
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2018

OR

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

Commission File No. 001-37786



US FOODS HOLDING CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-0347906
(I.R.S. Employer
Identification Number)

**9399 W. Higgins Road, Suite 500
Rosemont, IL 60018
(847) 720-8000**

(Address, including Zip Code, and telephone number, including area code, of registrant's principal executive offices)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

215,984,891 shares of common stock were outstanding as of April 27, 2018.

Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains “forward-looking statements” within the meaning of the federal securities laws. Forward-looking statements include information concerning our liquidity and our possible or assumed future results of operations, including descriptions of our business strategies. These statements often include words such as “believe,” “expect,” “project,” “anticipate,” “intend,” “plan,” “outlook,” “estimate,” “target,” “seek,” “will,” “may,” “would,” “should,” “could,” “forecasts,” “mission,” “strive,” “more,” “goal,” or similar expressions. The statements are based on assumptions that we have made, based on our experience in the industry, as well as historical trends, current conditions, and expected future developments. However, you should understand that these statements are not guarantees of performance or results, and there are a number of risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed in the forward-looking statements, including, among others:

- cost inflation/deflation and commodity volatility;
- competition;
- reliance on third-party suppliers;
- interruption of product supply or increases in product costs;
- our substantial indebtedness and restrictions placed upon us under our debt agreements;
- potential interest rate increases;
- customer retention and changes in our relationships with group purchasing organizations;
- our ability to achieve increased sales to independent restaurants;
- successful consummation and integration of acquisitions;
- realization of the expected benefits from our cost savings initiatives;
- fuel shortages or volatility in fuel costs;
- industry and general economic factors affecting consumer confidence and buying and eating habits;
- product liability claims;
- our reputation in the industry;
- labor relations and continued access to qualified labor;
- pricing and cost structures;
- environmental, occupational health and safety, and food safety compliance;
- government laws and regulations and potential changes in existing laws or regulations;
- technology disruptions and our ability to implement new technologies;
- cybersecurity incidents;
- management of retirement benefits and pension liabilities;
- business disruptions caused by extreme weather conditions;
- litigation risk;
- adequate protection of our brand/trade names; and
- risks associated with intellectual property including potential infringement.

For a detailed discussion of these risks and uncertainties, see Part I, Item 1A— “Risk Factors,” in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017 (the “2017 Annual Report”), as filed with the Securities and Exchange Commission (“SEC”).

In light of these risks, uncertainties and other factors, the forward-looking statements in this Quarterly Report might not prove to be accurate, and you should not place undue reliance on them. All forward-looking statements attributable to us, or people acting on our behalf, are expressly qualified in their entirety by the cautionary statements above. All forward-looking statements speak only as of the date made, and we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

Comparisons of results between current and prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

TABLE OF CONTENTS

	Page No.
<u>Part I. Financial Information</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Consolidated Balance Sheets as of March 31, 2018 and December 30, 2017</u>	1
<u>Consolidated Statements of Comprehensive Income for the 13-weeks ended March 31, 2018 and April 1, 2017</u>	2
<u>Consolidated Statements of Cash Flows for the 13-weeks ended March 31, 2018 and April 1, 2017</u>	3
<u>Notes to Consolidated Financial Statements</u>	4
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	25
Item 4. <u>Controls and Procedures</u>	25
<u>Part II. Other Information</u>	
Item 1. <u>Legal Proceedings</u>	26
Item 1A. <u>Risk Factors</u>	26
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	26
Item 3. <u>Defaults Upon Senior Securities</u>	26
Item 4. <u>Mine Safety Disclosures</u>	26
Item 5. <u>Other Information</u>	26
Item 6. <u>Exhibits</u>	27
<u>Signatures</u>	28

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

US FOODS HOLDING CORP. CONSOLIDATED BALANCE SHEETS (In thousands, except par value)

	March 31, 2018 (Unaudited)	December 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 85,286	\$ 118,849
Accounts receivable, less allowances of \$25,889 and \$25,971	1,370,804	1,301,631
Vendor receivables, less allowances of \$3,490 and \$2,934	154,490	97,198
Inventories—net	1,207,080	1,207,830
Prepaid expenses	90,229	80,255
Assets held for sale	5,178	5,178
Other current assets	18,045	8,440
Total current assets	2,931,112	2,819,381
PROPERTY AND EQUIPMENT—Net	1,827,588	1,801,215
GOODWILL	3,967,322	3,966,565
OTHER INTANGIBLES—Net	353,751	363,618
DEFERRED TAX ASSETS	19,709	21,505
OTHER ASSETS	74,292	64,874
TOTAL ASSETS	\$ 9,173,774	\$ 9,037,158
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank checks outstanding	\$ 175,032	\$ 153,565
Accounts payable	1,542,624	1,289,349
Accrued expenses and other current liabilities	379,832	450,742
Current portion of long-term debt	120,737	109,226
Total current liabilities	2,218,225	2,002,882
LONG-TERM DEBT	3,509,757	3,648,055
DEFERRED TAX LIABILITIES	291,766	263,322
OTHER LONG-TERM LIABILITIES	308,139	371,536
Total liabilities	6,327,887	6,285,795
COMMITMENTS AND CONTINGENCIES (Note 18)		
SHAREHOLDERS' EQUITY:		
Common stock, \$0.01 par value—600,000 shares authorized; 215,942 and 214,963 issued and outstanding as of March 31, 2018 and December 30, 2017, respectively	2,159	2,150
Additional paid-in capital	2,739,009	2,721,454
Retained earnings	190,831	123,514
Accumulated other comprehensive loss	(86,112)	(95,755)
Total shareholders' equity	2,845,887	2,751,363
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 9,173,774	\$ 9,037,158

See Notes to Consolidated Financial Statements (Unaudited).

US FOODS HOLDING CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(In thousands, except share and per share data)

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
NET SALES	\$ 5,822,521	\$ 5,788,425
COST OF GOODS SOLD	4,830,594	4,797,117
Gross profit	991,927	991,308
OPERATING EXPENSES:		
Distribution, selling and administrative costs	887,881	913,591
Restructuring charges	1,552	1,873
Total operating expenses	889,433	915,464
OPERATING INCOME	102,494	75,844
OTHER INCOME—Net	(3,130)	(680)
INTEREST EXPENSE—Net	42,844	41,886
Income before income taxes	62,780	34,638
INCOME TAX (BENEFIT) PROVISION	(4,537)	7,822
NET INCOME	67,317	26,816
OTHER COMPREHENSIVE INCOME—Net of tax:		
Changes in retirement benefit obligations	603	657
Unrecognized gain on interest rate swaps	9,040	—
COMPREHENSIVE INCOME	\$ 76,960	\$ 27,473
NET INCOME PER SHARE		
Basic	\$ 0.31	\$ 0.12
Diluted	\$ 0.31	\$ 0.12
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING		
Basic	215,080,238	221,364,013
Diluted	217,212,222	226,323,410

See Notes to Consolidated Financial Statements (Unaudited).

US FOODS HOLDING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 67,317	\$ 26,816
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	81,403	107,758
Gain on disposal of property and equipment—net	(82)	(310)
Amortization of deferred financing costs	1,030	1,282
Deferred tax provision	26,922	12,280
Share-based compensation expense	7,066	3,342
Provision for doubtful accounts	2,997	4,745
Changes in operating assets and liabilities, net of business acquisitions:		
Increase in receivables	(134,803)	(192,731)
Decrease in inventories	750	35,714
Increase in prepaid expenses and other assets	(11,847)	(25,609)
Increase in accounts payable and bank checks outstanding	282,388	236,980
Decrease in accrued expenses and other liabilities	(131,559)	(88,665)
Net cash provided by operating activities	191,582	121,602
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of businesses—net of cash	(757)	(62,501)
Proceeds from sales of property and equipment	762	724
Purchases of property and equipment	(57,179)	(70,125)
Net cash used in investing activities	(57,174)	(131,902)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt borrowings	863,503	578,459
Principal payments on debt and capital leases	(1,041,875)	(548,041)
Contingent consideration paid for business acquisitions	(500)	(5,000)
Payment for debt financing costs and fees	—	(426)
Proceeds from employee share purchase plan	3,819	3,328
Proceeds from exercise of stock options	7,454	7,018
Tax withholding payments for net share-settled equity awards	(269)	(3,966)
Common stock and share-based awards settled	(84)	(302)
Net cash (used in) provided by financing activities	(167,952)	31,070
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(33,544)	20,770
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	119,184	131,436
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	\$ 85,640	\$ 152,206
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 32,852	\$ 29,590
Income taxes paid (refunded)—net	902	(39)
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment purchases included in accounts payable	21,809	15,915
Capital lease additions	50,257	40,840
Cashless exercise of equity awards	377	7,149

See Notes to Consolidated Financial Statements (Unaudited).

US FOODS HOLDING CORP.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****1. OVERVIEW AND BASIS OF PRESENTATION**

US Foods Holding Corp., a Delaware corporation, and its consolidated subsidiaries are referred to herein as “we,” “our,” “us,” “the Company,” or “US Foods.” US Foods conducts all of its operations through its wholly owned subsidiary US Foods, Inc. and its subsidiaries (“USF”). All of the Company’s indebtedness, as further described in Note 11, Debt, is an obligation of USF. US Foods was previously controlled until December 2017 by investment funds associated with or designated by Clayton, Dubilier & Rice, LLC (“CD&R”) and Kohlberg Kravis Roberts & Co., L.P. (“KKR”), as discussed in Note 13, Related Party Transactions. KKR and CD&R are collectively referred to herein as the “Sponsors”.

Business Description —The Company, through USF, operates in one business segment in which it markets and primarily distributes fresh, frozen and dry food and non-food products to foodservice customers throughout the United States. These customers include independently owned single and multi-unit restaurants, regional concepts, national restaurant chains, hospitals, nursing homes, hotels and motels, country clubs, government and military organizations, colleges and universities, and retail locations.

Basis of Presentation —The Company operates on a 52-53 week fiscal year with all periods ending on a Saturday. When a 53-week fiscal year occurs, the Company reports the additional week in the fourth quarter. Fiscal years 2018 and 2017 are 52-week fiscal years.

The consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the applicable rules and regulations of the SEC. Certain information and disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures included herein are adequate to make the information presented not misleading. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the 2017 Annual Report.

The consolidated interim financial statements reflect all adjustments (consisting of normal recurring items, unless otherwise disclosed) necessary for the fair presentation of the financial position, results of operations and cash flows for the interim periods presented. The results of operations for interim periods are not necessarily indicative of the results that might be achieved for the full year.

2. RECENT ACCOUNTING PRONOUNCEMENTS***Recently Adopted Accounting Pronouncements***

In August 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, to better align a company’s risk management activities and financial reporting for hedging relationships, simplify the hedge accounting requirements, and improve the disclosures of hedging arrangements. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company’s only hedging activities are its interest rate swaps designated as cash flow hedges, which are highly effective. The Company prospectively adopted this guidance at the beginning of fiscal year 2018, with no impact to its financial position or results of operations.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting*. This ASU provides guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification accounting. This ASU should be applied prospectively to an award modified on or after the adoption date. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company adopted this guidance at the beginning of fiscal year 2018, with no impact to its financial position or results of operations, as the Company has not modified any share-based payment awards since adoption.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This ASU requires an employer to report the service cost component of net periodic pension cost and net periodic postretirement benefit cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. It also requires the other components of net periodic pension cost and net periodic postretirement benefit cost to be presented in the statement of comprehensive income separately from the service cost component and outside of operating income. Additionally, only the service cost component is eligible for capitalization, when applicable. This guidance is effective for fiscal years, and

interim periods within those fiscal years, beginning after December 15, 2017. The amendments in this update require retrospective presentation in the statement of comprehensive income. The amendments allow a practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. The Company retrospectively adopted this guidance at the beginning of fiscal year 2018. For the 13-weeks ended April 1, 2017, \$ 0.7 million of net periodic benefit credits, other than the service cost components, were reclassified to other income — net, in the Consolidated Statement of Comprehensive Income.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which clarifies the presentation of restricted cash on the statement of cash flows. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and ending cash balances on the statement of cash flows. The Company retrospectively adopted this standard at the beginning of fiscal year 2018, resulting in immaterial increases in the beginning and ending balances of cash, cash equivalents and restricted cash in the Company's Consolidated Statement of Cash Flows for the 13-weeks ended April 1, 2017.

For the periods presented, cash, cash equivalents and restricted cash consisted of the following (in thousands):

	March 31, 2018	December 30, 2017
Cash and cash equivalents	\$ 85,286	\$ 118,849
Restricted cash—included in other assets	354	335
Total cash, cash equivalents and restricted cash	\$ 85,640	\$ 119,184

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, to amend the guidance on the classification and measurement of financial instrument. ASU No. 2016-01 was further amended in February 2018 by ASU No. 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10)—Recognition and Measurement of Financial Assets and Financial Liabilities*. The new guidance requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. The new guidance also amends certain disclosure requirements associated with the fair value of financial instruments. The Company adopted the guidance in this ASU at the beginning of fiscal year 2018, with no impact to its financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which has been introduced into the FASB's Accounting Standards Codification ("ASC") as Topic 606. Topic 606, as amended, replaces Topic 605, the previous revenue recognition guidance. The new standard's core principle is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Company expects to be entitled in exchange for those goods or services. The new standard also results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improves guidance for multiple-element arrangements. The Company adopted this standard at the beginning of fiscal year 2018, with no significant impact to its financial position or results of operations, using the modified retrospective method. See Note 3, Revenue Recognition.

Recently Issued Accounting Pronouncements

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement, Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income*. This ASU permits an entity to reclassify the income tax effects of the 2017 Tax Cuts and Jobs Act (the "Tax Act") on items within accumulated other comprehensive income to retained earnings. The FASB refers to these amounts as "stranded tax effects." The amendments in this ASU also require certain disclosures about stranded tax effects. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. The amendments in this ASU should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Act is recognized. The Company is currently reviewing the provisions of the new standard.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The amendment also eliminates the requirement for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An

entity has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. This guidance is effective for the annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The new standard is not expected to materially affect the Company's financial position or results of operations, as the fair value of the Company's reporting unit exceeded its carrying value by a substantial margin, based on the fiscal year 2017 annual impairment analysis.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires entities to use a forward looking, expected loss model to estimate credit losses. It also requires additional disclosure related to credit quality of trade and other receivables, including information related to management's estimate of credit allowances. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company does not expect the adoption of the provisions of the new standard to materially affect its financial position or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes ASC 840, *Leases*. This update requires an entity to recognize lease assets and lease liabilities on the balance sheet and to disclose key information about the entity's leasing arrangements. Adoption of this guidance will use a modified retrospective transition approach, which includes a number of practical expedients. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. Upon adoption, we will recognize right-of-use assets and related lease liabilities on our Consolidated Balance Sheets, which will increase our total assets and total liabilities. The Company is in the process of gathering lease data, reviewing its lease portfolio, and completing an impacts assessment with respect to the adoption of the provisions of the new standard.

3. REVENUE RECOGNITION

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenue is recognized when a customer obtains control of promised goods or services. The Company adopted this standard at the beginning of fiscal year 2018, with no significant impact to its financial position or results of operations, using the modified retrospective method. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services. To achieve this core principle, the Company applies the following five steps:

1) *Identify the contract with a customer*

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. For the Company, the contract is the approved sales order, which may also be supplemented by other agreements that formalize various terms and conditions with customers, including restaurant chains, government organizations or group purchase organizations. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

2) *Identify the performance obligation in the contract*

Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer. For the Company, this includes the delivery of food and food-related products, which provide immediate benefit to the customer. While certain additional services may be identified within a contract, we have concluded that those services are individually immaterial in the context of the contract with the customer and therefore not assessed as performance obligations.

3) *Determine the transaction price*

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods or services to the customer, and is generally stated on the approved sales order. Variable consideration, which typically includes volume-based rebates or discounts, are estimated utilizing the most likely amount method.

4) *Allocate the transaction price to performance obligations in the contract*

Since our contracts contain a single performance obligation, delivery of food and food-related products, the transaction price is allocated to that single performance obligation.

5) *Recognize Revenue when or as the Company satisfies a performance obligation*

The Company recognizes revenue from the sale of food and food-related products when title and risk of loss passes and the customer accepts the goods, which generally occurs at delivery. Customer sales incentives such as volume-based rebates or discounts are treated as a reduction of sales at the time the sale is recognized. Sales taxes invoiced to customers and remitted to governmental authorities are excluded from net sales. Shipping and handling costs are treated as fulfillment costs and presented in distribution, selling and administrative costs. The Company does not have any performance obligations, contract assets and liabilities or capitalized contract acquisition costs.

The following table presents the disaggregation of revenue according to sales mix for the Company's principal product categories (in thousands):

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
Meats and seafood	\$ 2,067,918	\$ 2,032,186
Dry grocery products	1,042,259	1,056,385
Refrigerated and frozen grocery products	944,142	931,994
Dairy	609,506	606,776
Equipment, disposables and supplies	539,971	540,279
Beverage products	318,432	319,669
Produce	300,293	301,136
Net sales	<u>\$ 5,822,521</u>	<u>\$ 5,788,425</u>

4. BUSINESS ACQUISITIONS

Acquisitions during fiscal year 2017 included three broadline and two specialty distributors for cash consideration of approximately \$182 million. There were no business acquisitions during the 13-weeks ended March 31, 2018.

Business acquisitions periodically provide for contingent consideration, including earnout agreements in the event certain operating results are achieved during a defined post-closing period. During the 13-weeks ended March 31, 2018, the Company paid approximately \$0.5 million of contingent consideration for the first year of a two-year post-closing earnout period related to a 2016 business acquisition. As of March 31, 2018, aggregate contingent consideration outstanding for business acquisitions was approximately \$6 million, including approximately \$0.5 million for the estimated fair value of earnout liabilities.

The 2017 acquisitions, reflected in the Company's consolidated financial statements commencing from the date of acquisition, did not materially affect the Company's results of operations or financial position and, therefore, pro forma financial information has not been provided. The 2017 acquisitions were integrated into the Company's foodservice distribution network and funded primarily with cash from operations.

The following table summarizes the purchase price allocations recognized for the 2017 acquisitions as follows (in thousands):

	December 30, 2017
Accounts receivable	\$ 17,108
Inventories	25,232
Other current assets	677
Property and equipment	29,492
Goodwill	58,528
Other intangible assets	72,050
Accounts payable	(7,986)
Accrued expenses and other current liabilities	(5,837)
Deferred income taxes	(7,277)
Cash paid for acquisitions	<u>\$ 181,987</u>

5. INVENTORIES

The Company's inventories, consisting mainly of food and other food-related products, are primarily considered finished goods. Inventory costs include the purchase price of the product, freight charges to deliver it to the Company's warehouses, and depreciation and labor related to processing facilities and equipment, and are net of certain cash or non-cash consideration received from vendors. The Company assesses the need for valuation allowances for slow-moving, excess and obsolete inventories by estimating the net recoverable value of such goods based upon inventory category, inventory age, specifically identified items, and overall economic conditions.

The Company records inventories at the lower of cost or market, using the last-in, first-out ("LIFO") method. The base year values of beginning and ending inventories are determined using the inventory price index computation method. This "links" current costs to original costs in the base year when the Company adopted LIFO, or date of acquisition in the case of a business acquisition, where applicable. At March 31, 2018 and December 30, 2017, the LIFO balance sheet reserves were \$149 million and \$130 million, respectively. As a result of changes in LIFO reserves, cost of goods sold increased \$19 million and \$10 million for the 13-weeks ended March 31, 2018 and April 1, 2017, respectively.

6. ACCOUNTS RECEIVABLE FINANCING PROGRAM

Under its accounts receivable financing facility dated as of August 27, 2012, as amended (the "2012 ABS Facility"), USF sells, on a revolving basis, its eligible receivables to a wholly owned, special purpose, bankruptcy remote subsidiary (the "Receivables Company"). The Receivables Company, in turn, grants a continuing security interest in all of its rights, title and interest in the eligible receivables to the administrative agent, for the benefit of the lenders as defined by the 2012 ABS Facility. The Company consolidates the Receivables Company and, consequently, the transfer of the receivables is a transaction internal to the Company and the receivables have not been derecognized from the Company's Consolidated Balance Sheets. Included in the Company's accounts receivable balance as of March 31, 2018 and December 30, 2017 was \$1,008 million and \$964 million, respectively, of receivables held as collateral in support of the 2012 ABS Facility. See Note 11, Debt, for a further description of the 2012 ABS Facility.

7. ASSETS HELD FOR SALE

The Company classifies its closed facilities as assets held for sale at the time management commits to a plan to sell the facility, the facility is actively marketed and available for immediate sale, and the sale is expected to be completed within one year. Due to market conditions, certain facilities may be classified as assets held for sale for more than one year as the Company continues to actively market the facilities at reasonable prices. The Company had \$5 million of assets held for sale at March 31, 2018 and December 30, 2017.

8. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to 40 years. Property and equipment under capital leases and leasehold improvements are amortized on a straight-line basis over the shorter of the remaining terms of the related lease or the estimated useful lives of the assets. At March 31, 2018 and December 30, 2017, property and equipment-net included accumulated depreciation of \$1,967 million and \$1,926 million, respectively. Depreciation expense was \$71 million and \$69 million for the 13-weeks ended March 31, 2018 and April 1, 2017, respectively.

9. GOODWILL AND OTHER INTANGIBLES

Goodwill includes the cost of acquired businesses in excess of the fair value of the tangible net assets acquired. Other intangible assets include customer relationships, noncompete agreements, and the brand names and trademarks comprising the Company's portfolio of exclusive brands and trademarks. Brand names and trademarks are indefinite-lived intangible assets, and accordingly, are not subject to amortization.

Customer relationships and noncompete agreements are intangible assets with definite lives, and are carried at the acquired fair value less accumulated amortization. Customer relationships and noncompete agreements are amortized over the estimated useful lives (two to four years). Amortization expense was \$10 million and \$39 million for the 13-weeks ended March 31, 2018 and April 1, 2017, respectively.

Goodwill and other intangibles, net, consisted of the following (in thousands):

	March 31, 2018	December 30, 2017
Goodwill	\$ 3,967,322	\$ 3,966,565
Other intangibles—net		
Customer relationships—amortizable:		
Gross carrying amount	\$ 154,230	\$ 154,230
Accumulated amortization	(55,842)	(46,203)
Net carrying value	98,388	108,027
Noncompete agreements—amortizable:		
Gross carrying amount	3,950	3,950
Accumulated amortization	(1,387)	(1,159)
Net carrying value	2,563	2,791
Brand names and trademarks—not amortizing	252,800	252,800
Total Other intangibles—net	\$ 353,751	\$ 363,618

The 2018 increase in goodwill is attributable to a purchase price adjustment related to a 2017 business acquisition.

The Company assesses goodwill and other intangible assets with indefinite lives for impairment annually, or more frequently if events occur that indicate an asset may be impaired. For goodwill and indefinite-lived intangible assets, the Company's policy is to assess for impairment at the beginning of each fiscal third quarter. For intangible assets with definite lives, the Company assesses impairment only if events occur that indicate that the carrying amount of an asset may not be recoverable. The Company completed its most recent annual impairment assessment for goodwill and indefinite-lived intangible assets as of July 2, 2017, the first day of the third quarter of 2017, with no impairments noted.

10. FAIR VALUE MEASUREMENTS

The Company follows the accounting standards for fair value, where fair value is a market-based measurement, not an entity-specific measurement. The Company's fair value measurements are based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1—observable inputs, such as quoted prices in active markets
- Level 2—observable inputs other than those included in Level 1—such as quoted prices for similar assets and liabilities in active or inactive markets that are observable either directly or indirectly, or other inputs that are observable or can be corroborated by observable market data
- Level 3—unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions

Any transfers of assets or liabilities between Level 1, Level 2, and Level 3 of the fair value hierarchy will be recognized at the end of the reporting period in which the transfer occurs. There were no transfers between fair value levels in any of the periods presented below.

The Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2018 and December 30, 2017, aggregated by the level in the fair value hierarchy within which those measurements fall, were as follows (in thousands):

March 31, 2018				
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate swaps	\$ —	\$ 24,841	\$ —	\$ 24,841
Liabilities				
Contingent consideration payable for business acquisition	\$ —	\$ —	\$ 500	\$ 500
December 30, 2017				
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	\$ 1,100	\$ —	\$ —	\$ 1,100
Interest rate swaps	\$ —	\$ 12,717	\$ —	\$ 12,717
	\$ 1,100	\$ 12,717	\$ —	\$ 13,817
Liabilities				
Contingent consideration payable for business acquisition	\$ —	\$ —	\$ 1,000	\$ 1,000

There were no significant assets or liabilities on the Company's Consolidated Balance Sheets measured at fair value on a nonrecurring basis.

Recurring Fair Value Measurements

Money Market Funds

Money market funds include highly liquid investments with a maturity of three or fewer months. They are valued using quoted market prices in active markets and are classified under Level 1 within the fair value hierarchy.

Derivative Financial Instruments

The Company uses interest rate swaps, designated as cash flow hedges, to manage its exposure to interest rate movements under its variable-rate Amended and Restated 2016 Term Loan (as defined in Note 11, Debt).

On August 1, 2017, USF entered into four-year interest rate swap agreements, as amended, with a notional amount of \$1.1 billion, reducing to \$825 million in the fourth year, effectively converting approximately half of the principal amount of the Amended and Restated 2016 Term Loan from a variable to a fixed rate loan. The Company effectively pays an aggregate rate of 4.21% on the notional amount covered by the interest rate swaps, comprised of 1.71% plus a spread of 2.50%.

The Company records its interest rate swaps in the Consolidated Balance Sheets at fair value, based on projections of cash flows and future interest rates. The determination of fair value includes the consideration of any credit valuation adjustments necessary, giving consideration to the creditworthiness of the respective counterparties or the Company, as appropriate. The following table presents the balance sheet location and fair value of the interest rate swaps at March 31, 2018 and December 30, 2017 (in thousands):

		Fair Value	
Balance Sheet Location		March 31, 2018	December 30, 2017
Derivatives designated as hedging instruments			
Interest rate swaps	Other current assets	\$ 4,694	\$ 430
Interest rate swaps	Other noncurrent assets	\$ 20,147	\$ 12,287
	Total	\$ 24,841	\$ 12,717

Gains and losses on the interest rate swaps are initially recorded in accumulated other comprehensive loss and reclassified to interest expense during the period in which the hedged transaction affects income.

The following table presents the effect of the Company's interest rate swaps in the Consolidated Statement of Comprehensive Income for the 13-weeks ended March 31, 2018 (in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in Accumulated Other Comprehensive Loss, net of tax	Location of Amounts Reclassified from Accumulated Other Comprehensive Loss	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss to Income, net of tax
For the 13-weeks ended March 31, 2018			
Interest rate swaps	\$ 8,814	Interest expense—net	\$ 226

During the next twelve months, the Company estimates that \$5 million will be reclassified from accumulated other comprehensive loss to income.

Credit Risk-Related Contingent Features— The interest swap agreements contain a provision whereby the Company could be declared in default on its hedging obligations if more than \$75 million of the Company's other indebtedness is accelerated. As of March 31, 2018, none of our indebtedness was accelerated.

We review counterparty credit risk and currently are not aware of any facts that indicate our counterparties will not be able to comply with the contractual terms of their agreements.

Contingent Consideration Payable for Business Acquisitions

As discussed in Note 4, Business Acquisitions, contingent consideration may be paid under an earnout agreement in the event certain operating results are achieved during a defined post-closing period. The amounts included in the above table, classified under Level 3 within the fair value hierarchy, represent the estimated fair value of the earnout liability for the respective periods. We estimate the fair value of earnout liabilities based on financial projections of the acquired companies and estimated probability of achievement. Changes in fair value resulting from changes in the estimated amount of contingent consideration are included in distribution, selling and administrative costs in the Consolidated Statements of Comprehensive Income.

Other Fair Value Measurements

The carrying value of cash, accounts receivable, bank checks outstanding, accounts payable and accrued expenses approximate their fair values due to their short-term maturities.

The fair value of the Company's total debt approximated \$3.7 billion and \$3.8 billion as of March 31, 2018 and December 30, 2017, respectively, as compared to its carrying value of \$3.6 billion and \$3.8 billion as of March 31, 2018 and December 30, 2017, respectively. The March 31, 2018 and December 30, 2017 fair value of the Company's 5.875% unsecured Senior Notes due June 15, 2024 (the "2016 Senior Notes"), estimated at \$0.6 billion, at the end of each period, was classified under Level 2 of the fair value hierarchy, with fair value based upon the closing market price at the end of the reporting period. The fair value of the balance of the Company's debt is primarily classified under Level 3 of the fair value hierarchy, with fair value estimated based upon a combination of the cash outflows expected under these debt facilities, interest rates that are currently available to the Company for debt with similar terms, and estimates of the Company's overall credit risk.

11. DEBT

Total debt consisted of the following (in thousands):

Debt Description	Maturity	Interest Rate at March 31, 2018	March 31, 2018	December 30, 2017
ABL Facility	October 20, 2020	6.25%	\$ 35,000	\$ 80,000
2012 ABS Facility	September 21, 2020	2.80	470,000	580,000
Amended and Restated 2016 Term Loan (net of \$9,508 and \$9,963 of unamortized deferred financing costs)	June 27, 2023	4.38	2,151,992	2,157,037
2016 Senior Notes (net of \$5,991 and \$6,229 of unamortized deferred financing costs)	June 15, 2024	5.88	594,009	593,771
Obligations under capital leases	2018–2025	2.36 - 6.18	369,725	336,603
Other debt	2018–2031	5.75 - 9.00	9,768	9,870
Total debt			3,630,494	3,757,281
Current portion of long-term debt			(120,737)	(109,226)
Long-term debt			<u>\$ 3,509,757</u>	<u>\$ 3,648,055</u>

At March 31, 2018, after considering interest rate swaps, as described in Note 10, Fair Value Measurements, that fixed the interest rate on \$1.1 billion of the principal amount of the Amended and Restated 2016 Term Loan, approximately 57% of the Company's total debt was at a fixed rate and approximately 43% was at a floating rate.

Revolving Credit Agreement—The Amended and Restated ABL Credit Agreement, dated October 20, 2015, as amended, is USF's asset backed senior secured revolving loan facility (the "ABL Facility") and provides for loans of up to \$1,300 million, with its capacity limited by a borrowing base.

As of March 31, 2018, USF had \$35 million of outstanding borrowings, and had issued letters of credit totaling \$411 million under the ABL Facility. Outstanding letters of credit included: (1) \$79 million issued to secure USF's obligations with respect to certain facility leases, (2) \$329 million issued in favor of certain commercial insurers securing USF's obligations with respect to its self-insurance program, and (3) \$3 million in letters of credit for other obligations. There was available capacity on the ABL Facility of \$854 million at March 31, 2018. As of March 31, 2018, USF can periodically elect to pay interest at an alternative base rate ("ABR"), as defined in the ABL Facility, or the London Inter Bank Offered Rate ("LIBOR") plus applicable interest rate spreads as provided for in the agreement. The interest rate spreads are the lowest provided for in the agreement, based upon USF's consolidated secured leverage ratio (as defined in the agreement).

Accounts Receivable Financing Program—Under the 2012 ABS Facility, USF sells, on a revolving basis, its eligible receivables to the Receivables Company. See Note 6, Accounts Receivable Financing Program.

The maximum capacity under the 2012 ABS Facility is \$800 million. Borrowings under the 2012 ABS Facility were \$470 million at March 31, 2018. The Company, at its option, can request additional borrowings up to the maximum commitment, provided sufficient eligible receivables are available as collateral. There was available capacity on the 2012 ABS Facility of \$259 million at March 31, 2018 based on eligible receivables as collateral.

Amended and Restated 2016 Term Loan Agreement—The Amended and Restated 2016 Term Loan Credit Agreement, dated June 27, 2016, as amended (the "Amended and Restated 2016 Term Loan"), consists of a senior secured term loan under which USF can periodically elect to pay interest at ABR plus 1.50% or LIBOR plus 2.50%, with a LIBOR floor of zero. The interest rate spread on both ABR and LIBOR borrowings can be further reduced 25 basis points to either ABR plus 1.25% or LIBOR plus 2.25%, if USF's consolidated secured leverage ratio (as defined in the Amended and Restated 2016 Term Loan) is equal to or less than 1.75:1.00 at the end of the most recent fiscal quarter. At March 31, 2018, USF's consolidated secured leverage ratio exceeded 1.75:1.00. The table above reflects the March 31, 2018 interest rate on the unhedged portion of the principal amount of the Amended and Restated 2016 Term Loan. The interest rate on the \$1.1 billion of the principal amount of the Amended and Restated 2016 Term Loan subject to hedging agreements is 4.21%.

Restrictive Covenants

The credit facilities, loan agreements and indentures contain customary covenants. These include, among other things, covenants that restrict USF's ability to incur certain additional indebtedness, create or permit liens on assets, pay dividends, or engage in mergers or consolidations. As of March 31, 2018, USF had \$790 million of restricted payment capacity under these covenants, and approximately \$2,056 million of its net assets were restricted after taking into consideration the net deferred tax assets and intercompany balances that eliminate in consolidation.

12. RESTRUCTURING LIABILITIES

The following table summarizes the changes in the restructuring liabilities for the 13-weeks ended March 31, 2018 (in thousands):

	Severance and Related Costs	Facility Closing Costs	Total
Balance at December 30, 2017	\$ 4,835	\$ 500	\$ 5,335
Current period charges	247	—	247
Change in estimate	1,293	—	1,293
Payments and usage—net of accretion	(2,434)	—	(2,434)
Balance at March 31, 2018	\$ 3,941	\$ 500	\$ 4,441

The Company periodically closes or consolidates distribution facilities and implements initiatives in its ongoing efforts to reduce costs and improve operating effectiveness. In connection with these activities, the Company may incur various costs including multiemployer pension withdrawal liabilities, severance and other employee separation costs.

During the 13-weeks ended March 31, 2018, \$2 million was recognized primarily for changes in estimates of prior year initiatives.

During the 13-weeks ended April 1, 2017, net costs of \$2 million were recognized related to initiatives launched in late 2016 to centralize certain field procurement and replenishment activities, and reduced corporate and administrative costs.

13. RELATED PARTY TRANSACTIONS

Based solely on information provided in its most recent public filing, as of December 31, 2017, FMR LLC held approximately 13% of the Company's outstanding common stock. As reported by the Company's administrative agent, as of March 31, 2018, investment funds managed by an affiliate of FMR LLC held approximately \$42 million in principal amount of the Amended and Restated 2016 Term Loan. Certain FMR LLC affiliates provide recordkeeping services for the Company's 401(k) plan and provide administrative services for other Company sponsored employee benefit plans. Fees earned by FMR LLC affiliates are not material to the Company's consolidated financial statements.

During fiscal year 2017, the Company completed four secondary offerings of its common stock held primarily by the Sponsors. Following the completion of the final offering in December 2017, the Sponsors no longer hold any shares of the Company's common stock. The Company did not receive any proceeds from the offerings. In accordance with terms of the previously-effective registration rights agreement with the Sponsors, the Company incurred approximately \$4 million of expenses in connection with the offerings during fiscal year 2017, approximately \$1 million of which was incurred during the 13-weeks ended April 1, 2017. Underwriting discounts and commissions were paid by the selling shareholders.

14. RETIREMENT PLANS

The Company has defined benefit and defined contribution retirement plans for its employees, and provides certain health care benefits to eligible retirees and their dependents. The components of net periodic benefit (credits) costs for pension and other postretirement benefits, for Company sponsored plans, are provided below (in thousands):

	13-Weeks Ended			
	Pension Benefits		Other Postretirement Plans	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Components of net periodic benefit (credits) costs				
Service cost	\$ 573	\$ 506	\$ 9	\$ 10
Interest cost	8,781	10,138	59	72
Expected return on plan assets	(12,780)	(11,964)	—	—
Amortization of prior service cost	1	35	2	1
Amortization of net loss (gain)	846	1,051	(39)	(13)
Net periodic benefit (credits) costs	\$ (2,579)	\$ (234)	\$ 31	\$ 70

The service cost component of net periodic benefit (credits) costs is included in distribution, selling and administrative costs, while the other components of net periodic benefit (credits) costs are included in other income—net, respectively, in the Consolidated Statement of Comprehensive Income.

The Company contributed \$10 million to its defined benefit and other postretirement plans during both 13-week periods ended March 31, 2018 and April 1, 2017. In April 2018, with an additional \$25 million contribution, the Company completed substantially all of the 2018 planned contributions to its defined benefit and other postretirement plans.

The Company's employees are eligible to participate in a Company sponsored defined contribution 401(k) plan that provides for Company matching on the participant's contributions of up to 100% of the first 3% of participant's compensation and 50% of the next 2% of a participant's compensation, for a maximum Company matching contribution of 4%. The Company's 401(k) plan matching contributions were \$13 million and \$12 million for the 13-weeks ended March 31, 2018 and April 1, 2017, respectively.

The Company also contributes to numerous multiemployer pension plans under the terms of certain collective bargaining agreements that cover its union-represented employees. The Company does not administer these multiemployer pension plans. The Company's contributions to these plans were \$9 million during both 13-week periods ended March 31, 2018 and April 1, 2017.

15. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding.

Diluted EPS is computed using the weighted average number of shares of common stock, plus the effect of potentially dilutive securities. Stock options, non-vested restricted shares with forfeitable dividend rights, restricted stock units, and employee stock purchase plan deferrals are considered potentially dilutive securities.

The following table sets forth the computation of basic and diluted EPS:

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
Numerator (in thousands):		
Net income	\$ 67,317	\$ 26,816
Denominator:		
Weighted - average common shares outstanding	215,080,238	221,364,013
Dilutive effect of share-based awards	2,131,984	4,959,397
Weighted-average dilutive shares outstanding	217,212,222	226,323,410
Basic earnings per share	\$ 0.31	\$ 0.12
Diluted earnings per share	\$ 0.31	\$ 0.12

16. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents changes in accumulated other comprehensive loss by component for the periods presented (in thousands):

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
Accumulated other comprehensive loss components		
Retirement benefit obligations:		
Balance at beginning of period ⁽¹⁾	\$ (103,192)	\$ (119,363)
Reclassification adjustments:		
Amortization of prior service cost ⁽²⁾ ⁽³⁾	3	36
Amortization of net loss ⁽²⁾ ⁽³⁾	807	1,038
Total before income tax	810	1,074
Income tax provision	207	417
Current period comprehensive income, net of tax	603	657
Balance at end of period ⁽¹⁾	\$ (102,589)	\$ (118,706)
Interest rate swaps:		
Balance at beginning of period ⁽¹⁾	\$ 7,437	\$ —
Change in fair value of interest rate swaps	11,847	—
Amounts reclassified to interest expense—net	303	—
Total before income tax	12,150	—
Income tax provision	3,110	—
Current period comprehensive income, net of tax	9,040	—
Balance at end of period ⁽¹⁾	\$ 16,477	\$ —
Accumulated other comprehensive loss at end of period ⁽¹⁾	\$ (86,112)	\$ (118,706)

(1) Amounts are presented net of tax.

(2) Included in the computation of net periodic benefit costs. See Note 14, Retirement Plans, for additional information.

(3) Included in other income—net in the Consolidated Statements of Comprehensive Income.

17. INCOME TAXES

The determination of the Company's overall effective tax rate requires the use of estimates. The effective tax rate reflects the income earned and taxed in various United States federal and state jurisdictions based on enacted tax law, permanent differences between book and tax items, tax credits and the Company's change in relative income in each jurisdiction.

On December 22, 2017 the U.S. government enacted comprehensive tax legislation referred to herein as the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to (1) a reduction of the U.S. federal corporate tax rate and (2) bonus depreciation that permits full expensing of qualified property.

The SEC staff issued Staff Accounting Bulletin 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740, *Income Taxes*. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740, *Income Taxes* is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740, *Income Taxes* on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

The Tax Act reduced the corporate tax rate to 21 percent, effective January 1, 2018 and provided for bonus depreciation that allows for full expensing of qualified assets placed into service after September 27, 2017. The Company's accounting for the reduction of the corporate tax rate and bonus depreciation that allows for full expensing of qualified property is incomplete. However, the Company was able to determine a reasonable estimate of the impact of the corporate tax rate reduction and bonus depreciation that will allow for full expensing of qualified property. Consequently, the Company recorded a provisional decrease to deferred tax liabilities of \$173 million with a corresponding adjustment to deferred income tax benefit of \$173 million for the year ended December 30, 2017 related to the reduction of the corporate tax rate. Additionally, the Company recorded a provisional increase in net deferred tax liabilities of \$4 million with a corresponding adjustment of \$4 million to other long-term liabilities for the year ended December 30, 2017 related to bonus depreciation that allowed for full expensing of

qualified property. The income tax effects for these positions require further analysis to prepare the accounting related to the income tax effects of the Tax Act in reasonable detail. No adjustment to the provisional estimates recorded for the year ended December 30, 2017 was recorded in the 13-weeks ended March 31, 2018. The accounting for these items is expected to be complete when the 2017 U.S. federal income tax return is filed in 2018.

The Company estimated its annual effective tax rate for the full fiscal year and applied the annual effective tax rate to the results of the 13-weeks ended March 31, 2018 and April 1, 2017 for purposes of determining its year-to-date tax provision.

The effective tax rate for the 13-weeks ended March 31, 2018 of (7)% varied from the 21% federal statutory rate, primarily as a result of state income taxes and the recognition of various discrete tax items. The discrete tax items included a tax benefit of \$19 million, primarily related to the reduction of an unrecognized tax benefit due to the receipt of an affirmative written consent from the IRS to change a method of accounting and a tax benefit of \$2 million, primarily related to excess tax benefits associated with share-based compensation. The effective tax rate for the 13-weeks ended April 1, 2017 of 23% varied from the 35% federal statutory rate, primarily as a result of state income taxes and the recognition of various discrete tax items. The discrete tax items included a tax benefit of \$6 million, primarily related to excess tax benefits associated with share-based compensation.

18. COMMITMENTS AND CONTINGENCIES

Purchase Commitments — The Company enters into purchase orders with vendors and other parties in the ordinary course of business, and has a limited number of purchase contracts with certain vendors that require it to buy a predetermined volume of products. As of March 31, 2018, the Company had \$790 million of purchase orders and purchase contract commitments, for products to be purchased in the remainder of fiscal year 2018, that were not recorded in the Consolidated Balance Sheets.

To minimize fuel cost risk, the Company enters into forward purchase commitments for a portion of its projected diesel fuel requirements. At March 31, 2018, the Company had diesel fuel forward purchase commitments totaling \$17 million through June 2018. Additionally, as of March 31, 2018, the Company had electricity forward purchase commitments totaling \$6 million through June 2021. The Company does not measure its forward purchase commitments for fuel and electricity at fair value, as the amounts under contract meet the physical delivery criteria in the normal purchase exception under GAAP guidance.

Legal Proceedings — The Company and its subsidiaries are parties to a number of legal proceedings arising from the normal course of business. These legal proceedings, whether pending, threatened or unasserted, if decided adversely to or settled by the Company, may result in liabilities material to its financial position, results of operations, or cash flows. The Company recognized provisions with respect to the proceedings, where appropriate, in the Consolidated Balance Sheets. It is possible that the Company could be required to make expenditures, in excess of the established provisions, in amounts that cannot be reasonably estimated. However, the Company believes that the ultimate resolution of these proceedings will not have a material adverse effect on its consolidated financial position, results of operations, or cash flows.

19. BUSINESS INFORMATION

The Company's consolidated results represents the results of its one business segment based on how the Company's chief operating decision maker, the Chief Executive Officer, views the business for purposes of evaluating performance and making operating decisions.

The Company markets and, primarily, distributes fresh, frozen and dry food and non-food products to foodservice customers throughout the United States. The Company uses a centralized management structure, and its strategies and initiatives are implemented and executed consistently across the organization to maximize value to the organization as a whole. The Company uses shared resources for sales, procurement, and general and administrative activities across each of its distribution centers and operations. The Company's distribution centers form a single network to reach its customers; it is common for a single customer to make purchases from several different distribution centers. Capital projects, whether for cost savings or generating incremental revenue, are evaluated based on estimated economic returns to the organization as a whole.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto included in this Quarterly Report and the audited consolidated financial statements and the notes thereto included in the 2017 Annual Report. This discussion of our results includes certain financial measures that are not required by, or presented in accordance with, GAAP. We believe these non-GAAP measures provide meaningful supplemental information about our operating performance, because they exclude amounts that our management and board of directors do not consider part of core operating results when assessing our performance and underlying trends. More information on the rationale for these measures is discussed under "Non-GAAP Reconciliations" below.

Overview

The U.S. foodservice distribution industry is large, fragmented and growing, with total industry sales of approximately \$290 billion in 2017 according to Technomic (January 2018), a third-party source for food and foodservice industry data, intelligence and commentary. With fiscal year 2017 net sales of \$24 billion, we were the second largest foodservice distributor in the United States by annual sales, with a 2017 market share of approximately 8%.

Our mission is to be *First In Food*. We strive to inspire and empower chefs and foodservice operators to bring great food experiences to consumers. This mission is supported by our strategy of *Great Food. Made Easy.* which centers on providing our customers a broad and innovative offering of high-quality products, as well as a comprehensive suite of industry-leading e-commerce, technology, and business solutions. We operate as one business with standardized business processes, shared systems infrastructure, and an organizational model that optimizes national scale with local execution, allowing us to manage the business as a single operating segment. We have centralized activities where scale matters and our local field structure focuses on customer facing activities.

We supply approximately 250,000 customer locations nationwide. These customer locations include independently owned single and multi-unit restaurants, regional restaurant concepts, national restaurant chains, hospitals, nursing homes, hotels and motels, country clubs, government and military organizations, colleges and universities, and retail locations. We provide approximately 350,000 fresh, frozen, and dry food stock-keeping units, or SKUs, as well as non-food items, sourced from approximately 5,000 suppliers. Approximately 4,000 sales associates manage customer relationships at local, regional, and national levels. They are supported by sophisticated marketing and category management capabilities, as well as a sales support team that includes world-class chefs and restaurant operations consultants. Our extensive network of over 60 distribution facilities and fleet of approximately 6,000 trucks allow us to operate efficiently and provide high levels of customer service. This operating model allows us to leverage our nationwide scale and footprint while executing locally.

Operating Metrics

Case growth – Case growth, by customer type (e.g., independent restaurants) is reported as of a point in time. Customers periodically are reclassified, based on changes in size or other characteristics, and when those changes occur, the respective customer's historical volume follows their new classification.

Organic growth – Organic growth includes growth from operating business that has been reflected in our results of operations for at least 12 months.

Highlights and Initiatives

Our case volume in the 13-weeks ended March 31, 2018 decreased 2.3%. Select planned chain customer exits and a decline in education customer volume was partially offset by organic independent restaurant case growth and growth due to acquisitions. Net sales were slightly positive for the 13-weeks ended March 31, 2018. The decline in case volume was offset by net sales from acquisitions and year over year inflation, as a significant portion of our business is based on markups over cost. Our operating results in the 13-weeks ended March 31, 2018 were also negatively affected by adverse weather conditions experienced in many parts of the country.

Gross profit of \$992 million in the 13-weeks ended March 31, 2018 was flat as compared to the prior year. As a percentage of net sales, gross profit was 17.0%, as compared to 17.1% the prior year. The favorable rate impact from acquisitions and margin expansion initiatives was offset by higher inbound freight costs and the adverse impacts of the year over year LIFO reserve changes.

Total operating expenses decreased \$26 million, or 2.8%, to \$889 million in the 13-weeks ended March 31, 2018, primarily from lower amortization in 2018.

Outlook

Our outlook for fiscal year 2018, as set forth in the 2017 Annual Report, remains unchanged. Our strategy includes continued focus on executing our growth strategies, adding value for and differentiating ourselves with our customers, and driving continued operational improvement in the business.

Results of Operations

The following table presents selected historical results of operations for the periods indicated:

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
	(In millions)*	
Consolidated Statements of Operations Data:		
Net sales	\$ 5,823	\$ 5,788
Cost of goods sold	4,831	4,797
Gross profit	992	991
Operating expenses:		
Distribution, selling and administrative costs	888	914
Restructuring charges	2	2
Total operating expenses	889	915
Operating income	102	76
Other income—net	(3)	(1)
Interest expense—net	43	42
Income before income taxes	63	35
Income (benefit) tax provision	(5)	8
Net income	\$ 67	\$ 27
Percentage of Net Sales:		
Gross profit	17.0%	17.1%
Distribution, selling and administrative costs	15.2%	15.8%
Operating expenses	15.3%	15.8%
Operating income	1.8%	1.3%
Net income	1.2%	0.5%
Adjusted EBITDA (1)	3.8%	3.7%
Other Data:		
Cash flows—operating activities	\$ 192	\$ 122
Cash flows—investing activities	(57)	(132)
Cash flows—financing activities	(168)	31
Capital expenditures	57	70
EBITDA (1)	187	184
Adjusted EBITDA (1)	224	215
Adjusted net income (1)	75	40
Free cash flow (2)	135	52

(*) Amounts may not add due to rounding.

(1) EBITDA is defined as net income, plus interest expense—net, income tax provision, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for 1) restructuring charges and tangible asset impairments; 2) share-based compensation expense; 3) the non-cash impact of LIFO reserve adjustments; 4) business transformation costs; and 5) other gains, losses, or charges as specified in USF's debt agreements. Adjusted net income is defined as net income excluding the items used to calculate Adjusted EBITDA listed above and further adjusted for the tax effect of the exclusions and discrete tax items.

(2) Free cash flow is defined as cash flows provided by operating activities less capital expenditures.

Non-GAAP Reconciliations

We provide EBITDA, Adjusted EBITDA, and Adjusted net income as supplemental measures to GAAP regarding our operational performance. These non-GAAP financial measures exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. They should not be considered as alternatives to any measures derived in accordance with GAAP.

We believe EBITDA and Adjusted EBITDA provide meaningful supplemental information about our operating performance because they exclude amounts that we do not consider part of our core operating results when assessing our performance.

We believe that Adjusted net income is a useful measure of operating performance for both management and investors because it excludes items that are not reflective of our core operating performance and provides an additional view of our operating performance including depreciation, amortization, interest expense, and income taxes on a consistent basis from period to period. We believe that Adjusted net income is used by investors, analysts and other interested parties to facilitate period-over-period comparisons and provides additional clarity as to how factors and trends impact our operating performance.

Management uses these non-GAAP financial measures (a) to evaluate our historical and prospective financial performance as well as our performance relative to our competitors as they assist in highlighting trends, (b) to set internal sales targets and spending budgets, (c) to measure operational profitability and the accuracy of forecasting, (d) to assess financial discipline over operational expenditures, and (e) as an important factor in determining variable compensation for management and employees. EBITDA and Adjusted EBITDA are also used in connection with certain covenants and restricted activities under our debt agreements. We also believe these non-GAAP financial measures are frequently used by securities analysts, investors, and other interested parties to evaluate companies in our industry.

We use free cash flow as a supplemental measure of the liquidity of our operations. Free cash flow is not a measure of our liquidity under GAAP and should not be considered as an alternative to cash flows provided by operating activities. We believe that free cash flow is a useful financial metric to assess our ability to pursue business opportunities and investments.

We caution readers that amounts presented in accordance with our definitions of EBITDA, Adjusted EBITDA, Adjusted net income, and free cash flow may not be the same as similar measures used by other companies. Not all companies and analysts calculate EBITDA, Adjusted EBITDA, Adjusted net income or free cash flow in the same manner. We compensate for these limitations by using these non-GAAP financial measures as supplements to GAAP financial measures and by presenting the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures.

The following table reconciles EBITDA, Adjusted EBITDA, Adjusted Net income and Free cash flow to the most directly comparable GAAP financial performance and liquidity measures for the periods indicated:

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
	(In millions)*	
Net income	\$ 67	\$ 27
Interest expense—net	43	42
Income tax (benefit) provision	(5)	8
Depreciation and amortization expense	81	108
EBITDA	187	184
Adjustments:		
Restructuring charges (1)	2	2
Share-based compensation expense (2)	7	3
LIFO reserve change (3)	19	10
Business transformation costs (4)	8	13
Other (5)	2	3
Adjusted EBITDA	224	215
Depreciation and amortization expense	(81)	(108)
Interest expense—net	(43)	(42)
Income tax provision, as adjusted (6)	(25)	(25)
Adjusted net income	\$ 75	\$ 40
Free cash flow		
Cash flows from operating activities	\$ 192	\$ 122
Capital expenditures	(57)	(70)
Free cash flow	\$ 135	\$ 52

- (*) Amounts may not add due to rounding.
- (1) Consists primarily of severance and related costs and organizational realignment costs.
- (2) Share-based compensation expense for vesting of stock awards and share purchase plan.
- (3) Represents the non-cash impact of LIFO reserve adjustments.
- (4) Consists primarily of costs related to significant process and systems redesign across multiple functions.
- (5) Other includes gains, losses or charges as specified under our debt agreements.
- (6) Represents our income tax provision adjusted for the tax effect of pre-tax items excluded from Adjusted Net income and the removal of applicable discrete tax items. Applicable discrete tax items include changes in tax laws or rates, changes related to prior year unrecognized tax benefits, discrete changes in valuation allowances, and excess tax benefits associated with share-based compensation. The tax effect of pre-tax items excluded from Adjusted net income is computed using a statutory tax rate after considering the impact of permanent differences and valuation allowances.

A reconciliation between the GAAP income tax provision and the income tax provision, as adjusted, is as follows:

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
	(In millions)*	
GAAP income tax (benefit) provision	\$ (5)	\$ 8
Tax impact of pre-tax income adjustments	9	11
Discrete tax items	21	6
Income tax provision, as adjusted	<u>\$ 25</u>	<u>\$ 25</u>

(*) Amounts may not add due to rounding.

Comparison of Results

13-Weeks Ended March 31, 2018 and April 1, 2017

Highlights

- Case volume decreased 2.3%. Independent restaurant case volume increased 4.3%.
- Net sales increased \$35 million, or 0.6%, to \$5,823 million.
- Operating income increased \$26 million, or 34.2%, to \$102 million. As a percentage of net sales, operating income increased to 1.8% in 2018, compared to 1.3% in 2017.
- Net income was \$67 million in 2018, compared to \$27 million in 2017.
- Adjusted EBITDA increased \$9 million, or approximately 4.2%, to \$224 million. As a percentage of net sales, Adjusted EBITDA increased to 3.8% in 2018, compared to 3.7% in 2017.

Net Sales

Total case volume declined 2.3% in 2018. The decrease reflected select planned chain customer exits and a decline in education customer volume, partially offset by growth with independent restaurants. Organic case volume decreased 3.2%, reflecting similar customer trends. Case volume during the 13-weeks ended March 31, 2018 was also negatively affected by adverse weather conditions experienced in many parts of the country.

Net sales increased \$35 million, or 0.6%, to \$5,823 million in 2018, comprised of a 2.9%, or \$165 million, increase in the overall net sales rate per case, partially offset by a 2.3%, or \$130 million decrease in case volume. Acquisitions increased net sales by approximately \$85 million, or 1.4%. Sales of private brands represented approximately 34% and 33% of total net sales in 2018 and 2017, respectively.

The overall net sales rate per case increase of 2.9%, compared to 2017, is mostly comprised of inflation. We experienced year over year inflation in the beef, grocery, produce and dairy product categories, which benefitted net sales, as a significant portion of our business is based on markups over product cost.

Gross Profit

Gross profit increased \$1 million to \$992 million in 2018. As a percentage of net sales, gross profit decreased 0.1% from 17.1% in 2017 to 17.0% in 2018. The favorable rate impact from acquisitions and margin expansion initiatives was offset by higher inbound freight costs, and the adverse impact of year over year LIFO adjustments. Our LIFO method of inventory costing resulted in \$19 million of expense in 2018 compared to expense of \$10 million in 2017 driven by higher product inflation in 2018 compared to 2017. Inventory product categories that experienced cost inflation in 2018 included beef, grocery, produce and dairy.

Distribution, Selling and Administrative Costs

Distribution, selling and administrative costs decreased \$26 million, or 2.8%, to \$888 million in 2018. The decrease is primarily from a \$27 million reduction in amortization driven by the completed amortization of the customer relationship intangible asset initially recognized in 2007, upon acquisition of the Company by the Sponsors.

As a percentage of net sales, distribution, selling and administrative costs decreased 0.6% to 15.2% in 2018 compared to 15.8% in 2017. This decrease was primarily attributable to the decrease in amortization expenses discussed above. We also experienced improvement in the rate of distribution, selling and administrative costs as a percent of net sales due to net sales inflation experienced during 2018.

Restructuring Charges

Restructuring charges were \$2 million in both 2018 and 2017. During the 13-weeks ended March 31, 2018, \$2 million was recognized primarily for changes in estimates of prior year initiatives.

During the 13-weeks ended April 1, 2017, net costs of \$2 million were recognized related to initiatives launched in late 2016 to centralize certain field procurement and replenishment activities, and reduced corporate and administrative costs.

Operating Expenses

Operating expenses, comprised of distribution, selling and administrative costs and restructuring charges, decreased \$26 million, or 2.8%, to \$889 million. Operating expenses as a percentage of net sales were 15.3% in 2018, down from 15.8% in 2017. The change was primarily due to the factors discussed in the relevant sections above.

Operating Income

Operating income increased \$26 million, or 34.2%, to \$102 million in 2018. Operating income as a percent of net sales was 1.8% in 2018, up from 1.3% in 2017. The change was primarily due to the factors discussed in the relevant sections above.

Other Income—Net

Other income—net includes components of net periodic benefit (credits) costs, exclusive of the service cost component associated with our defined benefit retirement plans. Other income—net increased \$2 million to \$3 million in 2018, primarily due to the improved funded status of our defined benefit retirement plans as of December 30, 2017, as compared to the prior year.

Interest Expense—Net

Interest expense—net increased \$1 million, primarily due to the general increase in benchmark interest rates in 2018 compared to 2017, and the resulting effect on our variable rate borrowings, offset by lower debt levels.

Income Tax Provision

The determination of our overall effective tax rate requires the use of estimates. The effective tax rate reflects the income earned and taxed in various United States federal and state jurisdictions based on enacted tax law, permanent differences between book and tax items, tax credits, and the change in relative income in each jurisdiction.

On December 22, 2017 the U.S. government enacted the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to (1) a reduction of the U.S. federal corporate tax rate; and (2) bonus depreciation that permits full expensing of qualified property. The Tax Act reduced the corporate tax rate to 21%, effective January 1, 2018.

The effective tax rate for the 13-weeks ended March 31, 2018 of (7)% varied from the 21% federal statutory rate, primarily as a result of state income taxes and the recognition of various discrete tax items. The discrete tax items included a tax benefit of \$19 million, primarily related to the reduction of an unrecognized tax benefit due to the receipt of an affirmative written consent from the IRS to change a method of accounting and a tax benefit of \$2 million, primarily related to excess tax benefits associated with share-based compensation. The effective tax rate for the 13-weeks ended April 1, 2017 of 23% varied from the 35% federal statutory rate, primarily as a result of state income taxes and the recognition of various discrete tax items. The discrete tax items included a tax benefit of \$6 million, primarily related to excess tax benefits associated with share-based compensation.

Net Income

Our net income was \$67 million in 2018 as compared to \$27 million in 2017. The improvement in net income was primarily due to the relevant factors discussed above.

Liquidity and Capital Resources

Our ongoing operations and strategic objectives require working capital and continuing capital investment. Our primary sources of liquidity include cash provided by operations, as well as access to capital from bank borrowings, various types of debt, and other financing arrangements. Terms used but not defined in this discussion are defined in the detailed description of our indebtedness in Note 11, Debt to our consolidated financial statements.

Indebtedness

As of March 31, 2018, the aggregate carrying value of our indebtedness was \$3,630 million, net of \$16 million of unamortized deferred financing costs.

As of March 31, 2018, we had aggregate commitments for additional borrowings under the ABL Facility and the 2012 ABS Facility of \$1,184 million, of which \$1,113 million was available based on our borrowing base, all of which is secured.

As of March 31, 2018, we had outstanding borrowings of \$35 million and had issued letters of credit totaling \$411 million under the ABL Facility. There was available capacity on the ABL Facility of \$ 854 million at March 31, 2018, based on the borrowing base calculation.

Borrowings under the 2012 ABS Facility were \$470 million at March 31, 2018. At our option, we can request additional 2012 ABS Facility borrowings up to the maximum commitment, provided sufficient eligible receivables are available as collateral. There was available capacity on the 2012 ABS Facility of \$259 million at March 31, 2018, based on the borrowing base calculation.

The Amended and Restated 2016 Term Loan had a carrying value of \$2,152 million as of March 31, 2018, net of \$10 million of unamortized deferred financing costs.

As of March 31, 2018, our 2016 Senior Notes had a carrying value of \$594 million, net of \$6 million of unamortized deferred financing costs. We also had \$370 million of obligations under capital leases for transportation equipment and building leases. Other debt of \$10 million at March 31, 2018 consists primarily of various state industrial revenue bonds.

We believe that the combination of cash generated from operations, together with availability under our debt agreements and other financing arrangements, will be adequate to permit us to meet our debt service obligations, ongoing costs of operations, working capital needs, and capital expenditure requirements for the next 12 months.

Every quarter, we review rating agency changes for all of the lenders that have a continuing obligation to provide us with funding. We are not aware of any facts that indicate our lenders will not be able to comply with the contractual terms of their agreements with us. We continue to monitor the credit markets generally and the strength of our lender counterparties.

As of March 31, 2018, USF had \$790 million of restricted payment capacity under our credit facilities, and approximately \$2,056 million of its net assets were restricted after taking into consideration the net deferred tax assets and intercompany balances that eliminate in consolidation. As of March 31, 2018, we were in compliance with all of our debt covenants.

Cash Flows

For the periods presented, the following table presents condensed highlights from the cash flow statements:

	13-Weeks Ended	
	March 31, 2018	April 1, 2017
	(In millions)*	
Net income	\$ 67	\$ 27
Changes in operating assets and liabilities, net of business acquisitions	5	(34)
Other adjustments	119	129
Net cash provided by operating activities	192	122
Net cash used in investing activities	(57)	(132)
Net cash (used in) provided by financing activities	(168)	31
Net (decrease) increase in cash and cash equivalents	(34)	21
Cash, cash equivalents and restricted cash – beginning of period	119	131
Cash, cash equivalents and restricted cash—end of period	\$ 86	\$ 152

(*) Amounts may not add due to rounding.

Operating Activities

Cash flows provided by operating activities increased \$70 million to \$192 for the 13-weeks ended March 31, 2018. The year over year increase is primarily driven by increased earnings and improved working capital management.

Investing Activities

Cash flows used in investing activities in the 13-weeks ended March 31, 2018 included cash spending of \$57 million on property and equipment for fleet replacement, investments in information technology, as well as new construction and/or expansion of distribution facilities. The 2018 decrease in cash spending was primarily due to the timing of projects in fiscal year 2018 and payments in fiscal year 2017 for assets acquired at the end of 2016.

During the 13-weeks ended April 1, 2017, business acquisitions included a broadline distributor and a specialty distributor for total cash consideration of approximately \$62 million. Approximately \$70 million of purchases were made for property and equipment.

We expect total capital additions in 2018 to be between \$330 million and \$340 million, inclusive of approximately \$80 million in fleet capital leases. We expect to fund our capital expenditures with available cash or cash generated from operations.

Financing Activities

Cash flows used in financing activities of \$168 million in the 13-weeks ended March 31, 2018 included \$155 million of net payments on our revolving credit facilities, and \$23 million of scheduled payments on non-revolving debt and capital leases. Financing activities in 13-weeks ended March 31, 2018 also included \$7 million and \$3 million of proceeds from the exercise of employee stock options and share purchases under our employee stock purchase plan, respectively.

Cash flows provided by financing activities of \$31 million in the 13-weeks ended April 1, 2017 included \$50 million of net borrowings on our working capital credit facilities, partially offset by \$19 million of scheduled payments on non-revolving debt and capital leases.

Retirement Plans

We have a qualified retirement plan and a nonqualified retirement plan that pay benefits to certain employees at retirement, generally using formulas based on a participant's years of service and compensation. In addition, we maintain several postretirement health and welfare plans that provide benefits for eligible retirees and their dependents. We contributed \$10 million to our defined benefit and other postretirement plans during both 13-week periods ended March 31, 2018 and April 1, 2017. In April 2018, with an additional \$25 million contribution, we completed substantially all of the 2018 planned contributions to our defined benefit and other postretirement plans.

Certain employees are eligible to participate in USF's defined contribution 401(k) plan. This plan provides that, under certain circumstances, we may match participant contributions of up to 100% of the first 3% of a participant's compensation and 50% of the next 2% of a participant's compensation, for a maximum matching contribution of 4%. Our 401(k) matching contributions were \$13 million and \$12 million for the 13-weeks ended March 31, 2018 and April 1, 2017, respectively.

We also contribute to various multiemployer pension plans under certain collective bargaining agreements. Our contributions to these plans were \$9 million during both 13-week periods ended March 31, 2018 and April 1, 2017.

Off-Balance Sheet Arrangements

As of March 31, 2018, \$79 million in letters of credit have been issued to secure our obligations with respect to certain facility leases. Additionally, \$329 million in letters of credit had been issued in favor of certain commercial insurers securing our obligations with respect to our self-insurance programs, and \$3 million in letters of credit have been issued for other obligations.

Except as disclosed above, we have no off-balance sheet arrangements that currently have or are reasonably likely to have a material effect on our consolidated financial condition, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

See the Contractual Obligations section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7, of the 2017 Annual Report for our contractual cash obligations as of December 30, 2017. There have been no material changes to our specified contractual obligations through March 31, 2018.

Critical Accounting Policies and Estimates

We have prepared the financial information in this Quarterly Report in accordance with GAAP. Preparing these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during these reporting periods. We base our estimates and judgments on historical experience and other factors we believe are reasonable under the circumstances. These assumptions form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Part II, Item 7, of the 2017 Annual Report includes a summary of the critical accounting policies we believe are the most important to aid in understanding our financial results. There have been no changes to those critical accounting policies that have had a material impact on our reported amounts of assets, liabilities, revenue, or expenses during the 13-weeks ended March 31, 2018.

Recent Accounting Pronouncements

See Note 2, Recent Accounting Pronouncements in our consolidated financial statements in Part I, Item 1 of this Quarterly Report for information related to new accounting standards.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain risks arising from both our business operations and overall economic conditions. We principally manage our exposures to a wide variety of business and operational risks through managing our core business activities. We manage economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of our debt funding. During 2017, we entered into derivative financial instruments to assist in managing our exposure to variable interest rate terms on certain borrowings. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

Interest Rate Risk

Market risk is the possibility of loss from adverse changes in market rates and prices, such as interest rates and commodity prices. As of March 31, 2018, after considering interest rate swaps that fixed the interest rate on \$1.1 billion of principal of our variable rate term loan, approximately 43% of our debt bears interest at floating rates, based on LIBOR or ABR, as defined in our credit agreements. A 1% change in LIBOR and ABR would cause the interest expense on our floating rate debt to change by approximately \$16 million per year (see Note 11, Debt, to our consolidated financial statements).

Commodity Price Risk

We are also exposed to risk due to fluctuations in the price and availability of diesel fuel. Increases in the cost of diesel fuel can negatively affect consumer spending, raise the price we pay for products, and increase the costs we incur to deliver products to our customers. To minimize fuel cost risk, we enter into forward purchase commitments for a portion of our projected diesel fuel requirements. As of March 31, 2018, we had diesel fuel forward purchase commitments totaling \$17 million through June 2018. These locked in approximately 56% of our projected diesel fuel purchase needs for the contracted periods. Our remaining fuel purchase needs will occur at market rates. Using published market price projections for diesel and estimated fuel consumption needs, a 10% unfavorable change in diesel prices from the projected market prices could result in approximately \$2 million in additional fuel cost on such uncommitted volumes.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is processed, recorded, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that this information is accumulated and communicated to Company management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As required by Exchange Act Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2018.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OT HER INFORMATION

Item 1. Legal Proceedings

For information relating to legal proceedings, see Note 18, Commitments and Contingencies in our consolidated financial statements contained in Part I, Item 1 of this Quarterly Report.

In addition, on November 9, 2017, we were notified by the U.S. Environment Protection Agency (the “EPA”) that potential violations of the Section 112(r)(7) Risk Management Program regulation found at 40 CFR Part 68 were allegedly committed at our Fairburn, GA facility. On December 6, 2017, we notified the EPA of our intent to settle the alleged potential violations and pay a final penalty of \$107,961. We executed a Consent Agreement and Final Order on March 23, 2018 and paid the final penalty on April 23, 2018.

Item 1A. Risk Factors

There have been no material changes to the principal risks that we believe are material to our business, results of operations, and financial condition from those disclosed in Part I, Item 1A, of the 2017 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

**Exhibit
Number**

3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed with the SEC on May 7, 2018).
3.2*	Third Amended and Restated Bylaws of the Registrant .
10.1§	Form of Amended and Restated Executive Severance Agreement (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on January 8, 2018).
10.2§	US Foods Holding Corp. Amended and Restated Employee Stock Purchase Plan, as amended (incorporated by reference to Appendix B to the Definitive Proxy Statement on Schedule 14A filed with the SEC on March 16, 2018).
31.1*	Section 302 Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
31.2*	Section 302 Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
32.1†	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 .
32.2†	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 .
101*	Interactive Data File.

* Filed herewith.

† Furnished with this Report.

§ Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

US FOODS HOLDING CORP.
(Registrant)

Date: May 8, 2018

By: /s/ PIETRO SATRIANO
Pietro Satriano
Chairman and Chief Executive Officer

Date: May 8, 2018

By: /s/ DIRK J. LOCASCIO
Dirk J. Locascio
Chief Financial Officer

US FOODS HOLDING CORP.

THIRD AMENDED AND RESTATED BYLAWS

As amended and restated effective May 4, 2018

ARTICLE I

STOCKHOLDERS

Section 1.01. Annual Meetings. The annual meeting of the stockholders of US Foods Holding Corp. (the “Corporation”) for the election of directors (each, a “Director”) to succeed Directors whose terms expire and for the transaction of such other business as properly may come before such meeting shall be held each year, either within or without the State of Delaware, at such place, if any, and on such date and at such time, as may be fixed from time to time by resolution of the Corporation’s Board of Directors (the “Board”) and set forth in the notice or waiver of notice of the meeting, unless, subject to the certificate of incorporation of the Corporation as then in effect (as may be amended from time to time, the “Certificate of Incorporation”) and Section 1.11 of these Bylaws, the stockholders have acted by written consent to elect Directors as permitted by the General Corporation Law of the State of Delaware, as amended from time to time (the “DGCL”). The Board may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

Section 1.02. Special Meetings. Special meetings of the stockholders of the Corporation may be called only in the manner set forth in the Certificate of Incorporation. Notice of every special meeting of the stockholders of the Corporation shall state the purpose or purposes of such meeting. Except as otherwise required by law, the business conducted at a special meeting of stockholders of the Corporation shall be limited exclusively to the business set forth in the Corporation’s notice of meeting, and the individual or group calling such meeting shall have exclusive authority to determine the business included in such notice. Any special meeting of the stockholders shall be held either within or without the State of Delaware, at such place, if any, and on such date and time, as shall be specified in the notice of such special meeting. The Board may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board.

Section 1.03. Participation in Meetings by Remote Communication. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the DGCL and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication.

Section 1.04. Notice of Meetings; Waiver.

(a) The Secretary or any Assistant Secretary shall cause notice of each meeting of stockholders to be given in a manner permitted by the DGCL not less than 10 nor more than 60 days prior to the meeting, to each stockholder of record entitled to vote at such meeting, subject to such exclusions as are then permitted by the DGCL. The notice shall specify (i) the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date of stockholders entitled to notice of the meeting), (ii) the place, if any, date and time of such meeting of the stockholders, (iii) the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, (iv) in the case of a special meeting, the purpose or purposes for which such meeting is called and (v) such other information as may be required by law or as may be deemed appropriate by the Chairman of the Board, the Board, the Chief Executive Officer or the Secretary of the Corporation. If the stockholder list referred to in Section 1.07 of these Bylaws is made accessible on an electronic network, the notice of meeting shall indicate how the stockholder list can be accessed. If a stockholder meeting is to be held solely by means of electronic communications, the notice of such meeting must provide the information required to access such stockholder list.

(b) A written waiver of notice of meeting signed by a stockholder, or a waiver by electronic transmission by a stockholder, whether given before or after the meeting, is deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in a waiver of notice. The attendance of any stockholder at a meeting of stockholders is a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

Section 1.05. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, the presence in person or by proxy of the holders of record of a majority in voting power of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting, provided, however, that where a separate vote by a class or series is required, the holders of a majority in voting power of all issued and outstanding stock of such class or series entitled to vote on such matter, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to such matter. In the absence of a quorum, the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 1.08 of these Bylaws until a quorum shall attend.

Section 1.06. Voting. Except as otherwise provided in the Certificate of Incorporation, the certificate of designation for any series of preferred stock or by law, every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to one vote for each such share outstanding in his or her name on the books of the Corporation at the close of business on the record date for such vote. If no record date has been fixed for a meeting of stockholders, then every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to one vote (unless otherwise provided by the Certificate of Incorporation) for each such share of stock outstanding in his or her name on the books of the Corporation at the close of

business on the day next preceding the day on which notice of the meeting is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by law, the Certificate of Incorporation, these Bylaws, the rules and regulations of any stock exchange applicable to the Corporation, for so long as the Amended and Restated Stockholders Agreement, among the Corporation and certain of its stockholders, dated as of June 1, 2016 (as amended from time to time, the “Stockholders Agreement”) is in effect, the then-applicable terms, if any, of the Stockholders Agreement, or pursuant to any other rule or regulation applicable to the Corporation or its stockholders, the vote of a majority in voting power of the shares entitled to vote at a meeting of stockholders on the subject matter in question represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting. The stockholders do not have the right to cumulate their votes for the election of Directors.

Section 1.07. Voting Lists. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare, at least 10 days before every meeting of the stockholders (and before any adjournment thereof for which a new record date has been set), a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. This list, which may be in any format including electronic format, shall be open to the examination of any stockholder prior to and during the meeting for any purpose germane to the meeting in the manner required by the DGCL and other applicable law. The stock ledger shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of stockholders.

Section 1.08. Adjournment. Any meeting of stockholders may be adjourned from time to time, by the chairperson of the meeting or by the vote of a majority in voting power of the shares of stock present in person or represented by proxy at the meeting, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the place, if any, and date and time thereof (and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting) are announced at the meeting at which the adjournment is taken unless the adjournment is for more than 30 days or a new record date is fixed for the adjourned meeting after the adjournment, in which case notice of the adjourned meeting in accordance with Section 1.04 of these Bylaws shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

Section 1.09. Proxies. Any stockholder entitled to vote at any meeting of the stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy. A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature, or by transmitting or authorizing an electronic transmission setting forth an authorization to act as proxy to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. No proxy may be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder

executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary. Proxies by electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 1.10. Organization; Procedure; Inspection of Elections.

(a) At every meeting of stockholders the presiding person shall be the Chairman of the Board or, in the event of his or her absence or disability, the Chief Executive Officer or, in the event of his or her absence or disability, a presiding person chosen by resolution of the Board. The Secretary, or in the event of his or her absence or disability, the Assistant Secretary, if any, or if there be no Assistant Secretary, in the absence of the Secretary, an appointee of the presiding person, shall act as secretary of the meeting. The Board may make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to any such rules and regulations, the presiding person of any meeting shall have the right and authority to prescribe rules, regulations and procedures for such meeting and to take all such actions as in the judgment of the presiding person are appropriate for the proper conduct of such meetings. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders or records of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter of business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(b) Preceding any meeting of the stockholders, the Board may, and when required by law shall, appoint one or more persons to act as inspectors of elections, and may designate one or more alternate inspectors. If no inspector or alternate so appointed by the Board is able to act, or if no inspector or alternate has been appointed and the appointment of an inspector is required by law, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. No Director or nominee for the office of Director shall be

appointed as an inspector of elections. Each inspector, before entering upon the discharge of the duties of an inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall discharge their duties in accordance with the requirements of applicable law.

Section 1.11. Stockholder Action by Written Consent. Except as otherwise provided in the Certificate of Incorporation, stockholders may not take any action by written consent in lieu of action at an annual or special meeting of stockholders.

Section 1.12. Notice of Stockholder Proposals and Nominations.

(a) *Annual Meetings of Stockholders*. (i) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (A) pursuant to the Corporation's notice of the meeting (or any supplement thereto) delivered pursuant to Section 1.04 of these Bylaws, (B) by or at the direction of the Board or a committee of the Board appointed by the Board for such purpose, (C) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in clauses (ii) and (iii) of this Section 1.12(a) and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation and at the date of the meeting, or (D) by any Sponsor (as defined in the Certificate of Incorporation) pursuant to the Stockholders Agreement.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to subclause (C) of Section 1.12(a)(i) of these Bylaws, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and in the case of proposed business other than nominations for persons for election to the Board, such other business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not fewer than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting (which anniversary date, in the case of the first annual meeting of stockholders following the closing of the Corporation's initial underwritten public offering of common stock, shall be deemed to be June 30, 2017); provided that if the date of the annual meeting is advanced by more than 30 days or delayed by more than 70 days from such anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (A) as to each person whom the stockholder proposes to nominate for election or re-election as a Director all information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolution proposed for consideration and if such business includes proposed

amendments to the Certificate of Incorporation or Bylaws, the text of the proposed amendments), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of any beneficial owner on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and any beneficial owner on whose behalf the nomination or proposal is made (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (2) the class or series and number of shares of the Corporation which are owned beneficially (directly or indirectly) and of record by such stockholder and such beneficial owner, (3) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (4) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination. Notice of a stockholder nomination or proposal shall also set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (A) a description of any agreement, arrangement or understanding between or among such stockholder and any such beneficial owner, any of their respective affiliates or associates, and any other person or persons (including their names) in connection with the proposal of such nomination or other business; (B) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on behalf of, or any other agreement, arrangement or understanding that has been made, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or any such beneficial owner or any such nominee with respect to the Corporation's securities (a " Derivative Instrument "); (C) to the extent not disclosed pursuant to the immediately preceding clause (B), the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such stockholder or by any such beneficial owner, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Instrument entered into by or on behalf of such stockholder or such beneficial owner relating to the value or payment of any indebtedness of the Corporation or any such subsidiary; and (D) any other information relating to such stockholder and any such beneficial owner required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of Directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act, and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a Director of the Corporation and to determine the independence of such Director under the Exchange Act and rules and regulations

thereunder and applicable stock exchange rules. In addition, a stockholder seeking to bring an item of business before the annual meeting shall promptly provide any other information reasonably requested by the Corporation.

(iii) Notwithstanding anything in the second sentence of Section 1.12(a)(ii) of these Bylaws to the contrary, in the event that the number of Directors to be elected to the Board is increased and there is no public announcement naming all of the nominees for Director or specifying the size of the increased Board made by the Corporation at least 70 days prior to the first anniversary of the preceding year's annual meeting (which anniversary date, in the case of the first annual meeting of stockholders following the closing of the Corporation's initial underwritten public offering of common stock, shall be deemed to be June 30, 2017), a stockholder's notice under this Section 1.12(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders* . Only such business as shall have been brought before the special meeting of the stockholders pursuant to the Corporation's notice of meeting shall be conducted at such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which Directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board or a committee of the Board appointed by the Board for such purpose or (ii) provided that the Board has determined that the Directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 1.12(b) and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more Directors of the Corporation, any stockholder entitled to vote at such meeting may nominate a person or persons, as the case may be, for election to such position(s) as specified by the Corporation, if the stockholder's notice as required by Section 1.12(a)(ii) of these Bylaws shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the 120 days prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting.

(c) *General* .

(i) Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, the presiding person of a meeting of stockholders shall have the power and duty (x) to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 1.12 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made, solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with

such stockholder's representation as required by clause (a)(ii)(C)(4) of this Section 1.12), and (y) if any proposed nomination or business is not in compliance with this Section 1.12, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

(ii) If the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 1.12 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and/or the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 1.12, to be considered a qualified representative of the stockholder, a person must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(iii) For purposes of this Section 1.12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, comparable national news service or widely disseminated wire service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations thereunder.

(iv) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.12. Nothing in this Section 1.12 shall be deemed to affect any rights of (x) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (y) the holders of any series of preferred stock to elect Directors pursuant to any applicable provisions of the Certificate of Incorporation or of the relevant preferred stock certificate of designation.

(v) The announcement of an adjournment or postponement of an annual or special meeting does not commence a new time period (and does not extend any time period) for the giving of notice of a stockholder nomination or a stockholder proposal as described above.

ARTICLE II

BOARD OF DIRECTORS

Section 2.01. General Powers. Except as may otherwise be provided by law, by the Certificate of Incorporation or by these Bylaws, the property, affairs and business of the Corporation shall be managed by or under the direction of the Board and the Board may exercise all the powers and authority of the Corporation.

Section 2.02. Classification; Election of Directors. The Board shall be classified into three classes as provided by the Certificate of Incorporation. Except as otherwise provided in the Certificate of Incorporation, at each annual meeting of the stockholders the successors of the

Directors whose term expires at that meeting shall be elected. At each meeting of the stockholders for the election of Directors, provided a quorum is present, each Director who is standing for election shall be elected by the vote of a majority of the votes validly cast with respect to such Director's election, provided that if the number of nominees for Director exceeds the number of Directors to be elected, the Directors shall be elected by the votes of a plurality of the shares represented in person or by proxy at such meeting and entitled to vote on the election of Directors, and provided further that for so long as the Stockholders Agreement is in effect, the election of any Director shall also be subject to the then-applicable terms, if any, of the Stockholders Agreement. In an election of Directors, a majority of the votes cast means that the number of votes cast "for" a Director's election must exceed the number of votes cast "against" such Director's election (with abstentions and "broker nonvotes" not counted as a vote cast either "for" or "against" such Director's election). If an incumbent Director is not elected, such Director shall promptly tender his or her resignation to the Board. The Nominating and Corporate Governance Committee, or such other committee designated by the Board from time to time, shall recommend to the Board whether to accept or reject the resignation of such incumbent Director or to take other action. The Board shall act on the resignation and shall "publicly announce," in the manner provided in Section 1.12, its decision regarding the tendered resignation and the rationale behind the decision within 120 days from the date the election results are certified. The incumbent Director who tenders his or her resignation shall not participate in the recommendation of the Nominating and Corporate Governance Committee or the decision of the Board that concern such Director's resignation. If a Director's resignation is accepted by the Board pursuant to this Section 2.02, or if a nominee for Director is not elected and the nominee is not then an incumbent Director, then the Board, acting in its sole discretion, may fill any resulting vacancy or may decrease the size of the Board, as provided in the Certificate of Incorporation.

Section 2.03. Annual and Regular Meetings: Notice. The annual meeting of the Board for the purpose of electing officers and for the transaction of such other business as may come before the meeting shall be held as soon as possible following adjournment of the annual meeting of the stockholders either (i) at the place of such annual meeting of the stockholders, in which event notice of such annual meeting of the Board need not be given, or (ii) at such other time and place as shall have been specified in advance notice given to members of the Board of the date, place and time of such meeting. Any such notice shall be given at least 48 hours in advance if sent to each Director by facsimile or any form of electronic transmission previously approved by a Director, which approval has not been revoked ("Approved Electronic Transmission"), or delivered to him or her personally, or at least five days in advance, if notice is mailed to each Director, addressed to him or her at his or her usual place of business or other designated address. Any such notice need not be given to any Director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any Director who submits a signed waiver of notice (including by Approved Electronic Transmission), whether before or after such meeting.

The Board from time to time may by resolution provide for the holding of regular meetings. Regular meetings of the Board shall be held at the place (if any), on the date and at the time as shall have been established by the Board and publicized among all Directors. A notice of a regular meeting, the date of which has been so publicized, shall not be required.

Section 2.04. Special Meetings; Notice. Special meetings of the Board shall be held whenever called by any member of the Board, at such place (within or without the State of Delaware), date and time as may be specified in the respective notices or waivers of notice of such meetings. Special meetings of the Board may be called on (i) 48 hours' notice, if such notice is sent by facsimile or Approved Electronic Transmission to each Director or delivered to him or her personally or (ii) five days' notice, if such notice is mailed to each Director, addressed to him or her at his or her usual place of business or other designated address. Notice of any special meeting need not be given to any Director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any Director who submits a signed waiver of notice (including by electronic transmission), whether before or after such meeting. Any business may be conducted at a special meeting of the Board.

Section 2.05. Quorum. A quorum for meetings of the Board shall consist of a majority of the total number of Directors then in office; provided that, so long as the applicable terms of the Stockholders Agreement are then in effect, such majority must include at least one CD&R Investor Director and one KKR Investor Director (each as defined in the Stockholders Agreement) for so long as each of the CD&R Investor and KKR Investor (each as defined in the Stockholders Agreement) is entitled to designate a Director for nomination.

Section 2.06. Voting. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board, subject, for so long as the Stockholders Agreement is in effect, to the then-applicable terms, if any, of the Stockholders Agreement.

Section 2.07. Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting of the Board to another time or place, provided such adjourned meeting is no earlier than 48 hours after written notice (in accordance with these Bylaws) of such adjournment has been given to the Directors (or such notice is waived in accordance with these Bylaws), and, at any such adjourned meeting, a quorum shall consist of a majority of the total number of Directors then in office; provided that, so long as the applicable terms of the Stockholders Agreement are then in effect, such majority must include at least one CD&R Investor Director and one KKR Investor Director for so long as each of the CD&R Investor and KKR Investor is entitled to designate a Director for nomination.

Section 2.08. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing or by Approved Electronic Transmission, and such writing or writings or Approved Electronic Transmissions are filed with the minutes of proceedings of the Board. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.09. Regulations; Manner of Acting. To the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the property, affairs and business of the Corporation as the Board may deem appropriate. In addition to the election of the Chairman of the Board, the Board may elect one or more vice-chairpersons or lead Directors to perform such other duties as may be designated by the Board.

Section 2.10. Action by Telephonic Communications. Members of the Board may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 2.11. Removal; Resignation. Directors may only be removed as set forth in the Certificate of Incorporation. Any Director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such Director, to the Chairman of the Board, the Chief Executive Officer or the Secretary. Such resignation shall take effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event.

Section 2.12. Director Fees and Expenses. The amount, if any, which each Director shall be entitled to receive as compensation for his or her services shall be fixed from time to time by the Board or in the manner established by the Board, subject, for so long as the Stockholders Agreement is in effect, to the then-applicable terms, if any, of the Stockholders Agreement. The non-employee Directors of the Corporation shall be paid their reasonable expenses, if any, of attendance at each meeting of the Board and may be reimbursed a fixed sum for attendance at each meeting of the Board, paid an annual retainer or paid other compensation, including equity compensation, as determined by the Board or in the manner established by the Board.

Section 2.13. Reliance on Accounts and Reports, etc. A Director, or a member of any Committee designated by the Board shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or Committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE III

COMMITTEES

Section 3.01. How Constituted. The Board shall have an Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and such other committees as the Board may determine (collectively, the "Committees"). Subject to law and the rules and regulations of any stock exchange applicable to the Corporation, each Committee shall consist of such number of Directors as from time to time may be fixed by a majority of the total number of Directors then in office, provided that for so long as the Stockholders Agreement is in effect, the Composition of each Committee shall also be subject to the then-applicable terms, if any, of the Stockholders Agreement. Any Committee may be abolished or re-designated from time to time by the Board. Each member of any such Committee (whether designated at an annual meeting of the Board or to fill a vacancy or otherwise) shall hold office until his or her successor shall have been designated or until he or she shall cease to be a Director, or until his or her earlier death, resignation or removal.

Section 3.02. Powers. Each Committee shall have such powers and responsibilities as the Board may from time to time authorize and, each Committee, except as otherwise provided in this Section 3.02, shall have and may exercise such powers of the Board as may be provided by resolution or resolutions of the Board. No Committee shall have the power or authority:

(a) to amend the Certificate of Incorporation (except that a Committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board as provided in Section 151(a) of the DGCL, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series);

(b) to adopt an agreement of merger or consolidation or a certificate of ownership and merger;

(c) to recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets;

(d) to recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution; or

(e) to amend these Bylaws of the Corporation.

Any Committee may be granted by the Board, power to authorize the seal of the Corporation to be affixed to any or all papers which may require it.

Section 3.03. Proceedings. Each Committee may fix its own rules of procedure and may meet at such place (within or without the State of Delaware), at such time and upon such notice, if any, as it shall determine from time to time, provided that the Board may adopt other rules and regulations for the governance of any Committee not inconsistent with the provisions of these Bylaws and the rules and regulations of any stock exchange applicable to the Corporation, and for so long as the Stockholders Agreement is in effect, the then-applicable terms, if any, of the Stockholders Agreement. Each such Committee shall keep minutes of its proceedings and shall report such proceedings to the Board at the meeting of the Board following any such proceedings.

Section 3.04. Quorum and Manner of Acting. Except as may be otherwise provided in the resolution creating a Committee, at all meetings of any Committee the presence of members constituting a majority of the total authorized membership of such Committee shall constitute a quorum for the transaction of business; provided, however, that if any members of such Committee are serving on such Committee pursuant to the then-applicable terms, if any, of the Stockholders Agreement, a quorum shall require such member. The act of the majority of the members of a Committee present at any meeting at which a quorum is present shall be the act of such Committee, subject, for so long as the Stockholders Agreement is in effect, to the then-applicable terms, if any, of the Stockholders Agreement. Any action required or permitted to be taken at any meeting of any Committee may be taken without a meeting, if all members of such

Committee shall consent to such action in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. The members of any Committee shall act only as a Committee, and the individual members of such Committee shall have no power as such.

Section 3.05. Action by Telephonic Communications. Members of any Committee designated by the Board may participate in a meeting of such Committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 3.06. Resignations. Any member of any Committee may resign from such Committee at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by the Director, to the Chairman of the Board, the Chief Executive Officer or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery.

Section 3.07. Removal. Any member of any Committee may be removed from his or her position as a member of such Committee at any time, either for or without cause, by resolution adopted by a majority of the number of Directors then in office, provided that for so long as the Stockholders Agreement is in effect, the removal of any member of a Committee shall be subject to the then-applicable terms, if any, of the Stockholders Agreement.

Section 3.08. Vacancies. If any vacancy shall occur in any Committee, by reason of disqualification, death, resignation, removal or otherwise, the remaining members shall continue to act, and any such vacancy may be filled by the Board subject to Section 3.01 of these Bylaws and for so long as the Stockholders Agreement is in effect, to the then-applicable terms, if any, of the Stockholders Agreement.

ARTICLE IV

OFFICERS

Section 4.01. Number. The officers of the Corporation shall be chosen by the Board and, subject to the last sentence of this Section 4.01, shall be a Chairman of the Board, a Chief Executive Officer, a Chief Financial Officer, one or more Vice Presidents and a Secretary, provided that for so long as the Stockholders Agreement is in effect, the choosing of any such officer shall also be subject to the then-applicable terms, if any, of the Stockholders Agreement. In addition, the Board from time to time may delegate to any officer the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any action by an appointing officer may be superseded by action by the Board. The Board may also designate as officers a President, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, and such other officers and agents as it shall deem necessary. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person, except

that one person may not concurrently hold both the office of Chief Executive Officer and Secretary. The Board may, subject to the then-applicable terms, if any, of the Stockholders Agreement (so long as the Stockholders Agreement is in effect), determine that the Chairman of the Board will not be an officer of the Corporation.

Section 4.02. Election. Unless otherwise determined by the Board and except as otherwise provided in these Bylaws, the officers of the Corporation shall be elected by the Board at the annual meeting of the Board, and shall be elected to hold office until the next succeeding annual meeting of the Board at which his or her successor has been elected and qualified. In the event of the failure to elect officers at such annual meeting, officers may be elected at any regular or special meeting of the Board. Each officer shall hold office until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal. For so long as the Stockholders Agreement is in effect, the election of the Chairman of the Board and the Chief Executive Officer shall be subject to the then-applicable terms, if any, of the Stockholders Agreement.

Section 4.03. Salaries. The salaries and other compensation of all officers and agents of the Corporation shall be fixed by the Board or in the manner established by the Board.

Section 4.04. Removal and Resignation; Vacancies. Any officer may be removed for or without cause at any time by the Board or by the Chief Executive Officer as permitted pursuant to Section 4.07. Any officer may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Chairman of the Board, the Chief Executive Officer or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled by the Board, or, if the Chief Executive Officer has authority pursuant to Section 4.07 of these Bylaws to fill such office, then by the Chief Executive Officer subject to Section 4.07 of these Bylaws or by the Board. Notwithstanding the foregoing provisions of this Section 4.04, for so long as the Stockholders Agreement is in effect, the removal of the Chairman of the Board and the Chief Executive Officer, and the filling of vacancy in such positions, shall be subject to the then-applicable terms, if any, of the Stockholders Agreement.

Section 4.05. Authority and Duties of Officers. The officers of the Corporation shall have such authority and shall exercise such powers and perform such duties as may be specified in these Bylaws or in a resolution of the Board, except that in any event each officer shall exercise such powers and perform such duties as may be required by law. The Board may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 4.06. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board and stockholders at which he or she is present and shall have such other powers and duties as may from time to time be assigned by the Board.

Section 4.07. Chief Executive Officer. The Chief Executive Officer shall have, subject to the supervision, direction and control of the Board, the general powers and duties of supervision, direction, and management of the business and affairs of the Corporation, including,

without limitation, all powers necessary to direct and control the organizational and reporting relationships within the Corporation. The Chief Executive Officer shall see that all orders and resolutions of the Board are carried into effect. In addition, the Chief Executive Officer shall have such other powers and perform such other duties as may be delegated to him or her by the Board or as are set forth in the Certificate of Incorporation or these Bylaws. If the Board has not elected or appointed a President or the office of the President is otherwise vacant, and no officer otherwise functions with the powers and duties of the President, then, unless otherwise determined by the Board, the Chief Executive Officer shall also have all the powers and duties of the President.

Section 4.08. President. The President, if there is such an officer and the Board so directs, shall serve as chief operating officer and have the powers and duties customarily and usually associated with the office of chief operating officer unless the Board provides for another officer to serve as chief operating officer (or to have the powers and duties of chief operating officer). The President shall have such other powers and perform such other duties as may be delegated to him or her from time to time by the Board or the Chief Executive Officer. If the Board has not elected or appointed a Chief Executive Officer or the office of Chief Executive Officer is otherwise vacant, then, unless otherwise determined by the Board, the President shall also have all the powers and duties of the Chief Executive Officer.

Section 4.09. Vice President. Each Vice President shall have the powers and duties delegated to him or her by the Board, the Chief Executive Officer or the President. One Vice President may be designated by the Board to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

Section 4.10. Secretary and Assistant Secretaries. The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board. He or she shall have charge of the corporate books and shall perform other duties as the Board may from time to time prescribe.

Any Assistant Secretary, if there is such an officer, shall perform such duties and possess such powers as the Board, the Chief Executive Officer, President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board), shall perform the duties and exercise the powers of the Secretary.

Section 4.11. Chief Financial Officer, Treasurer and Assistant Treasurers. The Chief Financial Officer shall keep or cause to be kept the books of account of the Corporation in a thorough and proper manner and shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board, the Chief Executive Officer or the President. The Chief Financial Officer, subject to the order of the Board, shall have the custody of all funds and securities of the Corporation. The Chief Financial Officer shall perform other duties commonly incident to such office and shall also perform such other duties and have such other powers as the Board, the Chief Executive Officer or the President shall designate from time to time. The Chief Executive Officer or President may direct the Treasurer or any Assistant Treasurer, if there is such an officer, to assume and perform the duties of the Chief Financial

Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer shall perform other duties commonly incident to such office and shall also perform such other duties and have such other powers as the Board, the Chief Executive Officer or the President shall designate from time to time.

Section 4.12. Security. The Board may require any officer, agent or employee of the Corporation to provide security for the faithful performance of his or her duties, in such amount and of such character as may be determined from time to time by the Board.

Section 4.13. Action with Respect to Securities of Other Companies. Unless otherwise directed by the Board, the Chief Executive Officer, the President, or any officer of the Corporation authorized thereby, shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders or equityholders of, or with respect to any action of, stockholders or equityholders of any other entity in which the Corporation may hold securities and otherwise to exercise any and all rights and powers which the Corporation may possess by reason of its ownership of securities in such other entity.

ARTICLE V

CAPITAL STOCK

Section 5.01. Certificates of Stock, Uncertificated Shares. The shares of the Corporation shall be represented by certificates, except to the extent that the Board has provided by resolution or resolutions that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have, and the Board may in its sole discretion permit a holder of uncertificated shares to receive upon request a certificate signed by the appropriate officers of the Corporation, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board may determine, to the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws.

Section 5.02. Signatures; Facsimile. All signatures on the certificates referred to in Section 5.01 of these Bylaws may be in facsimile, engraved or printed form, to the extent permitted by law. In case any officer, transfer agent or registrar who has signed, or whose facsimile, engraved or printed signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 5.03. Lost, Stolen or Destroyed Certificates. A new certificate may be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, only upon delivery to the Corporation of an affidavit of the owner or owners (or their legal representatives) of such certificate, setting forth such allegation and a bond or undertaking as may be satisfactory to a financial officer of the Corporation to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 5.04. Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate representing shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the DGCL. Subject to the provisions of the Certificate of Incorporation and these Bylaws, the Board may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation.

Section 5.05. Registered Stockholders. Prior to due surrender of a certificate for registration of transfer and to the fullest extent permitted by law, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests, provided that if a transfer of shares shall be made for collateral security, and not absolutely, this fact shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so.

Section 5.06. Transfer Agent and Registrar. The Board may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

ARTICLE VI

INDEMNIFICATION

Section 6.01. Nature of Indemnity. The Corporation shall indemnify, to the fullest extent permitted by the DGCL and other applicable law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (each, a “proceeding”), by reason of the fact that he or she is or was or has agreed to become a Director or officer of the Corporation, or while serving as a Director or officer of the Corporation, is or was serving or has agreed to serve at the request of the Corporation as a Director, officer, employee, manager or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with such proceeding and any appeal therefrom, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal proceeding had no reasonable cause to believe his or her conduct was unlawful; provided that in the case of an action or suit by or in the right of the Corporation to procure a judgment in its favor (i) such indemnification shall be limited to expenses (including attorneys’

fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (ii) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper. Notwithstanding the foregoing, but subject to Section 6.05 of these Bylaws, the Corporation shall not be obligated to indemnify a Director or officer of the Corporation in respect of a proceeding (or part thereof) instituted by such Director or officer, unless such proceeding (or part thereof) has been authorized in the specific case by the Board.

The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 6.02. Successful Defense. To the extent that a present or former Director or officer of the Corporation has been successful on the merits or otherwise in defense of any proceeding referred to in Section 6.01 of these Bylaws or in defense of any claim, issue or matter therein, he or she shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 6.03. Determination That Indemnification Is Proper. Any indemnification of a present or former Director or officer of the Corporation under Section 6.01 of these Bylaws (unless ordered by a court) shall be made by the Corporation only upon a determination that indemnification of such person is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 6.01 of these Bylaws. Any such determination shall be made, with respect to a person who is a Director or officer at the time of such determination (i) by a majority vote of the Directors who are not parties to such proceeding, even though less than a quorum, or (ii) by a committee of such Directors designated by majority vote of such Directors, even though less than a quorum, or (iii) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders.

Section 6.04. Advance of Expenses. Expenses (including attorneys' fees) incurred by a present or former Director or officer in defending any civil, criminal, administrative or investigative proceeding shall be paid by the Corporation prior to the final disposition of such proceeding upon written request by such person and delivery of an undertaking by such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation under this Article or applicable law; provided that the Board may not require such Director or officer to post any bond or otherwise provide any security for such undertaking. The Corporation or, in respect of a present Director or officer, the Board may authorize the Corporation's counsel to represent (subject to applicable conflict of interest considerations) such present or former Director or officer in any proceeding, whether or not the Corporation is a party to such proceeding.

Section 6.05. Procedure for Indemnification of Directors and Officers. Any indemnification of a Director or officer of the Corporation under Sections 6.01 and 6.02 of these Bylaws, or advance of expenses to such persons under Section 6.04 of these Bylaws, shall be made promptly, and in any event within 30 days, upon the written request by or on behalf of such person (together with supporting documentation). If a determination by the Corporation that such person is entitled to indemnification pursuant to this Article is required, and the Corporation fails to respond within 60 days to a written request for indemnity, the Corporation shall be deemed to have approved such request. If the Corporation denies a written request for indemnity or advancement of expenses, in whole or in part, or if payment in full pursuant to such request is not made within 30 days, the right to indemnification or advances as granted by this Article shall be enforceable by such person in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified, to the fullest extent permitted by law, by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 6.04 of these Bylaws where the required undertaking, if any, has been received by or tendered to the Corporation) that the claimant has not met the standard of conduct set forth in Section 6.01 of these Bylaws, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board or any Committee thereof, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 6.01 of these Bylaws, nor the fact that there has been an actual determination by the Corporation (including its Board or any Committee thereof, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6.06. Contract Right; Non-Exclusivity; Indemnification Priority Survival.

(a) The rights to indemnification and advancement of expenses provided by this Article shall be deemed to be separate contract rights between the Corporation and each Director and officer who serves in any such capacity at any time while these provisions as well as the relevant provisions of the DGCL are in effect and any repeal or modification thereof shall not adversely affect any right or obligation then existing with respect to any state of facts then or previously existing or any proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such "contract rights" may not be modified retroactively as to any present or former Director or officer without the consent of such Director or officer.

(b) The rights to indemnification and advancement of expenses provided by this Article shall continue as to a person who has ceased to be a Director or officer and shall not be deemed exclusive of any other rights to which a present or former Director or officer of the Corporation seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested Directors, or otherwise; provided, that to the extent that that an indemnitee is entitled to be indemnified by the Corporation pursuant to this Article and by any stockholder of the Corporation or any affiliate of any such stockholder (other

than the Corporation) under any other agreement or instrument, or by any insurer under a policy maintained by such stockholder or affiliate, the obligations of the Corporation pursuant to this Article shall be primary, and the obligations of such stockholder, affiliate or insurer secondary and the Corporation shall not be entitled to contribution or indemnification from or subrogation against such stockholder or affiliate.

(c) The rights to indemnification and advancement of expenses provided by this Article to any present or former Director or officer shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.07. Insurance. The Corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her or on his or her behalf in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article, provided that such insurance is available on commercially reasonable terms consistent with then prevailing rates in the insurance market.

Section 6.08. Subrogation. In the event of payment under this Article VI, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee, who shall execute all documents, and do all acts, that as the Corporation may reasonably request to secure such rights, including the execution of such documents as the Corporation may reasonably request to enable the Corporation effectively to bring suit to enforce such rights.

Section 6.09. Employees and Agents. The Board, or any officer authorized by the Board generally or in the specific case to make indemnification decisions, may cause the Corporation to indemnify any present or former employee or agent of the Corporation in such manner and for such liabilities as the Board may determine, up to the fullest extent permitted by the DGCL and other applicable law.

Section 6.10. Interpretation, Severability. Terms defined in Sections 145(h) or (i) of the DGCL have the meanings set forth in such sections when used in this Article. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Director or officer as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any proceeding, whether, civil, criminal, administrative, investigative or otherwise, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII

OFFICES

Section 7.01. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at the location provided in the Certificate of Incorporation.

Section 7.02. Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01. Dividends. Subject to any applicable provisions of law and the Certificate of Incorporation and for so long as the Stockholders Agreement is in effect, the then-applicable terms, if any, of the Stockholders Agreement, dividends upon the shares of the Corporation may be declared by the Board at any regular or special meeting of the Board and any such dividend may be paid in cash, property, or shares of the Corporation's capital stock.

A member of the Board, or a member of any Committee designated by the Board shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or Committees of the Board, or by any other person as to matters the Director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 8.02. Reserves. There may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation or for such other purpose as the Board shall think conducive to the interest of the Corporation and the Corporation's stockholders, and the Board may similarly modify or abolish any such reserve.

Section 8.03. Execution of Instruments. Except as otherwise provided by law or the Certificate of Incorporation, the Board or the Chief Executive Officer may authorize the Chief Executive Officer or any other officer or agent to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization may be general or limited to specific contracts or instruments.

Section 8.04. Voting as Stockholder. Unless otherwise determined by resolution of the Board, the Chairman of the Board or the Chief Executive Officer or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies

to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock at any such meeting or through action without a meeting. The Board may by resolution from time to time confer such power and authority upon (in general or confined to specific instances) any other person or persons.

Section 8.05. Fiscal Year. The fiscal year of the Corporation shall be fixed from time to time by resolution of the Board.

Section 8.06. Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The form of such seal shall be subject to alteration by the Board. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

Section 8.07. Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board.

Section 8.08. Electronic Transmission. " Electronic transmission ", as used in these Bylaws, means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE IX

AMENDMENT OF BYLAWS

Section 9.01. Amendment. Subject to the provisions of the Certificate of Incorporation, these Bylaws may be amended, altered or repealed either:

(a) by resolution adopted by a majority of the Board if at any special or regular meeting of the Board if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting, provided that for so long as the Stockholders Agreement is in effect, any approvals required by the then-applicable terms, if any, of the Stockholders Agreement shall also have been obtained, or

(b) at any regular or special meeting of the stockholders upon the affirmative vote of a majority of the outstanding shares of common stock of the Corporation entitled to vote generally in the election of Directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting. So long as the Stockholders Agreement remains in effect, the Board shall not approve any amendment, alteration or repeal of any provision of these Bylaws, or the adoption of any new bylaw, that would be contrary to or inconsistent with the then-applicable terms, if any, of the Stockholders Agreement or this sentence.

Notwithstanding the foregoing, (x) no amendment to the Stockholders Agreement (whether or not such amendment modifies any provision of the Stockholders Agreement to

which these Bylaws are subject) shall be deemed an amendment of these Bylaws for purposes of this Section 9.01 and (y) no amendment, alteration or repeal of Article VI shall adversely affect any right or protection existing under these Bylaws immediately prior to such amendment, alteration or repeal, including any right or protection of a present or former Director or officer thereunder in respect of any act or omission occurring prior to the time of such amendment.

ARTICLE X

CONSTRUCTION

Section 10.01. Construction. In the event of any conflict between the provisions of these Bylaws as in effect from time to time and the provisions of the Certificate of Incorporation as in effect from time to time, the provisions of such Certificate of Incorporation shall be controlling.

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Pietro Satriano, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of US Foods Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ PIETRO SATRIANO

Pietro Satriano
Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dirk J. Locascio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of US Foods Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ DIRK J. LOCASCIO

Dirk J. Locascio

Chief Financial Officer

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of US Foods Holding Corp. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Pietro Satriano, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2018

/s/ PIETRO SATRIANO

Pietro Satriano

Chairman and Chief Executive Officer

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of US Foods Holding Corp. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dirk J. Locascio, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2018

/s/ **DIRK J. LOCASCIO**

Dirk J. Locascio

Chief Financial Officer