Aramark
Form 10-Q
August 11, 2014

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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 27, 2014
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 001-36223

Aramark
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-8236097 (I.R.S. Employer Identification Number)
Aramark Tower 1101 Market Street Philadelphia, Pennsylvania (Address of principal executive offices)	19107 (Zip Code)

(215) 238-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
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 x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x
The number of shares of the registrant's common stock outstanding as of July 25, 2014: 233,086,773

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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
ARAMARK AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In Thousands, Except Share Amounts)

	June 27, 2014	September 27, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$122,419	$110,998
Receivables	1,494,709	1,405,843
Inventories, at lower of cost or market	543,210	541,972
Prepayments and other current assets	194,862	228,352
Total current assets	2,355,200	2,287,165
Property and Equipment, net	988,603	977,323
Goodwill	4,619,214	4,619,987
Other Intangible Assets	1,298,407	1,408,764
Other Assets	1,013,578	973,867
	$10,275,002	$10,267,106
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term borrowings	$104,106	$65,841
Accounts payable	766,450	888,969
Accrued expenses and other current liabilities	1,129,981	1,434,443
Total current liabilities	2,000,537	2,389,253
Long-Term Borrowings	5,585,603	5,758,229
Deferred Income Taxes and Other Noncurrent Liabilities	959,135	1,047,002
Common Stock Subject to Repurchase and Other	10,005	168,915
Stockholders' Equity:		
Common stock, par value $.01 (authorized: 600,000,000 shares; issued: 2014–253,398,028 shares and 2013–219,585,247 shares; and outstanding: 2014–232,608,825 shares and 2013–201,798,518 shares)	2,534	2,194
Capital surplus	2,529,129	1,693,663
Accumulated deficit	(409,378)	(479,233)
Accumulated other comprehensive loss	(69,106)	(59,225)
Treasury stock (shares held in treasury: 2014– 20,789,203 shares and 2013–17,786,729 shares)	(333,457)	(253,692)
Total stockholders' equity	1,719,722	903,707
	$10,275,002	$10,267,106

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

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ARAMARK AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In Thousands, Except Per Share Amounts)

	Three Months Ended June 27, 2014	Three Months Ended June 28, 2013
Sales	$3,620,057	$3,490,030
Costs and Expenses:		
Cost of services provided	3,275,409	3,178,092
Depreciation and amortization	124,917	135,808
Selling and general corporate expenses	78,448	52,534
	3,478,774	3,366,434
Operating income	141,283	123,596
Interest and Other Financing Costs, net	71,186	80,917
Income Before Income Taxes	70,097	42,679
Provision for Income Taxes	23,181	14,705
Net income	46,916	27,974
Less: Net income attributable to noncontrolling interests	43	226
Net income attributable to Aramark stockholders	$46,873	$27,748
Earnings per share attributable to Aramark stockholders:		
Basic	$0.20	$0.14
Diluted	$0.19	$0.13
Weighted Average Shares Outstanding:		
Basic	231,854	201,364
Diluted	243,739	208,326

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

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ARAMARK AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In Thousands, Except Per Share Amounts)

	Nine Months Ended June 27, 2014	Nine Months Ended June 28, 2013
Sales	$10,885,145	$10,429,682
Costs and Expenses:		
Cost of services provided	9,790,036	9,481,859
Depreciation and amortization	387,058	404,512
Selling and general corporate expenses	288,739	164,181
	10,465,833	10,050,552
Operating income	419,312	379,130
Interest and Other Financing Costs, net	256,613	341,392
Income Before Income Taxes	162,699	37,738
Provision for Income Taxes	57,750	6,476
Net income	104,949	31,262
Less: Net income attributable to noncontrolling interests	398	804
Net income attributable to Aramark stockholders	$104,551	$30,458
Earnings per share attributable to Aramark stockholders:		
Basic	$0.47	$0.15
Diluted	$0.45	$0.15
Weighted Average Shares Outstanding:		
Basic	223,143	201,607
Diluted	234,822	208,703

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

ARAMARK AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In Thousands)

	Three Months Ended June 27, 2014	Three Months Ended June 28, 2013
Net income	$46,916	$27,974
Other comprehensive income (loss), net of tax:		
Pension plan adjustments	(567)	(571)
Foreign currency translation adjustments	248	(7,197)
Fair value of cash flow hedges	(9,947)	3,797
Other comprehensive income (loss), net of tax	(10,266)	(3,971)
Comprehensive income	36,650	24,003
Less: Net income attributable to noncontrolling interests	43	226
Comprehensive income attributable to Aramark stockholders	$36,607	$23,777

	Nine Months Ended June 27, 2014	Nine Months Ended June 28, 2013
Net income	$104,949	$31,262
Other comprehensive income (loss), net of tax:		
Pension plan adjustments	(875)	(1,701)
Foreign currency translation adjustments	(718)	(31,153)
Fair value of cash flow hedges	(8,288)	12,740
Other comprehensive income (loss), net of tax	(9,881)	(20,114)
Comprehensive income	95,068	11,148
Less: Net income attributable to noncontrolling interests	398	804
Comprehensive income attributable to Aramark stockholders	$94,670	$10,344

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

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ARAMARK AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In Thousands)

	Nine Months Ended June 27, 2014	Nine Months Ended June 28, 2013
Cash flows from operating activities:		
Net income	$104,949	$31,262
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	387,058	404,512
Income taxes deferred	(46,190)	(46,454)
Share-based compensation expense	83,017	12,328
Changes in noncash working capital	(562,432)	(328,085)
Other operating activities	16,158	62,763
Net cash (used in) provided by operating activities	(17,440)	136,326
Cash flows from investing activities:		
Purchases of property and equipment, client contract investments and other	(326,317)	(263,591)
Disposals of property and equipment	15,807	8,740
Proceeds from divestitures	24,000	919
Acquisition of certain businesses, net of cash acquired	(20,335)	(22,566)
Other investing activities	8,574	24,425
Net cash used in investing activities	(298,271)	(252,073)
Cash flows from financing activities:		
Proceeds from long-term borrowings	1,725,047	3,223,127
Payments of long-term borrowings	(1,919,980)	(3,048,041)
Net change in funding under the Receivables Facility	50,000	36,200
Payments of dividends	(34,696)	—
Proceeds from initial public offering, net	524,081	—
Proceeds from issuance of common stock	3,701	4,882
Distribution in connection with spin-off of Seamless Holdings	—	(47,352)
Repurchase of common stock	(2,085)	(38,419)
Other financing activities	(18,936)	(53,577)
Net cash provided by financing activities	327,132	76,820
Increase (decrease) in cash and cash equivalents	11,421	(38,927)
Cash and cash equivalents, beginning of period	110,998	136,748
Cash and cash equivalents, end of period	$122,419	$97,821

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

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ARAMARK AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JUNE 27, 2014
(Unaudited)
(In Thousands)

	Total	Common Stock	Capital Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock
Balance, September 27, 2013	$903,707	$2,194	$1,693,663	$(479,233)	$(59,225)	$(253,692)
Net income attributable to Aramark stockholders	104,551			104,551		
Other comprehensive income (loss)	(9,881)				(9,881)	
Capital contributions from issuance of common stock	42,764	60	42,704			
Capital contributions from initial public offering	524,081	280	523,801			
Compensation expense related to stock incentive plans	83,017		83,017			
Tax benefits related to stock incentive plans	27,236		27,236			
Change due to termination of provision in Stockholders' Agreement (see Note 8)	158,708		158,708			
Purchases of common stock	(79,765)					(79,765)
Payments of dividends	(34,696)			(34,696)		
Balance, June 27, 2014	$1,719,722	$2,534	$2,529,129	$(409,378)	$(69,106)	$(333,457)

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

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ARAMARK AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JUNE 28, 2013
(Unaudited)
(In Thousands)

	Total	Total Aramark Stockholders' Equity	Common Stock	Capital Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interest
Balance, September 28, 2012	$966,864	$933,017	$2,159	$1,636,128	$(444,479)	$(73,745)	$(187,046)	$33,847
Net income	30,674	30,458			30,458			216
Other comprehensive income (loss)	(20,114)	(20,114)				(20,114)		
Capital contributions from issuance of common stock	20,437	20,437	28	20,409				
Compensation expense related to stock incentive plans	12,328	12,328		12,328				
Tax benefits related to stock incentive plans	3,566	3,566		3,566				
Decrease in common stock subject to repurchase obligation, net	13,903	13,903		13,903				
Purchases of common stock	(60,167)	(60,167)					(60,167)	
Distributions of Seamless Holdings	(138,173)	(104,110)			(104,110)			(34,063)
Balance, June 28, 2013	$829,318	$829,318	$2,187	$1,686,334	$(518,131)	$(93,859)	$(247,213)	$ —

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

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ARAMARK AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(1) BASIS OF PRESENTATION:
On January 26, 2007, ARAMARK Holdings Corporation, a Delaware corporation controlled by investment funds associated with GS Capital Partners, CCMP Capital Advisors, J.P. Morgan Partners, Thomas H. Lee Partners and Warburg Pincus LLC (collectively, the “Sponsors”), Joseph Neubauer, Chairman and former Chief Executive Officer of ARAMARK Holdings Corporation, and certain other members of ARAMARK Holdings Corporation's management, acquired all of the outstanding shares of ARAMARK Holdings Corporation's wholly-owned subsidiary, ARAMARK Corporation, in a going-private transaction.
On December 12, 2013, ARAMARK Holdings Corporation's common stock began trading on the New York Stock Exchange under the symbol "ARMK" after its initial public offering ("IPO") of 28,000,000 shares of its common stock at a price of $20.00 per share (see Note 8).
On May 9, 2014, ARAMARK Holdings Corporation changed its name to Aramark (the “Company”) pursuant to Section 253 of the Delaware General Corporation Law. ARAMARK Holdings Corporation amended Article FIRST of ARAMARK Holdings Corporation's Amended and Restated Certificate of Incorporation to change its corporate name to Aramark pursuant to a Certificate of Ownership and Merger filed with the Secretary of State of the State of Delaware on May 9, 2014. Also on May 9, 2014, the By-laws of the Company were amended and restated to reflect the name change to Aramark. The Company's wholly-owned subsidiary, ARAMARK Corporation, also changed its name on May 9, 2014 to Aramark Services, Inc.
The condensed consolidated financial statements include the accounts of the Company and all of its subsidiaries in which a controlling financial interest is maintained. All significant intercompany transactions and accounts have been eliminated. The Company has an ownership interest in a subsidiary with a redeemable noncontrolling interest. The Company classifies redeemable noncontrolling interests outside of stockholders' equity in the Condensed Consolidated Balance Sheets in “Common Stock Subject to Repurchase and Other.” As of June 27, 2014 and September 27, 2013, the redeemable noncontrolling interest related to the subsidiary was approximately $10.0 million and $10.2 million, respectively. For the three and nine months ended June 27, 2014, net income attributable to redeemable noncontrolling interest was less than $0.1 million and $0.4 million, respectively. Distributions to redeemable noncontrolling interest was $0.6 million for the nine months ended June 27, 2014. For the three and nine months ended June 28, 2013, net income attributable to redeemable noncontrolling interest was $0.2 million and $0.6 million, respectively. Distributions to redeemable noncontrolling interest was $0.7 million for the nine months ended June 28, 2013.
The condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and should be read in conjunction with the audited consolidated financial statements, and the notes to those statements, included in the Company's prospectus, dated December 11, 2013, filed with the SEC pursuant to Rule 424(b) of the Securities Act of 1933, on December 12, 2013. The Condensed Consolidated Balance Sheet as of September 27, 2013 was derived from audited financial statements which have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. In the opinion of the Company, the statements include all adjustments, which are of a normal, recurring nature, required for a fair presentation for the periods presented. The results of operations for interim periods are not necessarily indicative of the results for a full year due to the seasonality of some of the Company’s business activities and the possibility of changes in general economic conditions.
(2) DIVESTITURES:
Fiscal 2014
McKinley Chalet Hotel
On October 7, 2013, the Company completed the sale of its McKinley Chalet Hotel (the "Chalet") located adjacent to Denali National Park for approximately $24.0 million in cash. The transaction resulted in a pretax loss of

approximately $6.7 million (net of tax loss of approximately $9.1 million), which is included in "Cost of services provided" in the Condensed Consolidated Statements of Income for the nine months ended June 27, 2014. The pretax loss includes a write-off of an allocation of goodwill of approximately $12.8 million (see Note 5). The results of operations and cash flows associated with the Chalet divestiture were not material to the Company's Condensed Consolidated Statements of Income and Cash Flows.

Fiscal 2013

Spin-off of Seamless Holdings Corporation (now a part of GrubHub Inc.)

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

On October 29, 2012, the Company completed the spin-off of its majority interest in Seamless North America, LLC ("Seamless") to its stockholders.
In the spin-off, Aramark Services, Inc. distributed all of the issued and outstanding shares of the common stock of Seamless Holdings Corporation ("Seamless Holdings"), an entity formed for the purpose of completing the spin-off and whose assets primarily consisted of the Company's former interest in Seamless, to its parent company and sole stockholder, ARAMARK Intermediate. Thereafter, ARAMARK Intermediate distributed such shares to the Company, its parent company and sole stockholder, who then distributed all of the shares of Seamless Holdings on a pro rata basis to the holders of the Company's common stock as of October 26, 2012, the record date, through a tax-free stock dividend. Each stockholder of the Company received one share of Seamless Holdings common stock for each share of the Company's common stock held as of the record date.
Until October 29, 2012, Seamless Holdings and its subsidiaries were part of the Company and its assets, liabilities, results of operations, and cash flows are included in the amounts reported in these condensed consolidated financial statements until that date. Following the spin-off, Seamless Holdings is an independent company and the Company retains no ownership interest in Seamless Holdings or Seamless. The Company's proforma results of operations for fiscal 2013 would not have been materially different than reported assuming the spin-off and related transactions had occurred at the beginning of the prior year period.

(3) SUPPLEMENTAL FINANCIAL INFORMATION:

The Company made interest payments of approximately $223.5 million and $298.0 million and income tax payments of approximately $61.5 million and $65.0 million during the nine months ended June 27, 2014 and June 28, 2013, respectively.
As of June 27, 2014 and September 27, 2013, "Accumulated other comprehensive loss" consists of pension plan adjustments (net of tax) of approximately ($31.4) million and ($30.5) million, respectively, foreign currency translation adjustments (net of tax) of approximately $2.6 million and $3.3 million, respectively, fair value of cash flow hedges (net of tax) of approximately ($32.3) million and ($24.0) million, respectively, and share of equity investees' accumulated other comprehensive loss (net of tax) of approximately ($8.0) million and ($8.0) million, respectively.
For the three and nine months ended June 27, 2014 and June 28, 2013, the tax effects on comprehensive income were as follows (in thousands):

	Three Months Ended June 27, 2014	Three Months Ended June 28, 2013
Foreign currency translation adjustments	$1,383	$4,658
Fair value of cash flow hedges	6,451	(2,651)
Pension plan adjustments	305	398

	Nine Months Ended June 27, 2014	Nine Months Ended June 28, 2013
Foreign currency translation adjustments	$5,410	$11,679
Fair value of cash flow hedges	5,108	(8,187)
Pension plan adjustments	471	1,009

(4) SEVERANCE AND ASSET WRITE-DOWNS:

During fiscal 2013, the Company initiated a series of actions and developed plans to drive efficiencies through the consolidation and centralization of select functions. As a result, the Company recorded charges during the second quarter of fiscal 2013 of approximately $40.8 million for severance and related costs. During the third quarter of fiscal 2013, the Company enhanced the benefits under its severance policy which resulted in an additional charge of approximately $6.6 million related to planned terminations initiated during the second quarter. In addition, during the second quarter of fiscal 2013, the Company recorded charges of approximately $11.7 million for goodwill impairments and other asset write-downs of approximately $11.4 million primarily related to the write-offs of certain client contractual investments. During fiscal 2014, as a result of additional cost saving and productivity initiatives and refinements to the Company's original plans for consolidation and centralization initiatives and actual attrition of the workforce, the Company recorded a reduction to severance expense of approximately ($1.3) million and a net severance charge of approximately $0.5 million during the three and nine months ended June 27, 2014, respectively.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

As of June 27, 2014 and September 27, 2013, the Company had an accrual of approximately $27.0 million and $46.7 million, respectively, related to the unpaid obligations for these costs.

(5) 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.

Changes in total goodwill during the nine months ended June 27, 2014 follow (in thousands):

Segment	September 27, 2013	Acquisitions and Divestitures	Translation	June 27, 2014
FSS North America	$3,595,048	$(11,103)	$(42)	$3,583,903
FSS International	451,154	—	9,378	460,532
Uniform	573,785	994	—	574,779
	$4,619,987	$(10,109)	$9,336	$4,619,214

The reduction in goodwill for Food and Support Services—North America ("FSS North America") is primarily related to the Chalet divestiture (see Note 2). The amounts recorded for acquisitions during fiscal 2014 may be revised upon final determination of the purchase price allocations.

Other intangible assets consist of (in thousands):

	June 27, 2014			September 27, 2013		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationship assets	$1,900,663	$(1,362,098)	$538,565	$1,892,484	$(1,242,578)	$649,906
Trade names	761,475	(1,633)	759,842	760,491	(1,633)	758,858
	$2,662,138	$(1,363,731)	$1,298,407	$2,652,975	$(1,244,211)	$1,408,764

Acquisition-related intangible assets consist of customer relationship assets, the Aramark trade name and other trade names. Customer relationship assets are being amortized principally on a straight-line basis over the expected period of benefit, 5 to 24 years, with a weighted average life of approximately 12 years. The Aramark trade name is an indefinite lived intangible asset and is not amortizable but is evaluated for impairment at least annually.

Amortization of intangible assets for the nine months ended June 27, 2014 and June 28, 2013 was approximately $120.7 million and $143.9 million, respectively.

(6) BORROWINGS:

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

	June 27, 2014	September 27, 2013
Senior secured revolving credit facility	$163,442	$10,000
Senior secured term loan facility, due July 2016	75,261	3,032,349
Senior secured term loan facility, due September 2019	1,392,797	1,393,559
Senior secured term loan facility, due February 2021	2,605,544	—
5.75% senior notes, due March 2020	1,000,000	1,000,000
Receivables Facility, due May 2017	350,000	300,000
Capital leases	57,334	52,385
Other	45,331	35,777
	5,689,709	5,824,070
Less—current portion	(104,106)	(65,841)
	$5,585,603	$5,758,229

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The Company used the net proceeds from its IPO to repay borrowings of approximately $154.1 million on the senior secured revolving credit facility that were borrowed during the first quarter of fiscal 2014 and $370.0 million on the senior secured term loan facility (see Note 8).

Senior Secured Credit Agreement

Senior Secured Term Loan Facilities

2014 Amendment Agreements

On February 24, 2014, Aramark Services, Inc. entered into an Amendment Agreement (“2014 Amendment Agreement”) to the Amended and Restated Credit Agreement dated as of March 26, 2010 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”). The 2014 Amendment Agreement amends and restates the Credit Agreement effective as of February 24, 2014. Among other things, the 2014 Amendment Agreement provides for approximately $3,982.0 million in the aggregate of new term loans, $2,582.0 million of which have a maturity date of February 24, 2021 and $1,400.0 million of which have a maturity date of September 7, 2019. The term loans due on February 24, 2021 include €140.0 million of term loans denominated in euros, £115.0 million of term loans denominated in sterling and ¥5,042.0 million of term loans denominated in yen. The new term loans were borrowed on February 24, 2014 and the proceeds were used to refinance existing term loans due 2016 and 2019 (with the exception of approximately $75.0 million in term loans due 2016 borrowed by Aramark Services, Inc.’s Canadian subsidiary, which remain outstanding). All U.S. dollar denominated new term loans have an applicable margin of 2.50% for eurocurrency (LIBOR) borrowings, subject to a LIBOR floor of 0.75%, and an applicable margin of 1.50% for base-rate borrowings, subject to a minimum base rate of 1.75%. The new yen denominated and Euro denominated term loans have an applicable margin of 2.75% and the new sterling denominated terms loans have an applicable margin of 3.25%. The term loans due on February 24, 2021 were borrowed with an original issue discount of 0.50%. The term loans due on September 7, 2019 were borrowed with an original issue discount of 0.25%.

During the second quarter of fiscal 2014, approximately $22.9 million of lender fees and third-party costs directly attributable to the term loans of the 2014 Amendment Agreement were capitalized and are included in the Condensed Consolidated Balance Sheets. Approximately $3.4 million and $5.1 million of the third-party costs were paid to entities affiliated with GS Capital Partners and J.P. Morgan Partners, respectively. The Company also recorded charges to "Interest and Other Financing Costs, net” in the Condensed Consolidated Statements of Income for the nine months ended June 27, 2014 consisting of $13.1 million of third-party costs and $12.6 million of non-cash charges for the write-off of deferred financing costs and original issue discount.

Amendment Agreement No. 1

On March 28, 2014, Aramark Services, Inc. entered into Amendment Agreement No. 1 to the 2014 Amendment Agreement, which allowed Aramark Services, Inc. to borrow Canadian dollar denominated term loan in an amount of CAD34.0 million, due February 2021.

2013 Amendment Agreements

Amendment Agreement No. 4

On February 22, 2013, Aramark Services, Inc. entered into Amendment Agreement No. 4 (“Amendment Agreement No. 4”) to the Credit Agreement which provided for, among other things, additional term loans and the extension of a portion of the revolving credit facility. On March 7, 2013, Aramark Services, Inc. borrowed $1,400 million of term loans pursuant to Amendment Agreement No. 4. The new term loans were borrowed by Aramark Services, Inc. with an original issue discount of 0.50%. During the second quarter of fiscal 2013, approximately $16.8 million of third-party costs directly attributable to Amendment Agreement No. 4 were capitalized and are included in “Other Assets” in the Condensed Consolidated Balance Sheets, of which approximately $6.8 million were paid to entities affiliated with GS Capital Partners and J.P. Morgan Partners.

Amendment Agreement No. 3

On December 20, 2012, Aramark Services, Inc. amended the senior secured credit agreement ("Amendment Agreement No. 3") to, among other things, borrow $670 million of new term loans to repay approximately $650 million of existing term loans and to fund certain discounts, fees and costs associated with the amendment. During the first quarter of fiscal 2013, approximately $11.6 million of third-party costs directly attributable to Amendment Agreement No. 3 were expensed and are included in “Interest and Other Financing Costs, net” in the Condensed Consolidated Statements of Income. Approximately $4.6 million of the third-party costs were paid to entities affiliated with GS Capital Partners and J.P. Morgan Partners.

Senior Secured Revolving Credit Facility

The 2014 Amendment Agreement also provides for the extension, from January 26, 2017 to February 24, 2019, of the maturity of $565.0 million in revolving lender commitments of the existing $605.0 million revolving credit facility under the Credit

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Agreement. The 2014 Amendment Agreement also increases the revolving lender commitments by $165.0 million, for a total revolving credit facility of $770.0 million.

During the second quarter of fiscal 2014, approximately $4.8 million of third-party costs directly attributable to the revolving credit facility of the 2014 Amendment Agreement were capitalized and are included in “Other Assets” in the Condensed Consolidated Balance Sheets.

5.75% Senior Notes due 2020

On March 7, 2013, Aramark Services, Inc. issued $1,000 million of 5.75% Senior Notes due 2020 (the “Senior Notes”) pursuant to a new indenture, dated as of March 7, 2013 (the “Indenture”), entered into by Aramark Services, Inc. During the second quarter of fiscal 2013, approximately $13.8 million of third-party costs directly attributable to the Senior Notes were capitalized and are included in “Other Assets” in the Condensed Consolidated Balance Sheets. Approximately $7.3 million of the third-party costs were paid to entities affiliated with GS Capital Partners and J.P. Morgan Partners.

Repurchase of 8.50% Senior Notes due 2015, Senior Floating Rate Notes due 2015 and 8.625% / 9.375% Senior Notes due 2016

In February 2013, the Company and Aramark Services, Inc. commenced a tender offer to purchase for cash any and all of the 8.625% / 9.375% Senior Notes due 2016, the 8.50% Senior Notes due 2015 and the Senior Floating Notes due 2015 (collectively, the "Notes"). On March 7, 2013, the Company used a portion of the aggregate proceeds of the Senior Notes offering and the borrowings under the new term loans pursuant to Amendment Agreement No. 4 to purchase all Notes tendered by March 6, 2013, the early tender date.

During the second quarter of fiscal 2013, in connection with the tender offer and the full and complete satisfaction and discharge of the remaining aggregate principal of the Notes, the Company recorded $39.8 million of charges to "Interest and Other Financing Costs, net” in the Condensed Consolidated Statements of Income consisting of $12.9 million of third party costs for the tender offer premium and $26.9 million of non-cash charges for the write-off of deferred financing costs.

(7) 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 outstanding $2.9 billion notional amount of interest rate swap agreements, fixing the rate on a like amount of variable rate borrowings. During the second quarter of fiscal 2014, as a result of the 2014 Amendment Agreement, the Company de-designated the 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 2014 Amendment Agreement, these agreements met the required criteria to be designated as cash flow hedging instruments. As a result of the de-designation, the mark-to-market values of the Company's cash flow hedges included in Accumulated Other Comprehensive Loss, which was approximately $22.8 million of unrealized net of tax losses, were frozen as of the de-designation date and will be reclassified into earnings as the underlying hedged transactions affect earnings. In February 2014, the Company amended the interest rate swap agreements to match the terms of the new term loans under the 2014 Amendment Agreement to meet the criteria to be designated as cash flow hedging instruments. During the third quarter of fiscal 2014, the Company entered into $500 million notional amount of forward starting interest rate swap agreements, fixing the rate on a like amount of variable rate borrowings. 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 June 27, 2014 and

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September 27, 2013, approximately ($26.2) million and ($20.5) 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 the nine months ended June 27, 2014 and June 28, 2013 was not material.

The Company has outstanding $75.4 million amortizing cross currency swap to mitigate the risk of variability in principal and interest payments on the Canadian subsidiary’s variable rate debt denominated in U.S. dollars. During the second quarter of fiscal 2014, approximately $82.7 million of amortizing cross currency swaps matured. The agreement fixes the rate on the variable rate borrowings and mitigates changes in the Canadian dollar/U.S. dollar exchange rate. During the nine months ended June 27, 2014 and June 28, 2013, approximately $5.6 million and $4.7 million of unrealized net of tax gains (losses) related to the swap were added to “Accumulated other comprehensive loss,” respectively. Approximately ($2.6) million and ($5.5) million were reclassified to offset net translation gains (losses) on the foreign currency denominated debt during the nine months ended June 27, 2014 and June 28, 2013, respectively. As of June 27, 2014 and September 27, 2013, unrealized net of tax losses of approximately ($6.1) million and ($3.5) million related to the cross currency swap were included in “Accumulated other comprehensive loss,” respectively. The hedge ineffectiveness for this cash flow hedging instrument during the nine months ended June 27, 2014 and June 28, 2013 was not material.

As a result of Amendment Agreement No. 3, the Company de-designated the cross currency swap that hedged the Canadian subsidiary's term loan with a maturity date of January 26, 2014. Prior to Amendment Agreement No. 3, these contracts met the required criteria to be designated as cash flow hedging instruments. As a result, approximately $3.2 million was reclassified from “Accumulated other comprehensive loss” in the Condensed Consolidated Balance Sheets to “Interest and Other Financing Costs, net” in the Condensed Consolidated Statements of Income during the nine months ended June 28, 2013.

The following table summarizes the net of tax effect of our derivatives designated as cash flow hedging instruments on Comprehensive Income (Loss) (in thousands):

	Three Months Ended June 27, 2014	Three Months Ended June 28, 2013
Interest rate swap agreements	$(9,567)	$5,297
Cross currency swap agreements	(380)	(1,500)
	$(9,947)	$3,797

	Nine Months Ended June 27, 2014	Nine Months Ended June 28, 2013
Interest rate swap agreements	$(5,641)	$11,595
Cross currency swap agreements	(2,647)	1,145
	$(8,288)	$12,740

Derivatives not Designated in Hedging Relationships

In fiscal 2013, the Company elected to de-designate the cross currency swaps as a result of Amendment Agreement No. 3. As a result, changes in the fair value of these swaps are recorded in earnings. During the second quarter of fiscal 2014, the cross currency swap matured. For the nine months ended June 27, 2014, the Company recorded a pretax gain of approximately $5.8 million for the change in the fair value of these swaps in “Interest and Other Financing Costs, net” in the Condensed Consolidated Statements of Income. For the three and nine months ended June 28, 2013, the Company recorded a pretax gain of approximately $2.4 million and $4.6 million for the change in the fair value of these swaps in “Interest and Other Financing Costs, net” in the Condensed Consolidated Statements of Income, respectively.

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. During fiscal 2014, the Company has entered into contracts for approximately 8.4 million gallons. As of June 27, 2014, the Company has contracts for approximately 5 million gallons outstanding for fiscal 2014 and fiscal 2015. The Company does not record its gasoline and diesel fuel agreements as hedges for accounting purposes. As such, changes in the fair value of these contracts are recorded in earnings. The impact on earnings related to the change in fair value of these contracts for the three and nine month periods of fiscal 2014 and fiscal 2013 were not material.

As of June 27, 2014, the Company had foreign currency forward exchange contracts outstanding with notional amounts of €16.1 million, £7.3 million and CAD33.8 million to mitigate the risk of changes in foreign currency exchange rates on intercompany loans to certain international subsidiaries. Gains and losses on these foreign currency exchange contracts are

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recognized in income currently as the contracts were not designated as hedging instruments, substantially offsetting currency transaction gains and losses on the intercompany loans.
The Company's interest rate swap agreements are subject to master netting arrangements, which serve as credit mitigants to both the Company and its counterparties under certain situations. The Company presents the net asset or liability position of its derivative fair values on the Condensed Consolidated Balance Sheets. The following table summarizes the location and fair value, using Level 2 inputs, of the Company's derivatives designated and not designated as hedging instruments in our Condensed Consolidated Balance Sheets (in thousands):

	Balance Sheet Location	June 27, 2014	September 27, 2013
ASSETS			
Not designated as hedging instruments:			
Gasoline and diesel fuel agreements	Prepayments	590	37
		$590	$37
LIABILITIES			
Designated as hedging instruments:			
Interest rate swap agreements	Accrued Expenses	$—	$3,494
Interest rate swap agreements	Other Noncurrent Liabilities	40,067	30,431
Cross currency swap agreements	Other Noncurrent Liabilities	11,767	16,129
		51,834	50,054
Not designated as hedging instruments:			
Foreign currency forward exchange contracts	Accounts Payable	264	366
Cross currency swap agreements	Accrued Expenses	—	12,818
		$52,098	$63,238

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 from the derivatives not designated as hedging instruments in the Condensed Consolidated Statements of Income (in thousands):

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	Account	Three Months Ended June 27, 2014	Three Months Ended June 28, 2013
Designated as hedging instruments:			
Interest rate swap agreements	Interest Expense	$6,933	$5,740
Cross currency swap agreements	Interest Expense	2,971	250
		$9,904	$5,990
Not designated as hedging instruments:			
Cross currency swap agreements	Interest Expense	$—	$(2,429)
Gasoline and diesel fuel agreements	Cost of services provided	(533)	250
Foreign currency forward exchange contracts	Interest Expense	1,122	1,764
		$589	$(415)

	Account	Nine Months Ended June 27, 2014	Nine Months Ended June 28, 2013
Designated as hedging instruments:			
Interest rate swap agreements	Interest Expense	$23,116	$16,950
Cross currency swap agreements	Interest Expense	(1,853)	3,256
		$21,263	$20,206
Not designated as hedging instruments:			
Cross currency swap agreements	Interest Expense	$(5,111)	$(1,408)
Gasoline and diesel fuel agreements	Cost of services provided	(669)	119
Foreign currency forward exchange contracts	Interest Expense	5,407	(4,278)
		$(373)	$(5,567)

At June 27, 2014, 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 $19.5 million.

(8) CAPITAL STOCK:

On December 17, 2013, the Company completed the 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 the IPO. GS Capital Partners and J.P. Morgan Partners received approximately $6.5 million and $6.5 million, respectively, of underwriters' discounts relating to the shares sold by the Company which were included in the costs directly related to the IPO. The Company used the net proceeds to repay borrowings on the senior secured revolving credit facility and a portion of the principal on the senior secured term loan facility (see Note 6). In addition, the Company paid cash bonuses and certain other expenses of approximately $5.0 million related to the IPO, which were included in the Condensed Consolidated Statements of Income.

Prior to the IPO, pursuant to the Amended and Restated Stockholders Agreement of the Company, upon termination of employment from the Company or one of its subsidiaries, members of the Company’s management (other than Mr. Neubauer) who held shares of common stock could have caused the Company to repurchase all of their initial investment shares (as defined) or shares acquired as a result of the exercise of Installment Stock Purchase Opportunities at appraised fair market value. Generally, payment for shares repurchased could have been, at the Company’s option, in cash or installment notes, which would be effectively subordinated to all indebtedness of the

Company. The amount of this potential repurchase obligation had been classified outside of stockholders' equity. With the completion of the IPO, this provision was terminated. The amount of common stock subject to repurchase as of June 27, 2014 and September 27, 2013 was $0 and $158.7 million, respectively.

During the nine months ended June 27, 2014, the Company paid dividends of approximately $34.7 million to its stockholders. On August 6, 2014, the Company's Board declared a $0.075 dividend per share of common stock, payable on September 9, 2014, to shareholders of record on the close of business on August 19, 2014.

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(9) 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 “2013 Stock Plan”), which became effective on December 1, 2013. 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. In connection with the adoption of the 2013 Stock Plan, the Board approved, and the stockholders of Aramark adopted by written consent, the Fifth Amended and Restated Aramark 2007 Management Stock Incentive Plan (the “Fifth Amended Stock Plan”) which amended certain terms of the 2007 Management Stock Incentive Plan ("2007 MSIP") in contemplation of the IPO, including providing that no awards will be granted under the Fifth Amended Stock Plan shortly following the consummation of an initial public offering, as grants following the IPO are made under the 2013 Stock Plan.

During the three and nine months ended June 27, 2014, share-based compensation expense was approximately $10.0 million, before taxes of $3.9 million, and approximately $83.0 million, before taxes of $32.4 million, respectively. During the three and nine months ended June 28, 2013, share-based compensation expense was approximately $3.5 million, before taxes of $1.4 million, and approximately $12.3 million, before taxes of $4.9 million, respectively.

Stock Options

Time-Based Options

The Company granted 1.9 million time-based options with a weighted-average grant-date fair value of $6.65 during the first quarter of fiscal 2014. The compensation cost charged to expense during the three and nine months ended June 27, 2014 for time-based options was approximately $2.9 million and $9.7 million, respectively. The compensation cost charged to expense during the three and nine months ended June 28, 2013 for time-based options was approximately $1.8 million and $5.8 million, respectively.

Performance-Based Options

On November 11, 2013, the Compensation Committee approved an amendment to all outstanding 2007 MSIP Option Agreements (the “Performance Option Amendment”) modifying the vesting provisions relating to outstanding performance-based options granted under the 2007 MSIP. The Performance Option Amendment provides that in the event of an initial public offering of Aramark, subject to continued employment on such date, 50% of any then-unvested performance-based options that did not meet applicable performance thresholds in prior years (the “Missed Year Options”) will become vested if the initial public offering price for the common stock of Aramark equals or exceeds $20.00 per share. In addition, during the 18 month period following the initial public offering, if the closing trading price for common stock of Aramark equals or exceeds $25.00 per share over any consecutive twenty day trading period, 100% of the Missed Year Options will become vested. There were a total of approximately 5.0 million Missed Year Options which fully vested in the second quarter of fiscal 2014 as all performance targets were met. The fair values of the Missed Year Options were valued at the award modification date using a Monte-Carlo option model, which simulates a range of possible future stock prices and estimates the probabilities of meeting the modified vesting provision of the trading price for the common stock of Aramark equaling or exceeding $25.00 per share over any consecutive twenty day trading period during the 18 month period following the initial public offering. The following weighted-average assumptions were used in estimating the fair value of the Missed Year Options: estimated volatility (30%), expected dividend yield (1.5%), expected life (3-8 years) and risk-free rate (0.66%-2.63%). The weighted-average fair value of the Missed Year Options modified on November 11, 2013 was $10.19 per option. During the three and nine months ended June 27, 2014, the Company recognized a charge to expense of approximately $1.6 million and $57.0 million for performance-based options, respectively. The nine months ended June 27, 2014 includes approximately $50.9 million related to the Missed Year Options that were modified. During the three and nine months ended June 28, 2013, $1.5 million and $4.9 million was charged to expense for performance-based options, respectively.

Installment Stock Purchase Opportunities (“ISPOs”)

The Company recorded approximately $0.4 million and $1.6 million of compensation expense related to ISPOs and the exchanged restricted stock and non-qualified stock options during the three and nine months ended June 27, 2014, respectively. The Company recorded approximately $0.2 million and $0.8 million of compensation expense related to ISPOs during the three and nine months ended June 28, 2013, respectively.

Time-Based Restricted Stock Units

The Restricted Stock Unit Agreement provides for grants of restricted stock units ("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

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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 RSUs 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.

The Company granted 2,048,785 RSUs during the first quarter of fiscal 2014 at a weighted-average grant-date fair value of $20.45. Compensation expense for RSUs is recognized on a straight-line basis over the vesting period during which employees perform related services. The compensation cost charged to expense during the three and nine months ended June 27, 2014 for RSUs was approximately $3.6 million and $9.9 million, respectively.

Performance Stock Units

Under the 2013 Stock Plan, the Company is authorized to grant Performance Stock Units ("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 performance conditions. The first 33% of the award will vest if and when 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 the performance condition in the first year of grant and the participant's continued employment with the Company through each such anniversary. The grant-date fair value of the PSUs is based on the fair value of the Company's common stock.

On December 20, 2013, the Company granted 466,763 PSUs with a weighted-average grant-date fair value of $23.92 with performance conditions based upon the achievement of a level of earnings per share. The compensation cost charged to expense during the three and nine months ended June 27, 2014 for PSUs was approximately $1.5 million and $3.3 million, respectively.

Deferred Stock Units

The Company granted 60,088 deferred stock units during the nine months ended June 27, 2014. The compensation cost charged to expense during the three and nine months ended June 27, 2014 for deferred stock units was approximately $0 and $1.5 million, respectively. The Company granted 42,462 deferred stock units during the nine months ended June 28, 2013. The compensation cost charged to expense during the nine months ended June 28, 2013 for deferred stock units was approximately $0.6 million.

(10) ACCOUNTS RECEIVABLE SECURITIZATION:

The Company has an agreement (the "Receivables Facility") with several financial institutions whereby it sells on a continuous basis an undivided interest in all eligible trade accounts receivable, as defined in the Receivables Facility. In May 2014, the Company amended the Receivables Facility to increase the maximum amount from $300.0 million to $350.0 million and extend the maturity date from January 2015 to May 2017. In addition, the Receivable Facility will now include a seasonal tranche which will increase the capacity of the Receivable Facility by $25.0 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 June 27, 2014 and September 27, 2013, the amount of outstanding borrowings under the Receivables Facility was $350.0 million and $300.0 million and is included in "Long-Term Borrowings," respectively.

(11) EQUITY INVESTMENTS:

The Company's principal equity method investment is its 50% ownership interest in AIM Services Co., Ltd., a Japanese food and support services company (approximately $188.9 million and $190.7 million at June 27, 2014 and September 27, 2013, respectively, which is included in "Other Assets" in the Condensed Consolidated Balance Sheets). Summarized financial information for AIM Services Co., Ltd. follows (in thousands):

	Three Months Ended	Three Months Ended

	June 27, 2014	June 28, 2013
Sales	$390,862	$398,610
Gross profit	45,171	47,148
Net income	6,239	6,803

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	Nine Months Ended June 27, 2014	Nine Months Ended June 28, 2013
Sales	$1,156,205	$1,294,082
Gross profit	130,735	149,553
Net income	19,572	22,183

The period to period comparisons of the summarized financial information for AIM Services Co., Ltd., presented in U.S. dollars above, is significantly impacted by currency translation. Aramark's equity in undistributed earnings of AIM Services Co., Ltd., net of amortization related to purchase accounting for the 2007 going-private transaction, was $2.5 million and $7.9 million for the three and nine months ended June 27, 2014, respectively. Aramark's equity in undistributed earnings of AIM Services Co., Ltd., net of amortization related to purchase accounting for the 2007 going-private transaction, was $2.8 million and $8.0 million for the three and nine months ended June 28, 2013, respectively.

(12) BUSINESS SEGMENTS:

Sales, operating income and depreciation and amortization by reportable segment follow (in thousands):

Sales	Three Months Ended June 27, 2014	Three Months Ended June 28, 2013
FSS North America	$2,487,739	$2,405,860
FSS International	765,206	727,516
Uniform	367,112	356,654
	$3,620,057	$3,490,030

Operating Income	Three Months Ended June 27, 2014	Three Months Ended June 28, 2013
FSS North America	$95,546	$73,146
FSS International	36,722	28,694
Uniform		