FORM 10-K405

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

Filing Date: **1995-07-28** | Period of Report: **1995-04-29**
SEC Accession No. 0000912057-95-005757

FILER

RYKOFF SEXTON INC
CIK:**85973**| IRS No.: **952134693** | State of Incorp.:**DE** | Fiscal Year End: **0430**
Type: **10-K405** | Act: **34** | File No.: **001-08105** | Film No.: **95557215**
SIC: **5140** Groceries & related products

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

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
- --- EXCHANGE ACT OF 1934 (FEE REQUIRED)
For the fiscal year ended April 29, 1995

OR

- --- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 (FEE REQUIRED)
For the transition period from _____________ to ______________

Commission file number 0-8105

RYKOFF-SEXTON, INC.
(Exact name of registrant as specified in its charter)

Delaware	95-2134693
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)
1050 Warrenville Road, Lisle, Illinois	60532
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: (708) 964-1414

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

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

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

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 X No --

The aggregate market value of the voting stock of the registrant held by non-affiliates of the registrant, based on the closing price at which such stock was sold on the New York Stock Exchange on July 21, 1995 was $275,309,000. At July 21, 1995, the registrant had 14,614,158 shares of common stock outstanding.

Parts I and III incorporate information by reference from the registrant's definitive Proxy Statement to be filed in connection with the registrant's 1995 Annual Meeting of Shareholders. Parts I and II incorporate information by reference from the registrant's Annual Report to Shareholders for the fiscal year ended April 29, 1995.

PART I

ITEM 1. BUSINESS

GENERAL

Established in 1911, Rykoff-Sexton, Inc., (the "Company") is a leading broadline distributor of high quality food and related non-food products for the foodservice industry throughout the United States. The Company distributes its product line of approximately 41,000 items to restaurants, industrial cafeterias, healthcare facilities, hotels, schools and colleges, supermarket service delicatessen departments and other establishments where food is prepared or consumed away from home. It also offers design and engineering services for all types of foodservice operations through its contract/design group. The Company's products consist of a broad line of private label and national branded food and foodservice equipment and supplies. The Company's proprietary private label products accounted for approximately 56% of the Company's net sales in fiscal 1995. The Company develops and manufactures many of its private label products, and it also manufactures other products for certain customers under their own brand labels.

The Company's principal operations are conducted through the Rykoff-Sexton Distribution Division (the "Distribution Division"), the Rykoff-Sexton Manufacturing Division (the "Manufacturing Division") and San Francisco International Cheese Imports ("San Francisco International Cheese Imports").

DISTRIBUTION DIVISION

The Distribution Division is comprised of 25 distribution branches and eight additional sales offices that are largely located in major metropolitan areas throughout the United States. The Distribution Division also offers design and engineering services for all types of foodservice operations through its ten contract/design offices. In fiscal 1995, sales of the Distribution Division (including products sold through this division by the Manufacturing Division and San Francisco International Cheese Imports) generated approximately 99% of the Company's net sales.

MANUFACTURING DIVISION

At its four plants, the Manufacturing Division manufactures products primarily under the Company's proprietary private labels and also manufactures products for other manufacturers, distributors, restaurant chains and other large users under their own brand labels. Approximately 90% of the Manufacturing Division's products are sold through the Distribution Division, and the remainder are sold directly to customers.

SAN FRANCISCO INTERNATIONAL CHEESE IMPORTS

The Company also has a smaller division, San Francisco International Cheese Imports, which distributes domestic and imported cheeses and specialty and gourmet products both through the Distribution Division and directly to customers.

PRODUCTS

The Company offers to the foodservice industry a single source of supply for approximately 41,000 private label and national branded items that are distributed to approximately 100,000 foodservice establishments. The principal product lines are:

FOOD PRODUCTS

The Company's food products include canned fruits and vegetables, tomatoes and tomato products, juices, relishes and pickle products, dry package foods, syrups, dressings and salad oils, baking supplies, extracts and colors, spices, condiments, seasonings and sauces, jellies and preserves, coffee, tea and fountain goods, prepared convenience entrees, meats, desserts and puddings, dietary foods, imported and domestic cheeses and specialty and gourmet items. Frozen foods include soups, prepared convenience entrees, bakery products, fruits and vegetables, desserts, frozen meat, chicken and fish and other frozen products customarily distributed to the foodservice industry.

JANITORIAL AND PAPER PRODUCTS

The Company's non-food products include janitorial supplies such as detergents and cleaning compounds; plastic products such as refuse container liners, cutlery, straws and sandwich bags; and paper products such as napkins, cups, hats, placemats, coasters and lace doilies.

EQUIPMENT AND SUPPLIES

The Company also distributes smallware restaurant equipment and supply items, including cookware, glassware, dinnerware and other commercial kitchen equipment.

The Company's products include approximately 1,400 food and 900 non-food items that are manufactured, processed and packaged at its four plants located in Los Angeles, California; Indianapolis, Indiana; Englewood, New Jersey; and Brooklyn, New York. These products are primarily manufactured under the Company's private labels. The Company also manufactures products for certain customers such as other manufacturers, distributors, restaurant chains and other large users under their own brand labels.

The Manufacturing Division's food products include mayonnaise and salad dressings, oils, margarine and shortenings, gelatins and dessert powders, vinegars, sauces, pancake and waffle mixes, biscuit and flour mixes, soup bases, jams and jellies, canned and frozen soups, canned and frozen entrees, relishes and tea. Its non-food products include detergents, cleaning compounds, refuse container liners, cutlery, straws and sandwich bags, paper napkins, placemats, chefs' hats, coasters, paper lace doilies and a line of low temperature dishwashers.

In addition to its extensive product line, the Company's contract/design group has ten offices that provide design and engineering services and equipment installations for restaurants and other foodservice establishments.

MARKETING AND DISTRIBUTION

The Company markets its products and contract/design services to customers in the foodservice industry, including restaurants, industrial cafeterias, healthcare facilities, hotels, schools and colleges, airlines, clubs, supermarket service delicatessen departments and other establishments where food is prepared or consumed away from home.

The following table sets forth the approximate customer base of the Company for the fiscal year ended April 29, 1995:

<TABLE>
<CAPTION>

TYPE OF CUSTOMER	Approximate Percentage of Net Sales
<S>	<C>
Restaurants (including in-plant commercial and industrial food centers, cafeterias and coffee shops, etc.)	61.1%
Hospitals, nursing homes, sanitariums and other healthcare facilities.	12.7%
Hotels and motels.	8.2%
Schools and colleges (including fraternities and sororities) . . .	7.4%
Retail	3.7%
Distributors	1.5%
Other.	5.4%
	100.0%

</TABLE>

No customer of the Company accounted for as much as two percent of the Company's sales for the fiscal year ended April 29, 1995. No product distributed by the Company accounts for a material part of the Company's sales volume. The Company does not experience material seasonal variations in its sales volume.

The Company believes that product quality, close contact with customers, prompt and accurate delivery of orders, and the ability to provide related services are of primary importance in the distribution of products to the foodservice industry. Sales offices are maintained at each of the Company's 25 distribution branches and eight additional locations as listed in the table below. The Company's sales force of approximately 1,600 employees includes foodservice specialists from the Distribution Division who are organized by region and who are each assigned to a distribution branch. The sales force also includes account executives who handle multi-unit accounts such as restaurant chains and other large users. In addition to soliciting orders, sales personnel are trained to advise customers on menu selection, methods of preparing and serving food, merchandising techniques, unit cost controls and other operating procedures.

Products are distributed to customers nationwide through the Company's 25 distribution branches listed in the table below, as well as through independent distributors. With the exception of an equipment and supply branch, each branch stocks a broad line of between 5,900 and 15,000 items for sale in its marketing area. Customer orders are usually processed and shipped within 24 hours of receipt and are delivered directly to the customer. The Company uses its warehouse facilities in Los Angeles, Indianapolis and Dorsey, Maryland to store and consolidate product orders from vendors for subsequent shipment to the distribution branches.

<TABLE>
<CAPTION>

The following table sets forth the Distribution Division's branches, sales offices and contract/design offices:

Distribution Branches	Additional Sales Offices*	Contract/Design Offices
<S>	<C>	<C>
Phoenix, Arizona	Cotati, California	Los Angeles, California***
Fresno, California***	San Bernardino, California	Sacramento, California
Los Angeles, California***	San Diego, California	San Francisco, California
Sacramento, California**	Hyannis, Massachusetts***	Chicago, Illinois***
San Francisco, California	Missoula, Montana***	Boston, Massachusetts
Orlando, Florida	Las Vegas, Nevada	Minneapolis/St. Paul, Minnesota
Atlanta, Georgia***	Medford, Oregon***	Cincinnati, Ohio
Honolulu, Hawaii	Seattle, Washington	Portland, Oregon
Chicago, Illinois***		Seattle, Washington
New Orleans, Louisiana***		Spokane, Washington***
Baltimore, Maryland***		
Boston, Massachusetts		
Detroit, Michigan***		
Minneapolis/St. Paul, Minnesota		
St. Louis, Missouri***		
Reno, Nevada***		
Englewood, New Jersey***		
Greensboro, North Carolina		
Cincinnati, Ohio		
Philadelphia, Pennsylvania		
Pittsburgh, Pennsylvania		
Portland, Oregon		
Dallas, Texas***		
Spokane, Washington***		

<FN>
*   These sales offices are in addition to sales offices maintained at each of the Company's distribution branches.

** A general distribution branch and an equipment and supply branch are located in this city.

*** Indicates facility owned by the Company; all other facilities are leased.

</TABLE>

International sales presently account for less than two percent of the Company's total sales. However, the Company believes that the potential for growth in sales to foreign markets is significant, and it is exploring selected opportunities to further develop this segment of its business. The Company currently exports products to the Pacific Rim countries, Micronesia, Canada, the Caribbean, Mexico, Europe, South America and Australia.

SOURCES OF SUPPLY

The Company purchases from approximately 7,500 suppliers. No supplier represented more than two percent of the Company's purchases in fiscal 1995. These suppliers, which include both large multi-line and smaller specialty processors and packagers, are selected primarily on the basis of their ability to meet the Company's quality standards. The Company has no significant long-term purchasing obligations and believes that it has adequate alternative sources of supply for almost all of the purchased items and raw materials used in its manufacturing operations.

QUALITY CONTROL AND REGULATION

The Company maintains quality control laboratories in its Los Angeles, Indianapolis and Englewood facilities. These laboratories are staffed by chemists and food technologists who are trained to control product quality for both self-manufactured and purchased private label products and to provide research and development support for the Company's manufactured products. Quality control procedures include the sampling and testing of raw materials, purchased private label products and Company manufactured items for quality, taste and appearance and the microbiological testing of Company manufactured food items.

EMPLOYEES

As of April 29, 1995, the Company employed a total of approximately 5,400 people, of whom approximately 1,900 were covered by collective bargaining agreements. These agreements expire at various times over the next several years. The Company believes its labor relations are good.

COMPETITION

The Company operates on a nationwide basis and encounters significant competition from a number of sources in each of its marketing areas. The Company competes with two other large national distribution companies, Sysco Corporation and Kraft Foodservice Group, both of which have substantially greater financial and other resources than the Company. The Company also competes with numerous regional and local distributors that offer broad lines of products. In recent years, the foodservice distribution industry has been characterized by significant consolidation and the emergence of larger competitors, principally through acquisitions. There can be no assurances that the Company will not encounter increased competition in the future, which could adversely affect the Company's business.

The Company believes that although price is a consideration, competition in the foodservice industry is generally on the basis of product quality, customer relations and service. As one of the leading national broadline distributors to the foodservice industry, the Company believes that it carries a wider selection of food products of superior quality and value and a greater variety of package sizes than most of its competitors. The Company attributes its ability to compete effectively in its markets to this wider food product selection and its broad line of related non-food products, which are offered through a dedicated, highly skilled and customer-oriented sales force. Further, the Company differentiates itself in part from its competitors by (i) providing many specialty products that have been developed specifically for the foodservice industry or for particular foodservice customers, (ii) maintaining an extensive selection of imported and specialty products, equipment and supplies and (iii) offering its design and engineering services for all types of foodservice operations.

ITEM 2. PROPERTIES

The Company relocated its corporate headquarters from its owned property in Los Angeles, California to a leased facility in Lisle, Illinois, where the Distribution Division headquarters is also situated. Both the corporate headquarters and executive offices of the Distribution Division occupy approximately 54,500 square feet pursuant to a lease which expires in November 2001.

The Company's owned property in Los Angeles, California continues to house the Manufacturing Division headquarters, a large manufacturing plant and a warehouse that is used to store and consolidate product orders from vendors. The property consists of four buildings with approximately 1.4 million square feet of space on 20.2 acres. In June 1995, the Company relocated the Los Angeles distribution branch to a new facility of approximately 420,000 square feet in La Mirada, California.

In addition to the manufacturing plant located on the Los Angeles property, the Company owns and operates manufacturing plants totaling 234,000 square feet in Indianapolis, Indiana and Englewood, New Jersey. The Company also leases approximately 32,000 square feet in Brooklyn, New York for office, warehouse and manufacturing facilities. The lease on this property expires in August 1996.

Equipment and machinery owned by the Company and used in its operations consist principally of electronic data processing equipment, food and non-food processing and packaging equipment and chemical compounding, blending and product handling equipment. The Company owns a fleet of approximately 870 vehicles consisting of tractors, trailers, vans and bobtails, which are used for long hauls and local deliveries. In addition, the Company leases approximately 700 delivery vehicles under terms which expire at various dates through 2000.

During fiscal year 1995, the Company completed expansions of its Greensboro, North Carolina, and Detroit, Michigan Branches, primarily with new freezers and coolers, which doubled both of their capacities. At present, the Company is completing the consolidation of its Capitol Branch into the recently acquired 230,000 square foot Continental Foods facility in Baltimore, Maryland and is also completing construction of a new 183,000 square foot distribution center in Cincinnati, Ohio. In addition, the Company recently acquired an 86,400 square foot distribution center in St. Louis, Missouri for relocation of its present St. Louis Branch. This will allow the St. Louis Branch to more than double its capacity for growth. The Company expects to complete the sale of the old facility at the time the St. Louis Branch moves into the new facility in August 1995.

The Company considers that its office, warehouse and manufacturing facilities are adequate to support present and immediately foreseeable future operations. However, the Company continues to locate and occupy new facilities because of its expanding business.

ITEM 3. LEGAL PROCEEDINGS

Reference is made to discussions with respect to legal proceedings in which the Company is a party thereto, as set forth on page 20 of the Company's 1995 Annual Report to shareholders, and by such reference, such information is integrated therein.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

CORPORATE EXECUTIVE OFFICERS

The following are the corporate executive officers of the Company:

<TABLE>
<CAPTION>

Officer's Name	Position	Age	Since
<S>	<C>	<C>	<C>
Mark Van Stekelenburg	President, Chief Executive Officer and Director	44	1991
Victor B. Chavez	Vice President and Chief Accounting Officer	50	1980
Gary L. Cooper	President, Rykoff-Sexton Distribution Division	56	1994
Harold E. Feather	Executive Vice President, Corporate Planning	56	1992

Alan V. Giuliani	President, Rykoff-Sexton Manufacturing Division	49	1990
Robert J. Harter, Jr.	Senior Vice President, Human Resources and General Counsel	50	1989
Richard J. Martin	Senior Vice President and Chief Financial Officer	49	1988
Neil I. Sell	Secretary and Director	54	1985
Donald E. Willis, Jr.	Senior Vice President and Chief Information Officer	43	1994

</TABLE>

All of the executive officers serve in their capacities by approval of the Board of Directors. Each executive officer has, as his principal occupation, been employed by the Company in the capacities set forth or in similar capacities for more than the last five years, except as follows: Mr. Neil I. Sell's principal occupation has been as a partner in the law firm of Maslon Edelman Borman & Brand, a Professional Limited Liability Partnership; Mr. Mark Van Stekelenburg was elected Executive Vice President in 1991 and President and Chief Executive Officer in 1992; Mr. Richard J. Martin was elected Vice President in 1988 and Senior Vice President and Chief Financial Officer in 1993; Mr. Robert J. Harter, Jr. was elected Vice President and General Counsel in 1989 and Senior Vice President, Human Resources and General Counsel in 1993; Mr. Alan V. Giuliani was elected Vice President in 1990 and President, Rykoff-Sexton Manufacturing Division in 1992; Mr. Harold E. Feather was elected President, Rykoff-Sexton Distribution Division in 1992 and Executive Vice President, Corporate Planning in 1994; Mr. Donald E. Willis, Jr. was elected Senior Vice President and Chief Information Officer in 1994; and Mr. Gary L. Cooper was elected President, Rykoff-Sexton Distribution Division in 1994.

Mr. Van Stekelenburg joined the Company in March 1991 and was previously, since 1986, President and Chief Executive Officer of G.V.A. and Kok-Ede, the foodservice division of Royal Ahold, N.V., the largest food retailer in the Netherlands which also has substantial holdings in food retailing in the United States. Mr. Martin joined the Company in August 1988 and was previously a partner with the accounting firm of Arthur Andersen LLP; he had been associated with that firm for twenty-one years. Mr. Harter joined the Company in October 1989 and was previously Senior Vice President, General Counsel and Secretary for Tiger International, Inc. He had been an officer of Tiger International, Inc. for eleven years. Mr. Giuliani joined the Company in August 1990. Previously, Mr. Giuliani was employed by Mars, Inc., a food manufacturer, where he held various senior management positions including Vice President-Research and Development/Engineering for the Dove International Division, and Vice President-New Business Development and Vice President-Plant Manager for the M&M/Mars Division. Mr. Harold E. Feather joined the Company in 1983 when the Company acquired John Sexton & Co. He has held various positions within the Company and was elected Executive Vice President, Corporate Planning in 1994; his most recent previous position was President, Rykoff-Sexton Distribution Division, which he held since 1992. Mr. Donald E. Willis, Jr. joined the Company in January 1994, and previously served in several management information systems positions with other companies, the most recent of which was at HomeBase, a California-based specialty retailer. Mr. Gary L. Cooper joined the Company in October 1994, after thirty-two years with American Hospital Supply Corporation and Baxter International. He was a corporate officer and President of the Baxter Hospital Supply Division.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Reference is made to the information with respect to the principal markets on which the Company's common stock is being traded, prices for each quarterly period and dividend record for the last three years set forth on page

1 of the Company's 1995 Annual Report to shareholders, and by such reference, such information is incorporated herein.

The Company estimates that there are approximately 8,300 shareholders including those through nominees, as of June 1995.

ITEM 6. SELECTED FINANCIAL DATA

Reference is made to the financial data with respect to the Company set forth on pages 6 and 7 of the Company's 1995 Annual Report to shareholders and by such reference, such financial data is incorporated herein.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reference is made to Management's Discussion and Analysis set forth on pages 8 and 9 of the Company's 1995 Annual Report to shareholders, and by such reference, such information is incorporated herein.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the consolidated financial statements set forth on pages 10 through 21 of the Company's 1995 Annual Report to shareholders, and by such reference, such information is incorporated herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Reference is made to the definitive proxy statement pursuant to Regulation 14A, which involves the election of directors at the annual meeting of shareholders to be held September 15, 1995 and will be filed with the Commission within 120 days after the close of its fiscal year ended April 29, 1995, and by such reference said proxy statement is incorporated herein in response to the information called for by Part III (Item 10. Directors and Executive Officers of the Registrant; Item 11. Executive Compensation; Item 12. Security Ownership of Certain Beneficial Owners and Management; and Item 13. Certain Relationships and Related Transactions).

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) The financial statements listed below are filed as part of this Annual Report on Form 10-K:

	Page Reference Form 10-K	Page Reference Annual Report
Data is incorporated by reference from the attached Annual Report to shareholders of Rykoff-Sexton, Inc. for the fiscal year ended April 29, 1995. With the exception of the information specifically incorporated herein by reference, the 1995 Annual Report to shareholders is not to be deemed "filed" as part of this Annual Report on Form 10-K.		
Consolidated statements of operations for each of the three years in the period		

(3) The following exhibits, as required by Item 601 of Regulation S-K, are filed as part of this report:

3.1 Restated Certificate of Incorporation of Rykoff-Sexton, Inc. (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

3.2 Rykoff-Sexton, Inc. By-Laws (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

4.1 Indenture, dated as of November 1, 1993, between Rykoff-Sexton, Inc. and Norwest Bank Minnesota, N.A., as trustee (Incorporated by reference from the Company's report Form 10-Q for the quarter ended October 30, 1993)

4.2 Rights Agreement, dated December 8, 1986 between Rykoff-Sexton, Inc. and Bank of America National Trust and Savings Association (Incorporated by reference from the Company's report on Form 10-Q for the quarter ended May 1, 1993, as amended)

4.2.1 Amendment, dated as of October 5, 1989 to Rights Agreement, dated December 8, 1986, between Rykoff-Sexton, Inc. and Bank of America National Trust and Savings Association, as Rights Agent (Incorporated by reference from the Company's report on Form 10-Q for the quarter ended October 30, 1993)

10.1 Credit Agreement dated October 25, 1993 between Rykoff-Sexton, Inc. and Bank of America National Trust and Savings Association (Incorporated by reference from the Company's report on Form 10-Q for the quarter ended October 30, 1993)

10.1.1	First Amendment to Credit Agreement between Rykoff-Sexton, Inc. and Bank of America National Trust and Savings Association dated as of December 29, 1993; (Incorporated by reference from the Company's report on Form 10-Q for the quarter ended January 29, 1994)
10.1.2	Second through Fourth Amendments to Credit Agreement between Rykoff-Sexton, Inc. and Bank of America National Trust and Savings Association dated as of March 18, 1994; April 15, 1994; and April 30, 1994 (Incorporated by reference from the Company's report on Form 10-K for the fiscal year ended April 30, 1994)
10.1.3	Fifth Amendment to Credit Agreement between Rykoff-Sexton, Inc. and Bank of America National Trust and Savings Association, dated as of August 29, 1994 (Incorporated by reference from the Company's report on Form 10-Q for the quarter ended July 30, 1994)
10.1.4	Sixth Amendment to Credit Agreement between Rykoff-Sexton, Inc. and Bank

	of America National Trust and Savings Association dated as of September 30, 1994 (Incorporated by reference from the Company's report on Form 10-Q for the quarter ended October 29, 1994)
10.2	Final Amendment to Employment Contract and Settlement Agreement dated March 8, 1993 between Roger W. Coleman and Rykoff-Sexton, Inc. (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)*
10.3	1980 Stock Option Plan (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)*
10.4	1988 Stock Option and Compensation Plan, as amended on September 13, 1991 (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)*
10.4.1	Form of Restricted Stock Agreement (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)*
10.4.2	Form of Non-Qualified Stock Option Agreement (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)*
10.4.3	Form of Converging Non-Qualified Stock Option Agreement (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)*
10.5	1989 Director Stock Option Plan (Incorporated by reference from the Company's Report on Form 10-K for the year ended April 28, 1990)
10.6	Junior Demand Promissory Note dated March 31, 1995 by Mark Van Stekelenburg and Mirjam Van Stekelenburg
10.7	Form of Change in Control Agreements (Incorporated by reference from the Company's Report on 10-K for the year ended April 28, 1990)*
10.7.1	Change in Control Agreement for Mark Van Stekelenburg (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)*
10.7.2	Change in Control Agreement for Harold Feather (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)*

10.7.3 Amended and Restated Change in Control Agreement, dated October 12, 1993 between Rykoff-Sexton, Inc. and Mark Van Stekelenburg (Incorporated by reference from the Company's report on Form 10-Q for the quarter ended October 30, 1993)

10.8 Form of Indemnity Agreement (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

10.9 Form of Fiduciary Indemnity Agreement (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

10.10 Agreement between S.E. Rykoff and Co. and Food Drug and Beverage Warehousemen and Clerical Employees Union, Local No. 630, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, Independent dated as of April 30, 1992 (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

10.11 Agreement between Rykoff-Sexton, Inc. and Union Local No. 630, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America dated as of October 23, 1992 (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

10.12 Agreement between Rykoff-Sexton, Inc. and Union Locals 848, 14, 87, 381 and 542, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America dated as of October 23, 1992 (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

10.13 Agreement between Rykoff-Sexton, Inc. and Union Local No. 78, Teamsters Warehouse, Automotive and Miscellaneous Employees dated as of April 1, 1991 (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

10.14 Agreement between Rykoff-Sexton, Inc. and Union Local No. 85, Brotherhood of Teamsters and Auto Truck Drivers dated as of April 1, 1991 (Incorporated by reference from the Company's report on Form 10-K for the year ended May 1, 1993, as amended)

10.15 Rykoff-Sexton, Inc. 1993 Director Stock Option (Incorporated by reference from the Company's report on Form 10-Q for the quarter ended October 30, 1993)

10.16 Participation Agreement, entered into among Rykoff-Sexton, Inc., as Lessee ("Lessee"), Tone Brothers, Inc., as Sublessee ("Sublessee"), BAS Leasing & Capital Corporation, as Agent ("Agent"), and BA Leasing & Capital Corporation, Manufacturers Bank and Pitney Bowes Credit Corporation, as Lessors (the "Lessors"), dated as of April 29, 1994 (Incorporated by reference from the Company's report on Form 10-K for the fiscal year ended April 30, 1994)

10.16.1 Lease Intended as Security, among Lessee, Agent and the Lessors, dated as of April 29, 1994 (Incorporated by reference from the Company's report on Form 10-K for the fiscal year ended April 30, 1994)

10.16.2 Sublease, between Lessee and Sublessee, dated as of April 29, 1994 (Incorporated by reference from the Company's report on Form 10-K for the fiscal year ended April 30, 1994)

10.16.3 Lease supplement, among Lessee and the Lessors, dated as of April 29, 1994

10.16.4 Lease supplement, among Lessee and the Lessors, dated as of January 27, 1995

10.16.5 Lease supplement, among Lessee and the Lessors, dated as of April 18, 1995

10.17 Employment Agreement between Harold E. Feather and Rykoff-Sexton, Inc. as of June 20, 1994 (Incorporated by reference from the Company's report on Form 10-K for the fiscal year ended April 30, 1994)*

10.18 Employment Agreement between Rykoff-Sexton, Inc. and Mark Van Stekelenburg as of July 20, 1994 (Incorporated by reference from the Company's report on Form 10-K for the fiscal year ended April 30, 1994)*

10.19 Rykoff-Sexton, Inc. Supplemental Executive Retirement Plan for Mark Van Stekelenburg as of July 20, 1994 (Incorporated by reference from the Company's report on Form 10-K for the fiscal year ended April 30, 1994)*

13 1995 Annual Report to Shareholders

21 Subsidiaries of Rykoff-Sexton, Inc.

24.1 Power of Attorney of R. Burt Gookin

24.2 Power of Attorney of James I. Maslon

24.3 Power of Attorney of James P. Miscoll

24.4 Power of Attorney of Neil I. Sell

24.5 Power of Attorney of Bernard Sweet

24.6 Power of Attorney of Robert G. Zeller

27 Financial Data Schedule

* Management contract or compensatory plan

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or the notes thereto.

(b) Reports on Form 8-K

During the fourth quarter of fiscal year 1995, the Company filed a Form 8K dated February 21, 1995 reporting the following items:

Item 2. Acquisition or Disposition of Assets.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK.)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the

Securities Exchange Act of 1934, Rykoff-Sexton, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 27, 1995

RYKOFF-SEXTON, INC.

By /s/ Mark Van Stekelenburg

Mark Van Stekelenburg
President and Chief Executive Officer

By /s/ Richard J. Martin

Richard J. Martin
Senior Vice President and
Chief Financial Officer

By /s/ Victor B. Chavez

Victor B. Chavez
Vice President and
Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following directors on behalf of the Registrant on the date indicated.

R. Burt Gookin	
James I. Maslon	/s/ Mark Van Stekelenburg
James P. Miscoll	-------------------------------
	Mark Van Stekelenburg, signing
Neil I. Sell	personally as a director and as
	attorney in fact for the directors
Bernard Sweet	whose names appear opposite.
Robert G. Zeller	July 27, 1995

Powers of attorney authorizing Mark Van Stekelenburg, Richard J. Martin and Victor B. Chavez, and each of them, to sign this Annual Report on Form 10-K on behalf of the above named directors of Rykoff-Sexton, Inc. have been filed as an exhibit to this report.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Rykoff-Sexton, Inc.:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in Rykoff-Sexton, Inc.'s Form 10-K and have issued our report thereon dated June 9, 1995. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedules listed in Item 14.(a)(2) are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Los Angeles, California
June 9, 1995

RYKOFF-SEXTON, INC.
SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED APRIL 29, 1995

<TABLE>
<CAPTION>

<S>	1995 <C>	1994 <C>	1993 <C>
Reserve for doubtful accounts: (1)			
Balance, beginning of year	$ 3,701,000	$ 4,353,000	$ 3,671,000
Add (deduct)-			
Additions charged to income	1,310,000	2,524,000	4,207,000
Reserve balance of acquired company	479,000	-	-
Accounts written off	(1,494,000)	(3,176,000)	(3,525,000)
Balance, end of year	$ 3,996,000	$ 3,701,000	$ 4,353,000
Restructuring reserve:			
Balance, beginning of year	$14,936,000	$28,715,000	$ -
Add (deduct)-			
Additions charged to income	-	-	31,000,000
Utilization	(5,159,000)	(13,779,000)	(2,285,000)
Balance, end of year	$ 9,777,000	$14,936,000	$28,715,000
Accrued insurance expenses and other:			
Balance, beginning of year	$17,455,000	$14,220,000	$12,167,000
Add (deduct)-			
Additions charged to income	20,812,000	21,975,000	$25,439,000
Employee contributions	5,482,000	4,222,000	3,599,000
Payments	(26,157,000)	(22,962,000)	(26,985,000)
Balance, end of year	$17,592,000	$17,455,000	$14,220,000

<FN>
(1) Balances restated to reflect sale of discontinued Tone Brothers, Inc. subsidiary in October 1994.

</TABLE>

Exhibit No.	Description
10.6	Junior Demand Promissory Note dated March 31, 1995 by Mark Van Stekelenburg and Mirjam Van Stekelenburg
10.16.3	Lease supplement, among Lessee and the Lessors, dated as of April 29, 1994
10.16.4	Lease supplement, among Lessee and the Lessors, dated as of January 27, 1995
10.16.5	Lease supplement, among Lessee and the Lessors, dated as of April 18, 1995
13	Selected Portions of 1995 Annual Report to Shareholders
21	Subsidiaries of Rykoff-Sexton, Inc.
24.1	Power of Attorney of R. Burt Gookin
24.2	Power of Attorney of James I. Maslon
24.3	Power of Attorney of James P. Miscoll
24.4	Power of Attorney of Neil I. Sell
24.5	Power of Attorney of Bernard Sweet
24.6	Power of Attorney of Robert G. Zeller
27	Financial Data Schedule

EXHIBIT 10.6

JUNIOR DEMAND PROMISSORY NOTE

$350,000.00 North Barrington, Illinois
March 31, 1995

FOR VALUE RECEIVED, MARK VAN STEKELENBURG AND MIRJAM VAN STEKELENBURG and their successors in trust, as Trustees of the VAN STEKELENBURG LIVING TRUST dated September 4, 1992, as amended (the "Maker"), hereby promise to pay, on demand, to the order of RYKOFF-SEXTON, INC., a Delaware corporation ("Payee") in lawful money of the United States of America in immediately available funds, at such place as the holder hereof may from time to time designate or in the absence of such designation at the office of the Payee, 761 Terminal Street, P.O. Box 21917, Los Angeles, California 90021, the principal sum of THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($350,000.00) (the "Principal Amount") or so much thereof as shall be outstanding from time to time, with no interest.

1. The Principal Amount and all other sums due and owing (collectively the "Indebtedness") pursuant hereto and pursuant to the Mortgage (as defined in Section 5 hereof) shall be due and payable on demand.

2. The Maker may prepay all or any part of the Indebtedness evidenced by this Note, without penalty or premium.

3. The Maker represents and agrees that this Note and the rights and obligations of all parties under this Note shall be governed by and construed under the applicable laws of the State of Illinois.

4. The parties hereto intend and believe that each provision in this Note comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Note is found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of the parties hereto that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable, that the remainder of this Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interest of the Maker and holder hereof under the remainder of this Note shall continue in full force and effect.

5. This Note is secured by that certain Junior Mortgage dated of

even date herewith ("Mortgage") given by the Maker to the Payee and creating a second lien on the Premises (as defined in the Mortgage).

6. An "Event of Default" under this Note shall be deemed to have occurred upon:

(a) the failure of the Maker in the punctual payment of the Indebtedness on demand and the continuance thereof for five (5) days;

(b) the failure of the Maker to make any payments or perform any obligations required under the terms of the First Mortgage (as defined in the Mortgage); and

(c) an Event of Default exists under the terms, conditions, and provisions of the Mortgage.

It is agreed that at the election of the Payee or the holder or holders of this Note, and in addition to any other rights or remedies set forth in this Note or the Mortgage, upon the occurrence of an Event of Default, and without notice, the indebtedness shall become at once due and payable at the place of payment aforesaid. Failure of the Payee to exercise any such election shall not constitute a waiver of the right to exercise the same at a later time or in the event of any subsequent Event of Default. The rights or remedies of the Payee herein or in the Mortgage shall be cumulative and concurrent and may be pursued singly, successively or together against the Maker, the Premises and any other funds, property, or security held by the Payee for the payment of the Indebtedness or otherwise, at the sole discretion of the Payee.

6. The undersigned and all other parties now or hereafter liable for the payment of this Note, whether as guarantor, endorser, surety, or otherwise, jointly and severally (to the extent permitted by law) (a) waive valuation and appraisement, demand, presentment for payment, notice of dishonor, diligence in collection or enforcement, grace, protest and notice of protest, and consent to all renewals, extensions, releases, restatements, rearrangements, or substitutions of security, in whole or in part, with or without notice; (b) waive any rule of law intended for its advantage or protection which would enable its release or discharge from liability hereon, in whole or in part, for any reason other than full and complete payment of all amounts due under this Note; and (c) expressly agree that this Note, or any payment under this Note, may be extended from time to time in the sole discretion of the Payee without in any way without affecting the liability of the Maker or any other guarantors and endorsers.

7. Any notice, demand, request or other communication which any party hereto may desire or may be required to give to any other party shall be in writing, and the mailing thereof by registered or certified mail, postage prepaid, return receipt requested, to the respective addresses of the parties

set forth below, or to such other place as any party hereto may by notice in writing designate for itself, shall constitute service of notice hereunder on the date of delivery or refusal to accept delivery:

If to the Maker:

Mark Van Stekelenburg and
Mirjam Van Stekelenburg, as Trustees
34 Deverell Drive
North Barrington, Illinois 60010

If to the Payee:

Rykoff-Sexton, Inc.
761 Terminal Street
P.O. Box 21917
Los Angeles, California 90021
Attention:

Any such notice may be served by personal delivery thereof, which delivery shall constitute service of notice hereunder on the date of such delivery or by deposit with an internationally recognized overnight courier service, which deposit shall constitute service of notice on the date of such delivery or refusal to accept delivery.

8. The Maker agrees to pay all costs and out-of-pocket expenses (including, but not limited to, reasonable attorneys' fees and expenses) incurred by holder in connection with any collection and enforcement of this Note or the Mortgage.

9. Time is hereby declared to be of the essence of this Note and of every part hereof.

IN WITNESS WHEREOF, the Maker has executed and delivered this Note as of the day and year first above written.

/s/ Mark Van Stekelenburg

Mark Van Stekelenburg, as Trustee,
as aforesaid

/s/ Mirjam Van Stekelenburg

Mirjam Van Stekelenburg, as Trustee
as aforesaid

EXHIBIT B TO LEASE

LEASE SUPPLEMENT (Rykoff-Sexton, Inc. Lease)

LEASE SUPPLEMENT (Rykoff-Sexton, Inc. Lease) dated April 29, 1994 (this "LEASE SUPPLEMENT") between RYKOFF-SEXTON, INC., a Delaware corporation (the "LESSEE"), BA Leasing & Capital Corporation, Manufacturers Bank and Pitney Bowes Credit Corporation (the "LESSORS") and BA LEASING & CAPITAL CORPORATION, not in its individual capacity, but solely in its capacity as Agent for the Lessors;

W I T N E S S E T H :

WHEREAS, the Lessee, the Lessors and the Agent have heretofore entered into that certain Lease Intended as Security dated as of April 29, 1994 (the "LEASE"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in the Lease; and

WHEREAS, the Lease provides for the execution and delivery of a Lease Supplement on each Delivery Date substantially in the form hereof for the purpose of confirming the acceptance and lease of certain Equipment, specifying the Rent applicable to such Equipment and setting forth certain other matters, all as required pursuant to the Lease;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Agent, the Lessors and the Lessee hereby agree as follows:

1. INSPECTION AND APPROVAL. The Lessee hereby acknowledges and confirms that it has inspected and approved the Equipment set forth on SCHEDULE I hereto for all purposes of the Lease and the other Operative Documents and, as between the Lessors and the Lessee, such Equipment complies in all material respects with the specifications for such Equipment, is in good working order, repair, condition and appearance, and without defect therein with respect to design, manufacture, conditions, operation and fitness for use or in any other respect, whether or not discoverable by Lessee as of the date hereof. Lessee reaffirms, as to the Equipment set forth in SCHEDULE I, each of the waivers, acknowledgments and agreements of Lessee set forth in Section 4.1 of the Lease.

2. DELIVERY and Acceptance. The Lessors hereby confirm delivery and lease to the Lessee, and the Lessee hereby confirms acceptance of delivery and lease from the Lessors, under the

Lease as hereby supplemented, of the Equipment listed on SCHEDULE I hereto.

3. FUNCTIONAL UNITS. The Equipment set forth on SCHEDULE I consists of one or more of the Functional Units set forth or referred to on Schedule Y to the Participation Agreement, PROVIDED that the Required Lessors may from time to

time, in their reasonable discretion, direct the Agent to allocate such Equipment into different Functional Units so long as each Item of Equipment subject to the Lease is at all times part of a Functional Unit.

4. WARRANTY. The Lessee hereby represents and warrants that no event which would constitute a Casualty under the Lease has occurred with respect to the Equipment set forth on SCHEDULE I hereto as of the date hereof. Lessee hereby reaffirms each of the representations and warranties set forth at Section 5.1 of the Participation Agreement as if made on the date hereof, including that the Equipment set forth on SCHEDULE I hereto is free and clear of all Liens other than Permitted Liens.

5. TERM, INTERIM PERIOD, INTEREST RATE AND SUPPLEMENT BALANCE. The term of this Lease Supplement shall commence on the date hereof and end on the Termination Date. The Interim Period, the Interest Rate, the Applicable Percentage and the amount of Rent due on each Payment Date are set forth, respectively, in the appropriate portions of SCHEDULE II hereto. SCHEDULE III hereto sets forth the respective portion of each installment of Rent payable on each Payment Date to be paid to each Lessor. SCHEDULE IV hereto sets forth the Functional Unit Balance of each Functional Unit as of each Payment Date.

6. RENT.

(a) On the last day of the Interim Period, Lessee shall pay to Agent, for the benefit of the Lessors, the amount of the Interim Rent set forth at SCHEDULE II.

(b) On each Payment Date following the expiration of the Interim Period during the Initial Term and during each Renewal Term, Lessee shall pay to Agent, for the benefit of the Lessors, the amount of the Basic Rent and Renewal Rent as set forth at SCHEDULE II hereto.

7. CONFIRMATION. The Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement, to pay Rent to the Agent, for the benefit of the Lessors, for each Functional Unit leased hereunder. Nothing herein shall reduce Lessee's obligation to make all other payments required under the Lease, including those payments to be

made on the last day of the Lease Term pursuant to Article XI of the Lease.

8. INCORPORATION INTO LEASE. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, as supplemented by this Lease Supplement, shall be and remain in full force and effect and shall govern the Equipment described in SCHEDULE I hereto.

9. REFERENCES. Any and all notices, requests, certificates and other instruments executed and delivered concurrently with or after the execution and

delivery of this Lease Supplement may refer to the "Lease Intended as Security, dated as of April 29, 1994", or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

10. COUNTERPARTS. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

11. GOVERNING LAW. This Lease Supplement shall be governed by and construed in accordance with the laws and decisions of the State of California without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the Agent, Lessors and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

RYKOFF-SEXTON, INC.,
as Lessee

By /s/ Victor B. Chavez

Name Printed: Victor B. Chavez

Title: VP and Chief Accounting Officer

BA LEASING & CAPITAL CORPORATION,
not individually, but solely
as Agent for the Lessors

By /s/ Cheryl J. Emerson

Name Printed: Cheryl J. Emerson

Title: Assistant Vice President

By /s/ Christine Bennett

Name Printed: Christine Bennett

Title: Assistant Vice President

LESSORS:

PITNEY BOWES CREDIT CORPORATION

BA LEASING & CAPITAL CORPORATION

By /s/ Russell D. Piper

Name Printed: Russell D. Piper

Title: Region Credit Manager

By /s/ Cheryl J. Emerson

Name Printed: Cheryl J. Emerson

Title: Assistant Vice President

By /s/ Christine Bennett

Name Printed: Christine Bennett

Title: Assistant Vice President

MANUFACTURERS BANK

By /s/ Mike Toomey

Name Printed: Mike Toomey

Title: Vice President

THIS LEASE SUPPLEMENT IS "COUNTERPART NO. 1 - LESSOR'S ORIGINAL COPY"

LEASE SUPPLEMENT
(Rykoff-Sexton, Inc. Lease)

LEASE SUPPLEMENT (Rykoff-Sexton, Inc. Lease) dated January 27, 1995 (this "LEASE SUPPLEMENT") among RYKOFF-SEXTON, INC., a Delaware corporation (the "LESSEE"), BA Leasing & Capital Corporation, Manufacturers Bank and Pitney Bowes Credit Corporation (the "LESSORS") and BA LEASING & CAPITAL CORPORATION, not in its individual capacity, but solely in its capacity as Agent for the Lessors.

W I T N E S S E T H :

WHEREAS, the Lessee, the Lessors and the Agent have heretofore entered into that certain Lease Intended as Security dated as of April 29, 1994 (as amended, the "LEASE"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in that certain Participation Agreement, dated as of April 29, 1994, originally entered into among Lessee, Lessors, Agent and Tone Brothers, Inc. (as amended, the "PARTICIPATION AGREEMENT"); and

WHEREAS, the Lease provides for the execution and delivery of a Lease Supplement on each Delivery Date substantially in the form hereof for the purpose of confirming the acceptance and lease of certain Equipment, specifying the Rent applicable to such Equipment and setting forth certain other matters, all as required pursuant to the Lease;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Agent, the Lessors and the Lessee hereby agree as follows:

1. INSPECTION AND APPROVAL. The Lessee hereby acknowledges and confirms that it has inspected and approved the Equipment set forth on SCHEDULE I hereto for all purposes of the Lease and the other Operative Agreements and, as between the Lessors and the Lessee, such Equipment complies in all material respects with the specifications for such Equipment, is in good working order, repair, condition and appearance, and without defect therein with respect to design, manufacture, conditions, operation and fitness for use or in any other respect, whether or not discoverable by Lessee as of the date hereof. Lessee reaffirms, as to the Equipment set forth in SCHEDULE I, each of the waivers, acknowledgments and agreements of Lessee set forth in SECTION 4.1 of the Lease.

2. DELIVERY AND ACCEPTANCE. The Lessors hereby confirm delivery of and lease to the Lessee, and the Lessee hereby confirms acceptance of delivery of and leases from the Lessors, under the Lease as hereby supplemented, the

Equipment listed on SCHEDULE I hereto.

3. FUNCTIONAL UNITS. The Equipment set forth on SCHEDULE I consists of one or more of the Functional Units set forth or referred to on Schedule Y to the Participation Agreement, PROVIDED that the Required Lessors may from time to time, in their reasonable discretion, direct the Agent to allocate such Equipment into different Functional Units so long as each Item of Equipment subject to the Lease is at all times part of a Functional Unit.

4. WARRANTY. The Lessee hereby represents and warrants that no event which would constitute a Casualty under the Lease has occurred with respect to the Equipment set forth on SCHEDULE I hereto as of the date hereof. Lessee hereby reaffirms each of the representations and warranties set forth at Section 5.1 of the Participation Agreement as if made on the date hereof, including that the Equipment set forth on SCHEDULE I hereto is free and clear of all Liens other than Permitted Liens.

5. TERM, INTERIM PERIOD, INTEREST RATE, RENT AND SUPPLEMENT BALANCE. The term of this Lease Supplement shall commence on the date hereof and end on the Termination Date. The Interim Period, the Interest Rate, the Applicable Percentage and the amount of Rent due on each Payment Date are set forth, respectively, in the appropriate in the appropriate portions of SCHEDULE II hereto. SCHEDULE III hereto sets forth the respective portion of each installment of Rent Payable on each Payment Date to be paid to each Lessor. SCHEDULE IV hereto sets forth the Functional Unit Balance of each Functional Unit as of each Payment Date.

6. RENT.

(a) On the last day of the Interim Period, Lessee shall pay to Agent, for the benefit of the Lessors, the amount of the Interim Rent set forth at SCHEDULE II.

(b) On each Payment Date following the expiration of the Interim Period during the Initial Term and during each Renewal Term, Lessee shall pay to Agent, for the benefit of the Lessors, the amount of the Basic Rent and Renewal Rent as set forth at SCHEDULE II hereto.

7. CONFIRMATION. The Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement, to pay Rent to the Agent, for the benefit of the Lessors, for each Functional Unit leased hereunder. Nothing herein shall reduce Lessee's obligation to make all other payments

required under the Lease, including those payments to be made on the last day of the Lease Term pursuant to Article XI of the Lease.

8. INCORPORATION INTO LEASE. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, as supplemented by this Lease Supplement, shall be and remain in full force and effect and shall govern the Equipment described in SCHEDULE I hereto.

9. REFERENCES. Any and all notices, requests, certificates and other instruments executed and delivered concurrently with or after the execution and delivery of this Lease Supplement may refer to the "Lease Intended as Security, dated as of April 29, 1994", or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

10. COUNTERPARTS. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

11. GOVERNING LAW. This Lease Supplement shall be governed by and construed in accordance with the laws and decisions of the State of California without regard to principles of conflicts of laws.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agent, Lessors and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

RYKOFF-SEXTON, INC.,
as Lessee

By /s/ Victor B. Chavez

Name Printed: Victor B. Chavez

Title: VP and Chief Acctg Officer

BA LEASING & CAPITAL CORPORATION,
not individually, but solely
as Agent for the Lessors

By /s/ Cheryl J. Emerson

Name Printed: Cheryl J. Emerson

Title: AVP

By /s/ Christine Bennett Lee

Name Printed: Christine Bennett Lee

Title: Vice President

LESSORS:

PITNEY BOWES CREDIT CORPORATION

By /s/ Russell D. Piper

Name Printed: Russell D. Piper

Title: Region Credit Manager

BA LEASING & CAPITAL CORPORATION

By /s/ Cheryl J. Emerson

Name Printed: Cheryl J. Emerson

Title: AVP

By Christine Bennett Lee

Name Printed: Christine Bennett Lee

Title: Vice President

MANUFACTURERS BANK

By /s/ Mike Toomey

Name Printed: Mike Toomey

Title: V.P.

Exhibit 10.16.5

THIS LEASE SUPPLEMENT IS NOT "COUNTERPART NO. 1 - LESSOR'S ORIGINAL COPY"

LEASE SUPPLEMENT
(Rykoff-Sexton, Inc. Lease)

LEASE SUPPLEMENT (Rykoff-Sexton, Inc. Lease) dated April 18, 1995 (this "LEASE SUPPLEMENT") among RYKOFF-SEXTON, INC., a Delaware corporation (the "LESSEE"), BA Leasing & Capital Corporation, Manufacturers Bank and Pitney Bowes Credit Corporation (the "LESSORS") and BA LEASING & CAPITAL CORPORATION, not in its individual capacity, but solely in its capacity as Agent for the Lessors.

W I T N E S S E T H :

WHEREAS, the Lessee, the Lessors and the Agent have heretofore entered into that certain Lease Intended as Security dated as of April 29, 1994 (as amended, the "LEASE"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in that certain Participation Agreement, dated as of April 29, 1994, originally entered into among Lessee, Lessors, Agent and Tone Brothers, Inc. (as amended, the "PARTICIPATION AGREEMENT"); and

WHEREAS, the Lease provides for the execution and delivery of a Lease Supplement on each Delivery Date substantially in the form hereof for the purpose of confirming the acceptance and lease of certain Equipment, specifying the Rent applicable to such Equipment and setting forth certain other matters, all as required pursuant to the Lease;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Agent, the Lessors and the Lessee hereby agree as follows:

1. INSPECTION AND APPROVAL. The Lessee hereby acknowledges and confirms that it has inspected and approved the Equipment set forth on SCHEDULE I hereto for all purposes of the Lease and the other Operative Agreements and, as between the Lessors and the Lessee, such Equipment complies in all material respects with the specifications for such Equipment, is in good working order, repair, condition and appearance, and without defect therein with respect to design, manufacture, conditions, operation and fitness for use or in any other respect, whether or not discoverable by Lessee as of the date hereof. Lessee reaffirms, as to the Equipment set forth in SCHEDULE I, each of the waivers, acknowledgments and agreements of Lessee set forth in SECTION 4.1 of the Lease.

2. DELIVERY AND ACCEPTANCE. The Lessors hereby confirm delivery of and

lease to the Lessee, and the Lessee hereby confirms acceptance of delivery of and leases from the Lessors, under the Lease as hereby supplemented, the Equipment listed on SCHEDULE I hereto.

3. FUNCTIONAL UNITS. The Equipment set forth on SCHEDULE I consists of one or more of the Functional Units set forth or referred to on Schedule Y to the Participation Agreement, PROVIDED that the Required Lessors may from time to time, in their reasonable discretion, direct the Agent to allocate such Equipment into different Functional Units so long as each Item of Equipment subject to the Lease is at all times part of a Functional Unit.

4. WARRANTY. The Lessee hereby represents and warrants that no event which would constitute a Casualty under the Lease has occurred with respect to the Equipment set forth on SCHEDULE I hereto as of the date hereof. Lessee hereby reaffirms each of the representations and warranties set forth at Section 5.1 of the Participation Agreement as if made on the date hereof, including that the Equipment set forth on SCHEDULE I hereto is free and clear of all Liens other than Permitted Liens.

5. TERM, INTEREST RATE, RENT AND SUPPLEMENT BALANCE. The term of this Lease Supplement shall commence on the date hereof and end on the Termination Date. The Initial Term, the Interest Rate, the Applicable Percentage and the amount of Rent due on each Payment Date are set forth, respectively, in the appropriate portions of SCHEDULE II hereto. SCHEDULE III hereto sets forth the respective portion of each installment of Rent Payable on each Payment Date to be paid to each Lessor. SCHEDULE IV hereto sets forth the Functional Unit Balance of each Functional Unit as of each Payment Date. Solely for purposes of this Lease Supplement, payments of Rent have been calculated as if the word "second" in clause (vii) of Section 3.1 of the Participation Agreement had been replaced with the word "third".

6. RENT.

(a) On the last day of the Initial Term, Lessee shall pay to Agent, for the benefit of the Lessors, the amount of the Basic Rent set forth at SCHEDULE II.

(b) On each Payment Date during each Renewal Term, Lessee shall pay to Agent, for the benefit of the Lessors, the amount of Renewal Rent as set forth at SCHEDULE II hereto.

7. CONFIRMATION. The Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement, to pay Rent to the Agent, for the benefit of the Lessors, for each Functional Unit leased hereunder. Nothing herein

shall reduce Lessee's obligation to make all other payments required under the

Lease, including those payments to be made on the last day of the Lease Term pursuant to Article XI of the Lease.

8. INCORPORATION INTO LEASE. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, as supplemented by this Lease Supplement, shall be and remain in full force and effect and shall govern the Equipment described in SCHEDULE I hereto.

9. REFERENCES. Any and all notices, requests, certificates and other instruments executed and delivered concurrently with or after the execution and delivery of this Lease Supplement may refer to the "Lease Intended as Security, dated as of April 29, 1994", or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

10. COUNTERPARTS. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

11. GOVERNING LAW. This Lease Supplement shall be governed by and construed in accordance with the laws and decisions of the State of California without regard to principles of conflicts of laws.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agent, Lessors and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

RYKOFF-SEXTON, INC.,
as Lessee

By /s/ Victor B. Chavez

Name Printed: Victor B. Chavez
Title: VP & Chief Accounting Officer

BA LEASING & CAPITAL CORPORATION,
not individually, but solely
as Agent for the Lessors

By /s/ Cheryl J. Emerson

Name Printed: Cheryl J. Emerson
Title: Assistant Vice President

By /s/ Eileen S. Uyematsu

Name Printed: Eileen S. Uyematsu

Title: Vice President

LESSORS:

PITNEY BOWES CREDIT CORPORATION

By /s/ Russell D. Piper

Name Printed: Russell D. Piper

Title: Region Credit Manager

MANUFACTURERS BANK

By /s/ Mike Toomey

Name Printed: Mike Toomey

Title: V.P.

BA LEASING & CAPITAL CORPORATION

By /s/ Cheryl J. Emerson

Name Printed: Cheryl J. Emerson

Title: Assistant Vice President

By /s/ Eileen S. Uyematsu

Name Printed: Eileen S. Uyematsu

Title: Vice President

RYKOFF-SEXTON, INC.

1995 ANNUAL REPORT

[PHOTOGRAPH LOGO]
[RYKOFF SECTION LOGO]

IN BRIEF

Established in 1911, Rykoff-Sexton, Inc. is a leading manufacturer and distributor of high quality foods and related non-food products and services for the foodservice industry throughout the United States. The Company's products and services are sold wherever food is prepared and consumed away from home. Customers include restaurants, industrial cafeterias, health care facilities, schools and colleges, hotels, airlines, supermarket service delicatessen departments and other segments of the travel and leisure markets.

Rykoff-Sexton manufactures a variety of food and non-food products specifically developed to meet the requirements of foodservice customers. These products include teas and sauces; extracts and colors; mayonnaise and salad dressings; oils and shortenings; gelatins and dessert powders; beverage bases; canned and frozen soups; cleaning compounds and detergents; low temperature dishwashing machines; plastic products; and various paper items.

Approximately 41,000 products are distributed by the Company, including a full line of private and national branded processed foods, produced both domestically and imported directly or indirectly from 60 countries around the world. The Company also distributes foodservice equipment and supplies, including dinnerware, silverware, flatware, glassware and kitchen utensils; and a complete line of paper, janitorial and other non-food items. In addition, the Company offers restaurant design and engineering services.

Rykoff-Sexton has earned a leadership position in its industry by consistent adherence to high standards of product quality and customer service, and by meeting the continually changing needs of its customers who provide foodservice to people away from home.

MISSION STATEMENT

- Be the leader in our industry by providing the finest people, products and services.

- Assist our customers to be successful by building long-term business relationships through our people, proven quality products, demonstrated integrity and superior services.

- Have a business environment, based on sincerity of purpose, for all of our people that provides opportunity for growth and advancement as a reward for excellence and individual accomplishments.

- Achieve for our shareholders a premium return on investment through optimal utilization of capital and human resources.

- Continue our tradition: All who come here to trade fairly, whether to buy or to sell, are always welcome.

DIVIDEND RECORD

<TABLE>
<CAPTION>

Fiscal Year	1995	1994	1993
CASH DIVIDENDS PER SHARE			
First six months	$ --	$ --	$ .20
Last six months	.03	--	.06

</TABLE>

STOCK PRICE DATA

MARKET PRICE OF COMMON STOCK
The following table sets forth the closing high and low market prices per share

of Rykoff-Sexton, Inc.'s common stock.
The Company's common stock is listed on the New York Stock Exchange (Symbol RYK).

<TABLE>
<CAPTION>

Fiscal Year	1995		1994		1993	
	Low	High	Low	High	Low	High
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First quarter	14 3/8	16 7/8	11	12 7/8	12 5/8	14 7/8
Second quarter	15	17 7/8	12 1/2	14 7/8	12	15 5/8
Third quarter	15 7/8	16 3/4	14 5/8	17 3/4	11 1/2	14 1/4
Fourth quarter	14 7/8	17 7/8	14 3/4	17 5/8	11	14 1/4

</TABLE>

THE COMPANY ESTIMATES THAT THERE ARE APPROXIMATELY 8,300 SHAREHOLDERS, INCLUDING THOSE THROUGH NOMINEES, AS OF JUNE 1995.

<TABLE>
<CAPTION>

TEN YEAR SUMMARY OF OPERATIONS AND FINANCIAL HIGHLIGHTS

Fiscal Year (DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)	1995 (52 weeks)	1994 (52 weeks) (Restated)(7)	1993 (52 weeks) (Restated)(7)
<S>	<C>	<C>	<C>
Net sales	$ 1,569,019	$ 1,444,226	$ 1,412,943
Gross profit	327,728	316,361	313,823
Warehouse, selling, general and administrative expenses	301,235	297,489	308,774
Interest expense, net of interest income	10,867	11,946	12,401
Income (loss) from continuing operations before provision (benefit) for income taxes, extraordinary item and change in accounting (5)	15,626	6,926	(38,352)
Provision (benefit) for income taxes			
Federal (1)	4,828	2,175	(12,465)
State	1,422	630	(1,737)
Income (loss) from continuing operations before extraordinary item and change in accounting (5)	9,376	4,121	(24,150)
Income (loss) before extraordinary item and change in accounting (5)	32,872	7,362	(19,692)
Net income (loss) (5) (6)	32,872	5,918	(18,960)
Earnings (loss) per share (2)			
Income (loss) from continuing operations before extraordinary item and change in accounting (5)	$ .64	$ .28	$ (1.66)
Income (loss) before extraordinary item and change in accounting (5)	2.24	.50	(1.35)
Net income (loss) (5) (6)	2.24	.40	(1.30)
Cash dividends	437	---	3,771
Cash dividends per share (3)	$ .03	---	$ .26
Average shares outstanding (2)	14,730	14,601	14,508
Total assets	$ 524,068	$ 470,018	$ 448,411
Working capital	161,616	154,641	143,372
Current ratio	2.0:1	2.2:1	2.2:1
Long-term debt (4)	146,536	151,227	144,669
Shareholders' equity	206,540	173,307	166,704
Shareholders' equity per share (2)	$ 14.15	$ 11.91	$ 11.50
Common shares outstanding (2)	14,598	14,547	14,490

<FN>
(1) INVESTMENT TAX CREDITS AND OTHER TAX CREDITS HAVE BEEN RECORDED AS REDUCTIONS OF THE PROVISION FOR INCOME TAXES. IN THE 10-YEAR PERIOD ENDED APRIL 29, 1995, SUCH CREDITS APPROXIMATED $893,000 IN 1986. NO SIGNIFICANT AMOUNTS WERE AVAILABLE IN 1995 TO 1987.
(2) ADJUSTED TO REFLECT 5-FOR-4 STOCK SPLITS DISTRIBUTED ON JANUARY 24, 1995 AND JANUARY 16, 1989. WHEN CONVERTIBLE SUBORDINATED DEBENTURES WERE OUTSTANDING, FULLY DILUTED EARNINGS PER SHARE WERE $.72 IN 1987 AND $.78 IN 1986.
(3) THE CASH DIVIDENDS PER SHARE AMOUNTS HAVE BEEN ADJUSTED TO GIVE EFFECT TO

THE 5-FOR-4 STOCK SPLITS DISCUSSED IN NOTE (2). THE CASH DIVIDENDS PER SHARE, BASED ON THE NUMBER OF SHARES OUTSTANDING AS OF THE DATES OF THE CASH DIVIDENDS, WERE $.64 FOR 1988, $.60 FOR 1987, $.575 FOR 1986.

</TABLE>

<TABLE>
<CAPTION>

1992 (53 weeks) (Restated)(7)	1991 (52 weeks) (Restated)(7)	1990 (52 weeks) (Restated)(7)	1989 (52 weeks) (Restated)(7)	1988 (52 weeks)	1987 (52 weeks)	1986 (53 weeks)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
$1,447,305	$1,404,770	$1,356,561	$1,293,461	$1,143,275	$1,081,648	$1,037,272
337,163	329,113	325,014	307,789	278,021	261,009	245,113
313,646	299,131	295,773	266,351	240,798	232,582	218,924
10,301	8,512	9,706	7,175	8,001	11,920	10,425
13,216	21,470	19,535	34,263	29,222	16,507	15,784
4,083	6,635	6,036	10,382	9,644	6,759	5,668
1,203	1,953	1,778	3,314	3,214	1,747	1,465
7,930	12,882	11,721	20,567	16,364	8,001	8,651
10,006	13,823	11,293	20,567	16,364	8,001	8,651
10,006	13,823	11,293	20,567	16,364	8,001	8,651
$ .55	$ .89	$ .80	$ 1.40	$ 1.22	$ .73	$ .79
.69	.95	.77	1.40	1.22	.73	.79
.69	.95	.77	1.40	1.22	.73	.79
6,951	6,968	7,069	6,740	5,655	4,166	3,986
$ .48	$ .48	$ .48	$ .46	$ .42	$ .38	$ .37
14,521	14,515	14,739	14,735	13,371	10,929	10,906
$ 471,879	$ 397,536	$ 399,343	$ 392,386	$ 325,762	$ 307,175	$ 301,724
156,822	160,059	166,687	172,536	165,902	154,475	143,293
2.2:1	2.5:1	2.6:1	2.8:1	3.2:1	3.3:1	2.9:1
139,333	91,028	107,201	110,866	77,777	138,339	131,253
189,703	185,863	180,422	178,605	163,863	94,463	90,560
$ 13.09	$ 12.86	$ 12.39	$ 12.10	$ 11.14	$ 8.71	$ 8.35
14,498	14,450	14,561	14,760	14,713	10,851	10,843

<FN>

(4) INCLUDED IN LONG-TERM DEBT ARE CONVERTIBLE SUBORDINATED DEBENTURES IN THE AMOUNT OF $60,000,000 IN 1987 AND 1986, AND OBLIGATIONS UNDER CAPITAL LEASES OF $944,000, $1,340,000, $1,744,000, $2,129,000, AND $2,791,000 FOR 1990, 1989, 1988, 1987 AND 1986, RESPECTIVELY.

(5) FOR 1993, THIS ITEM INCLUDES A ONE-TIME PRETAX RESTRUCTURING CHARGE OF $31 MILLION ($1.34 PER SHARE ON AN AFTER TAX BASIS.)

(6) FOR 1994, THIS ITEM INCLUDES THE WRITE-OFF OF DEFERRED FINANCE COSTS OF $2,447,000 ($1,444,000, NET OF INCOME TAX BENEFIT OF $1,003,000 OR $.10 PER SHARE,) FOR 1993, THE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING FOR INCOME TAXES FOR $732,000 OR $.05 PER SHARE AND, FOR 1992, A PROVISION FOR LITIGATION SETTLEMENT OF $4,350,000 ($2,610,000, NET OF INCOME TAX BENEFIT OF $1,740,000 OR $.18 PER SHARE).

(7) AMOUNTS RESTATED TO REFLECT SALE OF DISCONTINUED TONE BROTHERS, INC. SUBSIDIARY IN OCTOBER 1994.

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of the Company's results of operations and financial condition includes the accompanying consolidated financial statements and notes thereto and the following additional information.

RESULTS OF OPERATIONS For the fiscal year ended April 29, 1995, the Company's sales were $1.569 billion, an increase of $124.8 million or 8.64% over the prior year. This sales growth was attributable to the Company's sales and marketing strategies combined with new product lines, and was achieved despite the impact of severe weather in January and February 1995 throughout the West Coast region. For the fiscal year ended April 30, 1994, sales increased $31.3 million or 2.2%

from fiscal 1993. This increase resulted from the introduction of new product lines and new sales and marketing programs, and was achieved despite the adverse effects of the closure of several inefficient operations, the Los Angeles earthquake and severe winter weather in the Midwest and East.

The gross profit margin for fiscal 1995 declined to 20.9% from 21.9% in fiscal 1994 primarily due to new product lines, changes in customer mix, the implementation of new sales promotion programs and cost increases in certain product categories. The gross profit margin for fiscal 1994 declined to 21.9% from 22.2% in fiscal 1993 as a result of the introduction of new product lines and new sales and marketing programs, as well as changes in customer mix.

Warehouse, selling, general and administrative expenses as a percentage of sales for fiscal 1995 decreased to 19.2% from 20.6% in fiscal 1994 and 21.8% in fiscal 1993, primarily resulting from increased vendor support programs and improved operating efficiencies. The decrease in operating expenses was also impacted by the effect of changes in actuarial assumptions affecting the determination of the Company's annual pension contribution and expense. These changes increased 1995 pre-tax earnings by $0.77 million. For fiscal 1994, warehouse, selling, general and administrative expenses decreased $11.3 million or 3.7% to $297.5 million from 1993, primarily because of the Company's progress in containing costs and improving operating efficiencies under its Project RESULTS program.

Net interest expense for fiscal 1995 decreased by $1.1 million from fiscal 1994, primarily due to increased capitalized interest and interest income. Net interest expense for fiscal 1994 decreased by $0.5 million over fiscal 1993 due to reduced borrowing levels and lower interest rates.

In fiscal 1993, the Company provided for a restructuring charge of $31.0 million for a business reorganization. This charge included provisions for facility closures, relocation of distribution centers into more efficient facilities, consolidation of the Company's two distribution divisions, workforce reductions and the implementation of new warehouse and transportation systems throughout the Company. Management believes that these changes, which were part of the Company's Project RESULTS program, improved the Company's operating performance in both fiscal 1994 and 1995. In addition, on an ongoing basis, management considers strategic actions that will allow it to enhance its core distribution and manufacturing businesses.

Effective May 2, 1992, the Company adopted SFAS 109 "Accounting for Income Taxes", which is more fully described in Note 1 to the accompanying financial statements. The effective income tax rate for fiscal 1995 was 40% as compared to the effective income tax rate of 40.5% in fiscal 1994, and the effective income tax benefit rate of 37% in fiscal 1993. The difference between the effective rates for 1994 and 1993 represents the impact of valuation allowances that were set up under SFAS 109 to properly reflect the expected future benefit from the deferred tax assets associated with the one-time restructuring charge. The cumulative positive effect of the change in the method of accounting for income taxes for fiscal 1993 was $0.7 million or $0.05 per share.

Income from continuing operations increased in fiscal 1995 by $5.3 million to $9.4 million from $4.1 million in fiscal 1994. The primary reasons for these improvements were increased sales, reduced operating expenses as a percentage of sales

and reduced interest expense as well as the operating results of Continental Foods, Inc. from the date of acquisition (see Note 2). Income from continuing operations rose to $4.1 million in fiscal 1994, from a loss of $24.2 million in fiscal 1993. This improvement resulted from the sales gains and operating expense reductions that were achieved in fiscal 1994 and also reflects the impact of the restructuring charge in the prior year.

On October 27, 1994, the Company sold its Tone Brothers, Inc. subsidiary. The Company received $96 million in cash in payment of the purchase price. As a result of the sale, the Company recognized a net gain of $23.4 million.

The extraordinary item reported in fiscal 1994 of $1.4 million, net of tax benefit, resulted from the write-off of deferred finance costs associated with early retirement of the Company's 8.60% Senior Notes and its outstanding senior indebtedness under a prior bank credit facility as more fully described in Note 3 to the accompanying consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES Cash provided from operations in fiscal 1995 was $12.0 million as compared to $21.5 million in fiscal 1994. This decrease was primarily due to increases in accounts receivable, inventories and prepaids, which were partially offset by increases in accounts payable and accrued liabilities and net income.

For fiscal 1995, cash flows used in investing activities decreased from the prior year by $2.0 million. The improvement resulted primarily from the proceeds of $96 million on the sale of Tone Brothers, Inc. which was offset by an increase of $35.4 million in capital expenditures, $24.8 million for the acquisition of Continental, and cash used in discontinued operations of $30.0 million. The increase in capital expenditures is mainly attributable to the construction of the new Los Angeles distribution center. Cash flows used in investing activities in fiscal 1994 decreased by $10.2 million to $11.7 million mainly due to the proceeds from sale and leaseback transaction of $6.8 million and a decrease of cash used in discontinued operations of $3.7 million.

Cash used in financing activities was $7.1 million for fiscal 1995 compared to $8.2 million for fiscal 1994 and $18.7 million for fiscal 1993. The decrease in fiscal 1995 primarily reflects the repayments of 8.60% Senior Notes in fiscal 1994 and 1993 as well as repayment of short-term borrowings in fiscal 1993. In November 1993, the Company issued $130 million in 8 7/8% Senior Subordinated Notes, and obtained a $100 million credit line and $15 million letter of credit facility, subsequently increased to $25 million, from its bank (the "New Credit Facility"). The proceeds from the issuance of 8 7/8% Notes, together with borrowings under the New Credit Facility, were used to retire $128.1 million principal amount of 8.60% Senior Notes and outstanding senior indebtedness under the prior bank credit facility. In fiscal 1993, the Company used cash from operations, together with borrowings of $15.0 million under its credit line, to make principal payments of $9.7 million on certain of its 8.60% Senior Notes and other long-term debt, to repay short-term borrowings of $20.0 million and to pay dividends of $3.8 million.

Working capital was $161.6 million with a current ratio of 2.0:1 at April 29, 1995 as compared to working capital of $154.6 million with a current ratio of 2.2:1 at April 30, 1994. On April 29, 1995, current assets were approximately 61% of the total assets of the Company.

The Company relocated its Los Angeles distribution branch to a new facility in early fiscal 1996. The cost of this new facility is estimated to be approximately $45.0 million.

As more fully discussed in Note 10 to the financial statements, the Company is subject to arbitration proceedings arising from the sale of a former subsidiary.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF OPERATIONS RYKOFF-SEXTON, INC.

Years Ended (DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)	April 29, 1995 (52 weeks)	April 30, 1994 (52 weeks) (Restated)	May 1, 1993 (52 weeks) (Restated)
<S>	<C>	<C>	<C>
Net Sales	$1,569,019	$1,444,226	$1,412,943
Cost of sales	1,241,291	1,127,865	1,099,120
Gross profit	327,728	316,361	313,823
Warehouse, selling, general and administrative expenses	301,235	297,489	308,774
Restructuring costs	--	--	31,000
Income (loss) from operations	26,493	18,872	(25,951)
Interest income	267	40	28
Interest expense, net	11,134	11,986	12,429
Income (loss) from continuing operations before provision (benefit) for income taxes, extraordinary item and change in accounting	15,626	6,926	(38,352)
Provision (benefit) for income taxes	6,250	2,805	(14,202)
Income (loss) from continuing operations before extraordinary item and change in accounting	9,376	4,121	(24,150)
Discontinued operations:			
Income from discontinued operations, net of income taxes of $95, $2,207 and $2,624	137	3,241	4,458
Gain on disposal of discontinued operations, net of income taxes of $15,687	23,359	--	--
Income (loss) before extraordinary item and change in accounting	32,872	7,362	(19,692)
Extraordinary item, net of income taxes	--	(1,444)	--
Cumulative effect of change in accounting			

for income taxes	--	--	732
Net income (loss)	$ 32,872	$ 5,918	$ (18,960)
Earnings per share			
Income (loss) from continuing operations before extraordinary item and change in accounting	$ .64	$ .28	$ (1.66)
Income from discontinued operations	.01	.22	.31
Gain on disposal of discontinued operations	1.59	--	--
Income (loss) before extraordinary item and change in accounting	2.24	.50	(1.35)
Extraordinary item	--	(.10)	--
Change in accounting for income taxes	--	--	.05
Net income (loss)	$ 2.24	$ .40	$ (1.30)

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

<TABLE>
<CAPTION>

CONSOLIDATED BALANCE SHEETS RYKOFF-SEXTON, INC.

(DOLLARS IN THOUSANDS)	April 29, 1995	April 30, 1994 (Restated)
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,959	$ 9,830
Accounts receivable, less reserves of $3,996 in 1995 and $3,701 in 1994	151,379	138,675
Inventories	138,122	119,554
Prepaid expenses	24,979	16,008
Total current assets	319,439	284,067
Net assets of discontinued operations	--	42,502
PROPERTY, PLANT AND EQUIPMENT, AT COST		
Land, buildings and improvements	149,395	108,526
Transportation equipment	35,602	43,804
Office, warehouse and manufacturing equipment	128,509	112,813
	313,506	265,143
Less: accumulated depreciation and amortization	137,397	129,916
	176,109	135,227
OTHER ASSETS, NET	28,520	8,222
	$ 524,068	$ 470,018
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 97,623	$ 82,540
Accrued payroll	11,357	10,470
Accrued insurance expenses and other	17,592	17,455
Accrued liabilities	31,062	18,662
Current portion of long-term debt	189	299
Total current liabilities	157,823	129,426
NON-CURRENT LIABILITIES		
Long-term debt, less current portion	146,536	151,227
Deferred income taxes	11,073	6,324
Other long-term liabilities	2,096	9,734
SHAREHOLDERS' EQUITY		
Preferred stock, $.10 par value -- Authorized -- 10,000,000 shares; Outstanding -- none	--	--

Common stock, $.10 par value Authorized -- 40,000,000 shares; Outstanding -- 14,597,599 shares in 1995 and 14,546,825 shares in 1994	1,498	1,194
Additional paid-in capital	92,507	92,008
Retained earnings	117,161	84,726
	211,166	177,928
Less: treasury stock, at cost	4,626	4,621
	206,540	173,307
	$ 524,068	$ 470,018

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE BALANCE SHEETS.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF CASH FLOWS RYKOFF-SEXTON, INC.

Years Ended (DOLLARS IN THOUSANDS)	April 29, 1995 (52 weeks)	April 30, 1994 (52 weeks) (Restated)	May 1, 1993 (52 weeks) (Restated)
<S>	<C>	<C>	<C>
Cash flows from operating activities --			
Net income (loss)	$ 32,872	$ 5,918	$ (18,960)
Adjustments to reconcile net income to net cash provided by operating activities --			
Extraordinary item	--	1,444	--
Cumulative effect of change in accounting for income taxes	--	--	(732)
Net income from discontinued operations	(137)	(3,241)	(4,458)
Noncash restructuring costs	--	--	18,250
Depreciation and amortization	16,863	19,428	19,433
Gain on disposal of discontinued operations	(23,359)	--	--
Gain on sale of property, plant and equipment	(597)	--	--
Increase (decrease) in deferred income taxes	(2,823)	552	(6,350)
Other	(475)	--	--
Changes in assets and liabilities, net of working capital acquired --			
(Increase) decrease in accounts receivable	(4,717)	(11,959)	10,371
(Increase) decrease in inventories	(13,245)	(7,079)	15,495
(Increase) decrease in prepaid expenses	(1,287)	406	(5,911)
Increase in accounts payable and accrued liabilities	8,921	15,996	6,792
Net cash provided by operating activities	12,016	21,465	33,930
Cash flows used in investing activities --			
Capital expenditures	(53,891)	(18,483)	(18,219)
Proceeds from sale and leaseback transactions	2,955	6,786	--
Net cash used in discontinued operations	(30,002)	(29)	(3,711)
Proceeds from sale of assets of discontinued operations	96,000	--	--
Cost of acquisition	(24,836)	--	--
Net cash used in investing activities	(9,774)	(11,726)	(21,930)
Cash flows from financing activities --			
Increase (decrease) under credit line	(7,000)	6,000	15,000
Principal payments of long-term debt	(226)	(282)	(320)
Issuance of 8 7/8% Senior Subordinated Notes	--	128,943	--
Repayment of 8.60% Senior Notes	--	(137,500)	(9,375)
Repayment of short-term borrowings	--	--	(20,000)
Payment of finance costs	(249)	(6,000)	--
Issuance of common stock	804	685	17
Dividends paid	(437)	--	(3,771)
Purchase of treasury stock	(5)	--	(285)
Net cash used in financing activities	(7,113)	(8,154)	(18,734)
Net increase (decrease) in cash and cash equivalents	(4,871)	1,585	(6,734)
Cash and cash equivalents at beginning of year	9,830	8,245	14,979
Cash and cash equivalents at end of year	$ 4,959	$ 9,830	$ 8,245

Supplemental disclosures of cash flow information --			
Cash paid during the year for --			
Interest	$ 13,220	$ 8,663	$ 13,434
Income taxes	26,830	1,852	1,626

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY RYKOFF-SEXTON, INC.

(DOLLARS IN THOUSANDS)	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings
<S>	<C>	<C>	<C>	<C>	<C>
Balance, May 2, 1992	11,597,960	$1,188	$91,583	$(4,607)	$101,539
Net loss	--	--	--	--	(18,960)
Cash dividends ($.325 per share)	--	--	--	--	(3,771)
Stock options exercised	3,585	1	16	--	--
Treasury stock purchased	(10,000)	--	(272)	(13)	--
Balance, May 1, 1993	11,591,545	1,189	91,327	(4,620)	78,808
Net income	--	--	--	--	5,918
Stock options exercised	46,315	5	681	--	--
Treasury stock purchased	(400)	--	--	(1)	--
Balance, April 30, 1994	11,637,460	1,194	92,008	(4,621)	84,726
Net income	--	--	--	--	32,872
Stock split	2,909,039	298	(305)	--	--
Cash dividend ($.03 per share)	--	--	--	--	(437)
Stock options exercised	58,037	6	804	--	--
Treasury stock purchased	(6,937)	--	--	(5)	--
Balance, April 29, 1995	14,597,599	$1,498	$92,507	$(4,626)	$117,161

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LINE OF BUSINESS The Company manufactures and distributes food and related non-food products to various establishments in the foodservice industry.

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of Rykoff-Sexton, Inc. and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

FISCAL YEAR The Company's fiscal year ends on the Saturday closest to April 30. All fiscal years presented contain 52 weeks.

EARNINGS PER SHARE Earnings per share of common stock have been computed based on the weighted average number of shares of common stock outstanding and dilutive common share equivalents. The shares used in such calculations were 14,729,606 in 1995, 14,601,185 in 1994 and 14,507,188 in 1993.

STOCK SPLIT In December 1994, the Board of Directors declared a 5-for-4 stock split payable January 24, 1995, to shareholders of record on December 21, 1994. Earnings per share, weighted average shares outstanding, and stock option information included in the accompanying financial statements and related notes have been adjusted to reflect this stock split.

INVENTORIES Inventories are priced at the lower of cost (first-in, first-out) or market, and include the cost of purchased merchandise and, for manufactured goods, the cost of material, labor and factory overhead.

Inventories are summarized as follows:

(DOLLARS IN THOUSANDS)	April 29, 1995	April 30, 1994 (Restated)
Finished goods	$132,109	$113,750
Raw materials	6,013	5,804
	$138,122	$119,554

DEPRECIATION, AMORTIZATION, RETIREMENT AND MAINTENANCE POLICIES Depreciation is provided using the straight-line method, based upon the following estimated useful lives:

Buildings and improvements	15 to 40 years
Leasehold improvements	Life of lease
Transportation equipment	3 to 8 years
Office, warehouse and manufacturing equipment	3 to 15 years
Software development costs	5 years

Cost of normal maintenance and repairs are charged to expense when incurred. Replacements or betterments of properties are capitalized. When assets are retired or otherwise disposed of, their cost and the applicable accumulated depreciation and amortization are removed from the accounts, and the resulting gain or loss is reflected in income.

OTHER ASSETS Other assets are amortized on the straight-line or effective interest method over the following periods:

Excess of cost over assets acquired	40 years
Noncompetition and consulting agreements	Term of agreement
Leasehold interests	Life of lease
Deferred finance costs	Life of debt

Accumulated amortization of other assets was $7,042,000 and $7,287,000 as of April 29, 1995 and April 30, 1994, respectively.

INCOME TAXES The Company changed its method of accounting for income taxes from the deferred method to the liability method required by "Statement of Financial Accounting Standards No. 109 (SFAS 109), Accounting for Income Taxes", effective May 3, 1992. Under SFAS 109, a deferred tax

liability or asset is recognized for the estimated future tax effects attributable to temporary differences and carryforwards. The measurement of deferred income tax assets is adjusted by a valuation reserve, if necessary, so that the net tax benefits are recognized only to the extent that they will be realized.

The cumulative effect of adopting SFAS 109 as of May 3, 1992 was to increase net income by $732,000 and has been recorded in the accompanying consolidated statement of operations.

Deferred income taxes result from temporary differences in the recognition of revenue and expense items for tax and financial statement purposes.

STATEMENT OF CASH FLOWS The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

DEFERRED GAIN ON LEASE TRANSACTIONS The difference between the proceeds received and the net book value of assets sold is amortized over the term of the lease.

CAPITALIZED INTEREST The Company capitalizes interest costs as part of the cost of major asset construction projects. Capitalized interest related to continuing operations was $2,667,000 in 1995 and $66,000 in 1994. There was no capitalized interest in 1993.

NOTE 2 ACQUISITION

On February 21, 1995, the Company acquired substantially all of the assets of Continental Foods, Inc., (Continental), a privately owned Maryland corporation. Continental is a regional, institutional foodservice distributor.

For financial statement purposes the acquisition was accounted for as a purchase and, accordingly, Continental's results are included in the consolidated financial statements since the date of acquisition. The aggregate purchase price was approximately $27,000,000, which includes costs of acquisition. The aggregate purchase price, which was financed through available cash resources and issuance of a promissory note, has been allocated to the assets of the company, based upon their respective fair market values. The financial statements reflect the preliminary allocation of purchase price as the purchase price allocation has not been finalized. The excess of the purchase price over assets acquired approximated $21,200,000 and is being amortized over forty years.

In connection with the acquisition, liabilities were assumed as follows:

<TABLE>
<CAPTION>
(DOLLARS IN THOUSANDS)

Fair value of assets acquired	$ 39,647
Unsecured note issued at acquisition date	(2,425)
Cash paid	(24,836)
Liabilities assumed	$ 12,386

</TABLE>

The following unaudited pro forma consolidated results of operations have been prepared as if the acquisition of Continental had occurred at the beginning of fiscal 1995 and 1994:

<TABLE>
<CAPTION>

PRO FORMA YEARS ENDED (DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)	April 29, 1995	April 30, 1994
Net sales	$1,647,850	$1,535,244
Net income from continuing operations	10,456	4,645
Net income per share from continuing operations	$ .71	$ .32

</TABLE>

The pro forma consolidated results do not purport to be indicative of results that would have occurred had the acquisition been in effect for the periods presented, nor do they purport to be indicative of the results that will be obtained in the future.

NOTE 3 EXTRAORDINARY ITEM

In November 1993, the Company refinanced its long-term debt through the issuance of $130 million of 8 7/8% Senior Subordinated Notes. The proceeds, together with borrowings under its new bank credit line, were used to retire $128.1 million principal amount of 8.60% Senior Notes and outstanding senior indebtedness under the prior bank credit facility. See Note 5 for further details. The early retirement of the 8.60% Senior Notes and the outstanding senior indebtedness under the prior bank credit facility resulted in an extraordinary item of $1.4 million, net of tax benefit of $1.0 million, associated with the write-off of deferred finance costs.

NOTE 4 RESTRUCTURING COSTS

During 1993, the Company recorded a restructuring charge of $31,000,000, or, on an after tax basis, of $19,530,000 or $1.34 per share. This charge was established to provide for a business reorganization which included facility closures, relocation and consolidation of distribution centers into more efficient facilities including severance costs, elimination of redundancies between the Company's two principal operating divisions, workforce reductions and write down of facilities to their estimated net realizable value.

In fiscal 1995, the Company aggressively continued its plan to close and consolidate its underperforming distribution centers and sublease space in these centers with excess capacity. Additionally, severance and relocation costs were paid in connection with the consolidation, relocation and downsizing of several distribution centers.

As of April 30, 1994, the Company had a restructuring reserve of $14,936,000, of which $7,936,000 was classified as currently payable. As of April 29, 1995 the Company had a restructuring reserve of $9,777,000 for actions that are currently under way and expected to be completed in fiscal 1996. This reserve is primarily for cash items. The remaining restructuring reserve includes provisions for closures and disposition of facilities, including relocation and severance costs and carrying costs associated with idle or excess capacity at certain distribution centers.

The following table summarizes the activity in the restructuring reserve from April 30, 1994 to April 29, 1995:

(DOLLARS IN THOUSANDS)	Balance April 30, 1994	Utilization	Balance April 29, 1995
Costs associated with various branch and sales office closures, including relocation, severance and termination payments for leases	$ 8,054	$3,530	$4,524
Relocation costs associated with the Los Angeles branch	2,435	--	2,435
Provision to reduce the value of the existing Los Angeles facility and other closed distribution facilities to their net estimated realizable value	2,835	1,136	1,699
Other provisions and write-downs	1,612	493	1,119
	$14,936	$5,159	$9,777

NOTE 5 LONG-TERM DEBT AND BORROWING ARRANGEMENTS

The long-term debt of the Company as of April 29, 1995 and April 30, 1994 is summarized as follows:

(DOLLARS IN THOUSANDS)	1995	1994
8 7/8% Senior Subordinated Notes due in 2003, net of unamortized discount of $954 in 1995 and $1,024 in 1994	$129,046	$128,976
Bank credit agreement	14,000	21,000
Note payable	2,425	--
Mortgage notes	1,103	1,189
Other	151	361
Total debt	146,725	151,526
Less-current portion	189	299
Long-term debt, less current portion	$146,536	$151,227

In November 1993, the Company issued $130 million of 8 7/8% Senior Subordinated Notes (the "8 7/8% Notes") due November 1, 2003 with interest payable semiannually commencing

May 1, 1994. The 8 7/8% Notes were sold at a discount for an aggregate price of $128.9 million. Provisions of the 8 7/8% Notes include, without limitation, restrictions of liens, indebtedness, asset sales, and dividends and other restricted payments. The 8 7/8% Notes are redeemable at the option of the Company, in whole or in part, at 104.44% of their principal amount beginning November 1998, and thereafter at prices declining annually to 100% on and after November 2001. In addition, upon the occurrence of an event that constitutes a Change of Control (as defined in the indenture for such notes), each holder of the 8 7/8% Notes may require the Company to repurchase all or a portion of such holder's 8 7/8% Notes at a purchase price equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of the repurchase. The 8 7/8% Notes are not subject to any sinking fund requirements.

Concurrently with the sale of the 8 7/8% Notes, the Company obtained a $100 million credit line expiring on August 31, 1996 and a $15 million letter of credit facility expiring on August 31, 1994 from its bank (the "New Credit Facility"). The letter of credit facility has since been increased to $25 million (expiring on August 31, 1996) of which approximately $7.1 million was available as of April 29, 1995. Under the New Credit Facility, the credit line is unsecured and bears interest based on the bank's reference rate, the interbank offshore rate, certificate of deposit rate or fixed rate at the option of the Company. The provisions of the New Credit Facility include restrictions on secured indebtedness, asset sales, acquisitions or mergers and dividends. Under the New Credit Facility, the Company is also required to meet certain financial tests which include those relating to the maintenance of a minimum net worth, minimum net tangible assets, a minimum fixed charge coverage ratio, a minimum tangible assets to funded debt ratio and a minimum current ratio (each as defined in the New Credit Facility). In addition to customary provisions relating to events of default, the New Credit Facility provides that an event of default will occur upon a Change of Control (as defined in the indenture for the 8 7/8% Notes).

The proceeds from the issuance of the 8 7/8% Notes, together with borrowings under the New Credit Facility, were used to retire $128.1 million principal amount of 8.60% Senior Notes and outstanding senior indebtedness under the prior bank credit facility.

As part of the aggregate purchase price of the acquisition more fully described in Note 2, the Company issued an unsecured promissory note in the amount of $2,425,000. The promissory note accrues interest at a variable rate, requires quarterly interest payments and matures on February 21, 1997.

Scheduled aggregate annual payments of long-term debt are $189,000 for 1996, $16,472,000 for 1997, $47,000 for 1998, $52,000 for 1999, $57,000 for 2000 and $129,908,000 thereafter.

Based on the borrowing rates currently available to the Company for debt with similar terms and maturities, the fair value of long-term debt is $144,278,000 as of April 29, 1995.

NOTE 6 LEASE ARRANGEMENTS

The Company leases a substantial portion of its offices and warehouse facilities under long-term operating leases. Rental expense under operating leases for 1995, 1994 and 1993 was $23,714,000, $19,578,000 and $19,355,000, respectively. The approximate minimum future rentals are payable as follows:

<TABLE>
<CAPTION>

FISCAL YEAR	(DOLLARS IN THOUSANDS)
1996	$ 21,815
1997	19,744
1998	16,760
1999	12,440
2000	10,853
Thereafter	37,050
Total minimum lease payments	$118,662

</TABLE>

NOTE 7 INCOME TAXES

Effective May 3, 1992, the Company adopted "Statement of Financial Accounting Standards No. 109". Refer to Note 1, Accounting Policies, for a discussion of the effect of adopting this statement. In 1993, a restructuring charge was recorded, which, for tax purposes, will become deductible when paid. A valuation allowance of $544,000 was recorded to offset the related deferred tax asset.

Significant components of the Company's deferred tax assets and liabilities are as follows:

<TABLE>
<CAPTION>

(DOLLARS IN THOUSANDS)	April 29, 1995	April 30, 1994 (Restated)

<S>	<C>	<C>
Deferred tax assets:		
Restructuring charges	$ 7,434	$ 8,980
Accrued expenses	3,366	--
Self-insurance reserves	3,373	2,792
Allowance for bad debts	1,532	1,422
Accrued vacation pay	1,248	1,254
Food bank contributions	--	1,216
Other	3,080	1,073
Valuation allowance	(544)	(657)
Total deferred tax assets	19,489	16,080
Deferred tax liabilities:		
Accelerated depreciation	(11,875)	(10,271)
Other	--	(1,018)
Total deferred tax liabilities	(11,875)	(11,289)
Net deferred tax asset	$ 7,614	$ 4,791

</TABLE>

In fiscal 1995, the net deferred tax asset is comprised of $18,687,000 in prepaids and deferred income taxes of $11,073,000. In fiscal 1994, the net deferred tax asset is comprised of $11,115,000 in prepaids and deferred income taxes of $6,324,000.

The provision (benefit) for income notes before extraordinary item and accounting change consists of the following:

<TABLE>
<CAPTION>

(DOLLARS IN THOUSANDS)	1993	1994 (Restated)	1993 (Restated)
<S>	<C>	<C>	<C>
Current tax expense (benefit) --			
Federal	$3,851	$ 1,595	$ (3,982)
State	1,395	638	291
	5,246	2,233	(3,691)
Deferred tax expense (benefit) --			
Restructuring charges	1,546	3,002	(10,616)
Accelerated depreciation	(259)	(79)	410
Fringe benefits	(334)	(1,107)	(216)
Valuation allowance	113	204	(861)
Other, net	(62)	(1,448)	772
	$6,250	$ 2,805	$(14,202)

</TABLE>

The difference between the Federal income tax rate of 35% and the actual effective tax rate of 40.0% for fiscal 1995, 40.5% for fiscal year 1994 and 37.0% for fiscal year 1993 is due to state taxes, net of the Federal tax benefit, and the effect of the valuation allowance discussed above.

NOTE 8 STOCK OPTION PLANS

The 1988 Stock Option and Compensation Plan (the "1988 Plan") authorizes the issuance of up to 1,406,250 shares of common stock. The 1988 Plan authorizes the issuance of various stock incentives to officers and employees, including options, stock appreciation rights, stock awards, restricted stock, performance shares and cash awards. Stock options allow for the purchase of common stock at prices determined by the Stock Option Committee except for incentive stock options, which must be granted at prices not less than the fair market value at the date of grant. These options expire 10 years from the date of grant and are exercisable as defined by the Stock Option Committee.

Stock appreciation rights (SARs), which may be issued in conjunction with the grant of options, permit the optionee to receive shares of stock, cash or a combination of shares and cash measured by the difference between the option price and the market value of the stock on the date of exercise. Upon exercise of an SAR, the option is canceled. As of April 30, 1995, there were 27,739 SARs outstanding.

Restricted stock grants for 6,250 shares, 53,094 shares and 7,500 shares, in 1995, 1994 and 1993, respectively, were issued under the 1988 Plan. All of these shares vest ratably over a four-year period from their respective grant dates, except that with respect to the fiscal 1994 restricted stock grants, 38,303 shares will vest in full four years from their respective grant dates. Deferred compensation equivalent to the difference between the market value at date of grant and the option price was charged to additional paid-in-capital and is being amortized to compensation expense over the vesting period. The amounts amortized in fiscal 1995, 1994 and 1993 were $251,000, $286,000 and $371,000, respectively.

In fiscal 1994, the Stock Option Committee awarded converging stock options of 75,000 to certain key members of management under the 1988 Plan at a purchase price of $28 per share. At April 30, 1994, 325,000 options were outstanding. In fiscal year 1995, these options were canceled and new non-qualified stock options were granted to purchase 302,504 shares at a fair market value of $15.40 at the date of regrant. These options have accelerated vesting rights based upon the number of years the canceled converging options had been outstanding.

In addition to the 1988 Plan, the Company's 1980 Stock Option Plan (the "1980 Plan") authorized awards of stock options and stock appreciation rights; options expire 10 years from the date of grant and no further grants may be made under the 1980 Plan. The Company also maintains the 1993 Director Stock Option Plan (the "1993 Director Plan") and the 1989 Director Stock Option Plan (the "1989 Director Plan") which authorizes the issuance of up to 125,000 and 62,500 shares of common stock, respectively. Under the 1993 Director Plan, each director who is not a full-time officer or employee of the Company will receive annually a non-qualified option to purchase 1,250 shares of common stock. Under the 1989 Director Plan, each director who is not a full-time officer or employee of the Company is eligible to receive a non-qualified stock option in lieu of a portion of such director's compensation for each plan year. Options under both plans expire 10 years from the date of grant.

During fiscal years 1995, 1994 and 1993, the price range of options and grants exercised was $.80 to $16.70 per share and the price of restricted shares purchased was $.80 per share. As of April 29, 1995, the exercise price of options and grants outstanding under all the Company's stock option plans ranged from $.80 to $24.00. Changes in the number of shares under all such stock option plans are summarized as follows:

	1995	1994	1993
Outstanding at beginning of year	1,281,237	1,112,259	659,219
Granted	333,125	345,560	754,225
Exercised	(50,537)	(57,894)	(4,481)
Canceled and SARs exercised	(426,328)	(118,688)	(296,704)
Outstanding at year end	1,137,497	1,281,237	1,112,259
Exercisable at end of year	649,759	509,626	361,139
Available for grant at end of year	347,806	319,504	504,345

NOTE 9 PENSION AND PROFIT SHARING PLANS

The Company maintains non-contributory pension plans for its salaried, commissioned and certain of its hourly employees. Under the plans, the Company is required to make annual contributions that are determined by the plans' consulting actuary, using participant data that is supplied by the Company. It is the Company's policy to fund pension costs currently. Pension benefits are based on length of service and either a percentage of final average annual compensation or a dollar amount for each year of service.

Net pension expense for fiscal year 1995, 1994 and 1993 are included in the following components:

(DOLLARS IN THOUSANDS)	1995	1994 (Restated)	1993 (Restated)
Service cost -- benefits earned during the period	$ 3,339	$ 3,965	$ 3,782
Interest cost on projected benefit			

obligation	4,037	4,040	3,658
Actual return on plan assets	(4,886)	(4,626)	(5,463)
Net amortization and deferral	(71)	206	1,841
Net pension expense	$ 2,419	$ 3,585	$ 3,818

</TABLE>

The following table reconciles the pension plans' funded status to accrued expense as of April 29, 1995 and April 30, 1994.

<TABLE>
<CAPTION>

(DOLLARS IN THOUSANDS)	1995	1994 (Restated)
<S>	<C>	<C>
Market value of plan assets in equities and bonds	$51,318	$46,908
Actuarial present value of accumulated benefits:		
Vested	35,612	34,027
Non-vested	2,171	2,318
Additional benefits based on estimated future salary levels	8,854	11,179
Projected benefit obligation	46,637	47,524
Plan assets more (less) than projected benefit obligation	4,681	(616)
Unrecognized net obligation to be amortized over 10 years	1,788	1,757
Unrecognized net (gain) loss	(8,298)	(2,724)
Accrued pension liability	$(1,829)	$(1,583)

</TABLE>

In fiscal year 1995, the Company changed certain of the assumptions affecting the determination of its annual pension contribution and expense. The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations were 8.25 percent and 5 percent, respectively. The expected long-term rate of return on assets was 9.5 percent. Changes in the actuarial assumptions increased 1995 pre-tax earnings by $767,000.

For collectively bargained, multi-employer pension plans, contributions are made in accordance with negotiated labor contracts and generally are based on the number of hours worked. With the passage of the Multi-Employer Pension Plan Amendments Act of 1980 (the "Act"), the Company may, under certain circumstances, become subject to liabilities in excess of contributions made under collective bargaining agreements. Generally, these liabilities are contingent upon the termination, withdrawal, or partial withdrawal from the plans. The Company has not taken any action to terminate, withdraw or partially withdraw from these plans which would result in any material liability. Under the Act, liabilities would be based upon the Company's proportional share of each plan's unfunded vested benefits which have been estimated by the trustees of the funds to be approximately $5,107,000. The amount of accumulated benefits and net assets of such plans is not currently available to the Company. Total contributions charged to expense under all pension plans were $5,786,000, $5,325,000, and $5,583,000 for fiscal years 1995, 1994 and 1993, respectively.

The Company maintains an employees' savings and profit sharing plan under Section 401(k) of the Internal Revenue Code for employees meeting certain age and service requirements (the "Plan"). In fiscal 1994, the Plan was amended to provide for a matching contribution by the Company. The Company's contribution is determined based on established performance objectives and is made in common stock in an amount equal to twenty-five percent (25%) of the first four percent (4%) of the participant's deferral contributions made during the Plan year. A matching contribution was provided for by the Company in fiscal 1995.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Company has change in control agreements with various officers which provide, among other things, that if, within two years after a change in control (as defined), the Company terminates the employment of the officer, other than for disability or cause, or if the officer elects to terminate his employment for good reason (as defined), the officer will receive 2.99 times the sum of the officer's base salary plus the amount that would otherwise be earned under any executive compensation plan.

In October 1994, the Company sold all of the stock of Tone Brothers, Inc. (Tone) to Burns Philp, Inc. (Burns Philp). The sale agreement provides for arbitration in the case of a dispute and Burns Philp has filed a notice of arbitration in which it claims contract and fraud damages in excess of $57 million in connection with the purchase of Tone. In management's opinion, based on consultation with legal counsel, the sale agreement should limit any claims for breach of representations under the sale agreement to a maximum of $25 million.

The Company believes that it has substantial legal and factual defenses to the claims and intends to defend itself vigorously in the matter. A tentative arbitration date of February 5, 1996 has been established and investigation by counsel is currently in progress. The outcome of this matter is currently uncertain; however, in management's opinion, based on consultation with legal counsel, the resolution of this matter will not have a material effect on the Company's consolidated financial position or its results of operations.

The Company or its subsidiary are defendants in a number of cases currently in litigation or potential claims encountered in the normal course of business which are being vigorously defended. In the opinion of management, the resolution of these matters will not have a material effect on the Company's financial position or results of operations.

NOTE 11 PREFERRED STOCK PURCHASE RIGHTS

At April 29, 1995, there were outstanding 14,597,599 rights to purchase Series A Junior Participating Preferred Stock. The rights were issued as a dividend on December 18, 1986 and as a result of the 5-for-4 stock splits paid in January 1989 and January 1995, each outstanding share of common stock is entitled to 0.64 rights. Each right entitles the holder to purchase from the Company a unit (one two-hundredth of a share) of Series A Junior Participating Preferred Stock, $.10 par value, at $100 per unit subject to adjustment. The rights are not exercisable or transferable apart from the common stock until 10 days after a person or group has acquired 25 percent or more, or makes a tender offer for 30 percent or more, of the Company's common stock. Each right will entitle the holder, under certain circumstances (a merger, acquisition of 25 percent or more of common stock of the Company by an acquiring person, self-dealing transactions by an acquiring person, or sale of 50 percent or more of the Company's assets or earning power), to acquire, at half the value, either common stock of the Company, a combination of cash, other property, common stock or other securities of the Company, or common stock of the acquiring person. Any such event would also result in any rights owned beneficially by the acquiring person or its affiliates becoming null and void. The rights expire December 18, 1996 and are redeemable prior to the time an acquiring person acquires 25 percent or more of the Company's common stock at one cent per right. At April 29, 1995, 50,000 shares of Series A Junior Participating Preferred Stock were authorized but unissued and were reserved for issuance upon exercise of the rights.

NOTE 12 QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited results of operations by quarter for each of the two years in the period ended April 29, 1995 are summarized below:

<TABLE>
<CAPTION>

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)	First (Restated)	Second	Third	Fourth
<S>	<C>	<C>	<C>	<C>
1995				
Net sales	$380,378	$392,748	$379,601	$416,292
Cost of sales	298,912	308,702	300,685	332,992
Income from continuing operations	2,123	3,987	896	2,370
Income (loss) from discontinued operations	(173)	310	--	--
Gain on disposal of discontinued operations	--	23,359	--	--
Net income	1,950	27,656	896	2,370
Earnings per share from continuing operations	$ .15	$ .27	$ .06	$ .16
Earnings (loss) per share from discontinued operations	(.01)	.02	--	--
Earnings per share from gain on disposal of discontinued operations	--	1.59	--	--
Earnings per share	.14	1.88	.06	.16

</TABLE>

<TABLE>
<CAPTION>

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)	First (Restated)	Second (Restated)	Third (Restated)	Fourth (Restated)
1994				
Net sales	$348,434	$367,731	$352,892	$375,169
Cost of sales	268,974	284,817	276,310	297,764
Income (loss) from continuing operations	711	2,283	(383)	1,510
Income from discontinued operations	426	1,502	744	569
Extraordinary item	--	(1,444)	--	--
Net income	1,137	2,341	361	2,079
Earnings (loss) per share from continuing operations	$ .04	$ .16	$ (.02)	$ .10
Earnings per share from discontinued operations	$ .04	$ .10	$ .04	$ .04
Loss per share from extraordinary item	--	(.10)	--	--
Earnings per share	.08	.16	.02	.14

</TABLE>

NOTE 13 RESTATEMENT

As disclosed in Note 10, the Company disposed of its Tone Brothers, Inc. (Tone) subsidiary in October 1994. The accompanying prior year financial statements have been restated to exclude Tone's net assets and operating results from the Company's continuing operations.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF RYKOFF-SEXTON, INC.:

We have audited the accompanying consolidated balance sheets of Rykoff-Sexton, Inc. (a Delaware corporation) and its subsidiaries as of April 29, 1995 and April 30, 1994, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three fiscal years in the period ending April 29, 1995. 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, the financial statements referred to above present fairly, in all material respects, the financial position of Rykoff-Sexton, Inc. and its subsidiaries as of April 29, 1995 and April 30, 1994, and the results of their operations and their cash flows for each of the three fiscal years in the period ended April 29, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for income taxes in 1993.

/s/ Arthur Andersen LLP

Los Angeles, California
June 9, 1995

EXHIBIT 21

Subsidiaries of Rykoff-Sexton, Inc.

1. John Sexton & Co.

2. RSI, Inc.

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of RYKOFF-SEXTON, INC., a Delaware corporation (the "Company"), hereby constitutes and appoints MARK VAN STEKELENBURG, RICHARD J. MARTIN and VICTOR CHAVEZ (with full power to each of them to act alone) his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file the Annual Report of the Company on Form 10-K for the year ended April 29, 1995 to be filed pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, including any amendment or amendments, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and everything requisite and necessary to be done in and about the premises in order to execute the same as fully to all intents and purposes as he, himself, might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or each of them, may be lawfully do or could cause to be done by virtue hereof.

IN WITNESS HEREOF, the undersigned has caused this Power of Attorney to be executed this July 24, 1995.

By: /s/ R. Burt Gookin

R. Burt Gookin

Exhibit 24.2

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of RYKOFF-SEXTON, INC., a Delaware corporation (the "Company"), hereby constitutes and appoints MARK VAN STEKELENBURG, RICHARD J. MARTIN and VICTOR CHAVEZ (with full power to each of them to act alone) his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file the Annual Report of the Company on Form 10-K for the year ended April 29, 1995 to be filed pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, including any amendment or amendments, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and everything requisite and necessary to be done in and about the premises in order to execute the same as fully to all intents and purposes as he, himself, might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or each of them, may be lawfully do or could cause to be done by virtue hereof.

IN WITNESS HEREOF, the undersigned has caused this Power of Attorney to be executed this July 24, 1995.

By: /s/ James I. Maslon

James I. Maslon

Exhibit 24.3

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of RYKOFF-SEXTON, INC., a Delaware corporation (the "Company"), hereby constitutes and appoints MARK VAN STEKELENBURG, RICHARD J. MARTIN and VICTOR CHAVEZ (with full power to each of them to act alone) his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file the Annual Report of the Company on Form 10-K for the year ended April 29, 1995 to be filed pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, including any amendment or amendments, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and everything requisite and necessary to be done in and about the premises in order to execute the same as fully to all intents and purposes as he, himself, might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or each of them, may be lawfully do or could cause to be done by virtue hereof.

IN WITNESS HEREOF, the undersigned has caused this Power of Attorney to be executed this July 24, 1995.

By: /s/ James P. Miscoll

James P. Miscoll

Exhibit 24.4

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of RYKOFF-SEXTON, INC., a Delaware corporation (the "Company"), hereby constitutes and appoints MARK VAN STEKELENBURG, RICHARD J. MARTIN and VICTOR CHAVEZ (with full power to each of them to act alone) his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file the Annual Report of the Company on Form 10-K for the year ended April 29, 1995 to be filed pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, including any amendment or amendments, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and everything requisite and necessary to be done in and about the premises in order to execute the same as fully to all intents and purposes as he, himself, might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or each of them, may be lawfully do or could cause to be done by virtue hereof.

IN WITNESS HEREOF, the undersigned has caused this Power of Attorney to be executed this July 21, 1995.

By: /s/ Neil I. Sell

Neil I. Sell

Exhibit 24.5

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of RYKOFF-SEXTON, INC., a Delaware corporation (the "Company"), hereby constitutes and appoints MARK VAN STEKELENBURG, RICHARD J. MARTIN and VICTOR CHAVEZ (with full power to each of them to act alone) his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file the Annual Report of the Company on Form 10-K for the year ended April 29, 1995 to be filed pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, including any amendment or amendments, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and everything requisite and necessary to be done in and about the premises in order to execute the same as fully to all intents and purposes as he, himself, might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or each of them, may be lawfully do or could cause to be done by virtue hereof.

IN WITNESS HEREOF, the undersigned has caused this Power of Attorney to be executed this July 21, 1995.

By: /s/ Bernard Sweet

Bernard Sweet

Exhibit 24.6

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of RYKOFF-SEXTON, INC., a Delaware corporation (the "Company"), hereby constitutes and appoints MARK VAN STEKELENBURG, RICHARD J. MARTIN and VICTOR CHAVEZ (with full power to each of them to act alone) his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file the Annual Report of the Company on Form 10-K for the year ended April 29, 1995 to be filed pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, including any amendment or amendments, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and everything requisite and necessary to be done in and about the premises in order to execute the same as fully to all intents and purposes as he, himself, might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or each of them, may be lawfully do or could cause to be done by virtue hereof.

IN WITNESS HEREOF, the undersigned has caused this Power of Attorney to be executed this July 23, 1995.

By: /s/ Robert G. Zeller

Robert G. Zeller

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