WE HELP YOU MAKE IT®

Q3 Fiscal Year 2023 Results

November 9, 2023

Disclaimer Page

Cautionary Statements Regarding Forward-Looking Information

Statements in this presentation which are not historical in nature are “forward-looking statements” within the meaning of the federal securities laws. These statements often include words such as “believe,” “expect,” “project,” “anticipate,” “intend,” “plan,” “outlook,” “estimate,” “target,” “seek,” “will,” “may,” “would,” “should,” “could,” “forecast,” “mission,” “strive,” “more,” “goal,” or similar expressions (although not all forward-looking statements may contain such words) and are based upon various assumptions and our experience in the industry, as well as historical trends, current conditions, and expected future developments. However, you should understand that these statements are not guarantees of performance or results and there are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from those expressed in the forward-looking statements, including, among others: economic factors affecting consumer confidence and discretionary spending and reducing the consumption of food prepared away from home; cost inflation/deflation and commodity volatility; competition; reliance on third party suppliers and interruption of product supply or increases in product costs; changes in our relationships with customers and group purchasing organizations; our ability to increase or maintain the highest margin portions of our business; achievement of expected benefits from cost savings initiatives; increases in fuel costs; changes in consumer eating habits; cost and pricing structures; the impact of climate change or related legal, regulatory or market measures; impairment charges for goodwill, indefinite-lived intangible assets or other long-lived assets; the impact of governmental regulations; product recalls and product liability claims; our reputation in the industry; labor relations and increased labor costs and continued access to qualified and diverse labor; indebtedness and restrictions under agreements governing our indebtedness; interest rate increases; the replacement of LIBOR with an alternative reference rate; disruption of existing technologies and implementation of new technologies; cybersecurity incidents and other technology disruptions; risks associated with intellectual property, including potential infringement; effective consummation of pending acquisitions and effective integration of acquired businesses; potential costs associated with shareholder activism; changes in tax laws and regulations and resolution of tax disputes; certain provisions in our governing documents; health and safety risks to our associates and related losses; adverse judgments or settlements resulting from litigation; extreme weather conditions, natural disasters and other catastrophic events; and management of retirement benefits and pension obligations.

For a detailed discussion of these risks, uncertainties and other factors that could cause our actual results to differ materially from those anticipated or expressed in any forward-looking statements, see the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Additional risks and uncertainties are discussed from time to time in current, quarterly and annual reports filed by the Company with the SEC, which are available on the SEC's website at www.sec.gov. Additionally, we operate in a highly competitive and rapidly changing environment; new risks and uncertainties may emerge from time to time, and it is not possible to predict all risks nor identify all uncertainties. The forward-looking statements contained in this presentation speak only as of the date of this presentation and are based on information and estimates available to us at this time. We undertake no obligation to update or revise any forward-looking statements, except as may be required by law.

Non-GAAP Financial Measures

We report our financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). However, this presentation includes the following non-GAAP financial measures: Adjusted Gross profit, Adjusted Operating expenses, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Diluted Earnings Per Share (EPS), Net Debt and Net Leverage Ratio. These non-GAAP financial measures exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. We caution readers that our definition of these non-GAAP financial measures may not be calculated in the same manner as similar measures used by other companies. Reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures are included in the Appendix to this presentation.

Please note that the Company is not providing a reconciliation of certain forward-looking non-GAAP financial measures, including Adjusted EBITDA and Adjusted Diluted EPS, because the Company is unable to predict with reasonable certainty the financial impact of certain significant items, including restructuring costs and asset impairment charges, share-based compensation expenses, non-cash impacts of LIFO reserve adjustments, losses on extinguishments of debt, business transformation costs, other gains and losses, business acquisitions and integration related costs, and diluted earnings per share. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the guidance period. For the same reasons, the Company is unable to address the significance of the unavailable information, which could be material to future results.

Focused Execution While Leveraging Core Strengths and Resilient Business Model Drove Strong Q3 2023 Results

1. Differentiated team-based selling model and industry-leading technology suite driving continued growth and accelerating market share gains

2. Continued execution of our strategy driving strong Adjusted EBITDA growth and expanding Adjusted EBITDA margins

3. Accelerated cash flow generation allows for continued investment in the business, debt reduction, share repurchases and tuck-in M&A

OUR STRATEGY
GREAT FOOD. MADE EASY.™

CULTURE
EMBRACE THE US FOODS® CULTURE

SAFE
SUPPORTIVE
RESPONSIBLE

SERVICE
DELIVER WORLD-CLASS SERVICE

RELIABLE
EFFICIENT
EASY-TO-USE

GROWTH
GROW MARKET SHARE

TARGET
DIFFERENTIATE
BE FRESH

PROFIT
EXPAND EBITDA MARGIN

MARGIN
PRODUCTIVITY
OPTIMIZATION

OUR STRATEGY

GREAT FOOD. MADE EASY.™

CULTURE

EMBRACE THE US FOODS® CULTURE

SAFE: Always keep our people safe and embrace a path to zero accidents and injuries

SUPPORTIVE: Champion a diverse and inclusive work environment for all; foster employee engagement; attract world-class talent

RESPONSIBLE: Be environmentally and socially conscious

GREAT FOOD. MADE EASY.™

SERVICE

DELIVER WORLD-CLASS SERVICE

RELIABLE: Ensure best-in-class delivery: on-time and in full

EFFICIENT: Drive routing transformation and logistics management; increase replenishment effectiveness

EASY-TO-USE: Create best-in-class experiences for the customer powered by digital and omni-channel capabilities

Deliver Service Excellence

- Launched pilot of new routing platform with national implementation planned in 2024; to drive further gains in reliability with on-time service and enhance routing efficiencies
- Flex scheduling making solid progress, remains on track to be live in half of our markets by end of 2023
- Continue to invest in MOXē, our all-in-one digital platform for customers to place orders, track deliveries, pay bills and manage inventory

Continued Progress to Deliver Strong Financial Results

Delivered Strong Financial Results

- Grew total case volume 4%, led by growth in independents, healthcare and hospitality
- Grew Adjusted EBITDA 15%, driven by continued strategy execution
- Expanded Adjusted EBITDA margin 50 bps

Expanded Industry Leading Customer Experience Position

- Continued market share gains with independent restaurants for 10th consecutive quarter
- Completed rollout of next gen customer digital platform (MOXē) to local customers; deployment for national customers well underway
- Rolled out a new category of climate-conscious products within our Serve Good portfolio in our recently published Fall Scoop

Continued Supply Chain Excellence Progress

- Improved safety results
- Continued improvement in productivity and turnover; driver productivity levels above 2019 and making progress on warehouse productivity
- Sustained positive results from flexible scheduling; moving from pilot to broader deployment across our network and expect to be live in half of our markets by year-end

Delivered on Capital Allocation Priorities

- Reduced net leverage to 2.9x; down 0.6x from YE 2022
- Pre-paid $60 million of term loan; refinanced 2025 notes and extended debt-term structure
- Repurchased $29 million in shares
- Closed on Renzi Foodservice acquisition, announced agreement to acquire Saladino's Foodservice


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Proud to Be Celebrating
Veterans Day
US.
FOODS

Q3 FY 2023 Financial Review

Dirk Locascio

Chief Financial Officer

GREAT FOOD. MADE EASY.™

Delivered Strong Earnings Growth and Margin Expansion

	Q3 2023	B/(W) vs Q3 2022
Total Case Volume		+4.0%
IND Case Volume[1]		+5.8%
Net Sales **($millions)**	$9,106	+2.1%
Adjusted EBITDA[2] **($millions)**	$402	+14.5%
Adjusted EBITDA Margin[2]	4.4%	+48 bps
Adjusted Diluted EPS[2]	$0.70	+16.7%

(1) Independent restaurant case growth was negatively impacted by approximately 80 basis points for Q3'23 from slower growth in CHEF'STORE. Broadline independent restaurant case growth for Q3'23 was 6.6%; Includes Renzi
(2) Reconciliations of these non-GAAP measures are provided in the Appendix

GREAT FOOD. MADE EASY.™

GROWTH

GROW MARKET SHARE

TARGET: Grow market share with independent restaurants, health care, hospitality and targeted tuck-in acquisitions

DIFFERENTIATE: Capitalize on our food innovations, team-based selling and value added services

BE FRESH: Improve our capabilities and drive share in produce and COP

Grow Profitable Market Share

- On track to exceed 1.5x restaurant market growth for FY 2023, driven by strong independent growth
- Drove IND market share gains for tenth consecutive quarter enabled by technology and service model advantages
- Continued customer mix improvement with stronger growth in target customer types
- Strong Healthcare and Hospitality new business pipeline

OUR STRATEGY
GREAT FOOD. MADE EASY.™

PROFIT
EXPAND EBITDA MARGIN

MARGIN: Expand through EB growth, strategic vendor management and pricing initiatives

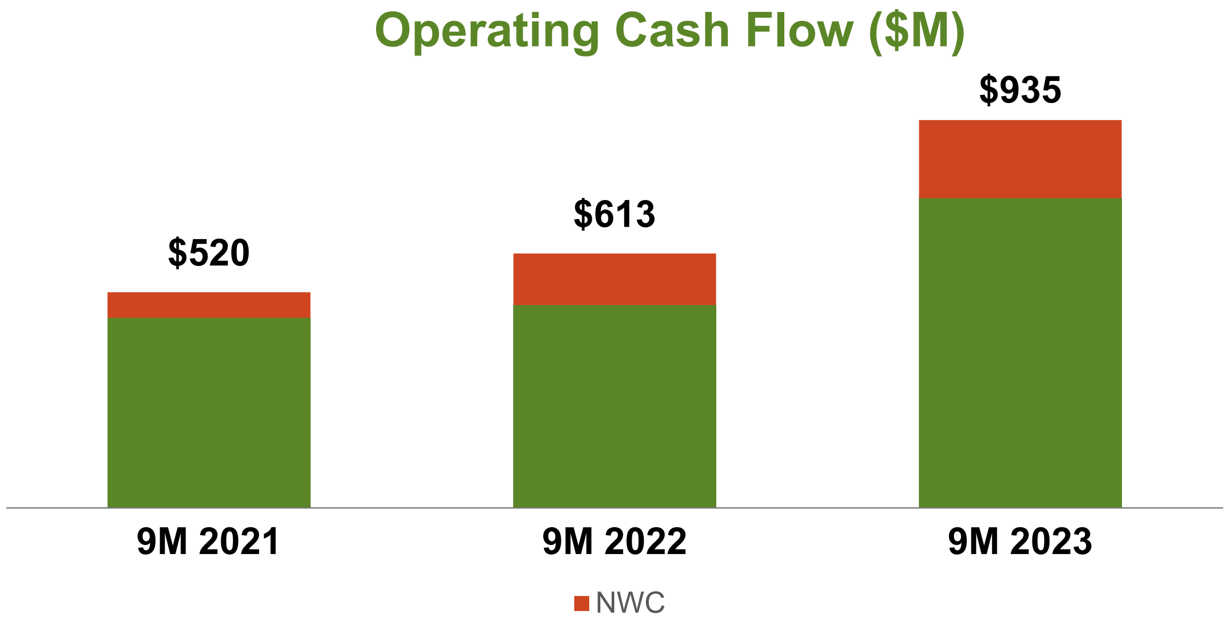
PRODUCTIVITY: Embrace continuous improvement and drive 3-5% annual gains

OPTIMIZATION: Enhance indirect spend management

Further Optimize EBITDA Margin

- Continued COGS improvement via vendor collaboration; remain on track to address ~60% of spend by year-end
- Continuing progress in Supply Chain productivity and turnover driven by initiatives; driver productivity levels above 2019 and making progress on warehouse productivity
- Indirect spend beginning to generate savings with expectations to accelerate through 2024

Strong Operating Cash Flow Creates Flexibility to Deploy Capital Strategically to Enable Growth and Strengthen Capital Structure



Operating Cash Flow less change in Net Working Capital[1]		
9M 2021	9M 2022	9M 2023
$458	$489	$747

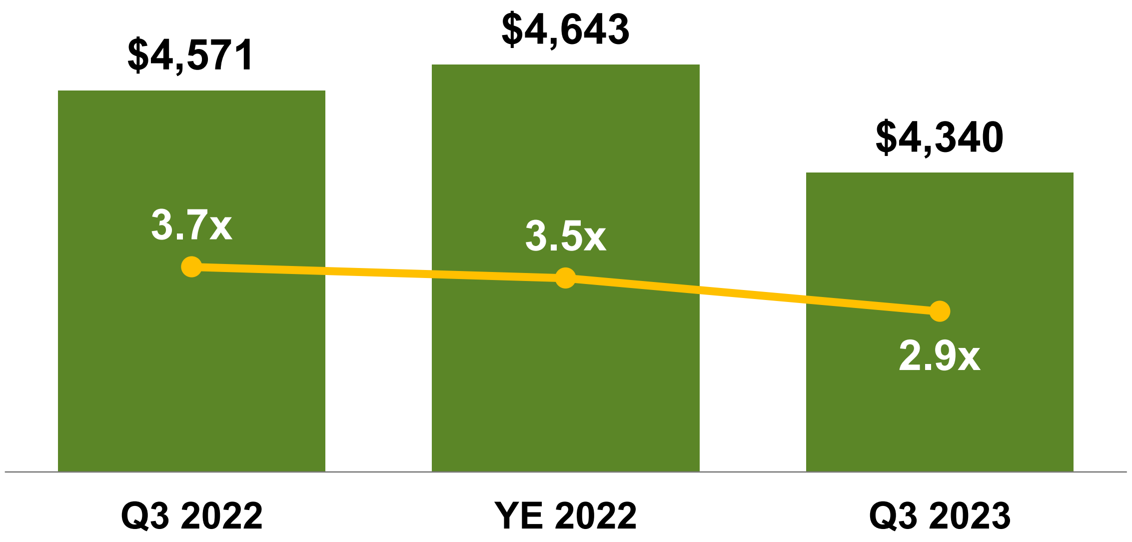
Capital Allocation Priorities

1. Invest in the business
2. Reduce leverage to target range
3. Return capital to shareholders
4. Pursue accretive tuck-in M&A

(1) Net Working Capital (NWC) defined as changes in operating assets and liabilities as shown in the Consolidated Statements of Cash Flows

Further Strengthened Capital Structure Through Reduced Leverage

Net Debt ($M) and Net Leverage[1]



0.6x Net Leverage Ratio Reduction vs YE 2022

Strong Progress Toward Long-Term Leverage Range

- Within 2.5 – 3.0x net leverage target range and expect to remain there
- Leverage progress from a combination of debt reduction and earnings growth
- Continued progress on debt paydown; $185 million of pre-pays on Term Loans in 9M 2023
- Extended debt term-structure with refinance of 2025 senior notes and issuance of longer-dated debt; no debt maturities until 2026
- Leverage reduction in parallel with share repurchases and closing on tuck-in acquisition

(1) Reconciliations of these non-GAAP measures are provided in the Appendix

Updated Fiscal 2023 Guidance

	Prior Guidance (as of August 10, 2023)	Updated Guidance (as of November 9, 2023)
Volume	Restaurants: ~1.5x market All other: ~1x market[1]	Restaurants: ~1.5x market All other: ~1x market[1]
Adjusted EBITDA[2]	\$1.51B – \$1.54B	\$1.54B – \$1.56B
Adjusted Diluted EPS[2]	\$2.55 – \$2.65	\$2.60 – \$2.70
Total CapEx[3]	\$410M – \$430M	\$410M – \$430M
Net Leverage[2]	Below 3.0x by year-end	Below 3.0x by year-end
Interest Expense	\$320M – \$325M	\$320M – \$325M

(1) Market as measured by Technomic
(2) Non-GAAP financial measures. Refer to the Disclaimer Page on slide 2 for information about forward-looking non-GAAP measures
(3) Total CapEx consists of \$290 million – \$310 million of cash capital expenditures and ~\$120 million of capital expenditures under our fleet financing leases

Invest With US Foods

1 Leader in a highly fragmented and resilient industry with national scale; U.S only business serving a diverse customer base

2 Sustainable competitive advantages to drive market outperformance; well-positioned to win in any macro environment

3 Executing Long-Range Plan initiatives to drive growth and profitability, enabling further strengthening of capital structure

4 Forefront of technology with our MOXē platform and digital strategy

5 Continued strengthening of financial results and balance sheet provide flexibility for long-term growth and a focus on delivering compounded shareholder value

Appendix:

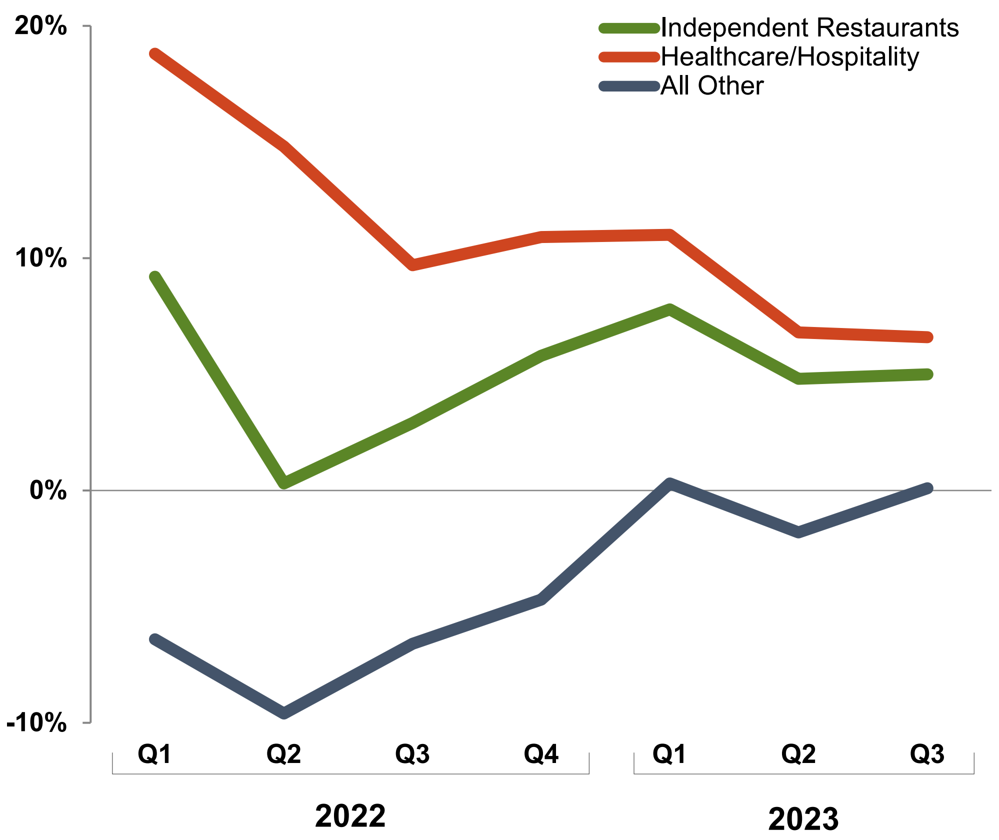
Q3 Fiscal 2023 Summary

Non-GAAP Reconciliations

Quarterly Case Volume Trend vs. Prior Year

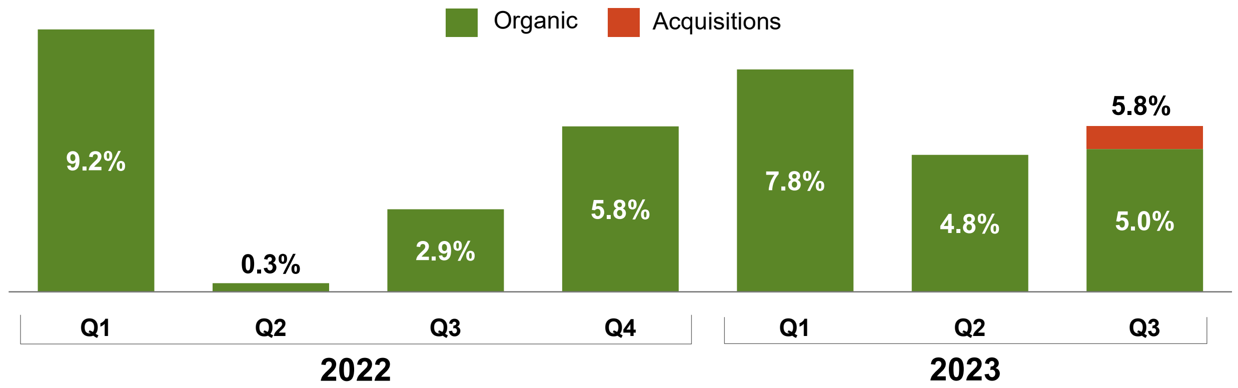
Organic Case Growth by Quarter[1]

YOY percent change



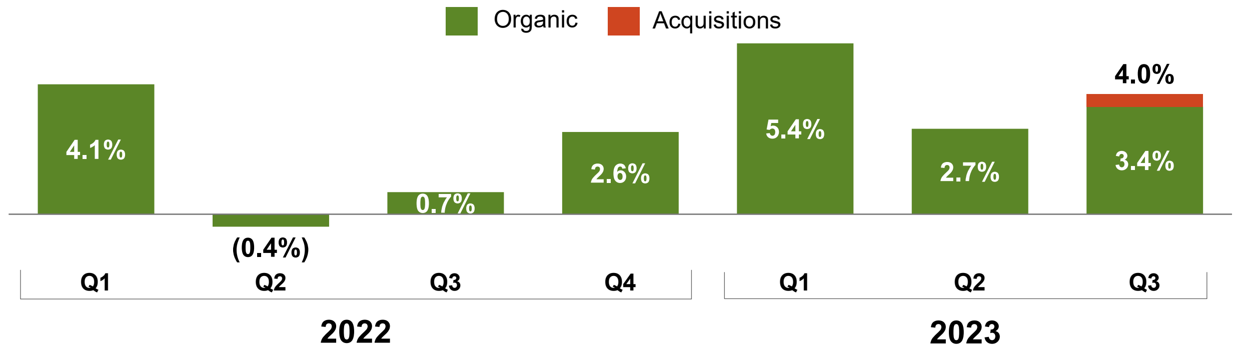
Independent Restaurant Case Growth[1]

YOY percent change for total and organic cases



Total Case Growth

YOY percent change for total and organic cases



(1) Independent restaurant case growth was negatively impacted by approximately 80 basis points for Q3'23 from slower growth in CHEF'STORE. Broadline independent restaurant case growth for Q3'23 was 6.6%; Includes Renzi

US Foods Debt Summary

$ Millions	Maturity	Interest Terms	Interest Rates as of September 30, 2023	Carrying Value as of September 30, 2023	Carrying Value as of December 31, 2022
ABL Facility	December 7, 2027		-	-	-
2019 Incremental Term Loan Facility (net of $12 and $19 of unamortized deferred financing costs, respectively)	September 13, 2026	SOFR + 2.11%	7.43%	1,108	1,232
Less: 2021 Incremental Term Loan Facility (net of $3 and $6 of unamortized deferred financing costs, respectively)	November 22, 2028	SOFR + 2.61%	7.93%	718	786
Total Floating Rate Debt				**1,826**	**2,018**
Secured Senior Notes due 2025 (net of $0 and $7 of unamortized deferred financing costs, respectively)	April 15, 2025		6.25%	-	993
Secured Senior Notes due 2028 (net of $5 and $0 of unamortized deferred financing costs, respectively)	September 15, 2028		6.875%	495	-
Unsecured Senior Notes due 2029 (net of $6 and $7 of unamortized deferred financing costs, respectively)	February 15, 2029		4.75%	894	893
Unsecured Senior Notes due 2030 (net of $4 and $4 of unamortized deferred financing costs, respectively)	June 1, 2030		4.625%	496	496
Secured Senior Notes due 2032 (net of $5 and $0 of unamortized deferred financing costs, respectively)	January 15, 2032		7.25%	495	-
Obligations under financing leases	2023-2030		1.26%-8.31%	472	446
Other Debt	January 1, 2031		5.75%	8	8
Total Fixed Rate				**2,860**	**2,836**
Total Debt				**4,686**	**4,854**
Less: Cash				(346)	(211)
Net Debt (1)				**4,340**	**4,643**
Net Debt Leverage Ratio (1)				**2.9x**	**3.5x**
% Floating Rate (2)				**30%**	**42%**

- Net leverage expected to remain below 3.0x for remainder of 2023
- Repaid $201M YTD on 2019 and 2021 Incremental Term Loans
- Refinanced 2025 Senior Secured Notes and extended debt term structure
- Lowered interest rate margin on 2021 Incremental Term Loan by 25 basis points
- SOFR was 5.32% as of September 30, 2023
- 2-year 5% interest rate caps on $450M of notional value against term loans(3)
- A 100 bps increase in SOFR would result in ~$15M additional interest expense and ($0.04) reduction in Adjusted Diluted EPS(1)

(1) Reconciliations of these non-GAAP measures are provided in this Appendix
(2) Floating Rate % includes the impact of interest rate caps
(3) The Company's maximum exposure to the variable component of interest will be 5% on the notional amount covered by interest rate caps

Third Quarter Financial Performance

($ in millions, except per share data)	Reported (unaudited) 13 Weeks Ended September 30, 2023	October 1, 2022	Change	Adjusted [1] (unaudited) 13 Weeks Ended September 30, 2023	October 1, 2022	Change
Case Growth			4.0%			
Net Sales	9,106	8,917	2.1%			
Gross Profit	1,542	1,460	5.6%	1,579	1,466	7.7%
% of Net Sales	16.9%	16.4%	56 bps	17.3%	16.4%	90 bps
Operating Expenses	1,312	1,246	5.3%	1,178	1,120	5.2%
% of Net Sales	14.4%	14.0%	43 bps	12.9%	12.6%	38 bps
Net Income	95	109	(12.8)%	174	151	15.2%
Diluted EPS [2]	$0.38	$0.43	(11.6)%	$0.70	$0.60	16.7%
Adjusted EBITDA				402	351	14.5%
Adjusted EBITDA Margin [3]				4.4%	3.9%	48 bps

Note: Figures may not foot due to rounding

1. Reconciliations of these non-GAAP measures are provided in this Appendix.
2. GAAP Diluted EPS calculated using net income available to common shareholders. Adjusted Diluted EPS is calculated as Adjusted net income divided by Non-GAAP weighted average diluted shares outstanding.
3. Represents Adjusted EBITDA as a percentage of Net Sales.

Year to Date Financial Performance

	Reported (unaudited)			Adjusted [1] (unaudited)		
	39 Weeks Ended			39 Weeks Ended		
($ in millions, except per share data)	September 30, 2023	October 1, 2022	Change	September 30, 2023	October 1, 2022	Change
Case Growth			4.0%			
Net Sales	26,661	25,542	4.4%			
Gross Profit	4,558	4,038	12.9%	4,600	4,181	10.0%
% of Net Sales	17.1%	15.8%	129 bps	17.3%	16.4%	88 bps
Operating Expenses	3,819	3,640	4.9%	3,433	3,237	6.1%
% of Net Sales	14.3%	14.3%	7 bps	12.9%	12.7%	20 bps
Net Income	359	172	108.7%	498	400	24.5%
Diluted EPS [2]	$1.43	$0.64	123.4%	$1.99	$1.59	25.2%
Adjusted EBITDA				1,171	960	22.0%
Adjusted EBITDA Margin [3]				4.4%	3.8%	63 bps

Note: Figures may not foot due to rounding

1. Reconciliations of these non-GAAP measures are provided in this Appendix.
2. GAAP Diluted EPS calculated using net income available to common shareholders. Adjusted Diluted EPS is calculated as Adjusted net income divided by Non-GAAP weighted average diluted shares outstanding.
3. Represents Adjusted EBITDA as a percentage of Net Sales.

Non-GAAP Reconciliation - Adjusted Gross Profit and Adjusted Operating Expenses

($ in millions)	13 Weeks Ended (unaudited) September 30, 2023	13 Weeks Ended (unaudited) October 1, 2022	39 Weeks Ended (unaudited) September 30, 2023	39 Weeks Ended (unaudited) October 1, 2022
Gross profit (GAAP)	**$1,542**	**$1,460**	**$4,558**	**$4,038**
LIFO reserve adjustment (1)	37	6	42	143
Adjusted Gross profit (Non-GAAP)	**$1,579**	**$1,466**	**$4,600**	**$4,181**
Operating expenses (GAAP)	**$1,312**	**$1,246**	**$3,819**	**$3,640**
Adjustments:				
Depreciation expense	(85)	(81)	(256)	(240)
Amortization expense	(12)	(11)	(34)	(33)
Restructuring and asset impairment costs (2)	(2)	—	(2)	—
Share-based compensation expense (3)	(15)	(13)	(43)	(34)
Business transformation costs (4)	(9)	(12)	(16)	(41)
COVID-19 other related expenses (5)	—	—	—	(2)
Business acquisition and integration related costs and other (6)	(11)	(9)	(35)	(53)
Adjusted Operating expenses (Non-GAAP)	**$1,178**	**$1,120**	**$3,433**	**$3,237**

(1)-(6) footnotes located on next slide

Non-GAAP Reconciliation - Adjusted Gross Profit and Adjusted Operating Expenses

1. Represents the non-cash impact of LIFO reserve adjustments.
2. Consists primarily of severance and related costs, organizational realignment costs and asset impairment charges.
3. Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
4. Transformational costs represent non-recurring expenses prior to formal launch of strategic projects with anticipated long-term benefits to the Company. These costs generally relate to third party consulting and non-capitalizable construction or technology. For the 13 weeks and 39 weeks ended September 30, 2023, business transformation costs related to projects associated with information technology infrastructure initiatives. For the 13 weeks and 39 weeks ended October 1, 2022, business transformation costs consist of new facility openings, supply chain strategy improvements, and information technology infrastructure initiatives.
5. Includes COVID-19 related costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
6. Includes: (i) aggregate acquisition and integration related costs of $10 million and $6 million for the 13 weeks ended September 30, 2023 and October 1, 2022, respectively and $31 million and $18 million for the 39 weeks ended September 30, 2023 and October 1, 2022, respectively; (ii) CEO sign on bonus of $3 million for the 39 weeks ended September 30, 2023 (iii) contested proxy and related legal and consulting costs of $21 million for the 39 weeks ended October 1, 2022, respectively; and (iv) CEO severance for $5 million for the 39 weeks ended October 1, 2022 and (v) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.

Non-GAAP Reconciliation - Adjusted EBITDA and Adjusted Net Income

($ in millions)	13 Weeks Ended (unaudited) September 30, 2023	13 Weeks Ended (unaudited) October 1, 2022	39 Weeks Ended (unaudited) September 30, 2023	39 Weeks Ended (unaudited) October 1, 2022
Net income available to common shareholders (GAAP)	**$95**	**$100**	**$352**	**$145**
Series A Preferred Stock Dividends	—	(9)	(7)	(27)
Net income (GAAP)	**95**	**109**	**359**	**172**
Interest expense—net	81	65	244	180
Income tax provision	34	45	119	62
Depreciation expense	85	81	256	240
Amortization expense	12	11	34	33
EBITDA (Non-GAAP)	**$307**	**$311**	**$1,012**	**$687**
Adjustments:				
Restructuring and asset impairment costs (1)	2	—	2	—
Share-based compensation expense (2)	15	13	43	34
LIFO reserve adjustment (3)	37	6	42	143
Loss on extinguishment of debt (4)	21	—	21	—
Business transformation costs (5)	9	12	16	41
COVID-19 other related expenses (6)	—	—	—	2
Business acquisition and integration related costs and other (7)	11	9	35	53
Adjusted EBITDA (Non-GAAP)	**$402**	**$351**	**$1,171**	**$960**
Adjusted EBITDA (Non-GAAP)	**$402**	**$351**	**$1,171**	**$960**
Depreciation expense	(85)	(81)	(256)	(240)
Interest expense—net	(81)	(65)	(244)	(180)
Income tax provision, as adjusted (8)	(62)	(54)	(173)	(140)
Adjusted net income (Non-GAAP)	**$174**	**$151**	**$498**	**$400**

(1)-(8) footnotes located on next slide

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US FOODS

Non-GAAP Reconciliation - Adjusted EBITDA and Adjusted Net Income

1. Consists primarily of severance and related costs, organizational realignment costs and asset impairment charges.
2. Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
3. Represents the non-cash impact of LIFO reserve adjustments.
4. Includes early redemption premium and the write-off of certain pre-existing debt issuance costs.
5. Transformational costs represent non-recurring expenses prior to formal launch of strategic projects with anticipated long-term benefits to the Company. These costs generally relate to third party consulting and non-capitalizable construction or technology. For the 13 weeks and 39 weeks ended September 30, 2023, business transformation costs related to projects associated with information technology infrastructure initiatives. For the 13 weeks and 39 weeks ended October 1, 2022, business transformation costs consist of new facility openings, supply chain strategy improvements, and information technology infrastructure initiatives.
6. Includes COVID-19 related costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
7. Includes: (i) aggregate acquisition and integration related costs of $10 million and $6 million for the 13 weeks ended September 30, 2023 and October 1, 2022, respectively and $31 million and $18 million for the 39 weeks ended September 30, 2023 and October 1, 2022, respectively; (ii) CEO sign on bonus of $3 million for the 39 weeks ended September 30, 2023 (iii) contested proxy and related legal and consulting costs of $21 million for the 39 weeks ended October 1, 2022, respectively; and (iv) CEO severance for $5 million for the 39 weeks ended October 1, 2022 and (v) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
8. Represents our income tax provision adjusted for the tax effect of pre-tax items excluded from Adjusted net income and the removal of applicable discrete tax items. Applicable discrete tax items include changes in tax laws or rates, changes related to prior year unrecognized tax benefits, discrete changes in valuation allowances, and excess tax benefits associated with share-based compensation. The tax effect of pre-tax items excluded from Adjusted net income is computed using a statutory tax rate after taking into account the impact of permanent differences and valuation allowances.

Non-GAAP Reconciliation - Adjusted Diluted Earnings Per Share (EPS)

	13 Weeks Ended (unaudited)		39 Weeks Ended (unaudited)	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Diluted EPS (GAAP)	**$0.38**	**$0.43**	**$1.43**	**$0.64**
Restructuring costs and asset impairment charges (1)	0.01	—	0.01	—
Share-based compensation expense (2)	0.06	0.05	0.17	0.14
LIFO reserve charge (3)	0.15	0.02	0.17	0.57
Loss on extinguishment of debt (4)	0.08	—	0.08	—
Business transformation costs (5)	0.04	0.05	0.06	0.16
COVID-19 other related expenses (6)	—	—	—	0.01
Business acquisition and integration related costs and other (7)	0.04	0.04	0.14	0.21
Income tax provision, as adjusted (8)	(0.06)	0.01	(0.07)	(0.14)
Adjusted Diluted EPS (Non-GAAP) (9)	**$ 0.70**	**$ 0.60**	**$ 1.99**	**$ 1.59**
Weighted-average diluted shares outstanding (Non-GAAP) (10)	**248,954,716**	**251,174,198**	**250,577,973**	**251,057,880**

(1)-(10) footnotes located on next slide

Non-GAAP Reconciliation - Adjusted Diluted Earnings Per Share (EPS)

1. Consists primarily of severance and related costs, organizational realignment costs and asset impairment charges.
2. Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
3. Represents the non-cash impact of LIFO reserve adjustments.
4. Includes early redemption premium and the write-off of certain pre-existing debt issuance costs.
5. Transformational costs represent non-recurring expenses prior to formal launch of strategic projects with anticipated long-term benefits to the Company. These costs generally relate to third party consulting and non-capitalizable construction or technology. For the 13 weeks and 39 weeks ended September 30, 2023, business transformation costs related to projects associated with information technology infrastructure initiatives. For the 13 weeks and 39 weeks ended October 1, 2022, business transformation costs consist of new facility openings, supply chain strategy improvements, and information technology infrastructure initiatives.
6. Includes COVID-19 related costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
7. Includes: (i) aggregate acquisition and integration related costs of $10 million and $6 million for the 13 weeks ended September 30, 2023 and October 1, 2022, respectively and $34 million and $18 million for the 39 weeks ended September 30, 2023 and October 1, 2022, respectively; (ii) CEO sign on bonus of $3 million for the 39 weeks ended September 30, 2023 (iii) contested proxy and related legal and consulting costs of $21 million for the 39 weeks ended October 1, 2022, respectively; and (iv) CEO severance for $5 million for the 39 weeks ended October 1, 2022 and (v) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
8. Represents our income tax provision adjusted for the tax effect of pre-tax items excluded from Adjusted net income and the removal of applicable discrete tax items. Applicable discrete tax items include changes in tax laws or rates, changes related to prior year unrecognized tax benefits, discrete changes in valuation allowances, and excess tax benefits associated with share-based compensation. The tax effect of pre-tax items excluded from Adjusted net income is computed using a statutory tax rate after taking into account the impact of permanent differences and valuation allowances.
9. Adjusted Diluted EPS is calculated as Adjusted net income divided by weighted average diluted shares outstanding (Non-GAAP).
10. For purposes of the Adjusted Diluted EPS calculation (Non-GAAP), when the Company has net income (GAAP), weighted average diluted shares outstanding (Non-GAAP) is used and assumes conversion of the Series A convertible preferred stock, and, when the Company has net loss (GAAP) and assumed conversion of the Series A convertible preferred stock would be antidilutive, weighted-average diluted shares outstanding (GAAP) is used.

Non-GAAP Reconciliation - Net Debt and Net Leverage Ratios

($ in millions, except ratios)	(unaudited) September 30, 2023	December 31, 2022	October 1, 2022
Total Debt (GAAP)	**$4,686**	**$4,854**	**$4,937**
Cash, cash equivalents and restricted cash	(346)	(211)	(366)
Net Debt (Non-GAAP)	**$4,340**	**$4,643**	**$4,571**
Adjusted EBITDA (1)	$1,521	$1,310	$1,222
Net Leverage Ratio (2)	**2.9**	**3.5**	**3.7**

(1) Trailing Twelve Months (TTM) Adjusted EBITDA
(2) Net debt / TTM Adjusted EBITDA

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