

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1998-04-03** | Period of Report: **1998-01-03**
SEC Accession No. **0000314423-98-000002**

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FILER

ROUNDYS INC

CIK: **314423** | IRS No.: **390854535** | State of Incorpor.: **WI** | Fiscal Year End: **1229**
Type: **10-K405** | Act: **34** | File No.: **002-94984** | Film No.: **98586713**
SIC: **5141** Groceries, general line

Business Address
23000 ROUNDY DR
PEWAUKEE WI 53072
4145477999

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended January 3, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to _____
Commission file number: 33-57505

Roundy's, Inc.

(Exact name of registrant as specified in its charter)

Wisconsin

(State or other jurisdiction of
incorporation or organization)

39-0854535

(I.R.S. Employer
Identification No.)

23000 Roundy Drive
Pewaukee, Wisconsin

(Address of principal executive offices)

53072

(Zip Code)

Registrant's telephone number, including area code: (414) 547-7999

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter period
that the registrant was required to file such reports), and (2) has been
subject to such filing requirements for the past 90 days.

Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K is not contained herein, and will not be
contained, to the best of registrant's knowledge, in definitive proxy or
information statements incorporated by reference in Part III of this
Form 10-K or any amendment to this Form 10-K. [X]

As of March 30, 1998, 12,400 shares of Class A (voting) Common Stock and
1,159,144 shares of Class B (non-voting) Common Stock were outstanding.
All of the outstanding shares of Class A Common Stock on March 30, 1998
were held of record by the Roundy's, Inc. Voting Trust which may be
deemed an affiliate of the registrant. There is no established public

trading market for either class of such stock.

DOCUMENTS INCORPORATED BY REFERENCE

Documents -----	Form 10-K Reference -----
Annual Report to Stockholders for the year ended January 3, 1998	Part II, Items 6, 7, 8

PART I

The discussions in this Annual Report on Form 10-K and in the Company's 1997 Annual Report to stockholders incorporated herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included herein or therein are forward-looking statements. In particular, without limitation, terms such as "anticipate," "believe," "estimate," "expect," "indicate," "may be," "objective," "plan," "predict," "should," and "will" are intended to identify forward-looking statements. Forward-looking statements are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those predicted. Important factors that could cause actual results to differ materially from such expectations ("Cautionary Factors") are disclosed herein (see "Cautionary Factors" at the end of Item 1, below). Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. All subsequent written or oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the Cautionary Factors.

ITEM 1. Business.

GENERAL

Roundy's, Inc. and its subsidiaries (collectively the "Company") are engaged principally in the wholesale distribution of food and nonfood products to supermarkets and warehouse food stores located in Wisconsin, Illinois, Michigan, Indiana, Ohio, Kentucky, Missouri, Arkansas, Pennsylvania, Tennessee and West Virginia. The Company also owns and operates 13 retail warehouse food stores under the name "Pick 'n Save" or "Park & Save," one limited assortment food store under the name "Mor For Less" and 7 conventional food stores under the names "Ron & Lloyd's", "Park & Shop", "Price Less" or "Buy Low Foods." The Company offers its retail customers a complete line of nationally-known name brand merchandise, as well as a number of its own private and controlled labels. The Company services 842 retail grocery stores.

In addition to the distribution and sale of food and nonfood products, the Company provides specialized support services for retail grocers, including promotional merchandising and

advertising programs, accounting and inventory control, store development and financing and assistance with other aspects of store management. The Company maintains a staff of trained retail counselors who advise and assist individual owners and managers with store operations. Roundy's, Inc. was incorporated in 1952 under the Wisconsin Business Corporation Law. The Company's executive offices are located at 23000 Roundy Drive, Pewaukee, Wisconsin 53072, and its telephone number is (414) 547-7999. Unless the context indicates otherwise, as used herein, the term "Company" refers to Roundy's, Inc. and its subsidiaries and the term "Roundy's" refers to Roundy's, Inc. without its subsidiaries. Roundy's operates on a 52 or 53 week fiscal year ending on the Saturday closest to January 1. In this report, unless the context indicates otherwise, the terms "1997" and "fiscal 1997" refer to the 53-week fiscal year ended January 3, 1998; the terms "1996" and "fiscal 1996" refer to the 52-week fiscal year ended December 28, 1996; and the terms "1995" and "fiscal 1995" refer to the 52-week fiscal year ended December 30, 1995.

OPERATION AS A COOPERATIVE

Roundy's has historically operated its food wholesale business on a cooperative basis, and therefore determined its Federal income tax liabilities under Subchapter T of the Internal Revenue Code, which governs the taxation of corporations operating on a cooperative basis. Substantially all of Roundy's outstanding Class A (Voting) Common Stock is owned by the owners ("stockholder-customers") of 126 retail grocery stores serviced by Roundy's. These stockholder-customers, who own approximately 71% of the combined total of Class A Common and Class B Common, may receive patronage dividends from Roundy's based on the sales of Roundy's to such stockholder-customers. Roundy's is obligated by Article 5 of its By-Laws, as amended, to pay a patronage dividend to its stockholders-customers out of and based upon the net earnings from business done by Roundy's with such stockholder-customers in any fiscal year in an amount which would reduce the net income of the Company to such amount as will result in an increase of 10% in the book value of outstanding Roundy's stock as of the close of such fiscal year (calculated after the payment of patronage dividends). In February 1998, the Board of Directors adopted a resolution amending the By-Laws to change the required increase in net book value per share from 10% to 8%, beginning in fiscal 1998. The patronage dividend is payable at least 20% in cash and the remainder in Class B Common. Patronage dividends for fiscal 1997, 1996 and 1995 were payable 30% in cash and 70% in Class B Common. Under Subchapter T of the Internal Revenue Code, patronage dividends are deducted by Roundy's in determining taxable income, and are generally taxable to the stockholder-customers (including the value of the Class B Common), for Federal income tax purposes.

Roundy's anticipates that in the future it will continue to operate on a cooperative basis in substantially this manner, although it is not required to do so and its operation on

this basis, as well as its practice of paying patronage dividends, could be terminated at any time by action of the Board of Directors.

The applicable laws, regulations, rulings and judicial decisions affecting the determination of whether a corporation is operating on a cooperative basis for Federal income tax purposes under Subchapter T of the Internal Revenue Code are subject to interpretation. Although management believes that Roundy's qualifies as a cooperative for such purposes, Roundy's has not obtained, and does not intend to seek a ruling or other assurance from the IRS that this is the case. If the Internal Revenue Service were to challenge the cooperative status of Roundy's, and if Roundy's were to be unsuccessful in defending such status, Roundy's might incur a Federal income tax liability with respect to patronage dividends previously paid to stockholder-customers during the tax years in question and reflected as tax deductions by Roundy's. Roundy's thereafter might incur significantly increased consolidated Federal income tax liabilities in future tax years.

The subsidiaries of Roundy's do not operate as cooperatives. The customers serviced by these subsidiaries are independent grocers, operating 716 retail stores. They do not receive patronage dividends. In addition, approximately 29% of the outstanding combined Class A Common and Class B Common Stock is held by employees or former customers of Roundy's and, although they participate in the accumulation of equity in the Company, they do not receive patronage dividends and do not own any Class A Common.

WHOLESALE FOOD DISTRIBUTION

The Company distributes a broad range of food and nonfood products to its customers and to corporate-owned retail stores. The Company has seven product lines: dry grocery, frozen food, fresh produce, meat, dairy products, bakery goods and nonfood products. The Company has no long-term purchase commitments and management believes that the Company is not dependent upon any single source of supply. No source of supply accounted for more than 8% of the Company's purchases in fiscal 1997.

The Company sells brand name merchandise of unrelated manufacturers, including most nationally advertised brands. In addition, the Company sells numerous products under private and controlled labels, including but not limited to "Roundy's," "Old Time," "Shurfine" and "Buyers' Choice." Private label product sales for the Company accounted for \$179,032,000, \$175,459,000 and \$166,045,000 of the Company's sales during fiscal 1997, 1996 and 1995, respectively.

As described above, Roundy's, exclusive of its subsidiaries, has historically operated on a cooperative basis with respect to its wholesale food distribution business. Roundy's cooperative operations accounted for approximately 37% of the Company's consolidated net sales and service fees for each of fiscal 1997, 1996 and 1995. At January 3, 1998, Roundy's had 68 stockholder-customers actively engaged in the retail grocery business, operating a total of 126 retail

grocery stores. Roundy's cooperative wholesale food business is focused primarily in Wisconsin, where all but 4 of the 126 retail grocery stores are located (4 are in Illinois). At January 3, 1998 the Company (including its subsidiaries) had 716 independent retail food store customers. Sales by the Company to the independent retail food stores accounted for 52%, 52% and 54% of the Company's consolidated net sales and service fees for fiscal 1997, 1996 and 1995, respectively.

The Company's primary marketing objective is to be the principal source of supply to both its stockholder-customers and other independent retailers. In an 11 state area the Company serviced 126 retail grocery stores operated by its stockholder-customers, 716 retail stores operated by non-stockholders and 21, Company-owned and operated retail stores during fiscal 1997. Of the Company's consolidated net sales and service fees for this period, \$640,614,200 or 24.5% were attributable to five customers, with one customer accounting for \$271,689,800 or 10.4% of such sales. Approximately 79% or 683 retail stores purchased less than \$3,000,000 each from the Company in fiscal 1997. 113 customers owned more than one retail food store, with one customer owning 16 retail food stores.

Services to Customers

Stockholder-customers are provided, and independent retailers are offered, a variety of services to help them maintain a competitive position within the retail grocery industry. These services include pricing services, ordering assistance, point-of-sale host-computer support, detailed reports of purchases, store engineering, retail accounting, group advertising, centralized bakery purchasing, merchandising, insurance, real estate services and retail training. The Company charges its stockholder-customers for some of these services, however, the income generated by such charges is not material. The foregoing services are also available to the Company's independent retailers on a fee basis.

Customer Loans, Guarantees and Leases

The Company has maintained a continuous effort to assist qualified stockholder-customers and independent retailers to remodel and expand existing retail locations and to develop new retail outlets, and has made various loans to these individuals and entities for such purposes.

Loans outstanding as of January 3, 1998 are as follows:

	Number of Loans	Original Amount	Outstanding Balance as of Jan. 3, 1998	Range of Interest Rates	Range of Maturity Dates
	-----	-----	-----	-----	-----
Inventory, Equipment Loans	124	\$34,772,600	\$24,427,000	Variable(1)	1998-2011

(1) Variable rates based on the Company's cost of borrowing.

The Company has guaranteed customer bank loans and customer leases amounting to \$480,000 and \$756,900, respectively at January 3, 1998.

The Company has a lease program under which it may in its discretion lease store sites and equipment for sublease to qualified customers. This enables customers to compete with large grocery store chains for store sites at favorable rates. The Company presently has such real estate and equipment leases with lease terms from 1998 to 2018. Aggregate lease rentals received under this program were \$21,249,900, \$21,628,300 and \$22,045,500 in fiscal 1997, 1996 and 1995, respectively.

Marketing and Distribution of Products

The Company generally distributes its various product lines by a fleet of 320 tractor cabs and 650 trailers and some products are shipped direct from manufacturers to customer locations. Most customers order for their stores on a weekly basis and receive deliveries from one to five days a week. Orders are generally transmitted directly to a warehouse computer center for prompt assembly and dispatch of shipments.

The Company has retail counselors and merchandising specialists who serve its customers in a variety of ways, including the analysis of and recommendation on store facilities and equipment; development of programs and objectives for establishing efficient methods and procedures for receipt, handling, processing, checkout and other operations; informing customers on latest industry trends; assisting and dealing with training needs of customers; and, if the need arises, acting as liaison or problem solver between the Company and the customers. The retail counselors and specialists are assigned a specific geographic area and periodically visit each customer within their assigned area.

Terms of Sales and Bad Debt Experience

The Company renders statements to its customers on a weekly basis to coincide with regular delivery schedules. Roundy's accounts of single store owners are considered delinquent if not paid on the statement date. Accounts of multiple store owners are considered delinquent if not paid within three days of the statement date. Accounts of Roundy's subsidiaries are considered delinquent if not paid within seven days of the statement date. The majority of accounts are collected via the Automated Clearing House ("ACH") system. Delinquent accounts are charged interest at the rate of prime plus 5%, computed on a daily basis. During each of the past three fiscal years, the Company's bad debt expense has been less than .24% of sales. In 1997, 1996 and

1995, the Company's bad debt expense was \$2,389,100, \$5,302,600 and \$5,871,500, respectively.

Roundy's stockholder-customers are required to maintain buying deposits with Roundy's equal to the greater of the average amount of a stockholder-customer's purchases over a two-week period or \$20,000. The book value of Class A and Class B Common Stock of Roundy's owned by a stockholder-customer is credited against the buying deposit requirement, and Roundy's has a lien against all such stock to secure any indebtedness to Roundy's.

RETAIL FOOD STORES

The Company operates three types of corporate stores (high volume-limited service retail "warehouse" stores, high value-limited assortment retail stores and conventional retail stores). The high volume-limited service warehouse stores are designated as "Pick 'n Save" or "Park & Save" which generally offer, at discount prices, complete food and general merchandise lines to the customer, emphasizing higher demand items, with stores ranging from 33,000 to 73,000 square feet per store. The high value, limited assortment retail store, designated as "Mor For Less," is 24,000 square feet and emphasizes low cost, high value lines to the customer. Conventional retail stores operated under the names "Ron & Lloyd's," "Park & Shop," "Price Less" or "Buy Low Foods", generally emphasize full service to the customer at competitive prices. These stores range from 9,000 to 42,000 square feet. The number of stores operated by the Company at the end of its three most recent fiscal years was as follows:

Type of Store -----	1997 ----	1996 ----	1995 ----
High Value-Limited Assortment and High Volume-Limited Service Stores (Warehouse food stores).....	14	16	15
Conventional Retail Stores.....	7	11	7

Sales of Company-operated stores during the three most recent fiscal years were \$291,613,000, \$275,761,000 and \$226,513,000 for fiscal 1997, 1996 and 1995, respectively. The additional volume of wholesale sales generated by the retail stores owned and operated by the Company helps to reduce the overhead of the business and increases the Company's return to its stockholders.

EMPLOYEES

At January 3, 1998, the Company had employed full-time 1,128 executive, administrative and clerical employees, 1,267 warehouse and processing employees and drivers and 768 retail employees and had employed 1,908 part-time employees. Substantially all of the Company's warehouse employees, drivers and retail employees are represented by unions, with contracts expiring in 1998 through 2001. The Company considers its employee relations to be normal. There have

been no significant work stoppages during the last five years. Substantially all full-time employees are covered by group life, accident, and health and disability insurance.

COMPETITION

The grocery industry, including the wholesale food distribution business, is characterized by intense competition and low profit margins. The shifting of market share among competitors is typical of the wholesale food business as competitors attempt to increase sales in any given market. In order to compete effectively, the Company must have the ability to meet rapidly fluctuating competitive market prices, provide a wide range of perishable and nonperishable products, make prompt and efficient delivery, and provide the related services which are required by modern supermarket operations.

The Company competes with a number of local and regional grocery wholesalers and with a number of major businesses which market their products directly to retailers, including companies having greater assets and larger sales volume than the Company. The Company's customers and the Company's corporate stores also compete at the retail level with several chain store organizations which have integrated wholesale and retail operations. The Company's competitors range from small local businesses to large national and international businesses. The Company's success is in large part dependent upon the ability of its independent retail customers to compete with larger grocery store chains.

In the Milwaukee area, the "Pick 'n Save" group, which consists of both independently-owned and Company-owned stores, continues to be the market share leader with 49% of households in the Milwaukee metropolitan statistical area purchasing "most of their groceries" from "Pick 'n Save" as reported in the Milwaukee Journal Consumer Analysis Survey taken in the Fall of 1997.

In competing for customers, emphasis is placed on high quality and a wide assortment of product, low service fees and reliability of scheduled deliveries. The Company believes that the range and quality of other business services provided to retail store customers by the wholesaler are increasingly important factors, and that success in the wholesale food industry is dependent upon the success of the Company's customers who are also engaged in an intensely competitive, low profit margin industry.

CAUTIONARY FACTORS

This report and other documents or oral statements which have been and will be prepared or made in the future contain or may contain forward-looking statements by or on behalf of the Company. Such statements are based on management's expectations at the time they are made. In addition to the assumptions and other factors referred to specifically in connection with such statements, the following factors,

among others, could cause actual results to differ materially from those contemplated. These factors are in addition to any other cautionary statements, written or oral, which may be made or referred to in connection with any such forward-looking statement.

Factors that could cause actual results to differ materially from those contemplated include:

Wholesale Business Risks - The Company's sales and earnings at wholesale are dependent on the Company's ability to retain existing customers and attract new customers, as well as its ability to control costs. Certain factors could adversely impact the Company's results, including: decline of its independent retailer customer base due to competition and other factors; loss of corporate retail sales due to increased competition and other risks detailed more fully below; consolidations of retailers or competitors; increased self-distribution by chain retailers; increase in operating costs; the possibility that the Company will incur additional costs and expenses due to further rationalization or consolidation of distribution centers; entry of new or non-traditional distribution systems into the industry.

Retail Business Risks - The Company's retail segment faces risks which may prevent the Company from maintaining or increasing retail sales and earnings including: competition from other retail chains, supercenters, non-traditional competitors, and emerging alternative formats; operating risks of certain strategically important retail operations; and adverse impact from the entry of other retail chains, supercenters and non-traditional or emerging competitors into markets where the Company has a retail concentration.

Litigation - While the Company believes that it is currently not subject to any material litigation, the costs and other effects of legal and administrative cases and proceedings and settlements are impossible to predict with certainty. The current environment for litigation involving food wholesalers may increase the risk of litigation being commenced against the Company. The Company would incur the costs of defending any such litigation whether or not any claim had merit.

THE FOREGOING SHOULD NOT BE CONSTRUED AS EXHAUSTIVE AND THE COMPANY DISCLAIMS ANY OBLIGATION SUBSEQUENTLY TO REVISE ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF SUCH STATEMENTS OR TO REFLECT THE OCCURRENCE OF ANTICIPATED OR UNANTICIPATED EVENTS.

ITEM 2. Properties.

The Company's principal executive offices are located in Pewaukee, Wisconsin. These offices are on a 5-acre site. A portion of these facilities are owned by Roundy's and the remainder are leased from a third party.

Wholesale activities are conducted by the Company from the

following warehouses:

Location -----	Products Distributed -----	Approximate Warehouse Square Footage -----
Wauwatosa, Wisconsin (Two facilities)	All product lines, except nonfood products	745,000 (O) 192,000 (L)
Mazomanie, Wisconsin	Dry groceries and nonfood products	225,000 (L)
Westville, Indiana	All product lines, except nonfood products	557,000 (O)
Lima, Ohio (Two facilities)	All product lines, except produce and nonfood products	515,000 (O) 94,000 (L)
Eldorado, Illinois	Dry groceries and dairy products	384,000 (O)
Van Wert, Ohio	Nonfood products	115,000 (L)
South Bend, Indiana	Frozen foods	84,000 (L)
Muskegon, Michigan	All product lines, except produce	215,000 (O)

O = Owned L = Leased

The Company believes its current properties are well maintained and, in general, are adequately sized to house existing operations. The Company is subject to regulation by the United States Food and Drug Administration and to certain state and local health regulations in connection with the operations of its facilities and its wholesale food business. The Company has not been subject to any actions brought under such regulations in the past five years.

Subsequent Event

In the early morning hours of February 27, 1998, the Company experienced a fire at its Evansville, Indiana warehouse. Because of high winds, the fire completely destroyed that frozen food facility, including both the building and all of the inventory contained therein. There were no injuries and the employees working at the time of the fire were able to save all the tractors and trailers on the premises. Shortly after the fire was put out, the Company began working on transferring the business to the Lima, Ohio and South Bend, Indiana warehouses. The first priority was to put the customers back in service with respect to their frozen food needs. The second priority will be the planning for the replacement of the frozen food warehouse. The Company cannot reasonably estimate, at this time, the total loss experienced or the exact amount to be recovered under its insurance policies. Preliminary indications are that such amounts may be significant. However, it is believed that

total losses will not exceed the Company's insurance coverage limits, which include both business interruption and property loss coverage.

Transportation

The Company's transportation fleet for distribution operations as of January 3, 1998 consisted of 320 tractor cabs, 650 trailers and 10 straight delivery trucks. In addition, the Company owns 45 automobiles. Approximately 98% of the fleet is owned by the Company and the balance is leased.

Computers

The Company owns most of its computer and related peripheral equipment. The computers are used for inventory control, billing and all other general accounting purposes. The computer systems are adequate for the Company's operations.

ITEM 3. Legal Proceedings.

The Company is involved in various litigation matters arising in the normal course of business. It is the view of management that the Company's recovery or liability, if any, under pending litigation is not expected to have a material effect on the Company's financial position or results of operations, although no assurance to that effect can be given.

ITEM 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 1997.

PART II

ITEM 5. Market for the Registrant's Common Equity and Related Stockholder Matters.

The transfer of shares of Roundy's Class A Common and Roundy's Class B Common is substantially restricted and there is no established public trading market for Roundy's stock. As of January 3, 1998, all of the outstanding shares of Roundy's Class A (voting) Common Stock were held of record by the Roundy's, Inc. Voting Trust. Further information on the Voting Trust is found in Item 12 of this report. There is also no established public trading market for Roundy's Voting Trust Certificates and there were 68 holders of such Certificates on January 3, 1998. On January 3, 1998 an aggregate of 207 persons held shares of Roundy's Class B Common Stock and/or Voting Trust Certificates. Except for patronage dividends (see Item 1, Business, and Note 3 to Roundy's financial statements), no dividends have ever been paid on the Common Stock of Roundy's. There is no intention of paying dividends, other than patronage

dividends, in the foreseeable future.

ITEM 6. Selected Financial Data.

The information required by this Item is incorporated by reference from the Registrant's Annual Report to Stockholders for the fiscal year ended January 3, 1998 (the "Annual Report") under the caption "Selected Financial Data."

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The information required by this Item is incorporated by reference from the Annual Report under the caption "Financial and Operational Review."

ITEM 8. Financial Statements and Supplementary Data.

The required Financial Statements are incorporated by reference from the Annual Report; see response to Item 14(a)(1), of this report. The required financial statement schedules are filed with this report; see the response to Item 14(a)(2) of this report. Supplementary data is not furnished pursuant to Item 30(a)(5) of Regulation S-K.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

ITEM 10. Directors and Executive Officers of the Registrant.

The Directors and Executive Officers of Roundy's are as follows:

Name	Age	Position(s) Held with Roundy's and Business Experience
Gerald F. Lestina	55	President and Chief Executive Officer since 1995; President and Chief Operating Officer 1993-1995; Vice President of Wisconsin Region 1992-1993; President of Milwaukee Division 1986-1993; Director since 1991 (term expires 1999)
Roger W. Alswager	49	Vice President of Real Estate since 1989
Londell J. Behm	47	Vice President of Advertising since 1987
Ralph D. Beketic	51	Vice President-Wholesale since 1996; Vice President-Wisconsin Region 1996; President of Milwaukee Division since 1993; Vice President of Sales-Milwaukee Division 1991-1993

David C. Busch	49	Vice President of Administration since 1993; Vice President of Human Resources 1990-1993
Edward G. Kitz	44	Vice President, Secretary & Treasurer since 1995; Vice President & Treasurer 1989-1994
Charles H. Kosmaler, Jr.	55	Vice President of Logistics and Planning since 1993; Vice President of Administrative Efficiencies 1992-1993
Debra A. Lawson	42	Vice President of Human Resources since 1997; Vice President Administration-Milwaukee Division 1994-1996; Director of Consumer Affairs, Training and Development 1991-1993
John E. Paterson	50	Vice President-Distribution since 1997; Vice President of Operations-Milwaukee Division 1993-1996; Vice President of Distribution for Quincy, Florida Division of SUPERVALU INC. 1991-1993
Robert D. Ranus	57	Vice President and Chief Financial Officer since 1987; Director since 1987 (term expires 2000)
Michael J. Schmitt	49	Vice President-Sales and Development since 1995; Vice President, Northern Region 1992-1995
Marion H. Sullivan	51	Vice President of Marketing since 1989
Robert E. Bartels	60	Director since 1994 (term expires 2000); President and Chief Executive Officer of Martin's Super Markets, Inc., South Bend, Indiana
Charles R. Bonson	51	Director since 1994 (term expires 2000); President of Bonson's Foods, Inc., Eagle River, Wisconsin
Gary N. Gundlach	54	Director since 1990 (term expires 1999); Owner of Pick 'n Save retail grocery stores in Columbus, DeForest, McFarland, Stoughton and Sun Prairie, Wisconsin
George C. Kaiser	65	Director since 1986 (term expires 1998); Chairman and Chief Executive Officer, Hanger Tight Company since 1988; Chief Executive Officer, George C. Kaiser and Co. since 1988; Director of The Baird Funds, Inc. since 1992
Patrick D. McAdams	48	Director since 1995 (term expires 1998); General Manager and Treasurer of McAdams, Inc., Oconomowoc, Wisconsin
George E. Prescott	50	Director since 1997 (term expires 1998);

President and Chief Executive Officer of
 Prescott's Supermarkets, Inc., West Bend,
 Wisconsin

Brenton H. Ruppel 73 Director since 1993 (term expires 1999);
 Retired Chairman of Robert W. Baird & Co.,
 Milwaukee, Wisconsin

Gary R. Sarner 51 Director since 1997 (term expires 1998);
 Chairman, Total Logistic Control, LLC
 since 1996; President and Chief Operating
 Officer, Christiana Companies, Inc. 1992-
 1997

Directors of Roundy's are elected by class and generally serve three-
 year terms; approximately one-third of the Board of
 Directors is elected annually. Of the ten current members
 of the Board of Directors, two are currently Executive
 Officers of Roundy's (Messrs. Lestina and Ranus) and four
 are "Retailer Directors" (Messrs. Bonson, Gundlach, McAdams
 and Prescott). The terms of the Roundy's, Inc. Voting Trust
 provide that each year the Trustees will vote to elect one
 stockholder-customer, chosen by a plurality vote of the
 Voting Trust Certificate Holders, to serve a three-year term
 as Director; however, the Roundy's, Inc. Voting Trust
 provides that in every third year, Voting Trust Certificate
 Holders will choose two Retailer Directors. Therefore, at
 any time there should be four Retailer Directors serving.

ITEM 11. Executive Compensation.

The following table shows the compensation for the past
 three years of Roundy's five most highly compensated
 executive officers performing policy making functions for
 Roundy's, including the Chief Executive Officer (the "Named
 Executive Officers").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Other Annual Compen- sation (2)	Long-Term Compensation		All Other Compen- sation (3)
		Salary (1)	Bonus		Securities Underlying (A) Options (B) SARs		
Gerald F. Lestina President and Chief Executive Officer	1997	371,058	\$105,120	-	(A) -	(B) -	\$9,994
	1996	338,000	95,316	-	-	-	8,645
	1995	304,231	93,600	-	6,000	-	8,138
Robert D. Ranus Vice President and Chief Financial Officer	1997	221,077	62,496	-	-	-	11,409
	1996	213,000	60,066	-	-	-	9,812
	1995	207,000	59,616	-	-	-	9,659
Ralph D. Beketic Vice President- Wholesale	1997	177,981	50,400	-	-	-	5,562
	1996	137,096	38,775	-	-	-	1,937
	1995	120,000	35,280	-	1,500	500	1,797

Marion H. Sullivan	1997	167,981	47,520	-	-	-	8,910
Vice President of	1996	146,000	41,172	-	-	-	7,211
Marketing	1995	135,846	40,320	-	-	500	7,105
Michael J. Schmitt	1997	157,596	44,640	-	-	-	8,580
Vice President of	1996	138,174	39,010	-	-	-	7,093
Sales & Development	1995	125,846	37,440	-	-	-	7,068

- (1) Includes amounts (if any) deferred pursuant to Roundy's Deferred Compensation Plan.
- (2) Pursuant to applicable SEC regulations, perquisites and other personal benefits are omitted because they did not exceed the lesser of either \$50,000 or 10% of the total of salary and bonus.
- (3) The amounts shown in this column for 1997, 1996, and 1995, respectively, were derived from the following figures. Term life insurance premiums paid by Roundy's and Roundy's contributions to the 401(k) plan, respectively, for the named executive officers are shown below. For 1997 - Mr. Lestina: \$6,819 and \$3,175. Mr. Ranus: \$7,861 and \$3,547. Mr. Beketic: \$2,670 and \$2,891. Mr. Sullivan: \$6,019 and \$2,891. Mr. Schmitt: \$6,061 and \$2,518. For 1996 - Mr. Lestina: \$6,270 and \$2,375. Mr. Ranus: \$7,732 and \$2,080. Mr. Beketic: \$666 and \$1,271. Mr. Sullivan: \$5,851 and \$1,360. Mr. Schmitt: \$5,911 and \$1,182. For 1995 - Mr. Lestina: \$5,828 and \$2,310. Mr. Ranus: \$7,589 and \$2,070. Mr. Beketic: \$597 and \$1,200. Mr. Sullivan: \$5,747 and \$1,358. Mr. Schmitt: \$5,810 and \$1,258.

The executive officers of Roundy's are each covered by \$250,000 of executive equity life insurance. In addition, executives are covered by a group life carve-out plan in the amount of three times salary, which is in lieu of the group term life insurance provided to substantially all nonunion employees under a Roundy's-sponsored Plan. The executive officers of Roundy's are also covered by an executive disability income insurance wrap-around plan which is in addition to the disability income insurance provided to substantially all nonunion employees under a Roundy's-sponsored Plan.

The Board of Directors of the Company has authorized the Company to guarantee the repayment of any loans incurred by senior executives and key employees for the purpose of exercising certain stock options granted by the Company. The guarantee is limited to a total aggregate principal amount of loans of \$2,000,000. There were no employee guarantees outstanding as of January 3, 1998.

Roundy's has Deferred Compensation Agreements with certain executive officers, including Messrs. Lestina, Ranus, Beketic, Sullivan and Schmitt. The Deferred Compensation Agreements provide generally that the Company will pay to the employee a "deferred compensation amount," if at any time within three years after the occurrence of a "change in control" of the Company, the employee's employment is terminated by the Company, other than for "good cause." If

the termination date occurs within two years after the date on which a "change in control" occurs, the "deferred compensation amount" will be equal to the "monthly benefit amount" times twenty-four. If the termination date occurs more than two years, but not more than three years, after the date on which a "change of control" occurs, the "deferred compensation amount" will be equal to the "monthly benefit amount" times twenty four minus the number of calendar months between the date two years after the date on which a "change of control" occurs and the termination date. The "monthly benefit amount" is equal to 1/12 of the employee's annual base salary. The number by which the "monthly benefit amount" is multiplied to determine the "deferred compensation amount" is defined as the "monthly multiplier." If the employee becomes entitled to the payment of a "deferred compensation amount" the Company will continue to provide to the employee those health and life insurance benefits to which the employee was entitled as of the termination date for that number of months following the termination date which is equal to the "monthly multiplier."

The Company established a Deferred Compensation Plan, applicable to the Officers who have been elected by the Board of Directors, ("Elected Officers"), to assist the Elected Officers in deferring income until their retirement, death, or other termination of employment. The Plan participants may make deferral commitments that are not less than \$10,000 over a period of not more than 7 years and not less than \$2,000 in any one year. The aggregate annual deferral may not exceed \$100,000 per calendar year for all participants combined unless the Company's Board of Director approves an amount in excess of that limit. For 1997, the Board of Directors approved an annual deferral of \$121,000. Monthly interest is credited to each participant's account based on the Moody's Long Term Bond Rate in effect on January 1 of each year plus 2%. The Company established a Trust to hold assets to be used to pay benefits under the Plan, however, the rights of any participant, beneficiary or estate to benefits under the Plan are solely those of an unsecured creditor of the Company. Upon death of a participant prior to termination of employment and before any periodic payments have started, the Company will pay to the participant's Designated Beneficiary a pre-retirement death benefit equal to five times the total aggregate deferral commitment of the participant payable in equal annual installments over a ten-year period. The Company has purchased life insurance policies on the lives of the participants to fund its liabilities under the Plan.

Roundy's has a severance and non-competition agreement with Gerald F. Lestina. This agreement continues in effect until October 10, 2007. Upon Roundy's termination of Mr. Lestina's employment (other than for "good cause" as defined in the agreement), or Mr. Lestina's termination of his employment (for "good reason" as defined in the agreement), Roundy's will pay Mr. Lestina pro rata over the non-compete period, an "applicable benefit." The "applicable benefit" shall mean the "monthly benefit amount" times twelve (12). The "monthly benefit amount" means the sum of: (i) 1/12 of the amount of Mr. Lestina's current salary; (ii) 1/12 of the amount of Mr.

Lestina's bonus paid or payable; and the fair value of any health and/or life insurance benefits, on a monthly basis, to which Mr. Lestina is entitled. If Mr. Lestina ceases to be employed by Roundy's (including by reason of his death) at any time after attaining age 55 and while he is then an officer and a director of Roundy's (unless employment is terminated for "good cause"), Roundy's will provide coverage for Mr. Lestina and his spouse under the employee health, medical and life insurance plans maintained by Roundy's for its executive personnel, until, in addition to other parameters, Mr. Lestina attains age 65.

For a period of one year following the termination of employment of Mr. Lestina, which occurs under circumstances giving rise to Roundy's obligation to pay the severance benefit under this agreement, Mr. Lestina agrees not to compete with Roundy's in the states of Wisconsin, Michigan, Illinois, Indiana and Ohio, plus to the extent not included in those states, the area encompassed within a radius of 400 miles of any warehouse or distribution facility operated by Roundy's, or any affiliate of Roundy's, as of the termination date.

Effective November 1, 1991, the Board of Directors adopted the 1991 Stock Incentive Plan (the "Plan") under which up to 75,000 shares of Class B Common Stock may be issued pursuant to the exercise of stock options. The Plan also authorizes the grant of up to 25,000 stock appreciation rights ("SARs"). Options and SARs may be granted to senior executives and key employees of the Company by the Executive Compensation Committee of the Board of Directors. No options or SARs may be granted under the Plan after November 30, 2001. Options granted become exercisable based on a vesting schedule which ranges from 20% at the date of grant to 100% eight years from the date of grant. SAR holders are entitled, upon exercise of a SAR, to receive cash in an amount equal to the excess of the book value per share of the Company's common stock as of the last day of the Company's fiscal year immediately preceding the date the SAR is exercised over the base price of the SAR. SARs granted become exercisable based on the vesting rate which ranges from 20% on the last day of the fiscal year of the grant to 100% eight years from the last day of the fiscal year of the grant. In the event of a change in control of the Company, all options and SARs previously granted and not exercised, become exercisable.

Option/SAR Grants

None of the Named Executive Officers were granted stock options or SARs during fiscal 1997.

Option/SAR Exercises

The following table provides information on the Named Executive Officers' option and SAR exercises in 1997 and the value of unexercised options at January 3, 1998.

Aggregated Option/SAR Exercises in 1997

and 1997 Year-End Option Values

Name	Shares Acquired on Exercise		Value (\$) Realized	Number of Unexercised (A) Options (B) SARS at 01/03/98		Value (\$) of Unexercised In-The-Money (A) Options (B) SARS at 01/03/98	
	(A) Options	(B) SARS		Exercisable/Unexercisable	Exercisable/Unexercisable		
Gerald F. Lestina	(A) -	-	-	17,500/-	-	\$688,950/-	-
	(B) -	-	-	-	-	-	-
Robert D. Ranus	(A) -	-	-	10,500/-	-	488,000/-	-
	(B) -	-	-	-	-	-	-
Ralph D. Beketic	(A) -	-	-	1,850/150	-	56,385/ 6,840	-
	(B) -	-	-	1,450/550	-	52,985/22,540	-
Marion H. Sullivan	(A) -	-	-	1,150/350	-	56,960/17,090	-
	(B) -	-	-	1,950/550	-	82,210/24,940	-
Michael J. Schmitt	(A) -	-	-	2,350/1,150	-	104,060/48,490	-
	(B) -	-	-	1,150/350	-	56,960/17,090	-

Benefits under the Roundy's, Inc. Retirement Plan are, in general, an amount equal to 50% of average compensation minus 50% of the participant's primary Social Security benefit; provided, however, that if the employee has fewer than 25 years of credited service, the monthly amount so determined is multiplied by a fraction, the numerator of which is the years of credited service and the denominator of which is 25. In addition, if credited service is greater than 25 years, the benefit is increased by 1% of average compensation for each year of credited service in excess of 25 years to a maximum of 10 additional years.

The following table sets forth the estimated annual pensions (before deduction of the Social Security offset described below) which persons in specified categories would receive if they had retired on January 3, 1998, at the age of 65:

Average Annual Compensation During Last Five Completed Calendar Years	Annual Pension After Specified Years of Credited				
	15 Years	20 Years	25 Years	30 Years	35 Years
\$100,000	\$30,000	\$40,000	\$50,000	\$55,000	\$60,000
125,000	37,500	50,000	62,500	68,800	75,000
150,000	44,300	59,000	73,800	81,200	88,500
175,000	45,600	60,800	76,000	83,000	91,200
200,000	48,400	64,800	81,300	90,000	98,200
225,000	52,900	71,400	89,900	100,500	109,700
250,000	57,400	78,000	98,500	111,000	121,300
300,000	60,400	82,300	104,200	117,900	125,000

400,000	60,400	82,300	104,200	117,900	125,000
450,000	60,400	82,300	104,200	121,800	125,000
500,000	60,400	82,300	104,200	125,000	125,000

All of the Named Executive Officers are covered by the Roundy's, Inc. Retirement Plan. Their average annual compensation would be the combined amount listed under Salary and Bonus shown in the Summary Compensation Table. The estimated credited years of service for each of the Named Executive Officers is as follows: Mr. Lestina: 28 years, Mr. Ranus: 11 years, Mr. Beketic: 7 years, Mr. Sullivan: 10 years, and Mr. Schmitt: 20 years.

Directors who are employees of Roundy's receive no fees for serving as Directors. Customer-directors each received \$500 per meeting during 1997; outside Directors each received \$15,000, prorated on an annual basis, plus \$500 per Board of Directors meeting plus \$500 per committee meeting not held the same day as a Board of Directors meeting for their services during 1997.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management.

Roundy's is authorized by its Articles of Incorporation to issue 60,000 shares of Class A Common, \$1.25 par value, and 2,400,000 shares of Class B Common, \$1.25 par value. On March 30, 1998, 12,400 shares of Class A Common and 1,159,144 shares of Class B Common were outstanding.

Roundy's has a Voting Trust (the "Trust") which was established in August, 1971 (was amended and restated in 1983 and was further amended in 1986 and 1995), as the successor to an initial voting trust created at the time of the organization of Roundy's. The Trust has an indefinite term, although it may be terminated upon the vote of the Voting Trust Certificate Holders as provided therein. The main purpose for the establishment of the Trust, and its predecessor, was to insure the stability of management necessary to obtain long-term warehouse and other financing. On March 30, 1998, all of the outstanding shares of Roundy's Class A Common held by current stockholder-customers were on deposit in the Trust. The Voting Trust Agreement authorizes the Trustees to vote all shares deposited in the Trust, in their discretion, for the election of all but four of the Directors (there are currently ten Directors). On other matters submitted to a vote of stockholders (including the election of one Director each year), the Trustees are required to vote the shares deposited in the Trust as a block as directed by a vote of the holders of outstanding Voting Trust Certificates (with each share of Class A Common in the Trust entitling the depositor thereof to one vote).

The Trustees of the Trust currently are Victor C. Burnstad, Robert S. Gold, Edward G. Kitz, Gerald F. Lestina, Robert R. Spitzer and David A. Ulrich. Mr. Lestina is President and Chief Executive Officer of Roundy's, Inc., and is a member of Roundy's Board of Directors. Mr. Kitz is Vice President, Secretary and Treasurer of Roundy's, Inc. Mr. Burnstad is President and Stockholder of Burnstad Bros., Inc., a stockholder-customer of Roundy's. Mr. Gold is President and

Stockholder of B. & H. Gold Corporation, a stockholder-customer of Roundy's. Mr. Ulrich is President and Stockholder of Mega Marts, Inc., a stockholder-customer of Roundy's. In the event of the death, resignation, incapacity or inability of any of the Trustees, a successor Trustee may be named by a majority of the remaining Trustees. There is currently one trustee position vacant.

Vacancies need not be filled, except that there must be at least three Trustees acting as such at all times, and one Trustee must always be a stockholder-customer (or a principal of an entity which is a stockholder-customer) of Roundy's.

The following table sets forth the beneficial ownership of equity securities of Roundy's as of March 30, 1998, by (i) each director; (ii) each Named Executive Officer; (iii) all directors and executive officers as a group; and (iv) each person who is known to the Company to be the beneficial owner of 5% or more of either of the outstanding classes shown. Except as set forth in the table below, no other person (or group who, directly or indirectly, through any relationship, has or shares the power to vote, or to direct the voting) owns of record or is known by Roundy's to own beneficially more than 5% of the outstanding Roundy's Class A Common Stock or Roundy's Class B Common Stock. Except for McAdams, Inc., Mega Marts, Inc., Woodmans's Food Market, Inc. and Ultra Mart, Inc. (see below), no other person owns of record or is known by Roundy's to own beneficially more than 5% of the Voting Trust Certificates issued by the Trustees of the Roundy's Voting Trust with respect to shares of Roundy's Class A Common Stock deposited with the Trustees.

Beneficial Ownership (1)

	Class A Common		Class B Common	
	Number of Shares	Percent of Class (2)	Number of Shares	Percent of Class (2)
Woodman' Food Market, Inc. (3)	700	5.65%	104,374	9.00%
McAdams, Inc. (4)	700	5.65%	73,818	6.37%
Mega Marts, Inc. (5)	1,600	12.90%	111,391	9.61%
Ultra Mart, Inc. (6)	700	5.65%	45,531	3.93%
Gerald F. Lestina (7)	-(8)	-(8)	20,606	1.75%
Robert D. Ranus (9)	-(8)	-(8)	14,875	1.27%
George C. Kaiser (10)	-(8)	-(8)	4,000	*
Brenton H. Ruppel	-(8)	-(8)	300	*
Robert E. Bartels (11)	-(8)	-(8)	4,916	*
Gary R. Sarner	-(8)	-(8)	499	*
George E. Prescott (12)	600	4.84%	75,961	6.55%
Gary N,. Gundlach (13)	500	4.03%	24,717	2.13%
Charles R. Bonson (14)	100	*	20,154	1.74%
Patrick D. McAdams (4)	700	5.65%	73,818	6.37%
Ralph D. Beketic (15)	-(8)	-(8)	1,850	*
Marion H. Sullivan (16)	-(8)	-(8)	1,150	*
Michael J. Schmitt (17)	-(8)	-(8)	4,017	*
All Directors and Executive Officers as a Group (18)	1,900	15.32%	257,029	21.44%

- (1) Direct ownership except as otherwise noted, and except that all shares of Class A Common Stock shown in the table are owned of record by the Trustees of the Roundy's, Inc. Voting Trust.
- (2) Asterisk (*) denotes less than 1%.
- (3) Voting and investment power over the shares owned by Woodman's Food Market, Inc., whose address is 2919 North Lexington, Janesville, Wisconsin 53545, is solely held by its owner, Willard R. Woodman, Jr.
- (4) Voting and investment power over the shares owned by McAdams, Inc., whose address is 36933 West Plank Road, Oconomowoc, Wisconsin 53066, is solely held by its owner, John A. McAdams. The shares shown for Patrick D. McAdams reflect all shares owned by McAdams, Inc. of which Patrick D. McAdams is General Manager and Treasurer.
- (5) Voting and investment power over the shares owned by Mega Marts, Inc., whose address is 6312 South 27th Street, Oak Creek, Wisconsin 53154, is solely held by its owner, David A. Ulrich.
- (6) Voting and investment power over the shares owned by Ultra Mart, Inc., whose address is W173 N9170 St. Francis Drive, Menomonee Falls, Wisconsin 53051, is solely held by its owner, Robert A. Farrell.
- (7) Includes options for 17,500 shares that are exercisable within 60 days of March 30, 1998.
- (8) The Class A Common may only be held by the owners ("stockholder-customers") of retail grocery stores serviced by Roundy's.
- (9) Includes options for 10,500 shares that are exercisable within 60 days of March 30, 1998.
- (10) Includes 1,500 shares owned by First Wisconsin Trust Company as Trustee of George Kaiser Profit Sharing Plan.
- (11) Includes 3,949 shares owned by Martin's Super Markets, Inc., of which Mr. Bartels is President and shareholder.
- (12) Includes 600 shares of Class A Common Stock and 59,098 shares of Class B Common Stock owned by Prescott's Supermarkets, Inc. of which Mr. Prescott is the principal shareholder; also includes 16,863 shares of Class B Common Stock held in certain Trusts for the benefit of certain members of Mr. Prescott's family, as to which 16,863 shares Mr. Prescott disclaims beneficial ownership.
- (13) Relates to shares owned by Gary N. Gundlach, as sole proprietor and of G.E.M., Inc. of which Mr. Gundlach is principal shareholder.
- (14) Relates to shares owned by Bonson's Foods, Inc. of which Mr. Bonson is principal shareholder.
- (15) Includes options for 1,850 shares that are exercisable within 60 days of March 30, 1998.
- (16) Includes options for 1,150 shares that are exercisable within 60 days of March 30, 1998.
- (17) Includes options for 2,350 shares that are exercisable within 60 days of March 30, 1998.
- (18) The group of directors and executive officers who control stockholder-customers and therefor may beneficially own Class A Common (see Note (4)) consists of four (4) persons: Messrs. Prescott, Gundlach, Bonson

and McAdams. The group of directors and executive officers who own or may own Class B Common consists of nineteen (19) persons. The total shown for Class B Common for the group includes options for 39,616 shares that are exercisable within 60 days of March 30, 1998, but does not include options for an additional 5,384 shares that have been granted but are not exercisable within 60 days of March 30, 1998.

ITEM 13. Certain Relationships and Related Transactions.

Messrs. Bartels, Bonson, Gundlach, McAdams and Prescott, directors of Roundy's, and Messrs. Burnstad, Gold and Ulrich, Trustees of the Voting Trust, each own and/or operate retail food stores which purchase merchandise from the Company as a supplier in the ordinary course of business. Retail food stores owned by directors or Retailer Trustees purchase from the Company on the same basis and conditions as all other stockholder-customers of Roundy's. During the last three years, the aggregate amount of purchases from the Company for each of the foregoing were as follows:

	1997 ----	1996 ----	1995 ----
Robert E. Bartels	\$114,306,000	\$ 96,608,000	\$ 81,542,000
Charles R. Bonson	8,471,000	7,616,000	7,094,000
Victor C. Burnstad	19,320,000	19,053,000	18,262,000
Robert S. Gold	52,712,000	48,212,000	46,770,000
Gary N. Gundlach	47,514,000	45,680,000	39,253,000
Patrick D. McAdams	70,639,000	63,003,000	63,598,000
George E. Prescott	78,218,000	70,757,000	60,567,000
David A. Ulrich	271,690,000	242,679,000	219,310,000

Woodman's Food Market, Inc., owner of 9.23% of Roundy's Class B Common Stock, had aggregate purchases from Roundy's of \$51,395,000, \$52,805,000 and \$58,484,000 for 1997, 1996 and 1995, respectively.

Ultra Mart, Inc., owner of 5.56% of Roundy's Class A Common Stock had aggregate purchases from Roundy's of \$93,015,000, \$90,722,000 and \$81,399,000 for 1997, 1996 and 1995, respectively. Ultra Mart, Inc. agreed to sublease land and buildings from the Company for a period of six to 16 years at seven store sites, for an aggregate annual rental of approximately \$2,501,000.

Prescott Supermarkets, Inc. has agreed to sublease land and buildings from the Company for periods of two to 15 years at five store sites, for an aggregate annual rental of approximately \$1,639,000.

Gary N. Gundlach has agreed to sublease land and buildings from the Company for periods of 11 to 17 years at four store sites, for an aggregate annual rental of approximately \$926,000. In January, 1997, Gary N. Gundlach issued a promissory note to Roundy's, Inc. in the amount of \$97,000. The amount outstanding as of February 28, 1998 was \$33,000.

McAdams, Inc. agreed to sublease land and buildings from the Company for periods of 12 and 13 years at two store sites, for an aggregate annual rental of approximately \$555,000.

Mega Marts, Inc. agreed to sublease land and buildings from the Company for periods of two to 17 years at twelve store sites and one additional storage site, for an aggregate annual rental of approximately \$4,413,000.

B. & H. Gold Corporation, Gold's Market, Inc., and Gold's, Inc. have agreed to sublease land and buildings from the Company for periods of eight to 21 years at three store sites, for an aggregate annual rental of approximately \$1,184,000.

Burnstad Bros., Inc. has agreed to sublease land and a building from the Company for a period of four years, for an annual rental of approximately \$44,000. In November, 1997, Burnstad Bros., Inc. issued promissory notes to Roundy's, Inc. in the amount of \$48,200. The amount outstanding as of February 28, 1998 was \$48,200.

The Company has made payments in fiscal 1997 aggregating \$1,495,700 for handling, order selecting and storage of frozen food, meat and ice cream to Total Logistic Control, LLC of which Mr. Sarner is Chairman.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) (1) Financial Statements

The following consolidated financial statements of the Company are incorporated by reference from its Annual Report to Stockholders for the year ended January 3, 1998, filed as an exhibit hereto:

- Independent Auditors' Report
- Statements of Consolidated Earnings for each of the three years in the period ended January 3, 1998
- Consolidated Balance Sheets at January 3, 1998 and December 28, 1996
- Statements of Consolidated Stockholders' Equity for each of the three years in the period ended January 3, 1998
- Statements of Consolidated Cash Flows for each of the three years in the period ended January 3, 1998
- Notes to Financial Statements

(a) (2) Financial Statement Schedules as of January 3, 1998

Page

Independent Auditors' Report..... 27

Schedule VIII - Valuation and qualifying

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

(a) (3) Exhibits

- 3.1 Articles of Incorporation of the Registrant, as amended, incorporated herein by reference to Exhibit 4.1 of Registrant's Registration Statement on Form S-2 (File No. 2-94485) dated December 5, 1984.
- 3.2 By-Laws of the Company as amended February 24, 1998. FILED HEREWITH.
- 3.3 Amendment of By-Law Section 5.01. FILED HEREWITH.
- 4.1 Policy Relating to Redemption of Stock by Inactive Customer Shareholders and Former Employees, incorporated herein by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, filed with the Commission on March 26, 1997, Commission File No. 33-57505 (included as Exhibit D to the prospectus which forms a part of the Registration Statement).
- 4.2 Note Agreement dated December 15, 1991 (effective December 30, 1991), between Roundy's, Inc. and Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company, incorporated herein by reference to Exhibit 4.9 of Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 1991, filed with the Commission on March 26, 1992, Commission File No. 2-66296.
- 4.3 Note Agreement dated December 15, 1992 between Roundy's, Inc. and Connecticut Mutual Life Insurance Company, The Ohio National Life Insurance Company, Provident Mutual Life Insurance Company of Philadelphia, Providentmutual Life and Annuity Company of America, Guarantee Mutual Life Company, Woodmen Accident and Life Company and United of Omaha Life Insurance Company, incorporated herein by reference to Exhibit 4.11 of Registrant's Annual Report on Form 10-K for the fiscal year ended January 2, 1993, filed with the Commission on March 30, 1993, Commission File No. 2-66296.
- 4.4 Policy Regarding Issuance and Sales of Roundy's, Inc. Stock, incorporated herein by reference to Exhibit 4.11 of Registrant's Registration Statement on Form S-2 (File No. 33-57505) filed with the Commission on January 30, 1995 (included as Exhibit E to the prospectus which forms a part of the Registration Statement).
- 4.5 Note Agreement dated December 22, 1993 (effective December 22, 1993), between Roundy's, Inc. and The Variable Annuity Life Insurance Company, The Life Insurance Company of Virginia, Phoenix Home Life Mutual Insurance Company, Phoenix American Life Insurance Company, Washington National Insurance Company, and TMG Life Insurance Company, incorporated herein by reference to Exhibit 4.14 of Registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1994, filed with the Commission on March

- 31, 1994, Commission File No. 2-66296.
- 4.6 Form of Subscription Agreement, incorporated by reference to Exhibit 4.14 of Registrant's Registration Statement on Form S-2 (File No. 33-57505) filed with the Commission on January 30, 1995 (included as Exhibit A to the prospectus which forms a part of the Registration Statement).
- 4.7 Form of Buying Deposit Agreement, incorporated by reference to Exhibit 4.15 of Registrant's Registration Statement on Form S-2 (File No. 33-57505) filed with the Commission on January 30, 1995 (included as Exhibit B to the prospectus which forms a part of the Registration Statement).
- 4.8 Article V of Registrant's By-Laws "Fiscal Year Accounting and Patronage Rebates," as amended on December 12, 1989, incorporated by reference to Exhibit 4.16 of Registrant's Registration Statement on Form S-2 (File No. 33-57505) filed with the Commission on January 30, 1995 (included as Exhibit C to the prospectus which forms a part of the Registration Statement).
- 4.9 First Amendment dated May 1, 1996 to Note Agreements dated December 15, 1991 and Note Agreements dated December 15, 1992 and Note Agreements dated December 22, 1993, incorporated herein by reference to Exhibit 4.16 of Registrant's Form 10-Q for the quarterly period ended June 29, 1996, filed with the Commission on August 13, 1996, Commission File No. 33-57505.
- 4.10 Note Agreement dated May 15, 1996 between Roundy's, Inc. and The Ohio National Life Insurance, Phoenix American Life Insurance Company, Provident Mutual Life Insurance, Providentmutual Life and Annuity Company of America, United of Omaha Life Insurance Company, John Alden Life Insurance Company, Oxford Life Insurance Company, The Security Mutual Life Insurance Company of Lincoln, Nebraska and Woodman Accident and Life Company, incorporated herein by reference to Exhibit 4.17 of Registrant's Form 10-Q for the quarterly period ended June 29, 1996, filed with the Commission on August 13, 1996, Commission File No. 33-57505.
- 4.11 Credit Agreement dated December 13, 1996, between Roundy's, Inc. and PNC Bank, NA (as agent), incorporated herein by reference to Exhibit 4.11 of Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, filed with the Commission on March 26, 1997, Commission File No. 33-57505.
- 9 Amended and Restated Voting Trust Agreement dated September 16, 1983, incorporated herein by reference to Exhibit 9 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1983, filed with the Commission on March 30, 1984, Commission File No. 2-66296.
- 9(a) Amendments No. 1 and 2, dated April 8, 1986 to Amended and Restated Voting Trust Agreement, incorporated herein by reference to Exhibit 9(a) of Registrant's Registration Statement on Form S-2 (File No. 2-66296), dated April 29, 1986.
- 9(b) Amendment No. 1987-1 to Amended and Restated Voting

- Trust Agreement, incorporated herein by reference to Exhibit 9(b) of Registrant's Registration Statement on Form S-2 (File No. 2-66296), dated April 29, 1987.
- 9(c) Amendment 1995-1 to the Roundy's, Inc. Voting Trust Agreement, incorporated herein by reference to Exhibit 9(c) of Registrant's Registration Statement on Form S-2 (File No. 33-57505), dated May 1, 1995.
- 9(d) Amendment 1995-2 to the Roundy's, Inc. Voting Trust Agreement, incorporated herein by reference to Exhibit 9(d) of Registrant's Registration Statement on Form S-2 (File No. 33-57505), dated April 26, 1996.
- 10.1 Deferred Compensation Agreement plan between the Registrant and certain executive officers including Messrs. Lestina, Ranus, Beketic, Sullivan and Schmitt, incorporated herein by reference to Exhibit 10.1, of Registrant's Registration Statement on Form S-2 (File No. 33-57505) dated April 24, 1997.
- 10.2 Directors and Officers Liability and Corporation Reimbursement Policy issued by American Casualty Company of Reading, Pennsylvania (CNA Insurance Companies) as of June 13, 1986, incorporated herein by reference to Exhibit 10.3 of Registrant's Annual Report on Form 10-K for the fiscal year ended January 3, 1987, filed with the Commission on April 3, 1987, Commission File No. 2-66296.
- 10.2(a) Declarations page for renewal through November 1, 1998 of Directors and Officers Liability and Corporation Reimbursement Policy. FILED HEREWITH.
- 10.3 1991 Stock Incentive Plan, revised February 9, 1993, incorporated herein by reference to Exhibit 10.6 of Registrant's Annual Report on Form 10-K for the fiscal year ended January 2, 1993, filed with the Commission on March 30, 1993, Commission File No. 2-66296.
- 10.4 Severance and Non-Competition Agreement between the Registrant and Gerald F. Lestina, incorporated herein by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for the fiscal year ended December 30, 1995, filed with the Commission on March 28, 1996, Commission File No. 33-57505.
- 10.5 Roundy's, Inc. Deferred Compensation Plan, effective March 19, 1996, incorporated herein by reference to Exhibit 10.5 of Registrant's Registration Statement on Form S-2 (File No. 33-57505), dated April 26, 1996.
13. 1997 Annual Report to Stockholders of Roundy's, Inc.
21. Subsidiaries of Roundy's, Inc.
27. Financial Data Schedule.
- (b) Reports on Form 8-K.
There were no reports on Form 8-K filed during the last quarter of 1997.

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Directors of Roundy's, Inc.:

We have audited the consolidated financial statements of Roundy's, Inc. and its subsidiaries as of January 3, 1998 and December 28, 1996, and for each of the three years in the period ended January 3, 1998 and have issued our report thereon dated February 20, 1998; such consolidated financial statements and report are included in your 1997 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the financial statement schedule of Roundy's, Inc. listed in Item 14(a)(2). This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin
February 20, 1998

<TABLE>

SCHEDULE VIII

ROUNDY'S, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

<CAPTION>

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E

	ADDITIONS				
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Costs & Expenses	Charged to Other Accounts	Deductions (A)	Balance at End of Period

<S>	<C>	<C>	<C>	<C>	<C>
YEAR ENDED January 3, 1998:					
Allowance for Losses:					
Current receivables	\$6,314,700	\$2,389,100		\$3,055,100	\$5,648,700
Notes receivable, long-term.	5,576,000	-		277,000	5,299,000
YEAR ENDED December 28, 1996:					
Allowance for Losses:					
Current receivables	\$8,431,300	\$4,367,600		\$6,484,200	\$6,314,700
Notes receivable, long-term.	4,641,000	935,000		-	5,576,000
YEAR ENDED December 30, 1995:					
Allowance for Losses:					
Current receivables	\$11,000,400	\$2,146,500		\$4,715,600	\$8,431,300

<FN>
 (A) Amounts in Column D represent accounts written off less recoveries.
 </TABLE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, Roundy's, Inc. has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

ROUNDY'S, INC.

GERALD F. LESTINA

ROBERT D. RANUS

 By: Gerald F. Lestina
 (Principal Executive Officer)

 By: Robert D. Ranus
 (Principal Financial
 Officer and Principal
 Accounting Officer)

Date: March 31, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons (constituting a majority of the Board of Directors) on behalf of the Registrant and in the capacities and on the dates indicated:

 Robert E. Bartels
 March 31, 1998
 (Director)

 PATRICK D. MCADAMS
 Patrick D. McAdams
 March 31, 1998
 (Director)

CHARLES R. BONSON

GEORGE E. PRESCOTT

 Charles R. Bonson
 March 31, 1998
 (Director)

 George E. Prescott
 March 31, 1998
 (Director)

GARY N. GUNDLACH

ROBERT D. RANUS

 Gary N. Gundlach
 March 31, 1998
 (Director)

 Robert D. Ranus
 March 31, 1998
 (Director)

GEORGE C. KAISER

BRENTON H. RUPPLE

 George C. Kaiser
 March 31, 1998

 Brenton H. Ruppel
 March 31, 1998

(Director)

(Director)

GERALD F. LESTINA

GARY R. SARNER

Gerald F. Lestina
March 31, 1998
(Director)

Gary R. Sarnar
March 31, 1998
(Director)

SUPPLEMENTAL INFORMATION TO BE
FURNISHED WITH REPORTS FILED
PURSUANT TO SECTION 15(d)
OF THE ACT BY REGISTRANTS
WHICH HAVE NOT REGISTERED SECURITIES
PURSUANT TO SECTION 12 OF THE ACT

Registrant's annual report to securityholders for the year ended January 3, 1998 is incorporated by reference in this report.

Registrant does not furnish proxy soliciting material to its securityholders.

INDEX TO EXHIBITS

Exhibit	Description
3.1	Articles of Incorporation of the Registrant, as amended, incorporated herein by reference to Exhibit 4.1 of Registrant's Registration Statement on Form S-2 (File No. 2-94485) dated December 5, 1984.
3.2	By-Laws of the Company as amended February 24, 1998. FILED HEREWITH.
3.3	Amendment of By-Law Section 5.01. FILED HEREWITH.
4.1	Policy Relating to Redemption of Stock by Inactive Customer Shareholders and Former Employees, incorporated herein by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, filed with the Commission on March 26, 1997, Commission File No. 33-57505 (included as Exhibit D to the prospectus which forms a part of the Registration Statement).
4.2	Note Agreement dated December 15, 1991 (effective December 30, 1991), between Roundy's, Inc. and Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company, incorporated herein by reference to Exhibit 4.9 of Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 1991, filed with the Commission on March 26, 1992, Commission File No. 2-66296.
4.3	Note Agreement dated December 15, 1992 between Roundy's, Inc. and Connecticut Mutual Life Insurance

- Company, The Ohio National Life Insurance Company, Provident Mutual Life Insurance Company of Philadelphia, Providentmutual Life and Annuity Company of America, Guarantee Mutual Life Company, Woodmen Accident and Life Company and United of Omaha Life Insurance Company, incorporated herein by reference to Exhibit 4.11 of Registrant's Annual Report on Form 10-K for the fiscal year ended January 2, 1993, filed with the Commission on March 30, 1993, Commission File No. 2-66296.
- 4.4 Policy Regarding Issuance and Sales of Roundy's, Inc. Stock, incorporated herein by reference to Exhibit 4.11 of Registrant's Registration Statement on Form S-2 (File No. 33-57505) filed with the Commission on January 30, 1995 (included as Exhibit E to the prospectus which forms a part of the Registration Statement).
- 4.5 Note Agreement dated December 22, 1993 (effective December 22, 1993), between Roundy's, Inc. and The Variable Annuity Life Insurance Company, The Life Insurance Company of Virginia, Phoenix Home Life Mutual Insurance Company, Phoenix American Life Insurance Company, Washington National Insurance Company, and TMG Life Insurance Company, incorporated herein by reference to Exhibit 4.14 of Registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1994, filed with the Commission on March 31, 1994, Commission File No. 2-66296.
- 4.6 Form of Subscription Agreement, incorporated by reference to Exhibit 4.14 of Registrant's Registration Statement on Form S-2 (File No. 33-57505) filed with the Commission on January 30, 1995 (included as Exhibit A to the prospectus which forms a part of the Registration Statement).
- 4.7 Form of Buying Deposit Agreement, incorporated by reference to Exhibit 4.15 of Registrant's Registration Statement on Form S-2 (File No. 33-57505) filed with the Commission on January 30, 1995 (included as Exhibit B to the prospectus which forms a part of the Registration Statement).
- 4.8 Article V of Registrant's By-Laws "Fiscal Year Accounting and Patronage Rebates," as amended on December 12, 1989, incorporated by reference to Exhibit 4.16 of Registrant's Registration Statement on Form S-2 (File No. 33-57505) filed with the Commission on January 30, 1995 (included as Exhibit C to the prospectus which forms a part of the Registration Statement).
- 4.9 First Amendment dated May 1, 1996 to Note Agreements dated December 15, 1991 and Note Agreements dated December 15, 1992 and Note Agreements dated December 22, 1993, incorporated herein by reference to Exhibit 4.16 of Registrant's Form 10-Q for the quarterly period ended June 29, 1996, filed with the Commission on August 13, 1996, Commission File No. 33-57505.
- 4.10 Note Agreement dated May 15, 1996 between Roundy's, Inc. and The Ohio National Life Insurance, Phoenix American Life Insurance Company, Provident Mutual Life Insurance, Providentmutual Life and Annuity Company of America, United of Omaha Life Insurance Company, John Alden Life Insurance Company, Oxford

Life Insurance Company, The Security Mutual Life Insurance Company of Lincoln, Nebraska and Woodman Accident and Life Company, incorporated herein by reference to Exhibit 4.17 of Registrant's Form 10-Q for the quarterly period ended June 29, 1996, filed with the Commission on August 13, 1996, Commission File No. 33-57505.

- 4.11 Credit Agreement dated December 13, 1996, between Roundy's, Inc. and PNC Bank, NA (as agent), incorporated herein by reference to Exhibit 4.11 at Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, filed with the Commission on March 26, 1997, Commission File No. 33-57505.
- 9 Amended and Restated Voting Trust Agreement dated September 16, 1983, incorporated herein by reference to Exhibit 9 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1983, filed with the Commission on March 30, 1984, Commission File No. 2-66296.
- 9(a) Amendments No. 1 and 2, dated April 8, 1986 to Amended and Restated Voting Trust Agreement, incorporated herein by reference to Exhibit 9(a) of Registrant's Registration Statement on Form S-2 (File No. 2-66296), dated April 29, 1986.
- 9(b) Amendment No. 1987-1 to Amended and Restated Voting Trust Agreement, incorporated herein by reference to Exhibit 9(b) of Registrant's Registration Statement on Form S-2 (File No. 2-66296), dated April 29, 1987.
- 9(c) Amendment 1995-1 to the Roundy's, Inc. Voting Trust Agreement, incorporated herein by reference to Exhibit 9(c) of Registrant's Registration Statement on Form S-2 (File No. 33-57505), dated May 1, 1995.
- 9(d) Amendment 1995-2 to the Roundy's, Inc. Voting Trust Agreement, incorporated herein by reference to Exhibit 9(d) of Registrant's Registration Statement on Form S-2 (File No. 33-57505), dated April 26, 1996.
- 10.1 Deferred Compensation Agreement plan between the Registrant and certain executive officers including Messrs. Lestina, Ranus, Beketic, Sullivan and Schmitt, incorporated herein by reference to Exhibit 10.1, of Registrant's Registration Statement on Form S-2 (File No. 33-57505) dated April 24, 1997.
- 10.2 Directors and Officers Liability and Corporation Reimbursement Policy issued by American Casualty Company of Reading, Pennsylvania (CNA Insurance Companies) as of June 13, 1986, incorporated herein by reference to Exhibit 10.3 of Registrant's Annual Report on Form 10-K for the fiscal year ended January 3, 1987, filed with the Commission on April 3, 1987, Commission File No. 2-66296.
- 10.2(a) Declarations page for renewal through November 1, 1998 of Directors and Officers Liability and Corporation Reimbursement Policy. FILED HEREWITH.
- 10.3 1991 Stock Incentive Plan, revised February 9, 1993, incorporated herein by reference to Exhibit 10.6 of Registrant's Annual Report on Form 10-K for the fiscal year ended January 2, 1993, filed with the Commission on March 30, 1993, Commission File No. 2-66296.

- 10.4 Severance and Non-Competition Agreement between the Registrant and Gerald F. Lestina, incorporated herein by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for the fiscal year ended December 30, 1995, filed with the Commission on March 28, 1996, Commission File No. 33-57505.
- 10.5 Roundy's, Inc. Deferred Compensation Plan, effective March 19, 1996, incorporated herein by reference to Exhibit 10.5 of Registrant's Registration Statement on Form S-2 (File No. 33-57505), dated April 26, 1996.
- 13 1997 Annual Report to Stockholders of Roundy's, Inc. FILED HEREWITH.
- 21 Subsidiaries of Roundy's, Inc. FILED HEREWITH.
- 27 Financial Data Schedule. FILED HEREWITH.

OF

ROUNDY'S, INC.

(a Wisconsin corporation)

INTRODUCTION -

VARIABLE REFERENCES

Date of Adoption of these By-Laws:

Date of Incorporation:

0.01. Date of annual shareholders' meeting (see Section 2.01):

The Second Wednesday in April in each year.

*

0.02. Required notice of shareholders' meeting (see Section 2.04):

Not less than five (5) days.

*

0.03. Authorized number of directors (see Section 3.01):

ten (10)

*

0.04. Required notice of Special directors' meetings (see Section 3.05):

A. Not less than three (3) days if by mail, and

B. Not less than 24 hours if by telegram, cable or radiogram, personal delivery, or word of mouth, telephone or radiophone.

*

* These spaces are reserved for official notation of future

amendments to these sections.

ARTICLE I

OFFICES

1.01. Principal and Business Offices. The corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the corporation may require from time to time.

1.02. Registered Office. The registered office of the corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical with the principal office in the State of Wisconsin, and the address of the registered office may be changed from time to time by the Board of Directors. The business office of the registered agent of the corporation shall be identical to such registered office.

ARTICLE II

SHAREHOLDERS

2.01. Annual Meeting. The annual meeting of the shareholders shall be held in each year on the date set forth in Section 0.01, at the hour designated in the written notice of said meeting given pursuant to Section 2.04, or at such other time and date within thirty days before or after said date as may be fixed by or under the authority of the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein, or fixed as herein provided, for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as convenient.

2.02. Special Meeting. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by either the President, the Board of Directors, the Chairman of the Board (if the Board of Directors determines to elect one), or by the holders of not less than 25% of all shares of the corporation entitled to vote at the meeting.

2.03. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Wisconsin, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the State of Wisconsin, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of the meeting shall be the principal business office of the corporation in the State of Wisconsin or such other suitable place in the county of such principal office as may be designated by the person calling such meeting, but any meeting may be adjourned to reconvene at any place designated by vote of a majority of the shares represented thereat.

2.04. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than the number of days set forth in Section 0.02 (unless a longer period is required by law or the articles of incorporation) not more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or other officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock record books of the corporation, with postage thereon prepaid. Such notice may be given by placing such notice in a bulletin sent to all Shareholders of the Corporation entitled to vote not less than five (5) days prior to the meeting. When notice is given through the bulletin, the notice shall be headed by the words "Notice of Annual Meeting", or "Notice of Special Meeting", as the case may be.

2.05. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record

date for any such determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the close of business on the date on which notice of the meeting is mailed or on the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall be applied to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

2.06. Voting Lists. The officer or agent having charge of the stock transfer books for shares of the corporation shall, before each meeting of shareholders, make a complete list of the shareholders entitled to vote at such meeting, or any adjournment thereof, with the address of and the number of shares held by each, which list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

2.07. Quorum. Except as otherwise provided in the articles of incorporation, a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders unless the vote of a greater number or voting by classes is required by law or the articles of incorporation. Though less than a quorum of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

2.08. Conduct of Meetings. Except to the extent the Board of Directors may otherwise provide, the President, and in his absence, a Vice President in the order provided under Section 4.08, and in their absence, any person chosen by the shareholders present shall call the meeting of the shareholders to order and shall act as chairman of the meeting, and the Secretary of the corporation shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.09. Proxies. At all meetings of shareholders, a shareholder entitled to vote may vote by proxy appointed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. The Board of Directors shall have the power and authority to make rules establishing presumptions as to the validity and sufficiency of proxies.

2.10. Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class or classes are enlarged, limited or denied by the articles of incorporation.

2.11. Voting of Shares by Certain Holders.

A. Other Corporations. Shares standing in the name of another corporation may be voted either in person or by proxy, by the president of such corporation or any other officer appointed by such president. A proxy executed by any principal officer of such other corporation or assistant thereto shall be conclusive evidence of the signer's authority to act, in the absence of express notice to this corporation, given in writing to the Secretary of this Corporation, of the designation of some other person by the board of directors or the by-laws of such other corporation.

B. Legal Representatives of Fiduciaries. Shares held by an administrator, executor, guardian, conservator, trustee in bankruptcy, receiver, or assignee for creditors which shares are not standing in the name of such fiduciary may be voted by him, either in person or by proxy, without a transfer of such shares into his name provided that there is filed with the Secretary before or at the time of meeting proper evidence of his incumbency and the number of shares

held. Shares standing in the name of a fiduciary may be voted by him, either in person or by proxy. A proxy executed by a fiduciary shall be conclusive evidence of the signer's authority to execute such proxy, in the absence of express notice to this Corporation, given in writing to the Secretary of this Corporation, that such manner of voting is expressly prohibited or otherwise directed by the document creating the fiduciary relationship.

C. Pledges. A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the share so transferred.

D. Treasury Stock and Subsidiaries. Neither treasury shares, nor shares held by another corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by this corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares entitled to vote, but shares of its own issue held by this Corporation in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares entitled to vote.

E. Minors. Shares held by a minor may be voted by such minor in person or by proxy and no such vote shall be subject to disaffirmance or avoidance, unless prior to such vote the Secretary of the corporation has received written notice or has actual knowledge that such shareholder is a minor.

F. Incompetents and Spendthrifts. Shares held by an incompetent or spendthrift may be voted by such incompetent or spendthrift in person or by proxy and no such vote shall be subject to disaffirmance or avoidance, unless prior to such vote the Secretary of the corporation has actual knowledge that such shareholder has been adjudicated an incompetent or spendthrift or actual knowledge of filing of judicial proceedings for appointment of a guardian.

G. Joint Tenants. Shares registered in the name of two or more individuals who are named in the registration as joint tenants may be voted in person or by proxy signed by any one or more of such individuals if either (i) no other such individual or his legal representation is present and claims the right to participate in the voting of such shares or prior to the vote filed with the Secretary of the corporation a contrary written voting authorization or direction or written denial of authority of the individual

present or signing the proxy proposed to be voted or (ii) all such other individuals are deceased and the Secretary of the corporation has no actual knowledge that the survivor has been adjudicated not to be the successor to the interest of those deceased.

2.12. Waiver of Notice by Shareholders. Whenever any notice whatever is required to be given to any shareholder of the corporation under the articles of incorporation or by-laws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the shareholder entitled to such notice, shall be deemed equivalent to the giving of such notice; provided that such waiver in respect to any matter of which notice is required under any provision of the Wisconsin Business Corporation Law, shall contain the same information as would have been required to be included in such notice, except the time and place of meeting.

2.13. Lien on Shares. Every certificate, and the share represented thereby, issued to shareholders, are and shall be deemed at all times to be continuously and irrevocably pledged by the holder thereof as security for the payment, from time to time and as often as the same may become due and payable, of any and all obligations of the shareholder to the corporation, and no shares of stock will be transferred on the books of the corporation until all obligations of the shareholder to the corporation have been paid in full.

ARTICLE III

BOARD OF DIRECTORS

3.01. General Powers and Number. The business and affairs of the corporation shall be managed by its Board of Directors. The number of directors of the corporation shall be as set forth in Section 0.03.

3.02. Tenure and Qualifications. The Directors are divided into three classes, two of such classes having three directors and the third such class having four directors. At each annual meeting the directors of one class are chosen to succeed those whose terms expire for a term of office to expire at the third annual meeting of shareholders after their election. Four of the directors shall be retail members, one of whom shall be a member of each three-director class and two of whom shall be members of the four-director class. The election of Retailer Directors shall be tabulated and verified

by the Secretary of the corporation and a Retailer Trustee and an Independent Trustee of the Voting Trust. A director may be removed from office by affirmative vote of a majority of the outstanding shares entitled to vote for the election of such director, taken at a meeting of shareholders called for that purpose. A director may resign at any time by filing his written resignation with the Secretary of the corporation. Directors need not be residents of the State of Wisconsin or shareholders of the Corporation.

3.03. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this by-law immediately after the annual meeting of shareholders, and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of shareholders which precedes it, or such other suitable place as may be announced at such meeting of shareholders. The Board of Directors may provide, by resolution, the time and place either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution.

3.04. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board (if the Board of Directors determines to elect one), the President, Secretary or any two directors. The Chairman of the Board, President or Secretary calling any special meeting of the Board of Directors may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting of the Board of Directors called by them, and if no other place is fixed, the place of meeting shall be the principal business office of the corporation in the State of Wisconsin.

3.05. Notice; Waiver. Notice of each meeting of the Board of Directors (unless otherwise provided in or pursuant to Section 3.03) shall be given to each director (i) by written notice delivered personally or mailed or given by telegram, cable or radiogram to such director at his business address or at such other address as such director shall have designated in writing filed with the Secretary, or (ii) by word of mouth, telephone or radiophone personally to such director, in each case not less than that number of days prior thereto as set forth in Section 3.04. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, cable or radiogram, such notice shall be deemed to be delivered when the telegram, cable or radiogram is delivered to the transmitting agency. Whenever any notice whatever is required to be given to any director of the corporation under the articles of incorporation or by-laws

or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the director entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting and objects thereto to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.06. Quorum. Except as otherwise provided by law or by the articles of incorporation or these by-laws, a majority of the number of directors set forth in Section 0.03 shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but a majority of the directors present (though less than such quorum) may adjourn the meeting from time to time without further notice.

3.07. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by the articles of incorporation or these by-laws.

3.08. Conduct of Meetings. The Chairman of the Board, or in the event the Board of Directors determines not to elect a Chairman of the Board, or in his absence, the President, and in his absence, a Vice President in the order provided under Section 4.08, and in their absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order and shall act as Chairman of the meeting. The Secretary of the corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any Assistant Secretary or any director or other person present to act as secretary of the meeting.

3.09. Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled until the next succeeding annual election by the affirmative vote of a majority of the directors then in office, though less than a quorum of the Board of Directors.

3.10. Compensation. The Board of Directors, by affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, may establish reasonable compensation of all directors for services to the corporation as directors,

officers or otherwise, or may delegate such authority to an appropriate committee. The Board of Directors also shall have authority to provide for or to delegate authority to an appropriate committee to provide for reasonable pensions, disability or death benefits, and other benefits or payments, to directors, officers and employees and to their estates, families, dependents or beneficiaries on account of prior services rendered by such directors, officers and employees to the corporation.

3.11. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors or a committee thereof of which he is a member at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he files his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or forwards such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3.12. Executive Committee and Other Committees. The Board of Directors by resolution adopted by the affirmative vote of an majority of the number of directors set forth in Section 0.03 may designate an Executive Committee and one or more other committees, each committee to consist of three or more directors elected by the Board of Directors. The Executive Committee shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the corporation, provided that in no case shall the Executive Committee or any other committee act in respect to dividends to shareholders, election of principal officers or the filling of vacancies in the Board of Directors, or committees created pursuant to this Section. Subject to the foregoing, the other committees, if any, shall have and may exercise such powers as may be provided in the Resolution of the Board of Directors designating such committee, as such resolution may from time to time be amended and supplemented. The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the President or upon request by the chairman of such meeting. Each such committee shall elect a presiding officer from its members, shall fix its own rules governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request.

3.13. Advisory Committee. The Advisory Committee of retailers shall consist of nine persons, each of whom shall be either a record or beneficial holder of Class A Common Stock or an officer of a corporation or partnership which is a record or beneficial holder of Class A Common Stock. Three members of the Advisory Committee shall be elected each year by the retailer/shareholders and each shall serve a three-year term. No Advisory Committee member shall serve more than six years in succession as a committee member; but a person who has served six successive years on the committee may be re-elected to the committee if the person has not served on the committee during the three years preceding their re-election.

The Advisory Committee will nominate two candidates for election to each vacancy that may occur on the committee.

The Members of the Advisory Committee shall meet at reasonable intervals at a time and place convenient to the members and shall cooperate with the Stockholders individually and as a group with management and the Directors with relation to problems brought to its attention by customers or other matters the committee may choose to accept for consideration.

3.14. Unanimous Consent Without Meeting. Any action required or permitted by the articles of incorporation or by-laws or any provision of law to be taken by the Board of Directors or any committee thereof at a meeting or by resolution may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or members of such committee entitled to vote with respect to such action.

ARTICLE IV

OFFICERS

4.01. Number. The principal officers of the corporation shall be a Chairman of the Board (if the Board of Directors determines to elect one), a President, one or more Vice Presidents, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Vice President and President and Secretary. The duties of the officers shall be those enumerated herein and any further duties designated by the Board of Directors. The duties herein specified for

particular officers may be transferred to and vested in such other officers as the Board of Directors shall elect or appoint, from time to time and for such periods or without limitation as to time as the Board shall order.

4.02. Election and Term of Office. The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected or until his prior death, resignation or removal.

4.03. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

4.04. Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term.

4.05. Chairman of the Board. The Chairman of the Board (if the Board of Directors determines to elect one) shall preside at all meetings of the Board of Directors and shall have such further and other authority, responsibility and duties as may be granted to or imposed upon him by the Board of Directors, including without limitation his designation pursuant to Section 4.07 as chief executive officer of the corporation.

4.06. President. The President, unless the Board of Directors shall otherwise order pursuant to Section 4.07, shall be the chief executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the shareholders and shall preside at all meetings of the Board of Directors unless the Board shall have elected a Chairman of the Board of Directors. He shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the corporation as he shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. He shall have authority to sign,

execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and except as otherwise provided by law or the Board of Directors, he may authorize any Vice President or other officer or agent of the corporation to sign, execute and acknowledge such documents or instruments in his place and stead. In general he shall perform all duties incident to the office of the chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time. In the event the Board of Directors determines not to elect a Chairman of the Board or in the event of his absence or disability, the President shall perform the duties of the Chairman of the Board and when so acting shall have all the powers of and be subject to all of the duties and restrictions imposed upon the Chairman of the Board.

4.07. Chairman of the Board as Chief Executive Officer. The Board of Directors may designate the Chairman of the Board as the chief executive officer of the corporation. In such event, the Chairman of the Board shall assume all authority, power, duties and responsibilities otherwise appointed to the President pursuant to Section 4.06, and all references to the President in these by-laws shall be regarded as references to the Chairman of the Board as such chief executive officer, except where a contrary meaning is clearly required, and provided that in no case shall the Chairman of the Board be empowered in place of the President to sign the certificates for shares of stock of the corporation.

In further consequence of designating the Chairman of the Board as the chief executive officer, the President shall thereby become the chief administrative officer of the corporation. He shall, in the absence of the Chairman of the Board, preside at all meetings of stockholders and directors. During the absence or disability of the Chairman of the Board he shall exercise the functions of the chief executive officer of the Corporation. He shall have authority to sign all certificates, contracts, and other instruments of the corporation necessary or proper to be executed in the course of the corporation's regular business or which shall be authorized by the Board of Directors and shall perform all such other duties as are incident to his office or are properly required of him by the Board of Directors or the Chairman of the Board. He shall have the authority, subject to such rules, directions, or orders, as may be prescribed by the Chairman of the Board or the Board of Directors, to appoint and terminate the appointment of such agents and

employees of the corporation as he shall deem necessary, to prescribe their power, duties and compensation and to delegate authority to them.

4.08. The Vice Presidents. In the absence of the President or in the event of his death, inability or refusal to act, or in the event for any reason it shall be impracticable for the President to act personally, the Vice Presidents in the order of their election, the Vice Presidents in the order designated at the time of their election, or in the absence of any such designation, then in the order of their election, shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign with the Secretary or Assistant Secretary certificates for shares of the corporation and shall perform such other duties as from time to time may be assigned to him by the President or the Board of Directors.

4.09. The Secretary. The Secretary shall: (a) keep the minutes of the meetings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep or arrange for the keeping of a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned to him by the President or by the Board of Directors.

4.10. The Treasurer. The Treasurer shall: (a) have charge and custody and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Section 5.04; and (c) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned to him by the President or

by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

4.11. Assistant Secretaries and Assistant Treasurers. There shall be such number of Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time authorize. The Assistant Secretaries may sign with the President or a Vice President certificates for shares of the corporation, the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

4.12. Other Assistants and Acting Officers. The Board of Directors shall have the power to appoint any person to act as assistant to any officer, or as agent for the corporation in his stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the Board of Directors shall have the power to perform all the duties of the office to which he is so appointed to be assistant, or as to which he is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors.

4.13. Salaries. The salaries of the principal officers shall be fixed from time to time by the Board of Directors or by a duly authorized committee thereof, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

4.14. Bonds Required. All elected or appointed officers may be bonded and in the discretion of management any and all employees may be required to obtain surety bonds as a condition of continued employment.

ARTICLE V

FISCAL YEAR, ACCOUNTING AND PATRONAGE REBATES

The corporation is obligated to its common shareholders on a patronage basis or bases for all amounts received by it resulting from sales to them as defined and limited herein.

5.01. Patronage Dividends. Patronage dividends shall accrue to Class A common shareholders of the corporation out of net earnings from business done with such shareholders and shall be determined and distributed for each fiscal year pursuant to existing provisions of the Internal Revenue Code; provided further that patronage dividends of the corporation will be determined on the basis of the net sales of the corporation to each Class A common shareholder and paid in an amount which will reduce net income of the corporation to such amount as will result in an increase of eight percent (8%) in the net book value (as determined by the corporation's independent certified public accountants) of the corporation's outstanding shares as of the close of such fiscal year. The computation of the amount of patronage dividends payable to Class A common shareholders shall be made after the determination of patronage dividends payable to non-shareholder customers.

5.02. Determination of Patronage Dividends. Patronage dividends shall be determined from the records of the corporation as soon as practicable after the close of the corporation's fiscal year, and the Class A common shareholders shall be promptly advised of the amount of their respective patronage dividend and the method of payment of such patronage dividend.

5.03. Consent. Each person who hereafter becomes a Class A common shareholder of this corporation and each Class A common shareholder of this corporation on the effective date of this by-law who continues as a Class A common shareholder after such date shall, by such act alone, consent that the amount of any distributions with respect to his patronage occurring after January 3, 1976, which are made in written notices of allocation (as defined in Section 1388 of the Internal Revenue Code) and which are received by him from the corporation, will be taken into account by him at their stated dollar amounts in the manner provided in Section 1385(a) of the Internal Revenue Code in the taxable year in which such written notices of allocation are received by him.

5.04. Payment of Patronage Dividends.

A. Patronage dividends are payable in the fiscal year following the fiscal year in which accrued, in money, qualified written notices of allocation (as defined by the Internal Revenue Code) or other property (except non-qualified

written notices of allocation as defined by the Internal Revenue Code) provided, however, that at least twenty percent (20%) of the amount of a patronage dividend shall be paid in money or by qualified check as defined by the Internal Revenue Code.

5.05. Corporate Accounting and Fiscal Year.

A. The accounts of the corporation shall be kept on the accrual basis and reflect assets, liabilities, stockholders' equities and operations in accordance with generally accepted accounting principles.

B. The fiscal year of the corporation shall be on a 52-53 week basis ending on the Saturday nearest to December 31st as that method permits.

5.06. Patronage Dividends to Nonshareholders. The corporation may, in its sole discretion, enter into written agreements obligating itself to pay patronage dividends to nonshareholder customers.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS:
SPECIAL CORPORATE ACTS

6.01. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instrument in the name of and on behalf of the corporation, and such authorization may be general or confined to specific instances. In the absence of other designation, all deeds, mortgages and instruments of assignment or pledge made by the corporation shall be executed in the name of the corporation by the President or one of the Vice Presidents and by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer; the Secretary or an Assistant Secretary, when necessary or required, shall affix the corporate seal thereto; and when so executed no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing officer or officers.

6.02. Loans. No indebtedness for borrowed money shall be contracted on behalf of the corporation and no evidences of such indebtedness shall be issued in its name unless authorized by or under the authority of a resolution of the Board of Directors. Such authorization may be general or

confined to specific instances.

6.03. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner, including by means of facsimile signatures, as shall from time to time be determined by or under the authority of a resolution of the Board of Directors.

6.04. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as may be selected by or under the authority of a resolution of the Board of Directors.

6.05. Voting of Securities Owned by this Corporation. Subject always to the specific directions of the Board of Directors, (a) any shares or other securities issued by any other corporation and owned or controlled by this corporation may be voted at any meeting of security holders of such other corporation by the President of this corporation if he be present, or in his absence by any Vice President of this corporation who may be present, and (b) whenever, in the judgment of the President, or in his absence, of any Vice President, it is desirable for this corporation to execute a proxy or written consent with respect to any shares or other securities issued by any other corporation and owned by this corporation, such proxy or consent shall be executed in the name of this corporation by the President or one of the Vice Presidents of this corporation, without necessity of any authorization by the Board of Directors, affixation of corporate seal or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by this corporation the same as such shares or other securities might be voted by this corporation.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

7.01. Certificates for Shares. Certificates representing shares of the corporation shall be in such form, consistent with law, as shall be determined by the Board of Directors. Such certificates shall be signed by the President

or a Vice President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except as provided in Section 7.06.

7.02. Facsimile Signatures and Seal. The seal of the corporation on any certificates for shares may be a facsimile. The signatures of the President or Vice President and the Secretary or Assistant Secretary upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation.

7.03. Signature by Former Officers. In case any officer, who has signed or whose facsimile signature has been placed upon any certificate for shares, shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

7.04. Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to exercise all the rights and power of an owner. Where a certificate for shares is presented to the corporation with a request to register for transfer, the corporation shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the corporation had no duty to inquire into adverse claims or has discharged any such duty. The corporation may require reasonable assurance that said endorsements are genuine and effective and in compliance with such other regulations as may be prescribed under the authority of the Board of Directors.

7.05. Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction imposed by the corporation upon the transfer of such shares.

7.06. Lost, Destroyed or Stolen Certificates. Where the owner claims that his certificate for shares has been lost, destroyed or wrongfully taken, a new certificate shall

be issued in place thereof if the owner (a) so requests before the corporation has notice that such shares have been acquired by a bona fide purchaser, and (b) files with the corporation a sufficient indemnity bond, and (c) satisfies such other reasonable requirements as the Board of Directors may prescribe.

7.07. Consideration for Shares. The shares of the corporation may be issued for such consideration as shall be fixed from time to time by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration to be paid for shares may be paid in whole or in part, in money, in other property, tangible or intangible, or in labor or services actually performed for the corporation. When payment of the consideration for which shares are to be issued shall have been received by the corporation, such shares shall be deemed to be fully paid and nonassessable by the corporation. No certificate shall be issued for any share until such share is fully paid.

7.08. Stock Regulations. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with the statutes of the State of Wisconsin as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the corporation, including the appointment or designation of one or more stock transfer agents and one or more stock registrars.

7.09. Lien on Stock. No assignment or transfer of shares may be made or become effective until all debts due the corporation from such shareholder are first paid in full. Whenever the corporation exercises the right to purchase shares, the corporation shall reimburse itself out of the proceeds of sale for all debts due it by the shareholder.

7.10. Certain Provisions Applicable to Section 7.11.

A. Wherever used in Section 7.11:

(1) "Active Customer" means a retail food store whose principal source of supply is purchases from the Corporation.

(2) "Customer/Shareholder Termination" occurs whenever an Active Customer owned and operated (or controlled) by a shareholder of the Corporation either (A) ceases to be an Active Customer, or (B) ceases to be owned and operated (or controlled) by such shareholder, whether by reason of the death, adjudication of incompetency or complete retirement

from business by reason of age or disability of such share holder (if an individual), the dissolution or termination of such shareholder (if a Person other than an individual), adjudication in bankruptcy, transfer of the Active Customer or the entity owning or controlling it, or otherwise. In the event the above shall occur with respect to one or more but not all Active Customers owned and operated (or controlled) by a single shareholder of the Corporation, a Customer/Shareholder Termination shall be deemed to have occurred with respect to that fraction of each class of Common Stock owned by such shareholder as is equal to the fraction produced by dividing the number of Active Customers owned and operated (or controlled) by such shareholder after such event(s) by the number of Active Customers so owned and operated (or controlled) immediately before such event(s).

(3) "Person" includes any individual, corporation, partnership, joint venture, trust, estate or any other legal entity.

B. Each shareholder (or his or its legal representative) shall, as soon as possible after the occurrence of a Customer/Shareholder Termination or an Employee/Shareholder Termination (occurring otherwise than as a result of the death or retirement of the employee), give written notice of the same to the Secretary of the Corporation, stating the nature and date of such event. If it shall come to the attention of the Corporation that such an event has occurred and no such notice has been received, the Secretary shall give written notice of the same to the record holder of such shares. Any determination so made in good faith by the Corporation, including any determination as to the date upon which a retail food store became or ceased to be an Active Customer, or upon which a Customer/Shareholder Termination or an Employee/Shareholder Termination occurred, shall be final and binding on all persons.

7.11. Limitations on Ownership of Class A Common Stock.

A. No person may directly or indirectly beneficially own shares of Class A Common Stock except a Person who or which directly or indirectly owns an Active Customer or the trustees of a voting trust formed by and for the benefit of such Persons. No Person may directly or indirectly beneficially own more than 100 shares of Class A Common Stock, except that (i) a Person owning and operating (or controlling) more than one Active Customer at different locations may own not more than 100 shares of Class A Common Stock for each such Active Customer, and (ii) the trustees of a voting trust as set forth in the preceding sentence may be

the record holders of such number of shares as may be owned in the aggregate by the depositors thereof.

B. Any holder of shares of Class A Common Stock shall immediately present his or its certificate(s) representing the same to the Secretary of the Corporation, in negotiable form, upon the occurrence of a Customer/Shareholder Termination with respect to an Active Customer owned and operated (or controlled) by such shareholder. In the event such shareholder has theretofore owned more than 100 shares of Class A Common Stock, there shall be presented to the Corporation 100 of such shares for each such Active Customer as to which a Customer/Shareholder Termination has occurred. Upon receipt of such certificate(s), the Corporation shall issue to and in the name of the record holder thereof a replacement certificate for a like number of shares of Class B Common Stock. In the event any holder shall fail to surrender such certificates to the corporation within thirty (30) days the Customer/Shareholder Termination, the Corporation may, at any time thereafter, by written notice to the record holder thereof, deem such shares of Class A Common Stock to have been converted into a like number of shares of Class B Common Stock; and thereafter, such shares of Class A Common Stock shall not be deemed outstanding for any purpose and the certificate(s) therefor shall evidence only the right to receive a certificate representing a like number of shares of Class B Common Stock upon proper presentation to the Corporation in negotiable form. The obligations of a shareholder hereunder to surrender and exchange shares of Class A Common Stock shall be binding upon the legal representatives or successors or such shareholder, any purported transferee, and any nominee or trustee of a voting trust holding shares of Class A Common Stock for the benefit of such shareholder, upon notice from the Corporation or otherwise that a Customer/Shareholder Termination has occurred.

ARTICLE VIII

OFFICERS AND DIRECTORS:

LIABILITY AND INDEMNITY; TRANSACTIONS WITH CORPORATION

8.01. Definitions Applicable to Article VIII.

A. "Applicable Corporate Law" shall mean those statutes comprising the general corporation law of the jurisdiction in which the Corporation is incorporated, as amended from time to time.

B. "Breach of Duty" shall mean conduct of a Director or Officer constituting any one or more of the following:

(1) A willful failure to deal fairly with the Corporation or its stockholders in connection with a matter in which the Director or Officer has a material conflict of interest.

(2) A violation of criminal law, unless the Director or Officer had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful.

(3) A transaction from which the Director or Officer derived an improper personal profit.

(4) Willful misconduct.

(5) With respect to any matter or decision being considered by the Board of Directors or any other officer, such Director or Officer intentionally or recklessly;

(a) makes any untrue statement or disclosure to the Board or other Officer of known material information; or

(b) omits to state or otherwise disclose to the Board or other Officer known material information necessary in order to make the information known to have been communicated to the Board or other Officer not misleading under the circumstances then existing; or

(c) omits to state or otherwise disclose to the Board or other Officer known material information which is (or reasonably should be) known to the Director or Officer to be relevant to the matter or decision under consideration, regardless of whether or not such information is specifically requested by the Board or other Officer.

C. "Claim" means any threatened or asserted claim or cause of action involving actual or potential liability of a Director or Officer arising from any act or omission of such person alleged or determined to have been negligent, grossly negligent or intentionally tortious or to have violated any state or federal securities laws (including any rule or regulation thereunder) or the Employee Retirement Income Security Act of 1974 or any other foreign, federal, state or local law, rule or regulation which is asserted or brought by or in the right of the Corporation or by any governmental authority or any other person or entity.

D. "Director or Officer" means any of the following:

(1) A natural person who is or was: (i) a director (elected or appointed by the stockholders or Board of Directors); or (ii) an officer (elected or appointed by the Board of Directors) of the Corporation; or (iii) a Trustee.

(2) A natural person who, while such a director or officer of the Corporation, is or was serving either pursuant to the Corporation's specific request or as a result of the nature of such person's duties to the Corporation as a director, officer, partner, trustee, member of any governing or decision making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.

(3) A natural person who, while such a director or officer of the Corporation, is or was serving an employee benefit plan because his or her duties to the Corporation also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

(4) Unless the context requires otherwise, the estate or personal representative of any such director, officer or Trustee.

This term is not intended to include any person who holds a position of title of Vice President or other apparent office without formal election or appointment by the Board of Directors.

E. "Disinterested Majority" shall mean a majority of the Board of Directors of the Corporation who are not Parties to the subject Proceeding or any related Proceeding.

F. "Expenses" includes all reasonable fees, costs, charges, disbursements, attorneys' fees and any other expenses incurred by a Director or Officer in connection with a Proceeding if such person was a Party because he or she is or was a Director or Officer.

G. "Liability" includes the obligation to pay any sums or perform any acts pursuant to a settlement, penalty, assessment, forfeiture, fine, or judgment, including (without limitation) any excise tax assessed with respect to any employee benefit plan, punitive damages, costs, and expenses.

H. "Party" includes a natural person who was or is, or who is threatened to be made, a named defendant or

respondent to a Claim in a Proceeding.

I. "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit arbitration or other proceeding of any kind, whether formal or informal in which a Claim is or may be asserted against a Director or Officer or in which the Director or Officer is a witness.

J. "Trustee" means any person who is or was a trustee of that certain Amended and Restated Voting Trust Agreement dated as of September 16, 1983, and as thereafter amended, restated or modified relating to the Class A Common Stock of the Corporation.

8.02. Director and Officer Liability Limitations.

A. No Director or Officer shall be liable to the Corporation, its shareholders or any person asserting rights on behalf of the Corporation or its shareholders, for damages, settlements fines, penalties or other monetary liabilities arising from a breach of or failure to perform, any duty resulting solely from his or her status as a Director or Officer, regardless of whether constituting negligence or other tortious or otherwise culpable conduct, unless the person asserting liability proves that the breach or failure to perform constitutes a Breach of Duty or conduct for which the Director is liable under Section 180.0828 of the Wisconsin Business Corporation Law. In addition to and not in limitation of the foregoing, no Director or Officer shall have any liability for acts or omissions constituting business judgment within the business judgment rule.

B. The provisions of this Section 8.02 shall not be exclusive of any other defenses such a Director or Officer may have with respect to any Claim asserting a Liability.

C. The Board of Directors (by majority vote or consent) may grant similar limitations on the Liability of any employee of the Corporation (relating to performance of his or duties as an employee) by written agreement with such employee executed by the President.

8.03. Mandatory Indemnification.

A. Indemnification for Expenses. The Corporation shall indemnify a Director or Officer for all Expenses incurred (i) in the successful defense of any Claim (on the merits or otherwise) in a Proceeding and/or (ii) as a

non-party witness in any Proceeding.

B. Indemnification for Liability and Expenses.

The Corporation shall indemnify a Director or Officer for all Liability and Expenses with respect to any Claim against such person in a Proceeding to which such person was a Party because he or she is or was a Director or Officer, unless such Liability and Expenses were incurred because the Director or Officer is determined to have engaged in conduct constituting a Breach of Duty.

C. Indemnification Exclusion for Collateral

Sources. Notwithstanding the foregoing provision of this Section 8.03, indemnification shall not be required for any Liability or Expenses to the extent the same have been paid or are covered under any collectible insurance policy or are otherwise paid or reimbursed by any third party under a legal or contractual obligation to do so.

D. Reliance on Applicable Corporation Law or

Bylaw. Without intending to limit the generality of the indemnification rights provided under subsections 8.03(A) and (B) above, the Corporation shall indemnify a Director or Officer for all Liability and Expenses with respect to any Claim against such person in a Proceeding which is based, in whole or in part, on such person's reliance on the validity of any provision of the Applicable Corporation Law or these Bylaws, even though it is thereafter determined that such provision was invalid or otherwise could not have justifiably been relied upon.

8.04. Procedural Requirements for Determination That Indemnification is Proper.

A. Written Request for Indemnification. A

Director or Officer who seeks indemnification shall make a written request therefor to the Corporation, selecting a means for determining his or her right to indemnification as provided under subsection 8.04(B) hereof.

B. Determination of Indemnification. Within 60

days of receipt by the Corporation of the Director's or Officer's request for indemnification, a determination shall be made as to whether or not the Director or Officer requesting indemnification engaged in conduct constituting a Breach of Duty and, as a result, is or is not entitled to indemnification under this Article. Such determination shall be made:

- (1) by majority vote of a Disinterested

Majority if so designated by the Director or Officer seeking indemnification. If a Disinterested Majority cannot be obtained, the Director or Officer may designate that such determination be made by a majority vote of a committee duly appointed by the Board of Directors and consisting solely of two or more directors not at the time Parties to the same or related Proceedings. Directors who are Parties to the same or related Proceedings may participate in the designation of members of the committee;

(2) by independent legal counsel if so designated by the Director or Officer; provided that such counsel shall be mutually selected by such Director or Officer and by a Disinterested Majority or, if a Disinterested Majority cannot be obtained, then by a majority vote of the Board of Directors, including Directors who are Parties to the same or related Proceedings;

(3) by a panel of three arbitrators if so designated by the Director or Officer, which shall be selected from the panel of arbitrators of the American Arbitration Association in Milwaukee, Wisconsin; provided, that (xx) one arbitrator shall be selected by such Director or Officer, the second arbitrator shall be selected by a Disinterested Majority or, if a Disinterested Majority cannot be obtained, then by a majority vote of the Board of Directors, including Directors who are Parties to the same or related Proceedings, and the third arbitrator shall be selected by the two previously selected arbitrators, and (yy) in all other respects, such panel shall be governed by the American Arbitration Association's then existing Commercial Arbitration Rules, except the fees of all arbitrators shall be shared equally by the Corporation and the Director or Officer; or

(4) by a court if so designated by the Director or Officer, pursuant to and in accordance with the Applicable Corporation Law.

The results and basis of the determination made hereunder shall be submitted in writing to the Corporation and the Director or Officer (the "Indemnity Decision").

C. No Presumption Created. The termination of a Proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the requested amount of Liabilities and Expenses of the Director or Officer is not required.

D. Payment of Liabilities and Expenses; Waiver of Claims.

(1) If it is determined that indemnification is required hereunder, the Corporation shall pay the Director or Officer the entire requested amount of Liabilities and Expenses (net of any Expenses previously advanced pursuant to Section 8.05), within 10 days of receipt of the Indemnity Decision, provided, that if it is determined that a Director or Officer is entitled to indemnification against Liabilities and Expenses incurred in connection with some Claims, but not as to others (such as if Claims are asserted to involve some conduct constituting a Breach of Duty and other conduct which does not), payment of the Liability and Expenses shall be apportioned by applying the following:

(a) If the Director or Officer sustains Liability for equal dollar amounts to a given party or person under two or more Claims arising from the same general conduct, transaction or series of events (even though divisible for purposes of establishing Liability), one of which would require indemnification and the other of which would not, it shall be conclusively presumed that the Liability and all Expenses related thereto were sustained and incurred solely with respect to the Claim for which indemnification is required; and if the Director or Officer sustains Liability and Expenses for different dollar amounts to a given party or person under two or more Claims arising from the same general conduct, transaction or series of events (even though divisible for purposes of establishing Liability), one of which would require indemnification and the other of which would not, it shall be conclusively presumed that the Liability for which indemnification is required is the sole Liability up to the dollar amount thereof (the "covered Liability") and the Liability for which indemnification is not required (the "Non-Covered Liability") is reduced by the amount of the Covered Liability (resulting in a "Net Non-Covered Liability") and the Expenses shall be apportioned on the basis of the respective amounts of the Covered Liability and the Net Non-Covered Liability such that the Director or Officer shall be entitled to indemnification for the Covered Liability and the apportioned Expenses attributable to such Covered Liability. The foregoing shall apply regardless of whether the Claim for the Non-Covered Liability and the resulting Expenses in defense thereof occurs prior to or following assertion of the Claim for the Covered Liability and regardless of the actual time, effort and Expenses involved in defense of the respective Claims.

(2) The Corporation waives all right and claims against each Director and Officer for indemnification which may otherwise exist or arise under common law principles for Liabilities and/or Expenses incurred by the Corporation as

a result of the negligence or alleged negligence of the Director or Officer, except in instances where such Liabilities and/or Expenses are incurred as a result of activities by the Director or Officer constituting a Breach of Duty.

E. Binding Effect. An Indemnity Decision finding that indemnification is required hereunder shall be binding upon the Corporation, unless unsupported by any credible or resulting from a clearly erroneous application of substantive law.

8.05. Advancement of Expenses.

A. Procedure. Upon written request by a Director or Officer who is a non-Party witness or a Party to a Proceeding, the Corporation shall pay or reimburse from time to time prior to completion of such Proceeding his or her Expenses as incurred within 10 days after receipt of such request accompanied by: (i) an executed written certificate affirming the Director's or Officer's good faith belief that (s)he has not breached or failed to perform his or her duties to the Corporation by engaging in conduct constituting a Breach of Duty; (ii) an executed written undertaking by the Director or Officer to repay any advances made under this Section if it is ultimately determined that the Director or Officer is not entitled to be indemnified by the Corporation, and (iii) written evidence of the Expenses incurred.

B. Ability to Repay; Undertaking to be Unsecured. The undertaking provided in this Section shall be accepted by the Corporation without reference to the Directors' or Officers' ability to repay the allowance. The undertaking shall be unsecured and the Director or Officer shall not be required to pay interest on such amounts prior to a final determination that repayment is required.

8.06. Right of Director or Officer to Bring Suit. If an Indemnity Decision is not issued within the time specified or such Indemnity Decision finds that the Director or Officer is not entitled to indemnification or the Corporation fails to make prompt payment pursuant to an Indemnity Decision, or a request for an advancement of Expenses under Section 8.05 is refused, the Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid Liability and/or Expense. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement or Expenses pursuant to the terms of an undertaking, the Director or Officer shall be entitled to recover the expense of successfully prosecuting or defending

such suit. If the Director or Officer engaged in conduct constituting a Breach of Duty, such fact: (i) shall be a defense to any claim for indemnification against the Corporation (except for advancement of Expenses prior to completion of a Proceeding); and (ii) shall entitle the Corporation to recover all Expenses advanced prior to completion of the Proceeding pursuant to the terms of the undertaking once such fact has been established or admitted by the Director or Officer.

An Indemnity Decision finding that indemnification of the Director or Officer is not required shall not be binding on the Director or Officer and shall not create a presumption that the Director or Officer has engaged in conduct constituting a Breach of Duty. In any suit brought by the Director or Officer to enforce a right to indemnification or to an advancement of Expenses hereunder or as otherwise provided in the Applicable Corporation Law, or by the Corporation to recover an advancement of Expenses pursuant to the terms of an undertaking, the burden of proving that the Director or Officer is not entitled to be indemnified or to such advancement of Expenses, under this Article or otherwise shall be on the Corporation.

8.07. Permissible Considerations. A Director or Officer, in the discharge of his or her duties to the Corporation and in making any decision or performing any other act in such capacity, is not limited to considering only the economic interests of shareholders in determining what is best for the Corporation, but may also consider the following: (a) the effects of the action on employees, suppliers and customers of the Corporation; (b) effects on the community in which the Corporation operates; and (c) any other factors the Director or Officer considers pertinent.

8.08. Reliance by Directors or Officers. A Director or Officer (absent actual knowledge to the contrary) may rely in the discharge of his or her duties to the Corporation on information, opinions, reports or statements (any of which may be written or oral, formal or informal, including financial statements) and other financial data if prepared or presented by any of the following: (a) an Officer or employee of the Corporation whom the Director or Officer believes in good faith is reliable and competent as to the matters presented or as to which the Director or Officer has no compelling reason to believe is not reliable or competent; (b) legal counsel, public accountants or other persons as to matters the Director or Officer believes in good faith are within the person's professional or expert competence; and (c) information presented to the Board of Directors by any person, officer, employee or committee of the Board where it is believed in

good faith the report merits confidence or where the Director or Officer has no compelling reason to believe it does not merit confidence.

8.09. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director or Officer against any Liability asserted against or incurred by the individual in any such capacity or arising out of his status as such, regardless of whether the Corporation is required or authorized to indemnify such person for Liability or Expenses under this Article.

8.10. Severability and Intent. If any provision of this Article shall be deemed invalid or inoperative, or if a court of competent jurisdiction determines that any of the provisions of this Article contravene public policy, this Article shall be construed so that the remaining provisions shall not be affected, but shall remain in full force and effect and any such provisions which are invalid or inoperative or which contravene public policy shall be deemed, without further action, by or on behalf of the Corporation, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable; it being understood that it is the Corporation's intention to provide the Directors and Officers with the broadest possible protection against personal liability allowable under the Applicable Corporation Law, and this Bylaw shall be liberally construed in order to fulfill this intent, and in no event shall a Director's or Officer's reliance on any of the provisions of this Article which may be held to be invalid, inoperative or in contravention of public policy render such conduct a Breach of Duty.

8.11. Notice to the Corporation. A Director or Officer shall promptly notify the Corporation in writing when he or she has actual knowledge of a Proceeding which may result in a claim of indemnification against Liabilities or allowance of Expenses hereunder, but the failure to do so shall not relieve the Corporation of any liability to the Director or Officer hereunder unless the Corporation shall have been irreparably prejudiced by such failure.

8.12. Indemnification and Allowance of Expenses of Certain Others.

A. Employee of Authorized Agent. The Board of Directors may, in its sole and absolute discretion, by majority vote or consent indemnify against Liabilities incurred by, and/or provide for the advance of reasonable Expenses of, an employee or authorized agent of the Corporation acting within the scope of his or her duties as

such, even if such employee or agent is not a Director or Officer.

B. Indemnity Agreements. The Board of Directors, by majority vote or consent, may authorize the Corporation to enter written indemnity agreements with: (i) any Director or Officer of the Corporation, which may further expand the indemnification rights provided under these Bylaws or the Applicable Corporation Law; and (ii) any employee or agent of the Corporation, which may extend to such person the same, greater or lesser rights of indemnification and reliance as those afforded to Directors and Officers under this Article.

8.13. Amendment. This Article may only be altered, amended or repealed by a vote of not less than two-thirds of the Corporation's outstanding Class A common stock entitled to vote, provided, however, that the Board of Directors may alter or amend this Article without such stockholder approval if any such alteration or amendment is (a) made in order to conform to any amendment or revision of the Applicable Corporation Law, which (i) expands or permits the expansion of a Director's or Officer's right to indemnification thereunder; (ii) limits or eliminates, or permits the limitation or elimination of, the liability of a Director or Officer; or (iii) is otherwise beneficial to the Directors and Officers or (b) an alteration or amendment which is otherwise deemed by the Board of Directors to be an immaterial modification. No amendment of this Article shall terminate, reduce or impair a Director's or Officer's rights to indemnification for any act, occurrence or event taking place prior to the effective date of such amendment and delivery of notice thereof to such Director or Officer, regardless of when any claim relating thereto is actually asserted.

8.14. Nonexclusivity of Article VIII. The rights of a Director or Officer (or any other person) granted under this Article shall not be deemed exclusive of any other rights to indemnification against Liabilities or allowance of Expenses which the Director or Officer (or such other person) may be entitled to under any written agreement, Board of Directors resolution, vote of shareholders of the Corporation or under the Applicable Corporation Law or otherwise. Nothing contained in this Article shall be deemed to limit the Corporation's obligations to indemnify against Liabilities or allow expenses to a Director or Officer under the Applicable Corporation Law.

8.15. Transactions with the Corporation. The Board of Directors may from time to time authorize transactions by Officers, Directors and employees with the Corporation, and may authorize lending money and granting credit of the

Corporation to or for the use of such Officers Directors and employees, providing that the Directors who vote for or assent to the making of a loan to an Officer or Director of the Corporation shall be jointly and severally liable to the Corporation for the amount of such loan until full repayment thereof, unless such Directors shall sustain the burden of proof that such loan was made for a proper business purpose.

Any contract or other transaction between the Corporation and one or more of its Directors, or between the Corporation and any firm of which one or more of its Directors are members or employees, or in which they are interested, or between the Corporation and any corporation or association of which one or more of its Directors are shareholders, members, directors, officers, or employees, or in which they are interested, shall be valid for all purposes, notwithstanding the presence of such Director(s) at the meeting of the Board of Directors of the Corporation which acts upon, or in reference to, such contract or transaction; and notwithstanding his or their participation in such action, if the fact of such interest shall be disclosed or known to the Board of Directors and the Board of Directors shall, nevertheless, authorize, approve or ratify such contract or transaction by a vote of a majority of the Directors present, such interested Director or Directors to be counted in determining whether a quorum is present, but not to be counted in calculating the majority of such quorum necessary to carry such vote. This Section shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory law applicable thereto.

ARTICLE IX

GENERAL

9.01. Seal. The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Wisconsin."

ARTICLE X

AMENDMENTS

10.01. By Shareholders. These by-laws may be altered, amended or repealed and new by-laws may be adopted by the shareholders by affirmative vote of not less than a majority

of the shares present or represented at any annual or special meeting of the shareholders at which a quorum is in attendance; provided however, that the power to alter or amend all or any part of Section 2.13, Article V, Section 7.09 and this Article X of these By-Laws is hereby exclusively vested in the Board of Directors.

10.02. By Directors. These by-laws may also be altered, amended or repealed and new by-laws may be adopted by the Board of Directors by affirmative vote of a majority of the number of directors present at any meeting at which a quorum is in attendance; but no by-law adopted by the shareholders shall be amended or repealed by the Board of Directors if the by-law so adopted so provides. The power to alter or amend all or any part of Section 2.13, Article V, Section 7.09 and this Article X is exclusively vested in the Board of Directors.

10.03. Implied Amendments. Any action taken or authorized by the shareholders or by the Board of Directors, which would be inconsistent with the by-laws then in effect but is taken or authorized by affirmative vote of not less than the number of shares or the number of directors required to amend the by-laws so that the by-laws would be consistent with such action, shall be given the same effect as though the by-laws had been temporarily amended or suspended so far, but only so far as is necessary to permit the specific action so taken or authorized.

EXHIBIT 3.3

5.01. Patronage Dividends. Patronage dividends shall accrue to Class A common shareholders of the corporation out of net earnings from business done with such shareholders and shall be determined and distributed for each fiscal year pursuant to existing provisions of the Internal Revenue Code; provided further that patronage dividends of the corporation will be determined on the basis of the net sales of the corporation to each Class A common shareholder and paid in an amount which will reduce net income of the corporation to such amount as will result in an increase of eight percent (8%) in the net book value (as determined by the corporation's independent certified public accountants) of the corporation's outstanding shares as of the close of such fiscal year. The computation of the amount of patronage dividends payable to Class A common shareholders shall be made after the determination of patronage dividends payable to non-shareholder customers.

Executive Protection Policy

DECLARATIONS

EXECUTIVE PROTECTION POLICY

Policy Number 8132-05-32C

Federal Insurance Company, a stock insurance company, incorporated under the laws of Indiana, herein called the Company.

Item 1. Parent Organization:
ROUNDY'S, INC.

23000 ROUNDY DRIVE
PEWAUKEE, WISCONSIN
53072

Item 2. Policy Period: From 12:01 A.M. on NOVEMBER 01, 1996
To 12:01 A.M. NOVEMBER 01, 1998
Local time at the address shown in
Item 1.

Item 3. Coverage Summary
Description
GENERAL TERMS AND CONDITIONS
EXECUTIVE LIABILITY AND INDEMNIFICATION

Item 4. Termination of
Prior Policies: 8132-05-32B

THE EXECUTIVE LIABILITY AND INDEMNIFICATION, FIDUCIARY LIABILITY, OUTSIDE DIRECTORSHIP LIABILITY AND EMPLOYMENT PRACTICES LIABILITY COVERAGE SECTIONS (WHICHEVER ARE APPLICABLE) ARE ALL WRITTEN ON A CLAIMS MADE BASIS. EXCEPT AS OTHERWISE PROVIDED, THESE COVERAGE SECTIONS COVER ONLY CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE READ CAREFULLY.

In witness whereof, the Company issuing this policy has caused this policy to be signed by its authorized officers, but it shall not be valid unless also signed by a duly authorized representative of the Company.

FEDERAL INSURANCE COMPANY

HENRY A. GULICK

Secretary

NOVEMBER 12, 1996

Date

DEAN R. OFFURE

President

JOHN S. BAIN

Authorized
Representative

<TABLE>
<CAPTION>

(\$000 omitted except for per share data and ratios) <S>	1997 <C>	1996 <C>	1995 <C>	1994 <C>	1993 <C>
Net sales and service fees	\$2,610,697	\$2,579,010	\$2,488,196	\$2,461,510	\$2,480,254
Net earnings	11,204	10,267	9,022	6,554	8,028
Patronage dividends	5,687	5,568	5,129	0	5,301
Total assets	440,310	434,641	407,337	404,652	380,092
Long term debt	83,458	93,615	78,850	88,227	113,045
Stockholders equity	122,460	109,945	100,033	90,419	86,066
Book value per share	104.35	94.30	85.15	77.40	71.65
Working capital	84,074	90,498	90,740	91,814	113,643
Current ratio	1.39:1	1.42:1	1.43:1	1.43:1	1.64:1
Earnings before patronage dividends as a percent of net sales and service fees	.97%	.91%	.81%	.45%	.81%

</TABLE>

"The secret of success is constancy to purpose." -Benjamin Disraeli, 1872

As we close out this, the 125th year of our Company, it is worthwhile to take one more look back on the successes that have brought us closer to a new millennium and, I believe, to the threshold of a new era of unbridled prosperity for Roundy's.

Looking back, I find it very interesting to note that when Smith, Roundy & Co. was founded, Ulysses S. Grant was in his first term as President. That a Civil War hero was in the White House when this Company was founded is significant because it gives a sense of the depth of our roots in the history of Wisconsin and America.

Few companies have survived the turbulence and the changes in the society and the economy for 125 years. Few companies have withstood the test of time.

In an era of mergers and acquisitions and leveraged buy-outs, even fewer can make the claim to be thriving 125 years after their founding. An even smaller number can lay claim to maintaining their independence and their local ownership for more than a century.

Roundy's has done all these things. It is what makes us unique.

Like Disraeli, who was Britain's prime minister at the time of our founding and who I have quoted above, this Company's commitment to constancy of purpose - its continued and unwavering commitment to high quality at a low price - has been the key to our success for 125 years.

As a result, Roundy's has not only maintained its independence and prosperity, we have enjoyed one of our best years ever in 1997.

In reviewing this year, you will gain a good understanding of how Roundy's has achieved its successes and why we are poised for further prosperity in the future.

THE YEAR IN REVIEW

"Coming together is a beginning; keeping together is progress; working together is success." -Henry Ford

This Company is a team. Our retailers, our associates and everyone associated with Roundy's has worked together to create our success, and we all share credit for a strong year in 1997.

The Company's achievements in 1997 were many and varied. Our 125th year saw record sales, profits and the lowest ratio of long-term debt to equity in more than a decade.

We will list just a few of the highlights:

- Net sales and service fees increased \$31.7 million from 1996, and \$122.5 million from 1995. These increases were significant in an era of low inflation and increasing competition. Increases took place in all areas of our business, including wholesale grocery, non-food and corporate store operations.

- Book value per share increased to \$104.35 per share in 1997 from

\$94.30 per share in 1996. Patronage dividends were also up to \$5.7 million for 1997 compared with \$5.6 million for 1996. Stockholders' equity increased \$12.5 million.

- Cash flows from operations continued to improve from strong performances in previous years. This allowed the Company to use cash flows from operations as the primary source for capital.
- Average borrowings continued to decline. Borrowings were \$102.1 million in 1997 compared with \$106.1 million in 1996. With the continued repayment of debt and decline in average borrowings, Roundy's long term debt to equity ratio dropped.
- The Company continues to work toward its strategic plan goal of reducing operating and administrative costs. As such, operating and administrative expenses excluding depreciation at wholesale were 5.43% of net sales and fees compared to 5.55% in 1996 and 5.70% in 1995.
- Roundy's had another outstanding year in private label, increasing sales at a very healthy rate of 8.3% over a strong year in 1996. Growth was fueled by perishable product offerings, but it was further boosted by the introduction of 270 new items. We also received exceptional support from the promotional campaign for our 125th anniversary as well as the daily support from our retail stores.
- In celebration of our 125th year, we recreated packaging for items such as canned whole kernel corn, cut green beans and jellied cranberries in a nostalgic, turn-of-the century style that was highly popular with our customers. The enthusiasm and excitement over this promotion was overwhelming, and it resulted into increased sales.
- An initiative to improve productivity in the Milwaukee Division through the use of engineered labor standards resulted in a significant productivity increase.
- The Lima Division also leased an additional 94,000 sq.ft. of warehouse space for expanding its selection lines.
- Management Information Systems accomplished several significant goals in 1997 that included key system implementations in addition to the design and installation of the overall network infrastructure.

The warehouse management system was successfully installed at Westville, South Bend and Lima in 1997. The training of the people and maturing of the system in Westville and South Bend is starting to produce the anticipated return on investment by reducing operating costs whereas the Lima Division will fully enjoy these benefits in 1998.

In order to centralize the computer processing and application controls in Pewaukee, a complex wide area network integrated into the local networks was essential. A corporate wide installation of the network was completed this past year. Further, incremental costs of managing and maintaining the network have been more than offset by a significant reduction in the costs associated with long distance voice communications, a component that was integrated into our overall voice and data communications strategy. To complement the networks in addition to providing the escalated processing power, a new computer was installed in the fall of the year.

The centralization and standardization strategy will continue to be a major theme driving many of our initiatives in 1998, but all goals are predicated around the Year 2000 Project. At the conclusion of 1997, a project plan was being exercised that has targeted total replacement or remediation of non-compliant code by the first quarter of 1999.

Further efforts in 1998 will undertake projects that will be focused on defining in greater detail our proposed direction regarding electronic data interchange (OEDIO), enterprise engineering, systems integration and the internet.

THE CHALLENGE OF THE FUTURE

"In life, as in a football game, the principle to follow is: Hit the line hard."

-Teddy Roosevelt

The challenges of the coming years will be met with the same vigor, the same strength and commitment to our customers that has made Roundy's thrive for the past 125 years. In short, we will continue to "hit the line hard" with a prudent but aggressive strategic plan.

The battlefield of the marketplace is constantly changing. But like the tenacious generalship of Grant, Roundy's will never shy from the challenge of being the market leader. I believe we will always meet that challenge because we will never forget our roots.

We hold dear the things that have made us a success: Our customers, our associates and sound, prudent business practices combined with the agility to change with customer needs. We will honor this Company's 125-year-old tradition by maintaining the values which made us a success.

Grant once said during a battle: "Wherever the enemy goes, let our troops go also." We need to maintain that type of spirit. We cannot forget the need to meet new challenges wherever they may present themselves.

We cannot rest on the successes which have brought us to this prominent point in our history.

Rather, we must honor our past by being prepared to respond to the challenges of the future. By visualizing and planning for success, and by facing every challenge head on. To paraphrase Grant, wherever there is a challenge, let us go there also. It is that kind of spirit that has built this Company.

As a result, there is no question in my mind that our retailers and our employees, the people who have made this Company a success going into our 126th year, will help us continue in our commitment to being the market leader well into the next millennium.

IN CLOSING

As Roundy's closes out its 125th year and the celebration of our founding and our roots winds down, we turn to the future with the promise of prosperity and good times.

No discussion of this Company's success would be complete without thanking the people who have built it. Our stockholders, our retailers and our associates all deserve due credit for making 1997 a banner year.

We want to thank you all for being part of a tremendous year. You have all helped us build the legacy of a strong Company with deep roots in the community and a commitment to excellence.

We look forward to facing the challenges of the coming years with a strong team in place, a vision for the future, and a powerful desire to work together as a team to maintain Roundy's market leadership for many years to come.

Sincerely,

GERALD F. LESTINA

Gerald F. Lestina
President and Chief Executive Officer

LIQUIDITY & CAPITAL RESOURCES

Two years ago we emphasized the Company's dedication to developing, implementing and building its financial strength, utilizing a disciplined approach under the framework of Roundy's corporate strategic plan.

Keys to achieving the goals and objectives outlined in the strategic plan were sales growth, continued profitability and a strong capital structure. The 1997 financial results have moved the Company a long way in the direction of achieving many of its short-term goals. Specifically, Roundy's achieved record sales, profits and the lowest ratio of long-term debt to equity in over a decade.

In conjunction with the operating records, the Company continued to strengthen its balance sheet and its cash flow from operations. During each of the last two fiscal years, Roundy's was able to retire \$10.2 million in debt. Further, it did not have to maximize the use of its revolving credit agreement but rather utilized cash flow from operations as the primary source for capital. In this regard, cash flow from operations continued to improve, up 24.1% from 1996 and up 92.9% from 1995. The strong internal cash flow also allowed the Company to reduce its total debt and to maintain its low average cost of debt at 7.7%, both for 1997 and 1996.

Additionally, average borrowings continued to decline. These borrowings were \$102.1 million in 1997 compared to \$106.1 million in 1996. With the repayment of debt and the decline in average borrowings, Roundy's long-term debt to equity ratio dropped to 0.68:1 in 1997 versus 0.85:1 in 1996.

The lowering of debt and the enhancing of interest income through overnight investment of excess cash was the result of several factors. Emphasis continues to be placed on lowering inventory levels, which declined \$4.7 million in 1997 compared to 1996 and \$12.3 million compared to 1995.

Average equity in inventory declined to 33.5% in 1997 versus 34.3% in 1996. Lastly, average days sales outstanding in accounts receivable declined to 9.2 days in 1997 versus 10.0 days in 1996.

An essential element in building and strengthening the Company is a prudent capital expenditure program. In 1997, the Company's capital expenditures exceeded \$22.7 million which was down \$16.6 million from 1996's record year of \$39.3 million. Approximately \$9.4 million and \$7.8 million, respectively, were spent for fleet additions and on corporate retail stores in 1997. Further, the Company purchased the stores of a former retail customer which included fixed assets valued at \$2.3 million. In excess of \$3.6 million was spent to remodel the Bluemound Pick 'n Save store and to open the new Oshkosh store. The balance of capital expenditures was for warehouse enhancements, warehouse equipment, computers and computer systems. A decision was made to standardize all key systems within the Company. In this regard, over \$2.2 million was expended on communications hardware and software and other data processing equipment in an effort to facilitate that process, maximize processing capabilities, reduce data transmission costs and standardize all major systems within the Company. The goal is to utilize standardization to (1) bring all divisions' data processing capabilities to a desired level of performance, (2) reduce day to day processing costs, (3) facilitate changes to more modern systems and (4) coordinate this effort with the Company's Year 2000 project.

The Company's 1997 and 1996 capital structures are summarized in the table below

Capital Structure (in millions)		1997		1996	
Long term debt	\$83.4	40.5%	\$93.6	46.0%	
Stockholder's equity	122.5	59.5	109.9	54.0	
Total capital	\$205.9	100.0%	\$203.5	100.0%	

An important ratio which management continues to monitor is the Company's current ratio. The Company's goal is to maintain a strong current ratio and minimize the investment of corporate resources in receivables and inventory. As noted previously, average days sales outstanding in accounts receivable has declined over 8.0% from 1996 and 14.8% from 1995. Further, inventory turns improved to 15.4 turns in 1997 compared to 14.6 turns for 1996 and 14.1 turns for 1995. The implementation of a standard, modern buying system at all divisions, reducing investment in inventory and expanding of electronic purchasing with a greater number of vendors resulted in a 1997 current ratio of 1.39:1 versus 1.42:1 for 1996. This ratio meets credit agreement requirements and is in line with the Company's strategic goal for maintaining an appropriate current ratio while minimizing its working capital investment.

Book value per share increased 10.7% in 1997 to \$104.35 per share from \$94.30 per share for 1996. Patronage dividends were also up 2.1% to \$5.7 million for 1997 versus \$5.6 million for 1996.

Finally, stockholders' equity in 1997 increased \$12.5 million or 11.4% compared to 1996 and increased \$22.4 million or 22.4% from 1995.

RESULTS OF OPERATIONS

The year 1997 represented a 53 week year for Roundy's. Net sales and fees for the year increased \$31.7 million or 1.2% compared to 1996 and \$122.5 million or 4.9% compared to 1995. These increases were significant during a time of low inflation and intense competition. Further, the increases were in all areas of the business including wholesale grocery, non-foods and corporate retail store operations. The Company had a net decrease of four Company operated stores in 1997 compared to 1996 and a net decline of five stores compared to 1995. An effort was made to dispose of unprofitable stores, which will strengthen ongoing total retail operations. In this regard, the Company acquired three stores from a former customer during the year, and the volume generated from these stores was a major reason for the growth at retail in 1997. Finally, the non-foods divisions continue to grow achieving a 3.6% increase in sales compared to 1996 and a 7.5% increase compared to 1995.

Gross profits in total are relatively flat compared to 1996 levels, but up 0.34% over 1995. The modest increase over 1995 in gross profits is indicative of the increasing competitive pressure. During 1997, certain divisions began implementing programs which were directed at lowering product cost to retailers. The full impact of these programs will be realized in 1998, but there was some impact in 1997. The primary reason for the modest increase in gross profits for 1997 and 1996 compared to 1995

is the growth in corporate retail sales. These sales, which maintain a higher gross profit percent than wholesale sales, have increased an average of 13.7% over the past two years. Some continuing programs directed at improving Company gross profits include expansion of category management, implementation of modern buying systems and expanded promotional programs.

Operating and administrative expenses, as a percent to net sales and service fees, were down 0.20% from 1996 but were up 0.21% from 1995. A major goal of the Company's strategic plan is the reduction of operating and administrative expenses. These expenses, excluding corporate retail operations and depreciation expenses, reflect a declining trend. Excluding both of these expenses, 1997 operating and administrative expenses were 5.43% of net sales and service fees compared to 5.55% in 1996 and 5.70% in 1995. The declining percentage is the result of several factors including a reduction in bad debt expense, down \$2.9 million from 1996 and \$3.5 million from 1995, improved efficiencies due to more modern data processing systems and payroll reductions.

The growth in Company-owned retail operations has increased the overall operating and administrative expense ratio due to its higher wage expense and operating costs as a percent to sales, versus wholesale operations. Further, the cost of closing non-performing corporate stores has impacted the 1997 percentage modestly. The retail impact on the Company's operating and administrative expense ratio represents a challenge for management, but it is recognized that corporate stores are essential to Roundy's achieving many of the key goals and objectives of its strategic plan. The future challenge is to continue to grow retail within the guidelines of the strategic plan and improve productivity in the wholesale divisions to control the impact on total costs of operations.

The Company has undertaken a major effort to upgrade and standardize all major computer systems. The new systems have been a key factor in allowing the Company to achieve greater efficiencies and reduce staff. In contrast, the cost of new systems and other required capital expenditures has caused depreciation expense to increase to 0.66% of net sales and service fees for 1997 versus 0.63% for 1996 and 0.55% for 1995.

Interest expense continued on a positive trend as a percent of sales. In 1997, interest expense represented 0.31% of net sales and service fees versus 0.33% in 1996 and 0.32% in 1995. 1996's percentage was up modestly from 1995, due to the financing of the high level of capital expenditures in 1996. In 1997, a major emphasis was placed on establishing a five year program for capital expenditures to achieve a more balanced spending program and a better management of resources. Additionally, steps were taken to further reduce inventory levels and improve inventory turns. This, coupled with a reduction in accounts receivable and the growth in cash flow generated from internal sources, enabled the Company to reduce borrowings and lower interest expense.

The effective income tax rates for 1997, 1996 and 1995 were 42.6%, 42.6% and 40.3%, respectively. The effective rate continues to be unfavorably impacted by goodwill from the recent purchases of retail grocery stores.

Net earnings continued a strong, positive trend, achieving a record level of 0.43% of net sales and service fees compared to 0.40% for 1996 and 0.36% for 1995. Management firmly believes that its efforts in developing and executing the program identified in its strategic plan are the main factors enabling the Company to reach higher earnings levels. Record sales levels, improved systems, reductions in inventory and accounts receivable have all contributed to lower operating expenses, lower borrowing levels and record earnings in 1997.

The Company has developed preliminary plans to address the possible exposures related to the impact on its computer systems for the Year 2000. Key financial, information and operational systems have been assessed and detailed plans have been developed to address systems modifications required. The cost of achieving Year 2000 compliance is estimated to be approximately \$8 million over the normal cost of software upgrades and replacements. This amount will be incurred during 1998 and 1999.

SUBSEQUENT EVENT

In the early morning hours of February 27, 1998, the Company experienced a fire at its Evansville, Indiana warehouse. Because of high winds, the fire completely destroyed that frozen food facility, including both the building and all of the inventory contained therein. There were no injuries and the employees working at the time of the fire were able to save all the tractors and trailers on the premises.

Shortly after the fire was put out, the Company began working on transferring the business to Lima, Ohio and South Bend, Indiana warehouses. The first priority was to put the customers back in service with respect to their frozen food needs. The second priority will be the planning for the replacement of the frozen food warehouse.

The Company cannot reasonably estimate, at this time, the total loss experienced or the exact amount to be recovered under its insurance policies. Preliminary indications are that such amounts may be significant. However, it is believed that total losses will not exceed the Company's insurance coverage limits, which include both business interruption and property loss coverage.

Independent Auditor's Report
To the stockholders and Directors of Roundy's, Inc.:

We have audited the accompanying consolidated balance sheets of Roundy's, Inc. and its subsidiaries as of January 3, 1998 and December 28, 1996 and the related statements of consolidated earnings, stockholders' equity and cash flows for each of the three years in the period ended January 3, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the companies at January 3, 1998 and December 28, 1996, and the results of their operations and their cash flows for each of the three years in the period ended January 3, 1998 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin
February 20, 1998

STATEMENTS OF CONSOLIDATED EARNINGS
For The Years Ended January 3, 1998, December 28, 1996 and December 30, 1995

	1997	1996	1995
Revenues:			
Net sales and service fees	\$2,610,696,700	\$2,579,010,200	\$2,488,196,200
Other - net	3,695,700	4,494,700	3,966,100
	-----	-----	-----
	2,614,392,400	2,583,504,900	2,492,162,300
	-----	-----	-----
Cost and Expenses:			
Cost of sales	2,362,355,200	2,333,216,600	2,260,039,400
Operating and administrative	218,610,500	218,342,700	203,943,400
Interest	8,220,900	8,479,900	7,929,000
	-----	-----	-----
	2,589,186,600	2,560,039,200	2,471,911,800
	-----	-----	-----
Earnings Before Patronage			
Dividends	25,205,800	23,465,700	20,250,250
Patronage Dividends	5,687,000	5,568,300	5,128,500
	-----	-----	-----
Earnings Before Income Taxes	19,518,800	17,897,400	15,122,000
	-----	-----	-----
Provision (Credit) for			
Income Taxes			
Current-Federal	7,786,000	5,255,200	7,255,500
-State	1,722,300	859,800	1,177,400
Deferred	(1,193,100)	1,515,500	(2,333,000)
	-----	-----	-----
	8,315,200	7,630,000	6,099,900
	-----	-----	-----
Net Earnings	\$11,203,600	\$10,267,400	\$9,022,100
	=====	=====	=====

CONSOLIDATED BALANCE SHEETS
As of January 3, 1998 and December 28, 1996

Assets	1997	1996
	-----	-----
Current Assets:		
Cash and cash equivalents	\$ 52,366,900	\$ 40,342,300
Notes and accounts receivable, less allowance for losses, \$5,648,700 and \$6,314,700, respectively	86,998,500	98,593,300
Merchandise inventories	150,898,000	155,562,300
Prepaid expenses	5,216,200	2,741,000
Refundable and future income tax benefits	6,227,800	7,817,400
	-----	-----
Total current assets	301,707,400	305,056,300
	-----	-----
Other Assets:		
Notes receivable, less allowance for losses, \$5,299,000 and \$5,576,000 respectively	11,604,600	12,386,600
Other real estate	7,152,500	4,439,700
Goodwill and other assets	13,696,700	12,100,600
Deferred income tax benefit	2,848,000	1,922,000
	-----	-----
Total other assets	35,301,800	30,848,900
	-----	-----
Property and Equipment - At Cost:		
Land	5,602,000	5,343,900
Buildings	69,445,600	69,084,600
Equipment	115,757,400	101,679,800
Leasehold improvements	14,715,100	13,467,600
	-----	-----
	205,520,100	189,575,900
	-----	-----
Less accumulated depreciation and amortization	102,219,500	90,840,100
	-----	-----
Property and equipment - net	103,300,600	98,735,800
	-----	-----
	\$ 440,309,800	\$ 434,641,000
	=====	=====

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
As of January 3, 1998 and December 28, 1996

Liabilities and Stockholders' Equity	1997	1996
	-----	-----
Current Liabilities:		
Current maturities of long-term debt	\$ 10,156,800	\$ 10,225,800
Accounts payable	155,001,500	159,038,100
Accrued expenses	50,148,300	44,358,400
Income taxes	2,327,100	936,100
	-----	-----
Total current liabilities	217,633,700	214,558,400
	-----	-----
Long-Term Debt, Less Current Maturities	83,457,800	93,614,600
Other Liabilities	16,758,000	16,522,700
	-----	-----
Total liabilities	317,849,500	324,695,700
	-----	-----
Commitments and Contingencies (Note 10)		
Redeemable Common Stock	6,375,300	6,217,100
	-----	-----
Stockholders' Equity:		
Common stock		
Voting (Class A)	15,800	16,300
Non-voting (Class B)	1,346,600	1,325,200
	-----	-----
Total common stock	1,362,400	1,341,500
	-----	-----

Patronage dividends payable in common stock	3,738,000	3,779,000
Additional paid-in capital	28,588,300	24,920,600
Reinvested earnings	83,527,500	75,051,100
	-----	-----
	117,216,200	105,092,200
	-----	-----
Less:		
Treasury stock, at cost	1,131,200	1,131,200
Amount related to recording minimum pension liability	0	232,800
	-----	-----
	1,131,200	1,364,000
	-----	-----
Total stockholders' equity	116,085,000	103,728,200
	-----	-----
	\$ 440,309,800	\$ 434,641,000
	=====	=====

<TABLE>

STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED JANUARY 3, 1998, DECEMBER 28, 1996 AND DECEMBER 30, 1995
<CAPTION>

	Common Stock				Patronage Dividends Payable in Common Stock	Additional Paid-in Capital	Reinvested Earnings
	Class A		Class B				
	Shares	Amount	Shares	Amount			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1994	14,000	\$17,500	1,082,792	\$1,353,500		\$21,741,200	\$61,879,600
Net earnings							9,022,100
Common stock issued	200	200	12,755	16,000		931,400	
Common stock purchased	(800)	(1,000)	(17,446)	(21,800)		(384,500)	(1,329,300)
Redeemable common stock			(52,204)	(65,300)		(1,066,000)	(3,313,900)
Patronage dividends payable in common stock					\$3,405,000		

Balance, December 30, 1995	13,400	16,700	1,025,897	1,282,400	3,405,000	21,222,100	66,258,500
Net earnings							10,267,400
Common stock issued	600	800	51,806	64,800	(3,405,000)	4,312,900	
Common stock purchased	(1,000)	(1,200)	(10,433)	(13,100)		(449,200)	(980,300)
Redeemable common stock			(7,090)	(8,900)		(165,200)	(494,500)
Patronage dividends payable in common stock					3,779,000		

Balance, December 28, 1996	13,000	16,300	1,060,180	1,325,200	3,779,000	24,920,600	75,051,100
Net earnings							11,203,600
Common stock issued	1,100	1,400	51,219	64,000	(3,779,000)	4,756,700	
Common stock purchased	(1,500)	(1,900)	(15,539)	(19,400)		(568,900)	(1,332,200)
Redeemable common stock			(18,575)	(23,200)		(520,100)	(1,395,000)
Patronage dividends payable in common stock					3,738,000		

Balance, January 3, 1998	12,600	\$15,800	1,077,285	\$1,346,600	\$3,738,000	\$28,588,300	\$83,527,500
	=====						
Treasury Stock, January 3, 1998 and December 28, 1996			13,285	\$1,131,200			
	=====						

<FN>

See notes to consolidated financial statements.

</TABLE>

STATEMENTS OF CONSOLIDATED CASH FLOWS

For the Years Ended January 3, 1998, December 28, 1996, and December 30, 1995

	1997	1996	1995
	-----	-----	-----
Cash Flows From Operating Activities:			
Net Earnings	\$ 11,203,600	\$ 10,267,400	\$ 9,022,100
Adjustments to reconcile net earnings to net cash flows provided by operating activities:			
Depreciation and amortization	17,132,300	16,326,800	13,594,400
Allowance for losses	2,389,100	5,302,600	5,871,500
Loss (gain) on sale of property and equipment	612,900	(1,233,500)	451,900
Patronage dividends payable in			

common stock	3,738,000	3,779,000	3,405,000
(Increase) decrease in operating assets:			
Accounts receivable	8,975,000	(2,818,400)	(6,768,000)
Merchandise inventories	5,808,200	10,319,700	(6,008,400)
Prepaid expenses	(2,450,300)	2,453,500	713,500
Refundable and future income tax benefits	1,589,600	679,400	(2,805,000)
Other real estate	(2,712,800)	219,700	1,924,800
Goodwill and other assets	(76,500)	(413,400)	1,208,700
Deferred income tax benefit	(1,087,000)	(860,100)	472,000
Increase (decrease) in operating liabilities:			
Accounts payable	(4,036,600)	(7,237,800)	(485,400)
Accrued expenses	6,092,900	1,470,600	6,060,500
Income taxes	1,391,000	864,300	(3,899,600)
Other liabilities	235,300	200,200	2,538,200
Net cash flows provided by operating activities	48,804,700	39,320,000	25,296,200
Cash Flows From Investing Activities:			
Capital expenditures	(22,726,700)	(39,291,800)	(24,216,300)
Proceeds from sale of property and equipment	1,740,200	5,763,400	5,296,500
Payment for business acquisition net of cash acquired	(3,967,400)	(13,918,700)	
(Increase) decrease in notes receivable	1,059,000	3,927,500	(6,342,800)
Net cash flows used in investing activities	(23,894,900)	(43,519,600)	(25,262,600)
Cash Flows From Financing Activities:			
Proceeds from long-term borrowings		25,000,000	
Principal payments of long-term debt	(10,156,800)	(10,235,600)	(9,376,500)
Increase (decrease) in current maturities of long-term debt	(69,000)	6,449,300	(1,902,100)
Proceeds from sale of common stock	1,043,100	973,500	947,600
Common stock purchased	(3,702,500)	(4,027,300)	(3,589,400)
Net cash flows (used in) provided by financing activities	(12,885,200)	18,159,900	(13,920,400)
Net Increase (Decrease) in Cash and Cash Equivalents	12,024,600	13,960,300	(13,886,800)
Cash And Cash Equivalents, Beginning of Year	40,342,300	26,382,000	40,268,800
Cash And Cash Equivalents, End Of Year	\$ 52,366,900	\$40,342,300	\$26,382,000
Cash Paid During The Year For:			
Interest	\$ 8,084,600	\$ 8,545,900	\$ 8,116,000
Income Taxes	6,433,100	6,965,100	12,319,000
Supplemental Noncash Financing Activities-Patronage Dividends Payable in Common Stock	3,738,000	3,779,000	3,405,000

See notes to consolidated financial statements.

NOTES To CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Description of business-The Company is primarily engaged in the distribution of food products and related non-food items through retail supermarkets, many of which are owned by stockholder-customers or the Company.

Fiscal year-The Company's fiscal year is the 52 or 53 week period ending the Saturday nearest to December 31. The year ended January 3, 1998 included 53 weeks. The years ended December 28, 1996 and December 30, 1995 included 52 weeks.

Consolidation practice-The financial statements include the accounts of the Company and its subsidiaries. Significant intercompany balances and transactions are eliminated.

Use of estimates-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents-The Company considers all highly liquid investments, with maturities of three months or less when acquired, to be cash equivalents.

Inventories-Inventories are recorded at the lower of cost, on the first-in, first-out method, or market.

Goodwill and long-lived assets-The excess of cost over the fair value of net assets of businesses acquired (goodwill) is being amortized on a straight-line basis over 20 years. Accumulated amortization at January 3, 1998 and December 28, 1996 was \$4,267,800 and \$3,517,800, respectively. The Company periodically evaluates the carrying value of long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The Company analyzes the future recoverability of the long-lived assets using the related undiscounted future cash flows of the business and recognizes any adjustments to its carrying value on a current basis.

Depreciation-Depreciation and amortization of property and equipment are computed primarily on the straight-line method over their estimated useful lives, which are generally thirty-one years for buildings, three to ten years for equipment and five to twenty years for leasehold improvements. Equipment under capitalized leases is amortized over the terms of the respective leases.

Closed facilities reserve-When a facility is closed the remaining investment, net of expected salvage value, is expensed. For properties under lease agreements, the present value of any remaining future liability under the lease, net of expected sublease recovery, is also expensed. The amounts charged to operations in 1997, 1996 and 1995 for the present value of these remaining future liabilities were not significant.

Income Taxes-The Company provides income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

New accounting pronouncement-In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Statement is effective for fiscal 1998. The Company is in the process of evaluating the disclosure requirements. The adoption of SFAS No. 131 will not have a material impact on the Company's Consolidated Financial Statements.

2. ACQUISITIONS

On September 15, 1997, The Company purchased a grocery retailer for \$3,967,400 in cash. On June 22, 1996, the Company purchased all of the outstanding stock of a grocery retailer for \$13,918,700 in cash. The acquisitions have been accounted for as purchases and the results of operations have been included in the Consolidated Financial Statements since the dates of acquisition. On an unaudited pro-forma basis, the effect of the acquisitions was not significant to the Company's 1997 and 1996 results of operations.

3. PATRONAGE DIVIDENDS

The Company's By-Laws require that for each of the last three fiscal years, to the extent permitted by the Internal Revenue Code, patronage dividends are to be paid out of earnings from business done with stockholder-customers in an amount which will reduce the net earnings of the Company to an amount which will result in a 10% increase in the book value of its common stock. The dividends are payable at least 20% in cash and the remainder in Class B common stock. Dividends for the years ended January 3, 1998, December 28, 1996 and December 30, 1995 were payable 30% in cash.

4. NOTES AND ACCOUNTS RECEIVABLE

The Company extends long-term credit to certain independent retailers it serves to be used primarily for store expansion or improvements. Loans to independent retailers are primarily collateralized by the retailer's inventory, equipment, personal assets and pledges of Company stock. Interest rates are generally in excess of the prime rate and terms of the notes are up to 15 years. Included in current notes and accounts receivable are amounts due within one year totalling \$7,523,400 and \$10,190,000 at January 3, 1998 and December 28, 1996, respectively. The Company is exposed to credit risk with respect to accounts receivable, although it is generally limited due to short payment terms. The Company continually monitors its receivables with customers by reviewing, among other things, credit terms, collateral and guarantees.

5. LONG-TERM DEBT

Long-term debt, exclusive of current maturities, consists of the following at the respective year-ends:

Senior notes payable	1997	1996
9.26% due 1999 to 2001	\$7,500,000	\$10,000,000
7.57% to 8.26% due 1999 to 2008	18,500,000	19,700,000
6.94% due 1999 to 2003	32,142,900	38,571,400
7.86% due 2000 to 2006	25,000,000	25,000,000
Other long-term debt	314,900	343,200
Total	\$83,457,800	\$93,614,600

At January 3, 1998, \$60,000,000 was available to the Company under its revolving credit agreements, all of which was unused. The loan agreements include, among other provisions, minimum working capital and net worth requirements and limit stock repurchases and total debt outstanding.

Repayment of principal on long-term debt outstanding is as follows:

1998	\$10,156,800
1999	10,159,700
2000	24,734,400
2001	13,738,000
2002	11,242,000
Thereafter	23,583,700

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments, as defined in Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments," consist primarily of accounts and notes receivable, accounts payable, notes payable and long-term debt. The carrying amounts for accounts and notes receivable and accounts payable and notes payable approximate their fair values. Based on the borrowing rates currently available to the Company for long-term debt with similar terms and maturities, the fair value of long-term debt, including current maturities, is approximately \$93,460,000 and \$102,750,000 as of January 3, 1998 and December 28, 1996, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Continued

7. STOCKHOLDERS' EQUITY

The authorized capital stock of the Company is 60,000 shares of Class A common stock and 2,400,000 shares of Class B common stock with a par value of \$1.25 a share. Inactive customers are required to exchange Class A voting stock held for Class B non-voting stock.

The issuance and redemption of common stock is based on the book value thereof as of the preceding year end. The year-end book value was \$104.35, \$94.30 and \$85.15 for 1997, 1996 and 1995, respectively. The Company is obligated, upon request, to repurchase common stock held by inactive customers or employees. The amount available for such repurchases in any year is subject to limitations under certain loan agreements.

Class B common stock which is subject to redemption is reflected outside of stockholders' equity. Redeemable common stock is held by inactive customers and former employees. As of January 3, 1998 and December 28, 1996, 61,095 and 65,929 shares, respectively, were subject to redemption. The Class B common stock subject to redemption is payable over a five year period based upon the book value at the preceding fiscal year end. The Company expects to repurchase shares of 20,779, 16,604, 14,719, 5,178 and 3,815 in 1998, 1999, 2000, 2001 and 2002, respectively.

In conjunction with the 1996 acquisition discussed in Note 2, 13,285 shares of Class B common stock were owned by the acquired Company. The fair market value of the shares as of June 22, 1996 acquisition date has been reflected in the Consolidated Balance Sheet as treasury stock.

Effective November 1991, the Board of Directors adopted the 1991 Stock Incentive Plan (the "Plan") under which up to 75,000 shares of Class B common stock may be issued pursuant to the exercise of stock options. The Plan also authorizes the grant of up to 25,000 stock appreciation rights ("SARs"). Options and SARs may be granted to senior executives and key employees of the Company by the Executive Compensation Committee of the Board of Directors. No options or SARs may be granted under the Plan after November 30, 2001.

Option and SAR transactions are as follows:

	Options	SARS	Price	Options Weighted Average Price
Outstanding, December 31, 1994	39,500	18,500	\$53.10-\$65.10	\$57.80
Granted	9,500	4,500	77.40	77.40
Exercised	(3,400)	(1,550)	53.10-65.10	60.82
Cancelled	(2,000)	(2,350)	53.10-65.10	54.80
Outstanding, December 30, 1995	43,600	19,100	53.10-77.40	61.97
Exercised	(1,600)	(2,226)	53.10-77.40	68.29
Cancelled	(500)	(834)	77.40	77.40
Outstanding, December 28, 1996	41,500	16,000	53.10-77.40	61.54
Granted	4,300	4,200	94.30	94.30
Outstanding January 3, 1998	45,800	20,200	\$53.10-\$94.30	64.62
Exercisable at January 3, 1998	39,880	13,347	\$53.10-\$94.30	62.97
Available for grant after January 3, 1998	5,200	984		

The following table summarizes information concerning outstanding and exercisable options:

Exercise Price	Stock Options Outstanding			Stock Options Exercisable	
	Number Of Shares	Weighted Average Contractual Life	Weighted Average Exercise Price	Number Of Shares	Weighted Average Exercise Price
\$50.00-65.00	24,500	4.3	\$55.06	22,250	\$54.99
\$65.01-80.00	17,000	6.9	70.89	16,200	71.17
\$80.01-95.00	4,300	9.3	94.30	1,430	94.30
	45,800		\$64.62	39,880	\$62.97

Options granted become exercisable based on the vesting rate which ranges from 20% at the date of grant to 100% eight years from the date of grant. SAR holders are entitled, upon exercise of a SAR, to receive cash in an amount equal to the excess of the book value per share of the Company's common stock as of the last day of the Company's fiscal year immediately preceding the date the SAR is exercised over the base price of the SAR. SARs granted become exercisable based on the vesting rate which ranges from 20% on the last day of the fiscal year of the grant to 100% eight years from the last day of the fiscal year of the grant. Compensation expense was not material in 1997, 1996 and 1995. In the event of a change in control of the Company, all options and SARs previously granted and not exercised, become exercisable.

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," but applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. Compensation expense was immaterial for 1997, 1996 and 1995. If the Company had elected to recognize compensation cost for the Plan based on the fair value of the options at the grant dates, consistent with the method prescribed by SFAS No. 123, the decrease in 1997, 1996 and 1995 net earnings would have been less than \$60,000.

8. EMPLOYEE BENEFIT PLANS

Substantially all non-union employees of the Company and employees of its subsidiaries are covered by defined benefit pension plans. Benefits are based on either years of service and the employee's highest compensation during five of the most recent ten years of employment or on stated amounts for each year of service. The Company intends to annually contribute only the minimum contributions required by applicable regulations.

The following sets forth the funded status of the plans at January 3, 1998 and December 28, 1996:

	1997		1996	
	Assets Exceed Accumulated Benefits	Accumulated Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Exceed Assets
Actuarial present value of:				
Vested benefit obligation	\$601,800	\$35,961,300	\$25,136,600	\$5,211,100

Accumulated benefit obligatio	\$601,800	\$38,625,300	\$27,197,200	\$5,347,300
Projected benefit obligation	\$601,800	\$45,291,500	\$32,399,900	\$5,347,300
Plan assets (primarily listed stocks and bonds)at market value	636,600	36,994,500	28,647,200	4,630,600
Projected benefit obligation less than or (in excess of) plan assets	34,800	(8,297,000)	(3,752,700)	(716,700)
Unrecognized net loss	7,600	4,832,800	907,600	333,900
Prior service cost not yet recognized in net periodic pension cost		288,000	240,100	83,800
Unrecognized net asset		(721,400)	(776,500)	(118,900)
Adjustment required to recognize minimum liability				(393,900)
Accrued pension cost	\$42,400	\$(3,897,600)	\$(3,381,500)	\$(811,800)

The assumptions used in the accounting were as follows:

	1997	1996	1995
Discount Rate	7.25%	7.75%	7.75%
Rate of increase in compensation levels	4.00%	4.00%	4.00%
Expected long-term rate of return of assets	9.00%	9.00%	9.00%

The changes in the discount rate in 1997 resulted in a \$3,534,500 increase in the projected benefit obligation in 1997 and is expected to result in an increase in the 1998 pension expense of approximately \$270,000. In accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions," the Company has recorded a minimum liability of which \$232,800, net of income taxes, is reflected as a reduction of stockholders' equity in 1996.

Net pension cost for the foregoing defined benefit plans includes the following components:

	1997	1996	1995
Service cost benefits earned during the year	\$2,238,700	\$2,155,300	\$1,652,800
Interest on projected benefit obligation	2,937,100	2,608,900	2,191,100
Actual return on plan assets	(3,916,700)	(3,361,100)	(4,424,500)
Net amortization and deferral	785,500	575,600	1,989,200
Net pension cost	\$2,044,600	\$1,978,700	\$1,408,600

The Company and its subsidiaries also participate in various multi-employer plans which provide defined benefits to employees under collective bargaining agreements. Amounts charged to pension expense for such plans were \$4,530,300, \$4,296,100 and \$3,611,600 in 1997, 1996 and 1995 respectively. Also, the Company has a defined contribution plan covering substantially all salaried and hourly employees not covered by a collective bargaining agreement. Total expense for the plan amounted to \$858,400, \$556,600 and \$541,500 in 1997, 1996 and 1995, respectively.

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS
Continued

9. INCOME TAXES

Federal income tax at the statutory rates of 35% in 1997, 1996 and 1995 and income tax expense as reported, are reconciled as follows:

	1997	1996	1995
Federal income tax at statutory rates	\$6,831,600	\$6,264,100	\$5,292,700
State income taxes, net of federal tax tax benefits	1,119,500	930,700	765,300
Other - net	364,100	435,200	41,900
Income tax expense	\$8,315,200	\$7,630,000	\$6,099,900

The approximate tax effects of temporary differences at January 3, 1998 and December 28, 1996 are as follows:

<TABLE>

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<S>	1997			1996		
	Assets <C>	Liabilities <C>	Total <C>	Assets <C>	Liabilities <C>	Total <C>
Allowance for doubtful accounts	\$ 1,057,000		\$1,057,000	\$ 1,285,000		\$1,285,000
Inventories		\$(1,264,200)	(1,264,200)		\$(1,314,200)	(1,314,200)
Employee benefits	5,213,000		5,213,000	4,225,000		4,225,000
Accrued expenses not currently deductible	1,222,000		1,222,000	1,926,000		1,926,000
Current	7,492,000	(1,264,200)	6,227,800	7,436,000	(1,314,200)	6,121,800
Allowance for doubtful accounts	2,142,000		2,142,000	2,254,000		2,254,000
Depreciation and amortization		(6,773,000)	(6,773,000)		(6,989,000)	(6,989,000)
Employee benefits	4,115,000		4,115,000	3,971,000		3,971,000
Accrued expenses not currently deductible	3,583,000		3,583,000	2,906,000		2,906,000
Other		(219,000)	(219,000)		(220,000)	(220,000)
Noncurrent	9,840,000	(6,992,000)	2,848,000	9,131,000	(7,209,000)	1,922,000
Total	\$17,332,000	\$(8,256,200)	\$9,075,800	\$16,567,000	\$(8,523,200)	\$8,043,800

10. LEASE OBLIGATIONS AND CONTINGENT LIABILITIES

Rental payments and related subleasing rentals under operating leases are as follows:

	Rental Payments		Subleasing Rentals
	Minimum	Contingent	
1995	\$35,264,400	\$422,900	\$22,045,500
1996	31,711,700	486,600	21,628,300
1997	28,625,700	406,600	21,249,900

Contingent rentals may be paid under certain store leases on the basis of the store's sales in excess of stipulated amounts.

Future minimum rental payments under long-term operating leases are as follows at January 3, 1998:

1998	\$31,323,600
1999	30,275,500
2000	29,200,600
2001	27,635,600
2002	27,072,100
Thereafter	191,451,000
Total	\$336,958,400

Total minimum rentals to be received in the future under non-cancelable subleases as of January 3, 1998 are \$251,371,000.

The Company has guaranteed customer bank loans and customer leases amounting to \$480,000 and \$756,900, respectively, at January 3, 1998.

The Company is involved in various claims and litigation arising in the normal course of business. In the opinion of management, the ultimate resolution of these actions will not materially affect the consolidated financial position, results of operations or cash flows of the Company.

11. EARNINGS PER SHARE

Earnings per share are not presented because they are not deemed meaningful. See Notes 3 and 7 relating to patronage dividends and common stock repurchase requirements.

BOARD OF DIRECTORS

Gerald F. Lestina
PRESIDENT & CEO

Robert D. Ranus
VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

Charles R. Bonson
Bonson's Foods, Inc.
Eagle river, WI

Gary N. Gundlach
Pick `n Save - Stoughton
Stoughton, WI

Patrick D. McAdams
McAdams, Inc.
Oconomowoc, WI

Robert E. Bartels
Martin's Super Markets, Inc.
South bend, IN

George C. Kaiser
Milwaukee, WI

George E. Prescott
Prescott's Supermarkets, Inc.
1719 South Main Street
West Bend, WI 53095

Brenton H. Ruppel
Milwaukee, WI

Gary R. Sarnier
Chairman
Total Logistic Control, LLC
Milwaukee, WI

Elected corporate officers
Gerald F. Lestina
PRESIDENT & CEO

Ralph D. Beketic
VICE PRESIDENT -
WHOLESALE

David C. Busch
VICE PRESIDENT
OF ADMINISTRATION

Edward G. Kitz
VICE PRESIDENT, SECRETARY & TREASURER

Charles H. Kosmaler, Jr.
VICE PRESIDENT OF
LOGISTICS AND PLANNING

Robert D. Ranus
VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

Michael J. Schmitt
VICE PRESIDENT - SALES
AND DEVELOPMENT

Marion H. Sullivan
VICE PRESIDENT OF
MARKETING

Advisory Committee

Kent Burnstad
BURNSTAD'S SUPERMARKET
701 E. CLIFTON STREET
TOMAH, WI 54660

Bob Glisch
MEGA MARTS, INC.
6312 S. 27th STREET
OAK CREEK, WI 53154

Tom McAdams
PICK ` SAVE - MUKWONAGO
1010 ROCHESTER STREET
MUKWOAGO, WI 53149

Dave Connelly
RUDOLPH'S SHOP-RITE
22930 DURAND
KANSASVILLE, WI 53139

Frank Serio

PICK `N SAVE - CUDAHY
5851 SOUTH PACKARD AVENUE
CUDAHY, WI 53110

John Stone
PICK `n SAVE - BARABOO
615 HIGHWAY 136
WEST BARABOO, WI 53913

Scott Sylla
ULTRA MART, INC.
W173 N9170 ST. FRANCIS DRIVE
MENOMONEE FALLS, WI 53051

TRUSTEES
Gerald F. Lestina
PRESIDENT & CEO

Edward G. Kitz
VICE PRESIDENT, SECRETARY
& TREASURER

Victor C. Burnstad
BURNSTAD BROS., INC.
TOMAH, WI

Robert S. Gold
B. & H. GOLD CORPORATION
BROWN DEER, WI

David A. Ulrich
MEGA MARTS, INC.
OAK CREEK, WI

Robert R. Spitzer
PRESIDENT EMERITUS
MILWAUKEE SCHOOL OF
ENGINEERING
MILWAUKEE, WI

Divisions

1. Corporate Office - ROUNDY'S, INC.
23000 ROUNDY DRIVE, PEWAUKEE, WI 53072
2. Milwaukee Division
11300 W. BURLEIGH STREET, WAUWATOSA, WI 53222
3. Roundy's General Merchandise Division
400 WALTER ROAD, MAZOMANIE, WI 53560
4. Eldorado Division
ROUTE 45 SOUTH, ELDORADO, IL 62930
5. Evansville Perishable Division
4501 PETERS ROAD, EVANSVILLE, IN 47711
6. Westville Division
6500 SOUTH U.S. 421, WESTVILLE, IN 46391
7. South Bend Perishable Division
2107 WESTERN AVENUE, SOUTH BEND, IN 46619
8. Muskegon Division
1764 CRESTON STREET, MUSKEGON, MI 49443
9. Van Wert Division
1200 N. WASHINGTON, VAN WERT, OH 45891
10. Lima Division
1100 prosperity road, lima, oh 45802

</TABLE>

ROUNDY'S, INC.
Subsidiaries

Roundy's, Inc. has twelve wholly-owned first-tier subsidiaries, each a Wisconsin corporation (except as otherwise noted) doing business under their corporate names. These subsidiaries are:

Badger Assurance, Ltd.(1)	Kee Wholesale, Inc.
CD of Wisconsin, Inc. Inc.(6)	Midland Grocery of Michigan,
Holt Public Storage, Inc.	Old Time, Inc.
I.T.A., Inc.	Ropak, Inc.
Jondex Corp.	Scot Lad Foods, Inc.
Kee Trans, Inc.	WFC Foods, Inc.(2)

Six Wisconsin corporations doing business under their corporate names are wholly-owned subsidiaries of Ropak, Inc. These corporations are:

Insurance Planners, Inc.	Shop-Rite, Inc.
Pick 'n Save Warehouse Foods, Inc.	Villard Avenue Shop-Rite, Inc.
Sheboygan Land Corporation	Rindt Enterprises, Inc.

Four corporations doing business under their corporate names are wholly-owned subsidiaries of Scot Lad Foods, Inc. These corporations are:

Bonnie Baking Co., Inc.(3)	Cardinal Foods, Inc. (5)
Spring Lake Merchandise, Inc.(4)	Scot Lad-Lima, Inc.(4)

Two corporations doing business under their corporate names are wholly-owned subsidiaries of Cardinal Foods, Inc. These corporations are:

Wilson's Cardinal (4) Supermarket, Inc.(4)	Gardner Food Galleries, Inc.
--	------------------------------

One corporation doing business under its corporate name is a subsidiary of Shop-Rite, Inc. and is partially owned by Cardinal Foods, Inc. The corporation is:

The Midland Grocery Company(4)

-
- (1) A Bermuda corporation. (4) An Ohio corporation.
(2) An Illinois corporation. (5) A Delaware corporation.
(3) An Indiana corporation. (6) A Michigan corporation.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ROUNDY'S INC. FORM 10-K 405 FOR THE PERIOD ENDED 01-03-98 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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