



Discussion Materials

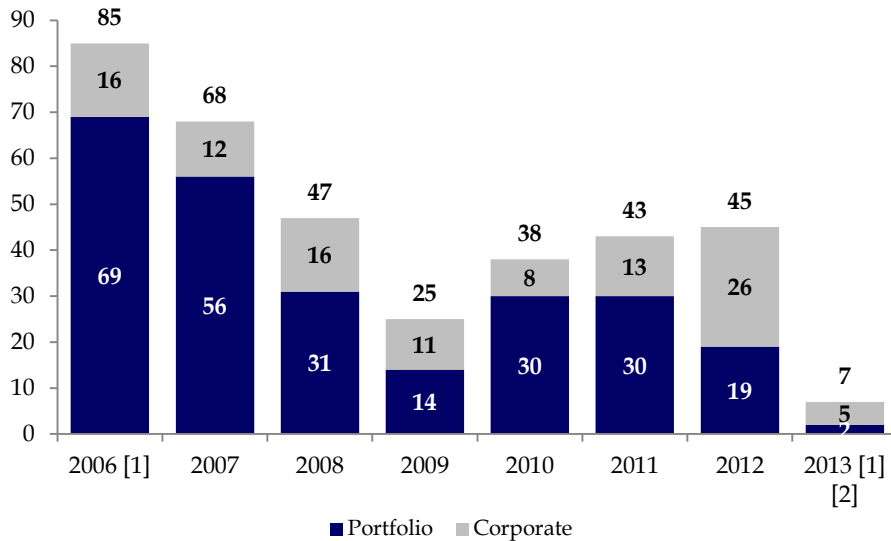


INDUSTRY OVERVIEW

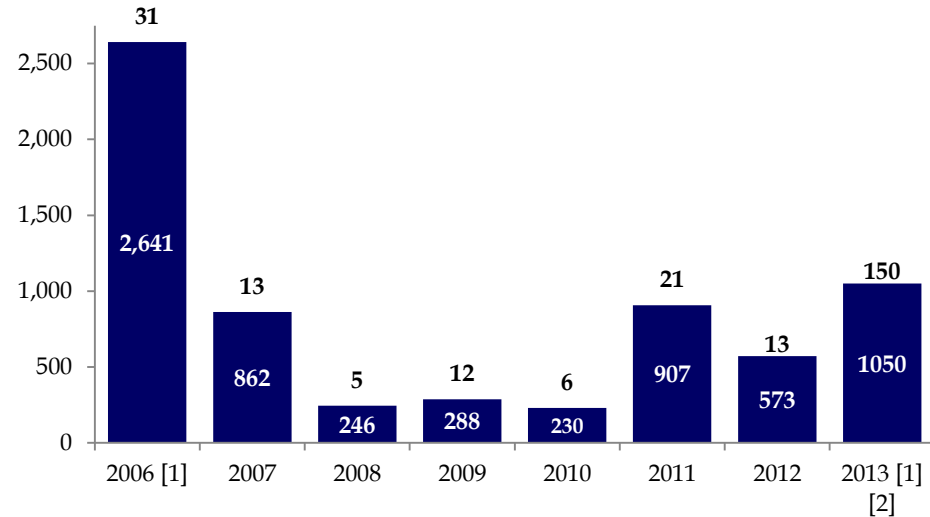
Industry Overview

Historical supermarket transactions

Portfolio Versus Corporate Transactions



Number of Stores Sold / Average Number of Stores per Transaction



- The number of transactions in 2009 stalled due to the economic meltdown
- Number of corporate transactions are increasing as a percent to total

Industry Overview

M&A activity

- The divestiture by SuperValu of the Albertson assets to Albertson's, LLC has major implications for many as the store base is realigned
 - Store closures will be a home run for some
 - Consolidation opportunities as underperforming stores are divested
 - Increased competition for many as they fix the business
- The jury is out on the disposition of Fresh & Easy by Tesco as an operating entity
- The potential sale of Harris Teeter is a mystery
- The supermarket bankruptcies will increase in the short-term and provide opportunities
- Strategic buyers are focused on “in-market” and “contiguous-market” acquisitions
 - Large number of supermarkets are available for sale
 - Strategic buyers are focused on “in-market” and “contiguous market” acquisitions
 - Strategic buyers are refining their “pick of the litter” strategy
 - Store closures have accelerated for all sized operators deal with the “New World Order”
 - Distressed or underperforming assets will continue to comprise a large portion of available stores as non viable stores deteriorating a faster rate
 - The majority of the stores sold the last thirty six months have been sold to “Super Independents”
 - The rate of consolidation will accelerate

Industry Overview

M&A activity

- Financial sponsors have had some success with supermarket investments:
 - Angelo Gordon (Balducci's, King's), Apollo/Ares (Smart & Final), Cerberus (Albertson's), Endeavor (Bristol Farms, New Seasons, WinCo), Lone Star (BI-LO, Winn-Dixie), Monitor Clipper/Oak Hill (Earth Fare) Renovo (Andronico's) and Sterling (Fairway)
- Several financial sponsors have had less success:
 - A&P (Mt. Kellett, Yucaipa) and Willis Stein (Roundy's)
- Drawn to transaction opportunities that have scalability, superior store economics, turn-around potential or a specialty niche, eg, Hispanic and natural/organic formats
- Continue to have a difficult time finding an exit strategy, although IPOs are now possible (eg, Fairway, Fresh Market, Natural Grocers, Roundy's and Sprout's [announced])
- Struggle to find attractive add-on acquisitions

Industry Overview

Grocery distribution outlook

- Food inflation will potentially offset increases in operating expenses at distribution
- Retailers that reinvested in their stores are seeing sales increases after major remodels but the incremental volume at distribution will only offset volume lost as stores close
- With the restructuring of Supervalu, there is little if any upside for ROFDA members to have a windfall like what occurred when Fleming liquidated
- The potential of any voluntary grocery wholesaler liquidating in the near-term is very low
- ROFDA members are in relatively good financial condition at this time – we are not going to see another Affiliated of Little Rock, we hope
- Currently there is a ground war being fought with grocery wholesalers attempting to buy business to grow their top-line
- Other grocery wholesalers are pursuing a variety of long-term strategies to fuel sales



SELECT GROWTH STRATEGIES

Select Growth Strategies

Specific growth strategies

- Question 1: What is the purpose of growing the business for a member owned grocery wholesaler?
- Answer 1: A growth strategy must be accretive to the value of the existing members investment in the cooperative
- An analysis of the various growth strategies that ROFDA members have implemented range from:
 - Focus on being the lowest cost distribution network for their members and providing minimal retail support services
 - Excel at being a full-line integrated distributor that provides a full range of retail support services
 - Corporate owned retail may be part of the overall corporate growth strategy

Select Growth Strategies

Specific growth strategies

- Question 2: What growth strategies have proven to be the most successful over time?
- Answer 2:
 - Organic growth of new members or customers
 - Assisting existing members developing new stores
 - Acting as the clearing house to assisting existing members to acquire new stores
 - Acquisition of distribution company
 - Acquisition and development of corporate owned stores
 - Extension of distribution lines to include expanding organic offerings

Select Growth Strategies

Specific growth strategies

- Question 3: In the “New World Order,” which growth strategy make sense to pursue and allocate resources to going forward?
- Answer 3:
 - The majority of the retailers that have switched wholesalers in the last five years were distressed retailers
 - A number of wholesalers are assisting existing retailers build replacement stores in rural markets as a defensive strategy and potentially as a offensive strategy by taking back volume that was leaking from the market
 - The greatest opportunity for growth the last five years for wholesalers has been those that have acted as a clearing house for acquisitions
 - Participating in divestiture of stores by large retail chains
 - Acquisition of stores that are supplied by other wholesalers
 - The potential to acquire another grocery distribution company in grocery distribution is limited, the potential to acquire other lines is minimal with the exception of produce distributors
 - For those ROFDA members with corporate stores, focusing on the acquisition of stores supplied by other wholesalers is the greatest opportunity
 - Growth through the extension of product lines is limited

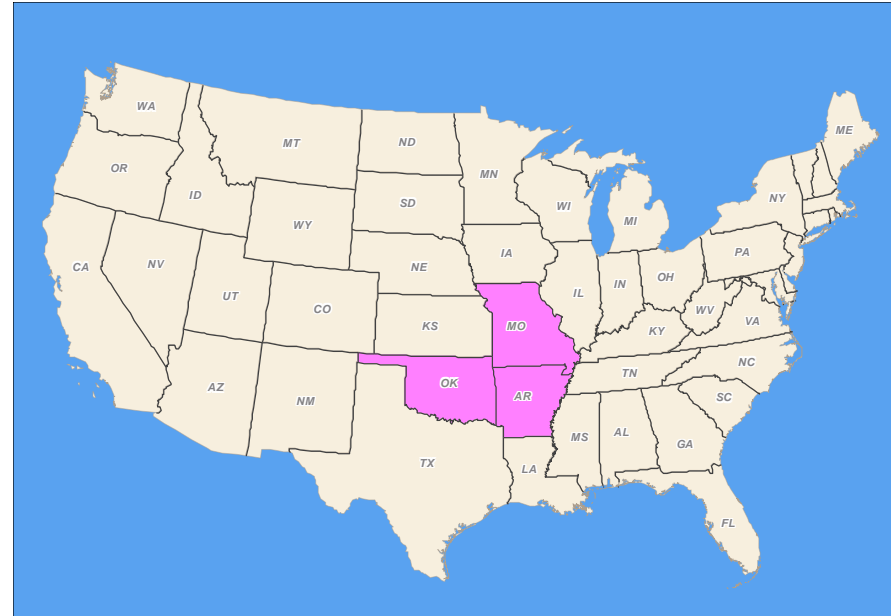


EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

Employee Stock Ownership Plan

Harps Food Stores

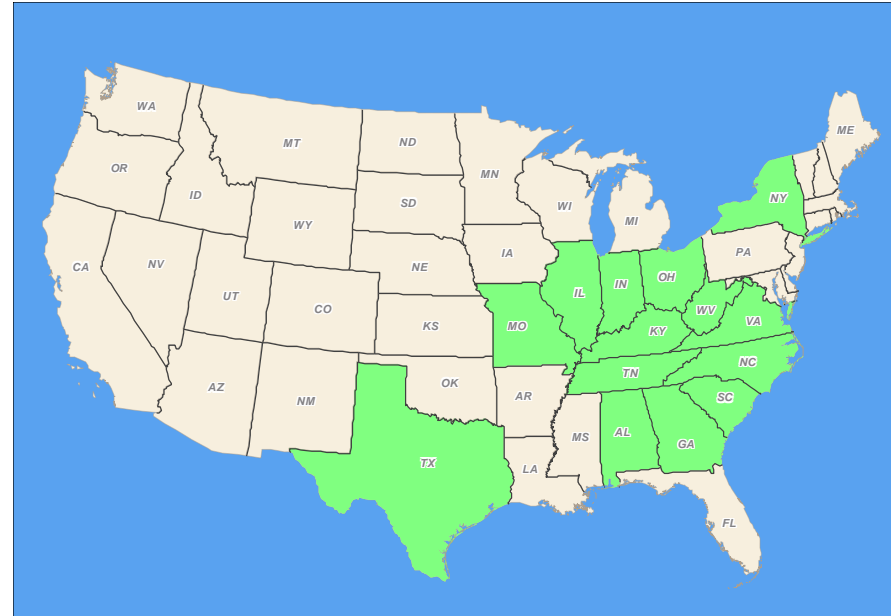
- 100% S-Corp ESOP installed in 2001
- Sales
 - Pre-ESOP: \$374.0 million (est.)
 - Current: \$650.0 million (est.)
- Store Count
 - Pre-ESOP: 42
 - Current: 71
- Operates stores in the geography with the highest concentration of Wal-Mart Supercenters
- Operates profitably and efficiently in a mature, post-supercenter U.S. environment
- Operates multiple formats
- In December 2005, acquired one store from both Price Chopper and Ellison Enterprises
- In November 2006, acquired one store from Kroger
- In December 2008, acquired Wallace & Owens Stores, an eight-unit chain with stores in Missouri and Arkansas
- In October 2009, acquired two stores in Arkansas
- Building multiple new small stores



Employee Stock Ownership Plan

Houchens Industries

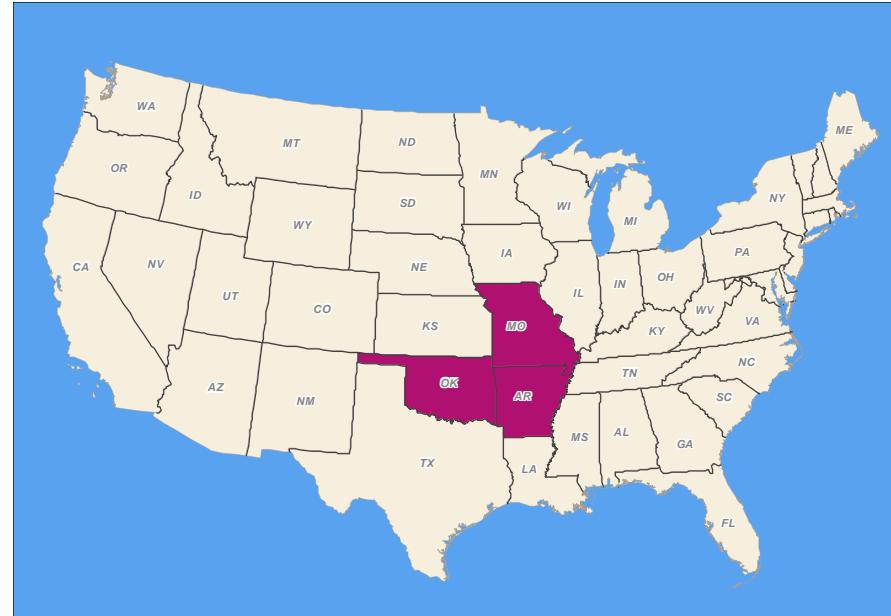
- 100% S-Corp ESOP installed in 1988
- Sales
 - Pre-ESOP: \$200.0 million (est.)
 - Grocery Revenue: \$1.3 billion (est.)
 - Total Revenue: \$2.0 billion (est.)
- Store Count
 - Pre-ESOP: 50
 - Current: 492
- Diversified holding company including the largest Save-A-Lot operator in the U.S., insurance company, construction and paving company, real estate holding and brokerage firm and juice drink production and quick-to-serve restaurants
- Purchased Commonwealth Brands in 2001 and sold it in 2007 for \$1.9 billion (marked the first time one of its acquisitions had ever been sold)
- In 2008, acquired Freedom Food (Save-A-Lot), Tampico Beverages, Buehler Foods, 50% interest in Stephens Pipe & Steel, Hilliard Lyons and Cohen Optical franchise
- In 2009, acquired White's Fresh Foods, Sheldon's Express Pharmacies and R.H. Moore Drug Co.
- Continues to acquire Sav-O-Lot stores
- Expanding Cost/Plus Format



Employee Stock Ownership Plan

RPCS

- 100% S-Corp ESOP installed in 2005
- Sales
 - Pre-ESOP: \$305.0 million (est.)
 - Current: \$515 million (est.)
- Store Count
 - Pre-ESOP: 34
 - Current: 56
- In April 2002, purchased seven Albertson's stores in southwest Missouri
- In August 2005, acquired two Winn-Dixie stores
- In February 2007, acquired one Dave's IGA
- In July 2007, acquired nine Albertson's, LLC supermarkets and three convenience stores
- In March 2008, purchased two more Albertson's, LLC stores
- In August 2009, acquired four stores from an undisclosed buyer
- December 2012 acquired eight Summer Fresh Stores





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