under this Article II shall be subject to compliance with Article III, Section 3a of RSI's By-laws.

2.9 No Duty to Designate; Reduction of Board Representation. Nothing contained in this Article II shall be

construed as requiring the ML Entities to designate any ML Directors or, once designated and elected, to require any ML Director to continue to serve in office if such ML Director elects to resign. Until such time as the ML Entities no longer beneficially own Voting Securities representing in the aggregate at least 10% of the Total Voting Power, in the event of any vacancy created by the resignation or removal of an ML Director



or the failure of the ML Representative to designate an ML Director, other than a vacancy created by the resignation or removal of an ML Director pursuant to Section 2.5 hereof, upon the written request of the ML Representative, RSI shall take such action as may be necessary to reduce the size of the Board of Directors to a number equal to (x) 12 (or such lesser number as exists following one or more previous reductions of the size of the Board pursuant to this Section 2.9) minus (y) the number of such vacancies, and thereafter, notwithstanding any other provisions of this Article II, the ML Entities shall have no right to designate any ML Directors to the extent of such reduction.

2.10 Effect of Change in Control. Notwithstanding anything to the contrary contained in this Agreement, the rights under this Article II are for the benefit of, and shall only extend to, those ML Entities which are controlled by Merrill Lynch & Co., Inc. In the event of any transaction, including any Transfer of any securities or partnership interests, resulting in Merrill Lynch & Co., Inc. no longer controlling such ML Entity, such ML Entity shall no longer have any rights under this Article II and shall not be deemed to be an ML Entity for purposes of this Article II, but shall remain bound by the other provisions of this Agreement.

## ARTICLE III

## STANDSTILL RESTRICTIONS; VOTING MATTERS

3.1 Standstill Restrictions. (a) During the term of this Agreement, each of the ML Entities covenants and agrees that without the prior affirmative vote of a majority of the Continuing Directors at a meeting at which a Continuing Director Quorum is present, the ML Entities shall not, and shall not permit any of their respective Affiliates to, directly or indirectly:

(i) acquire, propose to acquire (or publicly announce or otherwise disclose an intention to propose to acquire) or offer to acquire, by purchase or otherwise, any Voting Securities, if the effect of such acquisition would be to increase the outstanding number of shares of Voting Securities then beneficially owned by the ML Entities and their Affiliates, in the aggregate, to an amount representing Total Voting Power in excess of the Standstill Percentage; provided that this Section 3.1(a)(i) shall not be applicable, and no ML Entity shall be obligated to dispose of Voting Securities, if the aggregate percentage of the Total Voting Power represented by Voting Securities beneficially owned by the ML Entities is increased as a result of corporate action taken solely by RSI and not caused by any action taken by any ML Entity or any Affiliate of any ML Entity ("RSI Action");



(ii) propose (or publicly announce or otherwise disclose an intention to propose), solicit, offer, seek to effect, negotiate with or provide any confidential information relating to RSI or its business to any other Person with respect to, any tender or exchange offer,

merger, consolidation, share exchange, business combination, restructuring, recapitalization or similar transaction involving RSI; provided, that nothing set forth in this Section 3.1(a)(ii) shall prohibit ML Entities from soliciting, offering, seeking to effect and negotiating with any Person with respect to Transfers of Voting Securities otherwise permitted by Article IV of this Agreement; provided further, that in so doing the ML Entities shall not (x) issue any press release or otherwise make any public statements (other than statements made in response to any request by any Person for confirmation by any ML Entity or any Affiliate of an ML Entity of information contained in any statement on Schedule 13D under the Exchange Act) with respect to such action other than in accordance with Section 9.14 hereof (provided that the ML Entities may, and may permit their Affiliates to, make any statement required by applicable law, including without limitation, the amendment of any statement on Schedule 13D under the Exchange Act), or (y) provide any confidential information relating to RSI or its business to any such Person.

(iii) make, or in any way participate in, any "solicitation" of "proxies" to vote (as such terms are defined in Rule 14a-1 under the Exchange Act), solicit any consent with respect to the voting of any Voting Securities or become a "participant" in any "election contest" (as such terms are defined or used in Rule 14a-11 under the Exchange Act) with respect to RSI;

(iv) except to the extent contemplated by the Registration Rights Agreement, form, participate in or join any Person or Group with respect to any Voting Securities (except an arrangement solely among any or all of the ML Entities), or otherwise act in concert with any third Person (other than an ML Entity) for the purpose of (x) acquiring any Voting Securities or (y) holding or disposing of Voting Securities for any purpose otherwise prohibited by this Section 3.1(a);

(v) deposit any Voting Securities into a voting trust or subject any Voting Securities to any arrangement or agreement with respect to the voting thereof (except for this Agreement and except for any such arrangement solely among any or all of the ML Entities);

(vi) initiate, propose or otherwise solicit stockholders for the approval of one or more stockholder proposals with respect to RSI as described in Rule 14a-8



under the Exchange Act, or induce or attempt to induce any other Person to initiate any stockholder proposal;

(vii) except as specifically provided for in Article II hereof or as contemplated by Section 3.1(e), seek election to or seek to place a representative on the Board of Directors, or seek the removal of any member of the Board of Directors (other than an ML Director);

(viii) call or seek to have called any meeting of the stockholders of RSI for any purpose otherwise prohibited by this Section 3.1(a);

(ix) take any other action to seek to control RSI;

(x) demand, request or propose to amend, waive or terminate the provisions of this Section 3.1(a); or

(xi) agree to do any of the foregoing, or advise, assist, encourage or persuade any third party to take any action with respect to any of the foregoing.

(b) Each of the ML Entities agrees that it will notify RSI promptly if any inquiries or proposals are received by, any information is exchanged with respect to, or any negotiations or discussions are initiated or continued with, any ML Entity or, to the knowledge of any officer of Merrill Lynch Capital Partners, Inc. or ML IBK Positions, Inc., any of their respective

Affiliates, regarding any matter described in Section 3.1(a) hereof; provided, however, that the foregoing obligation is subject to any confidentiality policies of any such Affiliate of any ML Entity. The ML Entities and RSI shall mutually agree upon an appropriate response to be made to any such proposals received by any ML Entity, or, to the knowledge of any such officer, any Affiliate of such ML Entity or any such officer.

(c) Notwithstanding the provisions of Section 3.1(a), Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and its Affiliates (other than the ML Entities) may effect or recommend transactions, either as principal or as agent on behalf of third parties, in the ordinary course of Merrill Lynch's business or the business of such Affiliates, in, relating to or involving Voting Securities, including, without limitation, transactions in which Merrill Lynch or such Affiliates are acting as an investment banking organization providing advisory services, an investment advisor, an investment company, a broker or dealer in securities, as an underwriter or placement agent of securities, a market maker, a specialist, an arbitrageur or a block positioner; provided, however, that (i) in no event shall Merrill Lynch and its Affiliates (other than the ML Entities) acquire beneficial ownership of Voting Securities representing Total Voting Power in excess of the Additional Percentage; and (ii) for purposes of this Section 3.1(c), transactions in the ordinary course of Merrill Lynch's or its Affiliates' business



shall in no event be deemed to include any activities or transactions which have the purpose or effect of seeking to control or influence the management, policies or affairs of RSI, including, without limitation, through advising any Person with respect to any unsolicited bid for control of, or any other offer for securities of or any business combination involving, RSI; provided, however, that this Section 3.1(c)(ii) shall not prohibit or restrict Merrill Lynch from performing such obligations as may be required by law or the rules or other requirements of any regulatory authority.

(d) The ML Entities shall not be deemed to have breached Section 3.1(a)(i) of this Agreement if (i) the ML Entities or their Affiliates inadvertently and in good faith acquire Voting Securities so as to cause the Total Voting Power represented by the Voting Securities beneficially owned by the ML Entities and their Affiliates to exceed the Standstill Percentage, and (ii) the ML Entities as soon as practicable divest a sufficient number of shares of Voting Securities beneficially owned by the ML Entities and their Affiliates so as to result in the Total Voting Power represented by the Voting Securities beneficially owned by the ML Entities and their Affiliates to be equal to or less than the Standstill Percentage.

(e) Nothing contained in this Article III shall be deemed to restrict the manner in which the ML Directors may participate in deliberations or discussions of the Board of Directors or individual consultations with the Chairman of the Board or any other members of the Board of Directors, so long as such actions do not otherwise violate any provision of Section 3.1(a).

3.2 Voting. Until such time as the ML Entities no longer beneficially own Voting Securities representing in the aggregate at least 10% of the Total Voting Power, the ML Entities will take all such action as may be required so that all Voting Securities owned by the ML Entities and their Affiliates, as a group, are (i) voted (in person or by proxy) for RSI's nominees to the Board of Directors, in accordance with the recommendation of the Nominating Committee (or, if the Nominating Committee makes no such recommendation, the Board of Directors), provided that if the ML Representative has requested representation on the Nominating Committee, RSI shall have performed its obligations described in the proviso to Section 2.3(a) hereof, provided further that if the ML Entities have a reasonable, good faith objection to any one (and only one) such nominee for election to the Board of Directors at any annual meeting of RSI stockholders (other than any nominee who was a member of the Board of Directors as of the date of the Merger Agreement), based on such nominee's personal qualifications to serve as a member of the

Board of Directors ("Objectionable Nominee"), the ML Entities may abstain from, or vote against, the election of such Objectionable Nominee at such meeting, but only if (x) the board of directors of the general partner of such ML Entity determines in good faith



that such action is required to fulfill its fiduciary duties to the limited partners of such ML Entity under applicable law based upon the advice of outside counsel (who may be such general partner's regularly engaged outside counsel) and (y) at least two Business Days in advance of the date of mailing of the proxy statement for such annual meeting of RSI stockholders, one or more ML Directors objects to the proposed nomination of the Objectionable Nominee in writing to RSI or orally during a meeting of the Board of Directors or the Nominating Committee, and (ii) on all other matters to be voted on by holders of Voting Securities, actually voted (in person or by proxy) by the ML Entities. Each of the ML Entities shall be present, in person or by proxy, at all duly held meetings of stockholders of RSI so that all Voting Securities held by the ML Entities may be counted for the purposes of determining the presence of a quorum at such meetings.

## ARTICLE IV

## TRANSFERS; RIGHT OF FIRST REFUSAL

4.1 Transfers of Voting Securities. None of the ML Entities shall, directly or indirectly, Transfer any Voting Securities except:

(a) to RSI;

(b) pursuant to a merger or consolidation of RSI or pursuant to a plan of liquidation of RSI, which has been approved by the affirmative vote of a majority of the members of the Board of Directors then in office; provided that at the time of such approval the number of ML Directors then serving on the Board of Directors shall not exceed the number contemplated by Article II hereof;

(c) provided that the rights of the ML Entities under this Agreement shall not transfer to the transferee of such securities, pursuant to a bona fide public offering registered under the Securities Act of 1933, as amended (the "Securities Act"), in which the ML Entities shall use commercially reasonable efforts to (i) effect as wide a distribution of such Voting Securities as is reasonably practicable, and (ii) prevent any Person or Group from acquiring pursuant to such offering beneficial ownership of Voting Securities or securities convertible into Voting Securities representing in the aggregate 5% or more of the Total Voting Power;

(d) provided that the rights of the ML Entities under this Agreement shall not transfer to the transferee of such securities, pursuant to Rule 144 under the Securities Act;

(e) provided that the rights of the ML Entities under this Agreement shall not transfer to the transferee of such



securities, pursuant to a pro rata distribution (including any such distribution pursuant to any liquidation or dissolution of any ML Entity) by any ML Entity to its partners or stockholders if no successor or distributee, as the case may be, and no Person that controls such successor or distributee, acquires from any ML Entity beneficial ownership of Voting Securities representing more than 3% of the Total Voting Power in such distribution (in each case other than any distributee which is an Affiliate of an ML Entity provided that such Affiliate shall thereafter promptly

distribute all such Voting Securities to its own partners or stockholders and such partners or stockholders do not thereby acquire from such Affiliate beneficial ownership of Voting Securities representing more than 3% of the Total Voting Power in such distribution).

(f) provided that the rights of the ML Entities under this Agreement shall not transfer to the transferee of such securities, (i) Transfers of Voting Securities to any Person or Group which is a Schedule 13D Filer and which, after giving effect to such Transfer, would beneficially own Voting Securities representing in the aggregate less than 5% of the Total Voting Power, and (ii) Transfers to any Person or Group which is a Schedule 13G Filer of Voting Securities representing in the aggregate less than 10% of the Total Voting Power;

(g) provided that (i) the rights of the ML Entities under this Agreement shall not transfer to the transferee of such securities, and (ii) the Transfer is made on or after January 1, 2000 in connection with the required dissolution of any ML Entity, Transfers of Voting Securities to any Person or Group (A) which, after giving effect to such Transfer would beneficially own Voting Securities representing in the aggregate less than the greater of (x) 15% of the Total Voting Power or (y) such other percentage of the Total Voting Power as would make such Person or Group an "Acquiring Person" under RSI's shareholders' rights plan or (B) approved by the prior affirmative vote of a majority of the Continuing Directors at a meeting at which a Continuing Director Quorum is present;

(h) pursuant to a tender offer or exchange offer that the Board of Directors, by action taken by the affirmative vote of a majority of the members of the Board of Directors then in office, has determined not to oppose; or

(i) in accordance with the provisions of Section 4.2.

4.2 Right of First Refusal. Except as otherwise permitted by Section 4.1, if any ML Entity or ML Entities (each a "Selling ML Entity" and, collectively, the "Selling ML Entities") shall receive an offer from, or have entered into any agreement or understanding with, a third party or parties to purchase or otherwise acquire Voting Securities from such Selling ML Entity, such Selling ML Entity shall have the right, provided that the rights of such Selling ML Entity under this Agreement shall not



transfer to such third party or parties, to Transfer the amount of Voting Securities which are the subject of such offer by, or agreement or understanding with, such third party or parties if, prior to such Transfer, RSI shall have been given the opportunity, in the following manner, to purchase such Voting Securities:

(a) The Selling ML Entities shall give notice (the "Transfer Notice") to RSI in writing of such proposed Transfer specifying the amount of Voting Securities proposed to be sold or transferred, the proposed price therefor (the "Transfer Consideration"), the identity of the offeror and the other material terms upon which such Transfer is proposed to be made.

(b) RSI shall have the right, exercisable by written notice given by RSI to the Selling ML Entities within 15 Business Days after receipt of the Transfer Notice, to purchase from such Selling ML Entities all, but not less than all, the Voting Securities specified in such Transfer Notice for cash in an amount equivalent to the Transfer Consideration.

(c) If the Transfer Consideration specified in the Transfer Notice includes any property other than cash, such Transfer Consideration shall be deemed to be the amount of any cash included in the Transfer Consideration plus the value (as jointly determined by a nationally recognized investment banking firm selected by each party) of such other property included in such Transfer Consideration. For this purpose, the parties shall use their reasonable best efforts to cause any determination of the value of any such other property included in the Transfer Consideration to be made within ten Business Days after the date

of delivery of the Transfer Notice. If the firms selected by RSI and the Selling ML Entities are unable to agree upon the value of any such other property within such ten Business Day period, such firms shall promptly select a third nationally recognized investment banking firm whose determination shall be conclusive.

(d) If RSI exercises its right of first refusal hereunder, the closing of the purchase of the Voting Securities with respect to which such right has been exercised shall take place within 60 days after RSI gives notice of such exercise, which period of time shall be extended as necessary (but in no event for a period of time longer than 60 days after the end of such 60 day period) in order to comply with applicable securities and other laws and regulations or any listing agreement to which RSI is a party. Upon exercise of its right of first refusal, RSI shall be legally obligated to consummate the purchase contemplated thereby, shall use its reasonable best efforts to secure all approvals required in connection therewith, and shall be liable in damages to the Selling ML Entities if for any reason, including the failure to obtain any requisite approvals, the purchase is not consummated; provided, however, that if RSI does not obtain any required approval of its stockholders with respect to such purchase, (i) RSI shall have no liability to the



Selling ML Entities with respect to the failure of such purchase to be consummated and (ii) the Voting Securities with respect to which such right was exercised shall not thereafter be subject to the right of first refusal under this Section 4.2 unless to the extent that RSI specifies a designee to purchase Voting Securities pursuant to Section 4.2(f) hereof and such designee consummates its purchase of Voting Securities within the time remaining in the time period during which RSI was to have consummated its purchase of such Voting Securities.

(e) If RSI does not exercise its right of first refusal hereunder within the time specified for such exercise, the Selling ML Entities shall be free, during the period of 60 days following the expiration of such time for exercise (which period of time may be extended as necessary (but in no event for a period of time longer than 60 days after the end of such 60 day period) in order to comply with applicable securities and other laws and regulations), to Transfer the Voting Securities specified in the Transfer Notice to the offeror specified in the Transfer Notice on the terms described in the Transfer Notice and at a price not less than the Transfer Consideration. If the Selling ML Entities fail to Transfer the Voting Securities specified in the Transfer Notice in such manner within such period, the Voting Securities specified in the Transfer Notice shall again be subject to the terms of Sections 4.1 and 4.2 hereof.

(f) If RSI elects to exercise any of its rights under this Section 4.2, RSI may specify, prior to closing such purchase, another Person as its designee to purchase the Voting Securities to which such notice of intention to exercise such rights relates. If RSI designates another Person as the purchaser pursuant to this Section 4.2, RSI shall be legally obligated, in accordance with Section 4.2(d) above, to complete such purchase if its designee fails to do so.

## ARTICLE V

## Legends and Stop Transfer Orders

5.1 Legend. All certificates evidencing Voting Securities beneficially owned by any of the ML Entities shall bear the following legend:

"The securities represented by this certificate are subject to the restrictions on disposition and to the other provisions of a Standstill Agreement dated as of May __, 1996 among Rykoff-Sexton, Inc., Merrill Lynch Capital Partners, Inc., Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P., Merrill Lynch KECALP L.P. 1994, ML Offshore LBO Partnership No. B-XVIII, ML IBK Positions, Inc., MLCP Associates L.P. No. II, MLCP

Associates L.P. No. IV, Merrill Lynch KECALP L.P. 1991,



Merrill Lynch Capital Appreciation Partnership No. XIII, L.P., ML Offshore LBO Partnership No. XIII, ML Employees LBO Partnership No. I, L.P., Merrill Lynch KECALP L.P. 1987, Merchant Banking L.P. No. II. Copies of such Agreement are on file at the respective offices of such parties."

5.2 Stop Transfer Orders. The ML Entities each hereby consent to the entry of stop transfer orders with the transfer agents of any such Voting Securities against the transfer of such legended certificates representing such Voting Securities except in compliance with this Agreement.

5.3 Removal or Modification of Legend. RSI agrees that upon any Transfer of the securities represented by such certificates made in compliance with the provisions of this Agreement, it will, upon the presentation to its transfer agent of the certificates containing such legend, remove such legend from the certificates being sold or registered.

## ARTICLE VI

## Representations and Warranties

6.1 Representations and Warranties of the ML Entities. Each of the ML Entities severally and not jointly represent and warrant to RSI as follows:

(a) Merrill Lynch Capital Partners, Inc. and ML IBK Positions, Inc. are each corporations duly organized, validly existing and in good standing under the laws of the State of Delaware. Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P., MLCP Associates L.P. No. II, MLCP Associates L.P. No. IV, Merrill Lynch KECALP L.P. 1991, Merrill Lynch KECALP L.P. 1994, Merrill Lynch Capital Appreciation Partnership No. XIII, L.P., ML Employees LBO Partnership No. I, L.P., Merrill Lynch KECALP L.P. 1987 and Merchant Banking L.P. No. II are each limited partnerships, duly organized, validly existing and in good standing under the laws of the State of Delaware. ML Offshore LBO Partnership No. B-XVIII and ML Offshore LBO Partnership No. XIII are each limited partnerships, duly organized, validly existing and in good standing under the laws of the Cayman Islands.

(b) Assuming that (i) the ML Entities Shares (as defined below) are duly authorized, validly issued, fully paid and nonassessable, and, immediately prior to their receipt by the ML Entities, are free and clear of all security interests, liens, claims, proxies, charges, encumbrances and options of any nature whatsoever created by any Person other than an ML Entity (other than those created by this Agreement, the Registration Rights Agreement and the Tax Agreement), and (ii) the issuance of the ML Entities Shares to the ML Entities is properly recorded in the stock ledger of RSI, then, upon the issuance of the ML Entities



Shares to the ML Entities pursuant to Sections 4.1 and 4.2 of the Merger Agreement, each of the ML Entities will be the beneficial and record owner of RSI Common Shares in the respective amounts set forth in Schedule I attached hereto (the "ML Entities Shares"), free and clear of all security interests, liens, claims, proxies, charges, encumbrances and options of any nature whatsoever, and there will be no outstanding options, warrants or rights to purchase or acquire, or agreements relating to, any of the ML Entities Shares (other than those created by this Agreement, the Registration Rights Agreement and the Tax Agreement).

(c) Except for the ML Entities Shares and 2,100 shares of Voting Securities owned by Merrill Lynch, neither any of the ML Entities, nor any of their Affiliates, owns beneficially or of record, directly or indirectly, any Voting Securities or any options, warrants or rights of any nature (including conversion and exchange rights) to acquire beneficial ownership of any Voting Securities.

(d) Each of the ML Entities has full legal right, power and authority to enter into and perform this Agreement. This Agreement has been duly authorized, executed and delivered by each of the ML Entities. This Agreement constitutes a legally valid and binding agreement of each of the ML Entities, enforceable in accordance with its terms, except that such enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, moratorium or other similar laws relating to creditors' rights now or hereafter in effect and by general equitable principles.

(e) The execution and delivery of this Agreement by the ML Entities does not conflict with or constitute a violation of or default under the respective certificates of incorporation, partnership agreements or certificates of partnership (or comparable documents) of any of the ML Entities or any statute, law, regulation, order or decree applicable to any of the ML Entities, or any contract, commitments, agreement, arrangement or restriction of any kind to which any of the ML Entities are a party or by which any of the ML Entities are bound, other than such violations as would not prevent or materially delay the performance by such ML Entity of its obligations hereunder or otherwise subject RSI to any claim or liability.

(f) Schedule II hereto sets forth a true, accurate and complete list of the percentage ownership interests of each partner or securityholder (without naming them) in each ML Entity listed thereon. Schedule III hereto sets forth, with respect to each ML Entity listed thereon, the latest dissolution date for such ML Entity under the terms of its partnership agreement.

6.2 Representations and Warranties of RSI. RSI hereby represents and warrants to the ML Entities as follows:



(a) RSI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) RSI has full legal right, power and authority to enter into and perform this Agreement and the execution and delivery of this Agreement by RSI have been duly authorized by all necessary corporate action on behalf of RSI. This Agreement constitutes a legally valid and binding agreement of RSI, enforceable in accordance with its terms, except that such enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, moratorium or other similar laws relating to creditors' rights now or hereafter in effect, and by general equitable principles.

(c) Neither the execution and delivery of this Agreement nor the consummation by RSI of the transactions contemplated hereby conflicts with or constitutes a violation of or default under the Restated Certificate of Incorporation or By-laws of RSI, any statute, law, regulation, order or decree applicable to RSI, or any contract, commitment, agreement, arrangement or restriction of any kind to which RSI is a party or by which RSI is bound, other than such violations as would not prevent or materially delay the performance by RSI of its obligations hereunder or otherwise subject any ML Entity to any claim or liability.

## ARTICLE VII

## Further Assurances

Each party shall execute and deliver such additional instruments and other documents and shall take such further

actions as may be necessary or appropriate to effectuate, carry out and comply with all of their obligations under this Agreement. If reasonably requested by RSI, each ML Entity agrees to execute a letter to RSI confirming that the beneficial ownership of Voting Securities by the ML Entities and their Affiliates does not represent in the aggregate Total Voting Power in excess of the Standstill Percentage as of the date of such letter.

## ARTICLE VIII

## Termination

Unless earlier terminated by written agreement of the parties hereto, this Agreement shall terminate on the earlier of (i) the tenth anniversary of the Effective Date and (ii) the date on which the ML Entities and their Affiliates beneficially own Voting Securities representing in the aggregate less than 10% of the Total Voting Power; provided, that if, prior to the tenth



anniversary of the Effective Date, (x) the ML Entities shall beneficially own Voting Securities representing in the aggregate 10% or more of the Total Voting Power, or (y) the ML Entities and their Affiliates shall beneficially own Voting Securities representing in the aggregate 5% or more of the Total Voting Power which causes them to be a Schedule 13D Filer, this Agreement shall automatically be reinstated. Any termination of this Agreement as provided herein shall be without prejudice to the rights of any party arising out of the breach by any other party of any provisions of this Agreement which occurred prior to the termination.

## ARTICLE IX

## Miscellaneous

9.1 Notices, Etc. All notices, requests, demands or other communications required by or otherwise with respect to this Agreement shall be in writing and shall be deemed to have been duly given to any party when delivered personally (by courier service or otherwise), when delivered by telecopy and confirmed by return telecopy, or seven days after being mailed by first-class mail, postage prepaid in each case to the applicable addresses set forth below:

If to RSI:

Rykoff-Sexton, Inc.
1050 Warrenville Road
Lisle, Illinois 60532-5201
Attn: Mark Van Stekelenburg, Chairman, President and Chief Executive Officer
Telecopy: (708) 971-6588

with a copy to:

Elizabeth C. Kitslaar, Esq.
Jones, Day, Reavis & Pogue
77 West Wacker
Chicago, Illinois 60601-1692
Telecopy: (312) 782-8585

If to the ML Entities:

Merrill Lynch Capital Partners, Inc.
225 Liberty Street
New York, New York 10080-6123
Attn: James V. Caruso
Telecopy: (212) 236-7364

with a copy to:

Marcia L. Tu, Esq.
Merrill Lynch & Co.
World Financial Center
North Tower
250 Vesey Street
New York, New York 10281-1323
Telecopy: (212) 449-3207

with a copy to:

Bonnie Greaves, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Telecopy: (212) 848-7179

or to such other address as such party shall have designated by notice so given to each other party.

9.2 Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated except by an instrument in writing signed by the holders of a majority in number of the ML Entities Shares and by RSI following approval thereof by a majority of the Continuing Directors.

9.3 Successors and Assigns. Except as otherwise provided herein, including, without limitation, Section 2.10, this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties and their respective Affiliates and their respective successors and assigns, including without limitation in the case of any corporate party hereto any corporate successor by merger or otherwise. Except as otherwise provided herein, this Agreement shall not be assignable.

9.4 Entire Agreement. This Agreement embodies the entire agreement and understanding among the parties relating to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. There are no representations, warranties or covenants by the parties hereto relating to such subject matter other than those expressly set forth in this Agreement, the Merger Agreement and the ML Agreement.

9.5 Specific Performance. The parties acknowledge that money damages are not an adequate remedy for violations of this Agreement and that any party may, in its sole discretion, apply to a court of competent jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof and, to the extent permitted by applicable law, each party waives any objection to the imposition of such relief.



9.6 Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

9.7 No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

9.8 No Third Party Beneficiaries. This Agreement is not intended to be for the benefit of and shall not be enforceable by any Person who or which is not a party hereto.

9.9 Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery in the State of Delaware in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 9.9 and shall not be deemed to be a general submission to the jurisdiction of said court or in the State of Delaware other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

9.10 Governing Law. This Agreement and all disputes hereunder shall be governed by and construed and enforced in accordance with the law of the State of Delaware.

9.11 Name, Captions. The name assigned to this Agreement and the section captions used herein are for convenience of reference only and shall not affect the interpretation or construction hereof.

9.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies each signed by less than all, but together signed by all, the parties hereto.

9.13 Expenses. Each of the parties hereto shall bear their own expenses incurred in connection with this Agreement and the transactions contemplated hereby, except that in the event of a dispute concerning the terms or enforcement of this Agreement,



the prevailing party in any such dispute shall be entitled to reimbursement of reasonable legal fees and disbursements from the other party or parties to such dispute.

9.14 Press Releases. The initial press release relating to this Agreement shall be a joint press release and, thereafter, RSI and the ML Representative shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement, and neither RSI nor any ML Entity shall issue any such press release or make any such public statement without the consent (which shall not be unreasonably withheld) of the other (the ML Representative acting on behalf of the ML Entities for such purpose), except to the extent required by applicable law or the rules and requirements of the New York Stock Exchange, in which case the issuing party shall use its reasonably best efforts to consult with the other party (the ML Representative in case of the ML Entities) before issuing any such release or making any such public statement.



IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

RYKOFF-SEXTON, INC.

By: /s/ Mark Van Stekelenburg
---
Name: Mark Van Stekelenburg
Title: Chairman, President and

Chief Executive Officer

MERRILL LYNCH CAPITAL PARTNERS, INC.

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. B-XVIII, L.P.

By: Merrill Lynch LBO Partners No. B-IV, L.P., as General Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH KECALP L.P. 1994

BY: KECALP Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President



ML OFFSHORE LBO PARTNERSHIP NO. B-XVIII

By: Merrill Lynch LBO Partners No. B-IV, L.P., as Investment General Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

ML IBK POSITIONS, INC.

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MLCP ASSOCIATES L.P. NO. II

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MLCP ASSOCIATES L.P. NO. IV

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH KECALP L.P. 1991

By: KECALP Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President



MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. XIII, L.P.

By: Merrill Lynch LBO Partners No. IV, L.P., as General Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

ML OFFSHORE LBO PARTNERSHIP NO. XIII

By: Merrill Lynch LBO Partners No. IV, L.P., as Investment General Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

ML EMPLOYEES LBO PARTNERSHIP NO. I, L.P.

By: ML Employees LBO Managers, Inc., as General Partner

By: /s/ James V. Caruso
---

Name: James V. Caruso
Title: Vice President

MERRILL LYNCH KECALP L.P. 1987

By: KECALP Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President



MERCHANT BANKING L.P. NO. II

By: Merrill Lynch MBP Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President



SCHEDULE I

SHARE OWNERSHIP

| Name of Stockholder | RSI Common Shares |
|---|---|
| MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. B-XVIII, L.P. | 4,357,505 |
| MERRILL LYNCH KECALP L.P. 1994 | 67,879 |
| ML OFFSHORE LBO PARTNERSHIP NO. B-XVIII | 2,192,382 |
| ML IBK POSITIONS, INC. | 1,440,181 |
| MLCP ASSOCIATES L.P. NO. II | 52,257 |
| MLCP ASSOCIATES L.P. NO. IV | 13,575 |
| MERRILL LYNCH KECALP L.P. 1991 | 189,793 |
| MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. XIII, L.P. | 1,620,103 |
| ML OFFSHORE LBO PARTNERSHIP NO. XIII | 41,188 |
| ML EMPLOYEES LBO PARTNERSHIP NO. I, L.P. | 40,273 |
| MERRILL LYNCH KECALP L.P. | 30,434 |

1987

MERCHANT BANKING L.P. NO. II 30,434

SCHEDULE II

PERCENTAGE OWNERSHIPS

DISTRIBUTION TO ML OFFSHORE LBO PARTNERSHIP NO. B-XVIII
DISTRIBUTION OF 100% OF US FOODSERVICE COMMON SHARES
JANUARY 1996

<TABLE>

| PARTNERS | CAPITAL CONTRIBUTION | ORIGINAL PERCENTAGE | DISTRIBUTION OF SHARES | % OF US FOODSERVICE SHARES OUTSTANDING | US FOODSERVICE REVERSE STOCK SPLIT OF .396 | EXCHANGE US FOODSERVICE SHARES FOR 1.457 SHARES OF RYKOFF-SEXTON COMMON STOCK |
|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| MERRILL LYNCH CAPITAL APRECIATION COMPANY LIMITED II | $17,120,179 | 71.82% | 2,728,888 | 12.22% | 1,080,640 | 1,574,492 |
| MERRILL LYNCH CAPITAL APPRECIATION LIMITED PARTNERSHIP II (SPECIAL LP) | 6,480,221 | 27.18% | 1,032,921 | 4.63% | 409,037 | 595,967 |
| MERRILL LYNCH CAPITAL PARTNERS, INC | 0 | 0.00% | 0 | 0.00% | 0 | 0 |
| INVESTMENT GENERAL PARTNER | 238,290 | 1.00% | 37,983 | 0.17% | 15,041 | 21,915 |
| ADMINISTRATIVE GENERAL PARTNER | 100 | 0.00% | 16 | 0.00% | 6 | 9 |
| TOTAL | $23,838,790 | 100.00% | 3,799,808 | 17.02% | 1,504,724 | 2,192,383 |

</TABLE>

SECOND TIER DISTRIBUTION TO SHAREHOLDERS OF MERRILL LYNCH
CAPITAL APPRECIATION COMPANY LIMITED II FROM ML OFFSHORE
LBO PARTNERSHIP NO. B-XVIII AS A RESULT OF THE DISTRIBUTION
OF 100% OF US FOODSERVICE COMMON SHARES
JANUARY 1996

<TABLE>

| % | DISTRIBUTION | % OF US FOODSERVICE | US FOOSERVICE | EXCHANGE US FOODSERVICE SHARES FOR 1.457 SHARES OF |
|---|---|---|---|---|
</TABLE>

| # | SHARES | OF TOTAL SHARES | OF SHARES | SHARES OUTSTANDING | REVERSE STOCK SPLIT OF .396 | RYKOFF-SEXTON COMMON STOCK |
|---|---|---|---|---|---|---|
| 1 | 7,513 | 43.85% | 1,196,645* | 5.36% | 473,872 | 690,432 |
| 2 | 5,009 | 29.24% | 797,817* | 3.57% | 315,936 | 460,319 |
| 3 | 1,373 | 8.01% | 218,687 | 0.98% | 86,600 | 126,176 |
| 4 | 501 | 2.92% | 79,798 | 0.36% | 31,600 | 46,041 |
| 5 | 1,036 | 6.05% | 165,011 | 0.74% | 65,344 | 95,206 |
| 6 | 440 | 2.57% | 70,082 | 0.31% | 27,752 | 40,435 |
| 7 | 402 | 2.35% | 64,029 | 0.29% | 25,355 | 36,942 |
| 8 | 176 | 1.03% | 28,033 | 0.13% | 11,101 | 16,174 |
| 9 | 201 | 1.17% | 32,015 | 0.14% | 12,678 | 18,472 |
| 10 | 240 | 1.40% | 38,226 | 0.17% | 15,138 | 22,056 |
| 11 | 198 | 1.16% | 31,537 | 0.14% | 12,489 | 18,196 |
| 12 | 44 | 0.26% | 7,008 | 0.03% | 2,775 | 4,043 |
| | 17,133 | 100.00% | 2,728,888 | 12.22% | 1,080,640 | 1,574,492 |

* REPRESENTS OVER 1% OF O/S STOCK. (2 INVESTORS)

SECOND TIER DISTRIBUTION TO PARTNERS OF MERRILL LYNCH
CAPITAL APPRECIATION LIMITED PARTNERSHIP II (SPECIAL LP)
FROM ML OFFSHORE LBO PARTNERSHIP NO. B-XVIII AS A RESULT OF
THE DISTRIBUTION OF 100% OF US FOODSERVICE COMMON SHARES
JANUARY 1996

| # | CAPITAL ACCOUNT FOR B-XVIII INVESTMENT @ 1/1/95 | PERCENT OF TOTAL CAPITAL ACCOUNT | DISTRIBUTION OF SHARES | % OF US FOODSERVICE SHARES OUTSTANDING | US FOOSERVICE REVERSE STOCK SPLIT OF .396 | EXCHANGE US FOODSERVICE SHARES FOR 1.457 SHARES OF RYKOFF-SEXTON COMMON STOCK |
|---|---|---|---|---|---|---|
| 1 | $2,039,980.00 | 31.43% | 324,678* | 1.45% | 128,571 | 187,328 |
| 2 | 917,990.00 | 14.14% | 146,105 | 0.65% | 57,858 | 84,299 |
| 3 | 506,995.00 | 7.81% | 80,692 | 0.36% | 31,954 | 46,557 |
| 4 | 917,990.00 | 14.14% | 146,105 | 0.65% | 57,858 | 84,299 |
| 5 | 463,995.00 | 7.15% | 73,848 | 0.33% | 29,244 | 42,609 |
| 6 | 407,996.00 | 6.29% | 64,936 | 0.29% | 25,715 | 37,467 |
| 7 | 1,003,990.00 | 15.47% | 159,792 | 0.72% | 63,278 | 92,196 |
| 8 | 0.00 | 0.00% | 0 | 0.00% | 0 | 0 |
| 9 | 230,998.00 | 3.56% | 36,765 | 0.16% | 14,559 | 21,212 |
| | $6,489,934.00 | 100.00% | 1,032,921 | 4.63% | 409,037 | 595,967 |

* REPRESENTS OVER 1% OF O/S STOCK. (1 INVESTOR)

MERRILL LYNCH CAPITAL APPRECIATION FUND I & II
& OTHER MERRILL LYNCH ENTITIES
PORTFOLIO INVESTMENT POSITION IN COMMON STOCK OF
US FOODSERVICE, INC.
DECEMBER 31, 1995

| # | Partnership/Corporation | Ownership of Common Shares |
|---|---|---|
| 1. | Merrill Lynch Capital Appreciation Partnership No. XIII, L.P. | 2,807,941.6552 |

| | | |
|---|---|---|
| 2. | ML Offshore LBO Partnership No. XIII | 71,387.8790 |
| 3. | Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P. | 7,552,369.5000 |
| 4. | ML Offshore LBO Partnership No. B-XVIII | 3,799,808.0000 |
| 5. | ML IBK Positions, Inc.* | 2,496,102.7370 |
| 6. | ML Employees LBO Partnership No. I, L.P. | 69,802.2183 |
| 7. | MLCP Associates L.P. No II | 90,572.5000 |
| 8. | MLCP Associates L.P. No IV | 23,529.0000 |
| 9. | Merrill Lynch KECALP L.P. 1987 | 52,748.5393 |
| 10. | Merrill Lynch KECALP L.P. 1991 | 328,947.0000 |
| 11. | Merrill Lynch KECALP L.P. 1994 | 117,647.0000 |
| 12. | Merchant Banking L.P. No II | 52,748.5393 |
| | Total | 17,463,604.5681 |

<FN>
* - Merrill Lynch itself.
</FN>
</TABLE>

MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. XIII, L.P.
DISTRIBUTION OF 100% OF US FOODSERVICE COMMON SHARES
JANUARY 1996

<TABLE>

| # | TOTAL CAPITAL COMMITMENT | % OF OWNERSHIP | DISTRIBUTION OF SHARES | % OF US FOODSERVICE SHARES OUTSTANDING | US FOODSERVICE REVERSE STOCK SPLIT OF .396 | US FOODSERVICE SHARES FOR 1,457 SHARES OF RYKOFF-SEXTON COMMON STOCK |
|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 1 | $ 90,000,000 | 25.42% | 706,745* | 3.16% | 279,869 | 407,769 |
| 2 | 30,000,000 | 8.47% | 235,582* | 1.05% | 93,290 | 135,924 |
| 3 | 29,500,000 | 8.33% | 231,655* | 1.04% | 91,735 | 133,658 |
| 4 | 25,000,000 | 7.06% | 196,318 | 0.88% | 77,742 | 113,270 |
| 5 | 25,000,000 | 7.06% | 196,318 | 0.88% | 77,742 | 113,270 |
| 6 | 19,000,000 | 5.37% | 149,202 | 0.67% | 59,084 | 86,085 |
| 7 | 15,000,000 | 4.24% | 117,791 | 0.53% | 46,645 | 67,962 |
| 8 | 10,000,000 | 2.82% | 78,527 | 0.35% | 31,097 | 45,308 |
| 9 | 10,000,000 | 2.82% | 78,527 | 0.35% | 31,097 | 45,308 |
| 10 | 10,000,000 | 2.82% | 78,527 | 0.35% | 31,097 | 45,308 |
| 11 | 10,000,000 | 2.82% | 78,527 | 0.35% | 31,097 | 45,308 |
| 12 | 6,000,000 | 1.69% | 47,116 | 0.21% | 18,658 | 27,185 |
| 13 | 5,000,000 | 1.41% | 39,264 | 0.18% | 15,549 | 22,655 |
| 14 | 5,000,000 | 1.41% | 39,264 | 0.18% | 15,549 | 22,655 |
| 15 | 5,000,000 | 1.41% | 39,264 | 0.18% | 15,549 | 22,655 |
| 16 | 5,000,000 | 1.41% | 39,264 | 0.18% | 15,549 | 22,655 |
| 17 | 5,000,000 | 1.41% | 39,264 | 0.18% | 15,549 | 22,655 |
| 18 | 5,000,000 | 1.41% | 39,264 | 0.18% | 15,549 | 22,655 |
| 19 | 4,000,000 | 1.13% | 31,411 | 0.14% | 12,439 | 18,124 |
| 20 | 4,000,000 | 1.13% | 31,411 | 0.14% | 12,439 | 18,124 |
| 21 | 4,000,000 | 1.13% | 31,411 | 0.14% | 12,439 | 18,124 |
| 22 | 3,000,000 | 0.85% | 23,558 | 0.11% | 9,329 | 13,592 |
| 23 | 3,000,000 | 0.85% | 23,558 | 0.11% | 9,329 | 13,592 |
| 24 | 3,000,000 | 0.85% | 23,558 | 0.11% | 9,329 | 13,592 |
| 25 | 3,000,000 | 0.85% | 23,558 | 0.11% | 9,329 | 13,592 |
| 26 | 3,000,000 | 0.85% | 23,558 | 0.11% | 9,329 | 13,592 |
| 27 | 2,500,000 | 0.71% | 19,632 | 0.09% | 7,774 | 11,327 |
| 28 | 2,500,000 | 0.71% | 19,632 | 0.09% | 7,774 | 11,327 |
| 29 | 2,500,000 | 0.71% | 19,632 | 0.09% | 7,774 | 11,327 |
| 30 | 2,000,000 | 0.56% | 15,705 | 0.07% | 6,219 | 9,061 |
| 31 | 2,000,000 | 0.56% | 15,705 | 0.07% | 6,219 | 9,061 |
| 32 | 2,000,000 | 0.56% | 15,705 | 0.07% | 6,219 | 9,061 |
| 33 | 2,000,000 | 0.56% | 15,705 | 0.07% | 6,219 | 9,061 |
| 34 | 2,000,000 | 0.56% | 15,705 | 0.07% | 6,219 | 9,061 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | $354,000,000 | 100.00% | 2,779,863 | 12.45% | $1,100,826 | $1,603,903 |
| | 3,575,758 | | 28,079 | 0.13% | 11,119 | 16,201 |
| | $357,575,758 | | 2,807,942 | 12.57% | 1,111,945 | 1,620,104 |

<FN>
* REPRESENTS OVER 1% OF O/S STOCK. (3 INVESTORS)
</FN>
</TABLE>

MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. B-XVIII, L.P.
DISTRIBUTION OF 100% OF US FOODSERVICE COMMON SHARES
JANUARY 1996

<TABLE>

| # | CAPITAL ACCOUNT BALANCE AT JANUARY 1, 1995 | % OF OWNERSHIP | DISTRIBUTION OF SHARES | % OF US FOODSERVICE SHARES OUTSTANDING | US FOODSERVICE REVERSE STOCK SPLIT OF .396 | EXCHANGE US FOODSERVICE SHARES FOR 1,457 SHARES OF RYKOFF-SEXTON COMMON STOCK |
|---|---|---|---|---|---|---|
| 1. | $2,267,896 | 4.50% | 336,522* | 1.51% | 133,262 | 194,163 |
| 2. | 3,469,299 | 6.89% | 514,792* | 2.31% | 203,856 | 297,016 |
| 3. | 1,120,249 | 2.22% | 166,228 | 0.74% | 65,826 | 95,908 |
| 4. | 2,655,143 | 5.27% | 393,983* | 1.76% | 156,017 | 227,317 |
| 5. | 2,601,973 | 5.16% | 386,093* | 1.73% | 152,893 | 222,765 |
| 6. | 2,857,970 | 5.67% | 424,079* | 1.90% | 167,935 | 244,681 |
| 7. | 2,601,974 | 5.16% | 386,094* | 1.73% | 152,893 | 222,765 |
| 8. | 2,036,418 | 4.04% | 302,174* | 1.35% | 119,661 | 174,346 |
| 9. | 1,642,568 | 3.26% | 243,732* | 1.09% | 96,518 | 140,627 |
| 10. | 3,917,840 | 7.78% | 581,348* | 2.60% | 230,214 | 335,422 |
| 11. | 2,381,643 | 4.73% | 353,400* | 1.58% | 139,946 | 203,901 |
| 12. | 1,896,530 | 3.76% | 281,416* | 1.26% | 111,441 | 162,370 |
| 13. | 2,168,310 | 4.30% | 321,744* | 1.44% | 127,411 | 185,638 |
| 14. | 1,295,989 | 2.57% | 192,305 | 0.86% | 76,153 | 110,955 |
| 15. | 2,083,124 | 4.13% | 309,104* | 1.38% | 122,405 | 178,344 |
| 16. | 1,036,791 | 2.06% | 153,844 | 0.69% | 60,922 | 88,763 |
| 17. | 619,206 | 1.23% | 91,881 | 0.41% | 36,385 | 53,013 |
| 18. | 518,396 | 1.03% | 76,922 | 0.34% | 30,461 | 44,382 |
| 19. | 952,658 | 1.89% | 141,360 | 0.63% | 55,979 | 81,561 |
| 20. | 412,805 | 0.82% | 61,254 | 0.27% | 24,257 | 35,342 |
| 21. | 758,611 | 1.51% | 112,566 | 0.50% | 44,576 | 64,947 |
| 22. | 471,962 | 0.94% | 70,032 | 0.31% | 27,733 | 40,407 |
| 23. | 758,611 | 1.51% | 112,566 | 0.50% | 44,576 | 64,947 |
| 24. | 952,658 | 1.89% | 141,360 | 0.63% | 55,979 | 81,561 |
| 25. | 518,396 | 1.03% | 76,922 | 0.34% | 30,461 | 44,382 |
| 26. | 867,325 | 1.72% | 128,698 | 0.58% | 50,964 | 74,255 |
| 27. | 758,611 | 1.51% | 112,566 | 0.50% | 44,576 | 64,947 |
| 28. | 412,805 | 0.82% | 61,254 | 0.27% | 24,257 | 35,342 |
| 29. | 518,396 | 1.03% | 76,922 | 0.34% | 30,461 | 44,382 |
| 30. | 518,396 | 1.03% | 76,922 | 0.34% | 30,461 | 44,382 |
| 31. | 518,396 | 1.03% | 76,922 | 0.34% | 30,461 | 44,382 |
| 32. | 833,248 | 1.65% | 123,641 | 0.55% | 48,962 | 71,338 |
| 33. | 606,890 | 1.20% | 90,053 | 0.40% | 35,661 | 51,958 |
| 34. | 311,037 | 0.62% | 46,153 | 0.21% | 18,277 | 26,630 |
| 35. | 259,197 | 0.51% | 38,461 | 0.17% | 15,231 | 22,192 |
| 36. | 226,789 | 0.45% | 33,652 | 0.15% | 13,326 | 19,416 |
| 37. | 259,197 | 0.51% | 38,461 | 0.17% | 15,231 | 22,192 |
| 38. | 259,197 | 0.51% | 38,461 | 0.17% | 15,231 | 22,192 |
| 39. | 433,660 | 0.86% | 64,349 | 0.29% | 25,482 | 37,127 |
| 40. | 259,197 | 0.51% | 38,461 | 0.17% | 15,231 | 22,192 |
| 41. | 207,358 | 0.41% | 30,769 | 0.14% | 12,185 | 17,754 |
| 42. | 207,358 | 0.41% | 30,769 | 0.14% | 12,185 | 17,754 |
| 43. | 207,358 | 0.41% | 30,769 | 0.14% | 12,185 | 17,754 |
| 44. | 124,471 | 0.25% | 18,470 | 0.08% | 7,314 | 10,656 |
| 45. | 239,418 | 0.48% | 35,526 | 0.16% | 14,068 | 20,497 |
| 46. | 155,518 | 0.31% | 23,077 | 0.10% | 9,138 | 13,314 |
| 47. | 129,599 | 0.26% | 19,231 | 0.09% | 7,615 | 11,095 |
| 48. | 77,760 | 0.15% | 11,538 | 0.05% | 4,569 | 6,657 |
| | 50,388,201 | 100.00% | 7,476,846 | 33.48% | 2,960,831 | 4,313,931 |

| | | | | | |
|---|---|---|---|---|---|
| 508,971 | | 75,524 | 0.34% | 29,908 | 43,576 |
| $50,897,172 | | 7,552,370 | 33.82% | 2,990,739 | 4,357,507 |

<FN>
* REPRESENTS OVER 1% OF O/S STOCK. (13 INVESTORS)
</FN>
</TABLE>

SCHEDULE III

DISSOLUTION DATES

| Name of Stockholder | Latest Dissolution Date |
|---|---|
| MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. B-XVIII, L.P. | December 31, 2003 |
| MERRILL LYNCH KECALP L.P. 1994 | December 31, 2034 |
| ML OFFSHORE LBO PARTNERSHIP NO. B-XVIII | December 31, 2003 |
| ML IBK POSITIONS, INC. | None. |
| MLCP ASSOCIATES L.P. NO. II | December 31, 2002 |
| MLCP ASSOCIATES L.P. NO. IV | December 31, 2006 |
| MERRILL LYNCH KECALP L.P. 1991 | December 31, 2033 |
| MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. XIII, L.P. | December 31, 2000 |
| ML OFFSHORE LBO PARTNERSHIP NO. XIII | December 31, 2000 |
| ML EMPLOYEES LBO PARTNERSHIP NO. I, L.P. | December 31, 2004 |
| MERRILL LYNCH KECALP L.P. 1987 | December 31, 2029 |
| MERCHANT BANKING L.P. NO. II | December 31, 2000 |

Exhibit C

# REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT dated as of May 17, 1996, between RYKOFF-SEXTON, INC., a Delaware corporation (the "Company"), and the other signatories hereto listed on the signature pages hereof.

W I T N E S S E T H:

WHEREAS, pursuant to an Agreement and Plan of Merger dated February 2, 1996 (the "Merger Agreement"), between the Company, USF Acquisition Corporation, a Delaware corporation ("Merger Sub") and a wholly owned subsidiary of the Company, and US Foodservice Inc., a Delaware corporation ("USF"), USF has merged into Merger Sub on the date hereof, and pursuant thereto shares of Class A Common Stock, par value $.01 per share, and Class B Common Stock, par value $.01 per share, of USF ("USF Common Stock"), held by the USF stockholders have been converted into shares of Common Stock, of the par value of $.10 per share, of the Company ("Common Stock"); and

WHEREAS, pursuant to an Agreement dated as of February 2, 1996, as amended by Amendment No. 1 to Agreement dated as of April 8, 1996 (as so amended, the "ML Agreement"), the Company has agreed to enter into this Agreement to provide certain registration rights to the Shareholders with respect to such shares of Common Stock.

NOW, THEREFORE, it is hereby agreed as follows:

1. Definitions. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Merger Agreement. For purposes of this Agreement, the following terms shall have the following meanings:

"Affiliate" has the meaning specified in Rule 12b-2 under the Exchange Act.

"Blackout Period" has the meaning specified in Section 6(a).

"Business Day" means a day on which the principal offices of the SEC in Washington, D.C. are open to accept filings, or in the case of determining a date on which any payment is due, a day other than Saturday, Sunday or any day on which banks located in New York City are authorized or obligated by law to close.

"Counsel to the Holders" means the single law firm from time to time representing the Holders, as appointed by the Holders of a majority in number of the Registrable Securities.

"Effective Period" means, with respect to any Holder, a period commencing on the date of this Agreement and ending on the earlier of (i) the first date as of which all Registrable Securities cease to be Registrable Securities and (ii) the date on which such Holder may sell Registrable Securities in accordance with Rule 145(d)(3) under the Securities Act.

"Equitable Holder" means each of the Equitable Entities (as such term in defined in the Merger Agreement) that is a holder of Registrable Securities.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Holder" means each Shareholder, and each Person who is an Affiliate of such Shareholder, that is a holder of Registrable Securities.

"Initiating Holder" has the meaning specified in Section 3(a).

"Inspectors" has the meaning specified in Section 7(l).

"ML Holder" means each of the ML Entities (as such term in defined in the Merger Agreement), and each Affiliate of ML IBK Positions, Inc., that is a holder of Registrable Securities.

"NASD" means the National Association of Securities

Dealers, Inc.

"Prospectus" means the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by any Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

"Records" has the meaning specified in Section 7(l).

"Registrable Securities" means, collectively, (i) the shares of Common Stock issued to the Persons signatory hereto pursuant to the Merger, (collectively, the "Shares") and (ii) any securities paid, issued or distributed in respect of any Shares by way of stock dividend or distribution or stock split or in connection with a combination of shares, recapitalization, reorganization, merger, consolidation or otherwise. Securities will cease to be Registrable Securities in accordance with Section 2 hereof.



"Registration Expenses" means any and all out-of-pocket expenses incident to the Company's performance of or compliance with this Agreement, including, without limitation, (i) all SEC, NASD and securities exchange registration and filing fees, (ii) all fees and expenses of complying with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any underwriters in connection with blue sky qualifications of the Registrable Securities), (iii) all printing, messenger and delivery expenses, (iv) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or automated quotation system pursuant to Section 7(h), (v) the fees and disbursements of counsel for the Company and of its independent public accountants, (vi) the reasonable fees and expenses of any special experts retained by the Company in connection with the requested registration, (vii) the reasonable fees and expenses of Counsel to the Holders and (viii) out-of-pocket expenses of underwriters customarily paid by the issuer to the extent provided for in any underwriting agreement, but excluding (x) underwriting discounts and commissions, transfer taxes, if any, and documentary stamp taxes, if any, and (y) any fees or disbursements of counsel to the Holders or any Holder (other than Counsel to the Holders).

"Registration Statement" means any registration statement of the Company referred to in Section 3 or 4, including any Prospectus, amendments and supplements to any such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in any such registration statement.

"Registration Hold Period" means a Section 7(e) Period or a Section 7(m) Period.

"Related Securities" means any securities of the Company similar or identical to any of the Registrable Securities, including, without limitation, Common Stock and all options, warrants, rights and other securities convertible into, or exchangeable or exercisable for, Common Stock.

"Requesting Holder" has the meaning specified in Section 3(a).

"SEC" means the Securities and Exchange Commission.

"Section 7(e) Period" has the meaning specified in Section 7(e).

"Section 7(m) Period" has the meaning specified in Section 7(m).

"Securities Act" means the Securities Act of 1933, as amended.



"Shareholder" means each of the Persons other than the Company who are parties to this Agreement; provided, however, that for purposes of

Section 3 of this Agreement, Frank H. Bevevino shall be a Shareholder only as of such date he ceases to be an employee of the Company or any Subsidiary of the Company.

"Shelf Registration" means a "shelf" registration statement on an appropriate form pursuant to Rule 415 under the Securities Act (or any successor rule that may be adopted by the SEC).

"Underwritten Registration or Underwritten Offering" shall mean an underwritten offering in which securities of the Company are sold to an underwriter for reoffering to the public.

"Warrantholders Securities" means the securities proposed to be sold by those holders of the Company's Common Stock Purchase Warrants who exercise their registration rights pursuant to Section 20.2 thereof.

2. Securities Subject to This Agreement. The securities entitled to the benefits of this Agreement are the Registrable Securities. For the purposes of this Agreement, any particular Registrable Securities will cease to be Registrable Securities when and to the extent that (i) a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act and such Registerable Securities have been disposed of pursuant to such effective Registration Statement, (ii) such Registrable Securities are distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, (iii) such Registrable Securities shall have been otherwise transferred or disposed of, new certificates therefor not bearing a legend restricting further transfer shall have been delivered by the Company and, at such time, subsequent transfer or disposition of such securities shall not require registration or qualification of such securities under the Securities Act or any similar state law then in force or (iv) such Registrable Securities have ceased to be outstanding.

3. Piggy-Back Registration Rights. a. Whenever during the Effective Period the Company shall propose to file a registration statement under the Securities Act relating to the public offering of Company Common Stock for the Company's own account (other than pursuant to a registration statement on Form S-4 or Form S-8 or any successor forms, or filed in connection with an exchange offer or an offering of securities solely to existing stockholders or employees of the Company) or for the account of any holder of Common Stock (the "Initiating Holder") and on a form and in a manner that would permit registration of Registrable Securities for sale to the public under the Securities Act, the Company shall (i) give written notice at least 20 Business Days prior to the filing thereof to each Holder of Registrable Securities then outstanding, specifying the



approximate date on which the Company proposes to file such registration statement and advising such Holder of its right to have any or all of the Registrable Securities then held by such Holder included among the securities to be covered thereby and (ii) at the written request of any such Holder given to the Company within 15 days after such Holder's receipt of written notice from the Company, include among the securities covered by such registration statement the number of Registrable Securities which such Holder ("Requesting Holder") shall have requested be so included (subject, however, to reduction in accordance with paragraph (b) of this Section).

b. Each Holder of Registrable Securities desiring to participate in an offering pursuant to Section 3(a) may include shares of Company Common Stock in any Registration Statement relating to such offering to the extent that the inclusion of such shares of Company Common Stock shall not reduce the number of shares of Company Common Stock to be offered and sold by the Company or any Initiating Holder pursuant thereto. If the lead managing underwriter selected by the Company for an underwritten offering pursuant to Section 3(a) determines that marketing factors require a limitation on the number of shares of Company Common Stock to be offered and sold by Requesting Holders in such offering, there shall be included in the offering only that number of shares of Company Common Stock, if any, that such lead managing underwriter reasonably and in good faith believes will not jeopardize the success of the offering of all the shares of Company Common Stock that the Company desires to sell for its own account or that the Initiating Holder desires to sell for its own account, as the case may be. In such event and provided the lead managing underwriter has so notified the Company in writing, the shares of Company Common Stock to be included in such offering shall consist of (i) first, the securities the Company or the Initiating Holder, as the case may be, proposes to sell, and (ii) second, the number, if any, of Registrable Securities and Warrantholders Securities requested to be included in such registration that, in the opinion of such lead managing underwriter can be sold

without jeopardizing the success of the offering of all the securities that the Company or the Initiating Holder, as the case may be, desires to sell for its own account, such amount to be allocated on a pro rata basis among the holders of Registrable Securities and Warrantholders Securities who have requested their securities to be so included based on the number of Registrable Securities and Warrantholders Securities that each holder thereof has requested to be so included.

c. Nothing in this Section 3 shall create any liability on the part of the Company to the Holders of Registrable Securities if the Company for any reason should decide not to file a registration statement proposed to be filed under Section 3(a) or to withdraw such registration statement subsequent to its filing, regardless of any action whatsoever that a Holder may have taken, whether as a result of the issuance by the Company of any notice hereunder or otherwise.



d. A request by Holders to include Registrable Securities in a proposed underwritten offering pursuant to Section 3(a) shall not be deemed to be a request for a demand registration pursuant to Section 4.

4. Demand Registration Rights. (a) Upon the written request during the Effective Period of ML Holders holding at least a majority in number of the Registrable Securities held by the ML Holders that the Company effect the registration with the SEC under and in accordance with the provisions of the Securities Act of all or part of such ML Holder's or ML Holders' Registrable Securities (which written request shall specify the aggregate number of shares of Registrable Securities requested to be registered and the means of distribution), the Company will file a Registration Statement covering such ML Holder's or ML Holders' Registrable Securities requested to be registered within 30 Business Days after receipt of such request; provided, however, that the Company shall not be required to take any action pursuant to this Section 4:

(1) if prior to the date of such request the Company shall have effected four registrations pursuant to this Section 4;

(2) if the Company has effected a registration pursuant to this Section 4 within the 180-day period next preceding such request which permitted ML Holders holding Registrable Securities to register Registrable Securities;

(3) if the Company shall at the time have effective a Shelf Registration pursuant to which the ML Holder or ML Holders that requested registration could effect the disposition of such ML Holder's or ML Holders' Registrable Securities in the manner requested;

(4) if the Registrable Securities which the Company shall have been requested to register shall have a then current market value of less than $50,000,000, unless such registration request is for all remaining Registrable Securities held by the ML Holders; or

(5) during the pendency of any Blackout Period;

provided, however, that the Company shall be permitted to satisfy its obligations under this Section 4(a) by amending (to the extent permitted by applicable law) within 10 Business Days after a written request for registration, any Registration Statement previously filed by the Company under the Securities Act so that such Registration Statement (as amended) shall permit the disposition (in accordance with the intended methods of



disposition specified as aforesaid) of all of the Registrable Securities for which a demand for registration has been made under this Section 4(a). If the Company shall so amend a previously filed Registration Statement, it shall be deemed to have effected a registration for purposes of this Section 4.

b. The ML Holders delivering such request may

distribute the Registrable Securities covered by such request by means of an underwritten offering or any other means, as determined by the ML Holders holding a majority of Registrable Securities so requested to be registered.

c. Except for a Registration Statement subject to Section 4(d), a registration requested pursuant to this Section 4 shall not be deemed to be effected for purposes of this Section 4 if it has not been declared effective by the SEC or become effective in accordance with the Securities Act and the rules and regulations thereunder.

d. ML Holders holding a majority in number of the Registrable Securities held by ML Holders to be included in a Registration Statement pursuant to this Section 4 may, at any time prior to the effective date of the Registration Statement relating to such registration, revoke such request by providing a written notice to the Company revoking such request. If a Registration Statement is so revoked, the ML Holders holding Registrable Securities requesting the filing of such Registration Statement shall reimburse the Company for all its out-of-pocket expenses incurred in the preparation, filing and processing of the Registration Statement.

e. The Company will not include any securities which are not Registrable Securities in any Registration Statement filed pursuant to a demand made under this Section 4 without the prior written consent of the ML Holders holding a majority in number of the Registrable Securities held by ML Holders and covered by such Registration Statement.

5. Selection of Underwriters. In connection with any underwritten offering pursuant to a Registration Statement filed pursuant to a demand made pursuant to Section 4, ML Holders holding a majority in number of the Registrable Securities to be included in the Registration Statement shall have the right to select a lead managing underwriter or underwriters to administer the offering, which lead managing underwriter or underwriters shall be reasonably satisfactory to the Company; provided, however, that the Company shall have the right to select a co-managing underwriter or underwriters for the offering, which co-managing underwriter or underwriters shall be reasonably satisfactory to the ML Holders holding a majority in number of the Registrable Securities held by ML Holders to be included in the Registration Statement.



6. Blackout Periods; Holdback. a. If the Company determines in good faith that the registration and distribution of Registrable Securities (i) would materially impede, delay, interfere with or otherwise adversely affect any pending financing, registration of securities, acquisition, corporate reorganization or other significant transaction involving the Company or (ii) would require disclosure of non-public material information that the Company has a bona fide business purpose for preserving as confidential, as determined by the Board of Directors of the Company in good faith, the Company shall promptly give the Holders notice of such determination and shall be entitled to postpone the filing or effectiveness of a Registration Statement for the shortest period of time reasonably required, but in any event not to exceed 180 days with respect to matters covered by clause (i) above, and not to exceed 90 days with respect to matters covered by clause (ii) above (a "Blackout Period"); provided, that a Blackout Period with respect to a registration of securities proposed by the Company may, at the election of the Company, commence on the date that is 30 days prior to the date the Company in good faith estimates will be the date of filing of, and end no later than the date, following the effective date of such registration, specified in the form of underwriting agreement relating to such registration during which the Company shall be prohibited from selling, offering or otherwise disposing of Common Stock, but in no event to exceed 180 days; provided further, that the Company shall not obtain any deferral under this Section 6(a) more than once in any twelve-month period, other than normal deferrals required prior to the public release of quarterly financial results of the Company. The Company shall promptly notify each Holder of the expiration or earlier termination of a Blackout Period.

b. Each Holder from time to time of more than 1% of Company Common Stock agrees by acquisition of the Registrable Securities, if so requested in writing by any managing underwriter, not to effect any public sale or distribution of such securities or Related Securities during the seven days prior to and the 120 days after the effective time of any underwritten registration by the Company (either for its own account, or for the benefit of the Holders of any securities of the Company, including Registrable Securities, in each case as to which the Holders are entitled to request to be included pursuant to Section 3) has become effective or such period of time shorter than 120 days that is sufficient and appropriate, in the opinion of the managing underwriter, in order to complete the sale and distribution of securities included in such registration.

7. Registration Procedures. If and whenever the Company is required to use reasonable best efforts to effect or cause the registration of any Registrable Securities under the Securities Act as provided in this Agreement, the Company will:

a. prepare and file with the SEC a Registration Statement with respect to such Registrable Securities on any



form for which the Company then qualifies or which counsel for the Company shall deem appropriate, and which form shall be available for the sale of the Registrable Securities in accordance with the intended methods of distribution thereof (including, if so requested by the Holders, distributions under Rule 415 under the Securities Act pursuant to a Shelf Registration Statement), and use its reasonable best efforts to cause such Registration Statement to become and remain effective;

b. prepare and file with the SEC amendments and post-effective amendments to such Registration Statement (including any Shelf Registration referred to in Section 4(a)) and such amendments and supplements to the Prospectus used in connection therewith as may be necessary to maintain the effectiveness of such registration or as may be required by the rules, regulations or instructions applicable to the registration form utilized by the Company or by the Securities Act or rules and regulations thereunder necessary to keep such Registration Statement effective (i) in the case of a firm commitment underwritten public offering, until each underwriter has completed the distribution of all securities purchased by it and (ii) in the case of any other registration, for up to 90 days (or longer period in the event of a Registration Hold Period during such offering, as provided in this Section 7) and cause the Prospectus as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and to otherwise comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until the earlier of (x) such 90th day (or longer period) and (y) such time as all Registrable Securities covered by such Registration Statement have ceased to be Registrable Securities;

c. furnish to each Holder of such Registrable Securities such number of copies of such Registration Statement and of each amendment and post-effective amendment thereto, any Prospectus or Prospectus supplement and such other documents as such Holder may reasonably request in order to facilitate the disposition of the Registrable Securities by such Holder (the Company hereby consenting to the use (subject to the limitations set forth in the last paragraph of this Section 7) of the Prospectus or any amendment or supplement thereto in connection with such disposition);

d. use its reasonable best efforts to register or qualify such Registrable Securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as each Holder shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in such



jurisdictions of the Registrable Securities owned by such Holder, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this Section 7(d), it would not be obligated to be so qualified, to subject itself to taxation in any such jurisdiction, or to consent to general service of process in any such jurisdiction;

e. notify each Holder of any such Registrable Securities covered by such Registration Statement, at any time when a Prospectus relating thereto is required to be delivered under the Securities Act within the appropriate period mentioned in Section 7(b), of the Company's becoming aware that the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing (the period

during which the Holders are required to refrain from effecting public sales or distributions in such case being referred to as a "Section 7(e) Period"), and prepare and furnish to such Holder a reasonable number of copies of an amendment to such Registration Statement or related Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and the time during which such Registration Statement shall remain effective pursuant to Section 7(b) shall be extended by the number of days in the Section 7(e) Period;

f. notify each Holder of Registrable Securities covered by such Registration Statement at any time,

(1) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to the Registration Statement or any post-effective amendment, when the same has become effective;

(2) of any request by the SEC for amendments or supplements to the Registration Statement or the Prospectus or for additional information;

(3) of the issuance by the SEC of any stop order of which the Company or its counsel is aware or should be aware suspending the effectiveness of the Registration Statement or any order preventing the use of a related Prospectus, or the initiation or any threats of any proceedings for such purposes; and



(4) of the receipt by the Company of any written notification of the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or any threats of any proceeding for that purpose;

g. otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its stockholders an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act, provided that the Company shall be deemed to have complied with this paragraph if it has complied with Rule 158 under the Securities Act;

h. use its reasonable best efforts to cause all such Registrable Securities to be listed on any securities exchange or automated quotation system on which the Common Stock is then listed, if such Registrable Securities are not already so listed and if such listing is then permitted under the rules of such exchange or automated quotation system, and to provide a transfer agent and registrar for such Registrable Securities covered by such Registration Statement no later than the effective date of such Registration Statement;

i. if the registration is an underwritten registration, enter into a customary underwriting agreement and in connection therewith:

(1) make such representations and warranties to the underwriters in form, substance and scope as are customarily made by issuers to underwriters in comparable underwritten offerings;

(2) obtain opinions of counsel to the Company (in form, scope and substance reasonably satisfactory to the managing underwriters), addressed to the underwriters, and covering the matters customarily covered in opinions requested in comparable underwritten offerings;

(3) obtain "cold comfort" letters and bring-downs thereof from the Company's independent certified public accountants addressed to the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters by independent accountants in connection with underwritten offerings;

(4) if requested, provide indemnification in

accordance with the provisions and procedures of Section 10 hereof to all parties to be indemnified pursuant to said Section; and



(5) deliver such documents and certificates as may be reasonably requested by the managing underwriters to evidence compliance with clause (f) above and with any customary conditions contained in the underwriting agreement.

j. cooperate with the Holders of Registrable Securities covered by such Registration Statement and the managing underwriter or underwriters or agents, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing the securities to be sold under such Registration Statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or underwriters or agents, if any, or such Holders may request;

k. if reasonably requested by the managing underwriter or underwriters or a Holder of Registrable Securities being sold in connection with an underwritten offering, incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriters and the Holders of a majority in number of the Registrable Securities being sold agree should be included therein relating to the plan of distribution with respect to such Registrable Securities, including, without limitation, information with respect to the principal amount of Registrable Securities being sold to such underwriters, the purchase price being paid therefor by such underwriters and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering and make all required filings of such Prospectus supplement or post-effective amendment as promptly as practicable upon being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

l. provide any Holder of Registrable Securities included in such Registration Statement, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by any such Holder or underwriter (collectively, the "Inspectors") with reasonable access during normal business hours to appropriate officers of the Company and the Company's subsidiaries to ask questions and to obtain information reasonably requested by any such Inspector and make available for inspection all financial and other records and other information, pertinent corporate documents and properties of any of the Company and its subsidiaries and affiliates (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility; provided, however, that the Records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors in writing are confidential shall not be disclosed to any



Inspector unless such Inspector signs or is otherwise bound by a confidentiality agreement reasonably satisfactory to the Company; and

m. in the event of the issuance of any stop order of which the Company or its counsel is aware or should be aware suspending the effectiveness of the Registration Statement or of any order suspending or preventing the use of any related Prospectus or suspending the qualification of any Registrable Securities included in the Registration Statement for sale in any jurisdiction, the Company will use its reasonable best efforts promptly to obtain its withdrawal; and the period for which the Registration Statement shall be kept effective shall be extended by a number of days equal to the number of days between the issuance and withdrawal of any stop orders (a "Section 7(m) Period").

The Company may require each Holder of Registrable Securities as to which any registration is being effected to furnish the Company with such information regarding such Holder and pertinent to the disclosure requirements relating to the registration and the distribution of such securities as the

Company may from time to time reasonably request.

Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Sections 7(e) or 7(m), such Holder will forthwith discontinue disposition of Registrable Securities pursuant to the Prospectus or Registration Statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 7(e) or the withdrawal of any stop order contemplated by Section 7(m), and, if so directed by the Company, such Holder will deliver to the Company all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities at the time of receipt of such notice.

8. Registration Expenses. The Company will pay all Registration Expenses in connection with all registrations of Registrable Securities pursuant to Sections 3 and 4, and each Holder shall pay (x) any fees or disbursements of counsel to such Holder (other than Counsel to the Holders) and (y) all underwriting discounts and commissions and transfer taxes, if any, and documentary stamp taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Registration Statement.

9. Reports Under the Exchange Act. The Company agrees to:



a. file with the SEC in a timely manner all reports and other documents required of the Company under the Exchange Act; and

b. furnish to any Holder, during the Effective Period, forthwith upon request (A) a written statement by the Company that it has complied with the current public information and reporting requirements of Rule 144 under the Securities Act and the Exchange Act and (B) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company with the SEC under the Exchange Act.

10. Indemnification; Contribution.

a. Indemnification by the Company. The Company agrees to indemnify and hold harmless each Holder of Registrable Securities, its officers, directors, agents, trustees, stockholders and each Person who controls such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees, disbursements and expenses, as incurred) incurred by such party pursuant to any actual or threatened action, suit, proceeding or investigation arising out of or based upon any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus or preliminary Prospectus, or any amendment or supplement to any of the foregoing or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or a preliminary Prospectus, in light of the circumstances then existing) not misleading, except in each case insofar as the same arise out of or are based upon any such untrue statement or omission made in reliance on and in conformity with information with respect to such indemnified party furnished in writing to the Company by such indemnified party or its counsel expressly for use therein. In connection with an underwritten offering, the Company will indemnify the underwriters thereof, their officers, directors, agents, trustees, stockholders and each Person who controls such underwriters (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) to the same extent as provided above with respect to the indemnification of the Holders of Registrable Securities. Notwithstanding the foregoing provisions of this Section 10(a), the Company will not be liable to any Person who participates as an underwriter in the offering or sale of Registrable Securities or any other Person, if any, who controls such underwriter (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), under the indemnity agreement in this Section 10(a) for any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense that arises out of such Person's failure to send or deliver a copy of the final Prospectus to the Person asserting an untrue statement or alleged untrue statement or

omission or alleged omission at or prior to the written confirmation of the sale of the Registrable Securities to such Person if such statement or omission was corrected in such final Prospectus and the Company has previously furnished copies thereof to such Holder or other Person in accordance with this Agreement.

b. Indemnification by Holders of Registrable Securities. In connection with any Registration Statement filed pursuant hereto, each Holder of Registrable Securities to be covered thereby will furnish to the Company in writing such information with respect to such Holder, including the name, address and the amount of Registrable Securities held by such Holder, as the Company reasonably requests for use in such Registration Statement or the related Prospectus and agrees severally and not jointly to indemnify and hold harmless the Company, all other Holders or any underwriter, as the case may be, and their respective directors, officers, agents, trustees, stockholders and controlling Persons (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), against any losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees, disbursements and expenses, as incurred), incurred by such party pursuant to any actual or threatened action, suit, proceeding or investigation arising out of or based upon any untrue or alleged untrue statement of a material fact contained in, or any omission or alleged omission of a material fact required to be stated in, such Registration Statement, Prospectus or preliminary Prospectus or any amendment or supplement to any of the foregoing or necessary to make the statements therein (in case of a Prospectus or preliminary Prospectus, in the light of the circumstances then existing) not misleading, but only to the extent that any such untrue statement or omission is made in reliance on and in conformity with information with respect to such Holder furnished in writing to the Company by such Holder or its counsel specifically for inclusion therein; provided, however, that the liability of each Holder hereunder shall be limited to the proportion of any such loss, claim, damage, liability or expense that is equal to the proportion that the net proceeds from the sale of shares sold by such Holder under such registration statement bears to the total net proceeds from the sale of all securities sold thereunder, but not in any event to exceed the net proceeds received by such Holder from the sale of Registrable Securities covered by such Registration Statement.

c. Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder agrees to give prompt written notice to the indemnifying party after the receipt by such indemnified party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which such indemnified party may claim indemnification or contribution pursuant to this Agreement (provided that failure to give such notification shall not affect the obligations of the indemnifying party pursuant to



this Section 10 except to the extent the indemnifying party shall have been actually prejudiced as a result of such failure). In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under these indemnification provisions for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation, unless in the reasonable judgement of any indemnified party a conflict of interest is likely to exist, based on the written opinion of counsel, between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall not be liable for the fees and expenses of (i) more than one counsel for all Holders of Registrable Securities who are indemnified parties, selected by a majority of the Holders of Registrable Securities who are indemnified parties (which choice shall be reasonably satisfactory to the Company), (ii) more than one counsel for the underwriters or (iii) more than one counsel for the Company in connection with any one action or separate but similar or related actions. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claims, unless in the reasonable judgment of any indemnified party based on the written opinion of counsel a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels. No indemnifying party, in defense of any such action, suit, proceeding

or investigation, shall, except with the consent of each indemnified party, consent to the entry of any judgment or entry into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such action, suit, proceeding or investigation to the extent the same is covered by the indemnity obligation set forth in this Section 10. No indemnified party shall consent to entry of any judgment or enter into any settlement without the consent of each indemnifying party.

d. Contribution. If the indemnification from the indemnifying party provided for in this Section 10 is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to herein, then the indemnifying party, in lieu of indemnifying such



indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities and expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified party in connection with the actions which resulted in such losses, claims, damages, liabilities and expenses, as well as any other relevant equitable considerations; provided, however, that the liability of each Holder hereunder shall be limited to the proportion of any such loss, claim, damage, liability or expense that is equal to the proportion that the net proceeds from the sale of shares sold by such Holder under such Registration Statement bears to the total net proceeds from the sale of all securities sold thereunder, but not in any event to exceed the net proceeds received by such Holder from the sale of Registrable Securities covered by such Registration Statement. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 10(c), any legal and other fees and expenses reasonably incurred by such indemnified party in connection with any investigation or proceeding.

No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

If indemnification is available under this Section 10, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 10(a) or (b), as the case may be, without regard to the relative fault of said indemnifying parties or indemnified party or any other equitable consideration provided for in this Section 10(d).

e. The provisions of this Section 10 shall be in addition to any liability which any indemnifying party may have to any indemnified party and shall survive the termination of this Agreement.

11. Participation in Underwritten Offerings. No Holder of Registrable Securities may participate in any underwritten offering pursuant to Section 3 hereunder unless such Holder (a) agrees to sell such Holder's securities on the basis provided in any underwriting arrangements approved by the Company in its reasonable discretion and (b) completes and executes all questionnaires, powers of attorney, custody agreements,



indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

12. Miscellaneous. a. Remedies. The parties acknowledge that money damages are not an adequate remedy for violations of this Agreement and that any party may, in its sole discretion, apply to a court of competent jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement

or prevent any violation hereof and, to the extent permitted by applicable law, each party waives any objection to the imposition of such relief.

b. Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of at least a majority in number of the Registrable Securities then outstanding.

c. Notices. Any notice required to be given hereunder shall be sufficient if in writing, and sent by facsimile transmission and by courier service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid), addressed as follows:

(i) if to an ML Holder to:

Merrill Lynch Capital Partners, Inc.
225 Liberty Street
New York, NY 10080-6123
Attn: James V. Caruso
Telecopy: (212) 236-7364

with a copy to:

Marcia L. Tu, Esq.
Merrill Lynch & Co., Inc.
World Financial Center
North Tower
250 Vesey Street
New York, NY 10281-1323
Telecopy: (212) 449-3207

with a copy to:

Bonnie Greaves, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, NY 10022
Telecopy: (212) 848-7179



(ii) if to an Equitable Holder to:

Alliance Corporate Finance
Group Incorporated
1285 Avenue of the Americas
19th Floor
New York, NY 10019
Attention: Corporate Finance
Department
Telecopy: (212) 554-1032

(iii) if to Frank H. Bevevino to:

Frank H. Bevevino
US Foodservice Inc.
Crosscreek Pointe
1065 Highway 315, Suite 101
Wilkes-Barre, PA 18702
Telecopy: (717) 822-0909

(iv) if to the Company to:

Rykoff-Sexton, Inc.
1050 Warrenville Road
Lisle, IL 60532-5201
Attn: Mark Van Stekelenburg, Chairman,
President and Chief Executive
Officer
Telecopy: (708) 971-6588

with copies to:

Elizabeth C. Kitslaar, Esq.
Jones, Day, Reavis & Pogue

77 West Wacker
Chicago, IL 60601-1692
Telecopy: (312) 782-8585

or to such other address as any party shall specify by written notice so given, and such notice shall be deemed to have been delivered as of the date so telecommunicated, personally delivered or mailed.

d. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto, any Holder other than the Shareholders and any successors thereof; provided, however, that (i) any Holder shall have agreed in writing to become a Holder under this Agreement and to be bound by the terms and conditions hereof and (ii) subject to clause (i), this Agreement and the provisions of this Agreement that are for the benefit of the Holders shall not be assignable by any Holder to any Person that is not so permitted to be a Holder, and any such purported assignment shall be null and void.



e. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

f. Descriptive Headings. The descriptive heading used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

g. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

h. Severability. If any term of this Agreement or the application thereof to any party or circumstance shall be held invalid or unenforceable to any extent, the remainder of this Agreement and the application of such term to the other parties or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by applicable law, provided that in such event the parties shall negotiate in good faith in an attempt to agree to another provision (in lieu of the term or application held to be invalid or unenforceable) that will be valid and enforceable and will carry out the parties' intentions hereunder.

i. Entire Agreement. This Agreement constitutes the entire agreement and understanding among the parties relating to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. There are no representations, warranties or covenants by the parties hereto relating to such subject matter other than those expressly set forth in this Agreement.



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

RYKOFF-SEXTON, INC.

By: /s/ Mark Van Stekelenburg
_____
Mark Van Stekelenburg
Chairman, President and Chief
Executive Officer

MERRILL LYNCH CAPITAL APPRECIATION
PARTNERSHIP NO. B-XVIII, L.P.

By: Merrill Lynch LBO Partners
No. B-IV, L.P., as General

Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1994

By: KECALP Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

ML OFFSHORE LBO PARTNERSHIP NO. B-XVIII

By: Merrill Lynch LBO Partners No. B-IV, L.P., as Investment General Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President



ML IBK POSITIONS, INC.

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

MLCP ASSOCIATES L.P. NO. II

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1991

By: KECALP Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. XIII, L.P.

By: Merrill Lynch LBO Partners No. IV, L.P., as General Partner
By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

ML OFFSHORE LBO PARTNERSHIP NO. XIII

By: Merrill Lynch LBO Partners No. IV, L.P., as Investment General Partner



By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

ML EMPLOYEES LBO PARTNERSHIP NO. I, L.P.

By: ML Employees LBO Managers, Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1987

By: KECALP Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

MERCHANT BANKING L.P. NO. II

By: Merrill Lynch MBP Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

MLCP ASSOCIATES L.P. NO. IV

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
_____
James V. Caruso
Vice President

THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES

By: /s/ U. Peter C. Gummeson
_____
U. Peter C. Gummeson
Investment Officer

EQUITABLE DEAL FLOW FUND, L.P.

By: EQUITABLE MANAGED ASSETS,
L.P., as General Partner

By: THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES,
as General Partner

By: /s/ U. Peter C. Gummeson
_____
U. Peter C. Gummeson
Investment Officer

EQUITABLE VARIABLE LIFE INSURANCE
COMPANY

By: /s/ U. Peter C. Gummeson
_____
U. Peter C. Gummeson
Investment Officer

/s/ Frank H. Bevevino
_____
Frank H. Bevevino

Exhibit D

# TAX AGREEMENT

This Tax Agreement (the "Agreement"), dated as of May 17, 1996, by and among Rykoff-Sexton, Inc., a Delaware corporation ("RSI"), and each other Person listed on the signature pages hereof (each a "Shareholder" and, collectively, the "Shareholders").

W I T N E S S E T H:

WHEREAS, RSI, USF Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of RSI ("Merger Sub"), and US Foodservice Inc., a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger, dated February 2, 1996 (the "Merger Agreement", capitalized terms used but not defined herein having the same meanings ascribed to such terms in the Merger Agreement), pursuant to which the Company shall merge with and into Merger Sub;

WHEREAS, it is the intention of the parties to the Merger Agreement that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, each Shareholder is the beneficial and record owner of the number of shares of Class A Common Stock or Class B Common Stock set forth opposite its respective name on Schedule I to this Agreement, all of which will be converted into a number of RSI Common Shares in the Merger pursuant to Section 4.1 of the Merger Agreement; and

WHEREAS, pursuant to Section 8.2(h) of the Merger Agreement, it is a condition to the respective obligations of RSI and Merger Sub to consummate the transactions contemplated by the Merger Agreement that RSI and the Shareholders enter into this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

Section 1. Covenants of the Shareholders and RSI. (a) During the two-year period commencing on the date hereof, each Shareholder agrees that such Shareholder shall not, other than incident or pursuant to an Extraordinary Transaction, (i) sell, exchange, distribute or otherwise dispose of in any manner, or enter into one or more transactions whereby such Shareholder gives up substantially all of the benefits and burdens of ownership in (all such actions hereinafter collectively referred to as a "Transfer"), or (ii) enter into one or more contracts or other agreements to Transfer, or that would

by its or their terms require a Transfer of, a number of RSI Common Shares received by such Shareholder in the Merger that exceeds in the aggregate (x) the number of RSI Common Shares received by such Shareholder in the Merger multiplied by (y) the Permitted Sales Factor. For purposes of this Agreement, the "Permitted Sales Factor" shall be a number equal to 1.00 minus the Continuity Factor, and the "Continuity Factor" shall be a fraction, the numerator of which shall be the aggregate number of RSI Common Shares that must continue to be owned by the stockholders of the Company to satisfy the "continuity of interest" requirement of Treas. Reg. ss. 1.368-1(b) (the "Continuity Shares Number"), and the denominator of which shall be the aggregate number of RSI Common Shares issued in the Merger and held at the Effective Time by the Shareholders and by stockholders of the Company who have executed and delivered to RSI an instrument in the form of Exhibit B attached hereto. For purposes of computing the Continuity Factor, the "Continuity Shares Number" shall be determined by applying the formula set forth on Schedule II attached hereto.

(b) For purposes of this Agreement, an Extraordinary Transaction means a merger, consolidation or other business combination, tender or exchange offer, share exchange, restructuring, recapitalization or other similar transaction involving RSI so long as any such transaction is not arranged as part of an overall plan to which such Shareholder is a party and pursuant to which the Merger is also being consummated.

(c) As soon as practicable following the Effective Time, RSI and Merrill Lynch Capital Partners, Inc., a Delaware corporation ("MLCP"), shall mutually determine the Continuity Factor and thereafter RSI shall deliver to each Shareholder a notice setting forth the total number of RSI Common Shares

that such Shareholder must hold during the two-year period commencing on the date hereof in order to comply with the covenant of such Shareholder set forth in Section 1(a) above (with respect to each Shareholder, the "Restricted Shares Number"), and setting forth in reasonable detail the calculation thereof.

(d) Certificates evidencing the RSI Common Shares received by each Shareholder in the Merger shall bear the following legend, in addition to any other legend that may be required by the Merger Agreement, the ML Agreement, the Standstill Agreement or any other agreement contemplated by any such Agreements:

> "The shares of common stock represented by this certificate are subject to a Tax Agreement dated as of May 17, 1996, with Rykoff-Sexton, Inc. that imposes, among other things, certain restrictions on the transfer of such shares. Copies of the Tax Agreement are on file at the principal office of Rykoff-Sexton, Inc."



(e) In the case of any Shareholder not subject to aggregation treatment under Section 7 hereof, the legend referred to in Section 1(d) hereof shall be placed only on certificates evidencing a number of RSI Common Shares received by such Shareholder in the Merger equal to the Restricted Shares Number determined with respect to such Shareholder.

(f) Each Shareholder hereby consents to the entry of stop transfer orders with RSI's transfer agents with respect to RSI Common Shares prohibiting the Transfer of any certificates representing RSI Common Shares that bear the legend referred to in Section 1(d) hereof, except for Transfers that are made in compliance with the provisions of this Agreement.

(g) In the case of a Transfer of any certificates representing RSI Common Shares and bearing the legend referred to in Section 1(d) hereof that is made in compliance with the provisions of this Agreement, RSI shall instruct its transfer agents with respect to RSI Common Shares to permit such Transfer upon the presentation to any such transfer agent of the legended certificates together with a certificate in the form of Exhibit A attached hereto, and RSI shall remove such legend from the certificates being Transferred.

(h) RSI agrees that upon expiration of the two-year period provided for in Section 1(a) hereof, RSI shall, upon the presentation to any of its transfer agents of any certificates representing RSI Common Shares and containing the legend referred to in Section 1(d) hereof, remove such legend from the certificates.

Section 2. Tax Representations of the Shareholders. Each Shareholder hereby represents and warrants to RSI that, as of the date hereof, such Shareholder has no plan or intention to Transfer a number of RSI Common Shares received by such Shareholder in the Merger that would exceed in the aggregate (x) the number of RSI Common Shares received by such Shareholder in the Merger multiplied by (y) the Permitted Sales Factor.

Section 3. Waiver of Claims. In the case solely of a Shareholder that has not breached the covenant contained in Section 1(a) hereof or any of its representations and warranties set forth in Section 6 hereof, RSI and each other Shareholder (collectively the "Releasors") hereby waive and release any and all claims, rights, causes of action, suits, whether known or unknown, that as of the date hereof could have been, or in the future might be asserted by or on behalf of any Releasor or any of its respective associates, affiliates, parents, subsidiaries, present or former officers, directors, employees, attorneys, financial advisors or other advisors or agents, heirs, executors, personal representatives, estates, administrators, and successors and assigns against such Shareholder under this Agreement or otherwise resulting from or relating to the failure of the Merger



to qualify as a reorganization within the meaning of Section 368(a) of the Code.

Section 4. Reliance. Each Shareholder understands and agrees that the representations and warranties made by the Shareholder in Section 2 hereof will be relied upon by Morgan, Lewis & Bockius LLP, Shearman & Sterling,

and Jones, Day, Reavis & Pogue, respectively, in connection with their opinions to be delivered pursuant to Section 8.1(h) and Section 8.1(i) of the Merger Agreement with respect to the treatment of the Merger for federal income tax purposes as a tax-free reorganization within the meaning of Section 368(a) of the Code.

Section 5. Representations and Warranties of RSI. RSI represents and warrants to each of the Shareholders as follows: This Agreement has been approved by the Board of Directors of RSI, and has been duly executed and delivered by a duly authorized officer of RSI. This Agreement constitutes a valid and binding agreement of RSI, enforceable against RSI in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application which may affect the enforcement of creditors' rights generally and by general equitable principles. The execution and delivery of this Agreement by RSI does not conflict with or constitute a violation of or default under the Restated Certificate of Incorporation or By-laws of RSI, any statute, law, rule, regulation, order or decree applicable to RSI, or any contract, commitment, agreement, arrangement or restriction of any kind to which RSI is a party or by which RSI is bound, other than such violations as would not prevent or materially delay the performance by RSI of its obligations hereunder or otherwise subject any Shareholder to any claim or liability.

Section 6. Representations and Warranties of the Shareholder. Each Shareholder represents and warrants to RSI as follows: This Agreement has been duly authorized, executed and delivered by such Shareholder. This Agreement constitutes the valid and binding agreement of such Shareholder, enforceable against such Shareholder in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application which may affect the enforcement of creditors' rights generally and by general equitable principles. Except as disclosed on Schedule III attached hereto, immediately prior to the Effective Time, such Shareholder is the record and beneficial owner, under U.S. federal income tax principles, of the number of shares of Class A Common Stock or Class B Common Stock set forth opposite its respective name on Schedule I to this Agreement, in each case free and clear of all claims, liens, pledges, security interests, restrictions or encumbrances of any nature whatsoever, with no restrictions on voting rights and other incidents of record and beneficial ownership incident thereto, other than the



Stockholders Agreement. The execution and delivery of this Agreement by such Shareholder does not conflict with or constitute a violation of or default under the certificate of incorporation, by-laws, partnership agreement or certificate of partnership (or other comparable documents) of such Shareholder, any provisions of any statute, law, rule, regulation, order or decree applicable to such Shareholder, or any contract, commitment, agreement, arrangement or restriction of any kind to which such Shareholder is a party or by which such Shareholder is bound, other than such violations as would not prevent or materially delay the performance by such Shareholder of its obligations hereunder or subject RSI to any claim or liability.

Section 7. Aggregation of Shareholders. For purposes of Sections 1 and 2 hereof, the RSI Common Shares held by any Shareholder of which MLCP or an Affiliate of MLCP is a general partner, or which is controlled by MLCP or an Affiliate of MLCP, shall be aggregated, and such Shareholders shall be regarded as a single Shareholder.

Section 8. Distribution by Equitable Deal Flow Fund, L.P. If the Equitable Deal Flow Fund, L.P. ("Equitable L.P.") becomes required by the terms of its partnership agreement to distribute to its partners a number of RSI Common Shares received by it in the Merger in a Transfer that would otherwise be in violation of Section 1(a) hereof, Equitable L.P. shall be permitted to effect such distribution provided that (i) the shares of RSI Common Stock so distributed to its partners are distributed in accordance with the partners' respective interests in Equitable L.P., (ii) each of such partners shall have executed and delivered to RSI in advance of such distribution a document evidencing such partner's agreement to be bound by and to comply with all of the terms and provisions of Section 1 hereof, which document shall be satisfactory in form and substance to RSI in its reasonable discretion, and (iii) at the written request of each such partner, which request shall specify the total number of RSI Common Shares to be distributed to such partner and such partner's pro rata share of the Restricted Shares Number determined with respect to Equitable L.P., RSI shall cause two stock certificates to be issued to each such partner representing such RSI Common Shares to be so distributed to such

partner, one of which shall evidence a number of RSI Common Shares equal to such partner's pro rata share of the Restricted Shares Number determined with respect to Equitable L.P. and which shall bear the legend referred to in Section 1(d) hereof, and one of which shall evidence the balance of the RSI Common Shares to be distributed to such partner and which shall not bear the legend referred to in Section 1(d) hereof.

Section 9. Miscellaneous.

(a) Notices, Etc. All notices, requests, demands or other communications required by or otherwise with respect to



this Agreement shall be in writing and shall be deemed to have been duly given to any party when delivered personally (by courier service or otherwise), when delivered by telecopy and confirmed by return telecopy, or seven days after being mailed by first-class mail, postage prepaid in each case to the applicable addresses set forth below:

If to a Shareholder that is one of the ML Entities:

Merrill Lynch Capital Partners, Inc.
225 Liberty Street
New York, NY 10080-6123
Attn: James V. Caruso
Telecopy: (212) 236-7364

with a copy to:

Marcia L. Tu, Esq.
Merrill Lynch & Co., Inc.
World Financial Center
North Tower
250 Vesey Street
New York, NY 10281-1323
Telecopy: (212) 449-3207

with a copy to:

Bonnie Greaves, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, NY 10022
Telecopy: (212) 848-7179

If to RSI:

Rykoff-Sexton, Inc.
1050 Warrenville Road
Lisle, IL 60532-5201
Attn: Mark Van Stekelenburg, Chairman,
President and Chief Executive Officer
Telecopy: (708) 971-6588

with a copy to:

Elizabeth C. Kitslaar, Esq.
Jones, Day, Reavis & Pogue
77 West Wacker
Chicago, IL 60601-1692
Telecopy: (312) 782-8585

and if to a Shareholder that is not one of the ML Entities, to the address set forth below the name of such Shareholder on the



signature pages to this Agreement, or to such other address as any such party shall have designated by notice so given to each other party.

(b) Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated except by an instrument in writing signed by each

of the parties hereto.

(c) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties and their respective successors and assigns, including without limitation in the case of any corporate party hereto any corporate successor by merger or otherwise. Except with the prior written consent of the other parties hereto, no party may assign any of its rights or obligations hereunder.

(d) Entire Agreement. This Agreement constitutes the entire agreement and understanding among the parties relating to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. There are no representations, warranties or covenants by the parties hereto relating to such subject matter other than those expressly set forth in this Agreement.

(e) Severability. If any term of this Agreement or the application thereof to any party or circumstance shall be held invalid or unenforceable to any extent, the remainder of this Agreement and the application of such term to the other parties or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by applicable law, provided that in such event the parties shall negotiate in good faith in an attempt to agree to another provision (in lieu of the term or application held to be invalid or unenforceable) that will be valid and enforceable and will carry out the parties' intentions hereunder.

(f) Specific Performance. The parties acknowledge that money damages are not an adequate remedy for violations of this Agreement and that any party may, in its sole discretion, apply to a court of competent jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof and, to the extent permitted by applicable law, each party waives any objection to the imposition of such relief.

(g) Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.



(h) No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(i) No Third Party Beneficiaries. Except as provided in Section 4 hereof, this Agreement is not intended to be for the benefit of and shall not be enforceable by any person or entity who or which is not a party hereto.

(j) Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery in the State of Delaware in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this paragraph (j) and shall not be deemed to be a general submission to the jurisdiction of said Court or in the State of Delaware other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(k) Governing Law. This Agreement and all disputes hereunder shall be governed by and construed and enforced in accordance with the law of the State of Delaware.

(l) Name, Captions. The name assigned to this Agreement and the section captions used herein are for convenience of reference only and shall not affect the interpretation or construction hereof.

(m) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies each signed by less than all, but together signed by all, the

parties hereto.

(n) Expenses. Each of the parties hereto shall bear its own expenses incurred in connection with this Agreement and the transactions contemplated hereby, except that in the event of a dispute concerning the terms or enforcement of this Agreement, the prevailing party in any such dispute shall be entitled to reimbursement of reasonable legal fees and disbursements from the other party or parties to such dispute.



IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

RYKOFF-SEXTON, INC.

By: /s/ Mark Van Stekelenburg
---
Name: Mark Van Stekelenburg
Title: Chairman, President and Chief Executive Officer

[Counterpart Signature Pages To Follow]



[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. B-XVIII, L.P.

By: Merrill Lynch LBO Partners No. B-IV, L.P., as General Partner

By: Merrill Lynch Capital Partners,Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MERRILL LYNCH KECALP L.P. 1994

By: KECALP Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

ML OFFSHORE LBO PARTNERSHIP NO. B-XVIII

By: Merrill Lynch LBO Partners No. B-IV, L.P., as Investment General Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

ML IBK POSITIONS, INC.

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MLCP ASSOCIATES L.P. NO. II

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MERRILL LYNCH KECALP L.P. 1991

By: KECALP Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MERRILL LYNCH CAPITAL APPRECIATION PARTNERSHIP NO. XIII, L.P.

By: Merrill Lynch LBO Partners No. IV, L.P., as General Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

ML OFFSHORE LBO PARTNERSHIP NO. XIII

By: Merrill Lynch LBO Partners No. IV, L.P., as Investment General Partner

By: Merrill Lynch Capital Partners, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

ML EMPLOYEES LBO PARTNERSHIP NO. I, L.P.

By: ML Employees LBO Managers, Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MERRILL LYNCH KECALP L.P. 1987

By: KECALP Inc., as General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MERCHANT BANKING L.P. NO. II

By: Merrill Lynch MBP Inc., as
General Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MLCP ASSOCIATES L.P. NO. IV

By: Merrill Lynch Capital
Partners, Inc., as General
Partner

By: /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

EQUITABLE DEAL FUND FLOW, L.P.

By: /s/ U. Peter C. Gummeson
---
Name: U. Peter C. Gummeson
Title: Investment Officer

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

By: /s/ U. Peter C. Gummeson
---
Name: U. Peter C. Gummeson
Title: Investment Officer

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

EQUITABLE VARIABLE LIFE INSURANCE COMPANY

By: /s/ U. Peter C. Gummeson
---
Name: U. Peter C. Gummeson
Title: Investment Officer

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

FRANK H. BEVEVINO

By: /s/ Frank H. Bevevino
---
Name: Frank H. Bevevino

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

THOMAS G. MCMULLEN

By: /s/ Thomas G. McMullen
---
Name: Thomas G. McMullen

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

JOHN R. BEVEVINO

By: /s/ John R. Bevevino
---
Name: John R. Bevevino

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

THOMAS BEVEVINO

By: /s/ Thomas Bevevino
---
Name: Thomas Bevevino

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

KENNETH B. KOZEL

By: /s/ Kenneth B. Kozel
---
Name: Kenneth B. Kozel

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

MARGARET CRAMPTON

By: /s/ Margaret Crampton
---
Name: Margaret Crampton

Address:

[Counterpart Signature Page To Tax Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written.

WILLIAM WALTRIP

By: /s/ William Waltrip
---
Name: William Waltrip
Title:

Address:

SCHEDULE I

SHARE OWNERSHIP

| Name of Stockholder | Class A Common Stock | Class B Common Stock |
|---|---|---|
| Merrill Lynch Capital Appreciation Partnership No. B-XVIII, L.P. | 2,990,738.3220 | 0 |
| Merrill Lynch KECALP L.P. 1994 | 46,588.2120 | 0 |
| ML Offshore LBO Partnership No. B-XVIII | 1,504,723.9680 | 0 |
| ML IBK Positions, Inc. | 988,456.6839 | 0 |
| MLCP Associates L.P. No. II | 35,866.7100 | 0 |
| Merrill Lynch KECALP L.P. 1991 | 130,263.0120 | 0 |
| Merrill Lynch Capital Appreciation Partnership No. XIII, L.P. | 1,111,944.8955 | 0 |

| | | |
|---|---|---|
| ML Offshore LBO Partnership No. XIII | 28,269.6001 | 0 |
| ML Employees LBO Partnership No. I, L.P. | 27,641.6784 | 0 |
| Merrill Lynch KECALP L.P. 1987 | 20,888.4216 | 0 |
| Merchant Banking L.P. No. II | 20,888.4216 | 0 |
| MLCP Associates L.P. No. IV | 9,317.4840 | 0 |
| Equitable Deal Fund Flow, L.P. | 0 | 410,603.1230 |
| Equitable Life Assurance Society of the United States | 0 | 369,543.1759 |
| Equitable Variable Life Insurance Company | 0 | 41,059.9477 |
| Frank H. Bevevino | 276,787.9620 | 0 |
| Thomas G. McMullen | 125,067.9870 | 0 |

| Name of Stockholder | Class A Common Stock | Class B Common Stock |
|---|---|---|
| John R. Bevevino | 87,623.3160 | 0 |
| Thomas Bevevino | 82,504.8180 | 0 |
| Kenneth B. Kozel | 46,100.3400 | 0 |
| Margaret Crampton | 45,934.8120 | 0 |
| William Waltrip | 41,991.4440 | 0 |

SCHEDULE II

CONTINUITY SHARES NUMBER =

$$\frac{.40[(A \times E) + (B \times E) + (C \times E) + (D \times E) + F]}{Y}$$

Where A = the total number of Shares converted into RSI Common Shares in the Merger (excluding fractional RSI Common Shares) and held by Shareholders* at the Effective Time;

B = the total number of Shares converted into RSI Common Shares in the Merger (excluding fractional RSI Common Shares) and held by persons that were stockholders of the Company immediately prior to the Merger that are not Shareholders at the Effective Time;

C = the total number of Dissenting Shares;

D = the total number of Shares that would be issued upon the deemed exercise of all Options granted by the Company under the US Foodservice Inc. 1992 Stock Option Plan (Effective September 4, 1992; As Amended September 23, 1993) that have an adjusted exercise price of either $.02 per share or $2.00 per share and that have not been exercised as of the Effective Time (the "Deemed Exercised Options");

E = the fair market value of a Share at the Effective Time determined as follows: E = Y x the Exchange Ratio; and

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* At the option of MLCP, certain stockholders owning fewer than 25,000 shares of Class A Common Stock immediately prior to the Effective Time may be asked to make only the representations and warranties contained in Section 2 of this Agreement pursuant to an instrument in the form of Exhibit B attached to this Agreement.

F = the total amount paid as consideration to redeem the Preferred Stock pursuant to the Preferred Stock Redemption Agreements (other than the Preferred Stock Redemption Agreement between RSI and Bankamerica Capital Corporation) and the total cash consideration paid in lieu of fractional RSI Common Shares;

Y = the fair market value of an RSI Common Share at the Effective Time, which shall be deemed to be equal to the mean between the high and low trading prices on the NYSE of one RSI Common Share on the Closing Date, as reported in the New York Stock Exchange Composite Tape.

SCHEDULE III

ENCUMBRANCES

| Name of Stockholder | Description |
| --- | --- |
| Kenneth B. Kozel | Mr. Kozel has pledged 31,185 shares of Class A Common Stock, to secure repayment of a loan made by Sara Lee Corporation to Mr. Kozel in 1988 in the outstanding principal amount of $168,000. |

EXHIBIT A

TO: Chemical Mellon Shareholder Services, L.L.C.

Please refer to the Tax Agreement, dated May 17, 1996, among Rykoff-Sexton, Inc., a Delaware corporation ("RSI"), and each other person listed on the signature pages thereof (the "Agreement"), that imposes, among other things, certain restrictions on the transfer of shares of Common Stock, par value $.10 per share, of RSI ("RSI Common Shares") received by the undersigned in the merger of US Foodservice Inc. with and into USF Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of RSI. The undersigned hereby certifies that the RSI Common Shares represented by the certificate attached hereto are being transferred in compliance with the provisions of the Agreement.

Dated: _____

[NAME OF TRANSFERRING SHAREHOLDER]

By: _____
[Authorized Signature]

EXHIBIT B

[Effective Time], 1996

Rykoff-Sexton, Inc.
1050 Warrenville Road
Lisle, Illinois 60532-5201

Re: Agreement and Plan of Merger among Rykoff-Sexton, Inc., USF Acquisition Corporation and US Foodservice, Inc. Dated February 2, 1996

Dear Sirs:

This letter is furnished to you in connection with the planned merger (the "Merger") of US Foodservice Inc., a Delaware corporation (the "Company"), with and into USF Acquisition Corporation, a Delaware corporation ("Merger Sub") and a wholly owned subsidiary of Rykoff-Sexton, Inc. ("RSI"), pursuant to an Agreement and Plan of Merger, dated February 2, 1996, among RSI, Merger Sub and the Company (the "Merger Agreement").

The following representations are provided to you for your benefit to induce you to consummate the Merger. The undersigned understands and agrees that such representations will be relied upon by Morgan, Lewis & Bockius LLP, Shearman & Sterling, and Jones, Day, Reavis & Pogue, respectively, in connection with their opinions to be delivered pursuant to Sections 8.1(h) and 8.1(i) of the Merger Agreement with respect to the treatment of the Merger for federal income tax purposes as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Capitalized terms used but not defined herein shall have the same meanings given to such terms in the Merger Agreement.

1. The undersigned is the record and beneficial owner, under U.S. federal income tax principles, of _____ shares of Class A Common Stock, all of which will be converted into a number of RSI Common Shares in the Merger pursuant to Section 4.1 of the Merger Agreement.

2. The undersigned has no plan or intention to sell, exchange, distribute or otherwise dispose of in any manner, or enter into one or more transactions whereby the undersigned gives up substantially all of the benefits and burdens of ownership in, a number of RSI Common Shares received by the undersigned in the Merger that would exceed in the aggregate (x) the number of RSI Common Shares received by the undersigned in the Merger multiplied by (y) the Permitted Sales Factor. For purposes of this representation, the "Permitted Sales Factor" shall be a number equal to 1.00 minus the Continuity Factor, and the "Continuity Factor" shall be a fraction, the numerator of which shall be the aggregate number of RSI Common Shares that must continue to be owned by the stockholders of the Company to satisfy the "continuity of interest" requirement of Treas. Reg. ss. 1.368-1(b) (the "Continuity Shares Number"), and the denominator of which shall be the aggregate number of RSI Common Shares issued in the Merger and held at the Effective Time by the Shareholders and by stockholders of the Company that have executed and delivered to RSI an instrument in the form of this Exhibit B. For purposes of computing the Continuity Factor, the "Continuity Shares Number" shall be determined by applying the formula set forth on Schedule I** attached hereto.

Very truly yours,

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(Print Name of Stockholder)

By:_____
(Authorized Signature)

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** Schedule I to Exhibit B will be identical to Schedule II to the Agreement.

Exhibit E

JOINT FILING AGREEMENT

The undersigned hereby agree that the Statement on Schedule 13D, dated as of May 28, 1996 (the "Schedule 13D"), with respect to the common stock, par value $.01 per share, of Rykoff-Sexton, Inc. is, and any amendments thereto shall be, filed on behalf of each of us pursuant to and in accordance with the provisions of Rule 13d-1(f)(1) under the Securities and Exchange Act of 1934, as amended, and that this Agreement shall be included as an Exhibit to the Schedule 13D and each such amendment. Each of the undersigned agrees to be responsible for the timely filing of the Schedule 13D and any amendments thereto, and for the completeness and accuracy of the information concerning itself contained therein. Each of the undersigned further agrees that Merrill Lynch Capital Partners, Inc. may file the Schedule 13D, and any and all amendments thereto, on its behalf. This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of this 28th day of May, 1996.

MERRILL LYNCH & CO., INC.

By /s/ Marcia L. Tu
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Name: Marcia L. Tu
Title: Attorney-in-fact

MERRILL LYNCH GROUP, INC.

By /s/ Marcia L. Tu
---
Name: Marcia L. Tu
Title: Attorney-in-fact

MERRILL LYNCH MBP INC.

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERCHANT BANKING L.P. NO. II

By: Merrill Lynch MBP Inc., as
General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH CAPITAL
PARTNERS, INC.

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

ML EMPLOYEES LBO
MANAGERS, INC.

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

ML EMPLOYEES LBO
PARTNERSHIP NO. I, L.P.

By: ML Employees LBO Managers, Inc.

as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH LBO
PARTNERS NO. IV, L.P.

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH CAPITAL
APPRECIATION PARTNERSHIP
NO. XIII, L.P.

By: Merrill Lynch LBO Partners
No. IV, L.P., as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

ML OFFSHORE LBO
PARTNERSHIP NO. XIII

By: Merrill Lynch LBO Partners
No. IV, L.P., as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH LBO
PARTNERS NO. B-IV, L.P.

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH CAPITAL
APPRECIATION PARTNERSHIP
NO. B-XVIII, L.P.

By: Merrill Lynch LBO Partners
No. B-IV, L.P., as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By /s/ James V. Caruso

---
Name: James V. Caruso
Title: Vice President

ML OFFSHORE LBO
PARTNERSHIP NO. B-XVIII

By: Merrill Lynch LBO Partners
No. B-IV, L.P., as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MLCP ASSOCIATES L.P. NO. II

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MLCP ASSOCIATES L.P. NO. IV

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

ML IBK POSITIONS, INC.

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

KECALP, INC.

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH KECALP L.P. 1987

By: KECALP, Inc., as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH KECALP L.P. 1991

By: KECALP, Inc., as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

MERRILL LYNCH KECALP L.P. 1994

By: KECALP, Inc., as General Partner

By /s/ James V. Caruso
---
Name: James V. Caruso
Title: Vice President

POWER OF ATTORNEY
To Prepare and Execute Documents Pursuant to Sections 13 and 16
of the Securities Exchange Act of 1934, as Amended,
and Rules Thereunder, by and on Behalf of

MERRILL LYNCH & CO., INC.

Know all by these presents, that the undersigned hereby constitutes and appoints Marcia L. Tu its true and lawful attorney-in-fact to:

(1) to prepare and execute, for and on behalf of the undersigned, any and all forms, schedules, reports and other documents relating to Merrill Lynch & Co., Inc.'s direct or indirect ownership of securities that are required to be filed with the United States Securities and Exchange Commission pursuant to Section 13 and 16 of the Securities Exchange Act of 1934, as amended, and the rules thereunder (collectively, the "Exchange Act");

(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to comply with the requirements of Sections 13 and 16 of the Exchange Act including, but not limited to, executing documents required by said sections of the Exchange Act and effecting the timely filing thereof with the United States Securities and Exchange Commission and any other authority; and

(3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in his discretion.

The undersigned hereby grants to such attorney-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary and proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as such attorney-in-fact might or could do if personally present, hereby ratifying and conforming all that such attorney-in-fact shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorney-in-fact, in serving in such capacity at the request of the undersigned, is not assuming any of the undersigned's responsibilities to comply with Sections 13 or 16 of the Exchange Act.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 30th day of November 1994.

Merrill Lynch & Co., Inc.

By: /s/ Barry S. Friedberg
---
Barry S. Friedberg
Executive Vice President

POWER OF ATTORNEY
To Prepare and ExecuteDocuments Pursuant to Sections 13 and 16
of the Securities Exchange Act of 1934, as Amended,
and Rules Thereunder, by and on Behalf of

MERRILL LYNCH GROUP, INC.

Know all by these presents, that the undersigned hereby constitutes and appoints Marcia L. Tu its true and lawful attorney-in-fact to:

(1) to prepare and execute, for and on behalf of the undersigned, any and all forms, schedules, reports and other documents relating to Merrill Lynch Group, Inc.'s direct or indirect ownership of securities that are required to be filed with the United States Securities and Exchange Commission pursuant to Section 13 and 16 of the Securities Exchange Act of 1934, as amended, and the rules thereunder (collectively, the "Exchange Act");

(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to comply with the requirements of Sections 13 and 16 of the Exchange Act including, but not limited to, executing documents required by said sections of the Exchange Act and effecting the timely filing thereof with the United States Securities and Exchange Commission and any other authority; and

(3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the

undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in his discretion.

The undersigned hereby grants to such attorney-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary and proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as such attorney-in-fact might or could do if personally present, hereby ratifying and conforming all that such attorney-in-fact shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorney-in-fact, in serving in such capacity at the request of the undersigned, is not assuming any of the undersigned's responsibilities to comply with Sections 13 or 16 of the Exchange Act.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 1st day of December 1994.

Merrill Lynch Group, Inc.

By: /s/ Rosemary T. Berkery
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