COMCAST CORP
Form 10-Q
May 01, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2008

OR

¨ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition Period from to .**
Commission File Number 001-32871

COMCAST CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	**27-0000798**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Comcast Center, Philadelphia, PA	**19103-2838**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: (215) 286-1700

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

Yes x No ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ¨ No x

As of March 31, 2008, there were 2,036,114,846 shares of our Class A Common Stock, 915,367,810 shares of our Class A Special Common Stock and 9,444,375 shares of our Class B Common Stock outstanding.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

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This Quarterly Report on Form 10-Q is for the three months ended March 31, 2008. This Quarterly Report modifies and supersedes documents filed prior to this Quarterly Report. The Securities and Exchange Commission (SEC) allows us to incorporate by reference information that we file with them, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Quarterly Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Quarterly Report. Throughout this Quarterly Report, we refer to Comcast Corporation as Comcast; Comcast and its consolidated subsidiaries as we, us and our; and Comcast Holdings Corporation as Comcast Holdin

You should carefully review the information contained in this Quarterly Report and particularly consider any risk factors that we set forth in this Quarterly Report and in other reports or documents that we file from time to time with the SEC. In this Quarterly Report, we state our beliefs of future events and of our future financial performance. In some cases, you can identify these so-called forward-looking statements by words such as may, will, should, expects, believes, estimates, potential, or continue, or the negative of those words, and other comparabl should be aware that those statements are only our predictions. In evaluating those statements, you should specifically consider various factors, including the risks outlined below. Actual events or our actual results may differ materially from any of our forward-looking statements.

Our businesses may be affected by, among other things, the following:

- all of the services offered by our cable systems face a wide range of competition that could adversely affect our future results of operations we may face increased competition because of technological advances and new regulatory requirements, which could adversely affect our future results of operations

programming expenses are increasing, which could adversely affect our future results of operations

we are subject to regulation by federal, state and local governments, which may impose additional costs and restrictions

weakening economic conditions may reduce subscriber spending on video, Internet and phone services and may reduce our rate of growth of subscriber additions

we face risks arising from the outcome of various litigation matters

acquisitions and other strategic transactions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction

our Class B common stock has substantial voting rights and separate approval rights over several potentially material transactions, and our Chairman and CEO has considerable influence over our operations through his beneficial ownership of our Class B common stock

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheet

(Unaudited)

(in millions, except share data)	March 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 635	$ 963
Investments	86	98
Accounts receivable, less allowance for doubtful accounts of $167 and $181	1,497	1,645
Other current assets	886	961
Total current assets	3,104	3,667
Investments	5,800	7,963
Property and equipment, net of accumulated depreciation of $20,955 and $19,808	23,949	23,624
Franchise rights	59,447	58,077
Goodwill	14,867	14,705
Other intangible assets, net of accumulated amortization of $7,282 and $6,977	4,690	4,739
Other noncurrent assets, net	967	642
	$ 112,824	**$ 113,417**
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses related to trade creditors	$ 2,982	$ 3,336
Accrued expenses and other current liabilities	3,071	3,121
Current portion of long-term debt	1,350	1,495
Total current liabilities	7,403	7,952
Long-term debt, less current portion	30,009	29,828
Deferred income taxes	27,116	26,880
Other noncurrent liabilities	7,110	7,167
Minority interest	388	250
Commitments and Contingencies (Note 10)		
Stockholders Equity:		
Preferred stock authorized, 20,000,000 shares; issued, zero		
Class A common stock, $0.01 par value authorized, 7,500,000,000 shares; issued, 2,401,575,596 and 2,419,025,659; outstanding, 2,036,114,846 and 2,053,564,909	24	24
Class A Special common stock, $0.01 par value authorized, 7,500,000,000 shares; issued, 986,302,574 and 1,018,960,463; outstanding, 915,367,810 and 948,025,699	10	10
Class B common stock, $0.01 par value authorized, 75,000,000 shares; issued and outstanding, 9,444,375		
Additional paid-in capital	41,151	41,688
Retained earnings	7,187	7,191
Treasury stock 365,460,750 Class A common shares and 70,934,764 Class A Special common shares	(7,517)	(7,517)
Accumulated other comprehensive income (loss)	(57)	(56)
Total stockholders equity	40,798	41,340
	$ 112,824	**$ 113,417**

See notes to condensed consolidated financial statements.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Condensed Consolidated Statement of Operations

(Unaudited)

(in millions, except per share data)	Three Months Ended March 31, 2008	2007
Revenues	$ 8,389	$ 7,388
Costs and Expenses:		
Operating (excluding depreciation and amortization)	3,107	2,759
Selling, general and administrative	2,108	1,866
Depreciation	1,390	1,225
Amortization	229	277
	6,834	6,127
Operating income	1,555	1,261
Other Income (Expense):		
Interest expense	(621)	(568)
Investment income (loss), net	79	174
Equity in net (losses) income of affiliates, net	(35)	(21)
Other income (expense)	268	513
	(309)	98
Income before income taxes and minority interest	1,246	1,359
Income tax expense	(508)	(526)
Income before minority interest	738	833
Minority interest	(6)	4
Net income	**$ 732**	**$ 837**
Basic earnings per common share	**$ 0.24**	**$ 0.27**
Diluted earnings per common share	**$ 0.24**	**$ 0.26**
Dividends declared per common share	**$ 0.06**	**$**

See notes to condensed consolidated financial statements.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(in millions)	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 2,259**	**$ 1,965**
FINANCING ACTIVITIES		
Proceeds from borrowings	192	3
Retirements and repayments of debt	(218)	(704)
Repurchases of common stock	(1,000)	(500)
Issuances of common stock	10	218
Other	(28)	4
Net cash provided by (used in) financing activities	**(1,044)**	**(979)**
INVESTING ACTIVITIES		
Capital expenditures	(1,431)	(1,454)
Cash paid for intangible assets	(126)	(118)
Acquisitions, net of cash acquired	(29)	(9)
Proceeds from sales of investments	49	392
Purchases of investments	(26)	(21)
Other	20	22
Net cash provided by (used in) investing activities	**(1,543)**	**(1,188)**
Increase (decrease) in cash and cash equivalents	(328)	(202)
Cash and cash equivalents, beginning of period	963	1,239
Cash and cash equivalents, end of period	**$ 635**	**$ 1,037**

See notes to condensed consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1: Condensed Consolidated Financial Statements

Basis of Presentation

We have prepared these unaudited condensed consolidated financial statements based on Securities and Exchange Commission (SEC) rules that permit reduced disclosure for interim periods.

These financial statements include all adjustments that are necessary for a fair presentation of our results of operations and financial condition for the periods shown, including normal, recurring accruals and other items. The results of operations for the interim periods presented are not necessarily indicative of results for the full year.

The year-end condensed balance sheet was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles in the United States (GAAP). For a more complete discussion of our accounting policies and certain other information, refer to our annual financial statements for the preceding fiscal year as filed with the SEC.

Note 2: Recent Accounting Pronouncements

SFAS No. 157

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. SFAS No. 157 is effective for financial assets and financial liabilities in fiscal years beginning after November 15, 2007 and for nonfinancial assets and nonfinancial liabilities in fiscal years beginning after March 15, 2008. Effective January 1, 2008, we have adopted the provisions of SFAS No. 157 that relate to our financial assets and financial liabilities. We are currently evaluating the impact of the provisions of SFAS No. 157 that relate to our nonfinancial assets and nonfinancial liabilities, which are effective for us as of January 1, 2009. See Note 7 for further details regarding the adoption of this standard.

SFAS No. 159

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159), which provides the option to report certain financial assets and liabilities at fair value, with the intent to mitigate the volatility in financial reporting that can occur when related assets and liabilities are recorded on different bases. SFAS No. 159 amends FASB Statement No. 95, Statement of Cash Flows (SFAS No. 95) and FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS No. 115). SFAS No. 159 specifies that cash flows from trading securities, including securities for which an entity has elected the fair value option, should be classified in the statement of cash flows based on the nature of and purpose for which the securities were acquired. Before this amendment, SFAS No. 95 and SFAS No. 115 specified that cash flows from trading securities must be classified as cash flows from operating activities. Effective January 1, 2008, we adopted the provisions of SFAS No. 159. We have not elected the fair value option for any financial assets or liabilities. Upon adoption, we reclassified approximately $603 million of proceeds from the sale of trading securities within our statement of cash flows for the year ended December 31, 2007 from an operating activity to an investing activity. The adoption of SFAS No. 159 had no effect on our statement of cash flows for the year ended December 31, 2006. We will classify proceeds from future sales based on the nature of the securities and purpose for which they were acquired.

SFAS No. 161

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS No. 161). SFAS No. 161 amends and expands the disclosure requirement for FASB Statement No. 133, Derivative Instruments and Hedging Activities (SFAS No. 133). It requires enhanced disclosure

about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (iii) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS No. 161 is effective for us as of January 1, 2009.

EITF Issue No. 06-10

In March 2007, the Emerging Issues Task Force (EITF) reached a consensus on EITF Issue No. 06-10, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements (EITF 06-10). EITF 06-10 provides that an employer should recognize a liability for the postretirement benefit related to collateral assignment split-dollar life insurance arrangements in accordance with either SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions, or Accounting Principles Board Opinion No. 12, Omnibus Opinion. Effective January 1, 2008, in connection with the adoption of EITF 06-10 we adjusted beginning retained earnings and recorded a liability of approximately $130 million.

Note 3: Earnings Per Share

Basic earnings per common share (Basic EPS) is computed by dividing net income for common stockholders by the weighted-average number of common shares outstanding during the period.

Our potentially dilutive securities include potential common shares related to our stock options and restricted share units. Diluted earnings per common share (Diluted EPS) considers the impact of potentially dilutive securities except in periods where there is a loss because the inclusion of the potential common shares would have an antidilutive effect.

Diluted EPS for the three months ended March 31, 2008 and 2007 excludes approximately 178 million and 39 million potential common shares, respectively, related to our share-based compensation plans, because the inclusion of the potential common shares would have an antidilutive effect.

The table below reconciles the numerator and denominator of the computations of Diluted EPS:

	Three Months Ended March 31					
	2008			2007		
(in millions, except per share data)	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
Basic EPS	$ 732	3,009	$ 0.24	$ 837	3,125	$ 0.27
Effect of Dilutive Securities:						
Assumed exercise or issuance of shares relating to stock plans		8			36	
Diluted EPS	**$ 732**	**3,017**	**$ 0.24**	**$ 837**	**3,161**	**$ 0.26**

Note 4: Acquisitions and Other Significant Events

Insight Midwest Partnership

In April 2007, we and Insight Communications (Insight) agreed to divide the assets and liabilities of Insight Midwest, a 50%-50% cable system partnership with Insight (the Insight transaction). On December 31, 2007, we contributed approximately $1.3 billion to Insight Midwest for our share of the partnership s debt. On January 1, 2008, the distribution of the assets of Insight Midwest was completed without assumption of any of Insight s debt by us and we received cable systems serving approximately 696,000 video subscribers in Illinois and Indiana (Comcast Asset Pool). Insight received cable systems serving approximately 652,000 video subscribers, together with approximately $1.24 billion of debt allocated to those cable systems (Insight Asset Pool). We accounted for our interest in Insight Midwest as an equity method investment until the Comcast Asset Pool was

distributed to us on January 1, 2008. We accounted for the distribution of assets by Insight Midwest as a sale of our 50% interest in the Insight Asset Pool in exchange for acquiring an additional 50% interest in the Comcast Asset Pool. The estimated fair value of the 50% interest of the Comcast Asset Pool we received was approximately $1.2 billion and resulted in a pretax gain of approximately $235 million, which is included in other income (expense). We recorded our 50% interest in the Comcast Asset Pool as a step acquisition in accordance with SFAS No. 141, Business Combinations (SFAS No. 141). The valuation of assets and estimated gain are based on preliminary valuations. Refinements may occur as the valuations are finalized. The exchange of our 50% interest in the Insight Asset Pool for Insight s 50% interest in the Comcast Asset Pool is considered a noncash investing activity.

Unaudited Pro Forma Information

The following unaudited pro forma information has been presented as if the Insight transaction had occurred on January 1, 2007. This information is based on historical results of operations, adjusted for purchase price allocations, and is not necessarily indicative of what the results would have been had we operated the cable systems in the Comcast Asset Pool since January 1, 2007.

(in millions, except per share data)	Three Months Ended March 31, 2007
Revenues	$ 7,550
Net Income	$ 846
Basic EPS	$ 0.27
Diluted EPS	$ 0.27

Note 5: Investments

(in millions)	March 31, 2008	December 31, 2007
Fair value method	$ 2,434	$ 2,701
Equity method, primarily SpectrumCo, LLC at March 31, 2008 and Insight Midwest and SpectrumCo, LLC at December 31, 2007	1,764	3,682
Cost method, primarily AirTouch	1,688	1,678
Total investments	5,886	8,061
Less: current investments	86	98
Noncurrent investments	**$ 5,800**	**$ 7,963**

Insight Midwest Partnership

We accounted for our interest in Insight Midwest as an equity method investment until January 1, 2008, the date the Comcast Asset Pool was distributed to us (see Note 4).

Investment Income (Loss), Net

The table below presents the components of investment income (loss), net:

Three Months Ended March 31

(in millions)	2008	2007
Interest and dividend income	$ 19	$ 56
Gains on sales and exchanges of investments, net	11	42
Investment impairment losses	(2)	(1)
Unrealized gains (losses) on trading securities and hedged items	(264)	216
Mark to market adjustments on derivatives related to trading securities and hedged items	294	(176)
Mark to market adjustments on derivatives	21	37
Investment income (loss), net	**$ 79**	**$ 174**

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Note 6: Goodwill

The changes in the carrying amount of goodwill by business segment for the three months ended March 31, 2008 are presented in the table below:

(in millions)	Cable	Programming	Corporate and Other	Total
Balance, December 31, 2007	$ 12,842	$ 1,482	$ 381	$ 14,705
Settlements or adjustments	6		11	17
Acquisitions	145			145
Balance, March 31, 2008	**$ 12,993**	**$ 1,482**	**$ 392**	**$ 14,867**

Acquisitions for the three months ended March 31, 2008 primarily relate to the Insight transaction.

Note 7: Fair Value of Financial Assets and Financial Liabilities

Effective January 1, 2008, we adopted the provisions of SFAS No. 157 that relate to our financial assets and financial liabilities as discussed in Note 2. SFAS No. 157 establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of the hierarchy are described below:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active

Level 3: Unobservable inputs that reflect the reporting entity s own assumptions

Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and financial liabilities and their placement within the fair value hierarchy. Our financial assets and financial liabilities that are accounted for at fair value on a recurring basis are presented in the table below:

Recurring Fair Value Measures

(in millions)	Fair value as of March 31, 2008 Level 1	Level 2	Level 3	Total
Assets:				
Trading securities	$ 1,786	$	$	$ 1,786
Available-for-sale securities	17	628		645
Equity warrants			3	3

Cash surrender value of life insurance policies		105		105
Interest rate exchange agreements		105		105
	$ 1,803	**$ 838**	**$ 3**	**$ 2,644**
Liabilities:				
Indexed debt instruments	$	$ 59	$	$ 59
Prepaid forward sale agreements		360		360
Interest rate exchange agreements		1		1
	$	**$ 420**	**$**	**$ 420**

Note 8: Stockholders Equity

Share-Based Compensation

In March 2008, we granted 21.1 million stock options and 7.3 million restricted share units (RSUs) related to our annual management grant program. The fair values associated with these grants were $6.48 per stock option and $18.14 per RSU.

Compensation expense recognized related to stock options awards, RSU awards and employee participation in our Employee Stock Purchase Plan are summarized in the table below:

	Three Months Ended March 31	
(in millions)	2008	2007
Stock options	$ 20	$ 14
Restricted share units	20	13
Employee stock purchase plan	5	3
Total share-based compensation expense	**$ 45**	**$ 30**

As of March 31, 2008, there was $361 million and $350 million of unrecognized pretax compensation cost related to nonvested stock options and nonvested RSUs, respectively.

Comprehensive Income

Our total comprehensive income is presented in the table below:

	Three Months Ended March 31,	
(in millions)	2008	2007
Net income	$ 732	$ 837
Holding (losses) gains during the period	(5)	(84)
Reclassification adjustments for losses (gains) included in net income	4	3
Employee benefit obligations	(1)	
Cumulative translation adjustments	1	6
Comprehensive income	**$ 731**	**$ 762**

Note 9: Statement of Cash Flows Supplemental Information

The table below presents the components of operating activities:

	Three Months Ended March 31	
(in millions)	2008	2007
Operating Activities:		
Net income	$ 732	$ 837
Adjustments to reconcile net income to net cash provided by operating activities:		

Depreciation	1,390	1,225
Amortization	229	277
Share-based compensation	62	30
Noncash interest expense (income), net	57	18
Equity in net losses (income) of affiliates, net	35	21
(Gains) losses on investments and noncash other (income) expense, net	(316)	(651)
Noncash contribution expense		3
Minority interest	6	(4)
Deferred income taxes	232	103
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Change in accounts receivable, net	162	212
Change in accounts payable and accrued expenses related to trade creditors	(144)	51
Change in other operating assets and liabilities	(186)	(157)
Net cash provided by (used in) operating activities	**$ 2,259**	**$ 1,965**

The table below presents the cash payments we made for interest and income taxes:

	Three Months Ended March 31	
(in millions)	2008	2007
Interest	$ 708	$ 662
Income taxes	$ 20	$ 34

During the three months ended March 31, 2008, we:

- exchanged our 50% interest in the Insight Asset Pool for Insight s 50% interest in the Comcast Asset Pool, which is considered a noncash investing activity
- recorded a liability of approximately $185 million for a quarterly cash dividend of $0.0625 per common share paid in April 2008, which is considered a noncash financing activity

Note 10: Commitments and Contingencies

Commitments

Certain of our subsidiaries support debt compliance with respect to obligations of certain cable television partnerships and investments in which we hold an ownership interest (see Note 5). The obligations expire between May 2008 and March 2011. Although there can be no assurance, we believe that we will not be required to meet our obligations under such commitments. The total notional amount of our commitments was $445 million as of March 31, 2008, at which time there were no quoted market prices for similar agreements. This amount decreased $520 million from December 31, 2007 as a result of the Insight transaction (see Note 4).

Contingencies

Antitrust Cases

We are defendants in two purported class actions originally filed in the United States District Courts for the District of Massachusetts and the Eastern District of Pennsylvania, respectively. The potential class in the Massachusetts case is our subscriber base in the Boston Cluster area, and the potential class in the Pennsylvania case is our subscriber base in the Philadelphia and Chicago Clusters, as those terms are defined in the complaints. In each case, the plaintiffs allege that certain subscriber exchange transactions with other cable providers resulted in unlawful horizontal market restraints in those areas and seek damages under antitrust statutes, including treble damages.

Our motion to dismiss the Pennsylvania case on the pleadings was denied and classes of Philadelphia Cluster and Chicago Cluster subscribers were certified. Our motion to dismiss the Massachusetts case, which was subsequently transferred to the Eastern District of Pennsylvania, was also denied. We are proceeding with discovery on plaintiffs claims concerning the Philadelphia Cluster. Plaintiffs claims concerning the other two clusters are stayed pending determination of the Philadelphia Cluster claims.

In addition, we are among the defendants in a purported class action filed in the United States District Court for the Central District of California in September 2007. The plaintiffs allege that the defendants who produce video programming (including us, among others) have entered into agreements with the defendants who distribute video programming via cable and satellite (including us, among others), which preclude the distributors from reselling channels to subscribers on an unbundled basis in violation of federal antitrust laws. The plaintiffs seek treble damages for the loss of their ability to pick and choose the specific bundled channels to which they wish to subscribe, and injunctive relief requiring each distributor defendant to resell certain channels to its subscribers on an unbundled basis. The potential class is comprised of all persons residing in the United States who have subscribed to an expanded basic level of video service provided by one of the distributor defendants. In December 2007, we filed a motion to dismiss the case. On March 12, 2008, the court granted the motion to dismiss, with permission for the plaintiffs to replead their complaint. On March 20, 2008, the plaintiffs served an amended complaint. We filed a renewed motion to dismiss this amended complaint on April 22, 2008. The court has scheduled a hearing on the motion for June 16, 2008.

Securities and Related Litigation

We and several of our current and former officers have been named as defendants in a purported class action lawsuit filed in the United States District Court for the Eastern District of Pennsylvania (Eastern District) in January 2008. The alleged class comprises purchasers of our publicly issued securities between February 1, 2007 and December 4, 2007. The plaintiff asserts that during the alleged class period, the defendants violated federal securities laws through alleged material misstatements and omissions relating to forecast results for 2007. The plaintiff seeks unspecified damages.

We, our directors and one of our current officers have been named as defendants in a purported class action lawsuit filed in the Eastern District in February 2008. The alleged class comprises participants in our retirement-investment (401(k)) plan that invested in the plan s company stock account. The plaintiff asserts that the defendants breached their fiduciary duties in managing the plan. The plaintiff seeks unspecified damages.

Patent Litigation

We are a defendant in several unrelated lawsuits claiming infringement of various patents relating to various aspects of our businesses. In certain of these cases other industry participants are also defendants, and also in certain of these cases we expect that any potential liability would be in part or in whole the responsibility of our equipment vendors under applicable contractual indemnification provisions.

* * *

We believe the claims in each of the actions described above in this item are without merit and intend to defend the actions vigorously. The final disposition of the claims in each of the actions is not expected to have a material adverse effect on our consolidated financial position, but could possibly be material to our consolidated results of operations or cash flows for any one period.

Other

We are subject to other legal proceedings and claims that arise in the ordinary course of our business. The amount of ultimate liability with respect to such actions is not expected to materially affect our financial position, results of operations or cash flows.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Note 11: Financial Data by Business Segment

Our reportable segments consist of our Cable and Programming businesses. In evaluating the profitability of our segments, the components of net income (loss) below operating income (loss) before depreciation and amortization are not separately evaluated by our management. Assets are not allocated to segments for management reporting. Our financial data by business segment is as follows:

(in millions)	Cable(a)(b)	Programming(c)	Corporate and Other(d)(e)	Eliminations(e)(f)	Total
Three months ended March 31, 2008					
Revenues(g)	$ 7,916	$ 363	$ 183	$ (73)	$ 8,389
Operating income (loss) before depreciation and amortization(h)	3,142	113	(82)	1	3,174
Depreciation and amortization	1,548	54	24	(7)	1,619
Operating income (loss)	1,594	59	(106)	8	1,555
Capital expenditures	1,355	4	72		1,431
Three months ended March 31, 2007					
Revenues(g)	$ 6,998	$ 302	$ 155	$ (67)	$ 7,388
Operating income (loss) before depreciation and amortization(h)	2,793	65	(95)		2,763
Depreciation and amortization	1,440	47	20	(5)	1,502
Operating income (loss)	1,353	18	(115)	5	1,261
Capital expenditures	1,443	4	7		1,454

(a) For the three months ended March 31, 2008 and 2007, Cable segment revenues were derived from the following services:

	Three Months Ended March 31	
	2008	**2007**
Video	59.5%	62.3%
High-speed Internet	22.1	21.8
Phone	7.4	5.0
Advertising	4.3	4.5
Franchise fees	2.8	2.9
Other	3.9	3.5
Total	**100%**	**100%**

Subscription revenues received from subscribers who purchase bundled services at a discount rate are allocated proportionately to each service based on the individual service s price on a stand-alone basis.

(b) Included in our Cable segment are our regional sports and news networks.

(c) Programming consists primarily of our consolidated national programming networks, including E!, The Golf Channel, VERSUS, G4 and Style.

(d) Corporate and Other includes Comcast Spectacor, Comcast Interactive Media, a portion of operating results of our less than wholly owned technology development ventures (see (e) below), corporate activities and all other businesses not presented in our Cable or Programming segments.

(e) We consolidate our less than wholly owned technology development ventures, which we control or of which we are considered the primary beneficiary. These ventures are with various corporate partners, such as Motorola and Gemstar. The ventures have been created to share the costs of development of new technologies for set-top boxes and other devices. The results of these entities are included within Corporate and Other. Cost allocations are made to the Cable segment based on our percentage ownership in each entity. The remaining net costs related to the minority corporate partners are included in Corporate and Other.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

(f) Included in the Eliminations column are transactions that our segments enter into with one another. The most common types of transactions are the following:

- our Programming segment generates revenue by selling cable network programming to our Cable segment, which represents a substantial majority of the revenue elimination amount
- our Cable segment receives incentives offered by our Programming segment when negotiating programming contracts that are recorded as a reduction of programming expenses
- our Cable segment generates revenue by selling the use of satellite feeds to our Programming segment

(g) Non-U.S. revenues were not significant in any period. No single customer accounted for a significant amount of our revenue in any period.

(h) To measure the performance of our operating segments, we use operating income (loss) before depreciation and amortization, excluding impairment charges related to fixed and intangible assets, and gains or losses from the sale of assets, if any. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in business combinations. It is also unaffected by our capital structure or investment activities. We use this measure to evaluate our consolidated operating performance, the operating performance of our operating segments, and to allocate resources and capital to our operating segments. It is also a significant performance measure in our annual incentive compensation programs. We believe that this measure is useful to investors because it is one of the bases for comparing our operating performance with that of other companies in our industries, although our measure may not be directly comparable to similar measures used by other companies. This measure should not be considered a substitute for operating income (loss), net income (loss), net cash provided by operating activities or other measures of performance or liquidity reported in accordance with GAAP.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Note 12: Condensed Consolidating Financial Information

Comcast Corporation and five of our cable holding company subsidiaries, Comcast Cable Communications, LLC (CCCL), Comcast Cable Communications Holdings, Inc. (CCCH), Comcast MO Group, Inc. (Comcast MO Group), Comcast Cable Holdings, LLC (CCH) and Comcast MO of Delaware, LLC (Comcast MO of Delaware), fully and unconditionally guarantee each other s debt securities. Comcast MO Group, CCH and Comcast MO of Delaware are collectively referred to as the Combined CCHMO Parents.

Comcast Corporation unconditionally guarantees Comcast Holdings ZONES due October 2029 and its 10 5/8% Senior Subordinated Debentures due 2012, both of which were issued by Comcast Holdings. Accordingly, we have included Comcast Holdings condensed consolidated information for all periods presented. Our condensed consolidating financial information is presented below:

Comcast Corporation

Condensed Consolidating Balance Sheet

March 31, 2008

(in millions)	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Comcast Holdings	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
ASSETS								
Cash and cash equivalents	$	$	$	$	$	$ 635	$	$ 635
Investments						86		86
Accounts receivable, net						1,497		1,497
Other current assets	155	7				724		886
Total current assets	155	7				2,942		3,104
Investments						5,800		5,800
Investments in and amounts due from subsidiaries eliminated upon consolidation	67,823	33,315	40,715	43,768	27,116	1,689	(214,426)	
Property and equipment, net	267					23,682		23,949
Franchise rights						59,447		59,447
Goodwill						14,867		14,867
Other intangible assets, net						4,690		4,690
Other noncurrent assets, net	367	21	16		29	534		967
Total assets	**$ 68,612**	**$ 33,343**	**$ 40,731**	**$ 43,768**	**$ 27,145**	**$ 113,651**	**$ (214,426)**	**$ 112,824**
LIABILITIES AND STOCKHOLDERS EQUITY								
Accounts payable and accrued expenses related to trade creditors	$ 210	$ 5	$	$	$	$ 2,767	$	$ 2,982
Accrued expenses and other current liabilities	635	229	49	42	70	2,046		3,071
Current portion of long-term debt		1,000		303	9	38		1,350
Total current liabilities	845	1,234	49	345	79	4,851		7,403
Long-term debt, less current portion	19,387	3,304	3,498	2,708	830	282		30,009
Deferred income taxes	6,314				939	19,863		27,116
Other noncurrent liabilities	1,268				116	5,726		7,110
Minority interest						388		388

Stockholders Equity:								
Common stock	34							34
Other stockholders equity	40,764	28,805	37,184	40,715	25,181	82,541	(214,426)	40,764
Total stockholders equity	40,798	28,805	37,184	40,715	25,181	82,541	(214,426)	40,798
Total liabilities and stockholders equity	**$ 68,612**	**$ 33,343**	**$ 40,731**	**$ 43,768**	**$ 27,145**	**$ 113,651**	**$ (214,426)**	**$ 112,824**

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Comcast Corporation

Condensed Consolidating Balance Sheet

December 31, 2007

(in millions)	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Comcast Holdings	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
ASSETS								
Cash and cash equivalents	$	$	$	$	$	$ 963	$	$ 963
Investments						98		98
Accounts receivable, net						1,645		1,645
Other current assets	100					861		961
Total current assets	100					3,567		3,667
Investments						7,963		7,963
Investments in and amounts due from subsidiaries eliminated upon consolidation	67,903	32,760	40,240	43,356	25,815	2,244	(212,318)	
Property and equipment, net	208					23,416		23,624
Franchise rights						58,077		58,077
Goodwill						14,705		14,705
Other intangible assets, net						4,739		4,739
Other noncurrent assets, net	281	11	17		30	303		642
Total assets	**$ 68,492**	**$ 32,771**	**$ 40,257**	**$ 43,356**	**$ 25,845**	**$ 115,014**	**$ (212,318)**	**$ 113,417**
LIABILITIES AND STOCKHOLDERS EQUITY								
Accounts payable and accrued expenses related to trade creditors	$ 10	$ 3	$	$	$	$ 3,323	$	$ 3,336
Accrued expenses and other current liabilities	694	267	75	98	74	1,913		3,121
Current portion of long-term debt		1,142		305		48		1,495
Total current liabilities	704	1,412	75	403	74	5,284		7,952
Long-term debt, less current portion	19,133	3,294	3,498	2,713	908	282		29,828
Deferred income taxes	6,256				1,015	19,609		26,880
Other noncurrent liabilities	1,059	6			116	5,986		7,167
Minority interest						250		250
Stockholders Equity:								
Common stock	34							34
Other stockholders equity	41,306	28,059	36,684	40,240	23,732	83,603	(212,318)	41,306
Total stockholders equity	41,340	28,059	36,684	40,240	23,732	83,603	(212,318)	41,340
Total liabilities and stockholders equity	**$ 68,492**	**$ 32,771**	**$ 40,257**	**$ 43,356**	**$ 25,845**	**$ 115,014**	**$ (212,318)**	**$ 113,417**

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Comcast Corporation

Condensed Consolidating Statement of Operations

For the Three Months Ended March 31, 2008

(in millions)	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Comcast Holdings	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Revenues:								
Service revenues	$	$	$	$	$	$ 8,389	$	$ 8,389
Management fee revenue	168	53	99	99			(419)	
	168	53	99	99		8,389	(419)	8,389
Costs and Expenses:								
Operating (excluding depreciation and amortization)						3,107		3,107
Selling, general and administrative	84	53	99	99	4	2,188	(419)	2,108
Depreciation	5					1,385		1,390
Amortization						229		229
	89	53	99	99	4	6,909	(419)	6,834
Operating income (loss)	79				(4)	1,480		1,555
Other Income (Expense):								
Interest expense	(323)	(82)	(80)	(56)	(43)	(37)		(621)
Investment income (loss), net	(7)				21	65		79
Equity in net (losses) income of affiliates, net	895	407	659	696	394	(77)	(3,009)	(35)
Other income (expense)						268		268
	565	325	579	640	372	219	(3,009)	(309)
Income (loss) before income taxes and minority interest	644	325	579	640	368	1,699	(3,009)	1,246
Income tax (expense) benefit	88	27	28	19	9	(679)		(508)
Income (loss) before minority interest	732	352	607	659	377	1,020	(3,009)	738
Minority interest						(6)		(6)
Net Income (loss)	**$ 732**	**$ 352**	**$ 607**	**$ 659**	**$ 377**	**$ 1,014**	**$ (3,009)**	**$ 732**

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Comcast Corporation

Condensed Consolidating Statement of Operations

For the Three Months Ended March 31, 2007

(in millions)	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Comcast Holdings	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Revenues:								
Service revenues	$	$	$	$	$	$ 7,388	$	$ 7,388
Management fee revenue	149	51	79	79			(358)	
	149	51	79	79		7,388	(358)	7,388
Costs and Expenses:								
Operating (excluding depreciation and amortization)						2,759		2,759
Selling, general and administrative	71	51	79	79	4	1,940	(358)	1,866
Depreciation	1					1,224		1,225
Amortization						277		277
	72	51	79	79	4	6,200	(358)	6,127
Operating income (loss)	77				(4)	1,188		1,261
Other Income (Expense):								
Interest expense	(251)	(98)	(81)	(68)	(24)	(46)		(568)
Investment income (loss), net					(9)	183		174
Equity in net (losses) income of affiliates, net	949	381	799	846	331	(34)	(3,293)	(21)
Other income (expense)	1					512		513
	699	283	718	778	298	615	(3,293)	98
Income (loss) before income taxes and minority interest	776	283	718	778	294	1,803	(3,293)	1,359
Income tax (expense) benefit	61	35	29	21	13	(685)		(526)
Income (loss) before minority interest	837	318	747	799	307	1,118	(3,293)	833
Minority interest						4		4
Net Income (loss)	**$ 837**	**$ 318**	**$ 747**	**$ 799**	**$ 307**	**$ 1,122**	**$ (3,293)**	**$ 837**

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Comcast Corporation

Condensed Consolidating Statement of Cash Flows

For the Three Months Ended March 31, 2008

(in millions)	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Comcast Holdings	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Operating Activities								
Net cash provided by (used in) operating activities	$ (202)	$ (116)	$ (73)	$ (99)	$ (12)	$ 2,761	$	$ 2,259
Financing Activities								
Proceeds from borrowings	189					3		192
Retirements and repayments of debt		(150)			(55)	(13)		(218)
Repurchases of common stock	(1,000)							(1,000)
Issuances of common stock	10							10
Other	10				(19)	(19)		(28)
Net cash provided by (used in) financing activities	(791)	(150)			(74)	(29)		(1,044)
Investing Activities								
Net transactions with affiliates	1,062	266	73	99	86	(1,586)		
Capital expenditures	(69)					(1,362)		(1,431)
Cash paid for intangible assets						(126)		(126)
Acquisitions, net of cash acquired						(29)		(29)
Proceeds from sales of investments						49		49
Purchases of investments						(26)		(26)
Other						20		20
Net cash provided by (used in) investing activities	993	266	73	99	86	(3,060)		(1,543)
Increase (decrease) in cash and cash equivalents						(328)		(328)
Cash and cash equivalents, beginning of period						963		963
Cash and cash equivalents, end of period	**$**	**$**	**$**	**$**	**$**	**$ 635**	**$**	**$ 635**

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Comcast Corporation

Condensed Consolidating Statement of Cash Flows

For the Three Months Ended March 31, 2007

(in millions)	Comcast Parent	CCCL Parent	CCCH Parent	Combined CCHMO Parents	Comcast Holdings	Non-Guarantor Subsidiaries	Elimination and Consolidation Adjustments	Consolidated Comcast Corporation
Operating Activities								
Net cash provided by (used in) operating activities	$ (202)	$ (71)	$ (78)	$ (147)	$ (21)	$ 2,484	$	$ 1,965
Financing Activities								
Proceeds from borrowings						3		3
Retirements and repayments of debt	(200)			(226)		(278)		(704)
Repurchases of common stock	(500)							(500)
Issuances of common stock	218							218
Other	16					(12)		4
Net cash provided by (used in) financing activities	(466)			(226)		(287)		(979)
Investing Activities								
Net transactions with affiliates	601	71	78	373	21	(1,144)		
Capital expenditures	(3)					(1,451)		(1,454)
Cash paid for intangible assets						(118)		(118)
Acquisitions, net of cash acquired						(9)		(9)
Proceeds from sales of investments						392		392
Purchases of investments						(21)		(21)
Other						22		22
Net cash provided by (used in) investing activities	598	71	78	373	21	(2,329)		(1,188)
Increase (decrease) in cash and cash equivalents	(70)					(132)		(202)
Cash and cash equivalents, beginning of period	77					1,162		1,239
Cash and cash equivalents, end of period	**$ 7**	**$**	**$**	**$**	**$**	**$ 1,030**	**$**	**$ 1,037**

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

ITEM 2: MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are the largest cable operator in the United States and offer a variety of entertainment and communications products and services. As of March 31, 2008, our cable systems served approximately 24.7 million video subscribers, 14.1 million high-speed Internet subscribers and 5.2 million phone subscribers and passed approximately 49.9 million homes in 39 states and the District of Columbia.

We classify our operations in two reportable segments: Cable and Programming. Our Cable segment, which generates approximately 95% of our consolidated revenue, manages and operates our cable systems, including video, high-speed Internet and phone services (cable services). The majority of our Cable segment revenue is earned from monthly subscriptions for these cable services. Other revenue sources include advertising and the operation of our regional sports and news networks. Our Programming segment consists primarily of our consolidated national programming networks, including E!, The Golf Channel, VERSUS, G4 and Style. Revenue from our Programming segment is earned primarily from the sale of advertising and from monthly per subscriber license fees paid by multichannel video programming distributors.

Highlights and business developments for the three months ended March 31, 2008 include the following:

- consolidated revenue increased 13.5% to approximately $8.4 billion and consolidated operating income increased 23.3% to approximately $1.6 billion

- Cable segment revenue increased 13.1% to approximately $7.9 billion and operating income before depreciation and amortization increased 12.5% to approximately $3.1 billion, both driven by growth in subscribers, acquisitions and the success of our bundled offerings

- repurchase of approximately 53 million shares of our Class A and Class A Special common stock under our Board-authorized share repurchase program for approximately $1.0 billion

- acquisition of the cable systems serving Illinois and Indiana (approximately 696,000 video subscribers), resulting from the dissolution of Insight Midwest, LP (the Insight transaction), in January 2008

Consolidated Operating Results

(in millions)	Three Months Ended March 31 2008	Three Months Ended March 31 2007	Increase/ (Decrease)
Revenues	$ 8,389	$ 7,388	13.5%
Costs and expenses:			
Operating, selling, general and administrative expenses (excluding depreciation and amortization)	5,215	4,625	12.7

Depreciation	1,390	1,225	13.4
Amortization	229	277	(17.1)
Operating income	1,555	1,261	23.3
Other income (expense) items, net	(309)	98	(415.7)
Income before income taxes and minority interest	1,246	1,359	(8.3)
Income tax expense	(508)	(526)	(3.5)
Income before minority interest	738	833	(11.4)
Minority interest	(6)	4	n/m
Net Income	**$ 732**	**$ 837**	**(12.5)**

All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Consolidated Revenues

Our Cable and Programming segments accounted for substantially all of the increases in consolidated revenues for the three months ended March 31, 2008 compared to the same period in 2007. Cable segment and Programming segment revenues are discussed separately below in Segment Operating Results. The remaining changes relate to our other business activities, primarily the growth of Comcast Interactive Media and Comcast Spectacor.

Consolidated Operating, Selling, General and Administrative Expenses

Our Cable and Programming segments accounted for substantially all of the increases in consolidated operating, selling, general and administrative expenses for the three months ended March 31, 2008 compared to the same period in 2007. Cable segment and Programming segment operating, selling, general and administrative expenses are discussed separately below in Segment Operating Results. The remaining changes relate to our other business activities, including expanding our Comcast Interactive Media business and Comcast Spectacor.

Consolidated Depreciation and Amortization

The increase in depreciation expense for the three months ended March 31, 2008 compared to the same period in 2007 is primarily a result of the increase in property and equipment and the depreciation associated with the cable systems acquired in the Insight transaction.

The decrease in amortization expense for the three months ended March 31, 2008 compared to the same period in 2007 is primarily due to the customer relationship intangible assets associated with the AT&T Broadband acquisition in 2002 being fully amortized.

Segment Operating Results

To measure the performance of our operating segments, we use operating income before depreciation and amortization, excluding impairment charges related to fixed and intangible assets, and gains or losses from the sale of assets, if any. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in business combinations. It is also unaffected by our capital structure or investment activities. We use this measure to evaluate our consolidated operating performance and the operating performance of our operating segments, and to allocate resources and capital to our operating segments. It is also a significant performance measure in our annual incentive compensation programs. We believe that this measure is useful to investors because it is one of the bases for comparing our operating performance with that of other companies in our industries, although our measure may not be directly comparable to similar measures used by other companies. Because we use this metric to measure our segment profit or loss, we reconcile it to operating income, the most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP) in the business segment footnote to our consolidated financial statements (see Note 11). You should not consider this measure a substitute for operating income (loss), net income (loss), net cash provided by operating activities, or other measures of performance or liquidity we have reported in accordance with GAAP.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Cable Segment Operating Results

The table below presents our Cable segment operating results:

	Three Months Ended			
	March 31,		Increase/(Decrease)	
(in millions)	2008	2007	$	%
Video	$ 4,706	$ 4,362	$ 344	7.9%
High-speed Internet	1,750	1,527	223	14.6
Phone	587	353	234	66.5
Advertising	344	313	31	9.7
Other	305	242	63	25.8
Franchise fees	224	201	23	11.5
Revenues	7,916	6,998	918	13.1
Operating expenses	2,909	2,550	359	14.1
Selling, general and administrative expenses	1,865	1,655	210	12.7
Operating income before depreciation and amortization	**$ 3,142**	**$ 2,793**	**$ 349**	**12.5%**

Cable Segment Revenues

Video Our video revenues continued to grow due to rate increases, subscriber growth in our digital cable services, including the demand for digital features such as on demand, DVR and HDTV, and the addition of the cable systems acquired in the Insight transaction. During the three months ended March 31, 2008, we added approximately 494,000 digital cable subscribers. As of March 31, 2008, approximately 65% of our 24.7 million video subscribers subscribed to at least one of our digital cable services. During the three months ended March 31, 2008, the number of basic subscribers decreased by approximately 57,000 primarily as a result of increased competition in our service areas. Our average monthly video revenue per video subscriber increased from approximately $61 as of December 31, 2007 to approximately $63 during the three months ended March 31, 2008, which has been impacted by additional promotional offers.

High-Speed Internet The increase in high-speed Internet revenue for the three months ended March 31, 2008 compared to the same period in 2007 reflects an increase in subscribers and the addition of the cable systems acquired in the Insight transaction. During the three months ended March 31, 2008, we added approximately 492,000 high-speed Internet subscribers. Average monthly revenue per subscriber has declined slightly as a result of additional promotional offers.

Phone Our phone revenues increased as a result of subscriber growth in our digital phone service, partially offset by the loss of circuit-switched phone subscribers. During the three months ended March 31, 2008, we added 639,000 digital phone subscribers. The number of circuit-switched phone subscribers will continue to decrease as we phase out this service during 2008.

Advertising The increase in advertising revenue for the three months ended March 31, 2008 compared to the same period in 2007 is primarily due to one additional week in the broadcast advertising calendar, an increase in political advertising related to the U.S. primary elections and the addition of the cable systems acquired in the Insight transaction. Absent this growth, advertising revenue decreased, reflecting softness in the advertising marketplace, particularly in the automobile and housing-related industries.

Other We also generate revenues from our regional sports and news networks, video installation services, commissions from third-party electronic retailing and fees for other services, such as providing businesses with data connectivity and networked applications. The increase in other revenue for the three months ended March 31, 2008 compared to the same period in 2007 is primarily a result of the regional sports network acquisitions of Comcast SportsNet Bay Area and Comcast SportsNet New England.

Franchise Fees The increase in franchise fees collected from our cable subscribers for the three months ended March 31, 2008 compared to the same period in 2007 is primarily a result of the increases in our revenues upon which the fees apply.

Cable Segment Operating Expenses

Operating expenses increased primarily as a result of growth in the number of subscribers to our cable services and the addition of the cable systems acquired in the Insight transaction. The remaining increases were primarily a result of costs associated with the delivery of these services and additional personnel to handle service calls and provide customer support.

Cable Segment Selling, General and Administrative Expenses

Selling, general and administrative expenses increased primarily as a result of growth in the number of subscribers to our cable services. The remaining increase was primarily a result of additional employees needed to provide customer and other administrative services, as well as additional marketing costs associated with attracting new subscribers.

Programming Segment Operating Results

The table below presents our Programming segment operating results:

	Three Months Ended March 31		Increase/(Decrease)	
(in millions)	2008	2007	$	%
Revenues	$ 363	$ 302	$ 61	20.1%
Operating, selling, general and administrative expenses	250	237	13	5.1
Operating income before depreciation and amortization	**$ 113**	**$ 65**	**$ 48**	**75.6%**

The increase in revenues for the three months ended March 31, 2008 compared to the same period in 2007 is primarily a result of increases in advertising revenues, including one additional week in the broadcast advertising calendar, and license fee revenues. For the three months ended March 31, 2008 and 2007, approximately 13% and 14%, respectively, of our Programming segment revenues were generated from our Cable segment. These amounts are eliminated in our consolidated financial statements but are included in the amounts presented in the table above.

Consolidated Other Income (Expense) Items

	Three Months Ended March 31	
(in millions)	2008	2007
Interest expense	$ (621)	$ (568)
Investment income (loss), net	79	174
Equity in net (losses) income of affiliates, net	(35)	(21)
Other income (expense)	268	513
Total	**$ (309)**	**$ 98**

Interest Expense

The increase in interest expense for the three months ended March 31, 2008 compared to the same period in 2007 is primarily the result of an increase in our average debt outstanding and early extinguishment costs associated with the repayment and redemption of certain debt obligations.

Investment Income (Loss), Net

The components of investment income (loss), net for the three months ended March 31, 2008 and 2007 are presented in a table in Note 5 to our consolidated financial statements.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

Other Income (Expense)

Other income for the three months ended March 31, 2008 consists primarily of a gain of approximately $235 million on the sale of our 50% interest in the Insight Asset Pool in connection with the Insight transaction (see Note 4). Other income for the three months ended March 31, 2007 consists primarily of a gain of approximately $500 million on the sale of our 50% interest in the Kansas City Asset Pool in connection with the Texas and Kansas City Cable Partners transaction.

Income Tax Expense

Income tax expense for the three months ended March 31, 2008 and 2007 reflect income tax rates higher than the federal statutory rate primarily as a result of state income taxes and interest on uncertain tax positions. We expect our 2008 annual effective tax rate to be in the range of 40% to 45%.

Liquidity and Capital Resources

Our businesses generate significant cash flow from operating activities. We believe that we will be able to meet our current and long-term liquidity and capital requirements, including fixed charges, through our cash flows from operating activities, existing cash, cash equivalents and investments; through available borrowings under our existing credit facilities; and through our ability to obtain future external financing. We anticipate continuing to use a substantial portion of our cash flow to fund our capital expenditures, invest in business opportunities and return capital to investors through stock repurchases and dividends. The credit markets have been and continue to be volatile due primarily to difficulties in the residential mortgage markets as well as the slowing economy. We do not hold any cash equivalents or short-term investments whose liquidity or value has been affected by these negative trends in the financial markets.

Operating Activities

Details of net cash provided by operating activities are presented in the table below:

(in millions)	Three Months Ended March 31, 2008	2007
Operating income	$ 1,555	$ 1,261
Depreciation and amortization	1,619	1,502
Operating income before depreciation and amortization	3,174	2,763
Noncash share-based compensation and contribution expense	62	33
Changes in operating assets and liabilities	(279)	(158)
Cash basis operating income	2,957	2,638
Payments of interest	(708)	(662)
Payments of income taxes	(20)	(34)
Proceeds from interest, dividends and other nonoperating items	31	39
Excess tax benefit under SFAS No. 123R presented in financing activities	(1)	(16)
Net cash provided by operating activities	**$ 2,259**	**$ 1,965**

Changes in operating assets and liabilities for the three months ended March 31, 2008 increased primarily due to the upfront payment of a long-term programming rights agreement. The increase in interest payments for the three months ended March 31, 2008 compared to the same period in 2007 was primarily a result of an increase in our average debt outstanding.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2008 consisted primarily of cash paid for the repurchase of approximately 53 million shares of our Class A and Class A Special common stock for $1.0 billion (recognized on a settlement date or cash basis).

We have in the past made and may from time to time in the future make optional repayments on our debt obligations depending on various factors, such as market conditions. These repayments may include repurchases of our outstanding public notes and debentures.

Available Borrowings Under Credit Facilities

We traditionally maintain significant availability under our lines of credit and commercial paper program to meet our short-term liquidity requirements. In January 2008, we entered into an amended and restated revolving bank credit facility that may be used for general corporate purposes. This amendment increased the size of the credit facility from $5.0 billion to $7.0 billion and extended the maturity of the loan commitment from October 2010 to January 2013. As of March 31, 2008, amounts available under our facilities totaled approximately $6.2 billion.

Share Repurchase Program and Dividends

As of March 31, 2008, the maximum dollar value of shares that may be repurchased under our Board-authorized share repurchase program is approximately $5.9 billion. We expect to fully utilize our remaining share repurchase authorization by the end of 2009, subject to market conditions. In February 2008, our Board of Directors approved a quarterly dividend of $0.0625 per share, totaling approximately $185 million. This amount was paid in April 2008 and represents the first payment of a planned annual dividend of $0.25 per share.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2008 consisted primarily of cash paid for capital expenditures of $1.4 billion and cash paid for intangible assets of $126 million. Our most significant recurring investing activity has been capital expenditures and we expect that this will continue in the future.

Critical Accounting Judgments and Estimates

The preparation of our consolidated financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and contingent liabilities. We base our judgments on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making estimates about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe our judgments and related estimates associated with the valuation and impairment testing of our cable franchise rights and the accounting for income taxes and legal contingencies are critical in the preparation of our financial statements.

For a full discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our consolidated financial statements, please refer to our 2007 Annual Report on Form 10-K.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes to the information required under this item from what was disclosed in our 2007 Annual Report on Form 10-K.

ITEM 4: CONTROLS AND PROCEDURES

Conclusions regarding disclosure controls and procedures

Our chief executive officer and our chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this report, have concluded, based on the evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15, that our disclosure controls and procedures were effective.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

Refer to Note 10 to our consolidated financial statements of this Quarterly Report on Form 10-Q for a discussion of recent developments related to our legal proceedings.

ITEM 1A: RISK FACTORS

There have been no significant changes from the risk factors previously disclosed in Item 1A of our 2007 Annual Report on Form 10-K.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

A summary of our repurchases under our Board-authorized share repurchase program during the three months ended March 31, 2008 is as follows:

Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Total Dollars Purchased Under the Program	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Program(a)
January 1-31, 2008	132,021	$ 17.07		$	$ 6,906,133,015
February 1-29, 2008	14,622,184	$ 17.10	14,622,184	$ 250,000,000	$ 6,656,133,015
March 1-31, 2008	38,486,247	$ 19.49	38,486,247	$ 750,000,000	$ 5,906,133,015
Total	**53,240,452**	**$ 18.83**	**53,108,431**	**$ 1,000,000,000**	**$ 5,906,133,015**

(a) In 2007, the Board of Directors authorized a $7 billion addition to the existing share repurchase program. Under the authorization, we may repurchase shares in the open market or in private transactions, subject to market conditions. As of March 31, 2008, the maximum dollar value of shares that is available under our Board-authorized share repurchase program was approximately $5.9 billion. We plan to fully utilize our remaining share repurchase authorization by the end of 2009, subject to market conditions.

The total number of shares purchased during the three months ended March 31, 2008 includes 132,021 shares received in the administration of employee share-based compensation plans.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

ITEM 6: EXHIBITS

(a) Exhibits required to be filed by Item 601 of Regulation S-K:

10.1	*	Comcast Corporation 2003 Stock Option Plan, as amended and restated effective March 24, 2008.
10.2	*	Comcast Corporation 2002 Restricted Stock Plan, as amended and restated effective March 24, 2008.
31		Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32		Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Constitutes a management contract or compensatory plan or arrangement.

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COMCAST CORPORATION AND SUBSIDIARIES FORM 10-Q

QUARTER ENDED MARCH 31, 2008

SIGNATURES

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

COMCAST CORPORATION

/s/ LAWRENCE J. SALVA
Lawrence J. Salva

Senior Vice President, Chief Accounting Officer

and Controller

(Principal Accounting Officer)

Date: May 1, 2008

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ny used the net proceeds from the IPO to repay borrowings of approximately $154.1 million on the senior secured revolving credit facility and $370.0 million on the senior secured term loan facility. During fiscal 2014, we paid dividends of approximately $52.2 million to our stockholders. The "Other financing activities" caption reflects financing related fees, distributions to noncontrolling interests and the excess tax benefit recorded on exercises of share-based awards.

On February 24, 2014, Aramark Services, Inc. entered into an Amendment Agreement (the “2014 Amendment Agreement”) to the Amended and Restated Credit Agreement dated as of March 26, 2010 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”). The 2014 Amendment Agreement amended and restated the Credit Agreement effective as of February 24, 2014. Among other things, the 2014 Amendment Agreement provided for approximately $3,982.0 million in the aggregate of new term loans, $2,582.0 million of which have a maturity date of February 24, 2021, with an acceleration to December 13, 2019 if the 5.75% Senior Notes due March 15, 2020 remain outstanding on December 13, 2019, and $1,400.0 million of which have a maturity date of September 7, 2019. The new term loans were borrowed on February 24, 2014 and the proceeds were used to refinance Aramark Services, Inc.'s existing term loans due 2016 and 2019 (with the exception of term loans due 2016 borrowed by Aramark Services, Inc.’s Canadian subsidiary in the amount of approximately $75.0 million). During fiscal 2014, approximately $22.9 million of lender fees and third-party costs directly attributable to the term loans of the 2014 Amendment Agreement were capitalized. The Company also recorded charges to "Interest and Other Financing Costs, net” during fiscal 2014 consisting of $13.1 million of third party costs and $12.6 million of non-cash charges for the write-off of deferred financing costs and original issue discount.
The 2014 Amendment Agreement also provided for the extension, from January 26, 2017 to February 24, 2019, of the maturity of $565.0 million in revolving lender commitments of the existing $605.0 million revolving credit facility

under the Credit Agreement. The 2014 Amendment Agreement also increased the revolving lender commitments by $165.0 million. During fiscal 2014, approximately $4.8 million of third-party costs directly attributable to the revolving credit facility of the 2014 Amendment Agreement were capitalized.

Covenant Compliance

The Credit Agreement contains a number of covenants that, among other things, restrict our ability to: incur additional indebtedness; issue preferred stock or provide guarantees; create liens on assets; engage in mergers or consolidations; sell assets; pay dividends, make distributions or repurchase our capital stock; make investments, loans or advances; repay or repurchase any notes, except as scheduled or at maturity; create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries; make certain acquisitions; engage in certain transactions with affiliates; amend material agreements governing the notes (or any indebtedness that refinances the notes); and fundamentally change our business. The indentures governing our senior notes contains similar provisions. As of September 30, 2016, we were in compliance with these covenants.

Under the Credit Agreement and the indentures governing our senior notes, we are required to satisfy and maintain specified financial ratios and other financial condition tests and covenants. Our continued ability to meet those financial ratios, tests and covenants can be affected by events beyond our control, and there can be no assurance that we will meet those ratios, tests and covenants.

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

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

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

	Fiscal Year Ended		
(in millions)	September 30, 2016	October 2, 2015	October 3, 2014
Net income attributable to Aramark Services, Inc. stockholder	$287.8	$236.0	$149.0
Interest and other financing costs, net	315.4	285.9	334.9
Provision for income taxes	142.7	105.0	80.2
Depreciation and amortization	495.8	504.0	521.6
Covenant EBITDA	1,241.7	1,130.9	1,085.7
Share-based compensation expense(1)	56.9	66.4	96.3
Unusual or non-recurring (gains)/losses(2)	—	(3.9)	2.9
Pro forma EBITDA for equity method investees(3)	14.3	14.8	18.8
Pro forma EBITDA for certain transactions(4)	4.1	—	—
Other(5)	35.4	58.9	28.3
Covenant Adjusted EBITDA	$1,352.4	$1,267.1	$1,232.0

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

(2) Fiscal 2015 includes other income of approximately $2.0 million related to our investment (possessory interest) at one of our National Parks Service ("NPS") client sites in our Sports, Leisure & Corrections

sector and a net of tax gain of approximately $1.9 million related to the sale of a building in our Healthcare sector. Fiscal 2014 includes a loss of approximately $6.7 million related to the sale of the Chalet, a gain from proceeds from the impact of Hurricane Sandy and other income related to our investment (possessory interest) at one of our NPS client sites.

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

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

(5) Other includes organizational streamlining initiatives ($24.9 million for fiscal 2016, $27.5 million for fiscal 2015 and $21.3 million for fiscal 2014), the impact of the change in fair value related to certain gasoline and diesel agreements ($8.3 million gain for fiscal 2016, $2.6 million loss for fiscal 2015 and $1.8 million loss for fiscal 2014), expenses related to acquisition costs ($3.9 million for fiscal 2016 and $0.4 million for fiscal 2015), property and other asset write-downs associated with the sale of a building ($6.8 million for fiscal 2016 and $8.7 million for fiscal 2015), other asset write-offs ($5.0 million for fiscal 2016 and $16.2 million for fiscal 2015), expenses related to secondary offerings of common stock by certain of our stockholders ($2.2 million for fiscal 2015 and $0.9 million for fiscal 2014) and other miscellaneous expenses.

Our covenant requirements and actual ratios for the fiscal year ended September 30, 2016 are as follows:

	Covenant Requirements	Actual Ratios
Consolidated Secured Debt Ratio(1)	5.125x	2.64x
Interest Coverage Ratio (Fixed Charge Coverage Ratio)(2)	2.00x	4.51x

(1) Our Credit Agreement requires us to maintain a maximum Consolidated Secured Debt Ratio, defined as consolidated total indebtedness secured by a lien to Covenant Adjusted EBITDA, of 5.125x. Consolidated total indebtedness secured by a lien is defined in the Credit Agreement as total indebtedness outstanding under the Credit Agreement, capital leases, advances under the Receivables Facility and any other indebtedness secured by a lien reduced by the lesser of the amount of cash and cash equivalents on our balance sheet that is free and clear of any lien and $75 million. Non-compliance with the maximum Consolidated Secured Debt Ratio could result in the requirement to immediately repay all amounts outstanding under our Credit Agreement, which, if our revolving credit facility lenders failed to waive any such default, would also constitute a default under the indentures governing our senior notes.

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

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

The following table summarizes our future obligations for debt repayments, capital leases, estimated interest payments, future minimum rental and similar commitments under noncancelable operating leases as well as contingent obligations related to outstanding letters of credit and guarantees as of September 30, 2016 (dollars in thousands):

	Payments Due by Period				
Contractual Obligations as of September 30, 2016	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings[1]	$5,219,980	$30,800	$1,159,759	$2,628,689	$1,400,732
Capital lease obligations	78,615	15,722	34,752	20,692	7,449
Estimated interest payments[2]	1,114,400	220,300	411,400	265,600	217,100
Operating leases and other noncancelable commitments	713,129	238,462	149,019	96,439	229,209
Purchase obligations[3]	565,109	248,369	171,223	39,739	105,778
Other liabilities[4]	248,500	56,100	18,700	9,700	164,000
	$7,939,733	$809,753	$1,944,853	$3,060,859	$2,124,268

		Amount of Commitment Expiration by Period			
Other Commercial Commitments as of September 30, 2016	Total Amounts Committed	Less than 1 year	1-3 years	3-5 years	More than 5 years
Letters of credit	$53,783	$53,783	$—	$—	$—
Guarantees	—	—	—	—	—
	$53,783	$53,783	$—	$—	$—

(1) Excludes the $46.3 million reduction to long-term borrowings from debt discounts and deferred financing fees and the increase of $17.8 million from the unamortized premium on the New 2024 Notes.

(2) These amounts represent future interest payments related to our existing debt obligations based on fixed and variable interest rates specified in the associated debt agreements. Payments related to variable debt are based on applicable rates at September 30, 2016 plus the specified margin in the associated debt agreements for each period presented. The amounts provided relate only to existing debt obligations and do not assume the refinancing or replacement of such debt. The average debt balance for each fiscal year from 2017 through 2022 is $4,976.0 million, $4,950.3 million, $4,882.2 million, $3,930.6 million, $2,355.2 million and $1,400.0 million, respectively. The average interest rate (after giving effect to interest rate swaps) for each fiscal year from 2017 through 2022 is 3.02%, 3.46%, 3.73%, 3.93%, 4.35% and 4.99%, respectively (See Note 5 to the audited consolidated financial statements for the terms and maturities of existing debt obligations).

(3) Represents commitments for capital projects and client contract investments to help finance improvements or renovations at the facilities from which we operate.

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

We have excluded from the table above uncertain tax liabilities due to the uncertainty of the amount and period of payment. As of September 30, 2016, we have gross uncertain tax liabilities of $22.8 million (see Note 8 to the audited consolidated financial statements). During fiscal 2016, we made contributions totaling $25.4 million into our defined benefit pension plans and benefit payments and settlements of $16.7 million out of these plans. Estimated contributions to our defined benefit pension plans in fiscal 2017 are $5.9 million and estimated benefit payments out of these plans in fiscal 2017 are $12.3 million (see Note 7 to the audited consolidated financial statements).

We have an agreement (the "Receivables Facility") with 3 financial institutions where we sell on a continuous basis an undivided interest in all eligible accounts receivable, as defined in the Receivables Facility. Pursuant to the Receivables Facility, we formed ARAMARK Receivables, LLC, a wholly-owned, consolidated, bankruptcy-remote subsidiary. ARAMARK Receivables, LLC was formed for the sole purpose of transferring receivables generated by certain of our subsidiaries. Under the Receivables Facility, we and certain of our subsidiaries transfer without recourse all of their accounts receivable to ARAMARK Receivables, LLC. As collections reduce previously transferred interests, interests in new, eligible receivables are transferred to ARAMARK Receivables, LLC, subject to meeting certain conditions. The maximum amount available under the Receivables Facility is $350.0 million, which expires in May 2019. In addition, the Receivables Facility includes a seasonal tranche which will increase the capacity by $50.0 million at certain times of the year. As of September 30, 2016, $268.0 million was outstanding under the Receivables Facility and is included in "Long-Term Borrowings" in the Consolidated Balance Shee ts. Amounts borrowed under the Receivables Facility fluctuate monthly based on our funding requirements and the level of qualified receivables available to collateralize the Receivables Facility.

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

In the fourth quarter of fiscal 2016, as part of an initiative to simplify our corporate governance and organization, we reorganized our foreign affiliates into a holding company structure. It is anticipated this will create administrative and managerial benefits and better align with intergroup and regional operations.

Critical Accounting Policies and Estimates

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

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

Asset Impairment Determinations

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

We perform the assessment of goodwill at the reporting unit level. Within our FSS International segment, each country is evaluated separately since these operating units are relatively autonomous and separate goodwill balances have been recorded for each entity. Based on our evaluation performed in the fourth quarter of fiscal 2016, we determined that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying amount, and therefore, we determined that goodwill was not impaired.

With respect to our other long-lived assets, we are required to test for asset impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. If indicators of impairment are present, we compare the sum of the future expected cash flows from the asset, undiscounted and without interest charges, to the asset's carrying value. If the sum of the future expected cash flows from the asset is less than the carrying value, an impairment would be recognized for the difference between the estimated fair value and the carrying value of the asset.

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

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

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

Environmental Loss Contingencies

Accruals for environmental loss contingencies (i.e., environmental reserves) are recorded when it is probable that a liability has been incurred and the amount can reasonably be estimated. We view the measurement of environmental reserves as a critical accounting estimate because of the considerable uncertainty surrounding estimation, including the need to forecast well into the future. We are involved in legal proceedings under federal, state, local and foreign environmental laws in connection with our operations or businesses conducted by our predecessors or companies that we have acquired. The calculation of environmental reserves is based on the evaluation of currently available information, prior experience in the remediation of contaminated sites and assumptions with respect to government regulations and enforcement activity, changes in remediation technology and practices, and financial obligations and creditworthiness of other responsible parties and insurers.

Litigation and Claims

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

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

Allowance for Doubtful Accounts

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

Inventory Obsolescence

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

Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year and for deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. We must make assumptions, judgments and estimates to determine our current provision for income taxes and also our deferred tax assets and liabilities and any valuation allowance to be recorded against a deferred tax asset. Our assumptions, judgments and estimates relative to the current provision for income taxes take into account current tax laws, our interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. Changes in tax law or our

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interpretation of tax laws and the resolution of current and future tax audits could significantly impact the amounts provided for income taxes in our consolidated financial statements. Our assumptions, judgments and estimates relative to the amount of deferred income taxes take into account estimates of the amount of future taxable income, and actual operating results in future years could render our current assumptions, judgments and estimates inaccurate. Any of the assumptions, judgments and estimates mentioned above could cause our actual income tax obligations to differ from our estimates.

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

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New Accounting Standard Updates

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

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We are exposed to the impact of interest rate changes and manage this exposure through the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps. We do not enter into contracts for trading purposes and do not use leveraged instruments. The information below summarizes our market risks associated with debt obligations and other significant financial instruments as of September 30, 2016 (see Notes 5 and 6 to the audited consolidated financial statements). Fair values were computed using market quotes, if available, or based on discounted cash flows using market interest rates as of the end of the respective periods. For debt obligations, the table presents principal cash flows and related interest rates by contractual fiscal year of maturity. Variable interest rates disclosed represent the weighted-average rates of the portfolio at September 30, 2016. For interest rate swaps, the table presents the notional amounts and related weighted-average interest rates by fiscal year of maturity. The variable rates presented are the average forward rates for the term of each contract.

	(US$ equivalent in millions)							
	Expected Fiscal Year of Maturity							
As of September 30, 2016	2017	2018	2019	2020	2021	Thereafter	Total	Fair Value
Debt:								
Fixed rate	$16	$19	$15	$241	$9	$1,407	$1,707	$ 1,756
Average interest rate	5.0 %	5.0 %	5.0 %	5.7 %	5.0 %	5.0 %	5.1 %	
Variable rate	$31	$26	$1,134 (a)	$32	$2,369	$—	$3,592	$ 3,610
Average interest rate	3.1 %	3.4 %	2.9 %	3.4 %	3.4 %	— %	3.2 %	
Interest Rate Swaps:								
Receive variable/pay fixed	$1,000	$600	$575	$225	$—	$—	$2,400	$ (41)
Average pay rate	1.6 %	1.7 %	2.0 %	2.9 %	— %			
Average receive rate	0.8 %	0.8 %	0.8 %	0.8 %	— %			

(a) Balance includes $268 million of borrowings under the Receivables Facility.

As of September 30, 2016, the Company had foreign currency forward exchange contracts outstanding with notional amounts of €59.5 million, £72.3 million and CAD 132.5 million to mitigate the risk of changes in foreign currency exchange rates on short-term intercompany loans to certain international subsidiaries. As of September 30, 2016, the fair value of these foreign exchange contracts is $0.4 million, which is included in "Accounts Payable" in our Consolidated Balance Sheets.

The Company entered into a series of pay fixed/receive floating gasoline and diesel fuel agreements based on the Department of Energy weekly retail on-highway index in order to limit its exposure to price fluctuations for gasoline and diesel fuel. As of September 30, 2016, the Company has contracts for approximately 32.6 million gallons outstanding for fiscal 2017 and fiscal 2018. As of September 30, 2016, the fair value of the Company's gasoline and diesel fuel hedge agreements is $3.9 million, which is included in "Prepayments and Other Current Assets" in our Consolidated Balance Sheets.

Item 8. Financial Statements and Supplementary Data

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

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

Not applicable.

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Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

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

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

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based upon criteria established in Internal Control – Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Company's management concluded that the Company's internal control over financial reporting was effective as of September 30, 2016. The effectiveness of the Company's internal control over financial reporting as of September 30, 2016 has been audited by KPMG LLP, the Company's independent registered public accounting firm, as stated in their report that is included herein on the following page.

(c) Change in Internal Control over Financial Reporting

No change in the Company’s internal control over financial reporting occurred during the Company’s fourth quarter of fiscal 2016 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Report of Independent Registered Public Accounting Firm
The Board of Directors and Stockholders
Aramark:

We have audited Aramark and subsidiaries' (the Company) internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Annual Report on Internal Control Over Financial Reporting," appearing in item 9A, Controls and Procedures. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Aramark and subsidiaries as of September 30, 2016 and October 2, 2015, and the related consolidated statements of income, comprehensive income, cash flows and stockholders' equity for each of the fiscal years ended September 30, 2016, October 2, 2015 and October 3, 2014, and our report dated November 23, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Philadelphia, Pennsylvania
November 23, 2016

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information about our directors and persons nominated to become directors required by Item 10 will be included under the caption "Proposal No. 1 - Election of Directors" in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference. Information about our executive officers is included under the caption “Executive Officers of the Registrant” in Part I of this report and incorporated herein.

Information on beneficial ownership reporting required by Item 10 will be included under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

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

The remaining information required by Item 10 will be included under the caption "Board Committees and Meetings" in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Executive Compensation

Information required by Item 11 will be included under the caption "Compensation Matters" in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

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

Information required by Item 12 will be included under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

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

Information required by Item 13 will be included under the captions "Certain Relationships and Related Transactions" and "Director Independence and Independence Determinations" in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information required by Item 14 will be included under the caption "Fees to Independent Registered Public Accounting Firm" in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements

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

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

See the Exhibit Index which is incorporated herein by reference.

(c) Financial Statement Schedules

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized on November 23, 2016.

Aramark

By:	/s/ STEPHEN P. BRAMLAGE, JR.
Name:	Stephen P. Bramlage, Jr.
Title:	Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on November 23, 2016.

Name	Capacity
/s/ ERIC J. FOSS Eric J. Foss	Chairman, President and Chief Executive Officer (Principal Executive Officer)
/s/ STEPHEN P. BRAMLAGE, JR. Stephen P. Bramlage, Jr.	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ BRIAN P. PRESSLER Brian P. Pressler	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
/s/ TODD M. ABBRECHT Todd M. Abbrecht	Director
/s/ LAWRENCE T. BABBIO, JR. Lawrence T. Babbio, Jr.	Director
/s/ PIERRE-OLIVIER BECKERS-VIEUJANT Pierre-Olivier Beckers-Vieujant	Director
/s/ LISA G. BISACCIA Lisa G. Bisaccia	Director
/s/ LEONARD S. COLEMAN, JR. Leonard S. Coleman, Jr.	Director
/s/ RICHARD DREILING Richard Dreiling	Director
/s/ IRENE M. ESTEVES Irene M. Esteves	Director
/s/ DANIEL J. HEINRICH Daniel J. Heinrich	Director
/s/ SANJEEV MEHRA Sanjeev Mehra	Director
/s/ JOHN A. QUELCH	Director

John A. Quelch

/s/ STEPHEN SADOVE Stephen Sadove	Director

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ARAMARK AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

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

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Report of Independent Registered Public Accounting Firm
The Board of Directors and Stockholders
Aramark:

We have audited the accompanying consolidated balance sheets of Aramark and subsidiaries (the Company) as of September 30, 2016 and October 2, 2015, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the fiscal years ended September 30, 2016, October 2, 2015 and October 3, 2014. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aramark and subsidiaries as of September 30, 2016 and October 2, 2015, and the results of their operations and their cash flows for each of the fiscal years ended September 30, 2016, October 2, 2015 and October 3, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated November 23, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Philadelphia, Pennsylvania
November 23, 2016

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ARAMARK AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2016 AND OCTOBER 2, 2015
(in thousands, except share amounts)

	September 30, 2016	October 2, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$152,580	$122,416
Receivables (less allowances: 2016 - $48,058; 2015 - $39,023)	1,476,349	1,444,574
Inventories	587,155	575,263
Prepayments and other current assets	276,487	236,870
Total current assets	2,492,571	2,379,123
Property and Equipment, at cost:		
Land, buildings and improvements	643,347	639,148
Service equipment and fixtures	1,890,301	1,745,545
	2,533,648	2,384,693
Less - Accumulated depreciation	(1,510,565)	(1,425,348)
	1,023,083	959,345
Goodwill	4,628,881	4,558,968
Other Intangible Assets	1,111,883	1,111,980
Other Assets	1,325,654	1,186,941
	$10,582,072	$10,196,357
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term borrowings	$46,522	$81,427
Accounts payable	847,588	850,040
Accrued payroll and related expenses	514,619	522,687
Accrued expenses and other current liabilities	776,016	726,834
Total current liabilities	2,184,745	2,180,988
Long-Term Borrowings	5,223,514	5,184,597
Deferred Income Taxes and Other Noncurrent Liabilities	1,003,013	937,311
Redeemable Noncontrolling Interest	9,794	10,102
Stockholders' Equity:		
Common stock, par value $.01 (authorized: 600,000,000 shares; issued: 2016—272,565,923 shares and 2015—266,564,567; and outstanding: 2016—244,713,580 shares and 2015—239,917,320)	2,726	2,666
Capital surplus	2,921,725	2,784,730
Accumulated deficit	(33,778)	(228,641)
Accumulated other comprehensive loss	(180,783)	(166,568)
Treasury stock (shares held in treasury: 2016—27,852,343 shares and 2015—26,647,247)	(548,884)	(508,828)
Total stockholders' equity	2,161,006	1,883,359
	$10,582,072	$10,196,357

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

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ARAMARK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016, OCTOBER 2, 2015 AND OCTOBER 3, 2014
(in thousands, except per share data)

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
Sales	$14,415,829	$14,329,135	$14,832,913
Costs and Expenses:			
Cost of services provided	12,890,408	12,880,424	13,363,918
Depreciation and amortization	495,765	504,033	521,581
Selling and general corporate expenses	283,342	316,740	382,851
	13,669,515	13,701,197	14,268,350
Operating income	746,314	627,938	564,563
Interest and Other Financing Costs, net	315,383	285,942	334,886
Income Before Income Taxes	430,931	341,996	229,677
Provision for Income Taxes	142,699	105,020	80,218
Net income	288,232	236,976	149,459
Less: Net income attributable to noncontrolling interest	426	1,030	503
Net income attributable to Aramark stockholders	$287,806	$235,946	$148,956
Earnings per share attributable to Aramark stockholders:			
Basic	$1.19	$0.99	$0.66
Diluted	$1.16	$0.96	$0.63
Weighted Average Shares Outstanding:			
Basic	242,286	237,616	225,866
Diluted	248,763	246,616	237,451

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

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ARAMARK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016, OCTOBER 2, 2015 AND OCTOBER 3, 2014
(in thousands)

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
Net income	$288,232	$236,976	$149,459
Other comprehensive loss, net of tax:			
Pension plan adjustments	(24,670)	3,522	(13,596)
Foreign currency translation adjustments	3,080	(43,547)	(31,281)
Cash flow hedges:			
Unrealized losses arising during the period	(8,426)	(34,622)	(17,626)
Reclassification adjustments	21,184	11,681	15,430
Share of equity investee's comprehensive income (loss)	(5,383)	2,696	—
Other comprehensive loss, net of tax	(14,215)	(60,270)	(47,073)
Comprehensive income	274,017	176,706	102,386
Less: Net income attributable to noncontrolling interest	426	1,030	503
Comprehensive income attributable to Aramark stockholders	$273,591	$175,676	$101,883

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

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ARAMARK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016, OCTOBER 2, 2015 AND OCTOBER 3, 2014
(in thousands)

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
Cash flows from operating activities:			
Net income	$288,232	$236,976	$149,459
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	495,765	504,033	521,581
Income taxes deferred	52,416	(4,108)	37,372
Share-based compensation expense	56,942	66,416	96,332
Changes in operating assets and liabilities:			
Receivables	(32,859)	81,284	(226,756)
Inventories	(9,625)	(29,587)	(19,810)
Prepayments	(64,663)	9,763	(77,609)
Accounts payable	(24,231)	(99,265)	9,657
Accrued expenses	35,643	(61,839)	(113,193)
Changes in other noncurrent liabilities	(33,711)	(52,136)	(9,034)
Changes in other assets	(10,189)	13,595	10,123
Other operating activities	52,920	17,904	20,037
Net cash provided by operating activities	806,640	683,036	398,159
Cash flows from investing activities:			
Purchases of property and equipment, client contract investments and other	(512,532)	(524,384)	(545,194)
Disposals of property and equipment	26,824	19,128	28,494
Proceeds from divestitures	—	—	24,000
Acquisition of certain businesses:			
Working capital other than cash acquired	10,226	(143)	(540)
Property and equipment	(32,989)	—	(6,681)
Additions to goodwill, other intangible assets and other assets, net	(176,614)	(3,234)	(14,235)
Other investing activities	5,340	4,299	8,934
Net cash used in investing activities	(679,745)	(504,334)	(505,222)
Cash flows from financing activities:			
Proceeds from long-term borrowings	1,399,988	71,926	1,570,818
Payments of long-term borrowings	(1,363,534)	(209,621)	(1,978,606)
Net change in funding under the Receivables Facility	(82,000)	—	50,000
Payments of dividends	(92,074)	(81,898)	(52,186)
Proceeds from initial public offering, net	—	—	524,081
Proceeds from issuance of common stock	35,705	39,946	4,408
Repurchase of common stock	(749)	(50,176)	(4,730)
Other financing activities	5,933	61,847	(6,030)
Net cash provided by (used in) financing activities	(96,731)	(167,976)	107,755
Increase in cash and cash equivalents	30,164	10,726	692
Cash and cash equivalents, beginning of period	122,416	111,690	110,998
Cash and cash equivalents, end of period	$152,580	$122,416	$111,690

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

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ARAMARK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016, OCTOBER 2, 2015 AND OCTOBER 3, 2014
(in thousands)

	Total Stockholders' Equity	Common Stock	Capital Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock
Balance, September 27, 2013	$ 903,707	$ 2,194	$ 1,693,663	$ (479,233)	$ (59,225)	$ (253,692)
Net income attributable to Aramark stockholders	148,956			148,956		
Other comprehensive income (loss)	(47,073)				(47,073)	
Capital contributions from issuance of common stock	62,087	87	62,000			
Capital contributions from initial public offering	524,081	280	523,801			
Share-based compensation expense	96,332		96,332			
Tax benefits related to stock incentive plans	40,507		40,507			
Change due to termination of provision in Stockholders' Agreement	158,708		158,708			
Repurchases of Common Stock	(117,083)					(117,083)
Payments of dividends	(52,186)			(52,186)		
Balance, October 3, 2014	$ 1,718,036	$ 2,561	$ 2,575,011	$ (382,463)	$ (106,298)	$ (370,775)
Net income attributable to Aramark stockholders	235,946			235,946		
Other comprehensive income (loss)	(60,270)				(60,270)	
Capital contributions from issuance of common stock	77,095	105	76,990			
Share-based compensation expense	66,416		66,416			
Tax benefits related to stock incentive plans	66,313		66,313			
Repurchases of Common Stock	(138,053)					(138,053)
Payments of dividends	(82,124)			(82,124)		
Balance, October 2, 2015	$ 1,883,359	$ 2,666	$ 2,784,730	$ (228,641)	$ (166,568)	$ (508,828)
Net income attributable to Aramark stockholders	287,806			287,806		
Other comprehensive income (loss)	(14,215)				(14,215)	
Capital contributions from issuance of common stock	48,156	60	48,096			
Share-based compensation expense	56,942		56,942			
Tax benefits related to stock incentive plans	31,957		31,957			
Repurchases of Common Stock	(40,056)					(40,056)
Payments of dividends	(92,943)			(92,943)		
Balance, September 30, 2016	$ 2,161,006	$ 2,726	$ 2,921,725	$ (33,778)	$ (180,783)	$ (548,884)

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

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

Aramark (the "Company") is a leading global provider of food, facilities and uniform services to education, healthcare, business & industry, and sports, leisure & corrections clients. The Company's core market is North America (composed of the United States and Canada), which is supplemented by an additional 17-country footprint serving many of the fastest growing global geographies. The Company operates its business in three reportable segments that share many of the same operating characteristics:

- Food and Support Services North America ("FSS North America") - Food, refreshment, specialized dietary and supports services, including facility maintenance and housekeeping, provided to business, educational and healthcare institutions and in sports, leisure and other facilities.
- Food and Support Services International ("FSS International") - Food, refreshment, specialized dietary and support services, including facility maintenance and housekeeping, provided to business, educational and healthcare institutions and in sports, leisure and other facilities.
- Uniform and Career Apparel ("Uniform") - Rental, sale, cleaning, maintenance and delivery of personalized uniforms and other textile items on a contract basis and direct marketing of personalized uniforms and accessories to clients in a wide range of industries, including manufacturing, transportation, construction, restaurants and hotels, healthcare and pharmaceutical industries. We supply garments, other textile and paper products and other accessories through rental and direct purchase programs to businesses, public institutions and individuals.

On December 12, 2013, Aramark's common stock began trading on the New York Stock Exchange under the symbol "ARMK" after its initial public offering ("IPO") of 28,000,000 shares of its common stock at a price of $20.00 per share (see Note 9).

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

Fiscal Year

The Company's fiscal year is the fifty-two or fifty-three week period which ends on the Friday nearest September 30th. The fiscal years ended September 30, 2016 and October 2, 2015 were each fifty-two week periods and the fiscal year ended October 3, 2014 was a fifty-three week period.

New Accounting Standard Updates

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

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

In March 2016, the FASB issued an ASU to update several aspects of the accounting for share-based payment transactions, including the income tax consequences and classification of awards. The guidance is effective for the Company in the first quarter of fiscal 2018 and early adoption is permitted. The Company expects to adopt the provisions of this ASU beginning in its first quarter of fiscal 2017. As required under the update, the Company will prospectively adopt the provisions of this guidance related to the recognition of the excess tax benefits or deficiencies in the Consolidated Statement of Income. The Company will retrospectively adopt the provisions related to the changes to the Consolidated Statement of Cash Flows for all periods presented. The Company does not expect the provisions to have a material impact on its consolidated financial statements except for the income tax impact, which will be dependent on the volume of future option exercise and award vesting activity.

In February 2016, the FASB issued an ASU requiring lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and to disclose key information about lease arrangements. The guidance is effective for the Company in the first quarter of fiscal 2020 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

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

In November 2015, the FASB issued an ASU to simplify the presentation of deferred income taxes to require all deferred tax liabilities and assets to be classified as noncurrent in a classified statement of financial position. The Company early adopted the guidance in the second quarter of fiscal 2016 on a prospective basis, resulting in a reclassification of approximately $18.1 million from "Accrued expenses and other current liabilities" to "Deferred Income Taxes and Other Noncurrent Liabilities" in the Consolidated Balance Sheet.

In July 2015, the FASB issued an ASU which changes the measurement principle for inventory from the lower of cost or market to the lower of cost and net realizable value. The guidance is effective for the Company in the first quarter of fiscal 2018 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In April 2015, the FASB issued an ASU on debt issuance costs which requires presentation on the balance sheet as a direct deduction from the debt liability, similar to the presentation of debt discounts, and will no longer be recorded as a separate asset. The Company early adopted the retrospective guidance in the first quarter of fiscal 2016 and approximately $27.7 million of debt issuance costs were reclassified from "Other Assets" to "Long-Term Borrowings" in the Consolidated Balance Sheet as of October 2, 2015.

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

In May 2014, the FASB issued an ASU on revenue from contracts with customers which outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. In July 2015, the FASB voted to defer the effective date of the new revenue standard by one year, but to permit entities to adopt one year earlier if they choose (i.e., the original effective date). The guidance is effective for the Company beginning in the first quarter of fiscal 2019. As the new standard will supersede most existing revenue guidance affecting the Company, it could impact revenue and cost recognition on contracts across all reportable segments. The Company has been closely monitoring the FASB activity related to the new standard and begun work to conclude on specific interpretative issues. The Company has also made progress on a comprehensive contract review project in order to develop a full understanding of the adoption impact on the consolidated financial statements.

In January 2014, the FASB issued an ASU which states that companies should not account for certain service concession arrangements with public-sector entities as leases and should not recognize the related infrastructure as property, plant and equipment. The Company adopted the guidance in the first quarter of fiscal 2016 which did not have a material impact on the consolidated financial statements.

Revenue Recognition

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

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

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

Vendor Consideration

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

Use of Estimates

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

Comprehensive Income

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

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

	Fiscal Year Ended								
	September 30, 2016			October 2, 2015			October 3, 2014		
	Pre-Tax Amount	Tax Effect	After-Tax Amount	Pre-Tax Amount	Tax Effect	After-Tax Amount	Pre-Tax Amount	Tax Effect	After-Tax Amount
Net income			$288,232			$236,976			$149,459
Pension plan adjustments	(37,957)	13,287	(24,670)	2,832	690	3,522	(17,640)	4,044	(13,596)
Foreign currency translation adjustments	18,547	(15,467)	3,080	(50,458)	6,911	(43,547)	(37,246)	5,965	(31,281)
Cash flow hedges:									
Unrealized losses arising during the period	(23,437)	15,011	(8,426)	(58,143)	23,521	(34,622)	(29,201)	11,575	(17,626)
Reclassification adjustments	34,861	(13,677)	21,184	20,143	(8,462)	11,681	25,921	(10,491)	15,430
Share of equity investee's comprehensive income (loss)	(8,282)	2,899	(5,383)	4,148	(1,452)	2,696	—	—	—
Other comprehensive loss	(16,268)	2,053	(14,215)	(81,478)	21,208	(60,270)	(58,166)	11,093	(47,073)
Comprehensive income			274,017			176,706			102,386
Less: Net income attributable to noncontrolling interest			426			1,030			503
Comprehensive income attributable to Aramark stockholders			$273,591			$175,676			$101,883

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

	September 30, 2016	October 2, 2015
Pension plan adjustments	$ (65,267)	$(40,597)
Foreign currency translation adjustments	(68,461)	(71,541)
Cash flow hedges	(36,373)	(49,131)
Share of equity investee's accumulated other comprehensive loss	(10,682)	(5,299)
	$ (180,783)	$(166,568)

ARAMARK AND SUBSIDIARIES
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Currency Translation

Gains and losses resulting from the translation of financial statements of non-U.S. subsidiaries are reflected as a component of accumulated other comprehensive income (loss) in stockholders' equity. Transaction gains and losses included in operating results for fiscal 2016, fiscal 2015 and fiscal 2014 were not material.

Current Assets

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

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

The components of inventories are as follows:

	September 30, 2016	October 2, 2015
Food	35.9 %	37.2 %
Career apparel and linens	60.9 %	60.3 %
Parts, supplies and novelties	3.2 %	2.5 %
	100.0 %	100.0%

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives on a straight-line basis. Gains and losses on dispositions are included in operating results. Maintenance and repairs are charged to current operations, and replacements and significant improvements that extend the useful life of the asset are capitalized. The estimated useful lives for the major categories of property and equipment are 10 to 40 years for buildings and improvements and 3 to 10 years for service equipment and fixtures. Depreciation expense during fiscal 2016, fiscal 2015 and fiscal 2014 was $234.8 million, $226.6 million, and $239.9 million, respectively.

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

Other Assets

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

	September 30, 2016	October 2, 2015
Client contract investments[(1)]	$865,004	$782,670
Miscellaneous investments[(2)]	253,798	214,292
Long-term receivables	72,469	84,477
Computer software costs, net[(3)]	91,760	77,319
Other[(4)]	42,623	28,183
	$1,325,654	$1,186,941

(1)

Client contract investments generally represent a cash payment provided by the Company to help finance improvement or renovation at the facility from which the Company operates. These amounts are amortized over the contract period. If a contract is terminated prior to its maturity date, the Company is reimbursed for the unamortized client contract investment amount. Amortization expense was $142.5 million, $128.8 million and $106.2 million during fiscal 2016, fiscal 2015 and fiscal 2014, respectively.

(2) Miscellaneous investments represent investments in 50% or less owned entities.

(3) Computer software costs represent capitalized costs incurred to purchase or develop software for internal use, and are amortized over the estimated useful life of the software, generally a period of three to seven years.

(4) Other consists of noncurrent deferred tax assets, pension assets and deferred financing costs on certain revolving credit facilities.

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The Company's principal equity method investment is its 50% ownership interest in AIM Services Co., Ltd., a Japanese food and support services company (approximately $181.4 million and $152.5 million at September 30, 2016 and October 2, 2015, respectively, which is included in "Other Assets" in the Consolidated Balance Sheets). Summarized financial information for AIM Services Co., Ltd. follows (in thousands):

	September 30, 2016	October 2, 2015
Current assets	$ 362,961	$ 279,244
Noncurrent assets	153,866	127,158
Current liabilities	290,814	234,305
Noncurrent liabilities	53,998	32,625

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
Sales	$ 1,511,938	$ 1,377,043	$ 1,552,250
Gross profit	176,303	152,539	174,194
Net income	35,820	25,747	26,869
Equity in undistributed earnings	15,621	10,700	10,500
Cash distributions	7,296	22,200	6,500

The period to period comparisons of the summarized financial information for AIM Services Co., Ltd., presented in U.S. dollars above, is impacted by currency translation. The Company's equity in undistributed earnings of AIM Services Co., Ltd. is recorded as a reduction of "Cost of services provided" in the Consolidated Statements of Income.

Other Accrued Expenses and Liabilities

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

	September 30, 2016	October 2, 2015
Deferred income	$ 262,976	$ 248,124
Accrued commissions	79,048	75,460
Accrued taxes	62,510	81,787
Accrued insurance and interest	66,165	58,719
Other	305,317	262,744
	$ 776,016	$ 726,834

Deferred Income Taxes and Other Noncurrent Liabilities

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

	September 30, 2016	October 2, 2015
Deferred income tax payable	$ 608,375	$ 535,442
Deferred compensation	228,231	232,653
Pension-related liabilities	26,854	9,565
Interest rate swap agreements	34,919	51,762
Other noncurrent liabilities	104,634	107,889
	$ 1,003,013	$ 937,311

Share-Based Compensation

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Cash Flow Information

(dollars in millions)	Fiscal Year Ended September 30, 2016	October 2, 2015	October 3, 2014
Interest paid	$275.4	$ 267.9	$ 348.5
Income taxes paid	55.6	31.5	55.8

Significant noncash activities follow:

- During fiscal 2016, fiscal 2015 and fiscal 2014, the Company executed capital lease transactions. The present value of the future rental obligations was approximately $36.4 million, $17.9 million and $16.6 million for the respective periods, which is included in property and equipment and long-term borrowings.
- During fiscal 2016, fiscal 2015 and fiscal 2014, cashless settlements of the exercise price and related employee minimum tax withholding liabilities of share-based payment awards were approximately $40.1 million, $89.6 million and $116.3 million, respectively.
- During fiscal 2014, obligations related to client contract investments of approximately $57.2 million were unpaid at October 3, 2014 and included in other assets and accounts payable.

NOTE 2. ACQUISITIONS AND DIVESTITURES:

Acquisitions

HPSI

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

Avoca Handweavers Limited

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

Divestitures

During the fourth quarter of fiscal 2015, the Company announced it had made the decision to exit certain operations within the FSS International segment. The Company expects to exit these operations in the first half of fiscal 2017. As a result of this action, the Company incurred charges of approximately $0.6 million and $14.6 million during fiscal 2016 and fiscal 2015, respectively. For fiscal 2015, these charges consisted of severance charges (approximately $4.4 million), asset write-downs (approximately $8.0 million) and certain other exit costs (approximately $2.2 million). The Company recorded these charges in "Cost of services provided" in the Consolidated Statements of Income.

Aramark India Private Limited

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

McKinley Chalet Hotel

During the first quarter of fiscal 2014, the Company completed the sale of its McKinley Chalet Hotel (the "Chalet") located adjacent to Denali National Park for approximately $24.0 million in cash. The transaction resulted in a pretax loss of approximately $6.7 million (net of tax loss of approximately $9.1 million), which is included in "Cost of services provided" in the Consolidated Statements of Income for fiscal 2014. The pretax loss includes a write-off of an allocation of goodwill of approximately $12.8 million. The results of operations and cash flows associated with the Chalet divestiture were not material to the Company's Consolidated Statements of Income and Cash Flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. SEVERANCE AND ASSET WRITE-DOWNS:
During fiscal 2014, as a result of additional cost saving and refinements and the continuation of productivity initiatives to the Company's original plans developed in fiscal 2013 for consolidation and centralization initiatives and actual attrition of the workforce, the Company recorded net severance charges of approximately $21.3 million.
During fiscal 2015, as part of the next phase related to streamlining and improving the efficiency and effectiveness of the Company's selling, general and administrative functions, the Company incurred net severance charges of approximately $23.1 million (exclusive of the severance charges incurred related to the exit of certain operations within the FSS International segment- see Note 2). In addition, during fiscal 2015, the Company recorded charges of approximately $6.0 million to write-off service equipment from the decline in its Canadian remote services business within its FSS North America segment, which is included in "Cost of services provided" in the Consolidated Statements of Income.
During fiscal 2016, the Company continued and refined its focus on streamlining and improving the efficiency and effectiveness of its selling, general and administrative functions. As a result, the Company recorded net severance charges of approximately $24.9 million during fiscal 2016.
The following table summarizes the unpaid obligations for severance and related costs as of September 30, 2016, which are included in "Accrued payroll and related expenses" in the Consolidated Balance Sheets. The unpaid obligations are expected to be paid during fiscal 2017.

(in millions)	October 2, 2015	Net Charges	Payments and Other	September 30, 2016
Severance and Related Costs Accrual	$26.0	24.9	(24.8)	$26.1

NOTE 4. GOODWILL AND OTHER INTANGIBLE ASSETS:
Goodwill represents the excess of the fair value of consideration paid for an acquired entity over the fair value of assets acquired and liabilities assumed in a business combination. Goodwill is not amortized and is subject to an impairment test that the Company conducts annually, or more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists, using discounted cash flows. The Company performs its assessment of goodwill at the reporting unit level. Within the FSS International segment, each country is evaluated separately since such operating units are relatively autonomous and separate goodwill balances have been recorded for each entity. The Company has completed its annual goodwill impairment test for fiscal 2016, which determined goodwill was not impaired. The Company performs its annual impairment test as of the end of the fiscal month of August.
Goodwill, allocated by segment, is as follows (in thousands):

Segment	October 2, 2015	Acquisitions	Translation	September 30, 2016
FSS North America	$3,583,365	$ 52,245	$ 4	$3,635,614
FSS International	400,824	40,432	(22,768)	418,488
Uniform	574,779	—	—	574,779
	$4,558,968	$ 92,677	$ (22,764)	$4,628,881

Other intangible assets consist of (in thousands):

	September 30, 2016			October 2, 2015		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationship assets	$1,793,739	$(1,462,058)	$331,681	$1,859,689	$(1,494,885)	$364,804
Trade names	781,835	(1,633)	780,202	748,809	(1,633)	747,176
	$2,575,574	$(1,463,691)	$1,111,883	$2,608,498	$(1,496,518)	$1,111,980

During the second quarter of fiscal 2016, as part of the Avoca acquisition, the Company acquired a trade name with a value of approximately $14.5 million. During the fourth quarter of fiscal 2016, as part of the HPSI acquisition, the

Company acquired, with preliminary values, a trade name of approximately $21.1 million and customer relationship assets of approximately $64.0 million. Acquisition-related intangible assets consist of customer relationship assets and the Aramark, Avoca, HPSI and other trade names. Customer relationship assets are being amortized principally on a straight-line basis over the expected period of

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benefit, 3 to 24 years, with a weighted average life of approximately 13 years. The Aramark, Avoca and HPSI trade names are indefinite lived intangible assets and are not amortizable but are evaluated for impairment at least annually. The Company completed its annual trade name impairment test for fiscal 2016, which did not result in an impairment charge. Amortization of intangible assets for fiscal 2016, fiscal 2015 and fiscal 2014 was approximately $99 million, $133 million and $158 million, respectively.

Based on the recorded balances at September 30, 2016, total estimated amortization of all acquisition-related intangible assets for fiscal years 2017 through 2021 follows (in thousands):

2017	$83,493
2018	60,205
2019	49,469
2020	47,754
2021	39,212

NOTE 5. BORROWINGS:

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

	September 30, 2016	October 2, 2015
Senior secured revolving credit facility, due February 2019	$—	$70,000
Senior secured term loan facility, due July 2016	—	74,130
Senior secured term loan facility, due September 2019	840,305	1,189,371
Senior secured term loan facility, due February 2021	2,450,749	2,489,235
5.75% senior notes, due March 2020	227,032	990,540
5.125% senior notes, due January 2024	905,095	—
4.75% senior notes, due June 2026	492,886	—
Receivables Facility, due May 2019	268,000	350,000
Capital leases	78,615	57,660
Other	7,354	45,088
	5,270,036	5,266,024
Less—current portion	(46,522)	(81,427)
	$5,223,514	$5,184,597

As of September 30, 2016, there was approximately $379.0 million of outstanding foreign currency borrowings.

Senior Secured Credit Agreement

Senior Secured Term Loan Facilities

The senior secured term loan facilities consist of the following subfacilities as of September 30, 2016:

- A U.S. dollar denominated term loan to Aramark Services, Inc. in the amount of $840.3 million (due 2019) and $2,079.1 million (due 2021);
- A yen denominated term loan to Aramark Services, Inc. in the amount of ¥4,916.3 million (approximately $48.5 million due 2021);
- A Canadian dollar denominated term loan to a Canadian subsidiary in the amount of CAD33.0 million (approximately $25.2 million due 2021);
- A euro denominated term loan to an Irish subsidiary in an amount of €136.1 million (approximately $152.9 million due 2021); and
- A sterling denominated term loan to a U.K. subsidiary in an amount of £111.8 million (approximately $145.0 million due 2021).

The primary borrower under the senior secured credit facilities is Aramark Services, Inc. (the "Issuer"). In addition, certain subsidiaries of the Issuer are borrowers under certain subfacilities of the term loan facilities and/or the revolving credit facility. The Company is not a guarantor under the senior secured credit facilities and is not subject to the covenants or obligations under the senior secured credit agreement.

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Senior Secured Revolving Credit Facility
The senior secured revolving credit facility consists of the following subfacilities as of September 30, 2016:

- A revolving credit facility available for loans in U.S. dollars to the Issuer with aggregate commitments of $680.0 million (due February 24, 2019); and
- A revolving credit facility available for loans in Canadian dollars or U.S. dollars to the Issuer or a Canadian subsidiary with aggregate commitments of $50.0 million (due February 24, 2019).

Senior Secured Credit Agreement, as Amended
All U.S. dollar denominated term loans have an applicable margin of 2.50% for eurocurrency (LIBOR) borrowings, subject to a LIBOR floor of 0.75%, and an applicable margin of 1.50% for base-rate borrowings, subject to a minimum base rate of 1.75%. The yen denominated and euro denominated term loans have an applicable margin of 2.75%, subject to a LIBOR floor of 0.75%, and the sterling denominated terms loans have an applicable margin of 3.25%, subject to a LIBOR floor of 0.75%. The applicable margin spread for the U.S. dollar borrowings under the $680.0 million of extended revolving credit commitments is 2.50% with respect to LIBOR borrowings and 1.50% with respect to base rate borrowings. The applicable margin spread for Canadian dollar borrowings under the revolving credit facility are for BA (bankers' acceptance) rate borrowings and 1.50% for base rate borrowings. U.S. and Canadian swingline loans must be base rate borrowings. The term loans due on February 24, 2021 were borrowed with an original issue discount of 0.50%. The term loans due on September 7, 2019 were borrowed with an original issue discount of 0.25%.
In addition to paying interest on outstanding principal, the Company is required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder. The commitment fee rate is 0.50% per annum.
The Company's revolving credit facility includes a $250.0 million sublimit for letters of credit and includes borrowing capacity available for short-term borrowings referred to as swingline loans subject to a sublimit.
The senior secured credit facilities provide that the Company has the right at any time to request up to $555.0 million of incremental commitments in the aggregate under one or more incremental term loan facilities and/or synthetic letter of credit facilities and/or revolving credit facilities and/or by increasing commitments under the revolving credit facility. The lenders under these facilities are not under any obligation to provide any such incremental facilities or commitments, and any such addition of or increase in facilities or commitments will be subject to pro forma compliance with an incurrence-based financial covenant and customary conditions precedent. Our ability to obtain extensions of credit under these incremental facilities or commitments is subject to the same conditions as extensions of credit under the existing credit facilities.
The Company recorded charges to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income during fiscal 2014 consisting of $13.1 million of third-party costs and $12.6 million of non-cash charges for the write-off of deferred financing costs and original issue discount related to senior secured credit agreement refinancing activity during fiscal 2014.
As of September 30, 2016, there was approximately $713.5 million available for borrowing under the revolving credit facility.
Prepayments and Amortization
The senior secured credit agreement requires us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of the Issuer's annual excess cash flow (as defined in the senior secured credit agreement) with stepdowns to 25% and 0% upon the Issuer's reaching certain consolidated leverage ratio thresholds;
- 100% of the net cash proceeds of all nonordinary course asset sales or other dispositions of property subject to certain exceptions and customary reinvestment rights; and
- 100% of the net cash proceeds of any incurrence of debt, including debt incurred by any business securitization subsidiary in respect of any business securitization facility, but excluding proceeds from the receivables facilities and other debt permitted under the senior secured credit agreement.

The foregoing mandatory prepayments will be applied to the term loan facilities as directed by us. The Company may voluntarily repay outstanding loans under the senior secured credit facilities at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans. Prepaid term loans may not be reborrowed. During the first quarter of fiscal 2016, the Company repaid a U.S. dollar denominated term loan of a Canadian subsidiary, due July 2016, that had been borrowed under the Company's senior secured credit agreement in the amount of $74.1 million. The Company made optional prepayments of approximately $160.0 million and $157.0 million of outstanding U.S. dollar term loans, during fiscal 2016 and fiscal 2015, respectively.

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

The Company is required to repay installments on the loans under the term loan facilities in quarterly principal amounts of 1.00% per annum of their funded total principal amount. This requirement does not apply to the 2019 Term Loans due to the principal prepayments made by the Company.

Guarantees and Certain Covenants

All obligations under the senior secured credit agreement are unconditionally guaranteed by Aramark Intermediate HoldCo Corporation and, subject to certain exceptions, substantially all of the Issuer's existing and future domestic subsidiaries (excluding certain immaterial and dormant subsidiaries, receivables facility subsidiaries, business securitization subsidiaries and certain subsidiaries designated under our senior secured credit agreement as "unrestricted subsidiaries"), referred to, collectively, as U.S. Guarantors. All obligations of each foreign borrower under the senior secured credit facilities are unconditionally guaranteed by the Issuer, the U.S. guarantors and, subject to certain exceptions and qualifications, the respective other foreign borrowers. All obligations under the senior secured credit facilities, and the guarantees of those obligations, are secured by (i) a pledge of 100% of the capital stock of the Issuer, (ii) pledges of 100% of the capital stock held by the Issuer, Aramark Intermediate HoldCo Corporation or any of the U.S. Guarantors and (iii) a security interest in, and mortgages on, substantially all tangible assets of Aramark Intermediate HoldCo Coporation, the Issuer or any of the U.S. Guarantors.

The senior secured credit agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, the Issuer's ability and the ability of its restricted subsidiaries to: incur additional indebtedness; issue preferred stock or provide guarantees; create liens on assets; engage in mergers or consolidations; sell assets; pay dividends, make distributions or repurchase its capital stock; make investments, loans or advances; repay or repurchase any notes, except as scheduled or at maturity; create restrictions on the payment of dividends or other transfers to the Issuer from its restricted subsidiaries; make certain acquisitions; engage in certain transactions with affiliates; amend material agreements governing the Issuer's outstanding notes (or any indebtedness that refinances the notes); and fundamentally change the Issuer's business. In addition, the senior secured revolving credit facility requires the Issuer to maintain a maximum senior secured leverage ratio and imposes limitations on capital expenditures. The senior secured credit agreement also contains certain customary affirmative covenants, such as financial and other reporting, and certain events of default. At September 30, 2016, the Issuer was in compliance with all of these covenants.

The senior secured credit agreement requires the Issuer to maintain a maximum Consolidated Secured Debt Ratio, defined as consolidated total indebtedness secured by a lien to Covenant Adjusted EBITDA, of 5.125x. Consolidated total indebtedness secured by a lien is defined in the senior secured credit agreement as total indebtedness outstanding under the senior secured credit agreement, capital leases, advances under the Receivables Facility and any other indebtedness secured by a lien reduced by the lesser of the amount of cash and cash equivalents on the consolidated balance sheet that is free and clear of any lien and $75 million. Non-compliance with the maximum Consolidated Secured Debt Ratio could result in the requirement to immediately repay all amounts outstanding under the senior secured credit agreement, which, if the Issuer's revolving credit facility lenders failed to waive any such default, would also constitute a default under the indentures governing the senior notes. The actual ratio at September 30, 2016 was 2.64x.

The senior secured credit agreement establishes an incurrence-based minimum Interest Coverage Ratio, defined as Covenant Adjusted EBITDA to consolidated interest expense, as a condition for the Issuer and its restricted subsidiaries to incur additional indebtedness and to make certain restricted payments. The minimum Interest Coverage Ratio is 2.00x for the term of the senior secured credit agreement. If the Issuer does not maintain this minimum Interest Coverage Ratio calculated on a pro forma basis for any such additional indebtedness or restricted payments, it could be prohibited from being able to incur additional indebtedness, other than the additional funding provided for under the senior secured credit agreement and pursuant to specified exceptions, and make certain restricted payments, other than pursuant to certain exceptions. Consolidated interest expense is defined in the senior secured credit agreement as consolidated interest expense excluding interest income, adjusted for acquisitions and dispositions, further adjusted for certain non-cash or nonrecurring interest expense and the Issuer's estimated share of interest expense from one equity method investee. The actual ratio was 4.51x for the fiscal year ended September 30, 2016.

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Senior Notes
5.75% Senior Notes due 2020
On March 7, 2013, the Issuer issued $1,000 million of 5.75% Senior Notes due March 15, 2020 (the "2020 Notes") pursuant to an indenture, dated as of March 7, 2013 (the "2020 Notes Indenture"), entered into by the Issuer, the Company and certain other Aramark entities, as guarantors of the 2020 Notes, and The Bank of New York Mellon, as trustee. The 2020 Notes were issued at par. The 2020 Notes are unsecured obligations of the Issuer. The 2020 Notes rank equal in right of payment to all of the Issuer's existing and future senior debt and senior in right of payment to all of the Issuer's existing and future debt that is expressly subordinated in right of payment to the 2020 Notes. The 2020 Notes are guaranteed on a senior, unsecured basis by substantially all of the domestic subsidiaries of the Issuer. Interest on the 2020 Notes is payable on March 15 and September 15 of each year. The 2020 Notes and the guarantees thereof are effectively subordinated to the Issuer's existing and future secured debt and that of the existing guarantors to the 2020 Notes, including all indebtedness under our senior secured credit facilities, to the extent of the value of the assets securing that indebtedness. The 2020 Notes and the guarantees thereof are structurally subordinated to all of the liabilities of any of the Issuer's subsidiaries that do not guarantee the 2020 Notes. The Company is a guarantor of the Issuer's obligations with respect to the 2020 Notes.
In the event of certain types of changes of control, the holders of the 2020 Notes may require the Issuer to purchase for cash all or a portion of their 2020 Notes at a purchase price equal to 101% of the principal amount of such 2020 Notes, plus accrued and unpaid interest, if any, to the date of repurchase. Beginning March 15, 2015, the Issuer has the option to redeem all or a portion of the 2020 Notes at any time at the redemption prices set forth in the Indenture.
The 2020 Notes Indenture contains covenants limiting the Issuer's ability and the ability of its restricted subsidiaries to: incur additional indebtedness or issue certain preferred shares; pay dividends and make certain distributions, investments and other restricted payments; create certain liens; sell assets; enter into transactions with affiliates; limit the ability of restricted subsidiaries to make payments to the Issuer; enter into sale and leaseback transactions; merge, consolidate, sell or otherwise dispose of all or substantially all of the Issuer's assets; and designate the Issuer's subsidiaries as unrestricted subsidiaries. The 2020 Notes Indenture also provides for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the 2020 Notes to become or to be declared due and payable.
5.125% Senior Notes due 2024 and 4.75% Senior Notes due 2026
On December 17, 2015, the Issuer issued $400 million of 5.125% Senior Notes due January 15, 2024 (the "Original 2024 Notes"), pursuant to an indenture, dated as of December 17, 2015 (the "Base Indenture"), entered into by the Issuer, the Company and certain other Aramark entities, as guarantors of the Original 2024 Notes, and The Bank of New York Mellon, as trustee. The Original 2024 Notes were issued at par and the net proceeds were used for general corporate purposes and to reduce the outstanding balance under the Company's revolving credit facility. The Company paid approximately $6.0 million in financing fees related to the offering of the Original 2024 Notes.
On May 31, 2016, the Issuer issued $1,000 million aggregate principal amount of senior unsecured notes, consisting of $500 million of additional 5.125% Senior Notes due January 15, 2024 (the "New 2024 Notes") and $500 million of 4.75% Senior Notes due June 1, 2026 (the "2026 Notes" and, together with the New 2024 Notes, the "Issued Notes"). The New 2024 Notes constitute a further issuance of the Original 2024 Notes (together with the New 2024 Notes, the "2024 Notes" and, together with the 2026 Notes, the "Notes"). The New 2024 Notes were issued pursuant to the Base Indenture, as supplemented by the supplemental indenture, dated as of May 31, 2016 (the "Supplemental Indenture" and together with the Base Indenture, the "2024 Notes Indenture"), entered into by the Issuer, the Company and certain other Aramark entities, as guarantors of the New 2024 Notes, and The Bank of New York Mellon, as trustee. The 2026 Notes were issued pursuant to the indenture, dated as of May 31, 2016 (the "2026 Notes Indenture"), entered into by the Issuer, the Company and certain other Aramark entities, as guarantors of the 2026 Notes and The Bank of New York Mellon, as trustee. The New 2024 Notes were issued at a premium of $18.8 million, which created an effective yield of 4.6%. The premium was recorded to "Long-Term Borrowings" in the Consolidated Balance Sheets and will be amortized to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income until

maturity in 2024.

The 2026 Notes were issued at par. The net proceeds from the Issued Notes and premium from the New 2024 Notes were used to repay $194.1 million of 2019 Term Loans, redeem $771.2 million principal of the 2020 Notes, pay a $22.2 million call premium on the 2020 Notes that were redeemed during fiscal 2016, pay $11.1 million of accrued interest on the 2020 Notes and fees and costs associated with the offering of the Issued Notes. As a result of the issuance of the Issued Notes, the Company recorded charges in fiscal 2016 of approximately $30.2 million, to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income, consisting of $22.2 million for the call premium on the 2020 Notes that were redeemed during fiscal 2016 and $8.0 million of non-cash charges for the write-off of debt issuance costs and debt discount on the 2020 Notes and 2019 Term Loans. The Company also paid approximately $14.2 million in debt issuance costs spread evenly between the Issued Notes, which were recorded as a reduction to "Long-Term Borrowings" in the Consolidated Balance Sheets.

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The Notes are senior unsecured obligations of the Issuer. The Notes rank equal in right of payment to all of the Issuer's existing and future senior debt and senior in the right of payment to the Issuer's future debt and other obligations that are expressly subordinated in right of payment to the Notes. The Notes are guaranteed on a senior, unsecured basis by the Company and substantially all of the domestic subsidiaries of the Issuer. The Notes and the guarantees thereof are effectively subordinated to all existing and future secured debt of the Issuer and the guarantors, to the extent of the value of the assets securing such debt, and structurally subordinated to all of the liabilities of any of the Issuer's subsidiaries that do not guarantee the Notes. Interest on the 2024 Notes is payable on January 15 and July 15 of each year. Interest on the 2026 Notes is payable on June 1 and December 1 of each year.

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

Registration Rights Agreement

On May 31, 2016, the Issuer, the Company and the other guarantors entered into a registration rights agreement (the "New 2024 Notes Registration Rights Agreement") with Wells Fargo Securities, LLC, as representative of the several initial purchasers, with respect to the New 2024 Notes and a registration rights agreement (the "2026 Notes Registration Rights Agreement" and together with the New 2024 Notes Registration Agreement, the "Registration Rights Agreements") with Wells Fargo Securities, LLC, as representative of several initial purchasers, with respect to the 2026 Notes. In each of the Registration Rights Agreements, the Issuer agreed to use commercially reasonable efforts to (1) file an exchange offer registration statement pursuant to which the Issuer will offer exchange notes with terms identical in all material respects to, and evidencing the same indebtedness as, the applicable series of Issued Notes, in exchange for such series of Issued Notes (but which exchange notes will not contain terms with respect to transfer restrictions, registration rights or provide for the additional interest described below); and (2) cause the exchange offer registration statement to be declared effective under the Securities Act of 1933, as amended. The Issuer has agreed to use commercially reasonable efforts to cause the exchange offers to be consummated or, if required, to have one or more shelf registration statements declared effective, within 270 days after the issue date of the Issued Notes.

If the Company fails to satisfy this obligation (a "registration default"), the annual interest rate on the New 2024 Notes or the 2026 Notes, as applicable, will increase by 0.25%. The annual interest rate on the New 2024 Notes or the 2026 Notes, as applicable, will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.00% per year over the applicable interest rate in the 2024 Notes Indenture or 2026 Notes Indenture, as applicable. If the registration default is corrected, the applicable interest rate on the New 2024 Notes or the 2026 Notes, as applicable, will revert to the original level.

Future Maturities and Interest and Other Financing Costs, net

At September 30, 2016, annual maturities on long-term borrowings maturing in the next five fiscal years and thereafter (excluding the $46.3 million reduction to long-term borrowings from debt discounts and deferred financing fees and the increase of $17.8 million from the premium on the New 2024 Notes) are as follows (in thousands):

2017	$ 46,522
2018	45,074
2019	1,149,437
2020	272,674
2021	2,376,707
Thereafter	1,408,181

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

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
Interest expense	$315,166	$286,261	$334,442
Interest income	(5,288)	(4,932)	(4,338)
Other financing costs	5,505	4,613	4,782
Total	$315,383	$285,942	$334,886

NOTE 6. DERIVATIVE INSTRUMENTS:
The Company enters into contractual derivative arrangements to manage changes in market conditions related to interest on debt obligations, foreign currency exposures and exposure to fluctuating gasoline and diesel fuel prices. Derivative instruments utilized during the period include interest rate swap agreements, foreign currency forward exchange contracts, and gasoline and diesel fuel agreements. All derivative instruments are recognized as either assets or liabilities on the balance sheet at fair value at the end of each quarter. The counterparties to the Company's contractual derivative agreements are all major international financial institutions. The Company is exposed to credit loss in the event of nonperformance by these counterparties. The Company continually monitors its positions and the credit ratings of its counterparties, and does not anticipate nonperformance by the counterparties. For designated hedging relationships, the Company formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.
Cash Flow Hedges
The Company has $2.4 billion notional amount of outstanding interest rate swap agreements, fixing the rate on a like amount of variable rate borrowings. During fiscal 2016, $0.5 billion of interest rate swap agreements matured. Changes in the fair value of a derivative that is designated as and meets all the required criteria for a cash flow hedge are recorded in accumulated other comprehensive income (loss) and reclassified into earnings as the underlying hedged item affects earnings. As of September 30, 2016 and October 2, 2015, approximately ($36.4) million and ($43.3) million of unrealized net of tax losses related to the interest rate swaps were included in "Accumulated other comprehensive loss," respectively. The hedge ineffectiveness for these cash flow hedging instruments during fiscal 2016, fiscal 2015 and fiscal 2014 was not material.
During the first quarter of fiscal 2016, the Company repaid a U.S. dollar denominated term loan of a Canadian subsidiary in the amount of $74.1 million. As a result of this repayment, the Company terminated its $74.1 million of outstanding amortizing cross currency swap agreements, which resulted in a pre-tax charge of approximately $1.1 million recorded to "Interest and Other Financing Costs, net" in the Consolidated Statements of Income. The termination of these agreements resulted in the Company receiving $5.7 million of proceeds.
The following table summarizes the effect of our derivatives designated as cash flow hedging instruments (effective portion) on Other comprehensive loss (in thousands):

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
Interest rate swap agreements	$(21,321)	$(70,455)	$(30,099)
Cross currency swap agreements	(2,116)	12,312	898
	$(23,437)	$(58,143)	$(29,201)

Derivatives not Designated in Hedging Relationships

The Company entered into a series of pay fixed/receive floating gasoline and diesel fuel agreements based on the Department of Energy weekly retail on-highway index in order to limit its exposure to price fluctuations for gasoline and diesel fuel. During fiscal 2016, the Company entered into contracts for approximately 34.7 million gallons. As of September 30, 2016, the Company has contracts for approximately 32.6 million gallons outstanding for fiscal 2017 and fiscal 2018. The Company does not record its gasoline and diesel fuel agreements as hedges for accounting purposes. The impact on earnings related to the change in fair value of these unsettled contracts was a gain of approximately $8.1 million and a loss of approximately ($2.6) million for fiscal 2016 and fiscal 2015, respectively. The impact on earnings related to the change in fair value of these

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contracts for fiscal 2014 was not material. The change in fair value for unsettled contracts is included in "Selling and general corporate expenses" in the Consolidated Statements of Income. When the contracts settle, the gain or loss is recorded to "Costs of services provided" in the Consolidated Statements of Income.

As of September 30, 2016, the Company had foreign currency forward exchange contracts outstanding with notional amounts of €59.5 million, £72.3 million and CAD132.5 million to mitigate the risk of changes in foreign currency exchange rates on short-term intercompany loans to certain international subsidiaries. Gains and losses on these foreign currency exchange contracts are recognized in income as the contracts were not designated as hedging instruments, substantially offsetting currency transaction gains and losses on the short-term intercompany loans.

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

	Balance Sheet Location	September 30, 2016	October 2, 2015
ASSETS			
Designated as hedging instruments:			
Cross currency swap agreements	Prepayments and other current assets	$ —	$ 7,523
Not designated as hedging instruments:			
Gasoline and diesel fuel agreements	Prepayments and other current assets	3,878	—
		$ 3,878	$ 7,523
LIABILITIES			
Designated as hedging instruments:			
Interest rate swap agreements	Accrued Expenses	$ 5,929	$ 6,086
Interest rate swap agreements	Other Noncurrent Liabilities	34,919	51,762
		$ 40,848	$ 57,848
Not designated as hedging instruments:			
Foreign currency forward exchange contracts	Accounts Payable	$ 447	$ 922
Gasoline and diesel fuel agreements	Accounts Payable	—	4,419
		$ 41,295	$ 63,189

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

	Income Statement Location	Fiscal Year Ended September 30, 2016	October 2, 2015	October 3, 2014
Designated as hedging instruments:				
Interest rate swap agreements	Interest Expense	$ 32,800	$ 31,367	$ 31,511
Cross currency swap agreements	Interest Expense	2,061	(11,224)	(5,590)
		$ 34,861	$ 20,143	$ 25,921
Not designated as hedging instruments:				
Cross currency swap agreements	Interest Expense	$ —	$ —	$ (5,111)
Gasoline and diesel fuel agreements	Cost of services provided	(685)	8,512	1,696
Foreign currency forward exchange contracts	Interest Expense	(8,847)	(4,821)	3,644
		$ (9,532)	$ 3,691	$ 229
		$ 25,329	$ 23,834	$ 26,150

The Company has a Japanese yen denominated term loan in the amount of ¥4,916.3 million. The term loan was designated as a hedge of the Company's net Japanese currency exposure represented by the equity investment in our Japanese affiliate, AIM Services Co., Ltd.

At September 30, 2016, the net of tax loss expected to be reclassified from "Accumulated other comprehensive loss" into earnings over the next twelve months based on current market rates is approximately $12.5 million.

NOTE 7. EMPLOYEE PENSION AND PROFIT SHARING PLANS:

In the United States, the Company maintains qualified contributory and non-contributory defined contribution retirement plans for eligible employees, with Company contributions to the plans based on earnings performance or salary level. The Company also has a non-qualified retirement savings plan for certain employees. The total expense of the above plans for fiscal 2016, fiscal 2015 and fiscal 2014 was $32.4 million, $29.0 million and $27.7 million, respectively. The Company also maintains similar contributory and non-contributory defined contribution retirement plans at several of its international operations, primarily in Canada and the United Kingdom. The total expense of these international plans for fiscal 2016, fiscal 2015 and fiscal 2014 was $9.4 million, $8.5 million and $9.6 million, respectively.

The following table sets forth the components of net periodic pension cost for the Company's single-employer defined benefit pension plans for fiscal 2016, fiscal 2015 and fiscal 2014 (in thousands):

	Fiscal Year Ended September 30, 2016	October 2, 2015	October 3, 2014
Service cost	$7,850	$9,478	$9,550
Interest cost	11,041	12,367	13,571
Expected return on plan assets	(17,679)	(16,970)	(16,544)
Settlements	159	52	527
Amortization of prior service cost	107	165	52
Recognized net loss	1,504	1,658	1,131
Net periodic pension cost	$2,982	$6,750	$8,287

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

Change in benefit obligation:	September 30, 2016	October 2, 2015
Benefit obligation, beginning	$ 302,087	$326,729
Foreign currency translation	(18,867)	(34,384)
Service cost	7,850	9,478
Interest cost	11,041	12,367
Employee contributions	2,233	2,597
Actuarial loss (gain)	51,620	(252)
Benefits paid	(16,106)	(14,256)
Settlements and curtailments	(545)	(192)
Benefit obligation, ending	$ 339,313	$302,087
Change in plan assets:		
Fair value of plan assets, beginning	$ 304,376	$276,934
Foreign currency translation	(17,841)	(31,144)
Employer contributions	25,404	59,155
Employee contributions	2,233	2,597
Actual return on plan assets	22,464	11,321
Benefits paid	(16,106)	(14,256)
Settlements	(545)	(231)
Fair value of plan assets, end	$ 319,985	$304,376
Funded Status at end of year	$ (19,328)	$2,289

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

	September 30, 2016	October 2, 2015
Noncurrent benefit asset (included in Other Assets)	$ 6,452	$ 5,548
Noncurrent benefit liability (included in Other Noncurrent Liabilities)	(25,780)	(3,259)
Net actuarial loss (included in Accumulated other comprehensive (income) loss before taxes)	100,265	62,308
Prior service cost (included in Accumulated other comprehensive (income) loss before taxes)	21	26

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

	September 30, 2016	October 2, 2015
Discount rate	3.8 %	4.0 %
Rate of compensation increase	3.2 %	3.3 %
Long-term rate of return on assets	6.2 %	6.6 %

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

	September 30, 2016	October 2, 2015
Discount rate	3.3 %	3.9 %
Rate of compensation increase	3.3 %	3.2 %

Assumptions, including discount rate, expected return on assets, compensation increases and health care trends, are adjusted annually, as necessary, based on prevailing market conditions and actual experience. The Company has elected to use a spot-rate approach for the discount rate used in the calculation of pension interest and service cost for fiscal 2017 and beyond. The spot-rate approach applies separate discount rates for each projected benefit payment in the calculation. Historically, the

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Company used a weighted-average approach to determine the appropriate discount rate. The impact of the change is not material to the consolidated financial statements.

The accumulated benefit obligation as of September 30, 2016 was $316.5 million. During fiscal 2016, actuarial losses of approximately $39.6 million were recognized in other comprehensive loss (before taxes) and $1.6 million of amortization of actuarial losses was recognized as net periodic pension cost during such period. The estimated portion of net actuarial loss included in accumulated other comprehensive income (loss) as of September 30, 2016 expected to be recognized in net periodic pension cost during fiscal 2017 is approximately $4.3 million (before taxes).

The accumulated benefit obligation as of October 2, 2015 was $279.6 million. During fiscal 2015, actuarial losses of approximately $5.0 million were recognized in other comprehensive (loss) (before taxes) and $1.6 million of amortization of actuarial losses was recognized as net periodic pension cost during such period.

The following table sets forth information for the Company's single-employer pension plans with an accumulated benefit obligation in excess of plan assets as of September 30, 2016 and October 2, 2015 (in thousands):

	September 30, 2016	October 2, 2015
Projected benefit obligation	$ 139,088	$ 23,475
Accumulated benefit obligation	136,605	21,871
Fair value of plan assets	113,710	8,717

The significant change for the accumulated benefit obligation in excess of plan assets between years relates to the U.K. plan.

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

The weighted-average long-term rate of return on assets has been determined based on an estimated weighted-average of long-term returns of major asset classes, taking into account historical performance of plan assets, the current interest rate environment, plan demographics, acceptable risk levels and the estimated value of active asset management.

The fair value of plan assets for the Company's defined benefit pension plans as of September 30, 2016 and October 2, 2015 is as follows (see Note 16 for a description of the fair value levels) (in thousands):

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

	October 2, 2015	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash and cash equivalents and other	$ 44,318	$ 44,318	$ —	$ —
Investment funds:				
Equity funds	154,112	—	154,112	—

Fixed income funds	96,998	—	96,998	—
Real estate	8,948	—	—	8,948
Total	$ 304,376	$ 44,318	$ 251,110	$ 8,948

The fair value of the investment funds is based on the value of the underlying assets, as reported to the Plan by the trustees. They are comprised of a portfolio of underlying securities that can be valued based on trading information on active markets. Fair value is calculated by applying the Plan's percentage ownership in the fund to the total market value of the account's underlying securities, and is therefore categorized as Level 2 as the Plan does not directly own shares in these underlying investments. Investments in equity securities include publicly-traded domestic companies (approximately 30%) and international companies (approximately 70%) that are diversified across industry, country and stock market capitalization. Investments in fixed income securities include domestic (approximately 5%) and international (approximately 95%) corporate bonds and government securities. Substantially all of the real estate investments are in international markets. Cash and cash equivalents include direct cash holdings, which are valued based on cost, and short-term deposits and investments in money market funds for which fair value measurements are all based on quoted prices for similar assets or liabilities in markets that are active.

It is the Company's policy to fund at least the minimum required contributions as outlined in the required statutory actuarial valuation for each plan. The Company made voluntary pension contributions above the minimum required of approximately $19.8 million and $45.0 million during fiscal 2016 and fiscal 2015, respectively. The following table sets forth the benefits expected to be paid in the next five fiscal years and in aggregate for the five fiscal years thereafter by the Company's defined benefit pension plans (in thousands):

Fiscal 2017	$12,269
Fiscal 2018	12,745
Fiscal 2019	12,969
Fiscal 2020	13,436
Fiscal 2021	14,081
Fiscal 2022 – 2026	75,199

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

The expected contributions to be paid to the Company's defined benefit pension plans during fiscal 2017 are approximately $5.9 million.

Multiemployer Defined Benefit Pension Plans

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

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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The Company's participation in these plans for fiscal 2016 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2016 and 2015 is for the plans' two most recent fiscal year-ends. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the critical and declining zone are generally less than 65% funded and projected to become insolvent in the next 15 or 20 years depending on the ratio of active to inactive participants, plans in the critical zone are generally less than 65% funded, plans in the endangered zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date(s) of the CBA(s) to which the plans are subject. There have been no significant changes that affect the comparability of fiscal 2016, fiscal 2015 and fiscal 2014 contributions.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions by the Company (in thousands)			Surcharge Imposed	Range of Expiration Dates of CBAs
		2016	2015		2016	2015	2014		
National Retirement Fund	13-6130178/ 001	Critical	Critical	Implemented	$6,675	$6,580	$6,304	No	1/15/2015 - 2/29/2020
Service Employees Pension Fund of Upstate New York (1)	16-0908576/ 001	Critical	Critical	Implemented	448	527	440	No	9/30/2016 - 6/30/2018
Local 1102 Retirement Trust (2)	13-1847329/ 001	Critical	Critical	Implemented	339	300	334	No	10/31/2017 - 6/30/2019
Central States SE and SW Areas Pension Plan	36-6044243/ 001	Critical and Declining	Critical and Declining	Implemented	3,723	3,659	3,549	No	1/31/2007 - 11/29/2018
Pension Plan for Hospital & Health Care Employees Philadelphia & Vicinity	23-2627428/ 001	Critical	Endangered	Implemented	216	198	156	No	1/31/2018
Local 731 IBT Textile Maintenance and Laundry Craft Pension Fund	51-6056180/ 001	Critical	Critical	Implemented	813	768	668	No	4/29/2016
SEIU National Industry Pension Fund	52-6148540/ 001	Critical	Critical	Implemented	404	298	47	No	4/14/2016 - 12/31/2016
			Critical	Implemented	83	79	62	No	7/7/2017

Local 171 Pension Plan	37-6155648/ 001	Critical and Declining			
Other funds			14,440	13,994	13,563
Total contributions			$27,141	$26,403	$25,123

(1) Over 60% of the Company's participants in this fund are covered by a single CBA that expires on 6/30/2018.
(2) Over 90% of the Company's participants in this fund are covered by a single CBA that expires on 6/30/2019.

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

Pension Fund	Contributions to the plan exceeded more than 5% of total contributions (as of the plan's year-end)
Local 1102 Retirement Trust	12/31/2015 and 12/31/2014
Service Employees Pension Fund of Upstate New York	12/31/2015 and 12/31/2014
Local 731 IBT Textile Maintenance and Laundry Craft Pension Fund	12/31/2015 and 12/31/2014
Local 171 Pension Plan	12/31/2015 and 12/31/2014

At the date the Company's financial statements were issued, Forms 5500 were not available for the plan years ending in 2016.

NOTE 8. INCOME TAXES:

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

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

	Fiscal Year Ended September 30, 2016	October 2, 2015	October 3, 2014
United States	$284,216	$250,069	$110,936
Non-U.S.	146,715	91,927	118,741
	$430,931	$341,996	$229,677

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

	Fiscal Year Ended September 30, 2016	October 2, 2015	October 3, 2014
Current:			
Federal	$39,510	$64,221	$6,692
State and local	15,750	15,223	5,308
Non-U.S.	35,023	29,684	30,846
	90,283	109,128	42,846
Deferred:			
Federal	47,323	(585)	32,843
State and local	(740)	(208)	2,515
Non-U.S.	5,833	(3,315)	2,014
	52,416	(4,108)	37,372
	$142,699	$105,020	$80,218

Current taxes receivable of $48.5 million and $72.3 million at September 30, 2016 and October 2, 2015, respectively, are included in "Prepayments and other current assets" in the Consolidated Balance Sheets. Current income taxes payable of $10.3 million and $0 at September 30, 2016 and October 2, 2015, respectively, are included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets.

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

	Fiscal Year Ended September 30, 2016	October 2, 2015	October 3, 2014
United States statutory income tax rate	35.0 %	35.0 %	35.0 %
Increase (decrease) in taxes, resulting from:			
State income taxes, net of Federal tax benefit	2.3	2.9	2.2
Foreign taxes	(1.4)	(3.7)	(2.3)
Permanent book/tax differences	0.3	0.3	2.7
Uncertain tax positions	0.1	(0.5)	(0.4)
Tax credits & other	(3.2)	(3.3)	(2.3)
Effective income tax rate	33.1 %	30.7 %	34.9 %

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

As of September 30, 2016, certain subsidiaries have recorded deferred tax assets of $18.6 million associated with accumulated federal, state and foreign net operating loss carryforwards. The Company has a valuation allowance of approximately $7.4 million as of September 30, 2016 against these carryforwards due to the uncertainty of their realization. Based on the Company's historical earnings, forecasted taxable income and the reversal of taxable temporary differences, it is "more likely than not" the deferred tax asset will be realized and no additional valuation allowance was recorded in fiscal 2016.

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The table of deferred tax assets shown below does not include certain deferred tax assets at September 30, 2016 and October 2, 2015 that arose directly from tax deductions related to equity compensation in excess of compensation recognized for book purposes. The unrecognized tax benefits, as of September 30, 2016 and October 2, 2015, attributable to these net operating losses was approximately $4.4 million and $4.2 million, respectively. The tax law ordering approach is used to determine the sequence in which NOL carryforwards are utilized. Federal, state and foreign net operating loss carryforwards will expire from 2017 through 2026.

As of September 30, 2016, the Company has approximately $1.2 million of foreign tax credit carryforwards, which expire in 2026. It is "more likely than not" that there is sufficient taxable income in the carryforward period to utilize these credits; therefore, a valuation allowance is not needed. The Company does not maintain significant or excessive cash balances at any of its foreign operations and does not consider any of its unremitted earnings to be permanently reinvested. Therefore, a deferred tax liability is recorded for the incremental U.S. taxes on all unremitted earnings.

As of September 30, 2016 and October 2, 2015, the components of deferred taxes are as follows (in thousands):

	September 30, 2016	October 2, 2015
Deferred tax liabilities:		
Property and equipment	$ 87,191	$54,218
Investments	46,125	29,526
Other intangible assets, including goodwill	655,319	654,568
Inventory and Other	113,693	110,869
Gross deferred tax liability	902,328	849,181
Deferred tax assets:		
Derivatives	1,618	5,282
Insurance	19,276	21,737
Employee compensation and benefits	249,509	219,645
Accruals and allowances	21,716	20,836
Net operating loss/credit carryforwards and other	26,707	32,884
Gross deferred tax asset, before valuation allowances	318,826	300,384
Valuation allowances	(7,352)	(8,630)
Net deferred tax liability	$ 590,854	$557,427

Deferred tax liabilities of approximately $608.4 million and $535.4 million as of September 30, 2016 and October 2, 2015, respectively, are included in "Deferred Income Taxes and Other Noncurrent Liabilities" in the Consolidated Balance Sheets. Deferred tax assets of approximately $17.4 million and $0 as of September 30, 2016 and October 2, 2015, respectively, are included in "Other Assets" in the Consolidated Balance Sheets.

The Company had approximately $22.8 million of total gross unrecognized tax benefits as of September 30, 2016, all of which, if recognized, would impact the effective tax rate. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits follows (in thousands):

	September 30, 2016	October 2, 2015
Balance, beginning of year	$ 21,412	$26,217
Additions based on tax positions taken in the current year	481	270
Additions/Reductions for tax positions taken in prior years	2,141	1,715
Reductions for remeasurements, settlements and payments	(185)	(6,004)
Reductions due to statute expiration	(1,097)	(786)
Balance, end of year	$ 22,752	$21,412

The effective tax rate in fiscal year 2015 included a benefit of approximately $4.8 million resulting from the reversal of reserves for uncertain tax positions related to audit settlements and the expiration of statutes. The fiscal 2015 benefit was offset by a write-off of a current income tax receivable of approximately $3.5 million related to Work

Opportunity Tax Credits.

The Company has approximately $6.0 million and $5.6 million accrued for interest and penalties as of September 30, 2016 and October 2, 2015, respectively, and recorded approximately $0.4 million and ($0.2) million in interest and penalties during fiscal 2016 and fiscal 2015, respectively.

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Unrecognized tax benefits are not expected to significantly change within the next 12 months.
All United States federal income tax matters are substantially concluded through 2013. Adequate amounts are established for any adjustments that may result from examinations for tax years after 2013.
Generally, a number of years may elapse before a tax reporting year is audited and finally resolved. There are open statutes in various tax jurisdictions ranging from 1 to 10 years. While it is often difficult to predict the final outcome or the timing of or resolution of a particular tax matter, the Company does not anticipate any adjustments resulting from state or foreign tax audits that would result in a material change to the financial condition or results of operations. However, an unfavorable settlement of a particular issue would require use of the Company's cash.
NOTE 9. STOCKHOLDERS' EQUITY:
During the first quarter of fiscal 2014, the Company completed an IPO of 28.0 million shares of its common stock at a price of $20.00 per share, raising approximately $524.1 million, net of costs directly related to the IPO. The Company used the net proceeds to repay borrowings on the senior secured revolving credit facility and a portion of the principal on the senior secured term loan facility. In addition, the Company paid cash bonuses and certain other expenses of approximately $5.0 million related to the IPO which were included in the Consolidated Statements of Income for fiscal 2014.
During the fourth quarter of fiscal 2015, the Company completed a repurchase of 1.5 million shares of its common stock for approximately $48.5 million.
The following table presents the Company's dividend payments to its stockholders (in millions):

	September 30, 2016	October 2, 2015	October 3, 2014
Dividend payments	$ 92.1	$ 81.9	$ 52.2

On November 9, 2016, a $0.103 dividend per share of common stock was declared, payable on December 8, 2016, to shareholders of record on the close of business on November 28, 2016.
NOTE 10. SHARE-BASED COMPENSATION:
On November 12, 2013, the Board of Directors (the "Board") approved, and the stockholders of Aramark adopted by written consent, the Aramark 2013 Stock Incentive Plan (the "2013 Stock Plan"), which became effective on December 1, 2013. The 2013 Stock Plan provides that the total number of shares of common stock that may be issued under the 2013 Stock Plan is 25,500,000.
The following table summarizes the share-based compensation expense and related information for Time-Based Options ("TBOs"), Performance-Based Options ("PBOs"), Time-Based Restricted Stock Units ("RSUs"), Performance Stock Units and Performance Restricted Stock ("PSUs"), and Deferred Stock and Other Units classified as "Selling and general corporate expenses" in the Consolidated Statements of Income (in millions).

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
TBOs	$18.8	$ 16.4	$ 12.9
PBOs[1]	—	10.8	58.5
RSUs	21.4	19.5	14.2
PSUs	13.9	17.4	7.2
Deferred Stock and Other Units	2.8	2.3	3.5
	$56.9	$ 66.4	$ 96.3
Taxes related to share-based compensation	$22.3	$ 26.0	$ 37.6
Cash Received from Option Exercises	35.7	39.9	4.4
Tax Benefit on Option Exercises [2]	32.0	66.3	40.5

(1)

Fiscal 2014 compensation expense for PBOs includes approximately $50.9 million related to the missed year options that were modified.

(2) The tax benefit on option exercises and restricted stock unit deliveries is included in "Other financing activities" in the Consolidated Statements of Cash Flows.

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No compensation expense was capitalized. The Company has applied a forfeiture assumption of 8.7% per annum in the calculation of such expenses.

The below table summarizes the unrecognized compensation expense as of September 30, 2016 related to nonvested awards and the weighted-average period they are expected to be recognized:

	Unrecognized Compensation Expense (in millions)	Weighted-Average Period (Years)
TBOs	$ 28.6	2.38
RSUs	22.5	2.28
PSUs	14.5	1.89
Total	$ 65.6	

Stock Options

Time-Based Options

TBOs vest solely based upon continued employment over a four year time period. All TBOs remain exercisable for ten years from the date of grant. The fair value of the TBOs granted was estimated using the Black-Scholes option pricing model. The expected volatility is based on a blended average of the historical volatility of the Company's and competitors' stocks over the expected term of the stock options. The expected life represents the period of time that options granted are expected to be outstanding and is calculated using the simplified method as permitted under Securities and Exchange Commission ("SEC") rules and regulations due to the lack of history of our equity incentive plan. The simplified method uses the midpoint between an option's vesting date and contractual term. The risk-free rate is based on the United States Treasury security with terms equal to the expected life of the option as of the grant date. Compensation expense for TBOs is recognized on a straight-line basis over the vesting period during which employees perform related services.

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

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
Expected volatility	30%	30%	30%
Expected dividend yield	1.15% - 1.25%	1.05% - 1.20%	1.5%
Expected life (in years)	6.25	6.25	6.25
Risk-free interest rate	1.50% - 2.04%	1.60% - 2.07%	2.06% - 2.33%
Weighted-average grant-date fair value	$9.21	$8.34	$6.72

A summary of TBO activity is presented below:

Options	Shares (000s)	Weighted-Average Exercise Price	Aggregate Intrinsic Value ($000s)	Weighted-Average Remaining Term (Years)
Outstanding at October 2, 2015	13,266	$ 18.24		
Granted	2,308	$ 32.55		
Exercised	(2,429)	$ 13.42		
Forfeited and expired	(791)	$ 24.35		
Outstanding at September 30, 2016	12,354	$ 21.48	$ 204,412	6.9
Exercisable at September 30, 2016	6,569	$ 16.29	$ 142,824	5.8
Expected to vest at September 30, 2016	6,633	$ 26.37	$ 27,715	8.0

Fiscal Year Ended		
September 30, 2016	October 2, 2015	October 3, 2014

Total intrinsic value exercised (in millions)	$49.9	$ 107.8	$ 79.9
Total fair value that vested (in millions)	17.5	13.7	13.2

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Performance-Based Options
During the first quarter of fiscal 2014, the Compensation Committee approved an amendment to all outstanding 2007 Management Stock Incentive Plan (the "2007 MSIP") Option Agreements (the "Performance Option Amendment") modifying the vesting provisions relating to outstanding performance-based options granted under the 2007 MSIP. The Performance Option Amendment provided that in the event of an initial public offering of Aramark, subject to continued employment on such date, 50% of any then-unvested performance-based options that did not meet applicable performance thresholds in prior years (the "Missed Year Options") would become vested if the initial public offering price for the common stock of Aramark equals or exceeds $20.00 per share. In addition, during the 18 month period following the initial public offering, if the closing trading price for common stock of Aramark equals or exceeds $25.00 per share over any consecutive twenty day trading period, 100% of the Missed Year Options will become vested. There were a total of approximately 5.0 million Missed Year Options which fully vested by the second quarter of fiscal 2014 as all performance targets were met.
During the third quarter of fiscal 2015, all unvested performance-based options granted under the 2007 Management Stock Incentive Plan vested due to the sponsors of the Company's 2007 going-private transaction achieving the required rate of return on their sales of the Company's stock to constitute a return-based event under the original terms of such options related to approximately 0.7 million shares. The Company no longer grants PBOs under the 2013 Stock Plan. All PBOs remain exercisable for ten years from the date of grant.
A summary of PBO activity is presented below:

Options	Shares (000s)	Weighted-Average Exercise Price	Aggregate Intrinsic Value ($000s)	Weighted-Average Remaining Term (Years)
Outstanding at October 2, 2015	4,785	$ 10.74		
Granted	—	$ —		
Exercised	(1,602)	$ 9.15		
Forfeited and expired	(9)	$ 11.79		
Outstanding at September 30, 2016	3,174	$ 11.54	$ 84,054	4.2
Exercisable at September 30, 2016	3,174	$ 11.54	$ 84,054	4.2

The total intrinsic value of PBOs exercised during fiscal 2016, fiscal 2015 and fiscal 2014 was $39.2 million, $102.9 million and $74.6 million, respectively.
Time-Based Restricted Stock Units
The RSU Agreement provides for grants of RSUs, 25% of which will vest and be settled in shares on each of the first four anniversaries of the date of grant, subject to the participant's continued employment with the Company through each such anniversary. The RSU grant in connection with the IPO and certain other grants vest and settle in shares generally on each of the first three anniversaries of the date of grant, subject to the participant's continued employment with the Company through each such anniversary. The grant-date fair value of RSUs is based on the fair value of the Company's common stock. Participants holding RSUs will receive the benefit of any dividends paid on shares in the form of additional RSUs. The unvested units are subject to forfeiture if employment is terminated other than due to death, disability or retirement, and the units are nontransferable while subject to forfeiture.

Restricted Stock Units	Units (000s)	Weighted Average Grant Date Fair Value
Outstanding at October 2, 2015	2,282	$ 21.61
Granted	575	$ 32.65
Vested	(1,004)	$ 20.61

Forfeited	(233)	$ 21.04
Outstanding at September 30, 2016	1,620	$ 25.87

Performance Stock Units

Under the 2013 Stock Plan, the Company is authorized to grant PSUs to its employees. A participant is eligible to become vested in a number of PSUs equal to a percentage, higher or lower, of the target number of PSUs granted based on the level of the Company's achievement of the performance condition. Prior to fiscal 2016, the Company granted three year PSUs with the

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first 33% of the award vesting on the first anniversary of the grant date, if and to the extent the Company achieves these performance conditions, while the remaining 67% will generally vest ratably over the next two anniversaries of the date of grant, subject to the achievement of an adjusted earnings per share-based performance condition in the first year of grant and the participant's continued employment with the Company through each such anniversary. During the first quarter of fiscal 2016, the Company granted PSUs with cliff vesting subject to the achievement of a performance condition in the third fiscal year of grant and the participant's continued employment with the Company. The grant-date fair value of the PSUs is based on the fair value of the Company's common stock.

Performance Stock Units	Units (000s)	Weighted Average Grant Date Fair Value
Outstanding at October 2, 2015	1,270	$ 27.20
Granted	669	$ 32.64
Vested	(516)	$ 26.70
Forfeited	(125)	$ 29.21
Outstanding at September 30, 2016	1,298	$ 30.02

Deferred Stock Units

Deferred Stock Units are issued only to non-employee members of the Board of Directors of the Company and represent the right to receive shares of the Company's common stock in the future. Each deferred stock unit will be converted to one share of the Company's common stock on the first day of the seventh month after which such director ceases to serve as a member of the Board of Directors. The grant-date fair value of deferred stock units is based on the fair value of the Company's common stock. The deferred stock units vest on the day prior to the next annual meeting of stockholders (which is generally one year after grant). The Company granted 61,802 deferred stock units during fiscal 2016. In addition, directors may elect to defer their cash retainer into Deferred Stock Units which are fully vested upon issuance.

NOTE 11. EARNINGS PER SHARE:

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

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

	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
Earnings:			
Net income attributable to Aramark stockholders	$287,806	$235,946	$148,956
Shares:			
Basic weighted-average shares outstanding	242,286	237,616	225,866
Effect of dilutive securities	6,477	9,000	11,585
Diluted weighted-average shares outstanding	248,763	246,616	237,451
Basic Earnings Per Share:			
Net income attributable to Aramark stockholders	$1.19	$0.99	$0.66
Diluted Earnings Per Share:			
Net income attributable to Aramark stockholders	$1.16	$0.96	$0.63

Share-based awards to purchase 2.1 million, 2.5 million and 1.5 million shares were outstanding at September 30, 2016, October 2, 2015 and October 3, 2014, respectively, but were not included in the computation of diluted earnings per common share, as their effect would have been antidilutive. In addition, PSUs of approximately 0.6 million and PSUs and PBOs of approximately 0.8 million were outstanding at September 30, 2016 and October 3, 2014, respectively, but were not included in the computation of diluted earnings per common share, as the performance targets were not yet met.

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NOTE 12. ACCOUNTS RECEIVABLE SECURITIZATION:
The Company has an agreement (the "Receivables Facility") with three financial institutions where we sell on a continuous basis an undivided interest in all eligible trade accounts receivable, as defined in the Receivables Facility. The maximum amount available under the Receivables Facility is $350.0 million. In addition, the Receivables Facility includes a seasonal tranche which increases the capacity of the Receivables Facility and increases the maximum amount available by $50.0 million. Pursuant to the Receivables Facility, the Company formed ARAMARK Receivables, LLC, a wholly-owned, consolidated, bankruptcy-remote subsidiary. ARAMARK Receivables, LLC was formed for the sole purpose of buying and selling receivables generated by certain subsidiaries of the Company. Under the Receivables Facility, the Company and certain of its subsidiaries transfer without recourse all of their accounts receivable to ARAMARK Receivables, LLC. As collections reduce previously transferred interests, interests in new, eligible receivables are transferred to ARAMARK Receivables, LLC, subject to meeting certain conditions. During the third quarter of fiscal 2016, the Company extended the term of the Receivables Facility from May 2017 to May 2019. In addition, the Company modified the terms of the additional seasonal capacity of the Receivables Facility to increase it from $25.0 million to $50.0 million for the period from September to March and May to June. At September 30, 2016 and October 2, 2015, the amount of outstanding borrowings under the Receivables Facility was $268.0 million and $350.0 million, respectively, and is included in "Long-Term Borrowings" in the Consolidated Balance Sheets.
NOTE 13. COMMITMENTS AND CONTINGENCIES:
The Company has capital and other purchase commitments of approximately $565.1 million at September 30, 2016, primarily in connection with commitments for capital projects and client contract investments. At September 30, 2016, the Company also has letters of credit outstanding in the amount of $53.8 million.
Certain of the Company's lease arrangements, primarily vehicle leases, with terms of one to eight years, contain provisions related to residual value guarantees. The maximum potential liability to the Company under such arrangements was approximately $127.8 million at September 30, 2016 if the terminal fair value of vehicles coming off lease was zero. Consistent with past experience, management does not expect any significant payments will be required pursuant to these arrangements. No amounts have been accrued for guarantee arrangements at September 30, 2016.
Rental expense for all operating leases was $180.7 million, $181.8 million and $188.0 million for fiscal 2016, fiscal 2015 and fiscal 2014, respectively. Following is a schedule of the future minimum rental and similar commitments under all noncancelable operating leases and certain residual value guarantees as of September 30, 2016 (in thousands):

2017	$238,462
2018	92,589
2019	56,430
2020	56,835
2021	39,604
2022-Thereafter	229,209
Total minimum rental obligations	$713,129

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

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NOTE 14. QUARTERLY RESULTS (Unaudited):
The following tables summarize the Company's unaudited quarterly results for fiscal 2016 and fiscal 2015 (in thousands):

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

	Quarter Ended			
	January 2, 2015	April 3, 2015	July 3, 2015	October 2, 2015
Sales	$3,702,353	$3,594,627	$3,486,203	$3,545,952
Cost of services provided	3,287,281	3,239,214	3,164,700	3,189,230
Net income	85,620	60,105	34,038	57,213
Net income attributable to Aramark stockholders	85,497	59,823	33,761	56,865
Earnings per share:				
Basic	$0.36	$0.25	$0.14	$0.24
Diluted	0.35	0.24	0.14	0.23
Dividends declared per common share	0.08625	0.08625	0.08625	0.08625

NOTE 15. BUSINESS SEGMENTS:
The Company reports its operating results in three reportable segments: FSS North America, FSS International and Uniform. Corporate includes general expenses and assets not specifically allocated to an individual segment and share-based compensation expense (see Note 10). Financial information by segment follows (in millions):

	Sales		
	Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
FSS North America	$10,122.3	$9,950.3	$10,232.8
FSS International	2,729.8	2,858.2	3,111.2
Uniform	1,563.7	1,520.6	1,488.9
	$14,415.8	$14,329.1	$14,832.9

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	Operating Income Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
FSS North America	$546.4	$ 494.5	$ 501.3
FSS International	129.1	95.3	106.2
Uniform	195.3	191.8	172.1
	870.8	781.6	779.6
Corporate	(124.5)	(153.7)	(215.0)
Operating Income	746.3	627.9	564.6
Interest and Other Financing Costs, net	(315.4)	(285.9)	(334.9)
Income Before Income Taxes	$430.9	$ 342.0	$ 229.7

	Depreciation and Amortization Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
FSS North America	$373.2	$ 385.2	$ 381.0
FSS International	46.3	47.1	59.2
Uniform	73.9	70.2	79.6
Corporate	2.4	1.5	1.8
	$495.8	$ 504.0	$ 521.6

	Capital Expenditures and Client Contract Investments and Other* Fiscal Year Ended		
	September 30, 2016	October 2, 2015	October 3, 2014
FSS North America	$378.9	$ 395.3	$ 431.3
FSS International	92.6	49.1	48.4
Uniform	70.7	72.6	53.8
Corporate	3.3	7.4	18.4
	$545.5	$ 524.4	$ 551.9

* Includes amounts acquired in business combinations

	Identifiable Assets	
	September 30, 2016	October 2, 2015
FSS North America	$7,067.5	$6,955.9
FSS International	1,521.3	1,369.9
Uniform	1,786.4	1,751.7
Corporate	206.9	118.9
	$10,582.1	$10,196.4

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

Sales
Fiscal Year Ended

	September 30, 2016	October 2, 2015	October 3, 2014
United States	$11,011.5	$10,727.8	$10,798.5
Foreign	3,404.3	3,601.3	4,034.4
	$14,415.8	$14,329.1	$14,832.9

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Property and Equipment, net	
	September 30, 2016	October 2, 2015
United States	$844.3	$ 817.0
Foreign	178.8	142.3
	$1,023.1	$ 959.3

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

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

- Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2—inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement

Recurring Fair Value Measurements

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, borrowings and derivatives. Management believes that the carrying value of cash and cash equivalents, accounts receivable and accounts payable are representative of their respective fair values. In conjunction with the fair value measurement of the derivative instruments, the Company made an accounting policy election to measure the credit risk of its derivative instruments that are subject to master netting agreements on a net basis by counterparty portfolio, the gross values would not be materially different. The fair value of the Company's debt at September 30, 2016 and October 2, 2015 was $5,365.6 million and $5,341.3 million, respectively. The carrying value of the Company's debt at September 30, 2016 and October 2, 2015 was $5,270.0 million and $5,266.0 million, respectively. The fair values were computed using market quotes, if available, or based on discounted cash flows using market interest rates as of the end of the respective periods. The inputs utilized in estimating the fair value of the Company's debt has been classified as level 2 in the fair value hierarchy levels.

NOTE 17. RELATED PARTY TRANSACTIONS:

In August 2015, GS Capital Partners and J.P. Morgan Partners sold their remaining shares of Aramark common stock and are no longer viewed as related parties. Net payments in fiscal 2015 and fiscal 2014 to entities affiliated with GS Capital Partners pursuant to interest rate swap transactions were approximately $6.1 million and $7.9 million, respectively. The net payments in fiscal 2015 and fiscal 2014 to entities affiliated with J.P. Morgan Partners pursuant to interest rate swap transactions were approximately $4.0 million and $6.9 million, respectively.

NOTE 18. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF ARAMARK AND SUBSIDIARIES:

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

These condensed consolidating financial statements have been prepared from the Company's financial information on the same basis of accounting as the consolidated financial statements. Interest expense and certain other costs are partially allocated to all of the subsidiaries of the Company. Goodwill and other intangible assets have been allocated to the subsidiaries based on management's estimates. The 2020 Notes, 2024 Notes and 2026 Notes are obligations of the Company's wholly-owned subsidiary, Aramark Services, Inc., and are each jointly and severally guaranteed on a senior unsecured basis by the Company and substantially all of the Company's existing and future domestic subsidiaries (excluding the Receivables Facility subsidiary) ("Guarantors"). Each of the Guarantors is wholly-owned, directly or indirectly, by the Company. All other subsidiaries of the Company, either direct or indirect, do not guarantee the 2020 Notes, 2024 Notes or 2026 Notes ("Non-Guarantors"). The Guarantors also guarantee certain other debt.

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING BALANCE SHEETS
September 30, 2016
(in thousands)

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

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING BALANCE SHEETS
October 2, 2015
(in thousands)

	Aramark (Parent)	Aramark Services, Inc. (Issuer)	Guarantors	Non Guarantors	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	$5	$31,792	$42,811	$47,808	$—	$122,416
Receivables	—	3,721	295,618	1,145,235	—	1,444,574
Inventories	—	15,981	487,551	71,731	—	575,263
Prepayments and other current assets	—	59,706	74,395	102,769	—	236,870
Total current assets	5	111,200	900,375	1,367,543	—	2,379,123
Property and Equipment, net	—	20,713	785,274	153,358	—	959,345
Goodwill	—	173,104	3,982,737	403,127	—	4,558,968
Investment in and Advances to Subsidiaries	1,883,454	5,586,010	479,517	16,121	(7,965,102)	—
Other Intangible Assets	—	29,729	985,449	96,802	—	1,111,980
Other Assets	—	40,128	919,811	229,004	(2,002)	1,186,941
	$1,883,459	$5,960,884	$8,053,163	$2,265,955	$(7,967,104)	$10,196,357
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Current maturities of long-term borrowings	$—	$21,921	$13,013	$46,493	$—	$81,427
Accounts payable	—	152,844	419,188	278,008	—	850,040
Accrued expenses and other liabilities	100	135,540	818,610	295,183	88	1,249,521
Total current liabilities	100	310,305	1,250,811	619,684	88	2,180,988
Long-term Borrowings	—	4,366,341	44,464	773,792	—	5,184,597
Deferred Income Taxes and Other Noncurrent Liabilities	—	415,284	500,632	21,395	—	937,311
Intercompany Payable	—	—	5,096,806	1,075,836	(6,172,642)	—
Redeemable Noncontrolling Interest	—	—	10,102	—	—	10,102
Total Stockholders' Equity	1,883,359	868,954	1,150,348	(224,752)	(1,794,550)	1,883,359
	$1,883,459	$5,960,884	$8,053,163	$2,265,955	$(7,967,104)	$10,196,357

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the year ended September 30, 2016
(in thousands)

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

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the year ended October 2, 2015
(in thousands)

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

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the year ended October 3, 2014
(in thousands)

	Aramark (Parent)	Aramark Services, Inc. (Issuer)	Guarantors	Non Guarantors	Eliminations	Consolidated
Sales	$—	$1,047,371	$9,544,705	$4,240,837	$—	$14,832,913
Costs and Expenses:						
Cost of services provided	—	929,087	8,506,445	3,928,386	—	13,363,918
Depreciation and amortization	—	13,683	412,075	95,823	—	521,581
Selling and general corporate expenses	7,836	216,556	139,221	19,238	—	382,851
Interest and other financing costs, net	—	302,884	(1,216)	33,218	—	334,886
Expense allocations	(7,836)	(376,795)	342,270	42,361	—	—
	—	1,085,415	9,398,795	4,119,026	—	14,603,236
Income (Loss) Before Income Taxes	—	(38,044)	145,910	121,811	—	229,677
Provision (Benefit) for Income Taxes	—	(15,578)	62,936	32,860	—	80,218
Equity in Net Income of Subsidiaries	148,956	—	—	—	(148,956)	—
Net income (loss)	148,956	(22,466)	82,974	88,951	(148,956)	149,459
Less: Net income attributable to noncontrolling interest	—	—	503	—	—	503
Net income (loss) attributable to Aramark stockholders	148,956	(22,466)	82,471	88,951	(148,956)	148,956
Other comprehensive income (loss), net of tax	(47,073)	12,123	(638)	(82,604)	71,119	(47,073)
Comprehensive income (loss) attributable to Aramark stockholders	$101,883	$(10,343)	$81,833	$6,347	$(77,837)	$101,883

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the year ended September 30, 2016
(in thousands)

	Aramark (Parent)	Aramark Services, Inc. (Issuer)	Guarantors	Non Guarantors	Eliminations	Consolidated
Net cash provided by operating activities	$ —	$ 100,116	$ 587,572	$ 124,191	$ (5,239)	$ 806,640
Cash flows from investing activities:						
Purchases of property and equipment, client contract investments and other	—	(22,326)	(419,009)	(71,197)	—	(512,532)
Disposals of property and equipment	—	1,832	20,353	4,639	—	26,824
Acquisitions of businesses, net of cash acquired	—	—	(231)	(199,146)	—	(199,377)
Other investing activities	—	1,576	5,202	(1,438)	—	5,340
Net cash used in investing activities	—	(18,918)	(393,685)	(267,142)	—	(679,745)
Cash flows from financing activities:						
Proceeds from long-term borrowings	—	1,397,714	—	2,274	—	1,399,988
Payments of long-term borrowings	—	(1,217,292)	(15,418)	(130,824)	—	(1,363,534)
Net change in funding under the Receivables Facility	—	—	—	(82,000)	—	(82,000)
Payments of dividends	—	(92,074)	—	—	—	(92,074)
Proceeds from issuance of common stock	—	35,705	—	—	—	35,705
Repurchase of common stock	—	(749)	—	—	—	(749)
Other financing activities	—	9,179	(2,513)	(733)	—	5,933
Change in intercompany, net	—	(197,623)	(187,423)	379,807	5,239	—
Net cash provided by (used in) financing activities	—	(65,140)	(205,354)	168,524	5,239	(96,731)
Increase (decrease) in cash and cash equivalents	—	16,058	(11,467)	25,573	—	30,164
Cash and cash equivalents, beginning of period	5	31,792	42,811	47,808	—	122,416
Cash and cash equivalents, end of period	$ 5	$ 47,850	$ 31,344	$ 73,381	$ —	$ 152,580

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the year ended October 2, 2015
(in thousands)

	Aramark (Parent)	Aramark Services, Inc. (Issuer)	Guarantors	Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ (654)	$ 51,010	$ 318,988	$ 318,647	$ (4,955)	$ 683,036
Cash flows from investing activities:						
Purchases of property and equipment, client contract investments and other	—	(13,871)	(444,962)	(65,551)	—	(524,384)
Disposals of property and equipment	—	454	8,927	9,747	—	19,128
Acquisitions of businesses, net of cash acquired	—	—	(3,377)	—	—	(3,377)
Other investing activities	—	(975)	(825)	6,099	—	4,299
Net cash used in investing activities	—	(14,392)	(440,237)	(49,705)	—	(504,334)
Cash flows from financing activities:						
Proceeds from long-term borrowings	—	70,000	—	1,926	—	71,926
Payments of long-term borrowings	—	(178,919)	(14,670)	(16,032)	—	(209,621)
Payments of dividends	—	(81,898)	—	—	—	(81,898)
Proceeds from issuance of common stock	—	39,946	—	—	—	39,946
Repurchase of common stock	—	(50,176)	—	—	—	(50,176)
Other financing activities	—	66,313	(3,877)	(589)	—	61,847
Change in intercompany, net	654	103,624	140,968	(250,201)	4,955	—
Net cash provided by (used in) financing activities	654	(31,110)	122,421	(264,896)	4,955	(167,976)
Increase in cash and cash equivalents	—	5,508	1,172	4,046	—	10,726
Cash and cash equivalents, beginning of period	5	26,284	41,639	43,762	—	111,690
Cash and cash equivalents, end of period	$ 5	$ 31,792	$ 42,811	$ 47,808	$ —	$ 122,416

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ARAMARK AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the year ended October 3, 2014
(in thousands)

	Aramark (Parent)	Aramark Services, Inc. (Issuer)	Guarantors	Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 450	$ 65,605	$ 470,472	$ (105,412)	$ (32,956)	$ 398,159
Cash flows from investing activities:						
Purchases of property and equipment, client contract investments and other	—	(20,219)	(456,671)	(68,304)	—	(545,194)
Disposals of property and equipment	—	8,446	6,219	13,829	—	28,494
Proceeds from divestitures	—	—	24,000	—	—	24,000
Acquisitions of businesses, net of cash acquired	—	—	(13,261)	(8,195)	—	(21,456)
Other investing activities	—	265	14,058	(5,389)	—	8,934
Net cash used in investing activities	—	(11,508)	(425,655)	(68,059)	—	(505,222)
Cash flows from financing activities:					—	
Proceeds from long-term borrowings	—	1,293,745	—	277,073	—	1,570,818
Payments of long-term borrowings		(1,877,379)	(14,558)	(86,669)	—	(1,978,606)
Net change in funding under the Receivables Facility	—	—	—	50,000	—	50,000
Payments of dividends	—	(52,186)	—	—	—	(52,186)
Proceeds from initial public offering, net	524,081	—	—	—	—	524,081
Proceeds from issuance of common stock	—	4,408	—	—	—	4,408
Repurchase of common stock	—	(4,730)	—	—	—	(4,730)
Other financing activities	—	4,377	(6,382)	(4,025)	—	(6,030)
Change in intercompany, net	(524,531)	580,983	(22,725)	(66,683)	32,956	—
Net cash provided by (used in) financing activities	(450)	(50,782)	(43,665)	169,696	32,956	107,755
Increase (decrease) in cash and cash equivalents	—	3,315	1,152	(3,775)	—	692
Cash and cash equivalents, beginning of period	5	22,969	40,487	47,537	—	110,998
Cash and cash equivalents, end of period	$ 5	$ 26,284	$ 41,639	$ 43,762	$ —	$ 111,690

ARAMARK AND SUBSIDIARIES
SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016, OCTOBER 2, 2015 AND OCTOBER 3, 2014

Description	Balance, Beginning of Period	Additions Charged to Income	Reductions Deductions from Reserves[1]	Balance, End of Period
Fiscal Year 2016				
Reserve for doubtful accounts, advances & current notes receivable	$ 39,023	$ 21,913	$ 12,878	$ 48,058
Fiscal Year 2015				
Reserve for doubtful accounts, advances & current notes receivable	$ 37,381	$ 16,220	$ 14,578	$ 39,023
Fiscal Year 2014				
Reserve for doubtful accounts, advances & current notes receivable	$ 34,676	$ 15,037	$ 12,332	$ 37,381

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

EXHIBIT INDEX

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

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Aramark (incorporated by reference to Exhibit 3.1 to Aramark's Current Report on Form 8-K filed with the SEC on December 16, 2013, pursuant to the Exchange Act (file number 001-36223)).
3.2	Certificate of Ownership and Merger (incorporated by reference to Exhibit 3.1 to Aramark's Current Report on Form 8-K filed with the SEC on May 15, 2014, pursuant to the Exchange Act (file number 001-36223)).
3.3	Amended and Restated By-laws of Aramark (incorporated by reference to Exhibit 3.2 to Aramark's Current Report on Form 8-K filed with the SEC on May 15, 2014, pursuant to the Exchange Act (file number 001-36223)).
4.1	Indenture, dated as of March 7, 2013, among Aramark Services, Inc., the guarantors named therein and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on March 7, 2013 pursuant to the Exchange Act (file number 001-04762)).
4.2	First Supplemental Indenture, dated as of December 17, 2013, among ARAMARK Holdings Corporation and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.3 to Aramark's Form S-4 filed with the SEC on December 17, 2013 (file number 333-192907)).
4.3	Second Supplemental Indenture, dated as of December 17, 2013, among the entities listed in Schedule I thereto and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.4 to Aramark's Form S-4 filed with the SEC on December 17, 2013 (file number 333-192907)).
4.4	Indenture, dated as of December 17, 2015, among Aramark Services, Inc., as issuer, Aramark, as parent guarantor, the subsidiary guarantors named therein and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 of Aramark's Current Report on Form 8-K filed with the SEC on December 17, 2015, pursuant to the Exchange Act (file number 001-36223)).
4.5	Supplemental Indenture, dated as of May 31, 2016, among Aramark Services, Inc., as issuer, Aramark, as parent guarantor, the subsidiary guarantors named therein and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 of Aramark's Current Report on Form 8-K filed with the SEC on June 6, 2016, pursuant to the Exchange Act (file number 001-36223)).
4.6	Indenture, dated as of May 31, 2016, among Aramark Services, Inc., as issuer, Aramark, as parent guarantor, the subsidiary guarantors named therein and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.3 of Aramark's Current Report on Form 8-K filed with the SEC on June 6, 2016, pursuant to the Exchange Act (file number 001-36223)).
4.7	Registration Rights Agreement, dated as of May 31, 2016, among Aramark Services, Inc., Aramark, the subsidiary guarantors named therein and Wells Fargo Securities, LLC, as representative of the several initial purchasers (certain 5.125% Senior Notes due 2024 of Aramark Service, Inc.) (incorporated by reference to Exhibit 4.4 of Aramark's Current Report on Form 8-K filed with the SEC on June 6, 2016, pursuant to the Exchange Act (file number 001-36223)).
4.8	Registration Rights Agreement, dated as of May 31, 2016, among Aramark Services, Inc., Aramark, the subsidiary guarantors named therein and Wells Fargo Securities, LLC, as representative of the several initial purchasers (4.75% Senior Notes due 2016 of Aramark Services, Inc.) (incorporated by reference to Exhibit 4.5 of Aramark's Current Report on Form 8-K filed with the SEC on June 6, 2016, pursuant to the Exchange Act (file number 001-36223)).
10.1	Amendment Agreement, dated as of February 24, 2014 (the "2014 Amendment Agreement"), to the Credit Agreement, dated as of January 26, 2007, as amended and restated as of March 26, 2010, as further amended and supplemented prior to the date of the Amendment Agreement by and among Aramark Services, Inc.,

ARAMARK Canada Ltd., ARAMARK Investments Limited, ARAMARK Ireland Holdings Limited, ARAMARK Holdings GMBH & Co. KG, ARAMARK GMBH, ARAMARK Intermediate Holdco Corporation, the Guarantors (as defined therein) party thereto, the Lenders (as defined therein) and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent, issuing bank and as LC facility issuing bank and the other parties thereto from time to time (incorporated by reference to Exhibit 10.67 to Aramark's Form S-1/A filed with the SEC on February 26, 2014 (file number 333-194077)) .

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10.2	Amendment Agreement No. 1, dated as of March 28, 2014, to the Amendment Agreement, dated as of February 24, 2014, to the Credit Agreement, dated as of January 26, 2007, as amended and restated as of March 26, 2010, as further amended and supplemented prior to the date of the Amendment Agreement by and among Aramark Services, Inc., ARAMARK Canada Ltd., ARAMARK Investments Limited, ARAMARK Ireland Holdings Limited, ARAMARK Holdings GMBH & Co. KG, ARAMARK GMBH, ARAMARK Intermediate Holdco Corporation, the Guarantors (as defined therein) party thereto, the Lenders (as defined therein) and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent, issuing bank and as LC facility issuing bank and the other parties thereto from time to time (incorporated by reference to Exhibit 10.1 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on May 8, 2014, pursuant to the Exchange Act (file number 001-36223))
10.3	Assumption Agreement, dated as of March 30, 2007, relating to the Credit Agreement dated as of January 26, 2007 among Aramark Services, Inc., the other Borrowers and Loan Guarantors party thereto, the Lenders party thereto, Citibank, N.A., as administrative agent and collateral agent for the Lenders, and the other parties thereto from time to time (incorporated by reference to Exhibit 99.2 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on April 5, 2007, pursuant to the Exchange Act (file number 001-04762)).
10.4	Joinder Agreement, dated as of December 17, 2013, between each New Subsidiary listed on Schedule I thereto and JPMorgan Chase Bank, N.A., as agent (incorporated by reference to Exhibit 10.64 to Aramark's Form S-4 filed with the SEC on December 17, 2013 (file number 333-192907)).
10.5	U.S. Pledge and Security Agreement, dated as of January 26, 2007, among ARAMARK Intermediate Holdco Corporation, RMK Acquisition Corporation, Aramark Services, Inc., the Subsidiary Parties from time to time party thereto and Citibank, N.A., as collateral agent (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on February 1, 2007, pursuant to the Exchange Act (file number 001-04762)).
10.6	Amended and Restated Registration Rights and Coordination Committee Agreement, dated as of December 10, 2013, among Aramark and the other parties thereto (incorporated by reference to Exhibit 10.2 to Aramark's Current Report on Form 8-K filed with the SEC on December 16, 2013, pursuant to the Exchange Act (file number 001-36223)).
10.7†	Letter Agreement dated May 7, 2012 between Aramark Services, Inc. and Eric Foss (incorporated by reference to Exhibit 10.4 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012, pursuant to the Exchange Act (file number 001-04762)).
10.8†	Agreement Relating to Employment and Post-Employment Competition dated May 7, 2012 between Aramark Services, Inc. and Eric Foss (incorporated by reference to Exhibit 10.5 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012, pursuant to the Exchange Act (file number 001-04762)).
10.9†	Amendment, effective as of June 25, 2013, to the Letter Agreement dated May 7, 2012 between Aramark Services, Inc. and Eric Foss (incorporated by reference to Exhibit 10.6 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
10.10†	Form of Agreement Relating to Employment and Post-Employment Competition and Schedule 1 listing each Executive Officer who is a party to such Agreement (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on July 19, 2007, pursuant to the Exchange Act (file number 001-04762)).
10.11†	Form of Amendment to Agreement Relating to Employment and Post-Employment Competition (incorporated by reference to Exhibit 10.8 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 15, 2008, pursuant to the Exchange Act (file number 001-04762)).
10.12†	Offer Letter dated July 20, 2012 between Aramark Services, Inc. and Stephen R. Reynolds (incorporated by reference to Exhibit 10.12 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 20, 2012, pursuant to the Exchange Act (file number 001-04762)).

10.13†	Agreement Relating to Employment and Post-Employment Competition dated December 6, 2012 between Aramark Services, Inc. and Stephen R. Reynolds (incorporated by reference to Exhibit 10.13 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 20, 2012, pursuant to the Exchange Act (file number 001-04762)).
10.14†	Offer Letter dated March 12, 2015, between Aramark and Stephen P. Bramlage, Jr. (incorporated by reference to Exhibit 10.1 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.15†	Agreement Relating to Employment and Post-Employment Competition dated March 12, 2015 between Aramark and Stephen P. Bramlage, Jr. (incorporated by reference to Exhibit 10.2 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.16*†	Offer Letter dated October 13, 2014, between Aramark and Harrald Kroeker
10.17*†	Agreement Relating to Employment and Post-Employment Competition dated November 26, 2013 between Aramark Corporation and Harrald Kroeker

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10.18†	Form of Indemnification Agreement and attached schedule (incorporated by reference to Exhibit 10.4 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on August 10, 2005, pursuant to the Exchange Act (file number 001-04762)).
10.19†	Indemnification Agreement dated May 7, 2012 between Eric Foss and Aramark Services, Inc. (incorporated by reference to Exhibit 10.6 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012, pursuant to the Exchange Act (file number 001-04762)).
10.20†	Indemnification Agreement dated December 12, 2012 between Stephen R. Reynolds and Aramark Services, Inc. (incorporated by reference to Exhibit 10.22 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 20, 2012, pursuant to the Exchange Act (file number 001-04762)).
10.21†	Indemnification Agreement dated February 4, 2014 between Daniel J. Heinrich and Aramark (incorporated by reference to Exhibit 10.1 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on February 5, 2014, pursuant to the Exchange Act (file number 001-36223)).
10.22†	Indemnification Agreement dated February 4, 2014 between Stephen Sadove and Aramark (incorporated by reference to Exhibit 10.2 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on February 5, 2014, pursuant to the Exchange Act (file number 001-36223)).
10.23†	Indemnification Agreement dated April 6, 2015, between Stephen P. Bramlage, Jr. and Aramark (incorporated by reference to Exhibit 10.3 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.24†	Aramark 2001 Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.'s Registration Statement on Form S-8 filed with the SEC on May 24, 2002 (file number 333-89120)).
10.25†	Amended and Restated Aramark 2001 Stock Unit Retirement Plan (incorporated by reference to Exhibit 10.22 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 19, 2003, pursuant to the Exchange Act (file number 001-04762)).
10.26†	Second Amended and Restated Aramark Savings Incentive Retirement Plan (incorporated by reference to Exhibit 10.45 to Aramark's Form S-1/A filed with the SEC on November 19, 2013, (file number 333-191057)).
10.27†	Amended Survivor Income Protection Plan (incorporated by reference to Exhibit 10.5 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on August 8, 2007, pursuant to the Exchange Act (file number 001-04762)).
10.28†	Second Amended and Restated Aramark 2005 Deferred Compensation Plan (incorporated by reference to Exhibit 10.48 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.29†	Third Amended and Restated 2005 Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on February 10, 2016, pursuant to the Exchange Act (file number 001-36233)).
10.30†	Amended and Restated Aramark Senior Executive Performance Bonus Plan (incorporated by reference to Exhibit 10.49 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.31†	Amended and Restated Executive Leadership Council Management Incentive Bonus Plan (2014) (incorporated by reference to Exhibit 10.50 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.32†	Amended and Restated Aramark Executive Leadership Council Management Incentive Bonus Plan (2016) (incorporated by reference to Exhibit 10.1 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on February 10, 2016, pursuant to the Exchange Act (file number 001-36233)).
10.33*†	Amended and Restated Aramark Executive Leadership Council Management Incentive Bonus Plan.
10.34†	Aramark 2005 Deferred Compensation Plan for Directors (incorporated by reference to Exhibit 10.67 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.35†	Fifth Amended and Restated Aramark 2007 Management Stock Incentive Plan (incorporated by reference to Exhibit 10.22 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.36†	

	Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.70 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.37†	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.5 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on February 1, 2007, pursuant to the Exchange Act (file number 001-04762)).
10.38†	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on August 8, 2007, pursuant to the Exchange Act (file number 001-04762)).
10.39†	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on November 16, 2007, pursuant to the Exchange Act (file number 001-04762)).

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10.40†	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on March 1, 2010, pursuant to the Exchange Act (file number 001-04762)).
10.41†	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on June 22, 2011, pursuant to the Exchange Act (file number 001-04762)).
10.42†	Amendment to Outstanding Non-Qualified Stock Option Agreements dated March 1, 2010 (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on March 1, 2010, pursuant to the Exchange Act (file number 001-04762)).
10.43†	Form of Amendment to Outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.4 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on June 22, 2011, pursuant to the Exchange Act (file number 001-04762)).
10.44†	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012, pursuant to the Exchange Act (file number 001-04762)).
10.45†	Form of Non-Qualified Stock Option Award Agreement (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
10.46†	Form of Time-Based Restricted Stock Unit Award Agreement with Aramark (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 00104762)).
10.47†	Form of Restricted Stock Award Agreement with Aramark (incorporated by reference to Exhibit 10.4 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
10.48†	Form of Replacement Stock Option Award Agreement with Aramark (incorporated by reference to Exhibit 10.5 to Aramark Services, Inc.'s Current Report on Form 8K filed with the SEC on June 26, 2013, pursuant to the Exchange Act (file number 001-04762)).
10.49†	Schedule 1s to Outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.18 to Aramark Services, Inc.'s Annual Report on Form 10-K filed with the SEC on December 15, 2009, pursuant to the Exchange Act (file number 001-04762)).
10.50†	Schedules 1 to Outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on March 1, 2010, pursuant to the Exchange Act (file number 001-04762)).
10.51†	New Schedule 1 to Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on November 18, 2011, pursuant to the Exchange Act (file number 001-04762)).
10.52†	Revised Schedule 1s to outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.3 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on November 18, 2011, pursuant to the Exchange Act (file number 001-04762)).
10.53†	New Schedule 1 to Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on November 19, 2012, pursuant to the Exchange Act (file number 001-04762)).
10.54†	Revised Schedule 1s to outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.2 to Aramark Services, Inc.'s Current Report on Form 8-K filed with the SEC on November 19, 2012, pursuant to the Exchange Act (file number 001-04762)).
10.55†	Revised Schedule 1s to Outstanding Non-Qualified Stock Option Agreements (incorporated by reference to Exhibit 10.68 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).

10.56†	Form of Amendment to Outstanding Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.69 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.57†	Form of Non-Qualified Stock Option Award under the Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.71 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.58†	Form of Restricted Stock Unit Award under the Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.72 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.59†	Form of Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.4 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on February 5, 2014, pursuant to the Exchange Act (file number 001-36223)).

10.60†	Form of Performance Stock Unit Award Agreement (Revised) (incorporated by reference to Exhibit 10.26 to Aramark's Annual Report on Form 10-K filed with the SEC on December 3, 2014, pursuant to the Exchange Act (file number 001-36223)).
10.61†	Form of Performance Stock Unit Award Agreement (Revised) (incorporated by reference to Exhibit 10.2 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on August 12, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.62†	Form of Performance Restricted Stock Award (incorporated by reference to Exhibit 10.61 to Aramark's Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.63†	Form of Non-Qualified Stock Option Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.62 to Aramark's Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.64†	Form of Restricted Stock Unit Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.63 to Aramark's Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.65†	Form of Performance Restricted Stock Award Agreement (Relative TSR Vesting) (incorporated by reference to Exhibit 10.64 to Aramark's Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.66†	Form of Deferred Stock Unit Award Agreement under the Fifth Amended and Restated Aramark 2007 Management Stock Incentive Plan (incorporated by reference to Exhibit 10.46 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.67*†	Form of Schedule I to Performance Stock Unit Award Agreement
10.68*†	Form of Schedule I to Performance Restricted Stock Award Agreement
10.69*†	Form of Schedule I to Non-Qualified Stock Option Award Agreement (Relative TSR Vesting)
10.70*†	Form of Schedule I to Restricted Stock Unit Award Agreement (Relative TSR Vesting)
10.71*†	Form of Schedule I to Performance Restricted Stock Award Agreement (Relative TSR Vesting)
10.72†	Form of Deferred Stock Unit Award under the Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.73 to Aramark's Form S-1/A filed with the SEC on November 19, 2013 (file number 333-191057)).
10.73†	Form of Deferred Stock Unit Award Agreement under the Aramark 2013 Stock Incentive Plan (Revised) (incorporated by reference to Exhibit 10.77 to Aramark's Annual Report on Form 10-K filed with the SEC on December 3, 2014, pursuant to the Exchange Act (file number 001-36223)).
10.74†	Form of Deferred Stock Unit Agreement under the Aramark 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to Aramark's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.75†	Form of Aircraft Timesharing Agreement (incorporated by reference to Exhibit 10.69 to Aramark's Annual Report on Form 10-K filed with the SEC on December 1, 2015, pursuant to the Exchange Act (file number 001-36223)).
10.76	Amended and Restated Master Distribution Agreement effective as of March 5, 2011 between SYSCO Corporation and ARAMARK Food and Support Services Group, Inc. (incorporated by reference to Exhibit 10.1 to Aramark Services, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 12, 2011, pursuant to the Exchange Act (file number 001-04762)) (portions omitted pursuant to a grant of confidential treatment).

10.77	Amendment Agreement, dated February 26, 2014, to the Master Distribution Agreement dated as of November 25, 2006, between SYSCO Corporation and ARAMARK Food and Support Services Group, Inc., as amended and restated effective as of March 5, 2011 (incorporated by reference to Exhibit 10.71 to Aramark's Form S-1/A filed with the SEC on February 26, 2014 (file number 333-194077)) (portions omitted pursuant to a grant of confidential treatment).
12.1*	Ratio of Earnings to Fixed Charges.
21.1*	List of subsidiaries of Aramark.
23.1*	Consent of Independent Registered Public Accounting Firm-KPMG LLP.
31.1*	Certification of Eric Foss, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Stephen P. Bramlage, Jr., Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Eric Foss, Chief Executive Officer, and Stephen P. Bramlage, Jr., Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document

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101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

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

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