

**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 30, 2019
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 100
Rosemont, IL 60018
(847) 720-8000**

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	USFD	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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	☐	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 ☒

218,495,826 shares of the registrant's common stock were outstanding as of May 1, 2019 .

Forward-Looking Statements

Statements in this Quarterly Report on Form 10-Q (this “Quarterly Report”) which are not historical in nature are “forward-looking statements” within the meaning of the federal securities laws. These statements often include words such as “believe,” “expect,” “project,” “anticipate,” “intend,” “plan,” “outlook,” “estimate,” “target,” “seek,” “will,” “may,” “would,” “should,” “could,” “forecast,” “mission,” “strive,” “more,” “goal,” or similar expressions and are based upon various assumptions and 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 risk, uncertainties and other important 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 and interruption of product supply or increases in product costs;
- changes in our relationships with customers and group purchasing organizations;
- ability to increase or maintain sales to independent restaurants;
- effective integration of acquired businesses;
- achievement of expected benefits from cost savings initiatives;
- increases in fuel costs;
- economic factors affecting consumer confidence and discretionary spending;
- changes in consumer eating habits;
- reputation in the industry;
- labor relations and costs and continued access to qualified and diverse labor;
- cost and pricing structures;
- changes in tax laws and regulations and resolution of tax disputes;
- environmental, health and safety and other government regulation;
- product liability claims;
- adverse judgments or settlements resulting from litigation;
- disruption of existing technologies and implementation of new technologies;
- cybersecurity incidents;
- management of retirement benefits and pension obligations;
- extreme weather conditions, natural disasters and other catastrophic events;
- risks associated with intellectual property, including potential infringement;
- indebtedness and restrictions under agreements governing indebtedness; and
- interest rate increases.

For a detailed discussion of these and other risks, uncertainties and factors, see Part I, Item 1A— “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (the “2018 Annual Report”).

All forward-looking statements contained in this Quarterly Report speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements.

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

TABLE OF CONTENTS

	Page No.
Part I. Financial Information	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Consolidated Balance Sheets as of March 30, 2019 and December 29, 2018</u>	1
<u>Consolidated Statements of Comprehensive Income for the 13-weeks ended March 30, 2019 and March 31, 2018</u>	2
<u>Consolidated Statements of Shareholders' Equity for the 13-weeks ended March 30, 2019 and March 31, 2018</u>	3
<u>Consolidated Statements of Cash Flows for the 13-weeks ended March 30, 2019 and March 31, 2018</u>	4
<u>Notes to Consolidated Financial Statements</u>	5
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>	24
Item 4. <u>Controls and Procedures</u>	24
Part II. Other Information	
Item 1. <u>Legal Proceedings</u>	25
Item 1A. <u>Risk Factors</u>	25
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
Item 3. <u>Defaults Upon Senior Securities</u>	25
Item 4. <u>Mine Safety Disclosures</u>	25
Item 5. <u>Other Information</u>	25
Item 6. <u>Exhibits</u>	26
 <u>Signatures</u>	 27

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 30, 2019	December 29, 2018
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 92	\$ 104
Accounts receivable, less allowances of \$30 and \$29	1,408	1,347
Vendor receivables, less allowances of \$3 and \$3	170	106
Inventories—net	1,272	1,279
Prepaid expenses	111	106
Assets held for sale	7	7
Other current assets	21	30
Total current assets	3,081	2,979
Property and equipment—net	1,849	1,842
Goodwill	3,967	3,967
Other intangibles—net	314	324
Deferred tax assets	7	7
Other assets	173	67
Total assets	\$ 9,391	\$ 9,186
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft liability	\$ 155	\$ 157
Accounts payable	1,534	1,359
Accrued expenses and other current liabilities	419	454
Current portion of long-term debt	106	106
Total current liabilities	2,214	2,076
Long-term debt	3,275	3,351
Deferred tax liabilities	293	298
Other long-term liabilities	299	232
Total liabilities	6,081	5,957
Commitments and contingencies (Note 17)		
Shareholders' equity:		
Common stock, \$0.01 par value—600 shares authorized; 218 and 217 issued and outstanding as of March 30, 2019 and December 29, 2018, respectively	2	2
Additional paid-in capital	2,795	2,780
Retained earnings	602	531
Accumulated other comprehensive loss	(89)	(84)
Total shareholders' equity	3,310	3,229
Total liabilities and shareholders' equity	\$ 9,391	\$ 9,186

See Notes to Consolidated Financial Statements (Unaudited).

US FOODS HOLDING CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(In millions, except per share data)*

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
Net sales	\$ 6,031	\$ 5,823
Cost of goods sold	4,979	4,831
Gross profit	1,052	992
Operating expenses:		
Distribution, selling and administrative costs	921	887
Restructuring costs	—	2
Total operating expenses	921	889
Operating income	131	103
Other income—net	(2)	(3)
Interest expense—net	42	43
Income before income taxes	91	63
Income tax provision (benefit)	20	(4)
Net income	71	67
Other comprehensive income—net of tax:		
Changes in retirement benefit obligations	1	1
Unrecognized (loss) gain on interest rate swaps	(6)	9
Comprehensive income	\$ 66	\$ 77
Net income per share		
Basic	\$ 0.33	\$ 0.31
Diluted	\$ 0.32	\$ 0.31
Weighted-average common shares outstanding		
Basic	217	215
Diluted	219	217

(*) Prior year amounts may have been rounded to conform with the current year presentation.

See Notes to Consolidated Financial Statements (Unaudited).

US FOODS HOLDING CORP.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

(In millions)*

	Number of Common Shares	Common Shares at Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
BALANCE—December 29, 2018	217	\$ 2	\$ 2,780	\$ 531	\$ (84)	\$ 3,229
Share-based compensation expense	—	—	6	—	—	6
Proceeds from employee stock purchase plan	—	—	5	—	—	5
Exercise of stock options	1	—	6	—	—	6
Tax withholding payments for net share-settled equity awards	—	—	(2)	—	—	(2)
Changes in retirement benefit obligations, net of income tax	—	—	—	—	1	1
Unrecognized loss on interest rate swaps, net of income tax	—	—	—	—	(6)	(6)
Net income	—	—	—	71	—	71
BALANCE—March 30, 2019	218	\$ 2	\$ 2,795	\$ 602	\$ (89)	\$ 3,310

	Number of Common Shares	Common Shares at Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
BALANCE—December 30, 2017	215	\$ 2	\$ 2,720	\$ 124	\$ (95)	\$ 2,751
Share-based compensation expense	—	—	7	—	—	7
Proceeds from employee stock purchase plan	—	—	4	—	—	4
Exercise of stock options	1	—	7	—	—	7
Changes in retirement benefit obligations, net of income tax	—	—	—	—	1	1
Unrecognized gain on interest rate swaps, net of income tax	—	—	—	—	9	9
Net income	—	—	—	67	—	67
BALANCE—March 31, 2018	216	\$ 2	\$ 2,738	\$ 191	\$ (85)	\$ 2,846

(*) Prior year amounts may have been rounded to conform with the current year presentation.

See Notes to Consolidated Financial Statements (Unaudited).

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

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
Cash flows from operating activities:		
Net income	\$ 71	\$ 67
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	81	81
Amortization of deferred financing costs	1	1
Deferred tax (benefit) provision	(3)	27
Share-based compensation expense	6	7
Provision for doubtful accounts	6	3
Changes in operating assets and liabilities:		
Increase in receivables	(131)	(135)
Decrease in inventories—net	7	1
Increase in prepaid expenses and other assets	(8)	(12)
Increase in accounts payable and cash overdraft liability	183	283
Decrease in accrued expenses and other liabilities	(59)	(131)
Net cash provided by operating activities	154	192
Cash flows from investing activities:		
Acquisition of businesses—net of cash	—	(1)
Proceeds from sales of property and equipment	—	1
Purchases of property and equipment	(61)	(57)
Net cash used in investing activities	(61)	(57)
Cash flows from financing activities:		
Proceeds from debt borrowings	1,004	864
Principal payments on debt and financing leases	(1,119)	(1,042)
Contingent consideration paid for business acquisitions	—	(1)
Proceeds from employee stock purchase plan	5	4
Proceeds from exercise of stock options	6	7
Tax withholding payments for net share-settled equity awards	(2)	—
Net cash used in financing activities	(106)	(168)
Net decrease in cash, cash equivalents and restricted cash	(13)	(33)
Cash, cash equivalents and restricted cash—beginning of period	105	119
Cash, cash equivalents and restricted cash—end of period	\$ 92	\$ 86
Supplemental disclosures of cash flow information:		
Interest (net of amounts capitalized) paid	\$ 36	\$ 33
Income taxes paid—net	1	1
Property and equipment purchases included in accounts payable	17	22
Leased assets obtained in exchange for financing lease liabilities	38	50
Leased assets obtained in exchange for operating lease liabilities	2	—
Cashless exercise of stock options	1	—

(*) Prior year amounts may have been rounded to conform with the current year presentation.

See Notes to Consolidated Financial Statements (Unaudited).

US FOODS HOLDING CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Amounts in tables in millions, except per share data, unless otherwise noted)

1. OVERVIEW AND BASIS OF PRESENTATION

US Foods Holding Corp., a Delaware corporation, and its consolidated subsidiaries are referred to in these consolidated financial statements and notes as “we,” “our,” “us,” the “Company,” or “US Foods.” US Foods Holding Corp. conducts all of its operations through its wholly owned subsidiary US Foods, Inc. (“USF”) and its subsidiaries. All of the Company’s indebtedness, as further described in Note 10, Debt, is a direct obligation of USF and its subsidiaries.

Business Description —The Company, through USF, operates in one business segment in which it markets and 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 or 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 fiscal fourth quarter. Fiscal years 2019 and 2018 are 52-week fiscal years.

The consolidated financial statements included in this Quarterly Report 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 Securities and Exchange Commission (“SEC”). Certain information and disclosures normally included in financial statements and notes prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures included in this Quarterly Report are adequate to make the information presented not misleading. These interim consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes included in the 2018 Annual Report. Prior year amounts may have been rounded to conform with the current year presentation in millions.

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 fiscal year.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In February 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-02, *Income Statement, Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income*. This new guidance permits an entity to reclassify the income tax effects of the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) on items within accumulated other comprehensive income to retained earnings. The Company adopted this guidance at the beginning of fiscal year 2019 and elected not to reclassify the income tax effects of the Tax Act from accumulated other comprehensive income to retained earnings.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes Accounting Standards Codification (“ASC”) 840, *Leases*, and has issued subsequent amendments to Topic 842. The Company adopted Topic 842 at December 30, 2018, the effective and initial application date, using the modified retrospective approach. The Company elected the package of practical expedients permitted under the transition guidance within Topic 842, which, among other things, allowed the Company to carry forward the historical lease classification. Adoption of Topic 842 resulted in the recording of additional net lease assets and lease liabilities of approximately \$100 million, as of December 30, 2018. The initial adoption of Topic 842 did not materially impact the Company’s Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows. The Company has revised its relevant policies and procedures, as applicable, to meet the new accounting, reporting and disclosure requirements of Topic 842. See Note 12, Leases.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which provides new guidance on the accounting for implementation, set-up, and other upfront costs incurred in a hosted cloud computing arrangement. Under the new guidance, entities will apply the same criteria for capitalizing implementation costs as they would for an internal-use software license arrangement. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. This ASU can be adopted prospectively to eligible costs

incurred on or after the date of adoption or retrospectively. The Company does not expect the adoption of the guidance under the new standard to materially affect its financial position or results of operations.

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. ASU 2016-13 was further amended in November 2018 by ASU 2018-19, *Codification Improvements to Topic 236, Financial Instrument-Credit Losses*. 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.

3. REVENUE RECOGNITION

The Company recognizes revenue when the performance obligation is satisfied, which occurs when a customer obtains control of the promised goods or services. The amount of revenue recognized reflects the consideration which the Company expects to be entitled to receive in exchange for these goods or services. The Company generates substantially all of its revenue from the distribution and sale of food and food-related products and recognizes revenue when title and risk of loss passes and the customer accepts the goods, which occurs at delivery. Customer sales incentives such as volume-based rebates or discounts are treated as a reduction of revenue at the time the revenue 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 included in distribution, selling and administrative costs.

At March 30, 2019, the Company did not have any material outstanding performance obligations, contract liabilities or capitalized contract acquisition costs. Customer receivables, which are included in Accounts receivable, less allowances in the Company's Consolidated Balance Sheets, were \$1.4 billion and \$1.3 billion at March 30, 2019 and December 29, 2018, respectively.

The Company has certain customer contracts under which incentives are paid upfront to its customers. These payments have become industry practice and are not related to financing any customer's business, nor are they associated with any distinct good or service to be received from any customer. These incentive payments are capitalized in prepaid expenses and other assets and amortized as reduction of revenue over the life of the contract or as goods or services are transferred to the customer. The Company's contract assets for these upfront payments were \$34 million and \$37 million included in prepaid expenses in the Company's Consolidated Balance Sheets at March 30, 2019 and December 29, 2018, respectively, and \$36 million and \$28 million included in other assets in the Company's Consolidated Balance Sheets at March 30, 2019 and December 29, 2018, respectively.

The following table presents the disaggregation of revenue for each of the Company's principal product categories:

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
Meats and seafood	\$ 2,157	\$ 2,068
Dry grocery products	1,060	1,042
Refrigerated and frozen grocery products	988	944
Dairy	605	610
Equipment, disposables and supplies	576	540
Beverage products	329	319
Produce	316	300
Net sales	<u>\$ 6,031</u>	<u>\$ 5,823</u>

4. INVENTORIES

The Company's inventories, consisting mainly of food and food-related products, are primarily considered finished goods. Inventory costs include the purchase price of the product, freight costs to deliver it to the Company's distribution facilities, 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. At March 30, 2019 and December 29, 2018, LIFO reserves in the Company’s Consolidated Balance Sheets were \$128 million and \$130 million, respectively. As a result of changes in LIFO reserves, cost of goods sold decreased \$2 million and increased \$19 million for the 13-weeks ended March 30, 2019 and March 31, 2018, respectively.

5. ACCOUNTS RECEIVABLE FINANCING PROGRAM

Under its accounts receivable financing facility (the “ABS Facility”), USF sells, on a revolving basis, 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 right, title and interest in the eligible receivables to the administrative agent, for the benefit of the lenders. The Company consolidates the Receivables Company and, consequently, the transfer of the eligible receivables is a transaction internal to the Company and the eligible receivables have not been derecognized from the Company’s Consolidated Balance Sheets. Included in the Company’s accounts receivable balance as of March 30, 2019 and December 29, 2018 was approximately \$1.0 billion of receivables held as collateral in support of the ABS Facility. See Note 10, Debt, for a further description of the ABS Facility.

6. 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 while the Company continues to actively market the facilities. Assets held for sale were \$7 million as of March 30, 2019 and December 29, 2018.

7. 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 financing leases and leasehold improvements are amortized on a straight-line basis over the remaining terms of the related leases or the estimated useful lives of the assets, if reasonably assured the Company will purchase the assets at the end of the lease terms. At March 30, 2019 and December 29, 2018, property and equipment-net included accumulated depreciation of \$2,177 million and \$2,117 million, respectively. Depreciation expense was \$71 million for each of the 13-weeks ended March 30, 2019 and March 31, 2018.

8. 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, the brand names 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 five years). Amortization expense was \$10 million for each of the 13-weeks ended March 30, 2019 and March 31, 2018.

Goodwill and other intangibles—net consisted of the following:

	March 30, 2019	December 29, 2018
Goodwill	\$ 3,967	\$ 3,967
Other intangibles—net		
Customer relationships—amortizable:		
Gross carrying amount	\$ 154	\$ 154
Accumulated amortization	(94)	(85)
Net carrying value	60	69
Noncompete agreements—amortizable:		
Gross carrying amount	3	3
Accumulated amortization	(2)	(1)
Net carrying value	1	2
Brand names and trademarks—not amortizing	253	253
Total other intangibles—net	\$ 314	\$ 324

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 as of 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 1, 2018, the first day of the third quarter of fiscal year 2018, with no impairments noted.

9. FAIR VALUE MEASUREMENTS

The Company follows the accounting standards for fair value, under which 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 30, 2019 and December 29, 2018, aggregated by the level in the fair value hierarchy within which those measurements fall, were as follows:

March 30, 2019				
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	\$ 5	\$ —	\$ —	\$ 5
Interest rate swaps	—	12	—	12
	<u>\$ 5</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ 17</u>
December 29, 2018				
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	\$ 1	\$ —	\$ —	\$ 1
Interest rate swaps	—	19	—	19
	<u>\$ 1</u>	<u>\$ 19</u>	<u>\$ —</u>	<u>\$ 20</u>

There were no significant assets or liabilities in 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 in connection with its variable-rate Term Loan Facility (as defined in Note 10, Debt).

On August 1, 2017, USF entered into four -year interest rate swap agreements with a notional amount of \$1.1 billion, reducing to \$825 million in the fourth year. These swaps effectively converted approximately half of the principal amount of the Term Loan Facility from a variable to a fixed rate loan. The Company effectively pays an aggregate rate of 3.71% on the notional amount covered by the interest rate swaps, comprised of 1.71% plus a spread of 2.00% (see Note 10, Debt).

The Company records its interest rate swaps in its 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. The following table presents the balance sheet location and fair value of the interest rate swaps at March 30, 2019 and December 29, 2018:

		Fair Value	
	Balance Sheet Location	March 30, 2019	December 29, 2018
Derivatives designated as hedging instruments			
Interest rate swaps	Other current assets	\$ 7	\$ 8
Interest rate swaps	Other assets	\$ 5	\$ 11
	Total	<u>\$ 12</u>	<u>\$ 19</u>

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 its Consolidated Statements of Comprehensive Income for the 13-weeks ended March 30, 2019 and March 31, 2018 :

Derivatives in Cash Flow Hedging Relationships	Amount of (Loss) Gain Recognized in Accumulated Other Comprehensive Loss, net of tax	Location of Amounts Reclassified from Accumulated Other Comprehensive Loss	Amount of Gain Reclassified from Accumulated Other Comprehensive Loss to Income, net of tax
For the 13-weeks ended March 30, 2019			
Interest rate swaps	\$ (4)	Interest expense—net	\$ (2)
For the 13-weeks ended March 31, 2018			
Interest rate swaps	\$ 9	Interest expense—net	\$ —

During the next twelve months, the Company estimates that \$7 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 30, 2019 , 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.

Other Fair Value Measurements

The carrying value of cash, restricted cash, accounts receivable, cash overdraft liability, 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 its carrying value of \$3.4 billion and \$3.5 billion as of March 30, 2019 and December 29, 2018 , respectively. The fair value of the Company's 5.875% unsecured Senior Notes due June 15, 2024 (the "Senior Notes"), was \$0.6 billion as of March 30, 2019 and December 29, 2018 , based upon the closing market prices of the Senior Notes on both dates, and is classified under Level 2 of the fair value hierarchy. 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.

10. DEBT

Total debt consisted of the following:

Debt Description	Maturity	Interest Rate at March 30, 2019	March 30, 2019	December 29, 2018
ABL Facility	October 20, 2020	—	\$ —	\$ 81
ABS Facility	September 21, 2020	3.49%	270	275
Term Loan Facility (net of \$6 of unamortized deferred financing costs)	June 27, 2023	4.50%	2,134	2,145
Senior Notes (net of \$5 of unamortized deferred financing costs)	June 15, 2024	5.88%	595	595
Obligations under financing leases	2019–2026	2.00% - 6.17%	373	352
Other debt	2021–2031	5.75% - 9.00%	9	9
Total debt			3,381	3,457
Current portion of long-term debt			(106)	(106)
Long-term debt			\$ 3,275	\$ 3,351

At March 30, 2019 , after considering interest rate swaps that fixed the interest rate on \$1.1 billion of principal of the Term Loan Facility described below, approximately 39% of the Company's total debt was at a floating rate.

ABL Facility —USF's asset backed senior secured revolving loan facility (the "ABL Facility") provides for loans under two tranches: ABL Tranche A-1 and ABL Tranche A, with its capacity limited by a borrowing base. The maximum borrowing available is \$1,300 million , with ABL Tranche A-1 at \$100 million , and ABL Tranche A at \$1,200 million .

As of March 30, 2019 , USF had no outstanding borrowings, but had issued letters of credit totaling \$371 million , under the ABL Facility. Outstanding letters of credit included: (1) \$299 million issued in favor of certain commercial insurers to secure USF's obligations with respect to its self-insurance program, (2) \$71 million issued to secure USF's obligations with respect to certain real estate leases, and (3) \$1 million issued for other obligations. There was available capacity under the ABL Facility of \$929 million at March 30, 2019 . USF may periodically elect to pay interest at an alternative base rate ("ABR"), as defined under the ABL Facility, or the London Interbank Offered Rate ("LIBOR") plus the applicable interest rate spread as provided for in the credit agreement. The interest rate spreads are based upon USF's consolidated secured leverage ratio.

ABS Facility —Under the ABS Facility, USF sells, on a revolving basis, its eligible receivables to the Receivables Company. See Note 5, Accounts Receivable Financing Program.

The maximum capacity under the ABS Facility is \$800 million . Borrowings under the ABS Facility were \$270 million at March 30, 2019 . 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 under the ABS Facility of \$496 million at March 30, 2019 .

Term Loan Facility —USF's senior secured term loan facility (the "Term Loan Facility") had an outstanding balance of \$2.1 billion at March 30, 2019 . The table above reflects the March 30, 2019 interest rate on the unhedged portion of the Term Loan Facility. With respect to the portion of the Term Loan Facility subject to interest rate hedging agreements (which was \$1.1 billion as of March 30, 2019), the effective interest rate is 3.71% .

Restrictive Covenants

USF's credit 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 30, 2019 , USF had \$1.0 billion of restricted payment capacity under these covenants, and approximately \$2.3 billion of its net assets were restricted considering the net deferred tax assets and intercompany balances that eliminate in consolidation .

11. RESTRUCTURING LIABILITIES

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. Restructuring costs were de minimis during the 13-weeks ended March 30, 2019 and \$2 million , net during the 13-weeks ended March 31, 2018 . Restructuring liabilities were \$1 million and \$2 million at March 30, 2019 and December 29, 2018 , respectively.

12. LEASES

The Company leases certain distribution and warehouse facilities, office facilities, fleet vehicles, and office and warehouse equipment. The Company determines if an arrangement is a lease at inception and recognizes a financing or operating lease liability and right-of-use ("ROU") asset in the Company's Consolidated Balance Sheets. ROU assets and lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. For the Company's leases that do not provide an implicit borrowing rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The lease terms may include options to extend, terminate or buy out the lease. When it is reasonably certain that the Company will exercise these options, they are included in ROU assets and the estimated lease liabilities. Leases with an initial term of 12 months or less are not recorded in the Company's Consolidated Balance Sheets, and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are accounted for separately. Separately for office and warehouse equipment leases, the Company accounts for the lease and non-lease components as a single lease component. Variable lease payments that do not depend on an index or a rate, such as insurance and property taxes, are excluded from the measurement of the lease liability and are recognized as variable lease cost when the obligation for that payment is incurred.

The following table presents the location of the ROU assets and lease liabilities in the Company's Consolidated Balance Sheet at March 30, 2019 :

Leases	Consolidated Balance Sheet Location	March 30, 2019
Assets		
Operating lease assets	Other assets	\$ 102
Financing lease assets	Property and equipment-net ⁽¹⁾	352
Total leased assets		<u>\$ 454</u>
Liabilities		
Current:		
Operating	Accrued expenses and other current liabilities ⁽²⁾	\$ 29
Financing	Current portion of long-term debt	84
Noncurrent:		
Operating	Other long-term liabilities ⁽²⁾	102
Financing	Long-term debt	289
Total lease liabilities		<u>\$ 504</u>

(1) Financing lease assets are recorded net of accumulated amortization of \$222 million as of March 30, 2019 .

(2) Operating lease liabilities include current and noncurrent liabilities of \$3 million and \$16 million , respectively, related to an unfunded lease obligation on a distribution facility through 2023.

The following table presents the location of lease costs in the Company's Consolidated Statement of Comprehensive Income for the 13-weeks ended March 30, 2019 :

Lease Cost	Statement of Comprehensive Income Location	13-Weeks Ended March 30, 2019
Operating lease cost	Distribution, selling and administrative costs	\$ 7
Financing lease cost:		
Amortization of leased assets	Distribution, selling and administrative costs	17
Interest on lease liabilities	Interest expense-net	3
Variable lease cost ⁽¹⁾	Distribution, selling and administrative costs	1
Net lease cost		<u>\$ 28</u>

(1) Includes short-term leases and sub-lease income, each of which are immaterial.

Future lease payments under lease agreements as of March 30, 2019 were as follows:

Maturity of Lease Liabilities	Operating Leases ⁽¹⁾	Financing Leases	Total
Remainder of 2019	\$ 26	\$ 71	\$ 97
2020	34	99	133
2021	30	77	107
2022	27	55	82
2023	23	51	74
2024	3	35	38
After 2024	4	18	22
Total lease payments	147	406	553
Less amount representing interest	(16)	(33)	(49)
Present value of lease liabilities	\$ 131	\$ 373	\$ 504

(1) Operating lease payments include \$23 million in payments, \$19 million net of interest, on an unfunded lease obligation on a distribution facility through 2023.

Future minimum lease payments in effect as of December 29, 2018 under noncancelable lease arrangements, as determined prior to the adoption of Topic 842, were as follows:

Future Minimum Lease Payments ⁽¹⁾	Operating Leases ⁽²⁾	Financing Leases	Total
2019	\$ 34	\$ 95	\$ 129
2020	34	84	118
2021	30	71	101
2022	27	54	81
2023	23	43	66
After 2023	7	38	45
Total lease payments	155	385	540
Less amount representing interest	(4)	(33)	(37)
Present value of minimum lease payments	\$ 151	\$ 352	\$ 503

(1) Information in this table has been conformed to the current year presentation under Topic 842.

(2) Operating lease payments include \$24 million in payments, \$20 million net of interest, on an unfunded lease obligation on a distribution facility through 2023.

Other information related to lease agreements for the 13-weeks ended March 30, 2019 was as follows:

Cash Paid For Amounts Included In Measurement of Liabilities	13-Weeks Ended March 30, 2019
Operating cash flows from operating leases	\$ 6
Operating cash flows from financing leases	3
Financing cash flows from financing leases	17

Lease Term and Discount Rate	March 30, 2019
Weighted-average remaining lease term (years):	
Operating leases	5.28
Financing leases	5.66
Weighted-average discount rate:	
Operating leases	4.4%
Financing leases	3.6%

13. RETIREMENT PLANS

The Company has defined benefit and defined contribution retirement plans for its employees, and provides certain postretirement health and welfare benefits to eligible retirees and their dependents. Also, the Company contributes to various multiemployer plans under certain of its collective bargaining agreements.

The components of net periodic pension benefit (credits) costs for Company sponsored defined benefit plans were as follows:

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
Components of net periodic pension benefit (credits) costs		
Service cost	\$ 1	\$ 1
Interest cost	9	9
Expected return on plan assets	(12)	(13)
Amortization of net loss	1	1
Net periodic pension benefit credits	<u>\$ (1)</u>	<u>\$ (2)</u>

Other postretirement net periodic benefit costs were de minimis for the 13-weeks ended March 30, 2019 and March 31, 2018 .

The service cost component of net periodic pension benefit credits is included in distribution, selling and administrative costs, while the other components of net periodic pension benefit credits are included in other income—net, respectively, in the Company's Consolidated Statements of Comprehensive Income.

The Company does not expect to make a significant contribution to its Company sponsored defined benefit plans in fiscal year 2019 .

Certain employees are eligible to participate in the Company's 401(k) savings plan. This plan provides that, under certain circumstances and subject to applicable IRS limits, the Company may match participant contributions of up to 100% of the first 3% of a participant's eligible compensation and 50% of the next 2% of a participant's eligible compensation, for a maximum employer matching contribution of 4% . The Company made matching employer contributions to the 401(k) plan of \$13 million for each of the 13-weeks ended March 30, 2019 and March 31, 2018 .

The Company also contributes to various multiemployer pension plans under certain of its collective bargaining agreements. The Company's contributions to these plans were \$9 million for each of the 13-weeks ended March 30, 2019 and March 31, 2018 .

14. EARNINGS PER SHARE

The Company computes earnings per share ("EPS") in accordance with ASC 260, *Earnings per Share* . Basic 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 30, 2019	March 31, 2018
Numerator:		
Net income	\$ 71	\$ 67
Denominator:		
Weighted-average common shares outstanding	217	215
Dilutive effect of share-based awards	2	2
Weighted-average dilutive shares outstanding	219	217
Basic earnings per share	\$ 0.33	\$ 0.31
Diluted earnings per share	\$ 0.32	\$ 0.31

15. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
Accumulated other comprehensive loss components		
Retirement benefit obligations:		
Balance at beginning of period ⁽¹⁾	\$ (97)	\$ (103)
Reclassification adjustments:		
Amortization of net loss ^{(2) (3)}	1	1
Total before income tax	1	1
Income tax provision	—	—
Current period comprehensive income, net of tax	1	1
Balance at end of period ⁽¹⁾	\$ (96)	\$ (102)
Interest rate swaps:		
Balance at beginning of period ⁽¹⁾	\$ 13	\$ 8
Change in fair value of interest rate swaps	(5)	12
Amounts reclassified to interest expense—net	(2)	—
Total before income tax	(7)	12
Income tax (benefit) provision	(1)	3
Current period comprehensive (loss) income, net of tax	(6)	9
Balance at end of period ⁽¹⁾	\$ 7	\$ 17
Accumulated other comprehensive loss at end of period ⁽¹⁾	\$ (89)	\$ (85)

(1) Amounts are presented net of tax.

(2) Included in the computation of net periodic benefit costs. See Note 13, Retirement Plans, for additional information.

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

16. 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.

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 30, 2019 and March 31, 2018 for purposes of determining its year-to-date tax provision.

For the 13-weeks ended March 30, 2019, the Company's effective income tax rate was 22%, compared to the 21% federal corporate income tax rate, primarily as a result of state income taxes and the recognition of various discrete tax items. These discrete tax

items included a tax benefit of \$2 million, primarily related to the reduction of an unrecognized tax benefit following a lapse of the statute of limitations and a tax benefit of \$1 million, primarily related to excess tax benefits associated with share-based compensation. For the 13-weeks ended March 31, 2018, the Company's effective income tax rate was (7)% , compared to the 21% federal corporate income tax rate, primarily as a result of state income taxes and the recognition of various discrete tax items. These 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.

17. 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 30, 2019, the Company had \$791 million of purchase orders and purchase contract commitments to be purchased in the remainder of fiscal year 2019 and \$73 million of information technology commitments through September 2023 that are not recorded in the Company's 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 30, 2019, the Company had diesel fuel forward purchase commitments totaling \$100 million through August 2020. Additionally, as of March 30, 2019, the Company had electricity forward purchase commitments totaling \$5 million through March 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.

SGA Food Group Acquisition —On July 28, 2018, USF entered into a Stock Purchase Agreement with Services Group of America, Inc. ("SGA") under which USF agreed to acquire SGA's Food Group of Companies, including Food Services of America, Inc., Systems Services of America, Inc., Amerifresh, Inc., Ameristar Meats, Inc. and Gampac Express, Inc. (collectively, the "SGA Food Group Companies"), for \$1.8 billion in cash. The closing of the acquisition remains subject to customary conditions, including the receipt of required regulatory approvals. To fund a substantial portion of the consideration, USF also entered into a commitment letter with JPMorgan Chase Bank, N.A., Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "Committed Parties") under which the Committed Parties committed to provide USF with a \$1.5 billion senior secured term loan facility.

Legal Proceedings —The Company is subject to a number of legal proceedings arising in 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 has recognized provisions with respect to the proceedings, where appropriate, in its 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.

18. BUSINESS INFORMATION

The Company's consolidated results represent the operating 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 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 facilities and operations. The Company's distribution facilities form a single network to reach its customers; it is common for a single customer to make purchases from several different distribution facilities. 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
(Dollar amounts presented in millions, unless otherwise noted)

The following discussion and analysis should be read together with the accompanying unaudited consolidated financial statements and the notes thereto included in this Quarterly Report and the audited consolidated financial statements and notes included in our 2018 Annual Report. The following discussion and analysis contain 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 does not consider part of our core operations when assessing our performance and underlying trends. Information regarding reconciliations of and the rationale for these measures is discussed under “Non-GAAP Reconciliations” below.

Overview

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 400,000 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, new business development managers and others that help us provide more comprehensive service to our customers. Our extensive network of 63 distribution facilities and fleet of approximately 6,000 trucks allows us to operate efficiently and to 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 its new classification.

Highlights and Initiatives

Total case volume for the 13-weeks ended March 30, 2019 increased 1.4% , primarily due to independent restaurant case growth of 5.5% . Net sales increased 3.6% for the 13-weeks ended March 30, 2019 , primarily due to the increase in case volume and year over year inflation, as a significant portion of our business is based on markups over cost.

Gross profit increased \$60 million , or 6.0% , to \$1,052 million for the 13-weeks ended March 30, 2019 . As a percentage of net sales, gross profit was 17.4% for the 13-weeks ended March 30, 2019 , as compared to 17.0% for the prior year period, primarily as a result of the impact of margin expansion initiatives, favorable year over year LIFO adjustments and lower inbound freight costs.

Total operating expenses increased \$32 million , or 3.6% , to \$921 million for the 13-weeks ended March 30, 2019 , primarily as a result of higher payroll and related costs and acquisition related costs.

Outlook

Our outlook for fiscal year 2019, as set forth in the 2018 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 our business.

Results of Operations

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

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
Consolidated Statements of Operations Data:		
Net sales	\$ 6,031	\$ 5,823
Cost of goods sold	4,979	4,831
Gross profit	1,052	992
Operating expenses:		
Distribution, selling and administrative costs	921	887
Restructuring costs	—	2
Total operating expenses	921	889
Operating income	131	103
Other income—net	(2)	(3)
Interest expense—net	42	43
Income before income taxes	91	63
Income tax provision (benefit)	20	(4)
Net income	\$ 71	\$ 67
Percentage of Net Sales:		
Gross profit	17.4%	17.0%
Distribution, selling and administrative costs	15.3%	15.2%
Operating expenses	15.3%	15.3%
Operating income	2.2%	1.8%
Net income	1.2%	1.2%
Adjusted EBITDA ⁽¹⁾	3.8%	3.8%
Other Data:		
Cash flows—operating activities	\$ 154	\$ 192
Cash flows—investing activities	(61)	(57)
Cash flows—financing activities	(106)	(168)
Capital expenditures	61	57
EBITDA ⁽¹⁾	214	187
Adjusted EBITDA ⁽¹⁾	232	224
Adjusted net income ⁽¹⁾	81	75
Free cash flow ⁽²⁾	93	135

(*) Prior year amounts may have been rounded to conform with the current year presentation.

- (1) EBITDA is defined as net income, plus interest expense—net, income tax provision (benefit), and depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for: (1) restructuring costs 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 the agreements governing our indebtedness. 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. EBITDA, Adjusted EBITDA, and Adjusted net income as presented in this Quarterly Report are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. They are not measurements of our performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP. For additional information, see the discussion under the caption “Non-GAAP Reconciliations” below.
- (2) Free cash flow is defined as cash flows provided by operating activities less capital expenditures. Free cash flow as presented in this Quarterly Report is a supplemental measure of our liquidity that is not required by, or presented in accordance with, GAAP. It is not a measurement of our liquidity under GAAP and should not be considered as an alternative to cash flows provided by operating activities or any other liquidity measures derived in accordance with GAAP. For additional information, see the discussion under the caption “Non-GAAP Reconciliations” below.

Non-GAAP Reconciliations

We provide EBITDA, Adjusted EBITDA, Adjusted net income and Free cash flow as supplemental measures to GAAP measures regarding our operational performance and liquidity. These non-GAAP financial measures exclude the impact of certain items and, therefore, have not been calculated 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 may be 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 (1) to evaluate our historical and prospective financial performance as well as our performance relative to our competitors as they assist in highlighting trends, (2) to set internal sales targets and spending budgets, (3) to measure operational profitability and the accuracy of forecasting, (4) to assess financial discipline over operational expenditures, and (5) 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 activity restrictions under the agreements governing our indebtedness. We also believe these and similar 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 to GAAP measures regarding the liquidity of our operations. We measure Free cash flow as cash flows provided by operating activities less capital expenditures. We believe that Free cash flow is a useful financial metric to assess our ability to pursue business opportunities and investments. 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 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 30, 2019	March 31, 2018
Net income	\$ 71	\$ 67
Interest expense—net	42	43
Income tax provision (benefit)	20	(4)
Depreciation and amortization expense	81	81
EBITDA	214	187
Adjustments:		
Restructuring costs ⁽¹⁾	—	2
Share-based compensation expense ⁽²⁾	6	7
LIFO reserve change ⁽³⁾	(2)	19
Business transformation costs ⁽⁴⁾	1	8
SGA acquisition related costs and other ⁽⁵⁾	13	1
Adjusted EBITDA	232	224
Depreciation and amortization expense	(81)	(81)
Interest expense—net	(42)	(43)
Income tax provision, as adjusted ⁽⁶⁾	(28)	(25)
Adjusted net income	\$ 81	\$ 75
Free cash flow		
Cash flows from operating activities	\$ 154	\$ 192
Capital expenditures	(61)	(57)
Free cash flow	\$ 93	\$ 135

- (*) Prior year amounts may have been rounded to conform with the current year presentation.
- (1) Consists primarily of severance and related costs and organizational realignment costs.
- (2) Share-based compensation expense for expected vesting of stock and option awards and employee stock 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) 2019 primarily consists of acquisition related costs related to the contemplated acquisition of the SGA Food Group Companies. Prior year amount includes gains, losses or charges as specified under the agreements governing our indebtedness.
- (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 corporate 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 30, 2019	March 31, 2018
GAAP income tax provision (benefit)	\$ 20	\$ (4)
Tax impact of pre-tax income adjustments	5	8
Discrete tax items	3	21
Income tax provision, as adjusted	<u>\$ 28</u>	<u>\$ 25</u>

- (*) Prior year amounts may have been rounded to conform with the current year presentation.

Comparison of Results

13-Weeks Ended March 30, 2019 and March 31, 2018

Highlights

- Total case volume increased 1.4% and independent restaurant case volume increased 5.5% in 2019 .
- Net sales increased \$208 million , or 3.6% , to \$6,031 million in 2019 .
- Operating income increased \$28 million , or 27.2% , to \$131 million in 2019 . As a percentage of net sales, operating income increased to 2.2% in 2019 , compared to 1.8% in 2018 .
- Net income was \$71 million in 2019 , compared to \$67 million in 2018 .
- Adjusted EBITDA increased \$8 million , or 3.6% , to \$232 million . As a percentage of net sales, Adjusted EBITDA was 3.8% in both 2019 and 2018 .

Net Sales

Total case volume increased 1.4% in 2019 . The increase reflects growth with independent restaurants of 5.5% .

Net sales increased \$208 million , or 3.6% , to \$6,031 million in 2019 , comprised of a 1.4% , or \$81 million, increase in case volume and a 2.2%, or \$127 million, increase in the overall net sales rate per case. Sales of private brands represented approximately 35% and 34% of net sales in 2019 and 2018 , respectively.

The increase in net sales rate per case of 2.2% primarily reflects year over year inflation. We experienced year over year inflation in the poultry, grocery and produce categories, which benefited net sales since a significant portion of our business is based on markups over product cost.

Gross Profit

Gross profit increased \$60 million to \$1,052 million in 2019 . As a percentage of net sales, gross profit increased 0.4% from 17.0% in 2018 to 17.4% in 2019 , primarily due to the favorable impact from margin expansion initiatives, favorable year over year LIFO adjustments and lower inbound freight costs. Our LIFO method of inventory costing resulted in income of \$2 million in 2019 compared to expense of \$19 million in 2018 , primarily as a result of lower product inflation in certain categories in 2019 compared to 2018 .

Operating Expenses

Operating expenses, comprised of distribution, selling and administrative and restructuring costs, increased \$32 million , or 3.6% , to \$921 million in 2019. Operating expenses as a percentage of net sales were 15.3% in 2019 and 2018 . The increase includes \$15 million

of higher payroll and related costs, \$11 million of acquisition related costs and \$6 million of higher diesel fuel and other distribution related costs.

Operating Income

Operating income increased \$28 million , or 27.2% , to \$131 million in 2019 . Operating income as a percent of net sales was 2.2% in 2019 , up from 1.8% in 2018 . The change was due to the factors discussed in the relevant sections above.

Other Income—Net

Other income—net includes components of net periodic pension benefit credits, exclusive of the service cost component associated with our defined benefit and other postretirement plans. We recognized other income—net of \$2 million and \$3 million in 2019 and 2018 , respectively.

Interest Expense—Net

Interest expense—net decreased \$1 million to \$42 million in 2019, primarily due to lower debt levels in 2019 , partially offset by an increase in benchmark interest rates in 2019 compared to 2018 .

Income Tax Provision (Benefit)

For the 13-weeks ended March 30, 2019 , our effective income tax rate was 22% , compared to the 21% federal corporate income tax rate, primarily as a result of state income taxes and the recognition of various discrete tax items. These discrete tax items included a tax benefit of \$2 million , primarily related to the reduction of an unrecognized tax benefit following a lapse of the statute of limitations and a tax benefit of \$1 million , primarily related to excess tax benefits associated with share-based compensation. For the 13-weeks ended March 31, 2018 , our effective income tax rate was (7)% , compared to the 21% federal corporate income tax rate, primarily as a result of state income taxes and the recognition of various discrete tax items. These 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.

Net Income

Our net income was \$71 million in 2019 as compared to \$67 million in 2018 . The improvement in net income was 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 and other types of debt and financing arrangements.

Indebtedness

As of March 30, 2019 , the aggregate carrying value of our indebtedness was \$3,381 million , net of \$11 million of unamortized deferred financing costs.

As of March 30, 2019 , we had aggregate commitments for additional borrowings under the ABL Facility and the ABS Facility of \$1,459 million , of which \$1,425 million was available based on our borrowing base

The ABL Facility provides for loans of up to \$1,300 million , with its capacity limited by our borrowing base. As of March 30, 2019 , we had no outstanding borrowings and had issued letters of credit totaling \$371 million under the ABL Facility. There was available capacity of \$929 million under the ABL Facility at March 30, 2019 based on our borrowing base.

The maximum capacity under the ABS Facility is \$800 million , with its capacity limited by our borrowing base. Outstanding borrowings under the ABS Facility were \$270 million at March 30, 2019 . There was available capacity of \$496 million under the ABS Facility at March 30, 2019 based on our borrowing base.

The Term Loan Facility had a carrying value of \$2,134 million as of March 30, 2019 , net of \$6 million of unamortized deferred financing costs.

As of March 30, 2019 , our Senior Notes had a carrying value of \$595 million , net of \$5 million of unamortized deferred financing costs. As of March 30, 2019 , we also had \$373 million of obligations under financing leases for transportation equipment and building leases.

We believe that the combination of cash generated from operations, together with borrowing capacity under the agreements governing our indebtedness 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.

As of March 30, 2019, USF had \$1.0 billion of restricted payment capacity under its credit facilities, and approximately \$2.3 billion of its net assets were restricted after considering the net deferred tax assets and intercompany balances that are eliminated in consolidation. As of March 30, 2019, we were in compliance with all of our debt covenants.

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.

SGA Food Group Companies Acquisition

On July 28, 2018, we entered into a Stock Purchase Agreement with SGA under which we agreed to acquire the SGA Food Group Companies for \$1.8 billion in cash. The closing of the contemplated transaction is subject to customary conditions, including the receipt of required regulatory approvals. To fund a substantial portion of the consideration, we entered into a commitment letter with the Committed Parties under which the Committed Parties committed to provide us with a \$1.5 billion senior secured term loan facility.

Cash Flows

The following table presents condensed highlights from our Consolidated Statements of Cash Flows for the periods presented*:

	13-Weeks Ended	
	March 30, 2019	March 31, 2018
Net income	\$ 71	\$ 67
Changes in operating assets and liabilities	(8)	6
Other adjustments	91	119
Net cash provided by operating activities	154	192
Net cash used in investing activities	(61)	(57)
Net cash used in financing activities	(106)	(168)
Net decrease in cash, cash equivalents and restricted cash	(13)	(33)
Cash, cash equivalents and restricted cash—beginning of period	105	119
Cash, cash equivalents and restricted cash—end of period	\$ 92	\$ 86

(*) Prior year amounts may have been rounded to conform with the current year presentation.

Operating Activities

Cash flows provided by operating activities decreased \$38 million to \$154 million for the 13-weeks ended March 30, 2019. The year over year decrease was primarily driven by working capital benefits during 2018.

Investing Activities

Cash flows used in investing activities for the 13-weeks ended March 30, 2019 and March 31, 2018 included cash expenditures of \$61 million and \$57 million, respectively, on property and equipment for fleet replacement and investments in information technology, as well as new construction and/or expansion of distribution facilities.

We expect total capital additions in fiscal year 2019 to be between \$335 million and \$345 million, inclusive of approximately \$75 million in fleet financing 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 \$106 million for the 13-weeks ended March 30, 2019 included \$86 million of net payments under our revolving credit facilities and \$29 million of scheduled payments under our non-revolving debt and financing leases. Financing activities for the 13-weeks ended March 30, 2019 also included \$6 million and \$5 million of proceeds received from the exercise of employee stock options and stock purchases under our employee stock purchase plan, respectively, partially offset by \$2 million of employee tax withholdings paid in connection with the vesting of equity awards.

Cash flows used in financing activities of \$168 million for the 13-weeks ended March 31, 2018 included \$155 million of net payments under our revolving credit facilities and \$23 million of scheduled payments under our non-revolving debt and financing leases. Financing

activities for the 13-weeks ended March 31, 2018 also included \$7 million and \$4 million of proceeds received from the exercise of employee stock options and stock purchases under our employee stock purchase plan, respectively.

Retirement Plans

We sponsor defined benefit and defined contribution retirement plans that pay benefits to eligible employees at retirement. In addition, we provide certain postretirement health and welfare benefits to eligible retirees and their dependents. We do not expect to make a significant contribution to the Company sponsored defined benefit and other postretirement plans in fiscal year 2019. We contributed \$10 million to the Company sponsored defined benefit and other postretirement plans during the 13-weeks ended March 31, 2018 .

Certain employees are eligible to participate in our 401(k) savings plan. This plan provides that, under certain circumstances and subject to applicable IRS limits, we may match participant contributions of up to 100% of the first 3% of a participant's eligible compensation and 50% of the next 2% of a participant's eligible compensation, for a maximum employer matching contribution of 4%. We made employer matching contributions to the 401(k) plan of \$13 million for each of the 13-weeks ended March 30, 2019 and March 31, 2018 .

We also contribute to various multiemployer pension plans under certain of the Company's collective bargaining agreements. Our contributions to these plans were \$9 million for each of the 13-weeks ended March 30, 2019 and March 31, 2018 .

Off-Balance Sheet Arrangements

As of March 30, 2019 , we entered into \$299 million of letters of credit in favor of certain commercial insurers to secure obligations with respect to our self-insurance programs. Additionally, we entered into \$71 million of letters of credit to secure obligations with respect to certain of our real estate leases, and \$1 million of letters of credit 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 position, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

See the Contractual Obligations section in Part II, Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2018 Annual Report for our contractual cash obligations as of December 29, 2018 . There have been no material changes to our specified contractual obligations through March 30, 2019 .

Critical Accounting Policies and Estimates

We have prepared the financial information in this Quarterly Report in accordance with GAAP. Preparing the Company's 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—"Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2018 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 30, 2019 .

Recent Accounting Pronouncements

See Note 2, Recent Accounting Pronouncements, in our consolidated financial statements 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 interest rate swap agreements to limit our exposure to variable interest rate terms on certain borrowings under our Term Loan Facility. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

Market risk is the possibility of loss from adverse changes in market rates and prices, such as interest rates and commodity prices.

Interest Rate Risk

As of March 30, 2019, after considering interest rate swaps that fixed the interest rate on \$1.1 billion of the principal amounts of our Term Loan Facility, approximately 39% of the principal amount of our debt bore interest at floating rates based on LIBOR or ABR, as defined in the credit agreements. A 1 % change in the applicable rate would cause the interest expense on our floating rate debt to change by approximately \$13 million per year (see Note 10, Debt, in our consolidated financial statements). As was announced in July 2017, the use of LIBOR is expected to be phased out by the end of 2021. We are unable to predict the use of alternative reference rates and corresponding rate risk at this time.

Fuel 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 30, 2019, we had diesel fuel forward purchase commitments totaling \$100 million through August 2020. These locked in approximately 52% 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 fuel prices from the projected market prices could result in approximately \$10 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 30, 2019.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended March 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information relating to legal proceedings, see Note 17, Commitments and Contingencies, in our consolidated financial statements.

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—“Risk Factors” of the 2018 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	<u>Restated Certificate of Incorporation of US Foods Holding Corp., effective as of May 1, 2019 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on May 2, 2019 (File No. 001-37786)).</u>
3.2	<u>Amended and Restated Bylaws of US Foods Holding Corp., effective as of May 1, 2019 (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on May 2, 2019 (File No. 001-37786)).</u>
10.1*	<u>US Foods Holding Corp. Annual Incentive Plan, effective as of January 1, 2019.</u>
10.2*	<u>US Foods Holding Corp. 2019 Long-Term Incentive Plan, effective as of May 1, 2019 (incorporated herein by reference to Appendix B to the Definitive Proxy Statement filed with the SEC on March 20, 2019 (File No. 001-37786)).</u>
10.3*	<u>Form of Performance-Based Restricted Stock Unit Grant Notice and Agreement under the US Foods Holding Corp. 2019 Long-Term Incentive Plan.</u>
10.4*	<u>Form of Time-Based Restricted Stock Unit Grant Notice and Agreement under the US Foods Holding Corp. 2019 Long-Term Incentive Plan.</u>
10.5*	<u>Form of Time-Based Option Grant Notice and Agreement under the US Foods Holding Corp. 2019 Long-Term Incentive Plan.</u>
10.6*	<u>Form of Time-Based Restricted Stock Grant Notice and Agreement under the 2016 US Foods Holding Corp. Omnibus Incentive Plan.</u>
31.1	<u>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.</u>
31.2	<u>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.</u>
32.1	<u>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.</u>
32.2	<u>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.</u>
101	Interactive Data File.

* Indicates a management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 6 of Form 10-Q.

SIGNATURES

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

US FOODS HOLDING CORP.

(Registrant)

Date: May 7, 2019

By: /s/ **PIETRO SATRIANO**

Pietro Satriano

Chairman and Chief Executive Officer

Date: May 7, 2019

By: /s/ **DIRK J. LOCASCIO**

Dirk J. Locascio

Chief Financial Officer

**US FOODS HOLDING CORP.
ANNUAL INCENTIVE PLAN**

(Restated Effective as of January 1, 2019)

ARTICLE I

OBJECTIVE

US Foods Holding Corp. (together with its subsidiaries, the “Company”) established and maintains the US Foods Holding Corp. Annual Incentive Plan (the “Plan”) to incentivize and reward certain eligible Company employees who assist the Company in achieving its key business priorities. This document constitutes an amendment and restatement of the Plan, effective as of January 1, 2019. The plan year for the Plan is the calendar year.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

2.1 Eligible Employees. Each employee of the Company who is employed in a position designated by the Committee (as defined in Section 6.2 below) as a position eligible to receive a bonus under the Plan is eligible to participate in the Plan under the terms and conditions set forth in this document.

2.2 Termination of Participation. Subject to Section 5.1, an employee’s eligibility to receive a bonus under the Plan shall terminate on the earliest of: (a) the date the employee is no longer in a bonus-eligible position; (b) the date on which the employee terminates employment with the Company for any reason; and (c) the date on which the Committee terminates the employee’s participation in the Plan. The Committee reserves the right to terminate an employee’s participation in the Plan at any time for any or no reason. Subject to Section 5.2, an employee who becomes ineligible to receive a bonus under the Plan in accordance with this Section 2.2 shall not receive a bonus payment for the plan year in which their bonus eligibility is terminated.

ARTICLE III

PERFORMANCE MEASURES AND TARGET AWARDS

3.1 The Committee has sole and absolute discretion to establish the process and criteria for determining bonus amounts for each plan year. In doing so, the Committee may consider: (a) the business plans established by those divisions, business units, business segments and administrative departments with bonus-eligible positions, (b) the performance measures and goals set forth in Section 3.2 below; and (c) the recommendations of managers assigned to bonus-eligible employees for determining any applicable individual performance measures.

3.2 The Committee shall identify performance measures and goals (“Performance Goals”), which are based on the attainment of one or more of the following of the Company (and/or one or more of the Company’s divisions, business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing), which may be determined in accordance with GAAP or on a non-GAAP basis: (i) net earnings, net income (before or after taxes), or consolidated net income; (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow, or cash flow return on capital); (viii) actual or adjusted earnings before or after interest, taxes, depreciation, and/or amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) expense targets or cost reduction goals, general and administrative expense savings; (xii) operating efficiency; (xiii) customer/client satisfaction; (xiv) working capital targets; (xv) economic value added or other “value creation” metrics; (xvi) enterprise value; (xvii) sales; (xviii) customer/client retention; (xix) competitive market metrics; (xx) employee retention; (xxi) personal targets, goals, or completion of projects (including, but not limited to, succession and hiring projects, completion of specific acquisitions, dispositions, reorganizations, or other corporate transactions or capital-raising transactions, expansions of specific business operations, and meeting divisional or project budgets); (xxii) comparisons of continuing operations to other operations; (xxiii) market share; (xxiv) cost of capital, debt leverage year-end cash position or book value; (xxv) strategic objectives; (xxvi) debt reduction; or (xxvii) such other goals as the Committee may determine whether or not listed herein. Any Performance Goal may be stated as a percentage of another Performance Goal or used on an absolute or relative basis to measure the performance

of the Company (and/or one or more of the Company's divisions, business units, product lines, brands, business segments, or administrative departments of the Company, or any combination thereof). The Committee shall assign weighting to the applicable Performance Goals. The Committee may identify different Performance Goals and weightings that apply to eligible employees in different divisions, business units, business segments, administrative departments and/or positions. The Committee may establish, as it deems appropriate, certain minimum thresholds that must be met with respect to the achievement of a Performance Goal. The Plan's Performance Goals and weightings are a term and condition of the Plan and are incorporated by reference herein.

3.3 The Committee shall assign a target bonus percentage to each bonus eligible employee. An eligible employee's target bonus amount for each plan year shall equal the applicable percentage, multiplied by an eligible employee's base salary during the portion of the plan year such eligible employee was employed by the Company. The Committee may adjust an eligible employee's target bonus amount based upon such criteria as the Committee shall determine.

3.4 The Committee shall establish a performance period (e.g., calendar or fiscal quarter or calendar or fiscal year) applicable to each Performance Goal under the Plan. Upon the conclusion of each performance period, the Committee shall review the achievement of the applicable Performance Goal(s).

ARTICLE IV **BONUS AMOUNTS**

Each eligible employee shall be entitled to receive a bonus under this Plan only after the Committee determines the Company's and/or the eligible employee's achievement of the applicable Performance Goal(s) during the relevant performance period. If a bonus-eligible employee transfers between bonus-eligible positions or goes on a leave of absence during any plan year, the Committee shall determine the effect of such transfer or leave of absence on such employee's bonus amount. In all cases the Committee, in its sole and absolute discretion, may reduce the amount of any bonus payment that would otherwise be made to a participant in the Plan or to decide that no payment shall be made to such participant.

ARTICLE V **BONUS PAYMENTS**

5.1 The Company shall pay bonuses in a single lump sum payment after the close of each applicable performance period, but in no event later than two and one-half (2.5) months after the close of the applicable performance period. Except as otherwise provided in this ARTICLE V, an eligible employee shall be entitled to a bonus under this Plan *only if* he or she is actively employed by the Company on the last day of the applicable performance period and in good standing on the date bonuses are paid.

5.2 Notwithstanding Section 5.1, the Committee reserves the right, in its sole and absolute discretion, to pay a bonus under this Plan to a person who is not actively employed on the last day of the applicable performance period. In determining whether to pay a bonus to a person who is not actively employed on such date, the Committee may consider, in its sole and absolute discretion, (a) whether the person is no longer actively employed as the result of a disability; (b) whether the person is part of a reduction-in-force; (c) whether the person voluntarily terminated after reaching a certain age with a certain amount of service with the Company (e.g., after reaching age 55 with 10 years of service); (d) whether the person was involuntarily terminated by the Company for "cause"; and (e) whether the person died during employment with the Company. The Company shall pay a bonus to the person's estate if a person dies before receiving a bonus but after the decision to pay a bonus has been made and communicated to the employee.

ARTICLE VI
OTHER TERMS AND CONDITIONS

6.1 No Vested Rights. No person has a vested right to any amount under the Plan before the payment date.

6.2 Administration. The Plan shall be administered by the Compensation Committee of the Board of Directors of US Foods Holding Corp. (the "Committee"). The Committee has the full power to construe, interpret and make all determinations under the Plan including, but not limited to, the determination of: (a) the meaning of any term or provision of the Plan; (b) whether an individual is an eligible employee; (c) the Performance Goals and weightings that apply to a person's bonus; (d) the amount of each bonus (including the target bonus amount and the actual bonus paid); and (e) whether a Company employee has become entitled to a bonus under the Plan. The Committee has the full power to establish, amend and waive rules for the Plan's administration. All determinations and decisions the Committee makes under the Plan are final and binding on all persons and entities. No individual shall be entitled to receive a bonus under this Plan unless the Committee determines, in its sole and absolute discretion, that the individual has met the Plan's eligibility requirements to receive a bonus.

Except to the extent prohibited by applicable law, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to one or more officers or other management employees of the Company, as it deems appropriate in its sole and absolute discretion, including the authority to act on behalf of the Committee with respect to any matter, right, obligation, decision, or election which is the responsibility of, or which is allocated to, the Committee under the Plan, except with respect to the Company's executive officers. Any such allocation or delegation may be revoked by the Committee at any time. Notwithstanding the foregoing, no eligible employee shall make decisions under the Plan with respect to his or her own bonus, including, without limitation, regarding his or her own bonus amount.

Any person who believes he or she is being denied any benefit or right under the Plan may file with the Committee a written notice of the claim and the facts on which the claim is based. Any claim must be delivered to the Committee within forty-five (45) calendar days of the later of the payment date of the bonus or the specific event giving rise to the claim. The Committee will notify the person of its decision in writing as soon as administratively practicable. Claims not responded to by the Committee in writing within one hundred twenty (120) calendar days of the date the written claim is delivered to the Committee shall be deemed denied. The Committee's decision is final and conclusive and binding on all persons. No lawsuit relating to the Plan may be filed before a written claim is filed with the Committee and is denied or deemed denied and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred.

6.3 Amendment and Termination. The Plan may be amended, suspended or terminated at any time (including after the close of a performance period and prior to payment of bonuses) and from time to time by written action of the Committee.

6.4 Deductions and Withholding. The Company shall deduct and/or withhold all amounts necessary to satisfy federal, state and local taxes, required by law or regulation to be withheld, with respect to any taxable event arising as a result of the Plan.

6.5 No Deferred Compensation. The Company intends the Plan to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, pursuant to the short-term deferral exception under Treas. Reg. Section 1.409A - 1(b)(4).

6.6 Governing Law. The laws of the State of Illinois shall govern the Plan.

6.7 Adjustments for Overpayment. If the Company overpays a bonus, the Company may recoup prospective compensation payable to an employee, including future bonuses and earnings not governed by the Plan.

6.8 No Employment Contract. The Plan is not a contract between the Company and any person. Nothing herein limits the Company's ability to terminate the employment of any person. No person earns any right to a bonus, partial or otherwise, under this Plan during the performance period.

6.9 Unfunded Status. The Plan at all times shall be entirely unfunded and no provision shall at any time be made with respect to segregating assets of the Company or any subsidiary thereof for payment of any bonuses. No person shall have any interest in any assets of the Company or any subsidiary thereof by reason of the right to receive a bonus under the Plan and any such person shall have only the rights of a general unsecured creditor of the Company or any subsidiary thereof with respect to any rights under the Plan.

6.10 Amendment. This amendment and restatement supersedes and replaces all prior plan documents governing the Plan. If any conflict between this document and any other document related to or associated with this Plan should arise, the terms and conditions of this document shall control.

**RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
US FOODS HOLDING CORP. 2019 LONG-TERM INCENTIVE PLAN
(Performance-Based Restricted Stock Unit Award)**

US Foods Holding Corp. (the “Company”), pursuant to the US Foods Holding Corp. 2019 Long-Term Incentive Plan (the “Plan”), hereby grants to the Participant set forth below the target number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant:	<i>[Insert Participant Name]</i>
Date of Grant:	<i>[Insert Grant Date]</i>
Performance Period:	<i>[Insert Performance Period]</i>
Performance Years:	<i>[Insert Performance Years]</i>
Target Award:	<i>[Insert Target No. of Restricted Stock Units Granted]</i>
Vesting Date:	<i>[Insert Vesting Date]</i>
Vesting Schedule:	

Except as otherwise provided in the Plan, the Restricted Stock Unit Agreement or any other agreement between the Company or any of its Subsidiaries and the Participant, the Target Award shall vest based on the achievement of the performance goals set forth in this Grant Notice (the “Performance Goals”) over the Performance Period, provided the Participant has not undergone a Termination prior to the Vesting Date; *provided, however*, that if the Performance Goals set forth below are not achieved during the Performance Period, such Restricted Stock Units shall be forfeited; *further, provided*, that the Target Award shall vest in the following circumstances:

- (i) immediately prior to a Change in Control if the Restricted Stock Units would not otherwise be continued, converted, assumed, or replaced by the Company, a member of the Company Group or a successor entity thereto, or provided such other treatment as determined by the Committee; or
- (ii) if the Participant undergoes a Termination by the Service Recipient without Cause or by such Participant for Good Reason (as defined in the Restricted Stock Unit Agreement) within the eighteen (18)-month period immediately following a Change in Control in which the Restricted Stock Units are continued, converted, assumed, or replaced by the Company, a member of the Company Group or a successor entity thereto.

Performance Goals :

1. Adjusted EBITDA Growth

Following each Performance Year, the Adjusted EBITDA payout percentage shall be determined for such Performance Year, based on the Annual Adjusted EBITDA Growth Rate achieved in such Performance Year, in accordance with the schedule set forth below (the “Annual EBITDA Payout Percentage”). Subject to the terms of the Restricted Stock Unit Agreement and the Plan, []% of the Target Award shall vest based on

the simple average of the Annual EBITDA Payout Percentages for each of the three Performance Years in the Performance Period.

	Annual Adjusted ROIC Growth Rate	Annual ROIC Payout Percentage
Below Threshold	<[]bps	[]%
Threshold	+ []bps	[]%
Target	+ []bps	[]%
Maximum	+ []bps	[]%

2. Adjusted ROIC Growth

Following each Performance Year, the Adjusted ROIC payout percentage shall be determined for such Performance Year, based on the Annual Adjusted ROIC Growth Rate achieved in such Performance Year, in accordance with the schedule set forth below (the “Annual ROIC Payout Percentage”). Subject to the terms of the Restricted Stock Unit Agreement and the Plan, []% of the Target Award shall vest based on the simple average of the Annual ROIC Payout Percentages for each of the three Performance Years in the Performance Period.

	Annual Adjusted ROIC Growth Rate	Annual ROIC Payout Percentage
Below Threshold	<[]bps	[]%
Threshold	+ []bps	[]%
Target	+ []bps	[]%
Maximum	+ []bps	[]%

3. Performance Between Specified Levels

The payout percentage of the Target Award shall be determined using straight-line interpolation between performance levels and none of the Target Award subject to a Performance Goal shall vest for performance below the threshold performance level.

4. Definitions

- a. “Adjusted EBITDA” means earnings before interest, taxes, depreciation and amortization (“EBITDA”), adjusted for (1) restructuring and tangible asset impairment charges; (2) share-based compensation expense; (3) the non-cash impact of LIFO reserve adjustments; (4) loss on extinguishment of debt; (5) pension settlements; (6) business transformation costs; (7) acquisition-related costs; and (8) other gains, losses or charges as specified in the Company’s debt agreements.
- b. “Adjusted ROIC” means net operating profit after taxes (“NOPAT”) divided by the beginning and ending year average of invested capital (“Invested Capital”). For purposes of this definition, NOPAT is calculated by subtracting depreciation and adjusted taxes (using 26% in all periods) from Adjusted EBITDA. For purposes of this definition, Invested Capital is calculated by subtracting goodwill, other intangible assets, cash, and non-interest bearing current liabilities (primarily accounts payable and accrued current liabilities) from total assets. Adjusted ROIC shall exclude the cash impact of: (i) any EBITDA adjustments used to compute Adjusted EBITDA for the relevant Performance Period

and (ii) any one-time, significant (*i.e.* , greater than \$15 million) cash payment or expenditure that is expected to have an overall net positive long-term benefit (*e.g.* , tax savings).

- c. “ Annual Adjusted EBITDA Growth Rate ” means the annual growth rate in Adjusted EBITDA, with the Adjusted EBITDA growth rate for each year of the Performance Period calculated by (i) subtracting the prior year Adjusted EBITDA results from the current year Adjusted EBITDA results and (ii) dividing such amount by the prior year Adjusted EBITDA results. In the case of any individual merger, acquisition, or divestiture for which the net assets acquired or disposed, on an annualized basis, generate an annual run rate Adjusted EBITDA in excess of \$15 million (each, an “ Excluded Transaction ”), the Adjusted EBITDA results for each Excluded Transaction shall be excluded from the current year Adjusted EBITDA results for the Performance Period in which such Excluded Transaction closes, but for purposes of calculating the Annual Adjusted EBITDA Growth Rate for any Performance Period(s) after such Excluded Transaction closes, the Adjusted EBITDA results for such Excluded Transaction shall be included in the prior year Adjusted EBITDA results, on an annualized basis, for each such subsequent Performance Period.
- d. “ Annual Adjusted ROIC Growth Rate ” means the annual growth rate in Adjusted ROIC, with the Adjusted ROIC growth rate for each year of the Performance Period calculated by (i) subtracting the prior year Adjusted ROIC results from the current year Adjusted ROIC results and (ii) dividing such amount by the prior year Adjusted ROIC results. In the case of an Excluded Transaction, the Adjusted ROIC results for each Excluded Transaction shall be excluded from the current year Adjusted ROIC results for the Performance Period in which such Excluded Transaction closes, but for purposes of calculating the Annual Adjusted ROIC Growth Rate for any Performance Period(s) after such Excluded Transaction closes, the Adjusted ROIC results for such Excluded Transaction shall be included in the prior year Adjusted ROIC results, on an annualized basis, for each such subsequent Performance Period.

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN.

US FOODS HOLDING CORP.

PARTICIPANT ¹

By:	_____	_____
Name:	David Works	
Title:	Executive Vice President, Chief Human Resources Officer	

¹ To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

**RESTRICTED STOCK UNIT AGREEMENT
UNDER THE
US FOODS HOLDING CORP. 2019 LONG-TERM INCENTIVE PLAN**

Pursuant to the Restricted Stock Unit Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Unit Agreement (this “Restricted Stock Unit Agreement”) and the US Foods Holding Corp. 2019 Long-Term Incentive Plan (the “Plan”), US Foods Holding Corp. (the “Company”) and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Restricted Stock Units**. The Company hereby grants to the Participant the target number of Restricted Stock Units provided in the Grant Notice.

2. **Vesting**. Subject to the terms and conditions set forth in the Grant Notice, this Restricted Stock Unit Agreement and the Plan, the Restricted Stock Units shall vest based on (i) the relative achievement of the Performance Goals set forth in the Grant Notice during the Performance Period set forth in the Grant Notice and (ii) the Participant’s continuous employment through the Vesting Date. Attainment of the Performance Goals shall be determined and certified by the Committee in writing prior to the vesting of the Restricted Stock Units.

3. **Settlement of Restricted Stock Units**. The provisions of Section 9(d)(ii) of the Plan are incorporated herein by reference and made a part hereof, provided that the Restricted Stock Units shall be settled in Common Stock within sixty (60) days following the Vesting Date or, if earlier, within sixty (60) days following a Change in Control or the Participant’s Termination by the Service Recipient without Cause or by such Participant for Good Reason within the eighteen (18)-month period immediately following a Change in Control, as contemplated in the Grant Notice and subject to Section 13(u) of the Plan, to the extent applicable; provided, further, that if the Change in Control does not satisfy the conditions specified in Section 13(u)(iii) of the Plan to the extent applicable or as otherwise required by Section 409A of the Code, then upon a Change in Control pursuant to which the vesting is accelerated in accordance the Grant Notice, the Restricted Stock Units shall be settled within sixty (60) days following the Vesting Date or, if earlier, the Participant’s Termination, to the extent required by Section 409A of the Code.

4. **Treatment of Restricted Stock Units upon Termination**. The provisions of Section 9(c)(ii) of the Plan are incorporated herein by reference and made a part hereof.

5. **Definitions**.

(a) The term “Company” as used in this Restricted Stock Unit Agreement with reference to the Participant’s employment and the definitions herein shall include the Company and its Subsidiaries.

(b) The term “Good Reason” as used in the Grant Notice or in this Restricted Stock Unit Agreement shall, in the case of any Participant who is party to an employment, service or similar agreement between the Participant and the Company that contains a definition of “Good Reason”, mean and refer to the definition set forth in such agreement, and in the case of any other Participant, “Good Reason” shall mean: (A) a material diminution in the Participant’s base salary or annual bonus opportunity; (B) any material diminution in the Participant’s authority, duties or responsibilities; or (C) the relocation of the Participant’s principal work location by more than fifty (50) miles; provided that none of these events shall constitute Good Reason unless the Company fails to cure such event within thirty (30) days after receipt from the Participant of written notice of

the event which constitutes Good Reason; provided, further, that “Good Reason” shall cease to exist for an event on the sixtieth (60th) day following the later of its occurrence or the Participant’s knowledge thereof, unless the Participant has given the Company written notice thereof prior to such date. Notwithstanding anything herein to the contrary, for purposes of the last proviso of the immediately foregoing sentence, a series of related events shall be deemed to have occurred on the date upon which the last event in such series of related events has occurred. In the event of the Participant’s Termination due to Good Reason, such Termination must occur within sixty (60) days following the expiration of the Company cure period described above.

(c) Whenever the word “ Participant ” is used in any provision of this Restricted Stock Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Stock Units may be transferred by will or by the laws of descent and distribution, the word “Participant” shall be deemed to include such person or persons.

6. **Non-Transferability**. The Restricted Stock Units are not transferable by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Restricted Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Restricted Stock Units shall terminate and become of no further effect.

7. **Dividend Equivalent Payments**. The Participant shall be eligible to receive dividend equivalents pursuant to the provisions of Sections 9(d)(ii) and 13(c) of the Plan.

8. **Tax Withholding**. The provisions of Section 13(d)(i) of the Plan are incorporated herein by reference and made a part hereof. The Participant shall satisfy such Participant’s withholding liability referred to in Section 13(d)(i) of the Plan by having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, provided that the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless the Participant elects a higher withholding rate and the Committee determines that such higher withholding rate will not result in adverse accounting consequences.

9. **Notice**. Every notice or other communication relating to this Restricted Stock Unit Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company Secretary, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant’s last known address, as reflected in the Company’s records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

10. **No Right to Continued Service**. This Restricted Stock Unit Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.

11. **Binding Effect**. This Restricted Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

12. **Waiver and Amendments**. Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Restricted Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; *provided*, *however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

13. **Governing Law**. This Restricted Stock Unit Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

14. **Plan**. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Stock Unit Agreement, the Plan shall govern and control.

15. **Compliance With Section 409A of the Code**. The Award governed hereby is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly. To the extent this Restricted Stock Unit Agreement provides for the Award to become vested and be settled upon the Participant's Termination, the applicable shares of Common Stock shall be transferred to the Participant or his or her beneficiary upon the Participant's "separation from service," within the meaning of Section 409A of the Code; *provided* that if the Participant is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Common Stock shall be transferred to the Participant or his or her beneficiary upon the earlier to occur of (i) the six (6)-month anniversary of such separation from service and (ii) the date of the Participant's death.

**RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
US FOODS HOLDING CORP. 2019 LONG-TERM INCENTIVE PLAN
(Time-Based Restricted Stock Unit Award)**

US Foods Holding Corp. (the “Company”), pursuant to the US Foods Holding Corp. 2019 Long-Term Incentive Plan (the “Plan”), hereby grants to the Participant set forth below the number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement attached hereto, and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant:	<i>[Insert Participant Name]</i>
Date of Grant:	<i>[Insert Grant Date]</i>
Number of Restricted Stock Units:	<i>[Insert No. of Restricted Stock Units Granted]</i>
Vesting Schedule:	

Provided the Participant has not undergone a Termination at the time of each applicable vesting date (or event):

- One-third ($\frac{1}{3}$) of the Restricted Stock Units (rounded down to the nearest whole unit) will vest on the first (1st) anniversary of the Date of Grant;
- One-third ($\frac{1}{3}$) of the Restricted Stock Units (rounded down to the nearest whole unit) will vest on the second (2nd) anniversary of the Date of Grant; and
- The remaining unvested Restricted Stock Units will vest on the third (3rd) anniversary of the Date of Grant;

provided , however , that the Restricted Stock Units shall fully vest in the following circumstances:

- (i) immediately prior to a Change in Control if the Restricted Stock Units would not otherwise be continued, converted, assumed, or replaced by the Company, a member of the Company Group or a successor entity thereto, or provided such other treatment as determined by the Committee; or
- (ii) if the Participant undergoes a Termination by the Service Recipient without Cause or by such Participant for Good Reason (as defined in the Restricted Stock Unit Agreement) within the eighteen (18)-month period immediately following a Change in Control in which the Restricted Stock Units are continued, converted, assumed, or replaced by the Company, a member of the Company Group or a successor entity thereto.

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN.

US FOODS HOLDING CORP.

PARTICIPANT ¹

By:	_____	_____
Name:	David Works	
Title:	Executive Vice President, Chief Human Resources Officer	

¹ To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

**RESTRICTED STOCK UNIT AGREEMENT
UNDER THE
US FOODS HOLDING CORP. 2019 LONG-TERM INCENTIVE PLAN**

Pursuant to the Restricted Stock Unit Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Unit Agreement (this “Restricted Stock Unit Agreement”) and the US Foods Holding Corp. 2019 Long-Term Incentive Plan (the “Plan”), US Foods Holding Corp. (the “Company”) and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Restricted Stock Units.** The Company hereby grants to the Participant the number of Restricted Stock Units provided in the Grant Notice.

2. **Vesting.** Subject to the terms of this Restricted Stock Unit Agreement and the Plan, the Restricted Stock Units shall vest and the restrictions on such Restricted Stock Units shall lapse as provided in the Grant Notice. The period of time that the Restricted Stock Units remain subject to vesting shall be the Restricted Period.

3. **Settlement of Restricted Stock Units.** The provisions of Section 9(d)(ii) of the Plan are incorporated herein by reference and made a part hereof, provided that the Restricted Stock Units shall be settled in Common Stock within sixty (60) days following the Vesting Date or, if earlier, within sixty (60) days following a Change in Control or the Participant’s Termination by the Service Recipient without Cause or by such Participant for Good Reason within the eighteen (18)-month period immediately following a Change in Control, as contemplated in the Grant Notice and subject to Section 13(u) of the Plan, to the extent applicable; provided, further, that if the Change in Control does not satisfy the conditions specified in Section 13(u)(iii) of the Plan to the extent applicable or as otherwise required by Section 409A of the Code, then upon a Change in Control pursuant to which the vesting is accelerated in accordance the Grant Notice, the Restricted Stock Units shall be settled within sixty (60) days following the Vesting Date or, if earlier, the Participant’s Termination, to the extent required by Section 409A of the Code.

4. **Treatment of Restricted Stock Units upon Termination.** The provisions of Section 9(c)(ii) of the Plan are incorporated herein by reference and made a part hereof.

5. **Definitions.**

(a) The term “Company” as used in this Restricted Stock Unit Agreement with reference to the Participant’s employment and the definitions herein shall include the Company and its Subsidiaries.

(b) The term “Good Reason” as used in the Grant Notice or in this Restricted Stock Unit Agreement shall, in the case of any Participant who is party to an employment, service or similar agreement between the Participant and the Company that contains a definition of “Good Reason”, mean and refer to the definition set forth in such agreement, and in the case of any other Participant, “Good Reason” shall mean: (A) a material diminution in the Participant’s base salary or annual bonus opportunity; (B) any material diminution in the Participant’s authority, duties or responsibilities; or (C) the relocation of the Participant’s principal work location by more than fifty (50) miles; provided that none of these events shall constitute Good Reason unless the Company fails to cure such event within thirty (30) days after receipt from the Participant of written notice of the event which constitutes Good Reason; provided, further, that “Good Reason” shall cease to exist

for an event on the sixtieth (60th) day following the later of its occurrence or the Participant's knowledge thereof, unless the Participant has given the Company written notice thereof prior to such date. Notwithstanding anything herein to the contrary, for purposes of the last proviso of the immediately foregoing sentence, a series of related events shall be deemed to have occurred on the date upon which the last event in such series of related events has occurred. In the event of the Participant's Termination due to Good Reason, such Termination must occur within sixty (60) days following the expiration of the Company cure period described above.

(c) Whenever the word "Participant" is used in any provision of this Restricted Stock Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Stock Units may be transferred by will or by the laws of descent and distribution, the word "Participant" shall be deemed to include such person or persons.

6. **Non-Transferability**. The Restricted Stock Units are not transferable by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Restricted Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Restricted Stock Units shall terminate and become of no further effect.

7. **Dividend Equivalent Payments**. The Participant shall be eligible to receive dividend equivalents pursuant to the provisions of Sections 9(d)(ii) and 13(c) of the Plan.

8. **Tax Withholding**. The provisions of Section 13(d)(i) of the Plan are incorporated herein by reference and made a part hereof. The Participant shall satisfy such Participant's withholding liability referred to in Section 13(d)(i) of the Plan by having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, provided that the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences.

9. **Notice**. Every notice or other communication relating to this Restricted Stock Unit Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company Secretary, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

10. **No Right to Continued Service**. This Restricted Stock Unit Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.

11. **Binding Effect**. This Restricted Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

12. **Waiver and Amendments**. Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Restricted Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; *provided, however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

13. **Governing Law**. This Restricted Stock Unit Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

14. **Plan**. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Stock Unit Agreement, the Plan shall govern and control.

15. **Compliance With Section 409A of the Code**. The Award governed hereby is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly. To the extent this Restricted Stock Unit Agreement provides for the Award to become vested and be settled upon the Participant's Termination, the applicable shares of Common Stock shall be transferred to the Participant or his or her beneficiary upon the Participant's "separation from service," within the meaning of Section 409A of the Code; *provided* that if the Participant is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Common Stock shall be transferred to the Participant or his or her beneficiary upon the earlier to occur of (i) the six (6)-month anniversary of such separation from service and (ii) the date of the Participant's death.

**OPTION GRANT NOTICE
UNDER THE
US FOODS HOLDING CORP. 2019 LONG-TERM INCENTIVE PLAN
(Time-Based Vesting Non-Qualified Stock Option Award)**

US Foods Holding Corp. (the “Company”), pursuant to the US Foods Holding Corp. 2019 Long-Term Incentive Plan (the “Plan”), hereby grants to the Participant set forth below the number of Options (each Option representing the right to purchase one share of Common Stock) set forth below, at an Exercise Price per share as set forth below. The Options are subject to all of the terms and conditions as set forth herein, in the Option Agreement attached hereto, and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant:	<i>[Insert Participant Name]</i>
Date of Grant:	<i>[Insert Grant Date]</i>
Number of Options:	<i>[Insert Number of Options]</i>
Exercise Price:	<i>[Insert Exercise Price]</i>
Option Period Expiration Date:	<i>[Insert Expiration Date]</i>
Type of Option:	Non-qualified Stock Option
Vesting Schedule:	

Provided that the Participant has not undergone a Termination at the time of each applicable vesting date (or event):

- One-third ($\frac{1}{3}$) of the Options (rounded down to the nearest whole share underlying such Option) will vest and become exercisable on the first (1st) anniversary of the Date of Grant;
- One-third ($\frac{1}{3}$) of the Options (rounded down to the nearest whole share underlying such Option) will vest and become exercisable on the second (2nd) anniversary of the Date of Grant; and
- The remaining unvested Options will vest and become exercisable on the third (3rd) anniversary of the Date of Grant;

provided, however, that the Options shall fully vest and become exercisable in the following circumstances:

- (i) immediately prior to a Change in Control if the Options would not otherwise be continued, converted, assumed, or replaced by the Company, a member of the Company Group or a successor entity thereto, or provided such other treatment as determined by the Committee; or
- (ii) if the Participant undergoes a Termination by the Service Recipient without Cause or by such Participant for Good Reason (as defined in the Option Agreement) within the eighteen (18)-month period immediately following a Change in Control in which the Options are continued, converted, assumed, or replaced by the Company, a member of the Company Group or a successor entity thereto.

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS OPTION GRANT NOTICE, THE OPTION AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF OPTIONS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS OPTION GRANT NOTICE, THE OPTION AGREEMENT AND THE PLAN.

US FOODS HOLDING CORP.

PARTICIPANT ¹

By:	_____	_____
Name:	David Works	
Title:	Executive Vice President, Chief Human Resources Officer	

¹ To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

**OPTION AGREEMENT
UNDER THE
US FOODS HOLDING CORP. 2019 LONG-TERM INCENTIVE PLAN**

Pursuant to the Option Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Option Agreement (this “Option Agreement”) and the US Foods Holding Corp. 2019 Long-Term Incentive Plan (the “Plan”), US Foods Holding Corp. (the “Company”) and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Option**. The Company hereby grants to the Participant the number of Options provided in the Grant Notice (with each Option representing the right to purchase one share of Common Stock), at an Exercise Price per share as provided in the Grant Notice.

2. **Vesting**. Subject to the terms of this Option Agreement and the Plan, the Options shall vest as provided in the Grant Notice.

3. **Exercise of Options Following Termination**. The provisions of Section 7(c)(ii) of the Plan are incorporated herein by reference and made a part hereof.

4. **Method of Exercising Options**. The Options may be exercised by the delivery of notice of the number of Options that are being exercised accompanied by payment in full of the Exercise Price applicable to the Options so exercised. Such notice shall be delivered either (a) in writing to the Company at its principal office or at such other address as may be established by the Committee, to the attention of the Company Secretary, or (b) to a third-party plan administrator as may be arranged for by the Company or the Committee from time to time for purposes of the administration of outstanding Options under the Plan, in the case of either (a) or (b), as communicated to the Participant by the Company from time to time. Payment of the aggregate Exercise Price may be made: (i) in cash, check, cash equivalent, and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual issuance of such shares to the Company); *provided* that such shares of Common Stock are not subject to any pledge or other security interest; (ii) if there is a public market for the shares of Common Stock at the time of exercise, by means of a broker-assisted “cashless exercise” pursuant to which the Company is delivered (including telephonically to the extent permitted by the Committee) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise issuable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price; or (iii) a “net exercise” procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of the Option that is needed to pay the Exercise Price and any Federal, state, local, and non-U.S. income, employment, and any other applicable taxes required to be withheld.

5. **Issuance of Shares**. Following the exercise of an Option hereunder, as promptly as practical after receipt of such notification and full payment of such Exercise Price and any required income or other tax withholding amount (as provided in Section 9 hereof), the Company shall issue or transfer, or cause such issue or transfer, to the Participant the number of shares with respect to which the Options have been so exercised, and shall either (a) deliver, or cause to be delivered, to the Participant a certificate or certificates therefor, registered in the Participant’s name, or (b) cause such shares to be credited to the Participant’s account at the third-party plan administrator.

6. **Definitions.**

(a) The term “ Company ” as used in this Option Agreement with reference to the Participant’s employment and the definitions herein shall include the Company and its Subsidiaries.

(b) The term “ Good Reason ” as used in the Grant Notice or in this Option Agreement shall, in the case of any Participant who is party to an employment, service or similar agreement between the Participant and the Company that contains a definition of “Good Reason”, mean and refer to the definition set forth in such agreement, and in the case of any other Participant, “Good Reason” shall mean: (A) a material diminution in the Participant’s base salary or annual bonus opportunity; (B) any material diminution in the Participant’s authority, duties or responsibilities; or (C) the relocation of the Participant’s principal work location by more than fifty (50) miles; provided that none of these events shall constitute Good Reason unless the Company fails to cure such event within thirty (30) days after receipt from the Participant of written notice of the event which constitutes Good Reason; *provided, further* , that “Good Reason” shall cease to exist for an event on the sixtieth (60th) day following the later of its occurrence or the Participant’s knowledge thereof, unless the Participant has given the Company written notice thereof prior to such date. Notwithstanding anything herein to the contrary, for purposes of the last proviso of the immediately foregoing sentence, a series of related events shall be deemed to have occurred on the date upon which the last event in such series of related events has occurred. In the event of the Participant’s Termination due to Good Reason, such Termination must occur within sixty (60) days following the expiration of the Company cure period described above.

(c) Whenever the word “ Participant ” is used in any provision of this Option Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Options may be transferred by will or by the laws of descent and distribution, the word “Participant” shall be deemed to include such person or persons.

7. **Non-Transferability.** The Options are not transferable by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Options, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Options shall terminate and become of no further effect.

8. **Rights as Stockholder.** The Participant or a Permitted Transferee of the Options shall have no rights as a stockholder with respect to any share of Common Stock covered by an Option until the Participant shall have become the holder of record or the beneficial owner of such Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof.

9. **Tax Withholding.** The provisions of Section 13(d)(i) of the Plan are incorporated herein by reference and made a part hereof. The Participant shall satisfy such Participant’s withholding liability referred to in Section 13(d)(i) of the Plan by having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, *provided* that the number of such

shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences.

10. **Notice**. Every notice or other communication relating to this Option Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company Secretary, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

11. **No Right to Continued Service**. This Option Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.

12. **Binding Effect**. This Option Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

13. **Waiver and Amendments**. Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Option Agreement shall be valid only if made in writing and signed by the parties hereto; *provided*, *however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

14. **Governing Law**. This Option Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Option Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Option Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

15. **Plan**. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Option Agreement, the Plan shall govern and control.

**RESTRICTED STOCK GRANT NOTICE
UNDER THE
2016 US FOODS HOLDING CORP. OMNIBUS INCENTIVE PLAN
(Time-Based Restricted Stock Award)**

US Foods Holding Corp. (the “Company”), pursuant to the 2016 US Foods Holding Corp. Omnibus Incentive Plan (the “Plan”), hereby grants to the Participant set forth below the number of shares of Restricted Stock set forth below. The shares of Restricted Stock are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Agreement (attached hereto), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant:	<i>[Insert Participant Name]</i>
Date of Grant:	<i>[Insert Grant Date]</i>
Target Award:	<i>[Insert Target No. of Shares of Restricted Stock Granted]</i>
Number of Shares of Restricted Stock:	<i>[Insert No. of Shares of Restricted Stock]</i>
Vesting Schedule:	

Except as otherwise provided in the Plan, the Restricted Stock Agreement or any other agreement between the Company or any of its Subsidiaries and the Participant, and provided the Participant has not undergone a Termination at the time of each applicable vesting date (or event),

- One-third ($\frac{1}{3}$) of the shares of Restricted Stock (rounded down to the nearest whole unit) shall vest on the first (1st) anniversary of the Date of Grant;
- One-third ($\frac{1}{3}$) of the shares of Restricted Stock (rounded down to the nearest whole unit) shall vest on the second (2nd) anniversary of the Date of Grant; and
- The remaining unvested shares of Restricted Stock shall vest on the third (3rd) anniversary of the Date of Grant;

provided, however, that any unvested shares of Restricted Stock shall vest in the following circumstances:

- (i) immediately prior to a Change in Control if the Restricted Stock would not otherwise be continued, converted, assumed, or replaced by the Company, a member of the Company Group or a successor entity thereto, or such other treatment as determined by the Committee; or
- (ii) if the Participant undergoes a Termination by the Service Recipient without Cause or by such Participant for Good Reason (as defined in the Restricted Stock Agreement) within the eighteen (18)-month period immediately following a Change in Control in which the Restricted Stock are continued, converted, assumed, or replaced by the Company, a member of the Company Group or a successor entity thereto.

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK GRANT NOTICE, THE RESTRICTED STOCK AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF SHARES OF RESTRICTED STOCK HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK GRANT NOTICE, THE RESTRICTED STOCK AGREEMENT AND THE PLAN.

US FOODS HOLDING CORP.

PARTICIPANT ¹

By:	_____	_____
Name:	David Works	
Title:	Executive Vice President, Chief Human Resources Officer	

¹ To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

**RESTRICTED STOCK AGREEMENT
UNDER THE
2016 US FOODS HOLDING CORP. OMNIBUS INCENTIVE PLAN**

Pursuant to the Restricted Stock Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Agreement (this “Restricted Stock Agreement”) and the 2016 US Foods Holding Corp. Omnibus Incentive Plan (the “Plan”), US Foods Holding Corp. (the “Company”) and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Shares of Restricted Stock**. The Company hereby grants to the Participant the number of shares of Restricted Stock provided in the Grant Notice.

2. **Vesting**. Subject to the terms and conditions set forth in the Grant Notice, this Restricted Stock Agreement and the Plan, the shares of Restricted Stock shall vest and the restrictions on such shares of Restricted Stock shall lapse as provided in the Grant Notice. Any shares of Restricted Stock that do not become vested shall be forfeited and returned to the Company.

3. **Issuance of Shares of Restricted Stock**. The provisions of Section 9(d)(i) of the Plan are incorporated herein by reference and made a part hereof.

4. **Treatment of Shares of Restricted Stock upon Termination**. The provisions of Section 9(c)(ii) of the Plan are incorporated herein by reference and made a part hereof.

5. **Definitions**.

(a) The term “Company” as used in this Restricted Stock Agreement with reference to the Participant’s employment and the definitions herein shall include the Company and its Subsidiaries.

(b) The term “Good Reason” as used in the Grant Notice or in this Restricted Stock Agreement shall, in the case of any Participant who is party to an agreement between the Participant and the Company that contains a definition of “Good Reason”, mean and refer to the definition set forth in such agreement, and in the case of any other Participant, “Good Reason” shall mean: (A) a material diminution in the Participant’s base salary or annual bonus opportunity; (B) any material diminution in the Participant’s authority, duties or responsibilities; or (C) the relocation of the Participant’s principal work location by more than fifty (50) miles; *provided* that none of these events shall constitute Good Reason unless the Company fails to cure such event within thirty (30) days after receipt from the Participant of written notice of the event which constitutes Good Reason; *provided , further ,* that “Good Reason” shall cease to exist for an event on the sixtieth (60th) day following the later of its occurrence or the Participant’s knowledge thereof, unless the Participant has given the Company’s written notice thereof prior to such date. Notwithstanding anything herein to the contrary, for purposes of the last proviso of the immediately foregoing sentence, a series of related events shall be deemed to have occurred on the date upon which the last event in such series of related events has occurred.

(c) Whenever the word “Participant” is used in any provision of this Restricted Stock Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the shares of Restricted Stock may

be transferred by will or by the laws of descent and distribution, the word "Participant" shall be deemed to include such person or persons.

6. **Non-Transferability**. The shares of Restricted Stock are not transferable by the Participant except to Permitted Transferees in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the shares of Restricted Stock, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the shares of Restricted Stock shall terminate and become of no further effect.

7. **Rights as Stockholder; Legend; Dividends**. The provisions of Sections 9(b) and 9(e) of the Plan are incorporated herein by reference and made a part hereof; *provided* that any dividends paid with respect to the shares of Restricted Stock which have not, prior to the record date of the dividend, become vested shall be withheld by the Company without interest and shall be paid to the Participant only when, and if, such shares of Restricted Stock shall become vested pursuant to the Grant Notice and Section 2 of this Restricted Stock Agreement.

8. **Tax Withholding**. The provisions of Section 14(d)(i) of the Plan are incorporated herein by reference and made a part hereof. The Participant shall satisfy such Participant's withholding liability referred to in Section 14(d)(i) of the Plan by having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, *provided* that the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless the Participant elects a higher withholding rate and the Committee determines that such higher withholding rate will not result in adverse accounting consequences.

9. **Notice**. Every notice or other communication relating to this Restricted Stock Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company Secretary, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

10. **No Right to Continued Service**. This Restricted Stock Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.

11. **Binding Effect**. This Restricted Stock Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

12. **Waiver and Amendments**. Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Restricted Stock Agreement shall be valid only if made in writing and signed by the parties hereto; *provided, however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with

respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

13. **Governing Law**. This Restricted Stock Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

14. **Plan**. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Stock Agreement, the Plan shall govern and control.

**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)) for the registrant 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 7, 2019

/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)) for the registrant 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 7, 2019

/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 30, 2019 , 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 7, 2019

/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 30, 2019 , 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 7, 2019

/s/ DIRK J. LOCASCIO

Dirk J. Locascio

Chief Financial Officer