

Edgar Filing: Aramark - Form 10-K

Aramark  
Form 10-K  
November 22, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K  
ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 29, 2017 Commission File Number: 001-36223

Aramark  
(Exact name of registrant as specified in its charter)  
Delaware 20-8236097  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)  
Aramark Tower  
1101 Market Street 19107  
Philadelphia, Pennsylvania  
(Address of principal executive offices) (Zip Code)  
(215) 238-3000  
(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on which Registered
Common Stock, par value \$0.01 per share	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes  No

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

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit and post such files).

Yes  No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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

Edgar Filing: Aramark - Form 10-K

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

---

As of March 31, 2017, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately \$8,850.7 million.

As of October 27, 2017, the number of shares of the registrant's common stock outstanding is 245,038,765.

---

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to the registrant's 2018 Annual Meeting of Stockholders, to be held on January 31, 2018, will be incorporated by reference in this Form 10-K in response to portions of Part III. The definitive proxy statement will be filed with the SEC not later than 120 days after the registrant's fiscal year ended September 29, 2017.

---

## TABLE OF CONTENTS

	Page
<u>PART I</u>	<u>1</u>
<u>Item 1. Business</u>	<u>1</u>
<u>Item 1A. Risk Factors</u>	<u>10</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>20</u>
<u>Item 2. Properties</u>	<u>20</u>
<u>Item 3. Legal Proceedings</u>	<u>21</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>21</u>
<u>PART II</u>	<u>23</u>
<u>Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>23</u>
<u>Item 6. Selected Consolidated Financial Data</u>	<u>25</u>
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>44</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>44</u>
<u>Item 9. Changes and Disagreements With Accountants on Accounting and Financial Disclosure</u>	<u>44</u>
<u>Item 9A. Controls and Procedures</u>	<u>45</u>
<u>PART III</u>	<u>47</u>
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	<u>47</u>
<u>Item 11. Executive Compensation</u>	<u>47</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>47</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>47</u>
<u>Item 14. Principal Accounting Fees and Services</u>	<u>47</u>
<u>PART IV</u>	<u>48</u>
<u>Item 15. Exhibits, Financial Statement Schedules</u>	<u>48</u>
<u>Item 16. Form 10-K Summary</u>	<u>48</u>

---

## Table of Contents

### Special Note About Forward-Looking Statements

This report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views as to future events and financial performance with respect to, without limitation, conditions in our industry, our operations, our economic performance and financial condition, including, in particular, with respect to, without limitation, the benefits, costs and timing of and ability to consummate the acquisitions of each of Avendra and AmeriPride and related financings, as well as statements regarding these companies' services and products and statements relating to our business and growth strategy. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "outlook," "aim," "anticipate," "are or remain confident," "have confidence," "estimate," "expect," "will be," "will continue," "will likely result," "project," "intend," "plan," "believe," "see," "look to" and other words and terms of similar meaning or the negative versions of such words.

Forward-looking statements speak only as of the date made. All statements we make relating to our estimated and projected earnings, costs, expenditures, cash flows, growth rates, financial results and our estimated benefits, costs and timing of and ability to consummate the acquisitions and related financings are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results or the costs, benefits or timing of the proposed acquisitions and related financings include without limitation: unfavorable economic conditions; natural disasters, global calamities, sports strikes and other adverse incidents; the failure to retain current clients, renew existing client contracts and obtain new client contracts; a determination by clients to reduce their outsourcing or use of preferred vendors; competition in our industries; increased operating costs and obstacles to cost recovery due to the pricing and cancellation terms of our food and support services contracts; the inability to achieve cost savings through our cost reduction efforts; our expansion strategy; the failure to maintain food safety throughout our supply chain, food-borne illness concerns and claims of illness or injury; governmental regulations including those relating to food and beverages, the environment, wage and hour and government contracting; liability associated with noncompliance with applicable law or other governmental regulations; new interpretations of or changes in the enforcement of the government regulatory framework; currency risks and other risks associated with international operations, including Foreign Corrupt Practices Act, U.K. Bribery Act and other anti-corruption law compliance; continued or further unionization of our workforce; liability resulting from our participation in multiemployer defined benefit pension plans; risks associated with suppliers from whom our products are sourced; disruptions to our relationship with, or to the business of, our primary distributor; the inability to hire and retain sufficient qualified personnel or increases in labor costs; healthcare reform legislation; the contract intensive nature of our business, which may lead to client disputes; seasonality; disruptions in the availability of our computer systems or privacy breaches; failure to achieve and maintain effective internal controls; our leverage; the inability to generate sufficient cash to service all of our indebtedness; debt agreements that limit our flexibility in operating our business; the outcome and timing of regulatory reviews of both the Avendra and AmeriPride transactions; our ability to complete the transactions in the time expected or at all, our ability to successfully integrate the businesses of Avendra and AmeriPride and costs and timing related thereto, the risk of unanticipated restructuring costs or assumption of undisclosed liabilities, the risk that we are unable to achieve the anticipated benefits (including tax benefits) and synergies of the acquisition of AmeriPride and Avendra including whether the proposed transactions will be accretive and within the expected timeframes, our ability to complete the anticipated financing of these transactions on our expected terms, the availability of sufficient cash to repay certain indebtedness and our decision to utilize the cash for that purpose, the disruption of the transactions to each of Avendra and AmeriPride and their respective managements; the effect of

## Edgar Filing: Aramark - Form 10-K

announcement of the transactions on each of Avendra's and AmeriPride's ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties, our ability to attract new or maintain existing customer and supplier relationships at reasonable cost, our ability to retain key personnel and other factors set forth under the headings Item 1A "Risk Factors," Item 3 "Legal Proceedings" and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this Annual Report on Form 10-K, as such factors may be updated from time to time in our other periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and which may be obtained by contacting Aramark's investor relations department via its website [www.aramark.com](http://www.aramark.com). Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other filings with the SEC. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements included herein or that may be made elsewhere from time to time by, or on behalf of, us. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, changes in our expectations, or otherwise, except as required by law.

---

Table of Contents

## PART I

## Item 1. Business

## Overview

Aramark (the “Company,” “we” or “us”) is a leading global provider of food, facilities and uniform services to education, healthcare, business & industry, and sports, leisure & corrections clients. Our core market is North America (composed of the United States and Canada), which is supplemented by an additional 17-country footprint. We hold the #2 position in North America in food and facilities services as well as uniform services based on total sales in fiscal 2017. Internationally, we hold a top 3 position in food and facilities services based on total sales in fiscal 2017 in most countries in which we have significant operations, and are one of only 3 food and facilities competitors with our combination of scale, scope, and global reach. Through our established brand, broad geographic presence and approximately 260,500 employees, we anchor our business in our partnerships with thousands of education, healthcare, business and sports, leisure & corrections clients. Through these partnerships we serve millions of consumers including students, patients, employees, sports fans and guests worldwide.

We operate our business in three reportable segments that share many of the same operating characteristics: Food and Support Services North America ("FSS North America"), Food and Support Services International ("FSS International") and Uniform and Career Apparel ("Uniform"). The following chart shows a breakdown of our sales and operating income by our reportable segments:

Reportable Segments:	FSS North America	FSS International	Uniform
FY 2017 Sales <sup>(a)</sup> :	\$ 10,231.5	\$ 2,808.2	\$ 1,564.7
FY 2017 Operating Income <sup>(a)</sup> :	\$ 621.9	\$ 137.0	\$ 182.3
Services:	Food, hospitality and facilities	Food, hospitality and facilities	Rental, sale and maintenance of uniform apparel and other items
Sectors:	Business & industry, sports, leisure & corrections, education and healthcare	Business & industry, sports, leisure & corrections, healthcare and education	Business, public institutions, manufacturing, transportation and service industries

<sup>(a)</sup> Dollars in millions. Operating income excludes \$133.1 million related to corporate expenses. For certain other financial information relating to our segments, see Note 15 to the audited consolidated financial statements.

In fiscal 2017, we generated \$14.6 billion of sales, \$808.1 million of operating income and \$374.2 million of net income.

## Our History

Since our founding in 1959, we have broadened our service offerings and expanded our client base through a combination of organic growth and successful acquisitions, with the goal of further developing our food, facilities and uniform capabilities, as well as growing our international presence. In 1984, we completed a management buyout, after which our management and employees increased their Company ownership to approximately 90% of our equity capital leading up to our December 2001 public offering. On January 26, 2007, we delisted from the NYSE in conjunction with a going-private transaction executed with investment funds affiliated with Goldman Sachs Capital Partners, CCMP Capital Advisors, J.P. Morgan Partners, Thomas H. Lee Partners, L.P. and Warburg Pincus LLC as

well as approximately 250 senior management personnel.

On December 17, 2013, we completed an initial public offering of 41,687,500 shares of our common stock, including 13,687,500 shares of common stock sold by our selling stockholders. We did not receive any of the proceeds from the sale of the shares sold by the selling stockholders and we used our proceeds from the initial public offering, net of costs, to pay down debt. Our common stock began trading on the NYSE under the ticker symbol “ARMK” on December 12, 2013. During fiscal 2015, the private equity fund sponsors of our going-private transaction sold their remaining Aramark shares.

#### Recent Developments

On October 13, 2017, we entered into definitive agreements to acquire, in separate transactions, Avendra, LLC, a Delaware limited liability company (“Avendra”), and AmeriPride Services Inc., a Delaware corporation (“AmeriPride”).



## Table of Contents

### Avendra

Avendra is the leading hospitality procurement services provider in North America, managing purchasing spend for over 650 companies at more than 8,500 locations. Avendra was founded in 2001 by five hospitality organizations: Marriott, Hyatt, Fairmont Hotels, ClubCorp and IHG. While we currently provide procurement services in our FSS segments on a limited basis, the acquisition of Avendra would significantly expand our capabilities and client reach in this area.

The purchase price for Avendra is \$1,350.0 million, subject to certain adjustments set forth in the Agreement and Plan of Merger among Aramark Services, Inc., Avendra and certain other parties (the "Avendra Merger Agreement"). The completion of the Avendra acquisition is subject to the satisfaction of a number of conditions, including without limitation, the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR"). The Avendra Merger Agreement contains termination rights for both Aramark and Avendra, including if the acquisition is not consummated on or before January 13, 2018, which date may be extended by us or Avendra to a date not beyond April 13, 2018 in certain circumstances, or if consummation of the acquisition is permanently enjoined or prohibited.

We expect to finance the acquisition of Avendra primarily through new debt. We have obtained a commitment from a group of banks to provide term loan financings in an aggregate principal amount of up to \$1,350.0 million to fund the consideration for the Avendra acquisition.

### AmeriPride

AmeriPride is a highly respected uniform and linen rental and supply company headquartered in Minneapolis with 6,000 employees and serving 150,000 customers in the U.S. and Canada. The acquisition of AmeriPride will add scale and capabilities to our uniforms business in the U.S. while immediately establishing Aramark as a leading uniform services provider in Canada, where our existing operations are very limited.

The purchase price for AmeriPride is \$1,000.0 million, subject to certain adjustments set forth in the Agreement and Plan of Merger among the Company, AmeriPride and certain other parties (the "AmeriPride Merger Agreement"). The completion of the AmeriPride acquisition is subject to a number of conditions, including (i) the expiration or termination of the HSR waiting period and (ii) the receipt of Canadian antitrust approvals. We are not required to consummate the AmeriPride acquisition if, in connection with obtaining the required regulatory approvals, the parties are required to divest facilities, products or services of AmeriPride and/or the Company above a specified revenue threshold. The AmeriPride Merger Agreement contains certain termination rights for both us and AmeriPride, including if the AmeriPride acquisition is not consummated on or before April 30, 2018 or if consummation of the AmeriPride acquisition is permanently enjoined or prohibited.

We expect to finance the acquisition of AmeriPride primarily through new debt. We have obtained a commitment from a group of banks to provide term loan financings in an aggregate principal amount of up to \$1,000.0 million to fund the consideration for the AmeriPride acquisition.

### Food and Support Services

Our Food and Support Services segments manage a number of interrelated services-including food, hospitality and facility services-for school districts, colleges & universities, healthcare facilities, businesses, sports, entertainment & recreational venues, conference & convention centers, national & state parks and correctional institutions.

We are the exclusive provider of food and beverage services at most of the locations we serve and are responsible for hiring, training and supervising the majority of the food service personnel in addition to ordering, receiving, preparing and serving food and beverage items sold at those facilities. Our facilities services capabilities are broad, and include plant operations and maintenance, custodial/housekeeping, energy management, clinical equipment maintenance, grounds keeping, and capital project management. In governmental, business, educational and healthcare facilities (for example, offices and industrial plants, schools and universities and hospitals), our clients provide us with a captive client base through their on-site employees, students and patients. At sports, entertainment and recreational facilities, our clients attract patrons to their site, usually for specific events such as sporting events and conventions.

We manage our FSS business in two geographic reportable segments split between our North America and International operations. In fiscal 2017, our FSS North America segment generated \$10,231.5 million in sales, or 70% of our total sales, and our FSS International segment generated \$2,808.2 million in sales, or 19% of our total sales. No

individual client represents more than 2% of our total sales, other than, collectively, a number of U.S. government agencies. See Note 15 to the audited consolidated financial statements for information on sales, operating income and identifiable assets for the FSS North America segment and the FSS International segment.

2

---

## Table of Contents

### Clients and Services

Our Food and Support Services segments serve a number of sectors across 19 countries around the world. Our Food and Support Services operations focus on serving clients in five principal sectors: Education, Healthcare, Business & Industry, Sports, Leisure & Corrections and Facilities & Other.

**Education.** Within the Education sector we serve Higher Education and K-12 clients. We deliver a wide range of food and food-related services at more than 1,400 colleges, universities, school systems & districts and private schools. We offer our education clients a single source provider for food-related managed service solutions, including dining, catering, food service management and convenience-oriented retail operations.

**Healthcare.** We provide a wide range of non-clinical food and food-related support services, as well as clinical equipment services, to approximately 600 healthcare clients and more than 1,000 facilities across our global footprint. Our food and food-related services include patient food and nutrition, retail food and procurement services.

**Business & Industry.** We provide a comprehensive range of business dining services, including on-site restaurants, catering, convenience stores and executive dining.

We also provide beverage and vending services to business & industry clients at thousands of locations. Our service and product offerings include a full range of coffee offerings, “grab and go” food operations, convenience stores, micromarkets and a proprietary drinking water filtration system.

**Sports, Leisure & Corrections.** We administer concessions, banquet and catering services, retail services and merchandise sales, recreational and lodging services and facility management services at sports, entertainment and recreational facilities. We serve 142 professional (including minor league affiliates) and college sports teams, including 36 teams in Major League Baseball, the National Basketball Association, the National Football League and the National Hockey League. We also serve 25 convention and civic centers, 19 national and state parks and other resort operations, plus other popular tourist attractions in the United States and Canada. Additionally, we provide correctional food services, operate commissaries, laundry facilities and property rooms and provide food and facilities management services for parks.

**Facilities & Other.** We provide a variety of support services to approximately 700 facilities clients and more than 1,400 facilities. These services include the management of housekeeping, plant operations and maintenance, energy management, custodial, groundskeeping, landscaping, transportation, capital program management and commissioning services and other facility consulting services relating to building operations. For clients who are looking for a single source provider for all of their managed services, our Facilities & Other sector works closely with the above food-related sectors.

Our FSS International segment provides a similar range of services as those provided to our FSS North America segment clients and operates in all of our sectors. We have operations in 17 countries outside the United States and Canada. Our largest international operations are in Chile, China, Germany, Ireland and the United Kingdom, and in each of these countries we are one of the leading food and/or facilities service providers. We also have a strong presence in Japan through our 50% ownership of AIM Services Co., Ltd., which is a leader in providing outsourced food services in Japan. In addition to the core Business & Industry sector, our FSS International segment serves many soccer stadiums across Europe, and numerous educational institutions, correctional institutions and convention centers globally. There are particular risks attendant with our international operations. Please see Item 1A. “Risk Factors.”

### Purchasing

We negotiate the pricing and other terms for the majority of our purchases of food and related products in the United States and Canada directly with national manufacturers. We purchase these products and other items through Sysco Corporation and other distributors. We have a master distribution agreement with Sysco that covers a significant amount of our purchases of these products and items in the United States and another distribution agreement with Sysco that covers our purchases of these products in Canada. Our distributors are responsible for tracking our orders and delivering products to our specific locations. Due to our ability to negotiate favorable terms with our suppliers, we earn vendor consideration, including discounts, rebates and other applicable credits. See “Types of Contracts” below. Our location managers also purchase a number of items, including bread, dairy products and alcoholic beverages from local suppliers, and we purchase certain items directly from manufacturers.

Our relationship with Sysco is important to our operations—we have had distribution agreements in place for more than 20 years. In fiscal 2017, Sysco distributed approximately 51% of our food and non-food products in the United States and Canada, and we believe that we are one of their largest clients. However, we believe that the products acquired through Sysco can, in significant cases, be purchased through other sources and that termination of our relationship with them or any disruption of their business would cause only short-term disruptions to our operations.

## Table of Contents

Our agreements with our distributors are generally for an indefinite term, subject to termination by either party after a notice period, which is generally 60 to 120 days. The pricing and other financial terms of these agreements are renegotiated periodically. Our current agreement with Sysco is terminable by either party with 180 days notice. In our international segment, our approach to purchasing is substantially similar. On a country-by-country basis, we negotiate pricing and other terms for a majority of our purchases of food and related products with manufacturers operating in the applicable country, and we purchase these products and other items through distributors in that country. Due to our ability to negotiate favorable terms with our suppliers, we receive vendor consideration, including rebates, allowances and volume discounts. See “Types of Contracts” below. As in North America, our location managers also purchase a number of items, including bread, dairy products and alcoholic beverages from local suppliers, and we purchase certain items directly from manufacturers. Our agreements with our distributors are subject to termination by either party after a notice period, which is generally 60 days. The pricing and other financial terms of these agreements are renegotiated periodically.

Our relationship with distributors in the countries outside the United States and Canada is important to our operations, but from an overall volume standpoint, no distributor outside the United States and Canada distributes a significant volume of products. We believe that products we acquire from our distributors in countries outside the United States and Canada can, in significant cases, be purchased from other sources, and that the termination of our relationships with our distributors outside the United States and Canada, or the disruption of their business operations, would cause only short-term disruption to our operations.

### Sales and Marketing

We maintain selling and marketing excellence by focusing on the execution of a common selling process as well as optimal resource allocation and deployment. Our common selling process ensures that we sell our services to our clients in the same way, regardless of the sector in which such client is located. We have developed consistent tools and training that are used across all of our businesses to train our employees on this selling process. Our business development functions are aligned directly with the sectors and services in which we have leadership positions, and we combine our targeted business development strategies with our strong client relationships to deliver differentiated and innovative solutions. We target our business development by aligning our sales efforts directly with the sectors and services in which we operate. We identify individuals at various levels in our organization to match up with individuals in a variety of roles at both existing and potential clients. We believe that these connections throughout various levels within the client organization allow us to develop strong relationships with the client and gain a better understanding of the clients' requirements. Based on the knowledge of the clients' requirements and the sector, our goal is to develop solutions for the client that are unique and that help to differentiate us from our competitors.

### Types of Contracts

We use contracts with our customers that allow us to manage our potential upside and downside risk in connection with our various business interactions. Our contracts may require that consent be obtained in order to raise prices on the food, beverages and merchandise we sell within a particular facility. The contracts that we enter into vary in length. Contracts generally are for fixed terms, many of which are in excess of one year. Contracts for education and sports and leisure services typically require larger capital investments, but have correspondingly longer and fixed terms, usually from five to fifteen years.

When we enter into new contracts, or extend or renew existing contracts, particularly those for stadiums, arenas, convention centers, colleges and universities and business dining accounts, we are sometimes contractually required to make some form of up-front or future capital investment to help finance improvement or renovation, typically to the food and beverage facilities of the venue from which we operate. Contractually required capital expenditures typically take the form of investment in leasehold improvements, food service equipment and/or grants to clients. At the end of the contract term or upon its earlier termination, assets such as equipment and leasehold improvements typically become the property of the client, but generally the client must reimburse us for any undepreciated or unamortized capital investments.

Food and Support Services contracts are generally obtained and renewed either through a competitive process or on a negotiated basis, although contracts in the public sector are frequently awarded on a competitive bid basis, as required by applicable law. Contracts for Food and Support Services with school districts and correctional clients are typically

awarded through a formal bid process. Contracts in the private sector may be entered into without a formal bid process, but we and other companies will often compete in the process leading up to the award or the completion of contract negotiations. Typically, after the award, final contract terms are negotiated and agreed upon.

We use two general contract types in our Food and Support Services segments: profit and loss contracts and client interest contracts. These contracts differ in their provision for the amount of financial risk that we bear and, accordingly, the potential compensation, profits or fees we may receive. Commission rates and management fees, if any, may vary significantly among contracts based upon various factors, including the type of facility involved, the term of the contract, the services we provide and the amount of capital we invest.

## Table of Contents

**Profit and Loss Contracts.** Under profit and loss contracts, we receive all of the revenue from, and bear all of the expenses of, the provision of our services at a client location. Expenses under profit and loss contracts sometimes include commissions paid to the client, typically calculated as a fixed or variable percentage of various categories of sales, and, in some cases, require minimum guaranteed commissions. We benefit from greater upside potential with a profit and loss contract, although we do consequently bear greater downside risk than with a client interest contract. For fiscal 2017, approximately 70% of our Food and Support Services sales were derived from profit and loss contracts.

**Client Interest Contracts.** Client interest contracts include management fee contracts, under which our clients reimburse our operating costs and pay us a management fee, which may be calculated as a fixed dollar amount or a percentage of sales or operating costs. Some management fee contracts entitle us to receive incentive fees based upon our performance under the contract, as measured by factors such as sales, operating costs and client satisfaction surveys. Client interest contracts also include limited profit and loss contracts, under which we receive a percentage of any profits earned from the provision of our services at the facility and we generally receive no payments if there are losses. As discussed above under “Purchasing,” we earn vendor consideration, including discounts, rebates and other applicable credits that we typically retain except in those cases where the contract and/or applicable law requires us to credit these to our clients. For our client interest contracts, both our upside potential and downside risk are reduced compared to our profit and loss contracts. For fiscal 2017, approximately 30% of our Food and Support Services sales were derived from client interest contracts.

### Competition

There is significant competition in the Food and Support Services business from local, regional, national and international companies, as well as from the businesses, healthcare institutions, colleges and universities, correctional facilities, school districts and public assembly facilities that decide to provide these services themselves. Institutions may decide to operate their own services or outsource to one of our competitors following the expiration or termination of contracts with us. Clients do not necessarily choose the lowest cost provider, and tend to place a premium on the total value proposition offered. In our FSS North America segment, our external competitors include other multi-regional food and support service providers, such as Centerplate, Inc., Compass Group plc, Delaware North Companies Inc. and Sodexo SA. Internationally, our external food service and support service competitors include Compass Group plc, Elior SA, International Service System A/S and Sodexo SA. We also face competition from many regional and local service providers.

We believe that the following competitive factors are the principal drivers of our success:

• quality and breadth of services and management talent;

• innovation;

• reputation within the industry;

• pricing; and

• financial strength and stability.

### Seasonality

Our sales and operating results have varied, and we expect them to continue to vary, from quarter to quarter as a result of different factors. Within our FSS North America segment, historically there has been a lower level of activity during our first and second fiscal quarters in operations that provide services to sports and leisure clients. This lower level of activity historically has been partially offset during our first and second fiscal quarters by the increased activity in our educational operations. Conversely, historically there has been a significant increase in the provision of services to sports and leisure clients during our third and fourth fiscal quarters, which is partially offset by the effect of summer recess at colleges, universities and schools.

### Uniform

Our Uniform segment provides uniforms and other garments and work clothes and ancillary items such as mats and shop towels in the United States, Puerto Rico, Canada and through a joint venture in Japan. We hold the #2 position in the North America uniform services market. We operate over 2,700 routes, giving us a broad reach to service our clients' needs.

Clients use our uniforms to meet a variety of needs, including:

- establishing corporate identity and brand awareness;
- projecting a professional image;
- protecting workers—work clothes can help protect workers from difficult environments such as heavy soils, heat, flame or chemicals; and



## Table of Contents

protecting products—uniforms can help protect products against contamination in the food, pharmaceutical, electronics, health care and automotive industries.

We provide a full service employee uniform solution, including design, sourcing and manufacturing, delivery, cleaning and maintenance. We rent uniforms, work clothing, outerwear, particulate-free garments and non-garment items and related services, including industrial towels, floor mats, mops, linen products, and paper products to businesses in a wide range of industries, including manufacturing, food services, automotive, healthcare, construction, utilities, repair and maintenance services, restaurant and hospitality. In fiscal 2017, our Uniform segment generated \$1,564.7 million in sales, or 11% of our total sales. See Note 15 to the audited consolidated financial statements for information on sales, operating income and total assets for the Uniform segment.

### Clients and Services

We serve businesses of all sizes in many different industries. We have a diverse client base from over 200 service locations and distribution centers across the United States and a service center in Ontario, Canada. None of our clients individually represents a material portion of our sales. We typically visit our clients' sites weekly, delivering clean, finished uniforms and, at the same time, removing the soiled uniforms or other items for cleaning, repair or replacement. We also offer products for direct sale.

Our cleanroom service offers advanced static dissipative garments, barrier apparel, sterile garments and cleanroom application accessories for clients with contamination-free operations in the technology, healthcare and pharmaceutical industries.

We conduct our direct marketing business through three primary brands - WearGuard, Crest and Aramark. We design, source or manufacture and distribute distinctive image apparel to workers in a wide variety of industries through the internet at [www.shoparamark.com](http://www.shoparamark.com), dedicated sales representatives and telemarketing sales channels. We customize and embroider personalized uniforms and logos for clients through an extensive computer assisted design center and distribute work clothing, outerwear, business casual apparel and footwear throughout the United States, Puerto Rico and Canada.

### Operations

We operate our uniform rental business as a network of 84 laundry plants and 153 satellite plants and depots supporting over 2,700 pick-up and delivery routes. We operate a fleet of service vehicles that pick up and deliver uniforms for cleaning and maintenance. We conduct our direct marketing activities principally from our facilities in Salem, Virginia; Norwell and Rockland, Massachusetts; and Reno, Nevada. We market our own brands of apparel and offer a variety of customized personalization options such as embroidery and logos. We also source uniforms and other products to our specifications from a number of domestic and international suppliers and also manufacture a significant portion of our uniform requirements. We purchase uniform and textile products as well as equipment and supplies from domestic and international suppliers. The loss of any one supplier would not have a significant impact on us. We also operate two cutting and sewing plants in Mexico, which satisfy a substantial amount of our standard uniform inventory needs.

### Sales and Marketing

Our sales representatives and route sales drivers are responsible for selling our services to current and potential clients and developing new accounts through the use of an extensive, proprietary database of pre-screened and qualified business prospects. We build our brand identity through local advertising, promotional initiatives and through our distinctive service vehicles. Our clients frequently come to us through client referrals, either from our uniform rental business or from our other service sectors. Our customer service representatives generally interact on a weekly basis with their clients, while our support personnel are charged with expeditiously handling client requirements regarding the outfitting of new client employees and other customer service needs.

### Types of Contracts

We typically serve our rental clients under written service contracts for an initial term of three to five years. While clients are not required to make an up-front investment for their uniforms, in the case of nonstandard uniforms and certain specialty programs, clients typically agree to reimburse us for our costs if they terminate their agreement early. With the exception of certain governmental bid business, most of our direct marketing business is conducted under invoice arrangement with repeat clients.

Competition

Although the United States rental industry has experienced some consolidation, there is significant competition in all the areas that we serve, and such competition varies across geographies. Although many competitors are smaller local and regional firms, we also face competition from other large national firms such as Cintas Corporation and UniFirst Corporation. We believe that the primary competitive factors that affect our operations are quality, service, design, consistency of product, and distribution

6

---

## Table of Contents

capability, particularly for large multi-location clients, and price. We believe that our ability to compete effectively is enhanced by the quality and breadth of our product line as well as our nationwide reach.

### Employees of Aramark

As of September 29, 2017, we had a total of approximately 260,500 employees, including seasonal employees, consisting of approximately 169,500 full-time and approximately 91,000 part-time employees in our three business segments. The number of part-time employees varies significantly from time to time during the year due to seasonal and other operating requirements. We generally experience our highest level of employment during the fourth fiscal quarter. The approximate number of employees by segment is as follows: FSS North America: 156,000; FSS International: 90,500; Uniform: 13,500. In addition, the Aramark corporate staff is approximately 500 employees. Approximately 40,000 employees in the United States are covered by collective bargaining agreements. We have not experienced any material interruptions of operations due to disputes with our employees and consider our relations with our employees to be satisfactory.

### Governmental Regulation

Our business is subject to various federal, state, local and international laws and regulations, in areas such as environmental, labor, employment, immigration, health and safety laws and liquor licensing and dram shop matters. In addition, our facilities and products are subject to periodic inspection by federal, state, local and international authorities. We have established, and periodically update, various internal controls and procedures designed to maintain compliance with these laws and regulations. Our compliance programs are subject to legislative changes, or changes in regulatory interpretation, implementation or enforcement. From time to time both federal and state government agencies have conducted audits of certain of our practices as part of routine investigations of providers of services under government contracts, or otherwise. Like others in our business, we receive requests for information from governmental agencies in connection with these audits. If we fail to comply with applicable laws, we may be subject to investigations, criminal sanctions or civil remedies, including fines, penalties, damages, reimbursement, injunctions, seizures, disgorgements, debarments from government contracts or loss of liquor licenses.

Our operations are subject to various laws and regulations, including, but not limited to, those governing:

- alcohol licensing and service;
- collection of sales and other taxes;
- minimum wage, overtime, classification, wage payment and employment discrimination;
- immigration;
- governmentally funded entitlement programs and cost and accounting principles;
- false claims, whistleblowers and consumer protection;
- environmental protection;
- food safety, sanitation, labeling and human health and safety;
- customs and import and export controls;
- the Foreign Corrupt Practices Act, the U.K. Bribery Act and other anti-corruption laws;
- antitrust, competition, procurement and lobbying;
- minority, women and disadvantaged business enterprise statutes;
- motor carrier safety; and
- privacy and data security.

The laws and regulations relating to each of our food and support services segments are numerous and complex. There are a variety of laws and regulations at various governmental levels relating to the handling, preparation, transportation and serving of food, including in some cases requirements relating to the temperature of food, the cleanliness of food production facilities, and the hygiene of food-handling personnel, which are enforced primarily at the local public health department level. While we attempt to comply with applicable laws and regulations, there can be no assurance that we are in full compliance at all times with all of the applicable laws and regulations or that we will be able to comply with any future laws and regulations. Furthermore, legislation and regulatory attention to food safety is very high. Additional or amended regulations in this area may significantly increase the cost of compliance or expose us to liability.

In addition, various government agencies impose nutritional guidelines and other requirements on us at certain of the healthcare, education and corrections facilities we serve. We may also be subject to laws and regulations that limit or restrict the use of trans fats in the food we serve or other requirements relating to ingredient or nutrient labeling. There can be no assurance

7

---

Table of Contents

that legislation, or changes in regulatory implementation or interpretation of government regulations, would not limit our activities in the future or significantly increase the cost of regulatory compliance.

Because we serve alcoholic beverages at many sports, entertainment and recreational facilities, including convention centers and national and state parks, we also hold liquor licenses incidental to our food service operations and are subject to the liquor license requirements of the jurisdictions in which we hold a liquor license. As of September 29, 2017, our subsidiaries held liquor licenses in 44 states and the District of Columbia, four Canadian provinces and certain other countries. Typically, liquor licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of our operations, including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, and storage, dispensing and service of alcoholic beverages. We have not encountered any material problems relating to liquor licenses to date. The failure to receive or retain a liquor license in a particular location could adversely affect our ability to obtain such a license elsewhere. Some of our contracts require us to pay liquidated damages during any period in which the liquor license for the facility is suspended as a result of our actions, and most contracts are subject to termination if the liquor license for the facility is lost as a result of our actions. Our service of alcoholic beverages is also subject to alcoholic beverage service laws, commonly called dram shop statutes. Dram shop statutes generally prohibit serving alcoholic beverages to certain persons such as minors or visibly intoxicated persons. If we violate dram shop laws, we may be liable to the patron and/or to third parties for the acts of the visibly intoxicated patron. We sponsor regular training programs designed to minimize the likelihood of such a situation and to take advantage of certain safe harbors and affirmative defenses enacted for the benefit of alcoholic beverage service providers. However, we cannot guarantee that intoxicated or minor patrons will not be served or that liability for their acts will not be imposed on us.

Our uniform rental business and our food and support service business are subject to various environmental protection laws and regulations, including the U.S. Federal Clean Water Act, Clean Air Act, Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation, and Liability Act and similar local, state, federal and international laws and regulations governing the use, management, shipping and disposal of chemicals and hazardous materials. In particular, industrial laundries use certain detergents and cleaning chemicals to launder garments and other merchandise. The residues from such detergents and chemicals and residues from soiled garments and other merchandise laundered at our facilities may result in potential discharges to air and to water (through sanitary sewer systems and publicly owned treatment works) and may be contained in waste generated by our wastewater treatment systems. Our industrial laundries are subject to certain volume and chemical air and water pollution discharge limits, monitoring, permitting and recordkeeping requirements. We own or operate aboveground and underground storage tank systems at some locations to store petroleum products for use in our or our clients' operations. Certain of these storage tank systems also are subject to performance standards, periodic monitoring and recordkeeping requirements. We also may use and manage chemicals and hazardous materials in our operations from time to time. We are mindful of the environmental concerns surrounding the use, management, shipping and disposal of these chemicals and hazardous materials, and have taken and continue to take measures to comply with environmental protection laws and regulations. Given the regulated nature of some of our operations, we could face penalties and fines for non-compliance. In the past, we have settled, or contributed to the settlement of, actions or claims relating to the management of underground storage tanks and the handling and disposal of chemicals or hazardous materials, either on or off-site. We may, in the future, be required to expend material amounts to rectify the consequences of any such events. Under environmental laws, we may be liable for the costs of removal or remediation of certain hazardous materials located on or in or migrating from our owned or leased property or our clients' properties, as well as related costs of investigation and property damage. Such laws may impose liability without regard to our fault, knowledge or responsibility for the presence of such hazardous substances. We may not know whether our clients' properties or our acquired or leased properties have been operated in compliance with environmental laws and regulations or that our future uses or conditions will not result in the imposition of liability upon us under such laws or expose us to third-party actions such as tort suits.

As of September 29, 2017, we do not anticipate any capital expenditures for environmental remediation that would have a material effect on our financial condition.

Intellectual Property

We have the patents, trademarks, trade names and licenses that are necessary for the operation of our business. Other than the Aramark brand, which includes our corporate starperson logo design (both old and new) and the Aramark word mark (our name), we do not consider our patents, trademarks, trade names and licenses to be material to the operation of our business in any material respect.

Available Information

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission (the "SEC"). These filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and

Table of Contents

copy any document we file at the SEC's public reference room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

Our principal Internet address is [www.aramark.com](http://www.aramark.com). We make available free of charge on [www.aramark.com](http://www.aramark.com) our annual, quarterly and current reports, and amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Our Business Conduct Policy includes a code of ethics for our principal executive officer, our principal financial officer and our principal accounting officer and applies to all of our employees and non-employee directors. Our Business Conduct Policy is available on the Investor Relations section of our website at [www.aramark.com](http://www.aramark.com) and is available in print to any person who requests it by writing or telephoning us at the address or telephone number set forth below.

You may request a copy of our SEC filings (excluding exhibits) and our Business Conduct Policy at no cost by writing or telephoning us at the following address or telephone number:

Aramark

1101 Market Street

Philadelphia, PA 19107

Attention: Corporate Secretary

Telephone: (215) 238-3000

The references to our web site and the SEC's web site are intended to be inactive textual references only and the contents of those websites are not incorporated by reference herein.

Table of Contents

Item 1A. Risk Factors

Risks related to our business

Unfavorable economic conditions have, and in the future could, adversely affect our results of operations and financial condition.

In the past, national and international economic downturns have reduced demand for our services and any such downturns in the future could reduce demand for our services in each of our reportable segments, resulting in the loss of business or increased pressure to contract for business on less favorable terms than our generally preferred terms. Economic hardship among our client base can also impact our business. For example, during the most recent period of economic distress, certain of our businesses were negatively affected by reduced employment levels at our clients' locations and declining levels of business and consumer spending. In addition, insolvency experienced by clients, especially larger clients, has in the past made it difficult, and in the future could, make it difficult, for us to collect amounts we are owed and could result in the voiding of existing contracts. Similarly, financial distress or insolvency, if experienced by our key vendors and service providers such as insurance carriers, could significantly increase our costs.

The portion of our food and support services business that provides services in public facilities such as convention centers and tourist and recreational attractions is particularly sensitive to an economic downturn, as expenditures to take vacations or hold or attend conventions are funded to a partial or total extent by discretionary income. A decrease in such discretionary income on the part of potential attendees at our clients' facilities has in the past resulted, and in the future could result, in a reduction in our sales. Further, because our exposure to the ultimate consumer of what we provide is limited by our dependence on our clients to attract those consumers to their facilities and events, our ability to respond to such a reduction in attendance, and therefore our sales, is limited. There are many factors that could reduce the numbers of events in a facility or attendance at an event, including labor disruptions involving sports leagues, poor performance by the teams playing in a facility, number of playoff games, inclement weather and adverse economic conditions which would adversely affect sales and profits.

Natural disasters, global calamities, sports strikes and other adverse incidents could adversely affect our sales and operating results.

Natural disasters, including hurricanes and earthquakes, or global calamities, such as an Ebola outbreak or a flu pandemic, have, and in the future could, affect our sales and operating results. In the past, we experienced lost and closed client locations, business disruptions and delays, the loss of inventory and other assets, asset impairments and the effect of the temporary conversion of a number of our client locations to provide food and shelter to those left homeless by storms. For example, in 2017, our financial results were particularly impacted by Hurricane Maria in Puerto Rico and Hurricane Harvey and Hurricane Irma in the southern United States. In addition, any terrorist attacks, particularly against venues that we serve, and the national and global military, diplomatic and financial response to such attacks or other threats, also may adversely affect our sales and operating results. Sports strikes, particularly those that are for an extended time period, can reduce our sales and have an adverse impact on our results of operations. For example, in 2012, the collective bargaining agreement for the players in the National Hockey League expired. As a result, the 2012/2013 season was significantly shortened and our sales and profits were negatively impacted. Any decrease in the number of games played would mean a loss of sales and reduced profits at the venues we service.

Our failure to retain our current clients, renew our existing client contracts on comparable terms and obtain new client contracts could adversely affect our business.

Our success depends on our ability to retain our current clients, renew our existing client contracts and obtain new business. Our ability to do so generally depends on a variety of factors, including the quality, price and responsiveness of our services, as well as our ability to market these services effectively and differentiate ourselves from our competitors. There can be no assurance that we will be able to obtain new business, renew existing client contracts at the same or higher levels of pricing or that our current clients will not turn to competitors, cease operations, elect to self-operate or terminate contracts with us. In addition, consolidation by our clients in the industries we serve could result in our losing business if the combined entity chooses a different provider. The failure to renew a significant number of our existing contracts would have a material adverse effect on our business and results of operations and



the failure to obtain new business could have an adverse impact on our growth and financial results. We may be adversely affected if clients reduce their outsourcing or use of preferred vendors. Our business and growth strategies depend in large part on the continuation of a current trend toward outsourcing services. Clients will outsource if they perceive that outsourcing may provide quality services at a lower overall cost and permit them to focus on their core business activities. We cannot be certain that this trend will continue or not be reversed or that clients that have outsourced functions will not decide to perform these functions themselves.

## Table of Contents

In addition, labor unions representing employees of some of our current and prospective clients have occasionally opposed the outsourcing trend to the extent that they believed that current union jobs for their memberships might be lost. In these cases, unions typically seek to prevent public sector entities from outsourcing and if that fails, ensure that jobs that are outsourced continue to be unionized, which can reduce our pricing and operational flexibility with respect to such businesses.

We have also identified a trend among some of our clients toward the retention of a limited number of preferred vendors to provide all or a large part of their required services. We cannot be certain that this trend will continue or not be reversed or, if it does continue, that we will be selected and retained as a preferred vendor to provide these services. Unfavorable developments with respect to either outsourcing or the use of preferred vendors could have a material adverse effect on our business and results of operations.

Competition in our industries could adversely affect our results of operations.

There is significant competition in the food and support services business from local, regional, national and international companies, of varying sizes, many of which have substantial financial resources. Our ability to successfully compete depends on our ability to provide quality services at a reasonable price and to provide value to our clients and consumers. Certain of our competitors have been and may in the future be willing to underbid us or accept a lower profit margin or expend more capital in order to obtain or retain business. Also, certain regional and local service providers may be better established than we are within a specific geographic region. In addition, existing or potential clients may elect to self-operate their food and support services, eliminating the opportunity for us to serve them or compete for the account. While we have a significant international presence, certain of our competitors have more extensive portfolios of services and a broader geographic footprint than we do. Therefore, we may be placed at a competitive disadvantage for clients who require multiservice or multinational bids.

We have a number of major national competitors in the uniform rental industry with significant financial resources. In addition, there are regional and local uniform suppliers whom we believe have strong client loyalty. While most clients focus primarily on quality of service, uniform rental also is a price-sensitive service and if existing or future competitors seek to gain clients or accounts by reducing prices, we may be required to lower prices, which would reduce our sales and profits. The uniform rental business requires investment capital for growth. Failure to maintain capital investment in this business would put us at a competitive disadvantage. In addition, due to competition in our uniform rental business, it has become increasingly important for us to source garments and other products overseas, particularly from Asia. To the extent we are not able to effectively source such products from Asia and gain the related cost savings, we may be at a further disadvantage in relation to some of our competitors.

Increased operating costs and obstacles to cost recovery due to the pricing and cancellation terms of our food and support services contracts may constrain our ability to make a profit.

Our profitability can be adversely affected to the extent we are faced with cost increases for food, wages, other labor related expenses (including workers' compensation, state unemployment insurance and federal or state mandated health benefits and other healthcare costs), insurance, fuel, utilities, piece goods, clothing and equipment, especially to the extent we are unable to recover such increased costs through increases in the prices for our products and services, due to one or more of general economic conditions, competitive conditions or contractual provisions in our client contracts. For example, when federal, state, foreign or local minimum wage rates increase, we may have to increase the wages of both minimum wage employees and employees whose wages are above the minimum wage. We may also face increased operating costs if federal, state or local laws and regulations regarding the classification of employees and/or their eligibility for overtime changes. Oil and natural gas prices have fluctuated significantly in the last several years. Substantial increases in the cost of fuel and utilities have historically resulted in substantial cost increases in our uniform rental business, and to a lesser extent in our food and support services segments. From time to time we have experienced increases in our food costs. While we believe a portion of these increases were attributable to fuel prices, we believe the increases also resulted from rising global food demand and the increased production of biofuels such as ethanol. In addition, food prices can fluctuate as a result of temporary changes in supply, including as a result of incidences of severe weather such as droughts, heavy rains and late freezes or natural disasters. We have two main types of contract in our food and facilities business: profit and loss contracts in which we bear all of the expenses of the contract but gain the benefit of the sales, and client interest contracts in which our

clients share some or all of the expenses and gain some or all of the sales. Approximately 70% of our food and support services sales in fiscal 2017 are from profit and loss contracts under which we have limited ability to pass on cost increases to our clients. Therefore, in many cases, we will have to absorb any cost increases, which may adversely impact our operating results.

The amount of risk that we bear and our profit potential vary depending on the type of contract under which we provide food and support services. We may be unable to fully recover costs on contracts that limit our ability to increase prices. In addition, we provide many of our services under contracts of indefinite term, which are subject to termination on short notice by either party without cause. Some of our profit and loss and client interest contracts contain minimum guaranteed remittances to our client regardless of our sales or profit at the facility. If sales do not exceed costs under a contract that contains minimum

Table of Contents

guaranteed commissions, we will bear any losses which are incurred, as well as the guaranteed commission. Generally, our contracts also limit our ability to raise prices on the food, beverages and merchandise we sell within a particular facility without the client's consent. In addition, some of our contracts exclude certain events or products from the scope of the contract, or give the client the right to modify the terms under which we may operate at certain events. The payment of guaranteed commissions or other guaranteed amounts to a client under a profit and loss contract that is not profitable, the refusal by individual clients to permit the sale of some products at their venues, the imposition by clients of limits on prices which are not economically feasible for us, or decisions by clients to curtail their use of the services we provide could adversely affect our sales and results of operations. For example, during the most recent economic downturn, certain of our business & industry clients curtailed their employees' use of catering, which had a negative effect on our sales and profits.

Our inability to achieve cost savings through our cost reduction efforts could impact our results of operations. The achievement of the goals we set in our plans and our future financial performance is dependent, in part, on our efforts to reduce our cost structure through various cost reduction initiatives. Successful execution of our cost reduction initiatives is not assured and there are several obstacles to success, including our ability to enable the information technology and business processes required for these efforts. In addition, there can be no assurance that our efforts, if properly executed, will result in our desired outcome of improved financial performance.

Our expansion strategy involves risks.

We may seek to acquire companies or interests in companies or enter into joint ventures that complement our business. Our inability to complete acquisitions, integrate acquired companies successfully or enter into joint ventures may render us less competitive. At any given time, we may be evaluating one or more acquisitions or engaging in acquisition negotiations. We cannot be sure that we will be able to continue to identify acquisition candidates or joint venture partners on commercially reasonable terms or at all. If we make acquisitions, we also cannot be sure that any benefits anticipated from the acquisitions will actually be realized. Likewise, we cannot be sure that we will be able to obtain necessary financing for acquisitions. Such financing could be restricted by the terms of our debt agreements or it could be more expensive than our current debt. The amount of such debt financing for acquisitions could be significant and the terms of such debt instruments could be more restrictive than our current covenants. In addition, our ability to control the planning and operations of our joint ventures and other less than majority-owned affiliates may be subject to numerous restrictions imposed by the joint venture agreements and majority stockholders. Our joint venture partners may also have interests which differ from ours.

The process of integrating acquired operations into our existing operations may result in operating, contract and supply chain difficulties, such as the failure to retain existing clients or attract new clients, maintain relationships with suppliers and other contractual parties, or retain and integrate acquired personnel. Also, in connection with any acquisition, we could fail to discover liabilities of the acquired company for which we may be responsible as a successor owner or operator in spite of any investigation we make prior to the acquisition, resulting in additional unanticipated costs. In addition, labor laws in certain countries may require us to retain more employees than would otherwise be optimal from entities we acquire. Such integration difficulties may divert significant financial, operational and managerial resources from our existing operations and make it more difficult to achieve our operating and strategic objectives, which could have a material adverse effect on our business, financial condition or results of operations. Similarly, our business depends on effective information technology and financial reporting systems. Delays in or poor execution of the integration of these systems could disrupt our operations and increase costs, and could also potentially adversely impact the effectiveness of our disclosure controls and internal controls over financial reporting.

Possible future acquisitions also could result in the incurrence of additional contingent liabilities and amortization expenses related to intangible assets, which could have a material adverse effect on our business, financial condition or results of operations. In addition, goodwill and other intangible assets resulting from business combinations represent a significant portion of our assets. If the goodwill or other intangible assets were deemed to be impaired, we would need to take a charge to earnings to write down these assets to its fair value.

On October 13, 2017, we entered into agreements to acquire, in separate transactions, Avendra and AmeriPride. The completion of these acquisitions are subject to a number of conditions, including the expiration or termination of HSR

waiting periods and, with respect to AmeriPride, the receipt of Canadian regulatory approval. The failure to satisfy the required conditions on a timely basis could delay the completion of these acquisitions for a period of time or prevent either or both of them from occurring at all. Any delay in completing these acquisitions, as well as any inability in obtaining the related debt financing on favorable terms, could cause us not to realize some or all of the benefits that we expect on a timely basis or at all.

The success of these acquisitions will depend, in part, on our ability to successfully integrate these businesses with our current operations and to realize the anticipated benefits, including synergies, from the acquisitions on a timely basis. It may take longer than expected to realize these anticipated benefits and they may ultimately be smaller than we expect. There are a

Table of Contents

number of challenges and risks involved in our ability to successfully integrate Avendra and AmeriPride with our current businesses and to realize the anticipated benefits of these acquisitions, including all of the risks identified in the paragraphs above. Any of these factors could have a material adverse effect on our business, financial condition or results of operations. For example, there are a number of factors beyond our control that could affect the amount and timing of the transaction and integration expenses that we expect to incur in connection with these acquisitions. In addition, in the short term these transaction and integration expenses are anticipated to exceed the cost savings that we expect to achieve from the elimination of duplicative expenses, realization of economies of scale and integration of the acquired businesses. During such period, these charges could negatively impact our results of operations. A failure to maintain food safety throughout our supply chain and food-borne illness concerns may result in reputational harm and claims of illness or injury that could adversely affect us.

Food safety is a top priority for us and we dedicate substantial resources to ensuring that our consumers enjoy safe, quality food products. Claims of illness or injury relating to food quality or food handling are common in the food service industry, and a number of these claims may exist at any given time. Because food safety issues could be experienced at the source or by food suppliers or distributors, food safety could, in part, be out of our control. Regardless of the source or cause, any report of food-borne illness or other food safety issues such as food tampering or contamination at one of our locations could adversely impact our reputation, hindering our ability to renew contracts on favorable terms or to obtain new business, and have a negative impact on our sales. Even instances of food-borne illness, food tampering or contamination at a location served by one of our competitors could result in negative publicity regarding the food service industry generally and could negatively impact our sales. Future food safety issues may also from time to time disrupt our business. In addition, product recalls or health concerns associated with food contamination may also increase our raw materials costs.

Laws and governmental regulations relating to food and beverages may subject us to significant liability.

The laws and regulations relating to each of our food and support services segments are numerous and complex. A variety of laws and regulations at various governmental levels relating to the handling, preparation, transportation and serving of food (including, in some cases, requirements relating to the temperature of food), and the cleanliness of food production facilities and the hygiene of food-handling personnel are enforced primarily at the local public health department level. There can be no assurance that we are in full compliance with all applicable laws and regulations at all times or that we will be able to comply with any future laws and regulations. Furthermore, legislation and regulatory attention to food safety is very high. Additional or amended laws or regulations in this area may significantly increase the cost of compliance or expose us to liabilities.

We serve alcoholic beverages at many facilities, and must comply with applicable licensing laws, as well as state and local service laws, commonly called dram shop statutes. Dram shop statutes generally prohibit serving alcoholic beverages to certain persons, such as an individual who is visibly intoxicated or a minor. If we violate dram shop laws, we may be liable to the patron and/or third parties for the acts of the patron. Although we sponsor regular training programs designed to minimize the likelihood of such a situation and to take advantage of certain safe harbors and affirmative defenses established for the benefit of alcoholic beverages service providers, we cannot guarantee that visibly intoxicated or minor patrons will not be served or that liability for their acts will not be imposed on us. There can be no assurance that additional laws or regulations in this area would not limit our activities in the future or significantly increase the cost of regulatory compliance. We must also obtain and comply with the terms of licenses in order to sell alcoholic beverages in the states in which we serve alcoholic beverages. Some of our contracts require us to pay liquidated damages during any period in which the liquor license for the facility is suspended as a result of our actions, and most contracts are subject to termination if the liquor license for the facility is lost as a result of our actions.

If we fail to comply with requirements imposed by applicable law or other governmental regulations, we could become subject to lawsuits, investigations and other liabilities and restrictions on our operations that could significantly and adversely affect our business.

We are subject to governmental regulation at the federal, state, international, national, provincial and local levels in many areas of our business, such as employment laws, wage and hour laws, discrimination laws, immigration laws, human health and safety laws, import and export controls and customs laws, environmental laws, false claims or

whistleblower statutes, minority, women and disadvantaged business enterprise statutes, tax codes, antitrust and competition laws, consumer protection statutes, procurement regulations, intellectual property laws, food safety, labeling and sanitation laws, governmentally funded entitlement programs and cost and accounting principles, the Foreign Corrupt Practices Act, the U.K. Bribery Act, other anti-corruption laws, lobbying laws, motor carrier safety laws, data privacy and security laws and alcohol licensing and service laws.

From time to time, governmental agencies have conducted reviews and audits of certain of our practices as part of routine investigations of providers of services under government contracts, or otherwise. Like others in our business, we also receive

Table of Contents

requests for information from government agencies in connection with these reviews and audits. While we attempt to comply with all applicable laws and regulations, there can be no assurance that we are in full compliance with all applicable laws and regulations or interpretations of these laws and regulations at all times or that we will be able to comply with any future laws, regulations or interpretations of these laws and regulations.

If we fail to comply with applicable laws and regulations, including those referred to above, we may be subject to investigations, criminal sanctions or civil remedies, including fines, penalties, damages, reimbursement, injunctions, seizures, disgorgements or debarments from government contracts or the loss of liquor licenses or the ability to operate our motor vehicles. The cost of compliance or the consequences of non-compliance, including debarments, could have a material adverse effect on our business and results of operations. In addition, government agencies may make changes in the regulatory frameworks within which we operate that may require either the corporation as a whole or individual businesses to incur substantial increases in costs in order to comply with such laws and regulations.

Changes in, new interpretations of or changes in the enforcement of the governmental regulatory framework may affect our contracts and contract terms and may reduce our sales or profits.

A portion of our sales, estimated to be approximately 14% in fiscal 2017, is derived from business with U.S. federal, state and local governments and agencies. Changes or new interpretations in, or changes in the enforcement of, the statutory or regulatory framework applicable to services provided under government contracts or bidding procedures, including an adverse change in government spending policies or appropriations, budget priorities or revenue levels, particularly by our food and support services businesses, could result in fewer new contracts or contract renewals, modifications to the methods we apply to price government contracts, or in contract terms of shorter duration than we have historically experienced. Any of these changes could result in lower sales or profits than we have historically achieved, which could have an adverse effect on our results of operations.

Environmental regulations may subject us to significant liability and limit our ability to grow.

We are subject to various environmental protection laws and regulations, including the U.S. Federal Clean Water Act, Clean Air Act, Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation, and Liability Act and similar federal, state and local statutes and regulations governing the use, management, and disposal of chemicals and hazardous materials. In particular, industrial laundries in our uniform rental business use certain detergents and cleaning chemicals to launder garments and other merchandise. The residues from such detergents and chemicals and residues from soiled garments and other merchandise laundered at our facilities may result in potential discharges to air and to water (through sanitary sewer systems and publicly owned treatment works) and may be contained in waste generated by our wastewater treatment systems.

Our industrial laundries are subject to certain volume and chemical air and water pollution discharge limits, monitoring, permitting and recordkeeping requirements.

We own or operate aboveground and underground storage tank systems at some locations to store petroleum products for use in our or our clients' operations. Certain of these storage tank systems also are subject to performance standards, periodic monitoring, and recordkeeping requirements. We also may use and manage chemicals and hazardous materials in our operations from time to time. In the course of our business, we may be subject to penalties and fines for non-compliance with environmental protection laws and regulations and we may settle, or contribute to the settlement of, actions or claims relating to the management of underground storage tanks and the handling and disposal of chemicals or hazardous materials. We may, in the future, be required to expend material amounts to rectify the consequences of any such events.

In addition, changes to environmental laws may subject us to additional costs or cause us to change aspects of our business. Under U.S. federal and state environmental protection laws, as an owner or operator of real estate we may be liable for the costs of removal or remediation of certain hazardous materials located on or in or migrating from our owned or leased property or our client's properties, as well as related costs of investigation and property damage, without regard to our fault, knowledge, or responsibility for the presence of such hazardous materials. There can be no assurance that locations that we own, lease or otherwise operate, either for ourselves or for our clients, or that we may acquire in the future, have been operated in compliance with environmental laws and regulations or that future uses or conditions will not result in the imposition of liability upon us under such laws or expose us to third-party actions such



as tort suits. In addition, such regulations may limit our ability to identify suitable sites for new or expanded facilities. In connection with our present or past operations and the present or past operations of our predecessors or companies that we have acquired, hazardous substances may migrate from properties on which we operate or which were operated by our predecessors or companies we acquired to other properties. We may be subject to significant liabilities to the extent that human health is adversely affected or the value of such properties is diminished by such migration.

## Table of Contents

Our international business faces risks different from those we face in the United States that could have an effect on our results of operations and financial condition.

A significant portion of our sales is derived from international business. During fiscal 2017, approximately 19% of our sales were generated outside of North America. We currently have a presence in 17 countries outside of the United States and Canada with approximately 90,500 personnel. Our international operations are subject to risks that are different from those we face in the United States, including the requirement to comply with changing, conflicting and unclear national and local regulatory requirements; Foreign Corrupt Practices Act, U.K. Bribery Act and other anti-corruption law compliance matters; potential difficulties in staffing and labor disputes; differing local labor laws; managing and obtaining support and distribution for local operations; credit risk or financial condition of local clients; potential imposition of restrictions on investments; potentially adverse tax consequences, including imposition or increase of withholding, VAT and other taxes on remittances and other payments by subsidiaries; foreign exchange controls; and local political and social conditions. In addition, the operating results of our non-U.S. subsidiaries are translated into U.S. dollars and those results are affected by movements in foreign currencies relative to the U.S. dollar.

We intend to continue to develop our business in emerging countries over the long term. Emerging international operations present several additional risks, including greater fluctuation in currencies relative to the U.S. dollar; economic and governmental instability; civil disturbances; volatility in gross domestic production; and nationalization and expropriation of private assets.

There can be no assurance that the foregoing factors will not have a material adverse effect on our international operations or on our consolidated financial condition and results of operations.

Continued or further unionization of our workforce may increase our costs and work stoppages could damage our business.

Approximately 40,000 employees in our North America operations are represented by unions and covered by collective bargaining agreements. The continued or further unionization of a significantly greater portion of our workforce could increase our overall costs at the affected locations and adversely affect our flexibility to run our business in the most efficient manner to remain competitive or acquire new business. In addition, any significant increase in the number of work stoppages at our various operations could adversely affect our business, financial condition or results of operations.

We may incur significant liability as a result of our participation in multiemployer defined benefit pension plans. A number of our locations operate under collective bargaining agreements. Under some of these agreements, we are obligated to contribute to multiemployer defined benefit pension plans. As a contributing employer to such plans, should we trigger either a “complete” or a “partial withdrawal,” we would be subject to withdrawal liability (or partial withdrawal liability) for our proportionate share of any unfunded vested benefits. In addition, if a multiemployer defined benefit pension plan fails to satisfy the minimum funding standards, we could be liable to increase our contributions to meet minimum funding standards. Also, if a participating employer withdraws from the plan or experiences financial difficulty, including bankruptcy, our obligation could increase. The financial status of certain of the plans to which we contribute has deteriorated in the recent past and continues to deteriorate. In addition, any increased funding obligations for underfunded multiemployer defined benefit pension plans could have an adverse financial impact on us.

Risks associated with the suppliers from whom our products are sourced could adversely affect our results of operations.

The raw materials we use in our business and the finished products we sell are sourced from a wide variety of domestic and international suppliers. We seek to require our suppliers to comply with applicable laws and otherwise be certified as meeting our supplier standards of conduct. Our ability to find qualified suppliers who meet our standards, and to access raw materials and finished products in a timely and efficient manner is a challenge, especially with respect to suppliers located and goods sourced outside the United States. Insolvency experienced by suppliers could make it difficult for us to source the items we need to run our business. Political and economic stability in the countries in which foreign suppliers are located, the financial stability of suppliers, suppliers' failure to meet our supplier standards, labor problems experienced by our suppliers, the availability of raw materials to suppliers,

currency exchange rates, transport availability and cost, inflation and other factors relating to the suppliers and the countries in which they are located are beyond our control. United States foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. If one of our suppliers were to violate the law, our reputation may be harmed simply due to our association with that supplier. These and other factors affecting our suppliers and our access to raw materials and finished products could adversely affect our results of operations.

## Table of Contents

In fiscal 2017, one distributor distributed approximately 51% of our food and non-food products in the United States and Canada, and if our relationship or their business were to be disrupted, we could experience disruptions to our operations and cost structure.

Although we negotiate the pricing and other terms for the majority of our purchases of food and related products in the U.S. and Canada directly with national manufacturers, we purchase these products and other items through Sysco Corporation and other distributors. Sysco, the main U.S. and Canadian distributor of our food and non-food products, and other distributors are responsible for tracking our orders and delivering products to our specific locations. If our relationship with, or the business of, Sysco were to be disrupted, we would have to arrange alternative distributors and our operations and cost structure could be adversely affected in the short term. Similarly, a sudden termination of the relationship with a significant provider in other geographic areas could in the short term adversely affect our ability to provide services and disrupt our client relationships in such areas.

Our business may suffer if we are unable to hire and retain sufficient qualified personnel or if labor costs increase. From time to time, we have had difficulty in hiring and retaining qualified management personnel, particularly at the entry management level. We will continue to have significant requirements to hire such personnel. At times when the United States or other geographic regions experience reduced levels of unemployment, there may be a shortage of qualified workers at all levels. Given that our workforce requires large numbers of entry level and skilled workers and managers, low levels of unemployment when such conditions exist or mismatches between the labor markets and our skill requirements can compromise our ability in certain areas of our businesses to continue to provide quality service or compete for new business. We also regularly hire a large number of part-time and seasonal workers, particularly in our food and support services segments. Any difficulty we may encounter in hiring such workers could result in significant increases in labor costs, which could have a material adverse effect on our business, financial condition and results of operations. Competition for labor has at times resulted in wage increases in the past and future competition could substantially increase our labor costs. Due to the labor intensive nature of our businesses and the fact that 70% of our food and support services segments' sales are from profit and loss contracts under which we have limited ability to pass along cost increases, a shortage of labor or increases in wage levels in excess of normal levels could have a material adverse effect on our results of operations.

Healthcare reform legislation could have an impact on our business.

During 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were signed into law in the United States. Certain of the provisions that have increased our healthcare costs include the removal of annual plan limits, the mandate that health plans provide 100% coverage on expanded preventative care and new eligibility rules, which cover more variable hour employees than we have done in the past. A number of the provisions of the legislation have been delayed and/or phased in over time, such as the excise tax on high cost coverage. Further regulatory action in this area is expected. Such action could result in changes to healthcare eligibility, design and cost structure that could have an adverse impact on our business and operating costs.

Our business is contract intensive and may lead to client disputes.

Our business is contract intensive and we are parties to many contracts with clients all over the world. Our client interest contracts provide that client billings, and for some contracts the sharing of profits and losses, are based on our determinations of costs of service. Contract terms under which we base these determinations and, for certain government contracts, regulations governing our cost determinations, may be subject to differing interpretations which could result in disputes with our clients from time to time. Clients generally have the right to audit our contracts, and we periodically review our compliance with contract terms and provisions. If clients were to dispute our contract determinations, the resolution of such disputes in a manner adverse to our interests could negatively affect sales and operating results. While we do not believe any reviews, audits or other such matters should result in material adjustments, if a large number of our client arrangements were modified in response to any such matter, the effect could be materially adverse to our business or results of operations.

Our operations are seasonal and quarter to quarter comparisons may not be a good indicator of our performance.

In our first and second fiscal quarters, within the FSS North America segment, there historically has been a lower level of sales to sports and leisure clients, which is partly offset by increased activity in educational operations. In our third and fourth fiscal quarters, there historically has been a significant increase in sales to sports and leisure clients,

which is partially offset by the effect of summer recess in educational operations. For these reasons, a quarter to quarter comparison is not a good indication of our performance or how we will perform in the future.

## Table of Contents

Our operations and reputation may be adversely affected by disruptions to or breaches of our information security systems or if our data is otherwise compromised.

We are increasingly utilizing information technology systems to enhance the efficiency of our business. We maintain confidential, proprietary and personal information about, or on behalf of, our potential, current and former clients, customers, employees and other third parties in these systems or engage third parties in connection with storage and processing of this information. Our systems and the systems of our vendors are subject to damage or interruption from power outages, computer or telecommunication failures, computer viruses, catastrophic events and implementation delays or difficulties. These systems are also vulnerable to an increasing threat of rapidly evolving cyber-based attacks, including malicious software, attempts to gain unauthorized access to data and other electronic security breaches. The development, integration and maintenance of these systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Despite our efforts and the efforts of our vendors, the possibility of risks described above, particularly cyber-based attacks, cannot be eliminated entirely, and each of these risks remain. In addition, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue business objectives. While we obtain assurances that these third parties will protect this information, there is a risk the confidentiality of data held by third parties may be compromised. In addition, data and security breaches can also occur as the result of non-technical issues, including intentional or inadvertent breach by our employees or others with whom we have a relationship. Any damage to, or compromise or breach of our systems or the systems of our vendors could impair our ability to conduct our business, and result in a violation of applicable privacy and other laws, significant legal and financial exposure, including litigation and other potential liability, and a loss of confidence in our security measures, which could have an adverse effect on our results of operations and our reputation as a brand, business partner or an employer.

We are subject to numerous laws and regulations in the U.S. and internationally designed to protect the information of clients, customers, employees, and other third parties that we collect and maintain, such as the European Union General Data Protection Regulation (the “GDPR”), which will take effect in May 2018. These laws and regulations are increasing in complexity and number, change frequently and increasingly conflict among the various countries in which we operate, which has resulted in greater compliance risk and cost for us. If we fail to comply with these laws or regulations, we could be subject to significant litigation, monetary damages, regulatory enforcement actions or fines in one or more jurisdictions. For example, a failure to comply with the GDPR could result in fines up to the greater of €20 million or 4% of annual global revenues.

Failure to maintain effective internal controls could adversely affect our business and stock price.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. A significant financial reporting failure or material weakness in internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our common stock.

Our business may be materially affected by changes to fiscal and tax policies.

The U.S. Congress has recently introduced tax reform legislation that would make significant changes to the U.S. Internal Revenue Code. Such changes include a reduction in the corporate tax rate, moving from a worldwide to a territorial system of taxing multi-national companies and limitations on interest expense and other corporate deductions, among other changes. Although we cannot predict what changes, if any, will actually be enacted, any such changes could have a material effect on our business, financial condition, results of operations and cash flows.

### Risks Related to Our Indebtedness

Our leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industries, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations.

We are highly leveraged. As of September 29, 2017, our outstanding indebtedness was \$5,268.5 million. We also had additional availability of \$998.5 million under our revolving credit facilities as of that date. In addition, we expect to incur new indebtedness to finance all of the \$2,350.0 million consideration to be paid in the Avendra and AmeriPride acquisitions.

This degree of leverage could have important consequences, including:

- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our senior secured credit facilities and our receivables facility, are at variable rates of interest;

Table of Contents

- making it more difficult for us to make payments on our indebtedness;
- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our senior secured credit facilities and the indentures governing our senior notes. If new indebtedness is added to our current debt levels, the related risks that we now face could increase.

If our financial performance were to deteriorate, we may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. While we believe that we currently have adequate cash flows to service our indebtedness, if our financial performance were to deteriorate significantly, we might be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If, due to such a deterioration in our financial performance, our cash flows and capital resources were to be insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In addition, if we were required to raise additional capital in the current financial markets, the terms of such financing, if available, could result in higher costs and greater restrictions on our business. In addition, although none of our long-term borrowings mature prior to 2019, if we were to need to refinance our existing indebtedness, the conditions in the financial markets at that time could make it difficult to refinance our existing indebtedness on acceptable terms or at all. If such alternative measures proved unsuccessful, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our senior secured credit agreement and the indentures governing our senior notes restrict our ability to dispose of assets and use the proceeds from any disposition of assets and to refinance our indebtedness. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our senior secured credit agreement and the indentures governing our senior notes contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- incur additional indebtedness, refinance or restructure indebtedness or issue certain preferred shares;
- pay dividends on, repurchase or make distributions in respect of our capital stock, make unscheduled payments on our notes, repurchase or redeem our senior notes or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our affiliates.



In addition, our senior secured revolving credit facility requires us to satisfy and maintain specified financial ratios and other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and in the event of a significant deterioration of our financial performance, there can be no assurance that we will satisfy those ratios

## Table of Contents

and tests. A breach of any of these covenants could result in a default under the senior secured credit agreement. Upon our failure to maintain compliance with these covenants that is not waived by the lenders under the revolving credit facility, the lenders under the senior secured credit facilities could elect to declare all amounts outstanding under the senior secured credit facilities to be immediately due and payable and terminate all commitments to extend further credit under such facilities. If we were unable to repay those amounts, the lenders under the senior secured credit facilities could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral under the senior secured credit agreement. If the lenders under the senior secured credit facilities accelerate the repayment of borrowings, there can be no assurance that we will have sufficient assets to repay those borrowings, as well as our unsecured indebtedness. If our senior secured indebtedness was accelerated by the lenders as a result of a default, our senior notes may become due and payable as well. Any such acceleration may also constitute an amortization event under our receivables facility, which could result in the amount outstanding under that facility becoming due and payable.

### Risks Related to Ownership of Our Common Stock

Our share price may change significantly, and you may not be able to resell shares of our common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.

The trading price of our common stock, as reported by the NYSE, could fluctuate due to a number of factors such as those listed in “—Risks Related to Our Business” and include, but are not limited to, the following, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- announcements by us, our competitors or our vendors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;
- announcements by third parties of significant claims or proceedings against us;
- future sales of our common stock;
- general domestic and international economic conditions; and
- unexpected and sudden changes in senior management.

Furthermore, the stock market has experienced extreme volatility that, in some cases, has been unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

There can be no assurance that we will continue to pay dividends on our common stock, and our indebtedness could limit our ability to pay dividends on our common stock.

Payment of cash dividends on our common stock is subject to our compliance with applicable law and depends on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, business prospects and other factors that our board of directors may deem relevant. Our senior secured credit facilities and the indentures governing our senior notes contain, and the terms of any future indebtedness we or our subsidiaries incur may contain, limitations on our ability to pay dividends. For more information, see Item 5. "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Dividends." Although we have paid cash dividends in the past, there can be no assurance that we will continue to pay any dividend in the future.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that

might result in a premium over the market price for the shares held by our stockholders.

19

---

## Table of Contents

These provisions provide for, among other things:

- the ability of our board of directors to issue one or more series of preferred stock;
  - advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
  - certain limitations on convening special stockholder meetings;
  - the removal of directors only upon the affirmative vote of the holders of at least 75% in voting power of all the then-outstanding common stock of the company entitled to vote thereon, voting together as a single class; and
  - that certain provisions may be amended only by the affirmative vote of the holders of at least 75% in voting power of all the then-outstanding common stock of the company entitled to vote thereon, voting together as a single class.
- These anti-takeover provisions could make it more difficult for a third-party to acquire us, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our amended and restated certificate of incorporation provides that, with certain limited exceptions, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any stockholder (including any beneficial owner) to bring (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any director or officer of the Company owed to us or our stockholders, creditors or other constituents, (iii) any action asserting a claim against us or any director or officer of the Company arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or our amended and restated bylaws, or (iv) any action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

### Item 1B. Unresolved Staff Comments

Not Applicable.

### Item 2. Properties

Our principal executive offices are currently leased at Aramark Tower, 1101 Market Street, Philadelphia, Pennsylvania 19107. We expect to move our principal executive offices to 2400 Market Street, Philadelphia, PA 19103 during fiscal 2019 and have entered into a lease agreement for this new location. Our principal real estate is primarily comprised of Uniform facilities. As of September 29, 2017, we operated 270 service facilities in our Uniform segment, consisting of industrial laundries, cleanroom laundries, warehouses, distribution centers, satellites, depots, stand alone garages, shared service centers and administrative offices that are located in 40 states, Mexico, Canada and Puerto Rico. Of these, approximately 51% are leased and approximately 49% are owned. We own seven buildings that we use in our FSS North America segment, including several office/warehouse spaces, and we lease 121 premises, consisting of offices, office/warehouses and distribution centers. In addition, we own a distribution center, one office and four other properties and lease 114 facilities throughout the world that we use in our FSS International segment. We also maintain other real estate and leasehold improvements, which we use in the Uniform and FSS segments. No individual parcel of real estate owned or leased is of material significance to our total assets.

Table of Contents

Item 3. Legal Proceedings

Our business is subject to various federal, state and local laws and regulations governing, among other things, the generation, handling, storage, transportation, treatment and disposal of water wastes and other substances. We engage in informal settlement discussions with federal, state, local and foreign authorities regarding allegations of violations of environmental laws in connection with our operations or businesses conducted by our predecessors or companies that we have acquired, the aggregate amount of which and related remediation costs we do not believe should have a material adverse effect on our financial condition or results of operations as of September 29, 2017.

From time to time, the Company and its subsidiaries are party to various legal actions, proceedings and investigations involving claims incidental to the conduct of their business, including those brought by clients, consumers, employees, government entities and third parties under, among others, federal, state, international, national, provincial and local employment laws, wage and hour laws, discrimination laws, immigration laws, human health and safety laws, import and export controls and customs laws, environmental laws, false claims or whistleblower statutes, minority, women and disadvantaged business enterprise statutes, tax codes, antitrust and competition laws, consumer protection statutes, procurement regulations, intellectual property laws, food safety and sanitation laws, cost and accounting principles, the Foreign Corrupt Practices Act, the U.K. Bribery Act, other anti-corruption laws, lobbying laws, motor carrier safety laws, data privacy and security laws and alcohol licensing and service laws, or alleging negligence and/or breaches of contractual and other obligations. Based on information currently available, advice of counsel, available insurance coverage, established reserves and other resources, the Company does not believe that any such actions, proceedings or investigations are likely to be, individually or in the aggregate, material to its business, financial condition, results of operations or cash flows. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to the Company's business, financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not Applicable.

---

Table of Contents

## Executive Officers of the Registrant

Our executive officers as of November 22, 2017 are as follows:

Name	Age	Position	With Aramark Since
Eric J. Foss	59	Chairman, President and Chief Executive Officer	2012
Stephen P. Bramlage, Jr.	47	Executive Vice President and Chief Financial Officer	2015
Harrald F. Kroeker	60	Senior Vice President, Integration	2013
Lynn B. McKee	62	Executive Vice President, Human Resources	1980
Brian P. Pressler	42	Senior Vice President, Controller and Chief Accounting Officer	2002
Stephen R. Reynolds	59	Executive Vice President, General Counsel and Secretary	2012
James J. Tarangelo	44	Vice President and Treasurer	2003

Eric J. Foss has been our Chairman of the Board since February 2015 and our President and Chief Executive Officer since May 2012. Before joining us, Mr. Foss served as Chief Executive Officer of Pepsi Beverages Company from February 2010 until December 2011. Prior to that Mr. Foss served as Chairman and Chief Executive Officer of The Pepsi Bottling Group from 2008 until 2010; President and Chief Executive Officer from 2006 until 2007; and Chief Operating Officer from 2005 until 2006. Mr. Foss serves on the board of CIGNA Corporation and previously served on the board of UDR, Inc.

Stephen P. Bramlage, Jr. was appointed Executive Vice President and Chief Financial Officer in April 2015. Prior to joining us, Mr. Bramlage served as Senior Vice President and Chief Financial Officer of Owens-Illinois, Inc. from June 2012 to March 2015. Prior to that, he served as President of Owens-Illinois Asia Pacific from August 2011 to June 2012; General Manager of Owens-Illinois New Zealand from August 2010 to July 2011; Vice President of Finance of Owens-Illinois, Inc. from March 2008 to July 2010; Vice President and Chief Financial Officer of Owens-Illinois Europe in 2008; and Vice President and Treasurer of Owens-Illinois, Inc. from 2006 to 2008.

Harrald F. Kroeker has been the Senior Vice President, Integration since October 2017. Prior to that he was our Senior Vice President, Transformation from November 2014 to October 2017 and our Chief Operating Officer - Europe from November 2013 to November 2014. Before joining us, Mr. Kroeker was an executive with Dean Foods Company serving as its Senior Vice President and Chief Operating Officer, Dairy Group from November 2006 to January 2007 and as President, Fresh Daily Direct, from January 2007 to October 2011.

Lynn B. McKee was appointed Executive Vice President, Human Resources in May 2004. From August 2012 to August 2013, Ms. McKee served as Executive Vice President, Human Resources and Communications. From January 2004 to May 2004, Ms. McKee served as our Senior Vice President of Human Resources and from September 2001 to December 2003, she served as Senior Vice President of Human Resources for our Food and Support Services Group. From August 1998 to August 2001, she served as our Staff Vice President, Executive Development and Compensation. Ms. McKee serves on the board of directors of Bryn Mawr Bank Co.

Brian P. Pressler was appointed Senior Vice President, Controller and Chief Accounting Officer in June 2016. From January 2014 to May 2016, he served as our Vice President, Finance, Education and from January 2013 to January 2014 as our Vice President, Finance, International. Mr. Pressler served as our Vice President, Finance, Educational Services, K-12 from February 2011 to January 2013 and as Associate Vice President, Finance, Educational Services, K-12 from September 2008 to February 2011.

Stephen R. Reynolds was appointed Executive Vice President, General Counsel and Secretary in September 2012. Before joining us, Mr. Reynolds was an executive with Alcatel-Lucent for seven years, having most recently served as Senior Vice President and General Counsel from January 2006 to August 2012.

James J. Tarangelo was appointed Vice President and Treasurer in November 2016. He has been with Aramark since 2003 and has held positions of progressive responsibility in operations finance, financial planning and international finance. Mr. Tarangelo served as our Vice President, Finance, International from January 2014 to November 2016. He served as Associate Vice President, Planning & Operations Finance from 2013 to 2014 and Associate Vice President, Finance, International from 2008 to 2013.



Table of Contents

## PART II

## Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

## Market Information

Shares of our common stock began trading on December 12, 2013 and are quoted on the New York Stock Exchange (“NYSE”) under the ticker symbol “ARMK.” Prior to that date, there was no public market for our common stock. As of October 27, 2017, there were approximately 578 holders of record of our outstanding common stock. This does not include persons who hold our common stock in nominee or “street name” accounts through brokers or banks. The following table sets forth the high and low closing sales prices per share of our common stock during the periods indicated and the amount of cash dividends declared per share:

Fiscal Period	High	Low	Cash Dividend Declared Per Share
Quarter ended January 1, 2016	\$33.74	\$29.24	\$ 0.095
Quarter ended April 1, 2016	\$33.28	\$29.57	\$ 0.095
Quarter ended July 1, 2016	\$34.16	\$31.56	\$ 0.095
Quarter ended September 30, 2016	\$38.21	\$33.12	\$ 0.095
Quarter ended December 30, 2016	\$37.96	\$33.15	\$ 0.103
Quarter ended March 31, 2017	\$37.51	\$33.08	\$ 0.103
Quarter ended June 30, 2017	\$41.48	\$36.11	\$ 0.103
Quarter ended September 29, 2017	\$41.08	\$38.91	\$ 0.103

## Dividends

The Company declared quarterly cash dividends of \$0.103 per share to all common stockholders of record at the close of business on November 28, 2016, February 15, 2017, May 17, 2017 and August 16, 2017, which were paid on December 8, 2016, March 1, 2017, June 6, 2017 and September 5, 2017, respectively. The Company declared quarterly cash dividends of \$0.095 per share to all common stockholders of record at the close of business on November 17, 2015, February 16, 2016, May 18, 2016 and August 16, 2016, which were paid on December 9, 2015, March 7, 2016, June 7, 2016 and September 6, 2016, respectively. On November 13, 2017, a \$0.105 dividend per share of common stock was declared, payable on December 7, 2017, to shareholders of record on the close of business on November 27, 2017.

We intend to continue to pay cash dividends on our common stock, subject to our compliance with applicable law, and depending on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in our debt agreements, business prospects and other factors that our Board of Directors may deem relevant. However, the payment of any future dividends will be at the discretion of our Board of Directors and our Board of Directors may, at any time, determine not to continue to declare quarterly dividends.

Our ability to pay dividends depends on our receipt of cash dividends from our main operating subsidiary, Aramark Services, Inc. which may further restrict our ability to pay dividends as a result of covenants under any existing and future outstanding indebtedness of Aramark Services, Inc. In particular, the ability of Aramark Services, Inc. to distribute cash to the Company to pay dividends is limited by covenants in Aramark Services, Inc.’s Credit Agreement dated as of March 28, 2017 as amended from time to time and the indentures governing the senior notes. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a description of the restrictions on our ability to pay dividends and Note 5 to the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

## Stock Price Performance

This performance graph and related information shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference into any filing of Aramark under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.





Table of Contents

The following graph shows a comparison from December 12, 2013 (the date our common stock commenced trading on the New York Stock Exchange) through September 29, 2017 of the cumulative total return for our common stock, The Standard & Poor's ("S&P") 500 Stock Index and The Dow Jones Consumer Non-Cyclical Index. The graph assumes that \$100 was invested in the Company's common stock and in each index at the market close on December 12, 2013 and assumes that all dividends were reinvested. The stock price performance of the following graph is not necessarily indicative of future stock price performance.

	December 12, 2013	October 3, 2014	October 2, 2015	September 30, 2016	September 29, 2017
Aramark	\$100.0	\$133.3	\$152.2	\$194.9	\$203.1
S&P 500	\$100.0	\$112.7	\$114.0	\$121.3	\$141.9
Dow Jones Consumer Non-Cyclical Index	\$100.0	\$107.8	\$122.9	\$125.8	\$140.6

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the fiscal year ended September 29, 2017 which have not been previously disclosed in a quarterly report on Form 10-Q or a current report on Form 8-K.

Purchases of Equity Securities by the Issuer

There were no repurchases of equity securities by the Company in the fourth fiscal quarter ended September 29, 2017.

Table of Contents

## Item 6. Selected Consolidated Financial Data

The following table presents selected consolidated financial data. This information should be read in conjunction with the audited consolidated financial statements and the related notes thereto, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Risk Factors sections, each included elsewhere in this Annual Report on Form 10-K.

(dollars in millions, except per share amounts)	Fiscal Year Ended on or near				
	September 30 <sup>(1)</sup>				
	2017	2016	2015	2014	2013
<b>Income Statement Data:</b>					
Sales	\$ 14,604.4	\$ 14,415.8	\$ 14,329.1	\$ 14,832.9	\$ 13,945.7
Depreciation and amortization	508.2	495.8	504.0	521.6	542.1
Operating income	808.1	746.3	627.9	564.6	514.4
Interest and other financing costs, net	287.4	315.4	285.9	334.9	423.8
Income from continuing operations	374.2	288.2	237.0	149.5	71.4
Net income	374.2	288.2	237.0	149.5	70.4
Net income attributable to Aramark stockholders	373.9	287.8	235.9	149.0	69.4
Basic earnings per share attributable to Aramark stockholders	\$ 1.53	\$ 1.19	\$ 0.99	\$ 0.66	\$ 0.34
Diluted earnings per share attributable to Aramark stockholders	\$ 1.49	\$ 1.16	\$ 0.96	\$ 0.63	\$ 0.33
Cash dividends declared per common share <sup>(2)</sup>	\$ 0.41	\$ 0.39	\$ 0.35	\$ 0.23	\$—
Ratio of earnings to fixed charges <sup>(3)</sup>	2.4x	2.1x	1.9x	1.5x	1.2x
<b>Balance Sheet Data (at period end):</b>					
Total assets	\$ 11,006.2	\$ 10,582.1	\$ 10,196.4	\$ 10,455.7	\$ 10,267.1
Long-term borrowings <sup>(4)(5)</sup>	5,190.3	5,223.5	5,184.6	5,355.8	5,758.2
Stockholders' Equity <sup>(2)(5)</sup>	2,459.1	2,161.0	1,883.4	1,718.0	903.7

Our fiscal year ends on the Friday nearest to September 30th. Fiscal years 2017, 2016, 2015, 2014 and 2013 refer to the fiscal years ended September 29, 2017, September 30, 2016, October 2, 2015, October 3, 2014 and September 27, 2013, respectively. Fiscal 2014 was a fifty-three week year. All other periods presented were fifty-two week years.

During fiscal 2017, the Company paid cash dividends totaling \$100.8 million (\$0.103 per share per quarter).

During fiscal 2016, the Company paid cash dividends totaling \$92.1 million (\$0.095 per share per quarter). During fiscal 2015, the Company paid cash dividends totaling \$81.9 million (\$0.08625 per share per quarter). During fiscal 2014, the Company paid cash dividends totaling \$52.2 million (\$0.075 per share during the second, third and fourth quarters of fiscal 2014).

For the purpose of determining the ratio of earnings to fixed charges, earnings include pre-tax income from continuing operations plus fixed charges (excluding capitalized interest). Fixed charges consist of interest on all indebtedness (including capitalized interest) plus that portion of operating lease rentals representative of the interest factor (deemed to be one-third of operating lease rentals).

During fiscal 2013, the Company completed a refinancing, repurchasing Aramark Services, Inc.'s ("ASI") outstanding 8.50% Senior Notes due 2015 and Senior Floating Rate Notes due 2015 and the Company's 8.625% / 9.375% Senior Notes due 2016. The Company refinanced that debt with new term loan borrowings under its senior secured credit facilities and the issuance by ASI of 5.75% Senior Notes due 2020 (the "2020 Notes"). During fiscal 2016, ASI issued \$900 million of 5.125% Senior Notes due 2024 and \$500 million of 4.75% Senior Notes due 2026 to repay approximately \$194.1 million of senior secured term loan facility, due September 2019 (the "2019 Term Loans") and redeem approximately \$771.2 million aggregate principal amount of the 2020 Notes. The Company also made optional prepayments in fiscal 2016 of approximately \$160.0 million of outstanding U.S. dollar term loans and repaid a U.S. dollar denominated term loan of a Canadian subsidiary, due July 2016, that had been borrowed under the Company's senior secured credit agreement in the amount of \$74.1 million. During fiscal 2017, ASI issued \$600.0 million of 5.000% Senior Notes due April 1, 2025 (the "5.000% 2025 Notes") and

Edgar Filing: Aramark - Form 10-K

Aramark International Finance S.à r.l., an indirect wholly owned subsidiary of the Company, issued €325.0 million of 3.125% Senior Notes due April 1, 2025 (the "3.125% 2025 Notes" and, together with the 5.000% 2025 Notes, the "2025 Notes"). Additionally, ASI and certain of its subsidiaries entered into a credit agreement on March 28, 2017 (supplemented or otherwise modified from time to time, the "Credit

Table of Contents

Agreement"), which replaced the existing Amended and Restated Credit Agreement, originally dated January 26, 2007, and last amended on March 28, 2014 (the "Previous Credit Agreement"). On September 20, 2017, ASI and certain of its subsidiaries entered into an amendment (the "Incremental Amendment No. 1") to the Credit Agreement. Among other things, the Credit Agreement provides for a U.S. dollar denominated term loan to ASI in the amount of \$633.8 million, due 2022, and \$1.4 billion, due 2024; a Canadian dollar denominated term loan to Aramark Canada Ltd. in the amount of CAD250.1 million, due 2022 (approximately \$200.5 million); a yen denominated term loan to ASI in the amount of ¥11,051.5 million, due 2022 (approximately \$98.2 million); and a euro denominated term loan to Aramark Investments Limited, a U.K. borrower, in an amount of €170.0 million, due 2022 (approximately \$200.9 million). The net proceeds from the 2025 Notes and borrowings from the term loans under the Credit Agreement were used to repay outstanding term loans, to redeem ASI's 2020 Notes and to pay certain fees and related expenses.

On December 17, 2013, the Company completed its initial public offering ("IPO") of 28,000,000 shares of its common stock at a price of \$20.00 per share, raising approximately \$524.1 million, net of costs directly related to (5) the IPO. The Company used the net proceeds to repay borrowings of approximately \$154.1 million on the senior secured revolving credit facility and \$370.0 million of outstanding loans under our senior secured term loan facility.

Table of Contents

Item 7.

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

The following discussion and analysis of Aramark's (the "Company," "we," "our" and "us") financial condition and results of operations for the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015 should be read in conjunction with Selected Consolidated Financial Data and our audited consolidated financial statements and the notes to those statements.

Our discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, opinions, expectations, anticipations, intentions and beliefs. Actual results and the timing of events could differ materially from those anticipated in those forward-looking statements as a result of a number of factors, including those set forth under "Risk Factors," "Special Note About Forward-looking Statements" and "Business" sections and elsewhere in this Annual Report on Form 10-K ("Annual Report"). In the following discussion and analysis of financial condition and results of operations, certain financial measures may be considered "non-GAAP financial measures" under Securities and Exchange Commission ("SEC") rules. These rules require supplemental explanation and reconciliation, which is provided elsewhere in this Annual Report on Form 10-K.

Overview

We are a leading global provider of food, facilities and uniform services to education, healthcare, business & industry and sports, leisure & corrections clients. Our core market is North America, which is supplemented by an additional 17-country footprint. Through our established brand, broad geographic presence and employees, we anchor our business in our partnerships with thousands of education, healthcare, business, sports, leisure and corrections clients. Through these partnerships we serve millions of consumers including students, patients, employees, sports fans and guests worldwide.

We operate our business in three reportable segments:

Food and Support Services North America ("FSS North America") - Food, refreshment, specialized dietary and support services, including facility maintenance and housekeeping, provided to business, educational and healthcare institutions and in sports, leisure and other facilities serving the general public in the United States and Canada.

Food and Support Services International ("FSS International") - Food, refreshment, specialized dietary and support services, including facility maintenance and housekeeping, provided to business, educational and healthcare institutions and in sports, leisure and other facilities serving the general public. We have operations in 17 countries outside FSS North America. Our largest international operations are in the Chile, China, Germany, Ireland and the United Kingdom, and in each of these countries we are one of the leading food and/or facility services providers. We also have operations in Japan through our 50% ownership of AIM Services Co., Ltd., which is a leader in providing outsourced food services in Japan.

Uniform and Career Apparel ("Uniform") - Rental, sale, cleaning, maintenance and delivery of personalized uniforms and other textile items on a contract basis and direct marketing of personalized uniforms and accessories to clients in a wide range of industries in the United States, Puerto Rico, Japan and Canada, including the manufacturing, transportation, construction, restaurants and hotels, healthcare and pharmaceutical industries. We supply garments, other textile and paper products and other accessories through rental and direct purchase programs to businesses, public institutions and individuals.

Our Food and Support Services operations focus on serving clients in five principal sectors: Business & Industry, Education, Healthcare, Sports, Leisure & Corrections and Facilities & Other. Our FSS International reportable segment provides a similar range of services as those provided to our FSS North America clients and operates in the same sectors although it is more heavily weighted towards Business & Industry. Administrative expenses not allocated to our three reportable segments are presented separately as corporate expenses.

Our operating results are affected by the economic conditions being experienced in the countries in which we operate. Across all of our businesses, we continue to plan and execute both growth and productivity initiatives and continue to focus on streamlining and improving the efficiency and effectiveness of our general and administrative functions through increased standards, process improvements, and consolidation.

As discussed in "Business - Recent Developments", during the first quarter of fiscal 2018, we entered into definitive agreements to acquire Avendra and AmeriPride in separate transactions. The Avendra acquisition consideration is \$1,350.0 million, subject to certain adjustments and provisions, and the AmeriPride acquisition consideration is \$1,000.0 million, subject

## Table of Contents

to certain adjustments and provisions. We expect to incur new debt to finance these acquisitions and have received commitments from a group of lenders to provide us with term loans of up to \$2,350.0 million for this purpose. We expect our earnings for some period following the closings to be impacted as a result of the acquisitions, due to, among other factors, transaction and integration costs as well as depreciation and amortization resulting from purchasing accounting.

### Seasonality

Our sales and operating results have varied from quarter to quarter as a result of different factors. Historically, within our FSS North America segment, there has been a lower level of activity during our first and second fiscal quarters in operations that provide services to sports and leisure clients. This lower level of activity, historically, has been partially offset during our first and second fiscal quarters by the increased activity levels in our educational operations. Conversely, historically, there has been a significant increase in the provision of services to sports and leisure clients during our third and fourth fiscal quarters, which is partially offset by the effect of summer recess at colleges, universities and schools in our educational operations.

### Sources of Sales

Our clients engage us, generally through written contracts, to provide our services at their locations. Depending on the type of client and service, we are paid either by our client or directly by the consumer to whom we have been provided access by our client. We typically use either profit and loss contracts or client interest contracts in our FSS North America and FSS International segments. These contracts differ in their provision for the amount of financial risk we bear and, accordingly, the potential compensation, profits or fees we may receive. Under profit and loss contracts, we receive all of the revenue from, and bear all of the expenses of, the provision of our services at a client location. For fiscal 2017, approximately 70% of our FSS North America and FSS International sales were derived from profit and loss contracts. Client interest contracts include management fee contracts, under which our clients reimburse our operating costs and pay us a management fee, which may be calculated as a fixed dollar amount or a percentage of sales or operating costs. Some management fee contracts entitle us to receive incentive fees based upon our performance under the contract, as measured by factors such as sales, operating costs and customer satisfaction surveys. For fiscal 2017, approximately 30% of our FSS North America and FSS International sales were derived from client interest contracts.

For our Uniform segment, we typically serve our rental clients under written service contracts for an initial term of three to five years. As the majority of our clients purchase on a recurring basis, our backlog of orders at any given time consists principally of orders in the process of being filled. With the exception of certain governmental bid business, most of our direct marketing business is conducted under invoice arrangement with repeat clients. To a large degree, our direct marketing business is relationship-driven. While we have long-term relationships with our larger clients, we generally do not have contracts with these clients.

### Costs and Expenses

Our costs and expenses are comprised of cost of services provided, depreciation and amortization and selling and general corporate expenses. Cost of services provided consists of direct expenses associated with our operations, which includes food costs, wages, other labor-related expenses (including workers' compensation, state unemployment insurance and federal or state mandated health benefits and other healthcare costs), insurance, fuel, utilities, piece goods and clothing and equipment. Depreciation and amortization expenses mainly relate to assets used in generating sales. Selling and general corporate expenses include sales commissions, marketing, share-based compensation and other unallocated costs related to administrative functions including finance, legal, human resources and information technology.

### Interest and Other Financing Costs, net

Interest and other financing costs, net, relates primarily to interest expense on long-term borrowings. Interest and other financing costs, net also includes third-party costs associated with long-term borrowings that were capitalized and are being amortized over the term of the borrowing.

### Provision for Income Taxes

The provision for income taxes represents federal, foreign, state and local income taxes. Our effective tax rate differs from the statutory U.S. income tax rate due to the effect of state and local income taxes, tax rates in foreign



jurisdictions, tax credits and certain nondeductible expenses. Our effective tax rate will change from quarter to quarter based on recurring and nonrecurring factors including, but not limited to, the geographical mix of earnings, state and local income taxes, tax audit settlements, share-based award exercise activity and enacted tax legislation, including certain business tax credits. Changes in judgment due to the evaluation of new information resulting in the recognition, derecognition or remeasurement of a tax position taken in a prior annual period are recognized separately in the quarter of the change.

Table of Contents

## Foreign Currency Fluctuations

The impact from foreign currency translation assumes constant foreign currency exchange rates based on the rates in effect for the current year period being used in translation for the comparable prior year period. We believe that providing the impact of fluctuations in foreign currency rates on certain financial results can facilitate analysis of period-to-period comparisons of business performance.

## Fiscal Year

Our fiscal year is the fifty-two or fifty-three week period which ends on the Friday nearest to September 30th. The fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015 were each fifty-two week periods.

## Results of Operations

## Fiscal 2017 Compared to Fiscal 2016

The following tables present an overview of our results on a consolidated and segment basis with the amount of and percentage change between periods for the fiscal years 2017 and 2016 (dollars in millions).

	Fiscal Year Ended		\$	%
	September 29, 2017	September 30, 2016		
Sales	\$ 14,604.4	\$ 14,415.8	\$ 188.6	1 %
Costs and Expenses:				
Cost of services provided	12,989.0	12,890.4	98.6	1 %
Other operating expenses	807.3	779.1	28.2	4 %
	13,796.3	13,669.5	126.8	1 %
Operating income	808.1	746.3	61.8	8 %
Interest and Other Financing Costs, net	287.4	315.4	(28.0 )	(9 )%
Income Before Income Taxes	520.7	430.9	89.8	21 %
Provision for Income Taxes	146.5	142.7	3.8	3 %
Net income	\$ 374.2	\$ 288.2	\$ 86.0	30 %

Sales by Segment <sup>(1)</sup>	Fiscal Year Ended		\$	%
	September 29, 2017	September 30, 2016		
FSS North America	\$ 10,231.5	\$ 10,122.3	\$ 109.2	1 %
FSS International	2,808.2	2,729.8	78.4	3 %
Uniform	1,564.7	1,563.7	1.0	—%
	\$ 14,604.4	\$ 14,415.8	\$ 188.6	1 %

Operating Income by Segment	Fiscal Year Ended		\$	%
	September 29, 2017	September 30, 2016		
FSS North America	\$ 621.9	\$ 546.4	\$ 75.5	14 %
FSS International	137.0	129.1	7.9	6 %
Uniform	182.3	195.3	(13.0 )	(7 )%
Corporate	(133.1 )	(124.5 )	(8.6 )	7 %
	\$ 808.1	\$ 746.3	\$ 61.8	8 %

(1) As a percentage of total sales, FSS North America represented 70%, FSS International represented 19% and Uniform represented 11% for both fiscal 2017 and fiscal 2016, respectively.

Table of Contents

## Consolidated Overview

Sales increased approximately 1% during fiscal 2017. Sales were primarily impacted by:

• growth in the Sports, Leisure & Corrections sector partially offset by a decrease in the Healthcare sector in the FSS North America segment;

• growth in Ireland and Germany partially offset by a decrease in the U.K. in the FSS International segment;

• the adverse impact of natural disasters (estimated to be \$25 million); and

• the negative impact of foreign currency translation of approximately \$72 million (approximately -1%).

Cost of services provided was \$13.0 billion for fiscal 2017 and \$12.9 billion for fiscal 2016. Cost of services provided as a percentage of sales was 89% in both fiscal 2017 and fiscal 2016. Cost of services provided was impacted by most of the items discussed below for operating income. The following table presents the percentages attributable to the components in cost of services provided for fiscal 2017 and fiscal 2016.

Cost of services provided components	Fiscal Year Ended			
	September 2017		September 30, 2016	
Food and support service costs	26	%	27	%
Personnel costs	47	%	47	%
Other direct costs	27	%	26	%
	100	%	100	%

Operating income increased approximately 8% during fiscal 2017. The increase in operating income was impacted by:

• profit growth in the FSS North America and FSS International segments;

• a decrease in acquisition-related amortization expense (\$20.6 million);

• the prior year charges related to the sale of one of our buildings (approximately \$6.8 million) and asset write-offs, mainly in the Uniform segment (approximately \$7.0 million); and

• a gain from a retrospective refund under our casualty insurance program related to favorable loss experience in a prior year (approximately \$6.5 million); which more than offset

• the adverse impact of natural disasters (estimated to be \$17 million, which includes approximately \$6.1 million in asset write-downs);

• a profit decline in the Uniform segment;

• an increase in the loss related to the change in fair value of certain gasoline and diesel agreements (approximately \$8.7 million); and

• an increase in share-based compensation (approximately \$8.2 million).

Interest and Other Financing Costs, net, decreased 9% during fiscal 2017. The decrease during fiscal 2017 was primarily due to lower weighted average interest rates from refinancing activity during fiscal 2017. Fiscal 2017 and fiscal 2016 include charges related to refinancing activities of approximately \$31.5 million and \$30.2 million, respectively. Beginning in fiscal 2018, we anticipate additional Interest and Other Financing Costs, net arising from the new borrowings we expect to incur to acquire Avendra and AmeriPride.

The effective income tax rate for fiscal 2017 was 28.1% compared to 33.1% in the prior year. The decrease in the effective tax rate is primarily due to the \$23.3 million tax benefit recognized for fiscal 2017 as a result of the adoption of the accounting standards update related to share-based payment transactions (see Note 1 to the audited consolidated financial statements) and from the impact of certain permanently reinvested foreign earnings.

## Segment Results

## FSS North America Segment

The FSS North America reportable segment consists of five operating segments which have similar economic characteristics and are aggregated into a single operating segment. The five operating segments or sectors of the FSS North America reportable segment are Business & Industry, Education, Healthcare, Sports, Leisure & Corrections and Facilities & Other.

Table of Contents

Sales for each of these sectors are summarized as follows (in millions):

	Fiscal Year Ended	
	September 30, 2017	September 30, 2016
Business & Industry	\$1,536.2	\$ 1,522.0
Education	3,063.5	3,026.4
Healthcare	1,274.1	1,350.1
Sports, Leisure & Corrections	2,354.6	2,191.1
Facilities & Other	2,003.1	2,032.7
	\$10,231.5	\$ 10,122.3

\*Prior year amounts have been restated to reflect current period classification due to an internal reorganization related to Facilities & Other beginning in fiscal 2017.

The Healthcare and Education sectors generally have high-single digit operating income margins and the Business & Industry, Sports, Leisure & Corrections and Facilities & Other sectors generally have mid-single digit operating income margins.

FSS North America segment sales increased 1% during fiscal 2017. Business & Industry sector sales increased approximately 1% during fiscal 2017 due to net new business and base business growth. Education sector sales increased approximately 1% during fiscal 2017 due to base business growth. Healthcare sector sales declined approximately 6% during fiscal 2017 due to net lost business. Sports, Leisure & Corrections sector sales increased approximately 7% during fiscal 2017 due to net new business and base business growth across the sector. Facilities & Other sector sales declined approximately 1% during fiscal 2017 due to net lost business.

Cost of services provided was \$9.1 billion for both fiscal 2017 and fiscal 2016. Cost of services provided as a percentage of sales was 89% in fiscal 2017 compared to 90% in fiscal 2016. Cost of services provided was impacted by most of the items discussed below for operating income.

Operating income increased approximately 14% during fiscal 2017. The increase in operating income was impacted by:

- strategic focus around procurement and labor management initiatives in base business;
- a decrease in acquisition-related amortization expense (approximately \$21.0 million);
- the prior year charges related to the sale of one of our buildings (approximately \$6.8 million);
- a decrease in severance-related charges (approximately \$6.5 million);
- prior year multiemployer pension plan charges (approximately \$2.3 million); and
- a gain from a retrospective refund under our casualty insurance program related to favorable loss experience in a prior year (approximately \$4.0 million); which more than offset
- the adverse impact of natural disasters (estimated to be \$8 million); and
- profit decline in our Healthcare and Facilities & Other sectors.

#### FSS International Segment

Sales in the FSS International segment increased 3% during fiscal 2017. The increase was impacted by:

- sales growth in Ireland, Germany, Spain, China and Korea and acquisitions (approximately 1%); which was partially offset by
- a sales decline in the U.K. and South America; and
- the negative impact of foreign currency translation (approximately \$77 million or -3%).

Cost of services provided was \$2.6 billion for fiscal 2017 compared to \$2.5 billion in the prior year. Cost of services provided as a percentage of sales was 93% in both fiscal 2017 and fiscal 2016. Cost of services provided was impacted by the items discussed below for operating income.

Table of Contents

Operating income increased approximately 6% during fiscal 2017. The increase in operating income was impacted by: profit growth in Germany, China and South America; which was partially offset by a profit decline in the U.K.; and

the negative impact of foreign currency translation (approximately \$1.8 million or -1%).

Fiscal 2017 and fiscal 2016 include severance related charges of approximately \$10.7 million and \$9.9 million, respectively.

**Uniform Segment**

Uniform segment sales for fiscal 2017 were comparable to fiscal 2016.

Cost of services provided was \$1.2 billion for both fiscal 2017 and fiscal 2016. Cost of services provided as a percentage of sales was 79% in both fiscal 2017 and fiscal 2016. Cost of services provided was impacted by the items discussed below for operating income.

Fiscal 2017 operating income decreased approximately 7% compared to fiscal 2016. The decrease in operating income was impacted by:

- the adverse impact of natural disasters, primarily on our operations in Puerto Rico (estimated to be \$8 million, including \$6.1 million of asset write-downs); and

installation costs related to the onboarding of new business; which was partially offset by

the prior year charge to write-off impaired assets (approximately \$6.0 million).

Operating income in fiscal 2017 and fiscal 2016 includes severance related charges of approximately \$1.1 million and \$2.5 million, respectively.

**Corporate**

Corporate expenses, those administrative expenses not allocated to the business segments, increased approximately 7% during fiscal 2017. The increase is primarily due to the impact of:

- an increase in the loss related to the change in fair value related to certain gasoline and diesel agreements (approximately \$8.7 million); and

- an increase in share-based compensation expense mainly related to performance stock awards (approximately \$8.2 million); which more than offset

- a decrease in consulting costs (approximately \$9.1 million).

**Fiscal 2016 Compared to Fiscal 2015**

The following tables present an overview of our results on a consolidated and segment basis with the amount of and percentage change between periods for the fiscal years 2016 and 2015 (dollars in millions).

	Fiscal Year Ended			
	September 30, 2016	October 2, 2015	\$	%
Sales	\$14,415.8	\$14,329.1	\$86.7	1 %
Cost and Expenses:				
Cost of service provided	12,890.4	12,880.4	10.0	— %
Other operating expenses	779.1	820.8	(41.7 )	(5 )%
	13,669.5	13,701.2	(31.7 )	— %
Operating income	746.3	627.9	118.4	19 %
Interest and Other Financing Costs, net	315.4	285.9	29.5	10 %
Income Before Income Taxes	430.9	342.0	88.9	26 %
Provision for Income Taxes	142.7	105.0	37.7	36 %
Net income	\$288.2	\$237.0	\$51.2	22 %

Table of Contents

Sales by Segment	Fiscal Year Ended		\$	%
	September 30, 2016	October 2, 2015		
FSS North America	\$10,122.3	\$9,950.3	\$172.0	2 %
FSS International	2,729.8	2,858.2	(128.4 )	(4)%
Uniform	1,563.7	1,520.6	43.1	3 %
	\$14,415.8	\$14,329.1	\$86.7	1 %

  

Operating Income by Segment	Fiscal Year Ended		\$	%
	September 30, 2016	October 2, 2015		
FSS North America	\$546.4	\$494.5	\$51.9	10 %
FSS International	129.1	95.3	33.8	35 %
Uniform	195.3	191.8	3.5	2 %
Corporate	(124.5 )	(153.7 )	29.2	(19)%
	\$746.3	\$627.9	\$118.4	19 %

## Consolidated Overview

Sales of \$14.4 billion for fiscal 2016 represented an increase of approximately 1% over the prior year. This increase is primarily attributable to growth in the Sports, Leisure & Corrections and Education sectors, growth in Ireland, Spain, China and Mexico, and growth in our Uniform segment. This increase was partially offset by the decision to exit certain operations within the FSS International segment, a sales decline in the Business & Industry and Healthcare sectors, and the U.K. and the negative impact of foreign currency translation of approximately \$259 million (approximately -2%).

Cost of services provided was \$12.9 billion for fiscal 2016, and was consistent compared with prior year. Cost of services provided as a percentage of sales was 89% in fiscal 2016 compared to 90% in fiscal 2015. Food and support service costs comprised approximately 27% of Cost of services provided, personnel costs comprised approximately 47% of Cost of services provided, and other direct costs comprised the remaining approximately 26% of Cost of services provided for both fiscal 2016 and fiscal 2015. Cost of services provided was impacted by the items discussed below for operating income.

Operating income of \$746.3 million for fiscal 2016 represented an increase of approximately 19% from the prior year. The increase is primarily attributable to profit growth in our Education and Sports, Leisure & Corrections sectors in the FSS North America segment, profit growth in South America, China and our 50% ownership of AIM Services Co., Ltd. in Japan, cost reductions from streamlining our general and administrative functions, a decrease in acquisition-related amortization expense (approximately \$31.9 million), the prior year charges associated with asset write-downs in the FSS North America and FSS International segments (approximately \$16.2 million), an increase from the gain related to the change in the fair value related to certain gasoline and diesel agreement (approximately \$10.9 million), and a decrease in share-based compensation expense mainly from the prior year vesting of outstanding performance-based options from a return-based event (approximately \$9.5 million), which more than offset assets write-offs, mainly in the Uniform segment (approximately \$7.0 million), a profit decline in the Healthcare sector, and the negative impact of foreign currency translation of approximately \$12 million (approximately -2%).

Interest and Other Financing Costs, net, for fiscal 2016 increased approximately \$29.5 million from the prior year primarily due to the partial paydown of the senior secured term loans, due September 2019 (the "2019 Term Loans") and the 5.75% Senior Notes due March 2020 (the "2020 Notes"), which resulted in charges of approximately \$30.2 million, consisting of \$22.2 million for the call premium on the 2020 Notes and \$8.0 million of non-cash charges for the write-off of debt issuance costs and debt discount on the 2020 Notes and 2019 Term Loans.

The effective income tax rate for fiscal 2016 was 33.1% compared to 30.7% in the prior year. The increase in the effective tax rate is primarily due to the prior year benefits of \$6 million in connection with the sale of the India subsidiary due to the tax basis exceeding the book basis of the subsidiary and \$2.6 million from cash distributions

received from the company's 50% ownership interest in AIM Services Co., Ltd. from the recovery of Japanese taxes paid in excess of the U.S. tax rate.

Net income for fiscal 2016 was \$288.2 million compared to \$237.0 million in the prior year. Net income attributable to noncontrolling interests for fiscal 2016 was \$0.4 million compared to \$1.0 million in the prior year.

Table of Contents

## Segment Results

## FSS North America Segment

The FSS North America reportable segment consists of five operating segments which have similar economic characteristics and are aggregated into a single operating segment. The four operating segments or sectors of the FSS North America reportable segment are Business & Industry; Education; Healthcare; Sports, Leisure & Corrections; and Facilities & Other.

Sales for each of these sectors are summarized as follows (in millions):

	Fiscal Year Ended	
	September	October
	30, 2016*	2, 2015*
Business & Industry	\$1,522.0	\$1,558.4
Education	3,026.4	2,895.2
Healthcare	1,350.1	1,375.7
Sports, Leisure & Corrections	2,191.1	2,001.1
Facilities & Other	2,032.7	2,119.9
	\$10,122.3	\$9,950.3

\*Amounts have been restated to reflect current period classification due to an internal reorganization related to Facilities & Other beginning in fiscal 2017.

The Healthcare and Education sectors generally have high-single digit operating income margins and the Business & Industry, Sports, Leisure & Corrections and Facilities & Other sectors generally have mid-single digit operating income margins.

FSS North America segment sales for fiscal 2016 increased 2% over the prior period, primarily due to growth in our Education and Sports, Leisure & Corrections sectors, partially offset by a sales decline in our Facilities & Other, Healthcare and Business & Industry sectors, and the negative impact of foreign currency translation of approximately \$55 million (approximately -1%).

The Business & Industry sector had a sales decrease of approximately 2% over the prior period, primarily due to a decline in base business.

The Education sector had a sales increase of approximately 5% over the prior period, primarily due to growth in base business within our higher education business and net new business within our higher education and K-12 businesses. The Healthcare sector had a sales decrease of approximately 2% over the prior period, primarily due to growth in base business within our technologies business, which was more than offset by the impact of lost business.

The Sports, Leisure & Corrections sector had a sales increase of approximately 9% over the prior period, primarily due to new business within our leisure business and base business growth in the stadiums and arenas we serve, which more than offset an account we exited in the corrections business and net lost business in the stadiums and arenas we serve.

The Facilities & Other sector had a sales decrease of approximately 4% over the prior year period primarily due to our remote services business in Canada due to camp shut downs and reduced employee headcount at our clients resulting from the economic downturn in the oil and gas industry.

Cost of services provided was \$9.1 billion for fiscal 2016 compared to \$9.0 billion for the prior year. Cost of services provided as a percentage of sales was 90% in both fiscal 2016 and fiscal 2015. Cost of services provided was impacted by the items discussed below for operating income.

Operating income for fiscal 2016 was \$546.4 million compared to \$494.5 million in the prior year. This increase is primarily attributable to profit growth in our Education and Sports, Leisure & Corrections sectors, cost reductions from streamlining our general and administrative functions, a decrease in acquisition-related amortization expense (approximately \$30.7 million), a decrease in consulting costs (approximately \$2.7 million), and the prior year charge to write-off idle service equipment (\$6.0 million). This increase was partially offset by profit decline in our Healthcare sector, an increase in severance related costs (approximately \$8.9 million), expenses associated with acquisition costs



(approximately \$3.5 million), multiemployer pension plan withdrawal charges (approximately \$2.3 million), the prior year gain on a sale of a property (approximately \$3.1 million), the negative impact of foreign currency translation of approximately \$6 million (approximately -1%), and prior year income from favorable insurance adjustments related to claims experience (approximately \$7.1 million).

During fiscal 2016, we sold one of our buildings for cash proceeds of approximately \$9.5 million. A loss was recorded of approximately \$6.8 million during fiscal 2016 related to the sale and other asset write-offs. During fiscal 2015, we recorded an

## Table of Contents

impairment charge of approximately \$8.7 million to write down the book value of the building to its estimated fair value at the time.

### FSS International Segment

Sales in the FSS International segment for fiscal 2016 decreased 4% compared to the prior year, as the negative impact of foreign currency translation (approximately \$204 million or -7%) and the sales decline in the U.K., primarily from the economic downturn in the oil and gas industry, more than offset growth in China, Ireland, Spain, Mexico and the positive impact of the Avoca Handweavers Limited ("Avoca") acquisition (approximately 2%). Cost of services provided was \$2.5 billion for fiscal 2016 compared to \$2.7 billion in the prior year. Cost of services provided as a percentage of sales was 93% in fiscal 2016 compared to 94% in fiscal 2015. Cost of services provided was impacted by the items discussed below for operating income.

Operating income for fiscal 2016 was \$129.1 million compared to \$95.3 million in the prior year. This increase is primarily attributable to profit growth in South America, Germany, the U.K., China and our 50% ownership of AIM Services Co., Ltd. in Japan, the decrease in severance and related costs (other than the prior year severance charges incurred related to exiting certain operations) (approximately \$6.9 million), the prior year impact of charges associated with severance, asset write-downs and certain other exit costs related to exiting certain operations (approximately \$14.6 million), and the prior year impact of the loss associated with the divestiture of India (approximately \$4.3 million), which more than offset the negative impact of foreign currency translation of approximately \$7 million (approximately -7%).

### Uniform Segment

Uniform segment sales increased 3% for fiscal 2016 compared to the prior year, resulting primarily from growth in our uniform rental base business.

Cost of services provided was \$1.2 billion in both fiscal 2016 and fiscal 2015. Cost of services provided as a percentage of sales was 79% in fiscal 2016 compared to 78% in fiscal 2015. Cost of services provided was impacted by the items discussed below for operating income.

Operating income for fiscal 2016 was \$195.3 million compared to 191.8 million in the prior year. This increase is primarily attributable to growth in the uniform rental business and merchandise and plant productivity initiatives, capacity expansion and increased automation, which was partially offset by a charge to write-off impaired assets (approximately \$6.0 million). Operating income in fiscal 2016 and fiscal 2015 includes \$2.5 million and \$2.3 million of severance and related costs, respectively. Operating income for fiscal 2015 includes a favorable insurance adjustment related to claims experience of approximately \$2.7 million.

### Corporate

Corporate expenses, those administrative expenses not allocated to the business segments, were \$124.5 million in fiscal 2016, compared to \$153.7 million for the prior year. The decrease is primarily due to a decrease in our stock based compensation expense mainly from the prior year vesting of outstanding performance-based options from a return-based event (approximately \$9.5 million), an increase from the gain related to the change in the fair value related to certain gasoline and diesel agreement (approximately \$10.9 million), a decrease in consulting costs (approximately \$3.2 million), and cost reductions from streamlining our general and administrative functions (approximately \$3.8 million).

### Liquidity and Capital Resources

#### Overview

Our principal sources of liquidity are cash generated from operating activities, funds from borrowings and existing cash on hand. As of September 29, 2017, we had \$238.8 million of cash and cash equivalents and approximately \$998.5 million of availability under our senior secured revolving credit facility. As of September 29, 2017, there was approximately \$881.8 million of outstanding foreign currency borrowings.

We believe that our cash flow from operations, cash and cash equivalents and the unused portion of our committed credit availability under the senior secured revolving credit facility will be adequate to meet anticipated cash requirements to fund working capital, capital spending, debt service obligations, refinancings, dividends and other cash needs. Undistributed earnings of certain foreign subsidiaries for which no deferred tax liability was recorded amounted to approximately \$40 million at September 29, 2017. Those earnings are considered to be indefinitely

reinvested and, accordingly, no deferred income taxes have been provided thereon. As part of our ongoing liquidity assessments, we routinely monitor our cash flow (including the mix of domestic and international inflows and outflows) and the condition of the capital markets in order to be prepared to respond to changing conditions. As discussed above, we have received bank term loan commitments to finance the Avendra and AmeriPride acquisitions.

Table of Contents

The table below summarizes our cash activity (in millions):

	Fiscal Year Ended		
	September 30, 2017	September 30, 2016	October 2, 2015
Net cash provided by operating activities	\$ 1,053.4	\$ 867.3	\$ 802.2
Net cash used in investing activities	(678.5 )	(679.7 )	(504.3 )
Net cash used in financing activities	(288.7 )	(157.4 )	(287.1 )

Reference to the audited Consolidated Statements of Cash Flows will facilitate understanding of the discussion that follows. In the first quarter of fiscal 2017, the Company early adopted the accounting standard update related to share-based payment transactions. Upon adoption, the Company applied the guidance related to the presentation in the Consolidated Statements of Cash Flows on a retrospective basis. The excess tax benefits of \$23.3 million, \$32.0 million and \$66.3 million for share-based awards are included in operating activities, previously classified in financing activities, and approximately \$24.7 million, \$28.7 million and \$52.8 million of cash paid for employee taxes for withheld shares are included in financing activities, previously classified in operating activities, for fiscal 2017, fiscal 2016 and fiscal 2015, respectively (see Note 1 to the audited consolidated financial statements).

#### Cash Flows Provided by Operating Activities

During fiscal 2017, there was an increase in the total of net income and non cash charges compared to fiscal 2016 as discussed above. The change in operating assets and liabilities of approximately \$118.8 million compared to fiscal 2016, is primarily due to the following:

- Prepayments being a source of cash compared to a use of cash in the prior year due to the timing of prepayments made at the end of fiscal 2016 related to interest, insurance premiums and income and non-income related tax payments; and

- Accounts payable being a greater source of cash compared to the prior year due to the timing of disbursements, extension of certain payment terms and new business; partially offset by

- Accounts receivable were a greater use of cash compared to the prior year due to timing of collections and new business; and

- Accrued expenses were less of a source of cash compared to the prior year due to a decrease in payroll related accruals offset by timing of client advances and interest payments.

During fiscal 2017, the Company received proceeds of approximately \$9.7 million related to our casualty insurance program from our loss experience being favorable related to a prior year. The "Other operating activities" caption in the Consolidated Statements of Cash Flows was a greater source of cash compared to fiscal 2016 due to the timing of payments related to our casualty insurance program. The "Other operating activities" caption for fiscal 2017 and fiscal 2016 also reflects the adjustments to net income in both periods related to certain financing charges in connection with our refinancing activities (see Note 5 to the audited consolidated financial statements).

During fiscal 2016, the total of net income and non cash charges increased compared to fiscal 2015, resulting from the higher operating results. The change in operating assets and liabilities of approximately \$3.9 million compared to the prior year period relates primarily to Accrued Expenses being a source of cash compared to a use of cash in the prior year primarily due to a decrease in commission payments mainly from a prior year lost client in the Sports, Leisure & Corrections sector, timing of deferred income payments, timing of interest payments and timing of other accrued expenses; and Accounts Payable being less of a use of cash compared to the prior year due to the timing of disbursements and less employee taxes paid from exercises of share-based awards compared to the prior year; partially offset by Accounts Receivable were a use of cash due to timing of collections, mainly from the fiscal 2015 cash receipts related to a one-time facility project in the Business & Industry sector; and Prepayments were a use of cash primarily due to prepayments of income and non-income related taxes, interest on the U.S. dollar denominated term loan and insurance premiums.

During fiscal 2016, we made voluntary contributions to our defined benefit pension plans of approximately \$19.8 million.

During fiscal 2015, the total of net income and non cash charges was consistent compared to fiscal 2014. The increase in cash provided by operating activities compared to fiscal 2014 relates primarily to accounts receivable being a

source of cash due to timing of collections (approximately \$308.0 million), mainly from a one-time facility project in the Business & Industry sector, accrued expenses being a source of cash due to the impact of prior year medical insurance payments by switching from being self-insured to fully-insured (approximately \$42.8 million), the timing of interest payments primarily from the 53rd week in fiscal 2014 (approximately \$45.9 million); partially offset by lower accruals for commissions, mainly from a lost client in the Sports, Leisure and Corrections sector (\$25.9 million) and prepayments being a source of cash primarily due to changes in the

Table of Contents

timing of income taxes (approximately \$64.4 million), partially offset by accounts payable being a use of cash due to the timing of disbursements (approximately \$108.9 million).

During fiscal 2015, we received proceeds of approximately \$9.2 million from a retrospective refund under our casualty insurance program related to prior year favorable loss experience and cash distributions of approximately \$22.2 million from AIM Services Co., Ltd. In addition, during fiscal 2015, we made voluntary contributions to our defined benefit pension plans of approximately \$45.0 million.

**Cash Flows Used in Investing Activities**

Fiscal 2017 use of cash in investing activities was comparable with fiscal 2016 primarily due to higher levels of capital expenditures offset by a decrease in the level of spending for acquisitions.

Fiscal 2016 use of cash in investing activities increased approximately 35% compared with fiscal 2015 primarily due to the acquisitions of Avoca in the FSS International segment for approximately \$65.8 million and HPSI, a group purchasing organization, in the FSS North America segment for \$140.0 million, partially offset by lower net capital expenditures, which includes the proceeds from the sale of a building in our FSS North America segment of approximately \$9.5 million.

Fiscal 2015 use of cash in investing activities was relatively stable compared with fiscal 2014 as the decline in fiscal 2015 of purchases of property and equipment, client contract investments and other and business acquisitions was offset by lower proceeds in fiscal 2015 from the disposal of property and equipment and divestitures.

**Cash Flows Used In Financing Activities**

During fiscal 2017, cash used in financing activities was impacted by the following (see Note 5 to the consolidated financial statements):

- issuance of \$600 million of 5.000% Senior Notes due April 2025;

- issuance of €325.0 of 3.125% Senior Notes due April 2025;

- issuance of \$2.0 billion of new U.S. term loans, CAD250.1 million (\$200.5 million) of term loan denominated in Canadian dollars, ¥11,051.5 million (\$98.2 million) of term loans denominated in yen and €170.0 million (\$200.9 million) of euro denominated term loan;

- repayment of all existing term loan facilities under the Company's existing senior secured credit facilities;

- repayment of the 5.750% Senior Notes, due March 2020;

- payment of fees and expenses related to the refinancing activities (approximately \$44.4 million); and

- proceeds from the sale of buildings in our FSS International segment (approximately \$30.1 million).

During fiscal 2017, the Board of Directors authorized a new share repurchase program providing for purchases of up to \$250 million of Aramark common stock during fiscal 2017 and fiscal 2018. The Company repurchased approximately 2.8 million shares of its common stock for \$100.0 million in fiscal 2017. We may utilize various methods to effect repurchases of our common stock under the repurchase program, which could include open market repurchases, privately negotiated transactions, block transactions, accelerated share repurchase or open market solicitations for shares, some of which may be effected through Rule 10b5-1 plans. Repurchases will be made at our discretion, based on ongoing assessments of the capital needs of the business, the market price of our common stock and general market conditions. The program may be suspended or discontinued at any time. Currently, we do not expect further share repurchase activity under this program due to the pending acquisitions of Avendra and AmeriPride.

During fiscal 2016, cash used in financing activities was impacted by the issuance of \$900 million of 5.125% Senior Notes due January 2024 and \$500 million of 4.750% Senior Notes due June 2026, repayment of approximately \$771.2 million aggregate principal amount of the 2020 Notes; optional prepayments of outstanding 2019 Term Loans of approximately \$354.1 million; payment of financing fees from the debt issuances during fiscal 2016 of approximately \$20.2 million; call premium payment of \$22.2 million from repayment of the 2020 Notes and the repayment of a U.S. dollar denominated term loan of a Canadian subsidiary in the amount of \$74.1 million.

During fiscal 2015, cash used in financing activities was impacted by the repayment of approximately \$209.6 million on the senior secured term loan facility and payment of approximately \$48.5 million for a repurchase of 1.5 million shares of our common stock.



Table of Contents

## Covenant Compliance

The Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of our subsidiaries to: incur additional indebtedness; issue preferred stock or provide guarantees; create liens on assets; engage in mergers or consolidations; sell assets; pay dividends, make distributions or repurchase our capital stock; make investments, loans or advances; repay or repurchase any subordinated debt, except as scheduled or at maturity; create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries; make certain acquisitions; engage in certain transactions with affiliates; amend material agreements governing our subordinated debt (or any indebtedness that refinances the subordinated debt); and fundamentally change our business. The indentures governing our senior notes contain similar provisions. As of September 29, 2017, we were in compliance with these covenants.

As stated above, the Credit Agreement and the indentures governing our senior notes contain provisions that restrict our ability to pay dividends and repurchase stock (collectively, "Restricted Payments"). In addition to customary exceptions, the Credit Agreement and indentures permit Restricted Payments in the aggregate up to an amount that increases quarterly by 50% of our Consolidated Net Income, as such term is defined in these debt agreements, subject to being in compliance with the interest coverage ratio described below.

Under the Credit Agreement, we are required to satisfy and maintain specified financial ratios and other financial condition tests and covenants. The indentures governing our senior notes also require us to comply with certain financial ratios in order to take certain actions. Our continued ability to meet those financial ratios, tests and covenants can be affected by events beyond our control, and there can be no assurance that we will meet those ratios, tests and covenants.

These financial ratios, tests and covenants involve the calculation of certain measures that we refer to in this discussion as "Covenant Adjusted EBITDA." Covenant Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP. Covenant Adjusted EBITDA is defined as net income (loss) of Aramark Services, Inc. and its restricted subsidiaries plus interest and other financing costs, net, provision (benefit) for income taxes, and depreciation and amortization, further adjusted to give effect to adjustments required in calculating covenant ratios and compliance under our Credit Agreement and the indentures governing our senior notes.

Our presentation of these measures has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. You should not consider these measures as alternatives to net income or operating income determined in accordance with U.S. GAAP. Covenant Adjusted EBITDA, as presented by us, may not be comparable to other similarly titled measures of other companies because not all companies use identical calculations.

The following is a reconciliation of net income attributable to Aramark Services, Inc. stockholder, which is a U.S. GAAP measure of Aramark Services, Inc.'s operating results, to Covenant Adjusted EBITDA as defined in our debt agreements. The terms and related calculations are defined in the Credit Agreement and the indentures governing our senior notes. Covenant Adjusted EBITDA is a measure of Aramark Services, Inc. and its restricted subsidiaries only and does not include the results of Aramark.

(in millions)	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Net income attributable to Aramark Services, Inc. stockholder	\$373.9	\$ 287.8	\$235.9
Interest and other financing costs, net	287.4	315.4	285.9
Provision for income taxes	146.5	142.7	105.0
Depreciation and amortization	508.2	495.8	504.0
Share-based compensation expense <sup>(1)</sup>	65.2	56.9	66.4
Unusual or non-recurring (gains)/losses <sup>(2)</sup>	—	—	(3.9 )
Pro forma EBITDA for equity method investees <sup>(3)</sup>	14.2	14.3	14.8
Pro forma EBITDA for certain transactions <sup>(4)</sup>	—	4.1	—
Other <sup>(5)</sup>	36.8	35.4	58.9
Covenant Adjusted EBITDA	\$1,432.2	\$ 1,352.4	\$1,267.0



Represents share-based compensation expense resulting from the application of accounting for stock options, (1) restricted stock units, performance stock, performance stock units and deferred stock unit awards (see Note 10 to the audited consolidated financial statements).

38

---

Table of Contents

Fiscal 2015 includes other income of approximately \$2.0 million related to our investment (possessory interest) at (2) one of our National Parks Service ("NPS") client sites in our Sports, Leisure & Corrections sector and a net of tax gain of approximately \$1.9 million related to the sale of a building in our Healthcare sector.

Represents our estimated share of EBITDA, primarily from our AIM Services Co., Ltd. equity method investment, (3) not already reflected in our Covenant Adjusted EBITDA. EBITDA for this equity method investee is calculated in a manner consistent with consolidated Covenant Adjusted EBITDA but does not represent cash distributions received from this investee.

(4) Represents the annualizing of net EBITDA from acquisitions made during the period.

Other includes organizational streamlining initiatives (\$19.4 million for fiscal 2017, \$24.9 million for fiscal 2016 and \$27.5 million for fiscal 2015), the impact of the change in fair value related to certain gasoline and diesel agreements (\$0.4 million loss for fiscal 2017, \$8.3 million gain for fiscal 2016 and \$2.6 million loss for fiscal 2015), expenses related to acquisition costs (\$2.6 million for fiscal 2017, \$3.9 million for fiscal 2016 and \$0.4 (5) million for fiscal 2015), estimated impact from natural disasters (\$17.0 million, of which \$6.1 million relates to asset write-downs, for fiscal 2017), property and other asset write-downs associated with the sale of a building (\$6.8 million for fiscal 2016 and \$8.7 million for fiscal 2015), other asset write-offs (\$5.0 million for fiscal 2016 and \$16.2 million for fiscal 2015), expenses related to secondary offerings of common stock by certain of our stockholders (\$2.2 million for fiscal 2015) and other miscellaneous expenses.

Our covenant requirements and actual ratios for the fiscal year ended September 29, 2017 are as follows:

	Covenant Requirements	Actual Ratios
Consolidated Secured Debt Ratio <sup>(1)</sup>	5.125x	1.87x
Interest Coverage Ratio (Fixed Charge Coverage Ratio) <sup>(2)</sup>	2.00x	5.82x

The Credit Agreement requires ASI to maintain a maximum Consolidated Secured Debt Ratio, defined as consolidated total indebtedness secured by a lien to Covenant Adjusted EBITDA, of 5.125x. Consolidated total indebtedness secured by a lien is defined in the Credit Agreement as total indebtedness consisting of debt for borrowed money, capital leases, debt in respect of sale-leaseback transactions, disqualified and preferred stock and advances under the Receivables Facility secured by a lien reduced by the amount of (1) cash and cash equivalents on the consolidated balance sheet that is free and clear of any lien.

Non-compliance with the maximum Consolidated Secured Debt Ratio could result in the requirement to immediately repay all amounts outstanding under the Credit Agreement, which, if ASI's lenders under the Credit Agreement (other than the lenders in respect of ASI's U.S. Term Loan B, which lenders do not benefit from the maximum Consolidated Secured Debt Ratio covenant) failed to waive any such default, would also constitute a default under the indentures governing our senior notes.

Our Credit Agreement establishes an incurrence-based minimum Interest Coverage Ratio, defined as Covenant Adjusted EBITDA to consolidated interest expense, the achievement of which is a condition for us to incur (2) additional indebtedness and to make certain restricted payments. If we do not maintain this minimum Interest Coverage Ratio calculated on a pro forma basis for any such additional indebtedness or restricted payments, we could be prohibited from being able to incur additional indebtedness, other than the incremental capacity provided for under the Credit Agreement and pursuant to specified exceptions, and make certain restricted payments, other than pursuant to certain exceptions. The minimum Interest Coverage Ratio is 2.00x for the term of the Credit Agreement. Consolidated interest expense is defined in the Credit Agreement as consolidated interest expense excluding interest income, adjusted for acquisitions and dispositions, further adjusted for certain non-cash or nonrecurring interest expense and our estimated share of interest expense from one equity method investee. The indentures governing our senior notes includes a similar requirement which is referred to as a Fixed Charge Coverage Ratio.

The Company and its subsidiaries and affiliates may from time to time, in their sole discretion, purchase, repay, redeem or retire any of our outstanding debt securities (including any publicly issued debt securities), in privately negotiated or open market transactions, by tender offer or otherwise, or extend or refinance any of our outstanding indebtedness.



Table of Contents

The following table summarizes our future obligations for debt repayments, capital leases, estimated interest payments, future minimum rental and similar commitments under noncancelable operating leases as well as contingent obligations related to outstanding letters of credit and guarantees as of September 29, 2017 (dollars in thousands):

Contractual Obligations as of September 29, 2017	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings <sup>(1)</sup>	\$5,186,427	\$55,864	\$415,027	\$920,956	\$3,794,580
Capital lease obligations	114,400	22,293	38,650	24,230	29,227
Estimated interest payments <sup>(2)</sup>	1,219,500	196,100	376,400	342,400	304,600
Operating leases and other noncancelable commitments	623,481	213,414	129,096	78,467	202,504
Purchase obligations <sup>(3)</sup>	962,902	417,211	377,457	71,405	96,829
Other liabilities <sup>(4)</sup>	241,600	47,800	19,300	11,300	163,200
	\$8,348,310	\$952,682	\$1,355,930	\$1,448,758	\$4,590,940

Other Commercial Commitments as of September 29, 2017	Amount of Commitment Expiration by Period				
	Total Amounts Committed	Less than 1 year	1-3 years	3-5 years	More than 5 years
Letters of credit	\$33,107	\$33,107	\$—	\$—	\$—
Guarantees	—	—	—	—	—
	\$33,107	\$33,107	\$—	\$—	\$—

(1) Excludes the \$47.2 million reduction to long-term borrowings from debt discounts and deferred financing fees and the increase of \$14.9 million from the unamortized premium on the 2024 Notes.

These amounts represent future interest payments related to our existing debt obligations based on fixed and variable interest rates specified in the associated debt agreements. Payments related to variable debt are based on applicable rates at September 29, 2017 plus the specified margin in the associated debt agreements for each period presented. The amounts provided relate only to existing debt obligations and do not assume the refinancing or

(2) replacement of such debt. The average debt balance for each fiscal year from 2018 through 2023 is \$4,885.9 million, \$4,814.8 million, \$4,719.9 million, \$4,594.4 million, \$4,466.4 million and \$3,686.1 million, respectively.

The weighted average interest rate of our existing debt obligations for each fiscal year from 2018 through 2023 is 4.01%, 3.94%, 3.96%, 3.87%, 3.68% and 4.18%, respectively (See Note 5 to the audited consolidated financial statements for the terms and maturities of existing debt obligations).

(3) Represents commitments for capital projects and client contract investments to help finance improvements or renovations at the facilities in which we operate as well as for purchases of certain vendors' products.

(4) Includes certain unfunded employee retirement and severance related obligations.

We have excluded from the table above uncertain tax liabilities due to the uncertainty of the amount and period of payment. As of September 29, 2017, we have gross uncertain tax liabilities of \$30.8 million (see Note 8 to the audited consolidated financial statements). During fiscal 2017, we made contributions totaling \$4.3 million into our defined benefit pension plans and benefit payments and settlements of \$14.3 million out of these plans. Estimated contributions to our defined benefit pension plans in fiscal 2018 are \$7.5 million and estimated benefit payments out of these plans in fiscal 2018 are \$21.0 million (see Note 7 to the audited consolidated financial statements).

We have an agreement (the "Receivables Facility") with three financial institutions where we sell on a continuous basis an undivided interest in all eligible accounts receivable, as defined in the Receivables Facility. Pursuant to the Receivables Facility, we formed ARAMARK Receivables, LLC, a wholly-owned, consolidated, bankruptcy-remote subsidiary. ARAMARK Receivables, LLC was formed for the sole purpose of transferring receivables generated by certain of our subsidiaries. Under the Receivables Facility, we and certain of our subsidiaries transfer without recourse all of their accounts receivable to ARAMARK Receivables, LLC. As collections reduce previously transferred interests, interests in new, eligible receivables are transferred to ARAMARK Receivables, LLC, subject to meeting

certain conditions. The maximum amount available under the Receivables Facility is \$350.0 million, which expires in May 2019. In addition, the Receivables Facility includes a seasonal tranche which will increase the capacity by \$50.0 million at certain times of the year. As of September 29, 2017, \$254.2 million was outstanding under the Receivables Facility and is included in “Long-Term Borrowings” in the Consolidated Balance

## Table of Contents

Sheets. Amounts borrowed under the Receivables Facility fluctuate monthly based on our funding requirements and the level of qualified receivables available to collateralize the Receivables Facility.

Our business activities do not include the use of unconsolidated special purpose entities, and there are no significant business transactions that have not been reflected in the accompanying financial statements. We are self-insured for a limited portion of the risk retained under our general liability and workers' compensation arrangements. Self-insurance reserves are recorded based on actuarial analyses.

During the first quarter of fiscal 2018, pursuant to a Rule 10b5-1 plan, we repurchased approximately 0.6 million shares of our common stock for \$24.4 million under the share repurchase program previously announced by the Board of Directors authorized providing for purchases of up to \$250.0 million of Aramark common stock during fiscal 2017 and fiscal 2018. Currently, we do not expect further share repurchase activity under this program due to the pending acquisitions of Avendra and AmeriPride.

### Critical Accounting Policies and Estimates

Our significant accounting policies are described in the notes to the audited consolidated financial statements included in this Annual Report. As described in such notes, we recognize sales in the period in which services are provided pursuant to the terms of our contractual relationships with our clients. Sales from direct marketing activities are recognized upon shipment.

Effective in fiscal 2017, the unremitted earnings of the Company's non-Uniform foreign subsidiaries are intended to be permanently invested in operations outside the U.S. and, therefore, U.S. taxes have not been recorded on those earnings.

In preparing our financial statements, management is required to make estimates and assumptions that, among other things, affect the reported amounts of assets, liabilities, sales and expenses. These estimates and assumptions are most significant where they involve levels of subjectivity and judgment necessary to account for highly uncertain matters or matters susceptible to change, and where they can have a material impact on our financial condition and operating performance. If actual results were to differ materially from the estimates made, the reported results could be materially affected.

### Asset Impairment Determinations

Goodwill, the Aramark trade name and other trade names are indefinite lived intangible assets that are not amortizable and are subject to an impairment test that we conduct annually or more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists. The impairment test may first consider qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Examples of qualitative factors include, macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, entity-specific events, events affecting reporting units and sustained changes in our stock price. If results of the qualitative assessment indicate a more likely than not determination or if a qualitative assessment is not performed, a quantitative test is performed by comparing the estimated fair value using discounted cash flow calculations of each reporting unit with its estimated net book value. The discounted cash flow calculations are dependent on several subjective factors including the timing of future cash flows, future growth rates and the discount rate. If our assumptions or estimates in our fair value calculations change or if future cash flows or future growth rates vary from what was planned, this may impact our impairment analysis.

We perform the assessment of goodwill at the reporting unit level. Within our FSS International segment, each country is evaluated separately since they are relatively autonomous and separate goodwill balances have been recorded for each entity. During the fourth quarter of fiscal 2017, we performed an impairment test for goodwill for each of our reporting units using a quantitative testing approach. Based on our evaluation performed, we determined that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying amount, and therefore, we determined that goodwill was not impaired. A country in our FSS International segment had a fair value that did not substantially exceed its carrying value based on the result of the fair value calculations (fair value excess of approximately 9%). This country has a goodwill balance of approximately \$150 million.

With respect to our other long-lived assets, we are required to test for asset impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. If indicators of impairment are present, we compare the sum of the future expected cash flows from the asset, undiscounted and without interest

charges, to the asset's carrying value. If the sum of the future expected cash flows from the asset is less than the carrying value, an impairment would be recognized for the difference between the estimated fair value and the carrying value of the asset.

In making future cash flow analyses of various assets, we make assumptions relating to the following:

41

---

## Table of Contents

- The intended use of assets and the expected future cash flows resulting directly from such use;
- Comparable market valuations of businesses similar to Aramark's business segments;
- Industry specific economic conditions;
- Competitor activities and regulatory initiatives; and
- Client and customer preferences and behavior patterns.

We believe that an accounting estimate relating to asset impairment is a critical accounting estimate because the assumptions underlying future cash flow estimates are subject to change from time to time and the recognition of an impairment could have a significant impact on our consolidated statement of income.

### Litigation and Claims

From time to time, the Company and its subsidiaries are party to various legal actions, proceedings and investigations involving claims incidental to the conduct of our businesses, including those brought by clients, consumers, employees, government entities and third parties under, among others, federal, state, international, national, provincial and local employment laws, wage and hour laws, discrimination laws, immigration laws, human health and safety laws, import and export controls and customs laws, environmental laws, false claims or whistleblower statutes, procurement regulations, intellectual property laws, food safety and sanitation laws, cost and accounting principles, the Foreign Corrupt Practices Act, the U.K. Bribery Act, other anti-corruption laws, lobbying laws, motor carrier safety laws, data privacy and security laws and alcohol licensing and service laws, or alleging negligence and/or breach of contractual and other obligations. We consider the measurement of litigation reserves as a critical accounting estimate because of the significant uncertainty in some cases relating to the outcome of potential claims or litigation and the difficulty of predicting the likelihood and range of potential liability involved, coupled with the material impact on our results of operations that could result from litigation or other claims. In determining legal reserves, we consider, among other issues:

- interpretation of contractual rights and obligations;
- the status of government regulatory initiatives, interpretations and investigations;
- the status of settlement negotiations;
- prior experience with similar types of claims;
- whether there is available insurance; and
- advice of counsel.

### Allowance for Doubtful Accounts

We encounter risks associated with sales and the collection of the associated accounts receivable. We record a provision for accounts receivable that are considered to be uncollectible. In order to calculate the appropriate provision, we analyze the creditworthiness of specific customers, aging of customer balances, general and specific industry economic conditions, industry concentrations, such as exposure to small and medium-sized businesses, the non-profit healthcare sector and the automotive, airline and financial services industries, and contractual rights and obligations. The accounting estimate related to the allowance for doubtful accounts is a critical accounting estimate because the underlying assumptions used for the allowance can change from time to time and uncollectible accounts could potentially have a material impact on our results of operations.

### Inventory Obsolescence

We record an inventory obsolescence reserve for obsolete, excess and slow-moving inventory, principally in the Uniform segment. In calculating our inventory obsolescence reserve, we analyze historical and projected data regarding customer demand within specific product categories and make assumptions regarding economic conditions within customer specific industries, as well as style and product changes. Our accounting estimate related to inventory obsolescence is a critical accounting estimate because customer demand in certain of our businesses can be variable and changes in our reserve for inventory obsolescence could materially affect our results of operations.

### Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year and for deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. We make assumptions, judgments and estimates to determine the current income tax provision, deferred tax



asset and liabilities and valuation allowance recorded against a deferred tax asset. The assumptions, judgments and estimates relative to the current income tax provision take into account current tax laws, their interpretation and possible results of foreign and domestic tax

Table of Contents

audits. Changes in tax law, their interpretation and resolution of tax audits could significantly impact the income taxes provided in our consolidated financial statements. Assumptions, judgments and estimates relative to the amount of deferred income taxes take into account future taxable income. Any of the assumptions, judgments and estimates mentioned above could cause the actual income tax obligations to differ from our estimates.

\*\*\*\*\*

Critical accounting estimates and the related assumptions are evaluated periodically as conditions warrant, and changes to such estimates are recorded as new information or changed conditions require.

Table of Contents

## New Accounting Standards Updates

See Note 1 to the audited consolidated financial statements for a full description of recent accounting standards updates, including the expected dates of adoption.

## Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We are exposed to the impact of interest rate changes and manage this exposure through the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps. We do not enter into contracts for trading purposes and do not use leveraged instruments. The information below summarizes our market risks associated with debt obligations and other significant financial instruments as of September 29, 2017 (see Notes 5 and 6 to the audited consolidated financial statements). Fair values were computed using market quotes, if available, or based on discounted cash flows using market interest rates as of the end of the respective periods. For debt obligations, the table presents principal cash flows and related interest rates by contractual fiscal year of maturity. Variable interest rates disclosed represent the weighted-average rates of the portfolio at September 29, 2017. For interest rate swaps, the table presents the notional amounts and related weighted-average interest rates by fiscal year of maturity. The variable rates presented are the average forward rates for the term of each contract.

As of September 29, 2017	(US\$ equivalent in millions)										Fair Value
	Expected Fiscal Year of Maturity										
	2018	2019	2020	2021	2022	Thereafter	Total				
<b>Debt:</b>											
Fixed rate	\$22	\$20	\$19	\$15	\$9	\$2,413	\$2,498	\$ 2,642			
Average interest rate	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	4.7 %	4.7 %				
Variable rate	\$56	\$301 <sup>(a)</sup>	\$114	\$135	\$786	\$1,411	\$2,803	\$ 2,808			
Average interest rate	2.7 %	2.4 %	2.7 %	2.7 %	2.6 %	3.2 %	2.9 %				
<b>Interest Rate Swaps:</b>											
Receive variable/pay fixed	\$600	\$575	\$425	\$—	\$—	\$—	\$1,600	\$ (11 )			
Average pay rate	1.6 %	1.9 %	2.2 %	— %	— %	— %					
Average receive rate	1.2 %	1.2 %	1.2 %	— %	— %	— %					

(a) Balance includes \$254.2 million of borrowings under the Receivables Facility.

As of September 29, 2017, the Company had foreign currency forward exchange contracts outstanding with notional amounts of €33.0 million, £12.1 million and CAD 67.0 million to mitigate the risk of changes in foreign currency exchange rates on short-term intercompany loans to certain international subsidiaries. As of September 29, 2017, the fair value of these foreign exchange contracts is \$0.1 million, which is included in "Prepayments and Other Current Assets" in our Consolidated Balance Sheets.

The Company entered into a series of pay fixed/receive floating gasoline and diesel fuel agreements based on the Department of Energy weekly retail on-highway index in order to limit its exposure to price fluctuations for gasoline and diesel fuel. As of September 29, 2017, the Company has contracts for approximately 16.7 million gallons outstanding for fiscal 2018. As of September 29, 2017, the fair value of the Company's gasoline and diesel fuel hedge agreements is \$3.6 million, which is included in "Prepayments and Other Current Assets" in our Consolidated Balance Sheets.

## Item 8. Financial Statements and Supplementary Data

See Financial Statements and Schedule beginning on page S-1.

## Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Table of Contents

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, management, with the participation of the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this report, are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosures. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based upon criteria established in Internal Control – Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Company's management concluded that the Company's internal control over financial reporting was effective as of September 29, 2017. The effectiveness of the Company's internal control over financial reporting as of September 29, 2017 has been audited by KPMG LLP, the Company's independent registered public accounting firm, as stated in their report that is included herein on the following page.

(c) Change in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's fourth quarter of fiscal 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Aramark:

We have audited Aramark and subsidiaries' (the Company) internal control over financial reporting as of September 29, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control Over Financial Reporting," appearing in item 9A, Controls and Procedures. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 29, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Aramark and subsidiaries as of September 29, 2017 and September 30, 2016, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015, and our report dated November 22, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Philadelphia, Pennsylvania

November 22, 2017

Table of Contents

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information about our directors and persons nominated to become directors required by Item 10 will be included under the caption "Proposal No. 1 - Election of Directors" in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders and is incorporated herein by reference. Information about our executive officers is included under the caption "Executive Officers of the Registrant" in Part I of this report and incorporated herein.

Information on beneficial ownership reporting required by Item 10 will be included under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders and is incorporated herein by reference.

We have a Business Conduct Policy that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer, which is available on the Investor Relations section of our website at [www.aramark.com](http://www.aramark.com). A copy of our Business Conduct Policy may be obtained free of charge by writing to Investor Relations, Aramark, 1101 Market Street, Philadelphia, PA 19107. Our Business Conduct Policy contains a "code of ethics," as defined in Item 406(b) of Regulation S-K. Please note that our website address is provided as an inactive textual reference only. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of ethics on our website.

The remaining information required by Item 10 will be included under the caption "Board Committees and Meetings" in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Executive Compensation

Information required by Item 11 will be included under the caption "Compensation Matters" in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by Item 12 will be included under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by Item 13 will be included under the captions "Certain Relationships and Related Transactions" and "Director Independence and Independence Determinations" in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information required by Item 14 will be included under the caption "Fees to Independent Registered Public Accounting Firm" in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders and is incorporated herein by reference.

Table of Contents

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements

See Index to Financial Statements and Schedule at page S-1 and the Exhibit Index.

(b) Exhibits Required by Item 601 of Regulation S-K

See the Exhibit Index which is incorporated herein by reference.

(c) Financial Statement Schedules

See Index to Financial Statements and Schedule at page S-1.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized on November 22, 2017.

Aramark

By: /s/ STEPHEN P. BRAMLAGE, JR.

Name: Stephen P. Bramlage, Jr.

Title: Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on November 22, 2017.

Name	Capacity
/s/ ERIC J. FOSS Eric J. Foss	Chairman, President and Chief Executive Officer (Principal Executive Officer)
/s/ STEPHEN P. BRAMLAGE, JR. Stephen P. Bramlage, Jr.	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ BRIAN P. PRESSLER Brian P. Pressler	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
/s/ PIERRE-OLIVIER BECKERS-VIEUJANT Pierre-Olivier Beckers-Vieujant	Director
/s/ LISA G. BISACCIA Lisa G. Bisaccia	Director
/s/ RICHARD W. DREILING Richard W. Dreiling	Director
/s/ IRENE M. ESTEVES Irene M. Esteves	Director
/s/ DANIEL J. HEINRICH Daniel J. Heinrich	Director
/s/ SANJEEV K. MEHRA Sanjeev K. Mehra	Director
/s/ PATRICIA B. MORRISON Patricia B. Morrison	Director
/s/ JOHN A. QUELCH John A. Quelch	Director
/s/ STEPHEN I. SADOVE Stephen I. Sadove	Director





Table of Contents

ARAMARK AND SUBSIDIARIES  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	<u>S-2</u>
<u>Consolidated Balance Sheets as of September 29, 2017 and September 30, 2016</u>	<u>S-3</u>
<u>Consolidated Statements of Income for the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015</u>	<u>S-4</u>
<u>Consolidated Statements of Comprehensive Income for the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015</u>	<u>S-5</u>
<u>Consolidated Statements of Cash Flows for the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015</u>	<u>S-6</u>
<u>Consolidated Statements of Stockholders' Equity for the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015</u>	<u>S-7</u>
<u>Notes to Consolidated Financial Statements</u>	<u>S-8</u>
<u>Schedule II—Valuation and Qualifying Accounts and Reserves for the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015</u>	<u>S-46</u>

All other schedules are omitted because they are not applicable, not required, or the information required to be set forth therein is included in the consolidated financial statements or in the notes thereto.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Aramark:

We have audited the accompanying consolidated balance sheets of Aramark and subsidiaries (the Company) as of September 29, 2017 and September 30, 2016, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aramark and subsidiaries as of September 29, 2017 and September 30, 2016, and the results of their operations and their cash flows for each of the fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for share-based payments effective October 1, 2016 due to the adoption of FASB ASU 2016-09, Compensation - Stock Compensation (Topic 718) Improvements to Employee Share-Based Payment Accounting.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 29, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated November 22, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania

November 22, 2017

S-2

---

Table of Contents

ARAMARK AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 29, 2017 AND SEPTEMBER 30, 2016  
(in thousands, except share amounts)

	September 29, 2017	September 30, 2016
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 238,797	\$ 152,580
Receivables (less allowances: 2017 - \$53,416; 2016 - \$48,058)	1,615,993	1,476,349
Inventories	610,732	587,155
Prepayments and other current assets	187,617	276,487
Total current assets	2,653,139	2,492,571
Property and Equipment, at cost:		
Land, buildings and improvements	673,616	643,347
Service equipment and fixtures	2,003,177	1,890,301
	2,676,793	2,533,648
Less - Accumulated depreciation	(1,634,762 )	(1,510,565 )
	1,042,031	1,023,083
Goodwill	4,715,511	4,628,881
Other Intangible Assets	1,120,824	1,111,883
Other Assets	1,474,724	1,325,654
	\$ 11,006,229	\$ 10,582,072
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Current maturities of long-term borrowings	\$ 78,157	\$ 46,522
Accounts payable	955,925	847,588
Accrued payroll and related expenses	487,573	514,619
Accrued expenses and other current liabilities	846,440	776,016
Total current liabilities	2,368,095	2,184,745
Long-Term Borrowings	5,190,331	5,223,514
Deferred Income Taxes and Other Noncurrent Liabilities	978,944	1,003,013
Redeemable Noncontrolling Interest	9,798	9,794
Stockholders' Equity:		
Common stock, par value \$.01 (authorized: 600,000,000 shares; issued: 2017—277,111,042 shares and 2016—272,565,923; and outstanding: 2017—245,593,962, shares and 2016—244,713,580)	2,771	2,726
Capital surplus	3,014,546	2,921,725
Retained earnings/(accumulated deficit)	247,050	(33,778 )
Accumulated other comprehensive loss	(123,760 )	(180,783 )
Treasury stock (shares held in treasury: 2017—31,517,081 shares and 2016—27,852,343)	(681,546 )	(548,884 )
Total stockholders' equity	2,459,061	2,161,006
	\$ 11,006,229	\$ 10,582,072

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

ARAMARK AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE FISCAL YEARS ENDED SEPTEMBER 29, 2017, SEPTEMBER 30, 2016 AND OCTOBER 2, 2015  
(in thousands, except per share data)

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Sales	\$ 14,604,412	\$ 14,415,829	\$ 14,329,135
Costs and Expenses:			
Cost of services provided	12,988,973	12,890,408	12,880,424
Depreciation and amortization	508,212	495,765	504,033
Selling and general corporate expenses	299,170	283,342	316,740
	13,796,355	13,669,515	13,701,197
Operating income	808,057	746,314	627,938
Interest and Other Financing Costs, net	287,415	315,383	285,942
Income Before Income Taxes	520,642	430,931	341,996
Provision for Income Taxes	146,455	142,699	105,020
Net income	374,187	288,232	236,976
Less: Net income attributable to noncontrolling interest	264	426	1,030
Net income attributable to Aramark stockholders	\$ 373,923	\$ 287,806	\$ 235,946
Earnings per share attributable to Aramark stockholders:			
Basic	\$ 1.53	\$ 1.19	\$ 0.99
Diluted	\$ 1.49	\$ 1.16	\$ 0.96
Weighted Average Shares Outstanding:			
Basic	244,453	242,286	237,616
Diluted	251,557	248,763	246,616

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

ARAMARK AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 29, 2017, SEPTEMBER 30, 2016 AND OCTOBER 2, 2015  
 (in thousands)

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Net income	\$374,187	\$ 288,232	\$236,976
Other comprehensive income (loss), net of tax:			
Pension plan adjustments	19,992	(24,670	) 3,522
Foreign currency translation adjustments	5,903	3,080	(43,547 )
Cash flow hedges:			
Unrealized gains (losses) arising during the period	19,449	(8,426	) (34,622 )
Reclassification adjustments	10,130	21,184	11,681
Share of equity investee's comprehensive income (loss)	1,549	(5,383	) 2,696
Other comprehensive income (loss), net of tax	57,023	(14,215	) (60,270 )
Comprehensive income	431,210	274,017	176,706
Less: Net income attributable to noncontrolling interest	264	426	1,030
Comprehensive income attributable to Aramark stockholders	\$430,946	\$ 273,591	\$175,676

The accompanying notes are an integral part of these consolidated financial statements.

S-5

---

Table of Contents

ARAMARK AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 29, 2017, SEPTEMBER 30, 2016 AND OCTOBER 2, 2015  
(in thousands)

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Cash flows from operating activities:			
Net income	\$374,187	\$ 288,232	\$236,976
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	508,212	495,765	504,033
Income taxes deferred	(37,856 )	52,416	(4,108 )
Share-based compensation expense	65,155	56,942	66,416
Changes in operating assets and liabilities:			
Receivables	(111,423 )	(32,859 )	81,284
Inventories	(21,147 )	(9,625 )	(29,587 )
Prepayments	95,536	(64,663 )	9,763
Accounts payable	93,965	4,486	(46,422 )
Accrued expenses	26,804	67,600	4,474
Changes in other noncurrent liabilities	31,959	(33,711 )	(52,136 )
Changes in other assets	(9,342 )	(10,189 )	13,595
Other operating activities	37,337	52,920	17,904
Net cash provided by operating activities	1,053,387	867,314	802,192
Cash flows from investing activities:			
Purchases of property and equipment, client contract investments and other	(552,729 )	(512,532 )	(524,384 )
Disposals of property and equipment	18,906	26,824	19,128
Acquisition of certain businesses:			
Working capital other than cash acquired	8,114	10,226	(143 )
Property and equipment	(2,273 )	(32,989 )	—
Additions to goodwill, other intangible assets and other assets, net	(147,963 )	(176,614 )	(3,234 )
Other investing activities	(2,539 )	5,340	4,299
Net cash used in investing activities	(678,484 )	(679,745 )	(504,334 )
Cash flows from financing activities:			
Proceeds from long-term borrowings	3,851,417	1,399,988	71,926
Payments of long-term borrowings	(3,911,992 )	(1,363,534 )	(209,621 )
Net change in funding under the Receivables Facility	(13,800 )	(82,000 )	—
Payments of dividends	(100,813 )	(92,074 )	(81,898 )
Proceeds from issuance of common stock	28,779	35,705	39,946
Repurchase of common stock	(100,000 )	(749 )	(50,176 )
Other financing activities	(42,277 )	(54,741 )	(57,309 )
Net cash used in financing activities	(288,686 )	(157,405 )	(287,132 )
Increase in cash and cash equivalents	86,217	30,164	10,726
Cash and cash equivalents, beginning of period	152,580	122,416	111,690
Cash and cash equivalents, end of period	\$238,797	\$ 152,580	\$122,416

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

## ARAMARK AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE FISCAL YEARS ENDED SEPTEMBER 29, 2017, SEPTEMBER 30, 2016 AND OCTOBER 2, 2015

(in thousands)

	Total Stockholders' Equity	Common Stock	Capital Surplus	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock
Balance, October 3, 2014	\$ 1,718,036	\$ 2,561	\$ 2,575,011	\$ (382,463 )	\$ (106,298 )	\$ (370,775 )
Net income attributable to Aramark stockholders	235,946			235,946		
Other comprehensive income (loss)	(60,270 )				(60,270 )	
Capital contributions from issuance of common stock	77,095	105	76,990			
Share-based compensation expense	66,416		66,416			
Tax benefits related to stock incentive plans	66,313		66,313			
Repurchases of Common Stock	(138,053 )					(138,053 )
Payments of dividends	(82,124 )			(82,124 )		
Balance, October 2, 2015	\$ 1,883,359	\$ 2,666	\$ 2,784,730	\$ (228,641 )	\$ (166,568 )	\$ (508,828 )
Net income attributable to Aramark stockholders	287,806			287,806		
Other comprehensive income (loss)	(14,215 )				(14,215 )	
Capital contributions from issuance of common stock	48,156	60	48,096			
Share-based compensation expense	56,942		56,942			
Tax benefits related to stock incentive plans	31,957		31,957			
Repurchases of Common Stock	(40,056 )					(40,056 )
Payments of dividends	(92,943 )			(92,943 )		
Balance, September 30, 2016	\$ 2,161,006	\$ 2,726	\$ 2,921,725	\$ (33,778 )	\$ (180,783 )	\$ (548,884 )
Adoption of new accounting standard (see Note 1)	1,129		(8,013 )	9,142		
Net income attributable to Aramark stockholders	373,923			373,923		
Other comprehensive income (loss)	57,023				57,023	
Capital contributions from issuance of common stock	35,724	45	35,679			
Share-based compensation expense	65,155		65,155			
Repurchases of Common Stock	(132,662 )					(132,662 )
Payments of dividends	(102,237 )			(102,237 )		
Balance, September 29, 2017	\$ 2,459,061	\$ 2,771	\$ 3,014,546	\$ 247,050	\$ (123,760 )	\$ (681,546 )

The accompanying notes are an integral part of these consolidated financial statements.



Table of Contents

ARAMARK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Aramark (the "Company") is a leading global provider of food, facilities and uniform services to education, healthcare, business & industry, and sports, leisure & corrections clients. The Company's core market is North America (composed of the United States and Canada), which is supplemented by an additional 17-country footprint. The Company operates its business in three reportable segments that share many of the same operating characteristics: Food and Support Services North America ("FSS North America") - Food, refreshment, specialized dietary and support services, including facility maintenance and housekeeping, provided to business, educational and healthcare institutions and in sports, leisure and other facilities.

Food and Support Services International ("FSS International") - Food, refreshment, specialized dietary and support services, including facility maintenance and housekeeping, provided to business, educational and healthcare institutions and in sports, leisure and other facilities.

Uniform and Career Apparel ("Uniform") - Rental, sale, cleaning, maintenance and delivery of personalized uniforms and other textile items on a contract basis and direct marketing of personalized uniforms and accessories to clients in a wide range of industries, including manufacturing, transportation, construction, restaurants and hotels, healthcare and pharmaceutical industries. We supply garments, other textile and paper products and other accessories through rental and direct purchase programs to businesses, public institutions and individuals.

The consolidated financial statements include the accounts of the Company and all of its subsidiaries in which a controlling financial interest is maintained in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). All significant intercompany transactions and accounts have been eliminated.

Fiscal Year

The Company's fiscal year is the fifty-two or fifty-three week period which ends on the Friday nearest September 30th. The fiscal years ended September 29, 2017, September 30, 2016 and October 2, 2015 were each fifty-two week periods.

New Accounting Standards Updates

In September 2017, the Financial Accounting Standards Board ("FASB") issued an accounting standards update ("ASU") which provides additional implementation guidance with respect to the revenue recognition standard and the leases recognition standard. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In August 2017, the FASB issued an ASU to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and simplify the application of hedge accounting. The guidance is effective for the Company in the first quarter of fiscal 2020 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In May 2017, the FASB issued an ASU to clarify the determination of the customer of the operation services in a service concession arrangement. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company will adopt this standard in conjunction with the revenue recognition standard, as described below. The Company is currently evaluating the impact of the pronouncement.

In May 2017, the FASB issued an ASU to clarify when to account for a change to the terms or conditions of a share-based payment award as a modification. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In March 2017, the FASB issued an ASU to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In February 2017, the FASB issued an ASU to clarify the accounting guidance for partial sales of nonfinancial assets. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In January 2017, the FASB issued an ASU to simplify the subsequent measurement of goodwill as part of the impairment test. The guidance is effective for the Company in the first quarter of fiscal 2021 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

S-8

---

Table of Contents

ARAMARK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In January 2017, the FASB issued an ASU to clarify the definition of a business. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In October 2016, the FASB issued an ASU to require entities to recognize the income tax consequences of certain intercompany assets transfers at the transaction date. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In August 2016, the FASB issued an ASU to address the classification of certain cash receipts and cash payments in the Statement of Cash Flows. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In June 2016, the FASB issued an ASU to require entities to account for expected credit losses on financial instruments including trade receivables. The guidance is effective for the Company in the first quarter of fiscal 2021 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In March 2016, the FASB issued an ASU to update several aspects of the accounting for share-based payment transactions. Upon adoption, the ASU requires that excess tax benefits for share-based payments be recorded as a reduction to the provision for income taxes and reflected within cash flows from operating activities rather than being recorded within stockholders' equity and reflected within cash flows from financing activities. The standard also clarifies that all cash payments made on an employee's behalf for withheld shares should be presented as a financing activity on a cash flow statement, and provides an accounting policy election to account for forfeitures as they occur. The Company elected to early adopt the guidance as of the beginning of its first quarter of fiscal 2017. The impact to the Consolidated Statements of Income was \$23.3 million of excess tax benefit recorded as a reduction to the provision for income taxes for fiscal 2017. The adoption impact to the Consolidated Balance Sheets was a cumulative-effect adjustment of approximately \$9.1 million to increase retained earnings for previously unrecognized excess tax benefits. The Company applied the guidance related to the presentation in the Consolidated Statements of Cash Flows on a retrospective basis. The excess tax benefits of \$23.3 million, \$32.0 million and \$66.3 million for share-based awards are included in operating activities, previously classified in financing activities, and approximately \$24.7 million, \$28.7 million and \$52.8 million of cash paid for employee taxes for withheld shares are included in financing activities, previously classified in operating activities, for fiscal 2017, fiscal 2016 and fiscal 2015, respectively. As a result of the adoption, the excess tax benefits are no longer included in the calculation of diluted shares under the treasury stock method, which increased the diluted shares outstanding by approximately 1.4 million shares for fiscal 2017. The Company elected to continue to estimate forfeitures expected to occur to determine the amount of compensation cost to be recognized in each period.

In February 2016, the FASB issued an ASU requiring lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and to disclose key information about lease arrangements. The guidance is effective for the Company in the first quarter of fiscal 2020 and early adoption is permitted. The Company is in the process of reviewing its lease arrangements in order to determine the impact the adoption of this ASU will have on its consolidated financial statements and related disclosures. Based on the assessment to date, the Company expects adoption of this standard to result in a material increase in lease-related assets and liabilities in its Consolidated Balance Sheets, but does not expect it to have a significant impact in its Consolidated Statements of Income or Cash Flows.

In January 2016, the FASB issued an ASU to address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The guidance is effective for the Company in the first quarter of fiscal 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In July 2015, the FASB issued an ASU which changes the measurement principle for inventory from the lower of cost or market to the lower of cost and net realizable value. The guidance is effective for the Company in the first quarter of fiscal 2018 and early adoption is permitted. The Company does not believe the adoption of this ASU will have a material impact on the consolidated financial statements.

In June 2014, the FASB issued an ASU on stock compensation which requires that a performance target affecting vesting and that could be achieved after the requisite service period be treated as a performance condition. The Company adopted the guidance in the first quarter of fiscal 2017, which did not have an impact on the consolidated financial statements.

In May 2014, the FASB issued an ASU on revenue from contracts with customers which outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. In July 2015, the FASB voted to defer the effective date of the new revenue standard by one year, but to permit entities to adopt one year earlier if they choose (i.e., the original effective date). The guidance is effective for the Company beginning in the first quarter of fiscal 2019. As the new standard will supersede most existing revenue guidance affecting the Company, it could impact revenue and cost recognition on contracts across all reportable segments.

S-9

---

Table of Contents

ARAMARK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company completed its comprehensive contract review project and has developed an understanding of the potential adoption impact to the consolidated financial statements on a qualitative basis. Based on this preliminary assessment, the Company does not believe this ASU will have a material impact on the timing of revenue recognition. The Company has also made significant progress on evaluating the impact the ASU may have related to the timing and presentation of various financial aspects of our contractual arrangements, including client contract investments, costs to fulfill and commissions. The Company has not selected the method of adoption and continues to assess the disclosure requirements, business processes, controls and systems.

Revenue Recognition

The Company recognizes sales when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed and determinable and collectability is reasonably assured. In each of the Company's operating segments, sales are recognized in the period in which services are provided pursuant to the terms of the Company's contractual relationships with its clients. The Company generally records sales on food and support services contracts (both profit and loss contracts and client interest contracts) on a gross basis as the Company is the primary obligor and service provider.

Certain profit and loss contracts include commissions paid to the client, typically calculated as a fixed or variable percentage of various categories of sales. In some cases these contracts require minimum guaranteed commissions. Commissions paid to clients are recorded in "Cost of services provided."

Sales from client interest contracts are generally comprised of amounts billed to clients for food, labor and other costs that the Company incurs, controls and pays for. Sales from client interest contracts also include any associated management fees, client subsidies or incentive fees based upon the Company's performance under the contract. Sales from direct marketing activities are recognized upon shipment. All sales related taxes are presented on a net basis.

Vendor Consideration

Consideration received from vendors includes rebates, allowances and volume discounts and are accounted for as an adjustment to the cost of the vendors' products or services and are reported as a reduction of "Cost of services provided," "Inventory," or "Property and Equipment." Income from rebates, allowances and volume discounts is recognized based on actual purchases in the fiscal period relative to total actual or forecasted purchases to be made for the contractual rebate period agreed to with the vendor. Rebates, allowances and volume discounts related to Inventory held at the balance sheet date are deducted from the carrying value of these inventories. Rebates, allowances and volume discounts related to "Property and Equipment" are deducted from the costs capitalized.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could materially differ from those estimates.

Comprehensive Income

Comprehensive income includes all changes to stockholders' equity during a period, except those resulting from investments by and distributions to stockholders. Components of comprehensive income include net income (loss), changes in foreign currency translation adjustments (net of tax), pension plan adjustments (net of tax), changes in the fair value of cash flow hedges (net of tax) and changes to the share of any equity investees' comprehensive income (net of tax).

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The summary of the components of comprehensive income (loss) is as follows (in thousands):

	Fiscal Year Ended								
	September 29, 2017			September 30, 2016			October 2, 2015		
	Pre-Tax Amount	Tax Effect	After-Tax Amount	Pre-Tax Amount	Tax Effect	After-Tax Amount	Pre-Tax Amount	Tax Effect	After-Tax Amount
Net income			\$374,187			\$288,232			\$236,976
Pension plan adjustments	22,548	(2,556 )	19,992	(37,957)	13,287	(24,670 )	2,832	690	3,522
Foreign currency translation adjustments	5,903	—	5,903	18,547	(15,467)	3,080	(50,458)	6,911	(43,547 )
Cash flow hedges:									
Unrealized gains (losses) arising during the period	31,884	(12,435)	19,449	(23,437)	15,011	(8,426 )	(58,143)	23,521	(34,622 )
Reclassification adjustments	16,606	(6,476 )	10,130	34,861	(13,677)	21,184	20,143	(8,462 )	11,681
Share of equity investee's comprehensive income (loss)	2,383	(834 )	1,549	(8,282 )	2,899	(5,383 )	4,148	(1,452 )	2,696
Other comprehensive income (loss)	79,324	(22,301)	57,023	(16,268)	2,053	(14,215 )	(81,478)	21,208	(60,270 )
Comprehensive income			431,210			274,017			176,706
Less: Net income attributable to noncontrolling interest			264			426			1,030
Comprehensive income attributable to Aramark stockholders			\$430,946			\$273,591			\$175,676

Accumulated other comprehensive loss consists of the following (in thousands):

	September 29, 2017	September 30, 2016
Pension plan adjustments	\$ (45,275 )	\$ (65,267 )
Foreign currency translation adjustments	(62,558 )	(68,461 )
Cash flow hedges	(6,794 )	(36,373 )
Share of equity investee's accumulated other comprehensive loss	(9,133 )	(10,682 )
	\$ (123,760 )	\$ (180,783 )

**Currency Translation**

Gains and losses resulting from the translation of financial statements of non-U.S. subsidiaries are reflected as a component of accumulated other comprehensive income (loss) in stockholders' equity. Transaction gains and losses included in operating results for fiscal 2017, fiscal 2016 and fiscal 2015 were not material.

**Current Assets**

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

Inventories are valued at the lower of cost (principally the first-in, first-out method) or market. Personalized work apparel, linens and other rental items in service are recorded at cost and are amortized over their estimated useful lives, which primarily range from one to four years. The amortization rates used are based on the Company's specific experience.

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of inventories are as follows:

	September	September	September	September
	29, 2017	30, 2016	29, 2017	30, 2016
Food	36.9	35.9	%	%
Career apparel and linens	60.5	60.9	%	%
Parts, supplies and novelties	2.6	3.2	%	%
	100.0	100.0	%	%

**Property and Equipment**

Property and equipment are stated at cost and are depreciated over their estimated useful lives on a straight-line basis. Gains and losses on dispositions are included in operating results. Maintenance and repairs are charged to current operations, and replacements and significant improvements that extend the useful life of the asset are capitalized. The estimated useful lives for the major categories of property and equipment are 10 to 40 years for buildings and improvements and 3 to 10 years for service equipment and fixtures. Depreciation expense during fiscal 2017, fiscal 2016 and fiscal 2015 was \$237.9 million, \$234.8 million, and \$226.6 million, respectively.

During fiscal 2017, the Company received proceeds of approximately \$30.1 million related to the sale of a building within the FSS International segment. Subsequently, the Company entered into a capital lease for the building. The proceeds are included in "Other financing activities" in the Consolidated Statements of Cash Flows. The impact on the Consolidated Statements of Income was not material.

During fiscal 2016, the Company received proceeds of approximately \$9.5 million related to the sale of a building within the FSS North America segment, resulting in a loss of approximately \$5.1 million, which is included in "Cost of services provided" in the Consolidated Statement of Income. During fiscal 2015, the Company recorded an impairment charge of approximately \$8.7 million, which is included in "Cost of services provided" in the Consolidated Statement of Income, to write down the book value of this building to its estimated fair value at the time. Also during fiscal 2015, the Company received proceeds of approximately \$9.8 million related to the sale of another of its buildings within the FSS North America segment, resulting in a gain of approximately \$3.1 million. Also during fiscal 2016, the Company recorded an impairment charge of approximately \$6.0 million, which is included in "Cost of services provided" in the Consolidated Statements of Income, to write off certain idle service equipment in the Uniform segment.

**Other Assets**

The following table presents details of "Other Assets" as presented in the Consolidated Balance Sheets (in thousands):

	September	September
	29, 2017	30, 2016
Client contract investments <sup>(1)</sup>	\$981,300	\$865,004
Miscellaneous investments <sup>(2)</sup>	247,601	253,798
Long-term receivables	72,406	72,469
Computer software costs, net <sup>(3)</sup>	111,005	91,760
Other <sup>(4)</sup>	62,412	42,623
	\$1,474,724	\$1,325,654

Client contract investments generally represent a cash payment provided by the Company to help finance improvement or renovation at the facility from which the Company operates. These amounts are amortized over (1) the contract period. If a contract is terminated prior to its maturity date, the Company is reimbursed for the unamortized client contract investment amount. Amortization expense was \$159.6 million, \$142.5 million and \$128.8 million during fiscal 2017, fiscal 2016 and fiscal 2015, respectively.

Miscellaneous investments represent investments in 50% or less owned entities, including the Company's 50% (2) ownership in AIM Services Co., Ltd., a Japanese food and support services company (approximately \$173.8 million and \$181.4 million at September 29, 2017 and September 30, 2016, respectively).

- (3) Computer software costs represent capitalized costs incurred to purchase or develop software for internal use, and are amortized over the estimated useful life of the software, generally a period of three to seven years.
- (4) Other consists of noncurrent deferred tax assets, pension assets and deferred financing costs on certain revolving credit facilities.

S-12

---



Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Other Accrued Expenses and Liabilities

The following table presents details of "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets (in thousands):

	September 29, 2017	September 30, 2016
Deferred income	\$ 294,781	\$ 262,976
Accrued commissions	84,138	79,048
Accrued taxes	75,156	62,510
Accrued insurance and interest	87,143	66,165
Other	305,222	305,317
	\$ 846,440	\$ 776,016

## Deferred Income Taxes and Other Noncurrent Liabilities

The following table presents details of "Deferred Income Taxes and Other Noncurrent Liabilities" as presented in the Consolidated Balance Sheets (in thousands):

	September 29, 2017	September 30, 2016
Deferred income tax payable	\$ 570,893	\$ 608,375
Deferred compensation	229,663	228,231
Pension-related liabilities	14,164	26,854
Interest rate swap agreements	9,313	34,919
Other noncurrent liabilities	154,911	104,634
	\$ 978,944	\$ 1,003,013

## Share-Based Compensation

The Company recognizes compensation cost related to share-based payment transactions in the consolidated financial statements. The cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity award). See Note 10 for additional information on share-based compensation.

## Supplemental Cash Flow Information

	Fiscal Year Ended		
(dollars in millions)	September 30, 2017	September 30, 2016	October 2, 2015
Interest paid	\$ 201.7	\$ 275.4	\$ 267.9
Income taxes paid	126.3	55.6	31.5

## Significant noncash activities follow:

During fiscal 2017, fiscal 2016 and fiscal 2015, the Company executed capital lease transactions. The present value of the future rental obligations was approximately \$55.4 million, \$36.4 million and \$17.9 million for the respective periods, which is included in property and equipment and long-term borrowings.

During fiscal 2017, fiscal 2016 and fiscal 2015, cashless settlements of the exercise price and related employee minimum tax withholding liabilities of share-based payment awards were approximately \$32.7 million, \$40.1 million and \$89.6 million, respectively.

## NOTE 2. ACQUISITIONS AND DIVESTITURES:

## Acquisitions

During fiscal 2017, the Company paid cash consideration of approximately \$142.1 million for various acquisitions. The sales, net income, assets and liabilities of the acquisitions did not have a material impact on the Company's consolidated financial statements.



Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**HPSI**

During the fourth quarter of fiscal 2016, the Company acquired the assets of HPSI, a group purchasing organization, in its FSS North America segment for cash consideration of \$140.0 million. The sales, net income, assets and liabilities of HPSI did not have a material impact on the Company's consolidated financial statements.

**Avoca Handweavers Limited**

During the second quarter of fiscal 2016, the Company completed the purchase of Avoca Handweavers Limited ("Avoca"), an Irish retail and cafe business, for cash consideration of approximately \$65.8 million (approximately \$59.2 million, net of cash acquired). The sales, net income, assets and liabilities of Avoca did not have a material impact on the Company's consolidated financial statements.

**Divestitures**

During the fourth quarter of fiscal 2015, the Company announced it had made the decision to exit certain operations within the FSS International segment. As a result of this action, the Company incurred charges of approximately \$0.6 million and \$14.6 million during fiscal 2016 and fiscal 2015, respectively. For fiscal 2015, these charges consisted of severance charges (approximately \$4.4 million), asset write-downs (approximately \$8.0 million) and certain other exit costs (approximately \$2.2 million). The Company recorded these charges in "Cost of services provided" in the Consolidated Statements of Income.

**Aramark India Private Limited**

During the second quarter of fiscal 2015, the Company completed the sale of Aramark India Private Limited ("India"), resulting in a pretax loss of approximately \$4.3 million (after tax gain of approximately \$1.8 million due to the tax basis exceeding the book basis of the subsidiary), which is included in "Cost of services provided" in the Consolidated Statements of Income. The Company did not receive any proceeds from the sale of its India subsidiary. The results of operations and cash flows associated with the India subsidiary divestiture were not material to the Company's Consolidated Statements of Income and Cash Flows.

**NOTE 3. SEVERANCE AND ASSET WRITE-DOWNS:**

During fiscal 2015, the Company initiated a new phase related to streamlining and improving the efficiency and effectiveness of the Company's selling, general and administrative functions, which resulted in net severance charges of approximately \$23.1 million (exclusive of the severance charges incurred related to the exit of certain operations within the FSS International segment- see Note 2). In addition, during fiscal 2015, the Company recorded charges of approximately \$6.0 million to write-off service equipment from the decline in its Canadian remote services business within its FSS North America segment, which is included in "Cost of services provided" in the Consolidated Statements of Income.

During fiscal 2016, the Company continued and refined its focus on streamlining and improving the efficiency and effectiveness of its selling, general and administrative functions. As a result, the Company recorded net severance charges of approximately \$24.9 million during fiscal 2016.

During fiscal 2017, the Company updated its previously initiated actions on streamlining and improving the efficiencies and effectiveness of its selling, general and administrative functions. The Company recorded net severance charges of approximately \$18.4 million during fiscal 2017.

The following table summarizes the unpaid obligations for severance and related costs as of September 29, 2017, which are included in "Accrued payroll and related expenses" in the Consolidated Balance Sheets. These unpaid obligations are expected to be paid during fiscal 2018.

(in millions)	September 30, 2016	Net Charges	Payments and Other	September 29, 2017
Severance and Related Costs Accrual	\$26.1	18.4	(26.7 )	\$17.8

**NOTE 4. GOODWILL AND OTHER INTANGIBLE ASSETS:**

Goodwill represents the excess of the fair value of consideration paid for an acquired entity over the fair value of assets acquired and liabilities assumed in a business combination. Goodwill is not amortized and is subject to an

impairment test that the Company conducts annually, or more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists, using discounted cash flows. The Company performs its assessment of goodwill at the reporting unit level. Within the FSS International segment, each country is evaluated separately since such operating units are relatively autonomous and separate goodwill balances have been recorded for each entity. The Company completed its annual goodwill impairment test for fiscal 2017, which determined goodwill was not impaired. The Company performs its annual impairment test as of the end of the fiscal month of August.

S-14

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Goodwill, allocated by segment, is as follows (in thousands):

Segment	September 30, 2016	Acquisitions	Translation and Other	September 29, 2017
FSS North America	\$ 3,635,614	\$ 32,497	\$ (1,070 )	\$ 3,667,041
FSS International	418,488	25,413	20,630	464,531
Uniform	574,779	9,640	(480 )	583,939
	\$ 4,628,881	\$ 67,550	\$ 19,080	\$ 4,715,511

Goodwill related to acquisitions closed during the fiscal 2017 may be revised upon final determination of the purchase price allocation.

Other intangible assets consist of (in thousands):

	September 29, 2017			September 30, 2016		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationship assets	\$ 1,376,812	\$ (1,063,350 )	\$ 313,462	\$ 1,793,739	\$ (1,462,058 )	\$ 331,681
Trade names	807,362	—	807,362	781,835	(1,633 )	780,202
	\$ 2,184,174	\$ (1,063,350 )	\$ 1,120,824	\$ 2,575,574	\$ (1,463,691 )	\$ 1,111,883

During fiscal 2017, the Company acquired customer relationship assets and trade names with preliminary values of approximately \$67.0 million and \$22.9 million, respectively. During fiscal 2016, the Company acquired customer relationship assets and trade names with values of approximately \$64.0 million and \$35.6 million, respectively.

Customer relationship assets are being amortized principally on a straight-line basis over the expected period of benefit, 3 to 24 years, with a weighted average life of approximately 13 years. The Aramark and other trade names are indefinite lived intangible assets and are not amortizable but are evaluated for impairment at least annually. The Company completed its annual trade name impairment test for fiscal 2017, which did not result in an impairment charge. Amortization of intangible assets for fiscal 2017, fiscal 2016 and fiscal 2015 was approximately \$87.9 million, \$98.5 million and \$133.2 million, respectively.

Based on the recorded balances at September 29, 2017, total estimated amortization of all acquisition-related intangible assets for fiscal years 2018 through 2022 follows (in thousands):

2018	\$62,756
2019	53,357
2020	52,815
2021	45,348
2022	24,972

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5. BORROWINGS:

Long-term borrowings, net, are summarized in the following table (in thousands):

	September 29, 2017	September 30, 2016
Senior secured revolving credit facility, due March 2022	\$ —	\$ —
Senior secured term loan facility, due September 2019	—	840,305
Senior secured term loan facility, due February 2021	—	2,450,749
Senior secured term loan facility, due March 2022	1,125,858	—
Senior secured term loan facility, due March 2024	1,403,429	—
5.75% senior notes, due March 2020	—	227,032
5.125% senior notes, due January 2024	903,654	905,095
4.750% senior notes, due June 2026	493,464	492,886
5.000% senior notes, due April 2025	589,733	—
3.125% senior notes, due April 2025	379,429	—
Receivables Facility, due May 2019	254,200	268,000
Capital leases	114,400	78,615
Other	4,321	7,354
	5,268,488	5,270,036
Less—current portion	(78,157 )	(46,522 )
	\$ 5,190,331	\$ 5,223,514

As of September 29, 2017, there was approximately \$881.8 million of outstanding foreign currency borrowings.

## Fiscal 2017 Refinancing Transactions

On March 22, 2017, Aramark Services, Inc. ("ASI"), an indirect wholly owned subsidiary of the Company, issued \$600.0 million of 5.000% Senior Notes due April 1, 2025 (the "5.000% 2025 Notes"). On March 27, 2017, Aramark International Finance S.à r.l. ("AIFS" and, together with ASI, "the Issuers"), an indirect wholly owned subsidiary of the Company, issued €325.0 million of 3.125% Senior Notes due April 1, 2025 (the "3.125% 2025 Notes" and, together with the 5.000% 2025 Notes, the "2025 Notes").

ASI and certain of its subsidiaries entered into a credit agreement on March 28, 2017 (as supplemented or otherwise modified from time to time, the "Credit Agreement"), which replaced the existing Amended and Restated Credit Agreement, originally dated January 26, 2007, and last amended on March 28, 2014 (the "Previous Credit Agreement"). On September 20, 2017, ASI and certain of its subsidiaries entered into an amendment (the "Incremental Amendment No. 1") to the Credit Agreement. Among other things, the Credit Agreement provides for the following as of September 29, 2017:

• A U.S. dollar denominated term loan to ASI in the amount of \$633.8 million, due 2022, ("U.S. Term Loan A") and \$1.4 billion, due 2024 ("U.S. Term Loan B");

• A Canadian dollar denominated term loan to Aramark Canada Ltd. in the amount of CAD250.1 million, due 2022 (approximately \$200.5 million) (the "Canadian Term Loan");

• A yen denominated term loan to ASI in the amount of ¥11,051.5 million, due 2022 (approximately \$98.2 million) ("Yen Term Loan");

• A euro denominated term loan to Aramark Investments Limited, a U.K. borrower, in an amount of €170.0 million, due 2022 (approximately \$200.9 million) (the "Euro Term Loan"); and

• A revolving credit facility available for loans in U.S. dollars, Canadian dollars, euros and pounds sterling to ASI and certain foreign borrowers with aggregate commitments under the Credit Agreement of \$1.0 billion and a final maturity date of March 28, 2022.

The net proceeds from the 2025 Notes and borrowings under the senior secured term loan facilities under the Credit Agreement were used to repay all existing outstanding borrowings under the term loans under the Previous Credit Agreement, to redeem ASI's 5.750% senior notes, due March 2020 (the "2020 Notes"), and to pay certain fees and

related expenses. The Company recorded \$28.5 million of charges to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income for the fiscal year ended September 29, 2017, consisting of \$25.2 million of non-cash charges for the write-off of deferred financing costs and original issue discount and \$3.3 million for the call premium on the 2020 Notes. The Company used the borrowings

S-16

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

under the Incremental Amendment No. 1 to pay down a portion of the existing U.S. Term Loan B loans outstanding under the Credit Agreement and to pay certain related fees and expenses.

For the fiscal year ended September 29, 2017, the Company capitalized third-party costs of approximately \$15.1 million directly attributable to the 2025 Notes and approximately \$17.8 million directly attributable to the new senior secured term loan facilities under the Credit Agreement, which are included in "Long-Term Borrowings" in the Consolidated Balance Sheets. The Company also capitalized third-party costs of approximately \$8.2 million during fiscal 2017, directly attributable to the senior secured revolving credit facility, which are included in "Other Assets" in the Consolidated Balance Sheets.

**Senior Secured Credit Agreement**

The applicable margin spread for the U.S. Term Loan B is 1.75% to 2.00% (as of September 29, 2017—2.00%) with respect to eurocurrency (LIBOR) borrowings, subject to a LIBOR floor of 0.00%, and 0.75% to 1.00% (as of September 29, 2017—1.00%) with respect to base-rate borrowings, subject to a minimum base rate of 0.00%. The applicable margin spread for the U.S. Term Loan A, Canadian Term Loan and the senior secured revolving credit facility is 1.50% to 2.25% (as of September 29, 2017—1.75%) with respect to eurocurrency (LIBOR) borrowings, bankers' acceptance ("BA") rate borrowings and letters of credit fees and 0.50% to 1.25% (as of September 29, 2017—0.75%) with respect to U.S. and Canadian base rate borrowings. The applicable margin for the Yen Term Loan is 1.75%. The applicable margin for the Euro Term Loan is 1.50%. In addition to paying interest on outstanding principal under the senior secured credit facilities, the Company is required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder. The commitment fee rate ranges from 0.25% to 0.40% per annum (as of September 29, 2017—0.30%). The actual spreads within all ranges referred to above are based on a Consolidated Leverage Ratio, as defined in the Credit Agreement.

The Company's revolving credit facility includes a \$250.0 million sublimit for letters of credit.

The Credit Agreement provides that the Company has the right at any time to request one or more incremental term loan facilities or increases under existing term loan facilities and/or additional revolving credit facilities or increases under the existing revolving credit facility in an amount up to \$1,400.0 million of incremental commitments in the aggregate plus an unlimited amount so long as the pro forma Consolidated Secured Debt to Covenant Adjusted EBITDA ratio (each as calculated in accordance with the Credit Agreement (the "Consolidated Secured Debt Ratio")) would not exceed 3.00 to 1.00, plus any amount of loans and commitments optionally prepaid and terminated under the senior secured credit facilities. The lenders under these facilities are not under any obligation to provide any such incremental facilities or commitments, and any such addition of or increase in facilities or commitments will be subject to customary conditions precedent. The revolving credit facility may be drawn by ASI as well as by certain foreign subsidiaries of ASI. Each foreign borrower is subject to a sublimit of \$150.0 million with respect to borrowings under the revolving credit facility.

As of September 29, 2017, there was approximately \$998.5 million available for borrowing under the revolving credit facility.

**Prepayments and Amortization**

The Credit Agreement requires us to prepay outstanding term loans, subject to certain exceptions, with:

50% of ASI's annual excess cash flow (as defined in the Credit Agreement) with stepdowns to 25% and 0% upon ASI's reaching certain Consolidated Secured Debt Ratio thresholds; provided, further, that such prepayment shall only be required to the extent excess cash flow for the applicable year exceeds \$10.0 million;

100% of the net cash proceeds of all nonordinary course asset sales or other dispositions of property subject to certain exceptions and customary reinvestment rights; provided, further, that such prepayment shall only be required to the extent net cash proceeds exceeds \$100.0 million; and

100% of the net cash proceeds of any incurrence of debt, but excluding proceeds from certain debt permitted under the Credit Agreement.

The foregoing mandatory prepayments will be applied to the term loan facilities on a pro rata basis and will reduce the obligations to make scheduled amortization payments on a dollar for dollar basis as directed by the Company. The



Company may voluntarily repay outstanding loans under the Credit Agreement any time without premium or penalty, other than (i) customary "breakage" costs with respect to LIBOR loans and (ii) with respect to any voluntary prepayments of the U.S. Term Loan B in connection with any repricing transaction (as defined in the Credit Agreement) effected prior to September 28, 2017, a 1% prepayment premium. Prepaid term loans may not be reborrowed.

During the first quarter of fiscal 2016, the Company repaid a U.S. dollar denominated term loan of a Canadian subsidiary, due July 2016, that had been borrowed under the Company's senior secured credit agreement in the amount of \$74.1 million. The Company made optional prepayments of approximately \$330.6 million and \$160.0 million of outstanding U.S. dollar term loans, during fiscal 2017 and fiscal 2016, respectively.

S-17

---

Table of Contents

ARAMARK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

If a change of control as defined in the Credit Agreement occurs, this will cause an event of default under the Credit Agreement. Upon an event of default, the new senior secured credit facilities may be accelerated, in which case the Company would be required to repay all outstanding loans plus accrued and unpaid interest and all other amounts outstanding under the new senior secured credit facilities under the Credit Agreement.

The Company is required to make quarterly principal repayments on the U.S. Term Loan B and the Yen Term Loan in quarterly amounts of 1.00% per annum of their funded total principal amount. The Company is required to make quarterly principal repayments on the U.S. Term Loan A in quarterly amounts of 5.0%, 5.0%, 7.5%, 10.0% and 15.0% per annum of their funded total principal amount after the anniversary of the first, second, third, fourth and fifth years under the Credit Agreement. The Company is required to make quarterly principal repayments on the Canadian Term Loan in quarterly amounts of 4.4%, 5.0%, 7.5%, 10.1% and 15.1% per annum of their funded total principal amount after the anniversary of the first, second, third, fourth and fifth years under the Credit Agreement. The Company is required to make quarterly principal repayments on the Euro Term Loan in quarterly amounts of 5.0%, 6.3%, 8.8%, 12.5% and 15.0% per annum of their funded total principal amount after the anniversary of the first, second, third, fourth and fifth years under the Credit Agreement.

Guarantees

All obligations under the Credit Agreement are unconditionally guaranteed by Aramark Intermediate HoldCo Corporation and, subject to certain exceptions, substantially all of ASI's existing and future wholly-owned domestic subsidiaries excluding certain immaterial subsidiaries, receivables facility subsidiaries, certain other customarily excluded subsidiaries and certain subsidiaries designated under the Credit Agreement as "unrestricted subsidiaries", referred to, collectively, as the U.S. Guarantors. All obligations under the Credit Agreement, and the guarantees of those obligations, are secured by (i) a pledge of 100% of the capital stock of ASI, (ii) pledges of 100% of the capital stock (or 65% of voting stock and 100% of non-voting stock, in the case of the stock of foreign subsidiaries) held by ASI, Aramark Intermediate HoldCo Corporation or any of the U.S. Guarantors and (iii) a security interest in, and mortgages on, substantially all tangible assets of Aramark Intermediate HoldCo Corporation, ASI or any of the U.S. Guarantors.

Certain Covenants

The Credit Agreement contains certain covenants that, among other things, restrict, subject to certain exceptions, ASI's ability and the ability of its restricted subsidiaries to: incur additional indebtedness; issue preferred stock or provide guarantees; create liens on assets; engage in mergers or consolidations; sell assets; pay dividends, make distributions or repurchase its capital stock; make investments, loans or advances; repay or repurchase any subordinated debt, except as scheduled or at maturity; create restrictions on the payment of dividends or other transfers to ASI from its restricted subsidiaries; make certain acquisitions; engage in certain transactions with affiliates; amend material agreements governing ASI's subordinated debt; and fundamentally change ASI's business. In addition, the Credit Agreement requires ASI to comply with a maximum Consolidated Secured Debt Ratio maintenance covenant. The Credit Agreement also contains certain customary affirmative covenants, such as financial and other reporting, and certain events of default. At September 29, 2017, ASI was in compliance with all of these covenants.

The Credit Agreement requires ASI to maintain a maximum Consolidated Secured Debt Ratio, defined as consolidated total indebtedness secured by a lien to Covenant Adjusted EBITDA, of 5.125x. Consolidated total indebtedness secured by a lien is defined in the Credit Agreement as total indebtedness consisting of debt for borrowed money, capital leases, debt in respect of sale-leaseback transactions, disqualified and preferred stock and advances under the Receivables Facility secured by a lien reduced by the amount of cash and cash equivalents on the consolidated balance sheet that is free and clear of any lien. Non-compliance with the maximum Consolidated Secured Debt Ratio could result in the requirement to immediately repay all amounts outstanding under the Credit Agreement, which, if ASI's lenders under the Credit Agreement (other than the lenders in respect of ASI's U.S. Term Loan B which lenders shall not benefit from the maximum Consolidated Secured Debt Ratio) failed to waive any such default, would also constitute a default under the indentures governing the senior notes. The actual ratio at September 29, 2017

was 1.87x.

The Credit Agreement establishes an incurrence-based minimum Interest Coverage Ratio, defined as Covenant Adjusted EBITDA to consolidated interest expense, as a condition for ASI and its restricted subsidiaries to incur additional indebtedness and to make certain restricted payments. The minimum Interest Coverage Ratio is 2.00x for the term of the Credit Agreement. If ASI does not maintain this minimum Interest Coverage Ratio calculated on a pro forma basis for any such additional indebtedness or restricted payments, it could be prohibited from being able to incur additional indebtedness, other than the additional funding provided for under the Credit Agreement and pursuant to specified exceptions, and make certain restricted payments, other than pursuant to certain exceptions. The actual ratio was 5.82x for the fiscal year ended September 29, 2017.

A failure to pay any obligations under the Credit Agreement as they become due or any event causing amounts to become due prior to their stated maturity could result in a cross-default and potential acceleration of the Company's other outstanding debt obligations, including the senior notes.

S-18

---

Table of Contents

ARAMARK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Senior Notes

5.000% Senior Notes due 2025 and 3.125% Senior Notes due 2025

The 5.000% 2025 Notes were issued pursuant to an indenture, dated as of March 22, 2017 (the "5.000% 2025 Notes Indenture"), entered into by and among ASI, the Company and certain other Aramark entities, as guarantors, and The Bank of New York Mellon, as trustee. The 5.000% 2025 Notes were issued at par. The 3.125% 2025 Notes were issued pursuant to an indenture, dated as of March 27, 2017 (the "3.125% 2025 Notes Indenture"), entered into by and among AIFS, the Company and certain other Aramark entities, as guarantors, The Bank of New York Mellon, as trustee and registrar, and The Bank of New York Mellon, London Branch, as paying agent and transfer agent. The 3.125% 2025 Notes were issued at par.

The 2025 Notes are senior unsecured obligations of the respective Issuers. Each series of the 2025 Notes ranks equal in right of payment to all of the respective Issuer's existing and future senior indebtedness, including the senior secured credit facilities under the Credit Agreement, and, in the case of the 5.000% 2025 Notes with respect to ASI, ASI's 5.125% Senior Notes due 2024 (the "2024 Notes") and 4.750% Senior Notes due 2026 (the "2026 Notes") and will rank senior in right of payment to the respective Issuer's future subordinated indebtedness. The 2025 Notes are guaranteed on a senior, unsecured basis by the Company and substantially all of the domestic subsidiaries of ASI and the 3.125% 2025 Notes are guaranteed on a senior, unsecured basis by ASI. The guarantees of the 2025 Notes rank equal in right of payment to all of the senior obligations of such guarantor, including guarantees of the senior secured credit facilities, the 2024 Notes, the 2026 Notes and the 5.000% 2025 Notes or 3.125% 2025 Notes, as applicable, and in the case of the 3.125% 2025 Notes with respect to ASI, ASI's obligations under the senior secured credit facilities, the 2024 Notes, the 2026 Notes and the 5.000% 2025 Notes. Each series of the 2025 Notes and the related guarantees thereof are effectively subordinated to all of the respective Issuers' existing and future secured indebtedness, including obligations and/or guarantees of the senior secured credit facilities under the Credit Agreement, to the extent of the value of the assets securing that indebtedness, and structurally subordinated to all of the liabilities of any of ASI's subsidiaries that do not guarantee the 2025 Notes. Interest on the 2025 Notes is payable on April 1 and October 1 of each year, commencing on October 1, 2017.

In the event of certain types of changes of control, the holders of the 2025 Notes may require the applicable Issuer to purchase for cash all or a portion of their 2025 Notes at a purchase price equal to 101% of the principal amount of such 2025 Notes, plus accrued and unpaid interest, if any, to, but not including, the purchase date. Beginning April 1, 2020, ASI has the option to redeem all or a portion of the 5.000% 2025 Notes at any time at the redemption prices set forth in the 5.000% 2025 Notes Indenture, plus accrued and unpaid interest. Beginning April 1, 2020, AIFS has the option to redeem all or a portion of the 3.125% 2025 Notes at any time at the redemption prices set forth in the 3.125% 2025 Notes Indenture, plus accrued and unpaid interest.

The 5.000% 2025 Notes Indenture and the 3.125% 2025 Notes Indenture contain covenants limiting ASI's ability and the ability of its restricted subsidiaries to: incur additional indebtedness or issue certain preferred shares; pay dividends and make certain distributions, investments and other restricted payments; create certain liens; sell assets; enter into transactions with affiliates; limit the ability of restricted subsidiaries to make payments to ASI; enter into sale and leaseback transactions; merge, consolidate, sell or otherwise dispose of all or substantially all of ASI's and its restricted subsidiaries assets; and designate ASI's subsidiaries as unrestricted subsidiaries. The 5.000% 2025 Notes Indenture and the 3.125% 2025 Notes Indenture also provide for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the applicable series of 2025 Notes to become or to be declared due and payable. Further, a failure to pay any obligations under the 5.000% 2025 Notes Indenture or the 3.125% 2025 Notes Indenture as they become due or any event causing amounts to become due prior to their stated maturity could result in a cross-default and potential acceleration of the Company's other outstanding debt obligations, including the other senior notes and obligations under the Credit Agreement.

Fiscal 2016 Refinancing Transactions

On May 31, 2016, ASI issued \$1.0 billion principal amount of senior unsecured notes, consisting of \$500 million aggregate principal amount of 2024 Notes and \$500 million of aggregate principal amount of 2026 Notes. The

additional 2024 Notes were issued pursuant to an indenture dated as of December 17, 2015, as supplemented by the supplemental indenture, dated as of May 31, 2016, entered into by ASI, certain other Aramark entities, as guarantors of the 2024 Notes and the Bank of New York Mellon, as trustee. The 2026 Notes were issued pursuant to the indenture, dated as of May 31, 2016, entered into by ASI, certain other Aramark entities, as guarantors of the 2026 Notes and The Bank of New York Mellon, as trustee. The additional 2024 Notes were issued at a premium of \$18.8 million, which created an effective yield of 4.6%. The premium was recorded to "Long-Term Borrowings" in the Consolidated Balance Sheets and will be amortized to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income until maturity in 2024. The 2026 Notes were issued at par.

The net proceeds from the 2024 Notes and the 2026 Notes and premium from the 2024 Notes were used to redeem \$194.1 million of the senior secured term loan facility due September 2019 (the "2019 Term Loans"), repay \$771.2 million principal of the 2020 Notes, pay a \$22.2 million call premium on the 2020 Notes, pay \$11.1 million of accrued interest on the 2020 Notes

S-19

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

and fees and costs associated with the 2024 Notes and 2026 Notes. As a result of the issuance of the 2024 Notes and 2026 Notes, the Company recorded charges of approximately \$30.2 million, to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income for the fiscal year ended September 30, 2016, consisting of \$22.2 million for the call premium on the 2020 Notes and \$8.0 million of non-cash charges for the write-off of debt issuance costs and debt discount on the 2020 Notes and 2019 Term Loans. The Company also paid approximately \$14.2 million in debt issuance costs spread evenly between the 2024 Notes and 2026 Notes, which were recorded as a reduction to "Long-Term Borrowings" in the Consolidated Balance Sheets.

On December 17, 2015, ASI issued \$400 million of 2024 Notes, pursuant to an indenture, dated as of December 17, 2015, entered into by ASI, certain other Aramark entities, as guarantors of the 2024 Notes and the Bank of New York Mellon, as trustee. The 2024 Notes were issued at par. The Company paid approximately \$6.0 million in financing fees related to the 2024 Notes.

The 2024 Notes and 2026 Notes are senior unsecured obligations of ASI. The 2024 Notes and 2026 Notes rank equal in right of payment to all of ASI's existing and future senior debt, including the senior secured credit facilities under the Credit Agreement and the 2025 Notes and senior in the right of payment to ASI's future debt and other obligations that are expressly subordinated in right of payment to the 2024 Notes and 2026 Notes. The 2024 Notes and 2026 Notes are guaranteed on a senior, unsecured basis by the Company and substantially all of the domestic subsidiaries of ASI. The Notes and the guarantees thereof are effectively subordinated to all existing and future secured debt of ASI and the guarantors including obligations and/or guarantees of the senior secured credit facilities under the Credit Agreement, to the extent of the value of the assets securing such debt, and structurally subordinated to all of the liabilities of any of ASI's subsidiaries that do not guarantee the 2024 Notes and 2026 Notes. Interest on the 2024 Notes is payable on January 15 and July 15 of each year.

In the event of certain types of changes of control, the holders of the 2024 Notes or 2026 Notes may require ASI to purchase for cash all or a portion of their 2024 Notes or 2026 Notes, as applicable, at a purchase price equal to 101% of the principal amount of such notes, plus accrued and unpaid interest, if any, to, but not including, the purchase date. Beginning January 15, 2019, ASI has the option to redeem all or a portion of the 2024 Notes at any time at the redemption prices set forth in the 2024 Notes Indenture, plus accrued and unpaid interest. Beginning June 1, 2021, ASI has the option to redeem all or a portion of the 2026 Notes at any time at the redemption prices set forth in the 2026 Notes Indenture, plus accrued and unpaid interest.

The 2024 Notes Indenture and 2026 Notes Indenture contain covenants limiting ASI's ability and the ability of its restricted subsidiaries to: incur additional indebtedness or issue certain preferred shares; pay dividends and make certain distributions, investments and other restricted payments; create certain liens; sell assets; enter into transactions with affiliates; limit the ability of restricted subsidiaries to make payments to ASI; enter into sale and leaseback transactions; merge, consolidate, sell or otherwise dispose of all or substantially all of ASI's and its restricted subsidiaries' assets; and designate ASI's subsidiaries as unrestricted subsidiaries. They also provide for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the 2024 Notes and 2026 Notes to become or to be declared due and payable.

## Future Maturities and Interest and Other Financing Costs, net

At September 29, 2017, annual maturities on long-term borrowings maturing in the next five fiscal years and thereafter (excluding the \$47.2 million reduction to long-term borrowings from debt discounts and deferred financing fees and the increase of \$14.9 million from the premium on the 2024 Notes) are as follows (in thousands):

2018	\$ 78,157
2019	321,416
2020	132,261
2021	149,435
2022	795,751

Thereafter 3,823,807

The components of interest and other financing costs, net, are summarized as follows (in thousands):

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Interest expense	\$285,995	\$315,166	\$286,261
Interest income	(5,942 )	(5,288 )	(4,932 )
Other financing costs	7,362	5,505	4,613
Total	\$287,415	\$315,383	\$285,942

S-20

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 6. DERIVATIVE INSTRUMENTS:

The Company enters into contractual derivative arrangements to manage changes in market conditions related to interest on debt obligations, foreign currency exposures and exposure to fluctuating gasoline and diesel fuel prices. Derivative instruments utilized during the period include interest rate swap agreements, foreign currency forward exchange contracts, and gasoline and diesel fuel agreements. All derivative instruments are recognized as either assets or liabilities on the balance sheet at fair value at the end of each quarter. The counterparties to the Company's contractual derivative agreements are all major international financial institutions. The Company is exposed to credit loss in the event of nonperformance by these counterparties. The Company continually monitors its positions and the credit ratings of its counterparties, and does not anticipate nonperformance by the counterparties. For designated hedging relationships, the Company formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

## Cash Flow Hedges

The Company has approximately \$1.6 billion notional amount of outstanding interest rate swap agreements, fixing the rate on a like amount of variable rate borrowings, as of September 29, 2017. During fiscal 2017, the Company entered into \$200.0 million notional amount of forward starting interest rate swap agreements to hedge the cash flow risk of variability in interest payments on variable rate borrowings. In addition, interest rate swaps with a notional amount of \$1.0 billion matured during fiscal 2017. As a result of the Credit Agreement, the Company de-designated the previous interest rate swap agreements as the terms of the interest rate swaps did not match the terms of the new term loans. Prior to the Credit Agreement, these agreements met the required criteria to be designated as cash flow hedging instruments. The Company then amended the interest rate swap agreements to match the terms of the new term loans under the Credit Agreement to meet the criteria to be designated as cash flow hedging instruments. As a result of the de-designation, the Company recorded charges to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income during fiscal 2017 of approximately \$2.9 million for the changes in market value of the interest rate swaps. During the first quarter of fiscal 2018, the Company entered into an additional \$500.0 million notional amount of forward starting interest rate swap agreements.

Changes in the fair value of a derivative that is designated as and meets all the required criteria for a cash flow hedge are recorded in accumulated other comprehensive income (loss) and reclassified into earnings as the underlying hedged item affects earnings. As of September 29, 2017 and September 30, 2016, approximately (\$6.8) million and (\$36.4) million of unrealized net of tax losses related to the interest rate swaps were included in "Accumulated other comprehensive loss," respectively. The hedge ineffectiveness for these cash flow hedging instruments during fiscal 2017, fiscal 2016 and fiscal 2015 was not material.

During fiscal 2016, the Company repaid a U.S. dollar denominated term loan of a Canadian subsidiary in the amount of \$74.1 million. As a result of this repayment, the Company terminated its \$74.1 million of outstanding amortizing cross currency swap agreements, which resulted in a pre-tax charge of approximately \$1.1 million recorded to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income during fiscal 2016. The termination of these agreements resulted in the Company receiving \$5.7 million of proceeds during fiscal 2016. The following table summarizes the effect of our derivatives designated as cash flow hedging instruments (effective portion) on Other comprehensive loss (in thousands):

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	September 30, 2015
Interest rate swap agreements	\$31,884	\$ (21,321)	\$ (70,455)



Edgar Filing: Aramark - Form 10-K

Cross currency swap agreements — (2,116 ) 12,312  
\$31,884 \$ (23,437 ) \$(58,143)

Derivatives not Designated in Hedging Relationships

The Company entered into a series of pay fixed/receive floating gasoline and diesel fuel agreements based on the Department of Energy weekly retail on-highway index in order to limit its exposure to price fluctuations for gasoline and diesel fuel. As of September 29, 2017, the Company has contracts for approximately 16.7 million gallons outstanding for fiscal 2018. The Company does not record its gasoline and diesel fuel agreements as hedges for accounting purposes. The impact on earnings related to the change in fair value was not material for fiscal 2017. The impact on earnings related to the change in fair value of these unsettled contracts was a gain of approximately \$8.1 million and a loss of approximately (\$2.6) million for fiscal 2016 and fiscal 2015, respectively. The change in fair value for unsettled contracts is included in "Selling and general corporate

S-21

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

expenses" in the Consolidated Statements of Income. When the contracts settle, the gain or loss is recorded to "Costs of services provided" in the Consolidated Statements of Income.

As of September 29, 2017, the Company had foreign currency forward exchange contracts outstanding with notional amounts of €33.0 million, £12.1 million and CAD67.0 million to mitigate the risk of changes in foreign currency exchange rates on short-term intercompany loans to certain international subsidiaries. Gains and losses on these foreign currency exchange contracts are recognized in income as the contracts were not designated as hedging instruments, substantially offsetting currency transaction gains and losses on the short-term intercompany loans.

The following table summarizes the location and fair value, using Level 2 inputs (see Note 16 for a description of the fair value levels), of the Company's derivatives designated and not designated as hedging instruments in the Consolidated Balance Sheets (in thousands):

	Balance Sheet Location	September 29, 2017	September 30, 2016
<b>ASSETS</b>			
Not designated as hedging instruments:			
Foreign currency forward exchange contracts	Prepayments and other current assets	\$ 80	\$ —
Gasoline and diesel fuel agreements	Prepayments and other current assets	3,626	3,878
		\$ 3,706	\$ 3,878
<b>LIABILITIES</b>			
Designated as hedging instruments:			
Interest rate swap agreements	Accrued expenses and other current liabilities	\$ 1,196	\$ 5,929
Interest rate swap agreements	Other Noncurrent Liabilities	9,313	34,919
		\$ 10,509	\$ 40,848
Not designated as hedging instruments:			
Foreign currency forward exchange contracts	Accounts Payable	\$ —	\$ 447
		\$ 10,509	\$ 41,295

The following table summarizes the location of (gain) loss reclassified from "Accumulated other comprehensive loss" into earnings for derivatives designated as hedging instruments and the location of (gain) loss for our derivatives not designated as hedging instruments in the Consolidated Statements of Income (in thousands):

	Income Statement Location	Fiscal Year Ended		
		September 29, 2017	September 30, 2016	October 2, 2015
Designated as hedging instruments:				
Interest rate swap agreements	Interest Expense	\$ 16,606	\$ 32,800	\$ 31,367
Cross currency swap agreements	Interest Expense	—	2,061	(11,224 )
		\$ 16,606	\$ 34,861	\$ 20,143
Not designated as hedging instruments:				
Gasoline and diesel fuel agreements	Costs of services provided / Selling and general corporate expenses	\$(1,277 )	\$( 685 )	\$ 8,512
Foreign currency forward exchange contracts	Interest Expense	(886 )	(8,847 )	(4,821 )
		\$(2,163 )	\$( 9,532 )	\$ 3,691

\$14,443 \$ 25,329 \$23,834

The Company has a Japanese yen denominated term loan in the amount of ¥11,051.5 million. The term loan was designated as a hedge of the Company's net Japanese currency exposure represented by the equity investment in our Japanese affiliate, AIM

S-22

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Services Co., Ltd. Additionally, the Company has a Euro denominated term loan in the amount of €170.0 million. The term loan was designated as a hedge of the Company's net Euro currency exposure represented by certain holdings in our European affiliates.

At September 29, 2017, the net of tax loss expected to be reclassified from "Accumulated other comprehensive loss" into earnings over the next twelve months based on current market rates is approximately \$2.3 million.

**NOTE 7. EMPLOYEE PENSION AND PROFIT SHARING PLANS:**

In the United States, the Company maintains qualified contributory and non-contributory defined contribution retirement plans for eligible employees, with Company contributions to the plans based on earnings performance or salary level. The Company also has a non-qualified retirement savings plan for certain employees. The total expense of the above plans for fiscal 2017, fiscal 2016 and fiscal 2015 was \$27.5 million, \$32.4 million and \$29.0 million, respectively. The Company also maintains similar contributory and non-contributory defined contribution retirement plans at several of its international operations, primarily in Canada and the United Kingdom. The total expense of these international plans for fiscal 2017, fiscal 2016 and fiscal 2015 was \$6.9 million, \$9.4 million and \$8.5 million, respectively.

The following table sets forth the components of net periodic pension cost for the Company's single-employer defined benefit pension plans for fiscal 2017, fiscal 2016 and fiscal 2015 (in thousands):

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Service cost	\$8,834	\$ 7,850	\$9,478
Interest cost	8,398	11,041	12,367
Expected return on plan assets	(18,350)	(17,679 )	(16,970)
Settlements	—	159	52
Amortization of prior service cost	122	107	165
Recognized net loss	3,400	1,504	1,658
Net periodic pension cost	\$2,404	\$ 2,982	\$6,750

The following table set forth changes in the projected benefit obligation and the fair value of plan assets for these plans (in thousands):

	September 29, 2017	September 30, 2016
Change in benefit obligation:		
Benefit obligation, beginning	\$ 339,313	\$ 302,087
Foreign currency translation	13,883	(18,867 )
Service cost	8,834	7,850
Interest cost	8,398	11,041
Employee contributions	2,261	2,233
Actuarial loss (gain)	(24,923 )	51,620
Benefits paid	(14,316 )	(16,106 )
Settlements and curtailments	222	(545 )
Benefit obligation, ending	\$ 333,672	\$ 339,313
Change in plan assets:		
Fair value of plan assets, beginning	\$ 319,985	\$ 304,376
Foreign currency translation	14,564	(17,841 )
Employer contributions	4,285	25,404
Employee contributions	2,261	2,233
Actual return on plan assets	14,759	22,464

Edgar Filing: Aramark - Form 10-K

Benefits paid	(14,316	) (16,106	)
Settlements	—	(545	)
Fair value of plan assets, end	\$ 341,538	\$ 319,985	
Funded Status at end of year	\$ 7,866	\$ (19,328	)

S-23

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts recognized in the Consolidated Balance Sheets consist of the following (in thousands):

	September 29, 2017	September 30, 2016
Noncurrent benefit asset (included in Other Assets)	\$ 23,056	\$ 6,452
Noncurrent benefit liability (included in Other Noncurrent Liabilities)	(15,190 )	(25,780 )
Net actuarial loss (included in Accumulated other comprehensive (income) loss before taxes)	77,717	100,265

The following weighted average assumptions were used to determine pension expense of the respective fiscal years:

	September 29, 2017		September 30, 2016	
Discount rate	2.8	%	3.8	%
Rate of compensation increase	2.4	%	3.2	%
Long-term rate of return on assets	6.1	%	6.2	%

The following weighted average assumptions were used to determine the funded status of the respective fiscal years:

	September 29, 2017		September 30, 2016	
Discount rate	2.9	%	3.3	%
Rate of compensation increase	2.4	%	3.3	%

Assumptions, including discount rate, expected return on assets, compensation increases and health care trends, are adjusted annually, as necessary, based on prevailing market conditions and actual experience. The Company has elected to use a spot-rate approach for the discount rate used in the calculation of pension interest and service cost for fiscal 2017 and beyond. The spot-rate approach applies separate discount rates for each projected benefit payment in the calculation. Historically, the Company used a weighted-average approach to determine the appropriate discount rate. The impact of the change is not material to the consolidated financial statements.

The accumulated benefit obligation as of September 29, 2017 was \$316.0 million. During fiscal 2017, actuarial losses of approximately \$24.8 million were recognized in other comprehensive income (before taxes) and \$3.6 million of amortization of actuarial losses was recognized as net periodic pension cost during such period. The estimated portion of net actuarial loss included in accumulated other comprehensive income (loss) as of September 29, 2017 expected to be recognized in net periodic pension cost during fiscal 2018 is approximately \$3.4 million (before taxes).

The accumulated benefit obligation as of September 30, 2016 was \$316.5 million. During fiscal 2016, actuarial losses of approximately \$39.6 million were recognized in other comprehensive loss (before taxes) and \$1.6 million of amortization of actuarial losses was recognized as net periodic pension cost during such period.

The following table sets forth information for the Company's single-employer pension plans with an accumulated benefit obligation in excess of plan assets as of September 29, 2017 and September 30, 2016 (in thousands):

	September 29, 2017	September 30, 2016
Projected benefit obligation	\$ 141,401	\$ 139,088
Accumulated benefit obligation	140,547	136,605
Fair value of plan assets	126,210	113,710

Assets of the plans are invested with the goal of principal preservation and enhancement over the long-term. The primary goal is total return, consistent with prudent investment management. The Company's investment policies also require an appropriate level of diversification across the asset categories. The current overall capital structure and targeted ranges for asset classes are 50-70% invested in equity securities, 25-50% invested in debt securities and 0-5% in real estate investments. Performance of the plans is monitored on a regular basis and adjustments of the asset allocations are made when deemed necessary.

The weighted-average long-term rate of return on assets has been determined based on an estimated weighted-average of long-term returns of major asset classes, taking into account historical performance of plan assets, the current

interest rate environment, plan demographics, acceptable risk levels and the estimated value of active asset management.

S-24

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of plan assets for the Company's defined benefit pension plans as of September 29, 2017 and September 30, 2016 is as follows (see Note 16 for a description of the fair value levels) (in thousands):

	September 29, 2017	Quoted prices in	Significant other	Significant
		active markets	observable inputs	unobservable inputs
		Level 1	Level 2	Level 3
Cash and cash equivalents and other	\$ 741	\$ 741	\$ —	\$ —
Investment funds:				
Equity funds	202,253	—	202,253	—
Fixed income funds	128,155	—	128,155	—
Real estate	10,389	—	—	10,389
Total	\$ 341,538	\$ 741	\$ 330,408	\$ 10,389

	September 30, 2016	Quoted prices in	Significant other	Significant
		active markets	observable inputs	unobservable inputs
		Level 1	Level 2	Level 3
Cash and cash equivalents and other	\$ 21,009	\$ 21,009	\$ —	\$ —
Investment funds:				
Equity funds	173,704	—	173,704	—
Fixed income funds	116,168	—	116,168	—
Real estate	9,104	—	—	9,104
Total	\$ 319,985	\$ 21,009	\$ 289,872	\$ 9,104

The fair value of the investment funds is based on the value of the underlying assets, as reported to the Plan by the trustees. They are comprised of a portfolio of underlying securities that can be valued based on trading information on active markets. Fair value is calculated by applying the Plan's percentage ownership in the fund to the total market value of the account's underlying securities, and is therefore categorized as Level 2 as the Plan does not directly own shares in these underlying investments. Investments in equity securities include publicly-traded domestic companies (approximately 33%) and international companies (approximately 67%) that are diversified across industry, country and stock market capitalization. Investments in fixed income securities include domestic (approximately 4%) and international (approximately 96%) corporate bonds and government securities. Substantially all of the real estate investments are in international markets. Cash and cash equivalents include direct cash holdings, which are valued based on cost, and short-term deposits and investments in money market funds for which fair value measurements are all based on quoted prices for similar assets or liabilities in markets that are active.

It is the Company's policy to fund at least the minimum required contributions as outlined in the required statutory actuarial valuation for each plan. The Company made voluntary pension contributions above the minimum required of approximately \$19.8 million during fiscal 2016. The following table sets forth the benefits expected to be paid in the next five fiscal years and in aggregate for the five fiscal years thereafter by the Company's defined benefit pension plans (in thousands):

Fiscal 2018	\$21,015
Fiscal 2019	12,973
Fiscal 2020	13,298
Fiscal 2021	13,983
Fiscal 2022	14,443
Fiscal 2023 – 2027	77,991

The estimated benefit payments above are based on assumptions about future events. Actual benefit payments may vary significantly from these estimates.

The expected contributions to be paid to the Company's defined benefit pension plans during fiscal 2018 are approximately \$7.5 million.





Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Multiemployer Defined Benefit Pension Plans

The Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements ("CBA") that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans for fiscal 2017 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2017 and 2016 is for the plans' two most recent fiscal year-ends. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the critical and declining zone are generally less than 65% funded and projected to become insolvent in the next 15 or 20 years depending on the ratio of active to inactive participants, plans in the critical zone are generally less than 65% funded, plans in the endangered zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date(s) of the CBA(s) to which the plans are subject. There have been no significant changes that affect the comparability of fiscal 2017, fiscal 2016 and fiscal 2015 contributions.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Contributions by the Company (in thousands)			Surcharge Imposed	Range of Expiration Dates of CBAs
		2017	2016		2017	2016	2015		
National Retirement Fund	13-6130178/001	Critical	Critical	Implemented	\$7,541	\$6,675	\$6,580	No	1/15/2015 - 9/30/2021
Service Employees Pension Fund of Upstate New York (1)	16-0908576/001	Critical	Critical	Implemented	534	448	527	No	6/30/2018 - 9/30/2019
Local 1102 Retirement Trust (2)	13-1847329/001	Critical	Critical	Implemented	397	339	300	No	10/31/2017 - 6/30/2019
Central States SE and SW Areas Pension Plan	36-6044243/001	Critical and Declining	Critical and Declining	Implemented	3,836	3,723	3,659	No	1/31/2007 - 2/15/2020
Pension Plan for Hospital & Health Care Employees Philadelphia & Vicinity	23-2627428/001	Critical	Critical	Implemented	336	216	198	No	1/31/2018 - 6/30/2018
Local 731 IBT Textile Maintenance and Laundry Craft Pension Fund	51-6056180/001	Critical	Critical	Implemented	898	813	768	No	4/29/2019

Edgar Filing: Aramark - Form 10-K

SEIU National Industry Pension Fund <sup>(3)</sup>	52-6148540/001	Critical	Critical	Implemented	429	404	298	No	4/14/2019 - 12/31/2019
Local 171 Pension Plan	37-6155648/001	Critical and Declining	Critical and Declining	Implemented	82	83	79	No	7/7/2017
PACE Industry Union-Management Pension Fund	11-6166763/001	Critical and Declining	Critical and Declining	Implemented	26	25	30	No	3/30/2018
Other funds					15,170	14,415	13,964		
Total contributions					\$29,249	\$27,141	\$26,403		

(1) Over 60% of the Company's participants in this fund are covered by a single CBA that expires on 6/30/2018.

(2) Over 90% of the Company's participants in this fund are covered by a single CBA that expires on 6/30/2019.

(3) Over 75% of the Company's participants in this fund are covered by a single CBA that expires on 12/31/2019.

S-26

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company provided more than 5 percent of the total contributions for the following plans and plan years:

Pension Fund	Contributions to the plan exceeded more than 5% of total contributions (as of the plan's year-end)
Local 1102 Retirement Trust	12/31/2016 and 12/31/2015
Service Employees Pension Fund of Upstate New York	12/31/2016 and 12/31/2015
Local 731 IBT Textile Maintenance and Laundry Craft Pension Fund	12/31/2016 and 12/31/2015
Local 171 Pension Plan	12/31/2016 and 12/31/2015

At the date the Company's financial statements were issued, Forms 5500 were not available for the plan years ending in 2017.

## NOTE 8. INCOME TAXES:

The Company accounts for income taxes using the asset and liability method. Under this method, the provision for income taxes represents income taxes payable or refundable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax bases in assets and liabilities and are adjusted for changes in tax rates and enacted tax legislation. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The components of income before income taxes by source of income are as follows (in thousands):

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
United States	\$362,783	\$284,216	\$250,069
Non-U.S.	157,859	146,715	91,927
	\$520,642	\$430,931	\$341,996

The provision for income taxes consists of (in thousands):

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Current:			
Federal	\$111,175	\$39,510	\$64,221
State and local	15,455	15,750	15,223
Non-U.S.	57,681	35,023	29,684
	184,311	90,283	109,128
Deferred:			
Federal	(21,956 )	47,323	(585 )
State and local	3,165	(740 )	(208 )
Non-U.S.	(19,065 )	5,833	(3,315 )
	(37,856 )	52,416	(4,108 )
	\$146,455	\$142,699	\$105,020

Current taxes receivable of \$9.6 million and \$48.5 million at September 29, 2017 and September 30, 2016, respectively, are included in "Prepayments and other current assets" in the Consolidated Balance Sheets. Current income taxes payable of \$30.7 million and \$10.3 million at September 29, 2017 and September 30, 2016, respectively, are included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets.

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The provision for income taxes varies from the amount determined by applying the United States Federal statutory rate to pretax income as a result of the following (all percentages are as a percentage of income before income taxes):

	Fiscal Year Ended		September 29, 2017		September 30, 2016		October 2, 2015	
United States statutory income tax rate	35.0 %	35.0	%	35.0	%	35.0	%	
Increase (decrease) in taxes, resulting from:								
State income taxes, net of Federal tax benefit	2.3	2.3				2.9		
Foreign taxes	(4.3 )	(1.4 )	)			(3.7 )		
Permanent book/tax differences <sup>(1)</sup>	(3.8 )	0.3				0.3		
Uncertain tax positions	1.4	0.1				(0.5 )		
Tax credits & other	(2.5 )	(3.2 )	)			(3.3 )		
Effective income tax rate	28.1 %	33.1	%			30.7	%	

(1) Includes the reduction of approximately 4% related to the adoption of the ASU related to share-based payment transactions in fiscal 2017 (see Note 1).

The effective tax rate is based on expected income, statutory tax rates and tax planning opportunities available to the Company in the various jurisdictions in which it operates. Judgment is required in determining the effective tax rate and in evaluating the tax return positions. Reserves are established when positions are "more likely than not" to be challenged and not sustained. Reserves are adjusted at each financial statement date to reflect the impact of audit settlements, expiration of statutes of limitation, developments in tax law and ongoing discussions with tax authorities. Accrued interest and penalties associated with uncertain tax positions are recognized as part of the income tax provision.

As of September 29, 2017, certain subsidiaries have recorded deferred tax assets of \$21.3 million associated with accumulated federal, state and foreign net operating loss carryforwards. The Company believes it is more likely than not that the benefit from certain state net operating loss ("NOL") carryforwards will not be realized. As a result, the Company has recorded a valuation allowance of approximately \$11.5 million on the deferred tax asset related to these state NOL carryforwards.

As of September 29, 2017, the Company has approximately \$24.8 million of foreign tax credit carryforwards, which expire in 2027. The Company believes there is sufficient taxable income in the carryforward period to utilize these credits; and a valuation allowance was not provided.

As of September 29, 2017 and September 30, 2016, the components of deferred taxes are as follows (in thousands):

	September 29, 2017	September 30, 2016
Deferred tax liabilities:		
Property and equipment	\$ 92,268	\$ 87,191
Investments	20,317	46,125
Other intangible assets, including goodwill	629,153	655,319
Inventory	97,622	97,796
Other	25,992	15,897
Gross deferred tax liability	865,352	902,328
Deferred tax assets:		
Derivatives	—	1,618
Insurance	33,811	19,276
Employee compensation and benefits	209,951	249,509
Accruals and allowances	31,026	21,716
Net operating loss/credit carryforwards and other	48,793	26,707

Edgar Filing: Aramark - Form 10-K

Gross deferred tax asset, before valuation allowances	323,581	318,826
Valuation allowances	(11,513)	(7,352)
Net deferred tax liability	\$ 553,284	\$ 590,854

Deferred tax liabilities of approximately \$570.9 million and \$608.4 million as of September 29, 2017 and September 30, 2016, respectively, are included in "Deferred Income Taxes and Other Noncurrent Liabilities" in the Consolidated Balance Sheets.

S-28

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax assets of approximately \$17.6 million and \$17.4 million as of September 29, 2017 and September 30, 2016, respectively, are included in "Other Assets" in the Consolidated Balance Sheets.

Prior to fiscal 2017, the Company provided deferred taxes on all unremitted earnings of its foreign subsidiaries.

Effective for the first quarter of fiscal 2017, the Company asserted that the prospective unremitted earnings of certain foreign subsidiaries would be permanently invested. As a result of a foreign restructuring plan completed in the fourth quarter of fiscal 2017, the Company further asserted all unremitted earnings of certain foreign subsidiaries held as of September 29, 2017, are permanently invested outside the U.S. Accordingly, the Company recorded a net benefit related to this assertion of approximately \$1.9 million to the Consolidated Statements of Income.

Undistributed earnings of foreign subsidiaries for which no deferred tax liability has been recorded are approximately \$40.0 million at September 29, 2017. Those earnings are considered to be indefinitely reinvested and, accordingly, no deferred income taxes have been provided. If the unremitted earnings are no longer permanently invested in a subsequent period, the Company will record a provision for deferred income taxes on these unremitted earnings. The estimated tax cost associated with remitting these earnings is not expected to have a significant adverse effect on the results of operations.

The Company has approximately \$30.8 million of total gross unrecognized tax benefits as of September 29, 2017, all of which, if recognized, would impact the effective tax rate. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits follows (in thousands):

	September 29, 2017	September 30, 2016
Balance, beginning of year	\$ 22,752	\$ 21,412
Additions based on tax positions taken in the current year	9,323	481
Additions for tax positions taken in prior years	4,028	2,141
Reductions for remeasurements, settlements and payments	(3,972)	(185)
Reductions due to statute expiration	(1,319)	(1,097)
Balance, end of year	\$ 30,812	\$ 22,752

The Company has approximately \$5.0 million and \$6.0 million accrued for interest and penalties as of September 29, 2017 and September 30, 2016, respectively, and recorded approximately (\$1.0) million and \$0.4 million in interest and penalties during fiscal 2017 and fiscal 2016, respectively. Interest and penalties related to unrecognized tax benefits are recorded in "Provision for income taxes" in the Consolidated Statements of Income.

Unrecognized tax benefits are not expected to significantly change within the next 12 months.

Generally, a number of years may elapse before a tax reporting year is audited and finally resolved. With few exceptions, the Company is no longer subject to U.S. federal, state or local examinations by tax authorities before 2013. While it is often difficult to predict the final outcome or the timing of or resolution of a particular tax matter, the Company does not anticipate any adjustments resulting from U.S. federal, state or foreign tax audits that would result in a material change to the financial condition or results of operations. Adequate amounts are established for any adjustments that may result from examinations for tax years after 2013. However, an unfavorable settlement of a particular issue would require use of the Company's cash.

**NOTE 9. STOCKHOLDERS' EQUITY:**

During fiscal 2015, the Company completed a repurchase of 1.5 million shares of its common stock for approximately \$48.5 million.

During fiscal 2017, the Board of Directors authorized a new share repurchase program providing for purchases of up to \$250.0 million of Aramark common stock during fiscal 2017 and fiscal 2018. The Company completed a repurchase of approximately 2.8 million shares of its common stock for \$100.0 million in fiscal 2017.

The following table presents the Company's dividend payments to its stockholders (in millions):

	September 29, 2017	September 30, 2016	October 2, 2015
Dividend payments	\$ 100.8	\$ 92.1	\$ 81.9

On November 13, 2017, a \$0.105 dividend per share of common stock was declared, payable on December 7, 2017, to shareholders of record on the close of business on November 27, 2017.

S-29

---



Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 10. SHARE-BASED COMPENSATION:

On November 12, 2013, the Board of Directors (the "Board") approved, and the stockholders of Aramark adopted by written consent, the Aramark 2013 Stock Incentive Plan (the "Old 2013 Stock Plan"), which became effective on December 1, 2013 and the amended and restated Old 2013 Stock Plan was approved by the Board on November 9, 2016 and approved by the stockholders of Aramark on February 1, 2017 (as amended, the "2013 Stock Plan"). The 2013 Stock Plan provides that the total number of shares of common stock that may be issued under the 2013 Stock Plan is 25,500,000.

The following table summarizes the share-based compensation expense and related information for Time-Based Options ("TBOs"), Performance-Based Options ("PBOs"), Time-Based Restricted Stock Units ("RSUs"), Performance Stock Units and Performance Restricted Stock ("PSUs"), and Deferred Stock and Other Units classified as "Selling and general corporate expenses" in the Consolidated Statements of Income (in millions).

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
TBOs	\$20.4	\$ 18.8	\$ 16.4
PBOs	—	—	10.8
RSUs	20.8	21.4	19.5
PSUs	21.6	13.9	17.4
Deferred Stock and Other Units	2.4	2.8	2.3
	\$65.2	\$ 56.9	\$ 66.4
Taxes related to share-based compensation	\$24.2	\$ 22.3	\$ 26.0
Cash Received from Option Exercises	28.8	35.7	39.9
Tax Benefit on Option Exercises <sup>(1)</sup>	23.3	32.0	66.3

The tax benefit on option exercises and restricted stock unit deliveries is included in "Accrued expenses" in the (1) Consolidated Statements of Cash Flows.

No compensation expense was capitalized. Based on historical activity, the Company has applied a forfeiture assumption of 8.7% per annum in the calculation of such expenses.

The below table summarizes the unrecognized compensation expense as of September 29, 2017 related to nonvested awards and the weighted-average period they are expected to be recognized:

	Unrecognized Compensation Expense (in millions)	Weighted-Average Period (Years)
TBOs	\$ 27.0	2.46
RSUs	34.8	2.76
PSUs	19.6	1.72
Total	\$ 81.4	

## Stock Options

## Time-Based Options

TBOs vest solely based upon continued employment over a four year time period. All TBOs remain exercisable for ten years from the date of grant. The fair value of the TBOs granted was estimated using the Black-Scholes option pricing model. The expected volatility is based on a blended average of the historical volatility of the Company's and competitors' stocks over the expected term of the stock options. The expected life represents the period of time that options granted are expected to be outstanding and is calculated using the simplified method as permitted under

Securities and Exchange Commission ("SEC") rules and regulations due to the lack of history of our equity incentive plan. The simplified method uses the midpoint between an option's vesting date and contractual term. The risk-free rate is based on the United States Treasury security with terms equal to the expected life of the option as of the grant date. Compensation expense for TBOs is recognized on a straight-line basis over the vesting period during which employees perform related services.

S-30

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The table below presents the weighted average assumptions and related valuations for TBOs.

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Expected volatility	25%	30%	30%
Expected dividend yield	1.11% - 1.21%	1.15% - 1.25%	1.05% - 1.20%
Expected life (in years)	6.25	6.25	6.25
Risk-free interest rate	2.14% - 2.20%	1.50% - 2.04%	1.60% - 2.07%
Weighted-average grant-date fair value	\$8.47	\$9.21	\$8.34

A summary of TBO activity is presented below:

Options	Shares (000s)	Weighted- Average Exercise Price	Aggregate Intrinsic Value (\$000s)	Weighted-Average Remaining Term (Years)
Granted	2,584	\$ 34.11		
Exercised	(1,561 )	\$ 8.21		
Forfeited and expired	(303 )	\$ 27.94		
Outstanding at September 29, 2017	13,074	\$ 24.39	\$ 206,623	6.7
Exercisable at September 29, 2017	7,474	\$ 18.71	\$ 160,536	5.5
Expected to vest at September 29, 2017	5,113	\$ 31.96	\$ 42,077	8.2

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Total intrinsic value exercised (in millions)	\$32.2	\$ 49.9	\$ 107.8
Total fair value that vested (in millions)	17.7	17.5	13.7

**Performance-Based Options**

During fiscal 2015, all unvested performance-based options granted under the 2007 Management Stock Incentive Plan vested due to the sponsors of the Company's 2007 going-private transaction achieving the required rate of return on their sales of the Company's stock to constitute a return-based event under the original terms of such options related to approximately 0.7 million shares. The Company no longer grants PBOs under the 2013 Stock Plan. All PBOs remain exercisable for ten years from the date of grant.

A summary of PBO activity is presented below:

Options	Shares (000s)	Weighted- Average Exercise Price	Aggregate Intrinsic Value (\$000s)	Weighted-Average Remaining Term (Years)
Granted	—	\$ —		
Exercised	(992 )	\$ 9.92		
Forfeited and expired	—	\$ —		
Outstanding at September 29, 2017	2,182	\$ 12.28	\$ 60,908	3.8
Exercisable at September 29, 2017	2,182	\$ 12.28	\$ 60,908	3.8

The total intrinsic value of PBOs exercised during fiscal 2017, fiscal 2016 and fiscal 2015 was \$26.6 million, \$39.2 million and \$102.9 million, respectively.



Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Time-Based Restricted Stock Units

The RSU agreement provides for grants of RSUs, 25% of which will vest and be settled in shares on each of the first four anniversaries of the date of grant, subject to the participant's continued employment with the Company through each such anniversary. The grant-date fair value of RSUs is based on the fair value of the Company's common stock. Participants holding RSUs will receive the benefit of any dividends paid on shares in the form of additional RSUs. The unvested units are subject to forfeiture if employment is terminated other than due to death, disability or retirement, and the units are nontransferable while subject to forfeiture.

Restricted Stock Units	Units (000s)	Weighted Average Grant Date Fair Value
Outstanding at September 30, 2016	1,620	\$ 25.87
Granted	1,376	\$ 34.09
Vested	(911)	\$ 22.32
Forfeited	(150)	\$ 31.09
Outstanding at September 29, 2017	1,935	\$ 31.44

## Performance Stock Units

Under the 2013 Stock Plan, the Company is authorized to grant PSUs to its employees. A participant is eligible to become vested in a number of PSUs equal to a percentage, higher or lower, of the target number of PSUs granted based on the level of the Company's achievement of the performance condition. Prior to fiscal 2016, the Company granted three year PSUs with the first 33% of the award vesting on the first anniversary of the grant date, if and to the extent the Company achieves these performance conditions, while the remaining 67% will generally vest ratably over the next two anniversaries of the date of grant, subject to the achievement of an adjusted earnings per share-based performance condition in the first year of grant and the participant's continued employment with the Company through each such anniversary. During fiscal 2016, the Company granted PSUs with cliff vesting subject to the achievement of adjusted earnings per share in the third fiscal year of grant and the participant's continued employment with the Company. The grant-date fair value of the PSUs is based on the fair value of the Company's common stock. During fiscal 2017, the Company granted PSUs subject to the level of achievement of adjusted earnings per share for the cumulative three year performance period and the participant's continued employment with the Company.

Performance Stock Units	Units (000s)	Weighted Average Grant Date Fair Value
Outstanding at September 30, 2016	1,298	\$ 30.02
Granted	455	\$ 34.12
Vested	(422)	\$ 26.67
Forfeited	(61)	\$ 31.52
Outstanding at September 29, 2017	1,270	\$ 31.82

## Deferred Stock Units

Deferred Stock Units are issued only to non-employee members of the Board of Directors of the Company and represent the right to receive shares of the Company's common stock in the future. Each deferred stock unit will be converted to one share of the Company's common stock on the first day of the seventh month after which such director ceases to serve as a member of the Board of Directors. The grant-date fair value of deferred stock units is based on the fair value of the Company's common stock. The deferred stock units vest on the day prior to the next annual meeting of stockholders (which is generally one year after grant). The Company granted 58,376 deferred stock

units during fiscal 2017. In addition, directors may elect to defer their cash retainer into Deferred Stock Units which are fully vested upon issuance.

**NOTE 11. EARNINGS PER SHARE:**

Basic earnings per share is computed using the weighted average number of common shares outstanding during the periods presented. Diluted earnings per share is computed using the weighted average number of common shares outstanding adjusted to include the potentially dilutive effect of stock awards.

S-32

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table sets forth the computation of basic and diluted earnings per share attributable to the Company's stockholders (in thousands, except per share data):

	Fiscal Year Ended		
	September 29, 2017	September 30, 2016	October 2, 2015
Earnings:			
Net income attributable to Aramark stockholders	\$ 373,923	\$ 287,806	\$ 235,946
Shares:			
Basic weighted-average shares outstanding	244,453	242,286	237,616
Effect of dilutive securities	7,104	6,477	9,000
Diluted weighted-average shares outstanding	251,557	248,763	246,616

## Basic Earnings Per Share:

Net income attributable to Aramark stockholders	\$ 1.53	\$ 1.19	\$ 0.99
---	---------	---------	---------

## Diluted Earnings Per Share:

Net income attributable to Aramark stockholders	\$ 1.49	\$ 1.16	\$ 0.96
---	---------	---------	---------

Share-based awards to purchase 3.9 million, 2.1 million and 2.5 million shares were outstanding at September 29, 2017, September 30, 2016 and October 2, 2015, respectively, but were not included in the computation of diluted earnings per common share, as their effect would have been antidilutive. In addition, PSUs of approximately 1.2 million and 0.6 million were outstanding at September 29, 2017 and September 30, 2016, respectively, but were not included in the computation of diluted earnings per common share, as the performance targets were not yet met.

## NOTE 12. ACCOUNTS RECEIVABLE SECURITIZATION:

The Company has an agreement (the "Receivables Facility") with three financial institutions where we sell on a continuous basis an undivided interest in all eligible trade accounts receivable, as defined in the Receivables Facility. The maximum amount available under the Receivables Facility is \$350.0 million, which expires in May 2019. In addition, the Receivables Facility includes a seasonal tranche which increases the capacity of the Receivables Facility and increases the maximum amount available by \$50.0 million. Pursuant to the Receivables Facility, the Company formed ARAMARK Receivables, LLC, a wholly-owned, consolidated, bankruptcy-remote subsidiary. ARAMARK Receivables, LLC was formed for the sole purpose of buying and selling receivables generated by certain subsidiaries of the Company. Under the Receivables Facility, the Company and certain of its subsidiaries transfer without recourse all of their accounts receivable to ARAMARK Receivables, LLC. As collections reduce previously transferred interests, interests in new, eligible receivables are transferred to ARAMARK Receivables, LLC, subject to meeting certain conditions.

At September 29, 2017 and September 30, 2016, the amount of outstanding borrowings under the Receivables Facility was \$254.2 million and \$268.0 million, respectively, and is included in "Long-Term Borrowings" in the Consolidated Balance Sheets.

## NOTE 13. COMMITMENTS AND CONTINGENCIES:

The Company has capital and other purchase commitments of approximately \$962.9 million at September 29, 2017, primarily in connection with commitments for capital projects and client contract investments. At September 29, 2017, the Company also has letters of credit outstanding in the amount of \$33.1 million.

Certain of the Company's lease arrangements, primarily vehicle leases, with terms of one to eight years, contain provisions related to residual value guarantees. The maximum potential liability to the Company under such arrangements was approximately \$112.7 million at September 29, 2017 if the terminal fair value of vehicles coming off lease was zero. Consistent with past experience, management does not expect any significant payments will be required pursuant to these arrangements. No amounts have been accrued for guarantee arrangements at September 29, 2017.





Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Rental expense for all operating leases was \$170.0 million, \$180.7 million and \$181.8 million for fiscal 2017, fiscal 2016 and fiscal 2015, respectively. Following is a schedule of the future minimum rental and similar commitments under all noncancelable operating leases and certain residual value guarantees as of September 29, 2017 (in thousands):

2018	\$213,414
2019	65,418
2020	63,678
2021	45,956
2022	32,511
2023-Thereafter	202,504

Total minimum rental obligations \$623,481

From time to time, the Company and its subsidiaries are a party to various legal actions, proceedings and investigations involving claims incidental to the conduct of their business, including actions by clients, consumers, employees, government entities and third parties, including under federal, state, international, national, provincial and local employment laws, wage and hour laws, discrimination laws, immigration laws, human health and safety laws, import and export controls and customs laws, environmental laws, false claims or whistleblower statutes, minority, women and disadvantaged business enterprise statutes, tax codes, antitrust and competition laws, consumer protection statutes, procurement regulations, intellectual property laws, food safety and sanitation laws, cost and accounting principles, the Foreign Corrupt Practices Act, the U.K. Bribery Act, other anti-corruption laws, lobbying laws, motor carrier safety laws, data privacy and security laws and alcohol licensing and service laws, or alleging negligence and/or breaches of contractual and other obligations. Based on information currently available, advice of counsel, available insurance coverage, established reserves and other resources, the Company does not believe that any such actions are likely to be, individually or in the aggregate, material to its business, financial condition, results of operations or cash flows. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to the Company's business, financial condition, results of operations or cash flows.

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 14. QUARTERLY RESULTS (Unaudited):

The following tables summarize the Company's unaudited quarterly results for fiscal 2017 and fiscal 2016 (in thousands):

	Quarter Ended			
	December 30, 2016	March 31, 2017	June 30, 2017	September 29, 2017
Sales	\$3,735,383	\$3,621,628	\$3,593,277	\$3,654,124
Cost of services provided	3,299,329	3,226,196	3,232,366	3,231,082
Net income	125,435	70,231	65,364	113,157
Net income attributable to Aramark stockholders	125,339	70,151	65,295	113,138
Earnings per share:				
Basic	\$0.51	\$0.29	\$0.27	\$0.46
Diluted	0.50	0.28	0.26	0.45
Dividends declared per common share	0.103	0.103	0.103	0.103

	Quarter Ended			
	January 1, 2016	April 1, 2016	July 1, 2016	September 30, 2016
Sales	\$3,710,275	\$3,574,822	\$3,586,908	\$3,543,824
Cost of services provided	3,294,523	3,209,710	3,233,884	3,152,291
Net income	93,436	66,497	44,858	83,441
Net income attributable to Aramark stockholders	93,343	66,354	44,765	83,344
Earnings per share:				
Basic	\$0.39	\$0.27	\$0.18	\$0.34
Diluted	0.38	0.27	0.18	0.33
Dividends declared per common share	0.095	0.095	0.095	0.095

## NOTE 15. BUSINESS SEGMENTS:

The Company reports its operating results in three reportable segments: FSS North America, FSS International and Uniform. Corporate includes general expenses and assets not specifically allocated to an individual segment and share-based compensation expense (see Note 10). In the Company's food and support services segments, approximately 80% of the global sales is related to food services and 20% is related to facilities services. Financial information by segment follows (in millions):

	Sales		
	Fiscal Year Ended		
	September 2017	September 30, 2016	October 2, 2015
FSS North America	\$10,231.5	\$10,122.3	\$9,950.3
FSS International	2,808.2	2,729.8	2,858.2
Uniform	1,564.7	1,563.7	1,520.6
	\$14,604.4	\$14,415.8	\$14,329.1

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Operating Income		
	Fiscal Year Ended		
	September 2017	September 2016	October 2, 2015
FSS North America	\$621.9	\$ 546.4	\$ 494.5
FSS International	137.0	129.1	95.3
Uniform	182.3	195.3	191.8
	941.2	870.8	781.6
Corporate	(133.1 )	(124.5 )	(153.7 )
Operating Income	808.1	746.3	627.9
Interest and Other Financing Costs, net	(287.4 )	(315.4 )	(285.9 )
Income Before Income Taxes	\$520.7	\$ 430.9	\$ 342.0
	Depreciation and Amortization		
	Fiscal Year Ended		
	September 2017	September 2016	October 2, 2015
FSS North America	\$380.6	\$ 373.2	\$ 385.2
FSS International	47.4	46.3	47.1
Uniform	77.2	73.9	70.2
Corporate	3.0	2.4	1.5
	\$508.2	\$ 495.8	\$ 504.0
	Capital Expenditures and Client Contract Investments and Other*		
	Fiscal Year Ended		
	September 2017	September 2016	October 2, 2015
FSS North America	\$428.0	\$ 378.9	\$ 395.3
FSS International	58.5	92.6	49.1
Uniform	67.5	70.7	72.6
Corporate	1.0	3.3	7.4
	\$555.0	\$ 545.5	\$ 524.4

\* Includes amounts acquired in business combinations

	Identifiable Assets	
	September 2017	September 2016
FSS North America	\$7,268.2	\$ 7,067.5
FSS International	1,707.7	1,521.3
Uniform	1,828.7	1,786.4
Corporate	201.6	206.9
	\$11,006.2	\$ 10,582.1

The following geographic data include sales generated by subsidiaries within that geographic area and net property & equipment based on physical location (in millions):

Sales		
Fiscal Year Ended		
September 2017	September 2016	October 2, 2015

United States	\$11,098.0	\$ 11,011.5	\$10,727.8
Foreign	3,506.4	3,404.3	3,601.3
	\$14,604.4	\$ 14,415.8	\$14,329.1

S-36

---

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Property and Equipment, net	
	September 30,	
	2017	2016
United States	\$ 838.2	\$ 844.3
Foreign	203.8	178.8
	\$1,042.0	\$ 1,023.1

**NOTE 16. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES:**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are classified based upon the level of judgment associated with the inputs used to measure their fair value. The hierarchical levels related to the subjectivity of the valuation inputs are defined as follows:

Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2—inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument

Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement

**Recurring Fair Value Measurements**

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, borrowings and derivatives. Management believes that the carrying value of cash and cash equivalents, accounts receivable and accounts payable are representative of their respective fair values. In conjunction with the fair value measurement of the derivative instruments, the Company made an accounting policy election to measure the credit risk of its derivative instruments that are subject to master netting agreements on a net basis by counterparty portfolio, the gross values would not be materially different. The fair value of the Company's debt at September 29, 2017 and September 30, 2016 was \$5,450.1 million and \$5,365.6 million, respectively. The carrying value of the Company's debt at September 29, 2017 and September 30, 2016 was \$5,268.5 million and \$5,270.0 million, respectively. The fair values were computed using market quotes, if available, or based on discounted cash flows using market interest rates as of the end of the respective periods. The inputs utilized in estimating the fair value of the Company's debt has been classified as level 2 in the fair value hierarchy levels.

**NOTE 17. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF ARAMARK AND SUBSIDIARIES:**

The following condensed consolidating financial statements of the Company have been prepared pursuant to Rule 3-10 of Regulation S-X.

The condensed consolidating financial statements are presented for: (i) Aramark (the "Parent"); (ii) Aramark Services, Inc. and Aramark International Finance S.à.r.l. (the "Issuers"); (iii) the guarantors; (iv) the non guarantors; (v) elimination entries necessary to consolidate the Parent with the Issuers, the guarantors and non guarantors; and (vi) the Company on a consolidated basis. Each of the guarantors is wholly-owned, directly or indirectly, by the Company. All other subsidiaries of the Company, either direct or indirect, are non guarantors and do not guarantee the 2024 Notes, 2025 Notes and 2026 Notes. The guarantors also guarantee certain other debt. See Note 5 for additional descriptions of these senior notes. These condensed consolidating financial statements have been prepared from the Company's financial information on the same basis of accounting as the consolidated financial statements. Interest expense and certain other costs are partially allocated to all of the subsidiaries of the Company. Goodwill and other intangible assets have been allocated to the subsidiaries based on management's estimates.

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATING BALANCE SHEETS

September 29, 2017

(in thousands)

	Aramark (Parent)	Issuers	Guarantors	Non Guarantors	Eliminations	Consolidated
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$5	\$111,512	\$37,513	\$89,767	\$—	\$238,797
Receivables	—	3,721	303,664	1,308,608	—	1,615,993
Inventories	—	15,737	514,267	80,728	—	610,732
Prepayments and other current assets	—	14,123	83,404	90,090	—	187,617
Total current assets	5	145,093	938,848	1,569,193	—	2,653,139
Property and Equipment, net	—	29,869	775,362	236,800	—	1,042,031
Goodwill	—	173,104	4,047,932	494,475	—	4,715,511
Investment in and Advances to Subsidiaries	2,459,056	5,248,858	90,049	567,277	(8,365,240 )	—
Other Intangible Assets	—	29,683	914,000	177,141	—	1,120,824
Other Assets	—	53,538	1,112,076	311,112	(2,002 )	1,474,724
	\$2,459,061	\$5,680,145	\$7,878,267	\$3,355,998	\$(8,367,242)	\$11,006,229
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Current Liabilities:						
Current maturities of long-term borrowings	\$—	\$33,487	\$20,330	\$24,340	\$—	\$78,157
Accounts payable	—	167,926	461,192	326,807	—	955,925
Accrued expenses and other liabilities	—	200,130	814,542	319,253	88	1,334,013
Total current liabilities	—	401,543	1,296,064	670,400	88	2,368,095
Long-term Borrowings	—	4,460,730	63,604	665,997	—	5,190,331
Deferred Income Taxes and Other Noncurrent Liabilities	—	425,297	513,797	39,850	—	978,944
Intercompany Payable	—	—	5,224,196	747,347	(5,971,543 )	—
Redeemable Noncontrolling Interest	—	—	9,798	—	—	9,798
Total Stockholders' Equity	2,459,061	392,575	770,808	1,232,404	(2,395,787 )	2,459,061
	\$2,459,061	\$5,680,145	\$7,878,267	\$3,355,998	\$(8,367,242)	\$11,006,229

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATING BALANCE SHEETS

September 30, 2016

(in thousands)

	Aramark (Parent)	Aramark Services, Inc.	Guarantors	Non Guarantors	Eliminations	Consolidated
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$5	\$47,850	\$31,344	\$73,381	\$—	\$152,580
Receivables	—	167	265,124	1,211,058	—	1,476,349
Inventories	—	15,284	492,855	79,016	—	587,155
Prepayments and other current assets	—	69,033	98,779	108,675	—	276,487
Total current assets	5	132,334	888,102	1,472,130	—	2,492,571
Property and Equipment, net	—	30,201	782,347	210,535	—	1,023,083
Goodwill	—	173,104	3,982,737	473,040	—	4,628,881
Investment in and Advances to Subsidiaries	2,161,101	5,450,692	598,759	230,488	(8,441,040 )	—
Other Intangible Assets	—	29,729	894,274	187,880	—	1,111,883
Other Assets	—	56,850	1,028,887	241,919	(2,002 )	1,325,654
	\$2,161,106	\$5,872,910	\$8,175,106	\$2,815,992	\$(8,443,042)	\$10,582,072
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Current Liabilities:						
Current maturities of long-term borrowings	\$—	\$21,998	\$15,598	\$8,926	\$—	\$46,522
Accounts payable	—	156,471	415,481	275,636	—	847,588
Accrued expenses and other liabilities	100	145,314	827,213	319,447	(1,439 )	1,290,635
Total current liabilities	100	323,783	1,258,292	604,009	(1,439 )	2,184,745
Long-term Borrowings	—	4,570,931	62,892	589,691	—	5,223,514
Deferred Income Taxes and Other Noncurrent Liabilities	—	440,839	510,254	51,920	—	1,003,013
Intercompany Payable	—	—	4,619,489	1,400,741	(6,020,230 )	—
Redeemable Noncontrolling Interest	—	—	9,794	—	—	9,794
Total Stockholders' Equity	2,161,006	537,357	1,714,385	169,631	(2,421,373 )	2,161,006
	\$2,161,106	\$5,872,910	\$8,175,106	\$2,815,992	\$(8,443,042)	\$10,582,072

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the year ended September 29, 2017

(in thousands)

	Aramark (Parent)	Issuers	Guarantors	Non Guarantors	Eliminations	Consolidated
Sales	\$—	\$1,041,490	\$9,708,157	\$3,854,765	\$—	\$14,604,412
Costs and Expenses:						
Cost of services provided	—	941,031	8,507,680	3,540,262	—	12,988,973
Depreciation and amortization	—	17,502	416,979	73,731	—	508,212
Selling and general corporate expenses	—	140,305	138,304	20,561	—	299,170
Interest and other financing costs, net	—	273,405	(3,171)	17,181	—	287,415
Expense allocations	—	(348,042)	318,199	29,843	—	—
	—	1,024,201	9,377,991	3,681,578	—	14,083,770
Income before Income Taxes	—	17,289	330,166	173,187	—	520,642
Provision for Income Taxes	—	5,139	98,144	43,172	—	146,455
Equity in Net Income of Subsidiaries	373,923	—	—	—	(373,923)	—
Net income	373,923	12,150	232,022	130,015	(373,923)	374,187
Less: Net income attributable to noncontrolling interest	—	—	264	—	—	264
Net income attributable to Aramark stockholders	373,923	12,150	231,758	130,015	(373,923)	373,923
Other comprehensive income, net of tax	57,023	35,667	431	80,204	(116,302)	57,023
Comprehensive income attributable to Aramark stockholders	\$430,946	\$47,817	\$232,189	\$210,219	\$(490,225)	\$430,946

S-40



Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the year ended September 30, 2016

(in thousands)

	Aramark (Parent)	Aramark Services, Inc.	Guarantors	Non Guarantors	Eliminations	Consolidated
Sales	\$—	\$1,025,664	\$9,670,207	\$3,719,958	\$—	\$14,415,829
Costs and Expenses:						
Cost of services provided	—	939,925	8,536,196	3,414,287	—	12,890,408
Depreciation and amortization	—	15,670	406,154	73,941	—	495,765
Selling and general corporate expenses	—	134,705	130,153	18,484	—	283,342
Interest and other financing costs, net	—	293,072	(2,513 )	24,824	—	315,383
Expense allocations	—	(358,897 )	308,928	49,969	—	—
	—	1,024,475	9,378,918	3,581,505	—	13,984,898
Income Before Income Taxes	—	1,189	291,289	138,453	—	430,931
Provision for Income Taxes	—	427	104,377	37,895	—	142,699
Equity in Net Income of Subsidiaries	287,806	—	—	—	(287,806 )	—
Net income	287,806	762	186,912	100,558	(287,806 )	288,232
Less: Net income attributable to noncontrolling interest	—	—	426	—	—	426
Net income attributable to Aramark stockholders	287,806	762	186,486	100,558	(287,806 )	287,806
Other comprehensive income (loss), net of tax	(14,215 )	(16,093 )	(7,284 )	1,176	22,201	(14,215 )
Comprehensive income (loss) attributable to Aramark stockholders	\$273,591	\$(15,331 )	\$179,202	\$101,734	\$(265,605 )	\$273,591

S-41

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the year ended October 2, 2015

(in thousands)

	Aramark (Parent)	Aramark Services, Inc.	Guarantors	Non Guarantors	Eliminations	Consolidated
Sales	\$—	\$1,014,783	\$9,517,309	\$3,797,043	\$—	\$14,329,135
Costs and Expenses:						
Cost of services provided	—	900,073	8,438,851	3,541,500	—	12,880,424
Depreciation and amortization	—	11,350	415,985	76,698	—	504,033
Selling and general corporate expenses	2,177	162,423	135,398	16,742	—	316,740
Interest and other financing costs, net	—	255,761	(2,404 )	32,585	—	285,942
Expense allocations	(2,177 )	(334,778 )	306,915	30,040	—	—
	—	994,829	9,294,745	3,697,565	—	13,987,139
Income Before Income Taxes	—	19,954	222,564	99,478	—	341,996
Provision (Benefit) for Income Taxes	—	6,007	70,050	28,963	—	105,020
Equity in Net Income of Subsidiaries	235,946	—	—	—	(235,946 )	—
Net income	235,946	13,947	152,514	70,515	(235,946 )	236,976
Less: Net income attributable to noncontrolling interest	—	—	1,030	—	—	1,030
Net income attributable to Aramark stockholders	235,946	13,947	151,484	70,515	(235,946 )	235,946
Other comprehensive loss, net of tax	(60,270 )	(12,872 )	(2,958 )	(78,946 )	94,776	(60,270 )
Comprehensive income (loss) attributable to Aramark stockholders	\$175,676	\$1,075	\$148,526	\$(8,431 )	\$(141,170 )	\$175,676

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended September 29, 2017

(in thousands)

	Aramark (Parent)	Issuers	Guarantors	Non Guarantors	Eliminations	Consolidated
Net cash provided by operating activities	\$ —	\$261,282	\$ 779,801	\$ 200,579	\$(188,275 )	\$ 1,053,387
Cash flows from investing activities:						
Purchases of property and equipment, client contract investments and other	—	(20,939 )	(443,262 )	(88,528 )	—	(552,729 )
Disposals of property and equipment	—	494	14,780	3,632	—	18,906
Acquisitions of businesses, net of cash acquired	—	—	(37,130 )	(104,992 )	—	(142,122 )
Other investing activities	—	(69,401 )	36,946	29,916	—	(2,539 )
Net cash used in investing activities	—	(89,846 )	(428,666 )	(159,972 )	—	(678,484 )
Cash flows from financing activities:						
Proceeds from long-term borrowings	—	3,451,164	—	400,253	—	3,851,417
Payments of long-term borrowings	—	(3,572,268 )	(19,851 )	(319,873 )	—	(3,911,992 )
Net change in funding under the Receivables Facility	—	—	—	(13,800 )	—	(13,800 )
Payments of dividends	—	(100,813 )	—	—	—	(100,813 )
Proceeds from issuance of common stock	—	28,779	—	—	—	28,779
Repurchase of common stock	—	(100,000 )	—	—	—	(100,000 )
Other financing activities	—	(69,172 )	(2,973 )	29,868	—	(42,277 )
Change in intercompany, net	—	254,536	(322,142 )	(120,669 )	188,275	—
Net cash used in financing activities	—	(107,774 )	(344,966 )	(24,221 )	188,275	(288,686 )
Increase in cash and cash equivalents	—	63,662	6,169	16,386	—	86,217
Cash and cash equivalents, beginning of period	5	47,850	31,344	73,381	—	152,580
Cash and cash equivalents, end of period	\$ 5	\$ 111,512	\$ 37,513	\$ 89,767	\$—	\$ 238,797

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended September 30, 2016

(in thousands)

	Aramark (Parent)	Aramark Services, Inc.	Guarantors	Non Guarantors	Eliminations	Consolidated
Net cash provided by operating activities	\$ —	\$ 160,790	\$ 587,572	\$ 124,191	\$ (5,239 )	\$ 867,314
Cash flows from investing activities:						
Purchases of property and equipment, client contract investments and other	—	(22,326 )	(419,009 )	(71,197 )	—	(512,532 )
Disposals of property and equipment	—	1,832	20,353	4,639	—	26,824
Acquisitions of businesses, net of cash acquired	—	—	(231 )	(199,146 )	—	(199,377 )
Other investing activities	—	1,576	5,202	(1,438 )	—	5,340
Net cash used in investing activities	—	(18,918 )	(393,685 )	(267,142 )	—	(679,745 )
Cash flows from financing activities:						
Proceeds from long-term borrowings	—	1,397,714	—	2,274	—	1,399,988
Payments of long-term borrowings	—	(1,217,292)	(15,418 )	(130,824 )	—	(1,363,534 )
Net change in funding under the Receivables Facility	—	—	—	(82,000 )	—	(82,000 )
Payments of dividends	—	(92,074 )	—	—	—	(92,074 )
Proceeds from issuance of common stock	—	35,705	—	—	—	35,705
Repurchase of common stock	—	(749 )	—	—	—	(749 )
Other financing activities	—	(51,495 )	(2,513 )	(733 )	—	(54,741 )
Change in intercompany, net	—	(197,623 )	(187,423 )	379,807	5,239	—
Net cash provided by (used in) financing activities	—	(125,814 )	(205,354 )	168,524	5,239	(157,405 )
Increase (decrease) in cash and cash equivalents	—	16,058	(11,467 )	25,573	—	30,164
Cash and cash equivalents, beginning of period	5	31,792	42,811	47,808	—	122,416
Cash and cash equivalents, end of period	\$ 5	\$ 47,850	\$ 31,344	\$ 73,381	\$ —	\$ 152,580

Table of Contents

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended October 2, 2015

(in thousands)

	Aramark (Parent)	Aramark Services, Inc.	Guarantors	Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ (654 )	\$ 170,166	\$ 318,988	\$ 318,647	\$ (4,955 )	\$ 802,192
Cash flows from investing activities:						
Purchases of property and equipment, client contract investments and other	—	(13,871 )	(444,962 )	(65,551 )	—	(524,384 )
Disposals of property and equipment	—	454	8,927	9,747	—	19,128
Acquisitions of businesses, net of cash acquired	—	—	(3,377 )	—	—	(3,377 )
Other investing activities	—	(975 )	(825 )	6,099	—	4,299
Net cash used in investing activities	—	(14,392 )	(440,237 )	(49,705 )	—	(504,334 )
Cash flows from financing activities:						
Proceeds from long-term borrowings	—	70,000	—	1,926	—	71,926
Payments of long-term borrowings	—	(178,919 )	(14,670 )	(16,032 )	—	(209,621 )
Payments of dividends	—	(81,898 )	—	—	—	(81,898 )
Proceeds from issuance of common stock	—	39,946	—	—	—	39,946
Repurchase of common stock	—	(50,176 )	—	—	—	(50,176 )
Other financing activities	—	(52,843 )	(3,877 )	(589 )	—	(57,309 )
Change in intercompany, net	654	103,624	140,968	(250,201 )	4,955	—
Net cash provided by (used in) financing activities	654	(150,266 )	122,421	(264,896 )	4,955	(287,132 )
Increase in cash and cash equivalents	—	5,508	1,172	4,046	—	10,726
Cash and cash equivalents, beginning of period	5	26,284	41,639	43,762	—	111,690
Cash and cash equivalents, end of period	\$ 5	\$ 31,792	\$ 42,811	\$ 47,808	\$ —	\$ 122,416

S-45

Table of Contents

## ARAMARK AND SUBSIDIARIES

## SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

FOR THE FISCAL YEARS ENDED SEPTEMBER 29, 2017, SEPTEMBER 30, 2016 AND OCTOBER 2, 2015

Description	Balance, Beginning of Period	Additions Charged to Income	Reductions Deductions from Reserves <sup>(1)</sup>	Balance, End of Period
Fiscal Year 2017				
Reserve for doubtful accounts, advances & current notes receivable	\$ 48,058	\$ 18,141	\$ 12,783	\$ 53,416
Fiscal Year 2016				
Reserve for doubtful accounts, advances & current notes receivable	\$ 39,023	\$ 21,913	\$ 12,878	\$ 48,058
Fiscal Year 2015				
Reserve for doubtful accounts, advances & current notes receivable	\$ 37,381	\$ 16,220	\$ 14,578	\$ 39,023

(1) Amounts determined not to be collectible and charged against the reserve and translation.

S-46

Table of Contents

## EXHIBIT INDEX

Copies of any of the following exhibits are available to Stockholders for the cost of reproduction upon written request to the Secretary, Aramark, 1101 Market Street, Philadelphia, PA 19107.

Exhibit No.	Description
2.1#	<u>Agreement and Plan of Merger, dated October 13, 2017, by and among Avendra LLC, Aramark, Capital Merger Sub, LLC, and Marriott International, Inc., as Holder Representative (incorporated by reference to Exhibit 2.1 to Aramark's Current Report on Form 8-K filed with the SEC on October 16, 2017, pursuant to the Exchange Act (file number 001-36223)).</u>
2.2#	<u>Agreement and Plan of Merger, dated October 13, 2017, by and among AmeriPride Services Inc., Aramark, Timberwolf Acquisition Corporation, and Bruce M. Steiner, as Stockholder Representative (incorporated by reference to Exhibit 2.2 to Aramark's Current Report on Form 8-K filed with the SEC on October 16, 2017, pursuant to the Exchange Act (file number 001-36223)).</u>
3.1	<u>Amended and Restated Certificate of Incorporation of Aramark (incorporated by reference to Exhibit 3.1 to Aramark's Current Report on Form 8-K filed with the SEC on December 16, 2013, pursuant to the Exchange Act (file number 001-36223)).</u>
3.2	<u>Certificate of Ownership and Merger (incorporated by reference to Exhibit 3.1 to Aramark's Current Report on Form 8-K filed with the SEC on May 15, 2014, pursuant to the Exchange Act (file number 001-36223)).</u>
3.3	<u>Amended and Restated By-laws of Aramark (incorporated by reference to Exhibit 3.3 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2017, pursuant to the Exchange Act (file number 001-36223)).</u>
4.1	<u>Indenture, dated as of December 17, 2015, among Aramark Services, Inc., as issuer, Aramark, as parent guarantor, the subsidiary guarantors named therein and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 of Aramark's Current Report on Form 8-K filed with the SEC on December 17, 2015, pursuant to the Exchange Act (file number 001-36223)).</u>
4.2	<u>Supplemental Indenture, dated as of May 31, 2016, among Aramark Services, Inc., as issuer, Aramark, as parent guarantor, the subsidiary guarantors named therein and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 of Aramark's Current Report on Form 8-K filed with the SEC on June 6, 2016, pursuant to the Exchange Act (file number 001-36223)).</u>
4.3	<u>Indenture, dated as of May 31, 2016, among Aramark Services, Inc., as issuer, Aramark, as parent guarantor, the subsidiary guarantors named therein and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.3 of Aramark's Current Report on Form 8-K filed with the SEC on June 6, 2016, pursuant to the Exchange Act (file number 001-36223)).</u>
4.4	<u>Indenture dated as of March 22, 2017, among Aramark Services, Inc., as issuer, Aramark, as parent guarantor, the subsidiary guarantors named therein and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 of Aramark's Current Report on Form 8-K filed with the SEC on March 28, 2017, pursuant to the Exchange Act (file number 001-36223)).</u>
4.5	<u>Indenture dated as of March 27, 2017, among Aramark International Finance S.a. r.l., as issuer, Aramark, as parent guarantor, Aramark Services, Inc., the other guarantors named therein and The Bank of New York Mellon, as trustee and registrar, and The Bank of New York Mellon, London Branch, as paying agent and transfer agent (incorporated by reference to Exhibit 4.2 of Aramark's Current Report on Form 8-K filed with the SEC on March 28, 2017, pursuant to the Exchange Act (file number 001-36223)).</u>
10.1	<u>Credit Agreement, dated as of March 28, 2017, among Aramark Services, Inc., Aramark Intermediate HoldCo Corporation, ARAMARK Canada Ltd., ARAMARK Investments Limited, ARAMARK Ireland Holdings Limited, ARAMARK Regional Treasury Europe, Designated Activity Company, ARAMARK Holdings GmbH &amp; Co. KG, Aramark International Finance S.à r.l., each subsidiary of the U.S. Borrower that from time to time becomes a party thereto, the financial institutions from time to time party thereto, the issuing banks named therein, JPMorgan Chase Bank, N.A., as administrative agent for the lenders and collateral agent for the secured parties thereunder (incorporated by reference to Exhibit 10.1 of Aramark's Current Report on</u>

10.2

Form 8-K/A filed with the SEC on March 29, 2017, pursuant to the Exchange Act (file number 001-36223)) Incremental Amendment No. 1, dated as of September 20, 2017, among Aramark Services, Inc. (the “Company”) Aramark Intermediate HoldCo Corporation, ARAMARK Canada Ltd. (“Aramark Canada”), ARAMARK Investments Limited (“Aramark UK”), and certain wholly-owned subsidiaries of the Company, the financial institutions party thereto and JPMorgan Chase Bank, N.A. as administrative agent for the Lenders (as defined below) and collateral agent for the secured parties thereunder to the credit agreement, dated March 28, 2017, among the Company, Aramark Intermediate HoldCo Corporation, Aramark Canada, Aramark UK, ARAMARK Ireland Holdings Limited, ARAMARK Regional Treasury Europe, Designated Activity Company, ARAMARK Holdings GmbH & Co. KG, Aramark International Finance S.à r.l. and certain wholly-owned domestic subsidiaries of the Company, the financial institutions from time to time party thereto (including the financial institutions party to the Incremental Amendment, the “Lenders”), the issuing banks named therein and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders and collateral agent for the secured parties thereunder (incorporated by reference to Exhibit 10.1 to Aramark's Current Report on Form 8-K filed with the SEC on September 26, 2017, pursuant to the Exchange Act (file number 001-362223)).

S-47

---



Table of Contents

- 10.3 U.S. Pledge and Security Agreement, dated as of March 28, 2017 by and among Aramark Intermediate HoldCo Corporation, Aramark Services, Inc., the Subsidiary Parties from time to time party thereto and JPMorgan Chase Bank, N.A. as collateral agent (incorporated by reference to Exhibit 10.2 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2017, pursuant to the Exchange Act (file number 001-362223)).
- 10.4 Amended and Restated Registration Rights and Coordination Committee Agreement, dated as of December 10, 2013, among Aramark and the other parties thereto (incorporated by reference to Exhibit 10.2 to Aramark's Current Report on Form 8-K filed with the SEC on December 16, 2013, pursuant to the Exchange Act (file number 001-36223)).
- 10.5† Letter Agreement dated May 7, 2012 between Aramark Services, Inc. and Eric Foss (incorporated by reference to Exhibit 10.4 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012, pursuant to the Exchange Act (file number 001-04762)).
- 10.6† Agreement Relating to Employment and Post-Employment Competition dated May 7, 2012 between Aramark Services, Inc. and Eric Foss (incorporated by reference to Exhibit 10.5 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012, pursuant to the Exchange Act (file number 001-04762)).
- 10.7† Amendment, effective as of June 25, 2013, to the Letter Agreement dated May 7, 2012 between Aramark Services, Inc. and Eric Foss (incorporated by reference to Exhibit 10.6 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
- 10.8† Form of Agreement Relating to Employment and Post-Employment Competition and Schedule 1 listing each Executive Officer who is a party to such Agreement (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on July 19, 2007, pursuant to the Exchange Act (file number 001-04762)).
- 10.9† Form of Amendment to Agreement Relating to Employment and Post-Employment Competition (incorporated by reference to Exhibit 10.8 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 15, 2008, pursuant to the Exchange Act (file number 001-04762)).
- 10.10† Offer Letter dated July 20, 2012 between Aramark Services, Inc. and Stephen R. Reynolds (incorporated by reference to Exhibit 10.12 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 20, 2012, pursuant to the Exchange Act (file number 001-04762)).
- 10.11† Agreement Relating to Employment and Post-Employment Competition dated December 6, 2012 between Aramark Services, Inc. and Stephen R. Reynolds (incorporated by reference to Exhibit 10.13 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 20, 2012, pursuant to the Exchange Act (file number 001-04762)).
- 10.12† Offer Letter dated March 12, 2015, between Aramark and Stephen P. Bramlage, Jr. (incorporated by reference to Exhibit 10.1 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2015, pursuant to the Exchange Act (file number 001-36223)).
- 10.13† Agreement Relating to Employment and Post-Employment Competition dated March 12, 2015 between Aramark and Stephen P. Bramlage, Jr. (incorporated by reference to Exhibit 10.2 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2015, pursuant to the Exchange Act (file number 001-36223)).
- 10.14† Offer Letter dated October 13, 2014, between Aramark and Harrald Kroeker (incorporated by reference to Exhibit 10.16 to Aramark's Annual Report on Form 10-K filed with the SEC on November 23, 2016, pursuant to the Exchange Act (file number 001-36223)).
- 10.15† Agreement Relating to Employment and Post-Employment Competition dated November 26, 2013 between Aramark Corporation and Harrald Kroeker (incorporated by reference to Exhibit 10.17 to Aramark's Annual Report on Form 10-K filed with the SEC on November 23, 2016, pursuant to the Exchange Act (file number 001-36223)).
- 10.16†

Form of Indemnification Agreement and attached schedule (incorporated by reference to Exhibit 10.4 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on August 10, 2005, pursuant to the Exchange Act (file number 001-16807)).

10.17\*†Form of Indemnification Agreement (Directors)

Indemnification Agreement dated May 7, 2012 between Eric Foss and Aramark Services, Inc. (incorporated

10.18†by reference to Exhibit 10.6 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012, pursuant to the Exchange Act (file number 001-04762)).

Indemnification Agreement dated December 12, 2012 between Stephen R. Reynolds and Aramark Services,

10.19†Inc. (incorporated by reference to Exhibit 10.22 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 20, 2012, pursuant to the Exchange Act (file number 001-04762)).

Indemnification Agreement dated February 4, 2014 between Daniel J. Heinrich and Aramark (incorporated by

10.20†reference to Exhibit 10.1 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on February 5, 2014, pursuant to the Exchange Act (file number 001-36223)).

S-48

---

Table of Contents

- 10.21 Indemnification Agreement dated February 4, 2014 between Stephen Sadove and Aramark (incorporated by reference to Exhibit 10.2 to Aramark’s Quarterly Report on Form 10-Q filed with the SEC on February 5, 2014, pursuant to the Exchange Act (file number 001-36223)).
- 10.22 Indemnification Agreement dated April 6, 2015, between Stephen P. Bramlage, Jr. and Aramark (incorporated by reference to Exhibit 10.3 to Aramark’s Quarterly Report on Form 10-Q filed with the SEC on May 13, 2015, pursuant to the Exchange Act (file number 001-36223)).
- 10.23 Aramark 2001 Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.’s Registration Statement on Form S-8 filed with the SEC on May 24, 2002 (file number 333-89120)).
- 10.24 Amended and Restated Aramark 2001 Stock Unit Retirement Plan (incorporated by reference to Exhibit 10.22 to Aramark Services, Inc.’s Annual Report on Form 10-K filed with the SEC on December 19, 2003, pursuant to the Exchange Act (file number 001-16807)).
- 10.25 Second Amended and Restated Aramark Savings Incentive Retirement Plan (incorporated by reference to Exhibit 10.45 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013, (file number 333-191057)).
- 10.26 Amended Survivor Income Protection Plan (incorporated by reference to Exhibit 10.5 to Aramark Services, Inc.’s Quarterly Report on Form 10-Q filed with the SEC on August 8, 2007, pursuant to the Exchange Act (file number 001-04762)).
- 10.27 Second Amended and Restated Aramark 2005 Deferred Compensation Plan (incorporated by reference to Exhibit 10.48 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.28 Third Amended and Restated 2005 Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 to Aramark’s Quarterly Report on Form 10-Q filed with the SEC on February 10, 2016, pursuant to the Exchange Act (file number 001-36233)).
- 10.29 Amended and Restated Aramark Senior Executive Performance Bonus Plan (incorporated by reference to Exhibit 10.2 to Aramark’s Quarterly Report on Form 10-Q filed with the SEC on February 7, 2017, pursuant to the Exchange Act (file number 001-36233)).
- 10.30 Amended and Restated Executive Leadership Council Management Incentive Bonus Plan (2014) (incorporated by reference to Exhibit 10.50 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.31 Amended and Restated Aramark Executive Leadership Council Management Incentive Bonus Plan (2016) (incorporated by reference to Exhibit 10.1 to Aramark’s Quarterly Report on Form 10-Q filed with the SEC on February 10, 2016, pursuant to the Exchange Act (file number 001-36233)).
- 10.32 Amended and Restated Aramark Executive Leadership Council Management Incentive Bonus Plan (incorporated by reference to Exhibit 10.33 to Aramark’s Annual Report on Form 10-K filed with the SEC on November 23, 2016, pursuant to the Exchange Act (file number 001-36223)).
- 10.33 Aramark 2005 Deferred Compensation Plan for Directors (incorporated by reference to Exhibit 10.67 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.34 Fifth Amended and Restated Aramark 2007 Management Stock Incentive Plan (incorporated by reference to Exhibit 10.22 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.35 Aramark’s Amended and Restated 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Aramark’s Quarterly Report on Form 10-Q filed with the SEC on February 7, 2017, pursuant to the Exchange Act (file number 001-36233)).
- 10.36 Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.5 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on February 1, 2007, pursuant to the Exchange Act (file number 001-16807)).
- 10.37 Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.’s Quarterly Report on Form 10-Q filed with the SEC on August 8, 2007, pursuant to the Exchange Act (file number 001-04762)).
- 10.38 Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on November 16, 2007, pursuant to the

Exchange Act (file number 001-04762)).

10.39†Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on March 1, 2010, pursuant to the Exchange Act (file number 001-04762)).

10.40†Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on June 22, 2011, pursuant to the Exchange Act (file number 001-04762)).

10.41†Amendment to Outstanding Non-Qualified Stock Option Agreements dated March 1, 2010 (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on March 1, 2010, pursuant to the Exchange Act (file number 001-04762)).

S-49

---

Table of Contents

- 10.42† Form of Amendment to Outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.4 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on June 22, 2011, pursuant to the Exchange Act (file number 001-04762)).
- 10.43† Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.’s Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012, pursuant to the Exchange Act (file number 001-04762)).
- 10.44† Form of Non-Qualified Stock Option Award Agreement (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
- 10.45† Form of Time-Based Restricted Stock Unit Award Agreement with Aramark (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
- 10.46† Form of Restricted Stock Award Agreement with Aramark (incorporated by reference to Exhibit 10.4 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
- 10.47† Form of Replacement Stock Option Award Agreement with Aramark (incorporated by reference to Exhibit 10.5 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
- 10.48† Schedule 1s to Outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.18 to Aramark Services, Inc.’s Annual Report on Form 10-K filed with the SEC on December 15, 2009, pursuant to the Exchange Act (file number 001-04762)).
- 10.49† Schedules 1 to Outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on March 1, 2010, pursuant to the Exchange Act (file number 001-04762)).
- 10.50† New Schedule 1 to Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on November 18, 2011, pursuant to the Exchange Act (file number 001-04762)).
- 10.51† Revised Schedule 1s to outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on November 18, 2011, pursuant to the Exchange Act (file number 001-04762)).
- 10.52† New Schedule 1 to Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on November 19, 2012, pursuant to the Exchange Act (file number 001-04762)).
- 10.53† Revised Schedule 1s to outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.’s Current Report on Form 8-K filed with the SEC on November 19, 2012, pursuant to the Exchange Act (file number 001-04762)).
- 10.54† Revised Schedule 1s to Outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.68 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.55† Form of Amendment to Outstanding Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.69 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.56† Form of Non-Qualified Stock Option Award under the Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.71 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.57† Form of Restricted Stock Unit Award under the Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.72 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.58† Form of Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.4 to Aramark’s Quarterly Report on Form 10-Q filed with the SEC on February 5, 2014, pursuant to the Exchange Act (file number 001-36223)).

10.59† Form of Performance Stock Unit Award Agreement (Revised) (incorporated by reference to Exhibit 10.26 to Aramark's Annual Report on Form 10-K filed with the SEC on December 3, 2014, pursuant to the Exchange Act (file number 001-36223)).

10.60† Form of Performance Stock Unit Award Agreement (Revised) (incorporated by reference to Exhibit 10.2 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on August 12, 2015, pursuant to the Exchange Act (file number 001-36223)).

10.61† Form of Performance Restricted Stock Award (incorporated by reference to Exhibit 10.61 to Aramark's Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).

S-50

---

Table of Contents

- 10.62† Form of Non-Qualified Stock Option Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.62 to Aramark’s Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).
- 10.63† Form of Restricted Stock Unit Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.63 to Aramark’s Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).
- 10.64† Form of Performance Restricted Stock Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.64 to Aramark’s Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).
- 10.65† Form of Schedule I to Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.67 to Aramark’s Annual Report on Form 10-K filed with the SEC on November 23, 2016, pursuant to the Exchange Act (file number 001-36223)).
- 10.66† Form of Schedule I to Performance Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.68 to Aramark’s Annual Report on Form 10-K filed with the SEC on November 23, 2016, pursuant to the Exchange Act (file number 001-36223)).
- 10.67† Form of Schedule I to Non-Qualified Stock Option Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.69 to Aramark’s Annual Report on Form 10-K filed with the SEC on November 23, 2016, pursuant to the Exchange Act (file number 001-36223)).
- 10.68† Form of Schedule I to Restricted Stock Unit Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.70 to Aramark’s Annual Report on Form 10-K filed with the SEC on November 23, 2016, pursuant to the Exchange Act (file number 001-36223)).
- 10.69† Form of Schedule I to Performance Restricted Stock Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.71 to Aramark’s Annual Report on Form 10-K filed with the SEC on November 23, 2016, pursuant to the Exchange Act (file number 001-36223)).
- 10.70\*† Form of Restricted Stock Unit Award (Time Vesting) (Retirement Notice/Full Vest)
- 10.71\*† Form of Performance Stock Unit Award (Retirement Notice/Full Vest)
- 10.72\*† Form of Non-Qualified Stock Option Award (Retirement Notice/Full Vest)
- 10.73\*† Form of Restricted Stock Unit Award (Time Vesting) (Retirement Notice/2Y Vest)
- 10.74\*† Form of Performance Stock Unit Award (Retirement Notice/2Y Vest)
- 10.75\*† Form of Non-Qualified Stock Option Award (Retirement Notice/2Y Vest)
- 10.76\*† Form of Restricted Stock Unit Award (Relative TSR Vesting)
- 10.77\*† Form of Performance Stock Unit Award (Relative TSR Vesting)
- 10.78\*† Form of Non-Qualified Stock Option Award (Relative TSR Vesting)
- 10.79\*† Form of Schedule I to Performance Stock Unit Award
- 10.80\*† Form of Schedule I to Restricted Stock Unit Award (Relative TSR Vesting)
- 10.81\*† Form of Schedule I to Performance Stock Unit Award (Relative TSR Vesting)
- 10.82\*† Form of Schedule I to Non-Qualified Stock Option Award (Relative TSR Vesting)
- 10.83† Form of Deferred Stock Unit Award Agreement under the Fifth Amended and Restated Aramark 2007 Management Stock Incentive Plan (incorporated by reference to Exhibit 10.46 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.84† Form of Deferred Stock Unit Award under the Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.73 to Aramark’s Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
- 10.85† Form of Deferred Stock Unit Award Agreement under the Aramark 2013 Stock Incentive Plan (Revised) (incorporated by reference to Exhibit 10.77 to Aramark’s Annual Report on Form 10-K filed with the SEC on December 3, 2014, pursuant to the Exchange Act (file number 001-36223)).
- 10.86† Form of Deferred Stock Unit Agreement under the Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to Aramark’s Quarterly Report on Form 10-Q filed with the SEC on May 13, 2015, pursuant to the Exchange Act (file number 001-36223)).

10.87† Form of Aircraft Timesharing Agreement (incorporated by reference to Exhibit 10.69 to Aramark's Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).

10.88 Amended and Restated Master Distribution Agreement effective as of March 5, 2011 between SYSCO Corporation and ARAMARK Food and Support Services Group, Inc. (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 12, 2011, pursuant to the Exchange Act (file number 001-04762)) (portions omitted pursuant to a grant of confidential treatment).

S-51

---



Table of Contents

10.89 Amendment Agreement, dated February 26, 2014, to the Master Distribution Agreement dated as of November 25, 2006, between SYSCO Corporation and ARAMARK Food and Support Services Group, Inc., as amended and restated effective as of March 5, 2011 (incorporated by reference to Exhibit 10.71 to Aramark's Form S-1/A filed with the SEC on February 26, 2014 (file number 333-194077)) (portions omitted pursuant to a grant of confidential treatment).

12.1\* Ratio of Earnings to Fixed Charges.

21.1\* List of subsidiaries of Aramark.

23.1\* Consent of Independent Registered Public Accounting Firm-KPMG LLP.

31.1\* Certification of Eric Foss, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2\* Certification of Stephen P. Bramlage, Jr., Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1\* Certification of Eric Foss, Chief Executive Officer, and Stephen P. Bramlage, Jr., Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS\* XBRL Instance Document

101.SCH\* XBRL Taxonomy Extension Schema Document

101.CAL\* XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF\* XBRL Taxonomy Extension Definition Linkbase Document

101.LAB\* XBRL Taxonomy Extension Label Linkbase Document

101.PRE\* XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

† Identifies exhibits that consist of management contract or compensatory arrangement.

These merger agreements are filed as exhibits to this Annual Report on Form 10-K to provide investors and security holders with information regarding their terms. They are not intended to provide any other factual or financial information about the Company, Avendra, AmeriPride or their respective subsidiaries and affiliates. The representations, warranties and covenants contained in each of the merger agreements were made only for purposes of that agreement and as of the date of such merger agreement or such other date as is specified in such merger agreement; were solely for the benefit of the parties to such merger agreement; have been qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to such merger agreement instead of establishing these matters as facts; and are subject to materiality qualifications contained in such merger agreement that may differ from what may be viewed as material by investors. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of the Company, Avendra, AmeriPride or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreements, which subsequent information may or may not be fully reflected in public disclosures by the Company. The merger agreements should not be read alone but should instead be read in conjunction with the other information that is or will be included in reports and other filings that the Company files with the Securities and Exchange Commission.

## Edgar Filing: Aramark - Form 10-K

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and should not be relied upon for that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

S-52