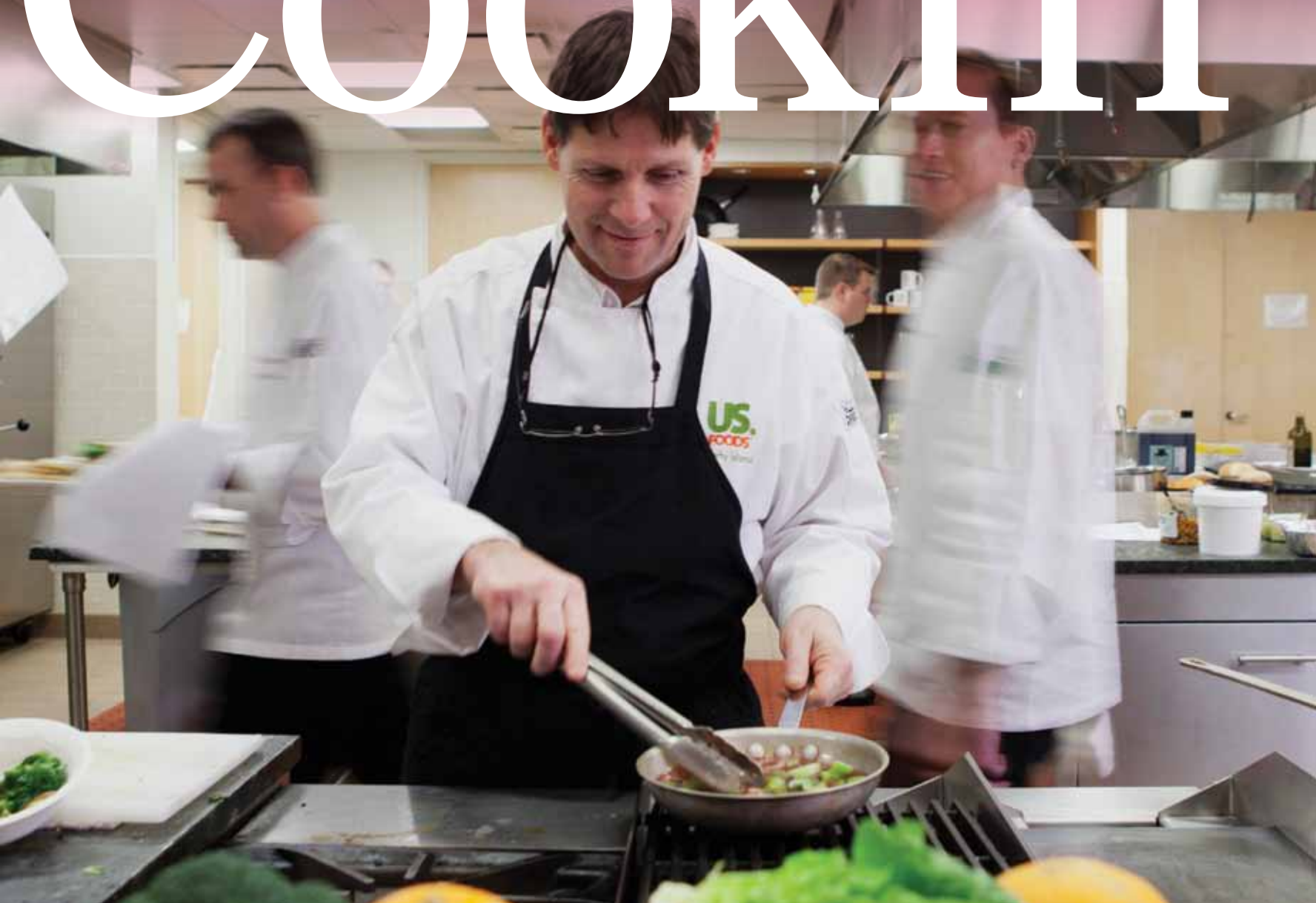


YOUR CONNECTION TO THE WORLD OF US FOODS

What's Cookin'?



FOOD. FOOD PEOPLE. EASY.

Issue 2 | December 2011

US.
FOODS™
KEEPING KITCHENS COOKING.™

What's Cookin'

DECEMBER 2011

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Inside...



On the Cover:

Tim Warnock, chef, Albany Division, creating new recipes for customers in US Kitchens in Rosemont, Ill.

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FOOD. FOOD PEOPLE. EASY.

New Brands	05
In the Kitchen	06
IT Updates	07
Industry News	08

CUSTOMER SUCCESS

Relationship Building	09
Better Service	10
Military Partnership	11

INNOVATION

Customer Support	12
Product Innovation	13
New Category Management	14
Solar Panels Update	15

INTEGRITY 00

Recycling Vegetable Oil	16
Food Safety and Sustainability	17
Employee Safety	18
Social Media	19

TEAMWORK 20

Letters	21
Random Thoughts	23

Transforming Our Future



This was a remarkable year of transition and transformation. Foremost among our accomplishments in 2011 was our dynamic, new US Foods brand identity, mission and values—

launched at the company's first ever national sales conference—that emphasizes our strategic focus on creating a better food offering and an easier service experience for customers.

Consistent with our new brand, we introduced more than 24 unique new products this year exclusive to US Foods, including the popular Metro Deli™ and Chef's Line™ that have endless applications and broad appeal among customers. In a challenging economy, many companies turn off the lights and shut the door on innovation. Not US Foods. Many customers are struggling today and looking to us for ways to become more successful. Innovation is a major part of our growth strategy and we must set the pace for innovation in the industry.

We're also creating a more effective and efficient organizational structure across the company in areas such as Merchandising, Sales, Finance, Information Technology and Human Resources. In Sales, for example, we are strengthening sales support so territory managers can spend more time in face-to-face selling activities to create growth opportunities from coast to coast. We also created several sales tools, including the new customer publication *The Scoop* and are harnessing the power of social media through a new Facebook™ business forum for territory managers and roll-out of the "Where's My Truck" delivery tracking software system. These and other improvements helped drive sales this fall to their highest levels in years.

Several key acquisitions in California, New York, Indiana and other states are expanding our presence in key markets and increasing the number of specialty products we offer customers. We expect to continue making strategic acquisitions and taking advantage of opportunities to strengthen our ability to serve customers and profitably grow market share.



US Foods is also investing for long-term growth through major capital investments and expanded facilities in Austin, Texas; Albuquerque, N.M.; Columbia, S.C.; Norwich, Conn.; Memphis, Tenn.; and Port Orange, Fla.

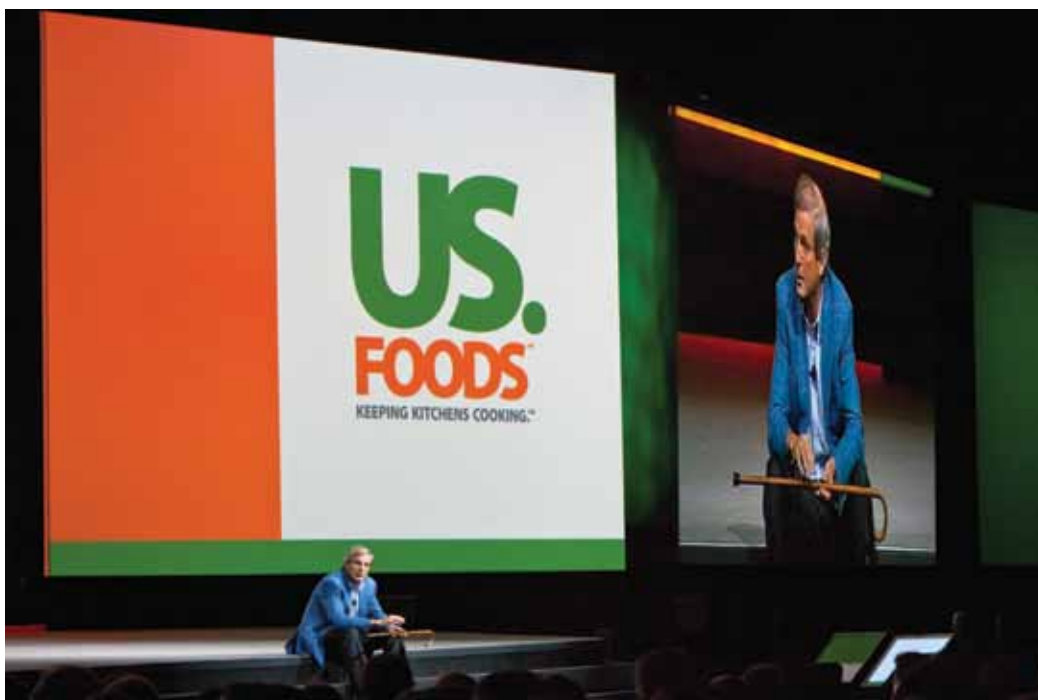
We are committed to growing our business, creating new jobs and building a stronger company. This edition of *What's Cookin'* highlights some of our activities to achieve these goals. You'll find articles on sales success stories, social media, teamwork and other actions putting us on a path of greater efficiency, higher productivity and accelerated growth.

There are key moments in the history of every company—critical points that mark a positive change of course that energizes an organization and forever changes its destiny. This year marked one of those turning points for US Foods. We are now in a position where we can dramatically transform our competitive position and rise to our full potential.

Our accomplishments are testimony to the hard work and dedication of you and the other members of the US Foods team around America. More than ever, we have the talent, products and momentum to be First in Food. Second to None.

Best wishes to you and your family for a wonderful holiday season and a healthy and happy 2012. ■

John Lederer
President and Chief Executive Officer





NEW NAME,

NEW LOOK

NAME CHANGES ALIGN BUSINESS UNITS WITH NEW BRAND

The new US Foods name and brand identity reflect the company’s strategic focus on creating a better food offering and easier service experience for US Foods customers. As part of the rebranding, the name of the North Star Foodservice business units changed.

- North Star Atlanta is now the Norcross Division.
- North Star Houston is now the Conroe Division.
- North Star Oklahoma City is now the Oklahoma City-West Division.
- North Star Pittston is now the Pittston Division.

These are name changes only and do not affect any aspect of operations in Atlanta, Houston, Oklahoma City and Pittston. The locations continue to deliver the highest quality products and service to national chain restaurant customers.

While US Foods comprises 65 divisions and several business units, it is one company with a single mission: to transform the food service industry by creating a superior food proposition and by delivering solutions for our customers.

In line with the mission, Next Day Gourmet was renamed US Foods Culinary Equipment and Supplies (CES). The new name more accurately describes the focus of the business and more closely aligns the unit with the overall US Foods strategy to create innovative products and services and to help customers become more successful.

“Our customers told us that they value being able to buy equipment and supplies from their food rep,” said Laurie Oare, senior vice president/general manager, CES. “We know that to grow this business we need to be easy to do business with, reliable and more-integrated with the overall company, and we are well on our way. More than half of



US Foods TMs sell very little of this product line. This represents a terrific opportunity for the entire company.”

In addition, the business unit name of Monarch is now US Foods Merchandising. This is a change to the business unit only. The Monarch brand for products remains with its new more contemporary look launched in September. (See story, page 5.) The name of the US Foods Culinary Innovation Center and all division test kitchens has changed to US Kitchens. ■

New Brands

Set US Foods Apart in Marketplace

Three new US Foods exclusive brands launched in September 2011 are creating a stir with customers and territory managers alike.

“The brands reflect US Foods’ strategic focus on food and our passion and expertise as food people,” said Marshall Warkentin, vice president, Marketing. “They were created to make the customer’s experience with us and our products easy, and to differentiate US Foods in the marketplace.”

The new products are versatile and applicable to many segments including chains, bars and grills and healthcare. “They are for people who love food,” said Stacie Sopinka, senior director, Product innovation. ■



The Chef's Line™ brand offers more than a dozen chef-inspired products with superior flavor, quality and are easy to use compared with competitors' items. Chef's Line desserts, stocks and center of the plate offerings enable foodservice operators to serve great-tasting specialty menu items that set them apart, with less labor than preparing the dishes from scratch.



The Molly's Kitchen™ brand provides home-cooked style in items such as appetizers and ready meals. The foods' all-natural ingredients, superior taste and ease of use give customers a solid value.



The Metro Deli™ line features three all-natural deli meats that are getting great reviews. (See story, page 13.) The turkey, roast beef and ham offer the superior taste and performance of high-end deli meats from specialty producers.



FLAVOR
up

In addition to the new lines, US Foods launched six new Monarch® dressings that can be used in marinades, dips, glazes and sauces. Flavors range from Thai Satay to Pear Gorgonzola.



DIRK FLANIGAN is a James Beard nominee and Executive Chef at The Gage and Henri in Chicago. The Gage is a 300-seat gastrotavern that serves upscale comfort food in a relaxing, vintage atmosphere. Henri is a white-tablecloth, 60-seat room next door to The Gage that serves French-influenced American cuisine. The Gage and Henri have been US Foods customers since they opened in 2007 and 2010 respectively.



In the Kitchen

WITH DIRK FLANIGAN

This is the first of a new regular column that profiles a US Foods customer.

Where did you grow up?

I was born in Indiana but moved to Naples, Florida when I was six. I left Indiana before the corn got into my blood. I started cooking when I was 13 because I wanted a surfboard. My parents were divorced, we didn't have a lot of money, so I said, "I'm getting a job." I washed dishes at the Shore Club in Naples. The kitchen staff there showed me how to cut meat, break down veal butts, create portions and other things. They said, "If you cut yourself, you're fired." I liked learning and it got me started on my way to where I am today.

How did you find your way into the kitchen at The Gage?

I had moved to Chicago as an 18-year-old with a Mohawk and a bad attitude. Eventually I worked my way up and became executive chef at La Tour. One day I got a call from a friend who said he met a guy who wanted to open a gastropub on Michigan Avenue. The guy asked if he knew anyone he could trust in the kitchen. My friend asked me, "Should I give him your number?" I said, "Yes!"

Is that how you would describe The Gage—a gastropub?

Actually, it's as a gastro-tavern. We set out to create a culture of knowledge, friendship, patronage, cuisine and booze. The Gage is named after the Gage Brothers, who were hat

makers and owned the building in the late 1800s. Henri came along four years later after we heard Potbelly's was looking at buying the space next door to The Gage. We were concerned Potbelly's might hurt our brand, so a few million later we opened Henri. I sometimes wonder if we should have opened a sub shop [laughs], but everything is going well. Henri is named after architect Louis Henri Sullivan, who changed the face of Chicago at the turn of the 20th century. Both Henri and The Gage have received many awards and each received three stars in the Chicago Tribune.

What's the secret to being a great chef?

You have to have a great staff. I hire good people, train them well and hang on to those who understand the kind of experience we want to give diners. I sweat the small things because that's what we can control. And I like the repetition of doing things perfectly. As a chef you need to do hundreds of things a day absolutely perfectly.



What's your favorite kitchen tool?

[he smiles and pulls a large, metal spoon out of his chef's coat] This is my favorite! It holds the right amount of sauce and feels good. It's heavy.

What's the best part of being a chef?

My crew, the brigade. I'm with them more than I'm with my family. They have my back and I have theirs.

What's the worst part of your job?

My diet. Working the hours I do, it's hard to get to the gym.

What's the Chicago restaurant industry like?

It's one of the best in the world. I've experienced New York, but nothing compares to Chicago. It's competitive, but the more the merrier. If another restaurant opens nearby, it's just going to bring in more diners. The hard part is keeping your restaurant in the media. People want something new all the time.

What's your favorite restaurant, other than The Gage or Henri?

It's hard to find anything open when I'm done in the kitchen, but I like Murphy's on Belmont and Racine, which has one of the best hot dogs in the city.

Why are you a US Foods customer?

You know, the other distributors come in here every week trying to get my business. Everyone thinks it's all about price, so they offer me junk for cheap. That's not what I need. I need better quality products at a reasonable price. And I need it to be easy to order stuff. I already have a job and US Foods understands that I'm pressed for time. US Foods is the simplest and best choice for me. ■

Visit www.thegagechicago.com and www.henrichicago.com to discover more.

Making It Easy

to Do Business With US Foods

US Foods' Information Technology (IT) group is making the customer experience easier every step of the way by providing technology and systems that facilitate the sales process as never before. These newly enhanced IT tools and applications, which are based on research among customers and territory managers (TMs), are already rolling out.

NEW SOFTWARE AND APPLICATION TOOLS INCLUDE:

Where's My Truck gives TMs real-time delivery information for customer orders. TMs can access the application from EDGE (their order entry tool), their iPhones and iPads.

Google-like product search allows TMs to search on their iPhones and iPads for product attributes such as the ingredients or possible allergens.

Business analytics offers online purchase reporting, trending and graphing for all USFood.com customers. USFood.com is the website customers use to place orders.

Real-time inventory stock status reporting lets customers check the status of products a division has in inventory.

USFood.com automated shopping list update streamlines the ordering process and ensures customers are purchasing their contracted products.

Special order tracking allows USFood.com customers to track their Culinary Equipment and Supply orders.

Numerous other improvements are planned, such as extending the enhanced search function to USFood.com, creating email notifications to TMs for orders that are placed online, allowing customers to pre-populate order quantities for frequently ordered items and many more. We are also integrating online invoice payment and Menu Profitbuilder Pro, the company's proprietary software that our customers use to manage and maximize the profitability of their menus. Many other improvements are in the works! ■





RESTAURANT **INDUSTRY** NEWS

Outlook for 2012

While the restaurant business experienced a notable upswing this year, new research suggests 2012 growth will be more modest.

In its recent forecast for full-service restaurants, Chicago-based research firm Technomic expects 2.5 percent growth in 2012. Fitch Ratings, a global research and ratings firm, estimates the restaurant industry will see same-store sales growth of 2 to 3 percent, but that rising costs will continue to pressure restaurateurs. Food and beverage costs are expected to increase 5 percent in 2012 with much of the increase coming from higher prices for beef and chicken.

A promising report from investment firm Morgan Keegan & Co. Inc., points toward gradual improvement for restaurants based on a consumer survey showing increased optimism stemming from lower gas prices and more jobs.

Staying on top of culinary trends is important for restaurants to compete and increase sales. Industry leaders are forecasting a number of trends in 2012, including ways to attract customers in the growing breakfast market, which now accounts for 12 percent of total restaurant sales.

Restaurants will also shake up their menus in 2012 to attract customers. While still cautious about spending money in this economy, customers are embracing unique flavors incorporated into comfort foods. As commodity costs rise, labor costs are holding steady, allowing restaurants to offer simple, fresh ingredients prepared in-house.

Use of social media to connect restaurants and diners is expected to continue growing in popularity. Consumers are looking to friends and peers for recommendations on Foursquare®, Facebook™ and Twitter,™ and visiting online



review sites like Yelp®, Urbanspoon® and OpenTable®. The opinions of family and friends help build a brand's story and influence consumers' choices. According to a recent survey by the Association of National Advertisers, 27 percent of marketers already use platforms like Foursquare, SCVNGR and Gowalla, and 32 percent said they will begin using such applications next year.

In any economy, the key to restaurant success is to deliver high-quality food, exceptional service and a comfortable environment—all at a reasonable price. It's a proven equation that will help restaurants win in 2012 and for years to come. ■



The growing breakfast market now accounts for 12 percent of total restaurant sales.



Little Rock employees volunteered to help at museum opening, from left: Steve Miller, Adam Kontz, (Crystal Bridges Executive Chef Jacob Harr), Chris Parmele, Franklin Dye, Sue Cravens, Reed Smith, Matt Spruell, Craig Alderson (Daniel Hartley, not pictured)

LITTLE ROCK DIVISION BUILDS RELATIONSHIP WITH NEW ART MUSEUM

The gala celebrations marking the opening of the Crystal Bridges Museum in Bentonville, Ark., drew the well-known and well-connected from across the United States. All the food at the events came from US Foods, thanks to a team effort at the Little Rock Division.

The museum officially opened November 11 and houses five centuries of American art. It is supported by \$1.2 billion in grants from the Walton Family Foundation. Admission is free, sponsored by Wal-Mart.

Territory Manager Adam Kontz of the Little Rock Division began calling on the museum's director of culinary services nearly three

years ago, while the museum was under construction. "Over time, he established himself as the go-to guy," said Chris Parmele, district sales manager, Little Rock Division.

The sales team learned they had won the account just three weeks prior to the first event leading up to the opening. Over the last week in October and first week in November, there were one or two parties at the museum every day. "We handled many last-minute requests and delivered to them four or five days a week during that period," said Lon Eason, vice president, Sales, Little Rock Division. "The transportation group did a great job of meeting their delivery windows without compromising service to other customers."

The parties culminated in an event for 800 people on November 7. The guest list was not released, but "the Secret Service was there," according to Parmele.

To support the event, nine US Foods employees volunteered to serve as assistants to the museum culinary staff for the event. "Getting food prepared and plated for 800 people is labor-intensive," Eason said. "Chefs from the merchandising and sales groups went well beyond their usual duties to make the event successful."

Looking to the future, the sales group anticipates the museum's banquet facility will host more high-profile political and social events. In addition,

the museum restaurant, named Eleven after the date the facility opened, is expected to become a destination restaurant in the area. It specializes in midwestern and southern cuisine under the direction of Executive Chef Jacob Harr. ■

For more information about the museum, visit www.crystalbridges.org.



From left: Jodi Phillips, manager, Finance, Austin Division; Billy Greene, vice president, Marketing, Austin Division; John Fowler, president, Austin Division; C.V. Belanger, vice president, Operations, Austin Division; Mark Jones, county commissioner; Al Swanson, chief financial officer, US Foods; Doug McBrayer, vice president, Sales, Austin Division; Dick Schneider, president, Buda Chamber of Commerce; Senator Jeff Wentworth; Ellen Troxclair, chief of staff for State Representative Jason Isaac



From left: Jeffery Bustamante, staff member with Senator Jeff Bingaman; Art De La Cruz, county commissioner; John Szurek, president, Albuquerque Division; Angela West, president, Mountain View Community; Senator Eric Griego; Matt Zidovsky, staff member with Congressman Martin Heinrich; Bianca Ortiz-Wertheim, staff director for Senator Tom Udall

Austin, Albuquerque Celebrate Grand Openings

The Austin Division has moved to a new, 305,000-square-foot food distribution facility located in Buda, Texas. The facility is nearly 60 percent larger than their old warehouse and serves customers throughout south-central Texas. It celebrated the grand opening by donating almost 5,000 pounds of food to the Hays County Food Bank.

“The completed project has surpassed our expectations, and we are thrilled to open our doors here in the Buda community,” said John Fowler, division president. “The new facility allows us to significantly increase our product offerings for customers and more efficiently meet their needs while providing employees with a state-of-the-art work environment.”

The new facility includes a nearly 2,000-square-foot kitchen where the division tests new products and provides customers training and cooking demonstrations. The Austin Division will become US Foods’ first LEED-certified distribution center. It meets the U.S. Green Building Council’s Leadership in Energy and Environmental Design requirements for commercial buildings and features energy-efficient lighting, no-water landscaping and environmentally sound fleet management.

“This facility was designed from the ground up to be as efficient as possible,” Fowler said. “In fact, we are using less power to run the new operation than we used to run the previous one, which was less than half the size.”

The Albuquerque Division celebrated the opening of its new 135,000-square-foot facility with an event for local dignitaries, customers, employees and suppliers. The division serves customers throughout New Mexico, western Texas and southern Colorado.

The larger building more than doubles the division’s cold storage capacity and increases the number of shipping and receiving docks. The new facility also includes a number of sustainable design features such as energy-efficient lighting, high-efficiency refrigeration systems and water-conservation capabilities.

“The new location expands our presence in the West,” said John Szurek, president, Albuquerque Division. “Its increased capacity and environmentally friendly design will allow us to provide 40 percent more products and even better service to customers.” ■

SERVING THOSE WHO SERVE



U.S. military service members at Fort Jackson, S.C.

For 17 years, US Foods has been a partner to the U.S. military, providing food, beverages and related products to all branches of the Armed Forces. Currently, 22 divisions around the country supply products to 1,300 service men and women at 132 military installations in 23 states and Washington, D.C. Sales to the military make up approximately 1.5 percent of the company's business.

As a Prime Vendor—a company that services military contracts—US Foods must meet stringent guidelines, including nutritional requirements, and pass regular financial and food-safety audits.

An important new federal nutritional initiative called Go for Green is improving the diet of service members through education and by offering more healthful choices in the mess hall. "We're educating soldiers to help them select healthier foods," said John Nelums, lead quality assurance evaluator, Food Service Office, Fort Jackson, S.C. "Their nutritional needs are satisfied through Prime Vendor support."

As part of the Go for Green program, US Foods is supplying the military with an increasing number of healthy foods such as whole grain breads and pasta, trans-fat-free spreads and oils, and lean meats and fish.

US Foods also provides emergency supplies for disaster relief. "Disaster assistance starts with products that are needed right away—water and ready-to-eat foods," said Alyce Pegues, vice president, Government/Military Contract Sales, US Foods. "After kitchens are set up, we supply foods that can be easily prepared by volunteers. We work with our vendors to ensure that required emergency items are always in stock." ■



Kelvin Gladney, supervisor, Transportation/Logistics, Conroe Division

CONROE DIVISION

VETERAN INVESTS IN HIS FAMILY'S FUTURE

Kelvin Gladney, supervisor, Transportation/Logistics, Conroe Division, is preparing for his financial future. He has elected to use a provision of the employment law for military veterans for a full "make-up" contribution to his US Foods 401(k) plan. US Foods is matching his contribution in the amount allowed by the plan.

Gladney has been a member of the Texas Army National Guard for more than five years and served a year-long term of deployment in Operation Iraqi Freedom starting in 2009. The Uniformed Services Employment and Reemployment Rights Act of 1994 allows him to add make-up contributions to his 401(k) plan.

"This may be the first time a US Foods employee has elected to make this type of contribution," said James Goodwin, manager, Retirement Plans. "We are pleased that Kelvin is taking advantage of the option and are happy to support his investment in his future."

Gladney was originally hired at North Star in Jackson, Miss., in October 2007, and then moved to the Conroe Division in April 2008. He serves as an automated logistics specialist in the National Guard.

"I'm making this investment because I believe I owe it to my family to continue to position myself for financial success," he said. "That includes planning for a secure retirement" ■

For more information on US Foods retirement plans, please contact Goodwin at James.Goodwin@usfoods.com or 847.720.8047.

US FOODS CULINARY EQUIPMENT AND SUPPLIES ACHIEVES 1,000 DAYS OF

PERFECT SERVICE

For several years, the employees at the Culinary and Equipment Supplies (CES, formerly NDG) Allentown Distribution Center have achieved their goal of 1,000 consecutive days of 100 percent same-day service to customers. As of December 10, the team had selected, packed and shipped every order by noon the day it was received. To recognize this milestone, the center held a special lunch for the team and will hang a banner to recognize their achievement.

“Over the past four years, managers, leads and warehouse staff have worked hard to provide customers with the daily service they deserve,” said Greg Kozlowski, senior manager, CES Allentown. “We’re absolutely committed to shipping every order received by noon the same day.” ■



CES employees, on left side, from left, back to front: Mark Shuster, George Romig, Craig Herring, Scott Marsh, Kim Ham, Cynthia Shea, Luke Duignam (partially kneeling), Brian Eisenhart, Gary Wert, Edward Hummel, Brennan House, Tiesha Mitchell; on right side, from left, back to front: Philomena Scarpone, Mirta Urena, Tony Trego, Raymond Miller, Greg Kozlowski, Sandra Rivera, Nilsa Silva, Carol Heffelfinger, Jennifer Rodriguez, Christopher Magee, Pedro Rosario



From left: Marty Bempohl, chef, Manassas Division; US Foods customers, Jim Miller and Rafael Barbosa; Bill Brooks, corporate chef, US Foods

CREATING NEW CUSTOMER SUPPORT TEAMS

One of US Foods’ key strategic initiatives in 2011 is to enhance its approach to Sales. The strategy focuses squarely on customers. That means US Foods is making significant investments in the sales force to strengthen sales and help grow the company. The goal is to better support sales people in achieving increased sales growth and market share by providing them with tools that will make their jobs easier and more productive. As a selling organization, the growth of US Foods over the long-term relies heavily on the success of the sales folks.

US Foods is adding local customer service staff to reduce the administrative work performed by the sales force. This will enable territory managers (TMs) to spend more time with customers and demonstrate that US Foods is the easiest company to do business with in the industry.

In addition, new US Foods experts will be available to assist territory managers in advising restaurant operators about ways to better manage all areas of their businesses: front of the house, back of the house, food and labor.

“The solutions are designed to differentiate US Foods from other foodservice distributors by offering customers exclusive products and services to help them become more successful,” said Russell Scott, senior vice president, Street Sales Transformation, US Foods. “We are adding value and increasing support of our sales force while enhancing their ability to service customers.”

A pilot will be conducted at the Atlanta and Manassas divisions starting in the first quarter of 2012. Plans call for the new sales program to be implemented in several other divisions throughout the year. ■



“This line is getting us into accounts we haven’t sold before.”

Dan Kahn,
Category Management,
US Foods Merchandising

FROM IDEA TO TABLE:

New Metro Deli Products

Metro Deli™ meats from US Foods are the leading seller among the new brand items introduced this fall. So where did the idea for this successful line originate, and how did US Foods employees turn a concept into products with the authentic flavor of meats from an old-time neighborhood delicatessen?

“The idea of meats with clean ingredient lines, free of chemicals, had been on our radar screen for some time because of the growth of natural foods at retail outlets such as Whole Foods Market,” said Dan Kahn, Category Management. “The question we kept asking was when is the right time to introduce the meats into foodservice, where interest has been much slower to develop. When executive leadership challenged us to come up with innovative products that set US Foods apart, that was the catalyst to push forward with this product.”

The team focused on deli meats because the sales force has been asking for a stand-alone deli brand. A major challenge to the team of employees from Product Development, Category Management and Marketing was to get these innovative products to the divisions in three months. US Foods built close partnerships with vendors that they knew had the technical skills to deliver top-quality products with

clean ingredients. “We worked with them to develop customized products for us,” said Jim Bolton, technical director.

For the USDA Choice Angus beef top round, US Foods partnered with a vendor that produces only premium-quality cooked roast beef products. “Product Development specified that they remove the phosphates and roast the product on an open rack to give the meat flavors equal to those of roast beef cooked from scratch,” Bolton said. “Almost all roast beef products in the marketplace today have caramel color added to give the meat a very dark, artificial look, and it lacks flavor.”

Metro Deli gourmet ham is cured with natural ingredients rather than sodium nitrite or sodium phosphate by a packer that specializes in hams. For US Foods, the supplier smokes the ham over applewood chips, something they had not done before.

For the Metro Deli turkey breast, US Foods selected a provider who produces a naturally roasted turkey product with only two ingredients—turkey breast and salt—with no water added, which is unique in this category.

The supplier had previously developed the product but had not been able to gain traction for it in foodservice. “We repositioned the product with a stronger selling story,” Kahn said.

The development team provided selling materials and extensive training for the sales force so territory managers were prepared to tell the unique Metro Deli story. “This line is getting us into accounts we haven’t sold before,” Kahn said. “It is meeting a need and is replacing high-end competitors’ products. US Foods is becoming a one-stop shop for quality deli meats.” ■

Mike Gilliland, territory manager, Phoenix Division, holds a Metro Deli™ box.



New Category Management Processes, Organization

The US Foods Merchandising team has recently announced a new approach to Category Management, reshaping the way the center, region and division teams work together to provide customers with a compelling offering.



Category Management involves decisions about which products to sell, what assortment and stock keeping units (SKUs) to carry, at what price to sell the items and how to support sales efforts.

“With this new approach, we aspire to create a best-in-class Category Management organization, leveraging our national scale and building a strong

pipeline for innovation,” said Pietro Satriano, chief merchandising officer. To support this new approach, the Merchandising team has started to put in place a new organizational structure, which will be fully rolled out throughout the company by the end of 2012.

A number of divisions have provided input into developing the blueprint for the new organization, helping design a structure that balances the need for local flexibility and responsiveness with a strategic focus on category growth and profitability. The result is an organization which combines existing best practices from our divisions with top-notch processes from other leading companies that have excelled in this arena.

“The new processes and structure are creating a Category Management function that links the central team and divisions in a way that will drive down costs and enable us to offer the right mix of products to increase sales. By managing categories as one unified company, we will be unlocking significant value,” added Satriano.

In the new organization, the team in Rosemont, Ill., will focus on developing sound strategies for each category. Division teams will work closely with newly formed region teams to inform and implement those strategies, and manage day-to-day Category Management activities. While responsibilities will change across the organization, the total number of jobs at US Foods will stay the same. “This is about increasing our effectiveness in Category Management and not about head-count reduction,” emphasized Satriano.

Category Management at US Foods is setting the standard for the food service industry. It will help support our TMs in providing the right product at the right price to our customers and will keep kitchens cooking for years to come. ■



US Foods Merchandising employees, from left: Charles Clayton, Kathy Gellis, Bill Patterson and David Poe

A PLACE IN THE SUN

US Foods Leads the Industry in Solar Power

In mid-October, the Phoenix Division became the third US Foods location to generate electricity using the power of the sun. The solar panels on the warehouse roof in Phoenix produce more than 550,000 kilowatt hours (kWh) a year, or 12 percent of the division's electricity requirements. The division is also planning a second solar panel installation to be completed in the near future. This second installation is about two-thirds the size of the original and will bring the total electricity produced at the division to more than 18 percent of their needs, or about 900,000 kWh annually.

The San Francisco and Los Angeles divisions began generating electricity from solar panels earlier in 2011. US Foods is the only foodservice distributor to use solar power at its facilities and is currently producing more than 4 million kWh a year.

In the first quarter of 2012, construction of the company's largest array of solar panels to date will start at the Metro New York Division. When finished, the system will produce between 60 and 70 percent of the division's electricity—a whopping 7.2 million kWh per year.



“The Metro New York Division was selected for this large installation because it is a relatively new location in a building where US Foods plans to operate for many years. And there is a well-developed market for solar credits in New Jersey which makes the project economically viable,” said John Jepsen, director, Energy Management, US Foods.

Plans are also under way to install a solar power system at the Albuquerque

Division in the first quarter of 2012 that will generate 747,340 kWh of electricity each year.

When the Phoenix, Metro New York and Albuquerque projects are completed, US Foods will produce 12.4 million kWh a year from solar energy, enough electricity to power 690 average-size homes. In total, US Foods' use of solar power will eliminate about 8240 tons of carbon dioxide from the atmosphere annually. ■

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OIL 2.0

PROGRAM TO TURN COOKING OIL INTO BIODIESEL EXPANDING IN SOUTH CAROLINA

The Fort Mill Division is joining the Columbia Division in a US Foods program that converts restaurants' waste vegetable oil into biodiesel fuel for its delivery trucks.

The B20 blend used by US Foods trucks (20 percent biofuel and 80 percent petroleum diesel) cuts tailpipe emissions by 14 percent.

The program, called Oil 2.0™, began at the Columbia Division in 2009 and recovered more than 400,000 gallons of waste vegetable oil in 2011. When Fort Mill joins in the effort, US Foods will recycle an estimated 1 million gallons a year of used cooking oil, which could produce 5 million gallons of B20 biodiesel a year.

Biodiesel is an environmentally friendly fuel. The B20 blend used by US Foods trucks (20 percent biofuel and 80 percent petroleum diesel) cuts tailpipe emissions by 14 percent. Recycling the cooking oil keeps it from being sent to a landfill or poured down the drain. The biodiesel production process used with the US Foods-collected oil creates no waste. All of the byproducts are used by other industries. The processor sells the glycerin to cosmetic companies and the food solids to pet food manufacturers. As a bonus, trucks that burn cooking-oil biodiesel produce exhaust that smells like french fries.

"Using this fuel reduces demand for foreign oil and supports local industry," said Michael Frank, vice president, Distribution Strategy.

To make the expansion possible, US Foods signed an agreement with Midlands Biofuels in Winnsboro, S.C., which is not far from both the Fort Mill and Columbia Divisions, to serve as a tipping station. There, oil collected by the special Oil 2.0 trucks will be consolidated into large tanks for transport to the production facility in Charleston, S.C. All the oil from Oil 2.0 is reused by the Columbia, Fort Mill and Charlotte divisions as biodiesel.

The Fort Mill Division will kick off its participation in Oil 2.0 in January with new sales materials and rebranded collection cans. In the program, foodservice operators will collect their used cooking oil in sealed 5-gallon containers that are stored in the kitchen on US Foods-provided shelving. This method is safer and more sanitary than dumping the oil into open containers. The nearly 900 restaurants and other foodservice operations participate in the recycling program, which enables them to be environmentally responsible and sell their used oil. ■





SUPPORTING SAFE AND SUSTAINABLE SEAFOOD

US Foods often partners with the world's aquaculture industry to support safe and sustainable seafood production through use of Best Aquaculture Practices (BAP). Producers of farm-raised seafood that follow BAP are certified by the Global Aquaculture Alliance (GAA). US Foods was the first broadline distributor in the United States to offer privately labeled farm-raised seafood with BAP certification. This seafood is sold under the Harbor Banks® brand.

Aquaculture—raising seafood rather than catching it in the wild—is essential to meeting the world's soaring demand for seafood. The BAP program addresses environmental and social responsibility, animal welfare, food safety and traceability through a voluntary certification program for aquaculture facilities.

To promote use of BAP, Jorge Hernandez, senior vice president, Food Safety and Quality Assurance, participated in GAA's GOAL (Global Outlook for Aquaculture Leadership) Conference in Santiago, Chile, in November. He served on a panel of experts that discussed market trends and risks, how certification helps suppliers and how to get restaurants to offer safer, more sustainable products. Industry leaders from more than 40 countries attended the conference.

"It is our responsibility to give sustainable product choices to our customers," Hernandez said. "Promoting BAP certification provides consumers with the information they need to make smart purchasing decisions." ■

US Foods Leads Industry in Fish-Fraud Prevention

Fish fraud—selling a cheaper species as a higher-priced fish or not providing the full weight of fish as labeled—costs diners and the food industry hundreds of millions of dollars annually, according to the National Fisheries Institute. US Foods is at the forefront of the foodservice distribution industry in preventing fraudulently labeled fish from making it to customers' restaurants and onto consumers' plates.

In 2005, US Foods became the first broadline distributor in the United States to test the DNA of fish to accurately determine their species. "We were instrumental in developing the technology for species identification," said Jorge Hernandez, senior vice president, Food Safety and Quality Assurance.

Prior to 2005, the only way to test the DNA of fish was to wash the fish in chemicals, which produced inconclusive results. Working with US Foods, the University of Florida developed an accurate fish DNA database. The university obtained a whole fish of each species, had the type of fish confirmed by a scientist and then extracted DNA to serve as the definitive benchmark for comparison.

This database is available to the entire food industry. "We decided to make the information public to help the industry maintain high standards and eliminate the few bad apples among fish suppliers," Hernandez said.

DNA testing alone won't catch every problem; knowledgeable employees can help. As reported recently in *The Boston Globe*, DNA testing and an alert US Foods employee were responsible for catching a fraudulent sale by a fish broker to the restaurant chain T.G.I. Fridays. The employee spotted a suspiciously labeled shipment of fish and sent a sample for DNA testing in accordance with US Foods protocol. The box said the fish was grouper, but the contents were actually Vietnamese catfish, a species often farmed in water from the polluted Mekong River.

During its five-month investigation, *The Boston Globe* found that 48 percent of the 183 samples it tested were not the species named on the menu or market's price list. Most commonly mislabeled were snapper, cod, grouper and wild salmon.

"We are committed to ensuring that the products we buy from seafood suppliers are safe and correctly labeled," Hernandez said. "It is important that foodservice operators understand the value of quality seafood. If someone tries to sell them fish that is priced way below what the market charges, they should be suspicious." ■



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PRIME
TIME



Safety Transformation Under Way at Buffalo Division

Employees and managers at the Buffalo Division have transformed their approach to safety, and their efforts are paying off in improved safety performance. “They started with a rough first quarter, but since then there has been a change in the culture,” said James Gustin, manager, Safety, Security and Environmental Program.

Since February, the division’s worst month for injuries in 2011, Buffalo’s days-away-from-work rate has dropped consistently every month for a total 53 percent through the end of November, and the OSHA-recordable-injury rate was reduced 51 percent. Since March, the major-vehicle-accident rate is down 72 percent, and the auto-liability rate has decreased 30 percent.

“Our goal is to build a fanatical safety culture,” said Michael Heburn, vice president, Operations, Buffalo Division. “We started at the top by setting the right example.” Managers walk the warehouse frequently, observing employees and stopping them to give positive feedback and coach them on ways to work more safely.



Buffalo Division employees, from left: Mike Heburn, vice president, Operations; David Amico, supervisor, Day Warehouse; Rick Walters, forklift operator.

“Employees say ‘Here comes the safety guy’ when they see Mike in the warehouse,” Gustin said. “That’s good. He’s got people thinking about safety all the time.” The division also emphasizes fundamental activities such as housekeeping and organization, which foster employees’ pride in their workplace.

Communication now flows both ways. Safety reporting forms are available throughout the building for employees to use to report hazards. “The forms stay on my desk until the condition is corrected,” Heburn said. “Then we return the form to the employee with an explanation of how the problem was solved.”

In a new incentive program, every 3 days the division holds a drawing for each group (day warehouse, night warehouse and transportation) that has worked without a recordable injury during the period. Prizes include gift cards and more.

“Communication, getting employees involved and recognizing them when they succeed are the basics for safety improvement, and the Buffalo Division is doing them right,” Gustin said. ■



Left: Marshall Warkentin, vice president, Marketing
Right: Jim Osborne, vice president, eCommerce



NEW FACEBOOK PAGE CONNECTS TMS

Territory managers (TMs) from across the company are swapping success stories, tips, recipes and photos on Inside Scoop, US Foods' Facebook site launched in early November.

"It's a place for TMs to talk about what works for them, discuss new products and give feedback through surveys," said Marshall Warkentin, vice president, Marketing.

Inside Scoop is a closed group within Facebook that is accessible only to TMs and site administrators. It has approximately 700 members, with more joining daily. At the site, TMs post messages about food and how to sell it. Many photos show different ways to serve US Foods' new items such as Chef's Line™ crèmes and chicken osso buco.

"We chose Facebook because people are there already," Warkentin said. "TMs are mobile and the site is accessible by smartphones, iPads and computers."

TMs also use Inside Scoop to support each other's efforts. For example, when a new TM posted a message looking for advice as he started his sales career with US Foods, several long-time sales representatives answered with tips and encouragement.

"This is a fantastic way to open lines of communication among sales representatives and to get feedback from the field," said Jim Osborne, vice president, eCommerce. For example, the site will conduct polls about products in development to get input from TMs.

US Foods also has created a YouTube channel with news items and videos of how to prepare dishes with US Foods products. TMs can show the demos to

customers using their laptops. "They offer a great way to start a sales conversation with a customer," Osborne said. ■

For more information visit www.youtube.com/USFoods.

"I am very glad to be here. I am so pleased that our company is taking the leap and catching up with the times! This is the kind of forward thinking that will make us First in Food."

Ryan Casey, territory manager, Columbia Division

US FOODS HELPS KEEP CUSTOMERS' KITCHENS SAFE

To support food safety goals, approximately a third of US Foods' divisions offer ServSafe™ classes at customers' locations.

For example the South Florida Division offers ServSafe™ Manager's Certification classes training four times a year. Karen White, manager, Sales Training, South Florida Division, is certified by the National Restaurant Association Educational Foundation to present its ServSafe and ServStaff™ food safety

courses to customers' employees. The courses train workers on how to safely store and handle food and how to maintain sanitary conditions in kitchens and restaurants.

"Helping our customers understand the importance of keeping food safe in their operations is something I take very seriously," White said. "I like the opportunity during the training classes to let our customers know about US Foods' food safety policies."

Attendees of White's classes learn about US Foods' recall program that contacts affected customers within four hours of notification from suppliers. She also covers the company's DNA testing of various species of fish to verify they are as labeled and the return policy that protects customers from receiving products that have been kept at the wrong temperatures. ■

Karen White, manager, Sales Training, South Florida Division



Teamwork Keeps Deliveries Going During Pittston Flood



Manassas Division warehouse employees

Record flooding in Pennsylvania's Susquehanna River valley in the wake of Tropical Storm Lee forced the evacuation of 100,000 residents and closed the Pittston Division warehouse for three nights in September. Hundreds of US Foods employees—from 14 divisions, Information Technology, Merchandising and Supply Chain—came together during the crisis to ensure the National Accounts customers served by Pittston received their orders on time.

The Pittston Division serves customers, including Dairy Queen and Perkins Restaurants, with nearly 1,050 locations from Ohio to Maine to Virginia. The emergency US Foods team, led by Tim Beauchamp, chief supply chain officer, assigned one customer to one division. For example, Cleveland handled all Bruegger's Baked Fresh locations and Manassas served Five Guys Burgers and Fries.

The vice president of Operations at each division determined whether the division would deliver directly or drop some orders at another division for delivery.

Divisions that pitched in were: Albany, Allentown, Baltimore, Boston, Buffalo, Charlotte, Cincinnati, Cleveland, Manassas, Metro New York, Norcross, Philadelphia, Southern New England and Western Pennsylvania.

"The response was overwhelming," said Owen Schiano, president, Atlantic Region. "A lot of people put in a lot of hours."

At the Manassas Division, employees from IT, routing and the night warehouse stayed long after their shifts ended on Thursday to get orders ready for shipment in the morning. Drivers volunteered to make extra trips and drove 8,000 extra miles that weekend to deliver 22 additional loads.

"Employees gave up their personal time to do what was needed for their sister divisions and our long-time customers," said David Bunk, vice president, Operations, Manassas Division. "It was great to see everyone involved."

The IT challenges were also formidable. On September 7, Pittston was still open but had lost telecommunications and access to the

US Foods computer network, which meant they were unable to print labels for selection. IT developed a unique solution that involved emailing the labels to a laptop at the division for printing locally.

"When Pittston closed the next day, we had to set up each customer location as a new customer at the delivering division and then transfer the orders there," said Paul Schwartz, senior vice president, IT Operations and Infrastructure.

All 170 employees at the Pittston Division remained safe throughout the flood. "We couldn't reach people by phone and were concerned about their well-being," said Jo Usher, president, Pittston Division. "I was surprised when people began reporting for work on Saturday. By Sunday night, we were picking orders for Monday deliveries.

"Customers were amazed by the efforts of the divisions that shipped them products and by how fast we got things back to normal," he added. "Teamwork is the word for it — our company acting as one. This is a testament to the type of company we are." ■

What's on Your Mind?

Answers to Questions from Around America



Dave, Is changing the logo worth the investment when it could be used for raises for employees?

—Anonymous

Great question, and yes it is worth it! The new logo is just one element of the US Foods brand identity that positions us as an innovative food company and leading distributor. The recession has made the food industry more competitive than ever and many customers perceive little or no difference between distribution companies. The new brand is critical to differentiating US Foods. A strong brand will strengthen customer loyalty and attract new business. And now is the time to launch our new brand so we are well-positioned to take advantage of growth opportunities as the economy improves. New business means sales and career growth where you and other members of the US Foods team can achieve all of your goals.

—Dave Esler
Chief Human Resources Officer



Pietro, U.S. Foodservice Cattleman's Selection™ brand—is that going to change soon? It always feels like a contradiction when I'm using the new logo and still have to refer to this brand by its "proper" name. Is this brand going to change, or will the U.S. Foodservice part go away?

—Liz Bellman

Yes, the U.S. Foodservice portion of the name will go away. In the first half of 2012, we will be rolling out the brand under the Cattleman's Selection name.

—Pietro Satriano
Chief Merchandising Officer



David, How do we decide which acquisitions to make?

—Lisa Lecas

The US Foods Strategy and Acquisitions team is always on the lookout for opportunities to grow our market share. We continually research the marketplace and look for companies that will strengthen our existing business either through the addition of a new customer base that complements our position, or possibly an acquisition that extends our geographic coverage. In addition to the normal financial assessment, we also take culture, safety record and leadership into consideration as we evaluate opportunities to ensure the right overall fit. We evaluate many companies in a typical year against these criteria in pursuit of a handful of good opportunities.

—David Schreibman
Executive Vice President, Strategy



Tim, When will all of our trucks be redecorated with the new US Foods logo?

—Jeremy Black

Between now and the end of January, we plan to have all of our tractors and 28-foot trucks redecorated with the new US Foods logo, except for those that will be replaced within the year. All the new vehicles delivered will have the new logo. We hope to complete the redecoration of all our remaining vehicles over the next 12-24 months.

—Tim Beauchamp
Chief Supply Chain Officer

Coming Soon...

New US Foods branded uniforms for drivers and warehouse selectors will be unveiled in the June 2012 edition of *What's Cookin'*.

The uniforms were selected based on feedback from nearly 1,300 employees who voted in the online poll at www.usfoodsteamwork.com. Of the responses, 57 percent said uniform comfort on the job was more important than durability, functionality or seasonal options. Thank you to everyone who voted.

RANDOMTHOUGHTS

In each issue of *What's Cookin,'* we profile an employee selected at random. In this edition, we meet **Johnnie Barnes**, day warehouse pallet jack operator, Western Pennsylvania-Greensburg division, who discusses playing in the NFL, cooking trout and teamwork.



John Barnes, pallet jack operator, Greensburg Division

Where did you grow up?

Suffolk, Va. I still have a Southern accent. I'm trying to lose it, but every time I go to visit my mom, it comes back.

Where did you work before you came to US Foods?

I worked at the Supervalu warehouse in New Stanton, Pa., for two years as an order selector. Before that I was a wide receiver in the NFL. I was drafted out of Hampton University by the San Diego Chargers and played there for three years. Then I was picked up as a free agent and played one year for the Pittsburgh Steelers.

What was it like playing in the NFL?

I couldn't believe I was there. It's every kid's dream. The most exciting part was being in front of 70,000 people. The crazy thing is that you only hear the crowd during warm-up. When you are in the game, you don't hear anything but the quarterback, your breath and your heart beating. If you make a good catch, then you hear the crowd roar. My best game was on a Monday night against the Dolphins when I was playing for the Steelers. I caught three passes for 48 yards. But in that game I had a career-ending knee injury.

What's the secret of catching a pass?

As simple as it sounds, keep your eye on the ball. When you think it's in your hands, look at it and make sure.

Do you miss your playing days?

Not at all. You can make good money playing professional ball, but there is no job security.

Why did you want to work at US Foods?

The Supervalu warehouse shut down, and all my friends applied at US Foods. They said, 'Come on and work here. You'll really like it.' All of us are still here.

Describe a typical day.

I wake up at 5 and get myself going. I take the dog out, grab a Mountain Dew, and I'm on my way to work. We all meet in the locker room and joke around for a while, talk about movies, tell stories. At 6 a.m., we clock in, and it's time to go.

I'm raising my 10-year-old son. When he gets off the bus from school, I'm waiting for him. He's an excellent football and baseball player. I coach 17 seven- and eight-year-olds in both sports, so between work and home, I'm pretty busy.

Do you like to cook?

I love to cook fish – on the grill, in the oven or fried. My favorite is trout. I don't fish, but my friends do, and they bring me trout. I say, 'Don't throw them back. I'll take them.' To make trout on the grill, I wrap it in foil with a little butter, fresh lemon juice, parsley, salt and pepper. It's really good.

What have you learned at US Foods?

I have learned a lot about teamwork. There is a lot of teamwork at our division. When we finish our work in the freezer, we always go to the dry area or cooler to help them finish. We do everything as a group. There isn't one guy who is not willing to help someone else.

What is your greatest accomplishment at US Foods?

There are two of them. First is building a 10-year career here. It is good to have stability and to be able to provide for my family. That's a major accomplishment in this economy.

My second accomplishment is winning first place in the pallet jack competition at the 2011 US Foods National Safety Championship. I like to compete, and I like to win.

How do you stay safe on the job?

I expect the unexpected. As I am driving the lift, I ask myself, what if this or that happens. For example, as I'm turning a corner, I think, what if someone is standing there. I turn carefully and watch out. If I am racking on one aisle and a guy is on the next aisle, I'm cautious because something could fall from the other side of the rack.

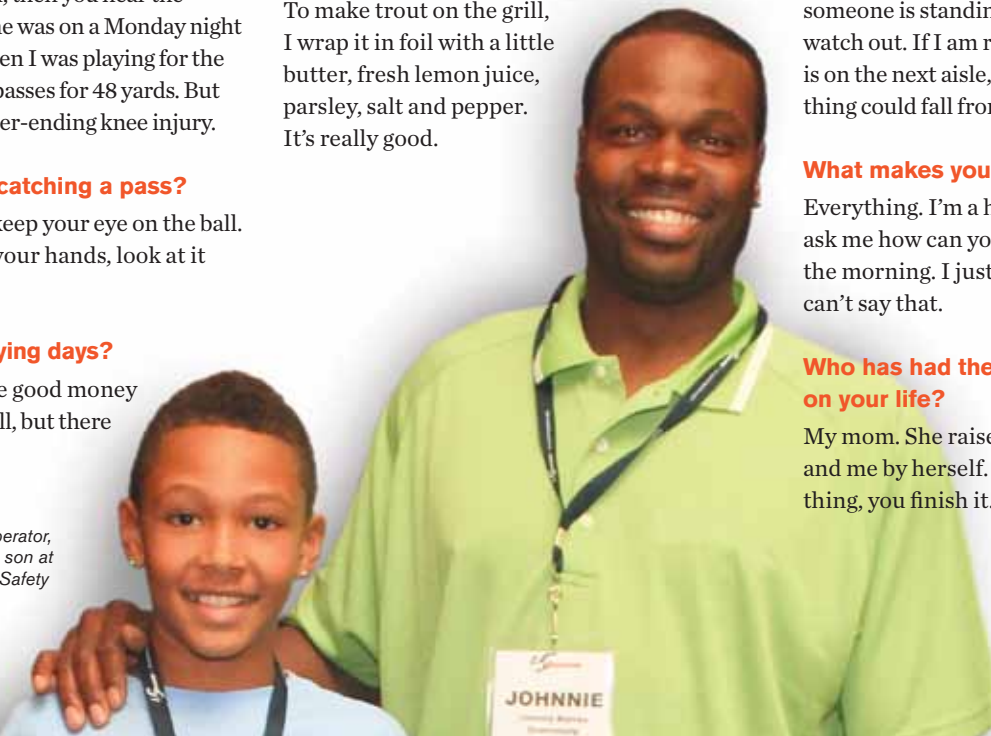
What makes you laugh?

Everything. I'm a happy-go-lucky guy. People ask me how can you be so energetic at 6 in the morning. I just love my job. A lot of people can't say that.

Who has had the biggest influence on your life?

My mom. She raised my brother, two sisters and me by herself. She said, 'If you start something, you finish it. You give 100 percent.' ■

Johnnie Barnes, pallet jack operator, Greensburg Division, with his son at the 2011 US Foods National Safety Championship





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OUR MISSION

Transform the foodservice industry by creating a superior food proposition and delivering solutions for our customers.

OUR STRATEGY

Our strategy can be summed up in a few words:

FIRST IN FOOD. SECOND TO NONE.

FOCUSED ON OUR CUSTOMERS...

We WIN by creating and selling a superior **food proposition**, including innovative products and exclusive brands, specialized services and expert information to make our customers more successful.

We DIFFERENTIATE ourselves through passionate, knowledgeable **food people** and by being the **easiest to do business with** in the industry.

OUR VALUES

Each day, we are guided by our values of customer success, integrity, innovation and teamwork—and are focused on exceeding the expectations of customers, partners and stakeholders.

CUSTOMER SUCCESS

We ensure our customers' success and satisfaction by anticipating their needs and being the easiest company to do business with in the industry.

INNOVATION

We embrace change and develop relevant, effective and meaningful solutions for customers by continuously improving our products and services.

INTEGRITY

We conduct business in a highly ethical manner and maintain an unwavering commitment to operational excellence, safety and environmental responsibility.

TEAMWORK

We encourage collaboration and value each member of our diverse and talented team.