

THE U.S. FOODSERVICE STORY

IMPLEMENTING A SAFETY INCENTIVE PROGRAM

Background:

U.S. Foodservice is one of the leading broad line foodservice distributors in the United States. Incentive Service has been working with the company since 1996, when it was JP Foodservice and consisted of only 12 divisions. Today, there are 78 distribution centers nationwide with yearly revenues in excess of \$18 billion. The majority of the company's growth has been through aggressive acquisition.

With each acquisition brought a new management team with a different culture, benefit package, and incentive performance system. U.S. Foodservice realized that in order to maximize the productivity of their systems and their employees, they needed to successfully integrate their current systems into each new acquisition. In 1996, U.S. Foodservice launched the PRIDE Safety campaign to standardize incentive performance systems and budgets throughout its divisions.

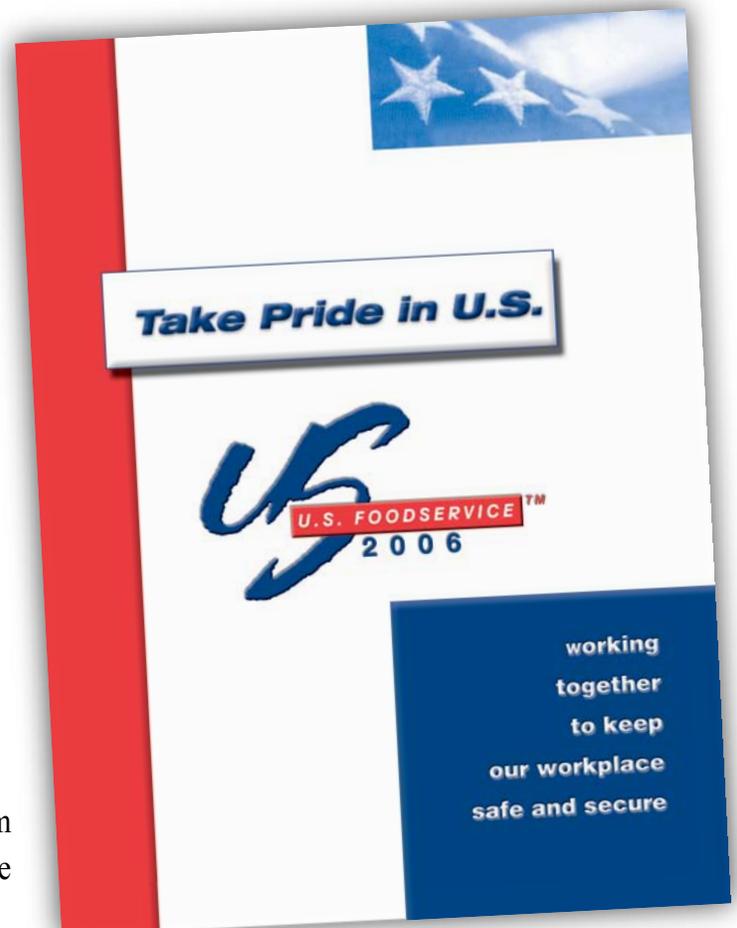
Key Objectives:

- Continually support a culture focused on safety in current and newly acquired centers
- Reduce company costs by improving overall safety performance
- Create a consistent and measurable program that can be easily implemented and administered throughout all divisions
- Create a motivating, engaging program to help drive safety awareness and recognize employees who work hard to achieve company goals

Incentive Service's Solution:

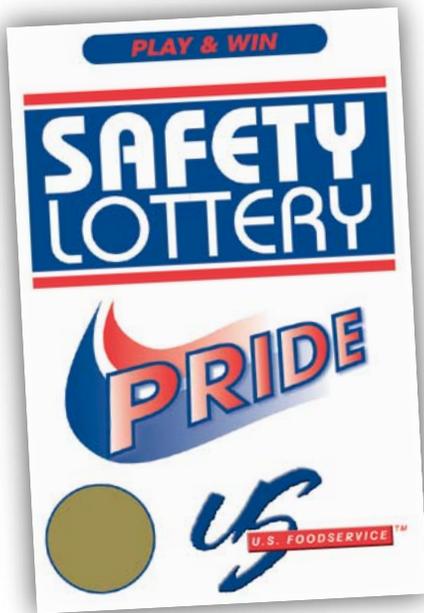
Program Design:

- The Incentive Services Team met with key leadership at U.S. Foodservice to understand their program objectives. I.S then proposed a plan to address each of the concerns and objectives detailed above through a safety incentive program.
- The program was designed around drivers and warehouse associates earning PRIDE Points for every quarter they do not have a preventable vehicular accident or have no lost work time due to an accident or injury. In addition, they can receive points each month for achieving perfect attendance.
- At the end of the year, every division is measured against the Company's OSHA Frequency Rating system. The system is three tiered: bronze, silver, and gold. Depending on where



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a division falls within a tier, everyone at that division will be awarded points. For example: Bronze = 5,000 points, Silver = 7,500 points, and Gold = 10,000 points. U.S. Foodservice benefits from this structure as they do not pay for rewards unless the division has already met or exceeded their goal.

- If an associate is safe for the entire year and has perfect attendance, and the division meets their Gold OSHA Frequency Level, he/she can earn 30,000 bonus PRIDE Points. Additional opportunities to earn points include monthly safety lotteries, bingo and points for providing safety suggestions which lead to safety improvements at the division.
- The plan also rewards associates with superior safety records. The following items are handed out at each division's end of the year banquet:

<u># Years Accident Free</u>	<u>Award</u>
1-year	pin
5-year	brass buckle
10-year	thermos/mug set
15-year	Medallion Watch
20-year	10-K gold ring with engraving
25-year	20 pt center diamond for the 20-year ring

All items are denoted with the PRIDE Program designation.

Technology:

- Every quarter, the program administrator at each division submits point information to IS. This information is uploaded into the system, which awards points, creates new accounts for any new hires, and terminates separated employees.

The program website was developed featuring:

- Individual associate point accounts
- Customized graphics that carry the program theme
- A detailed description of program rules
- A complete online catalog featuring merchandise awards, travel packages, apparel, magazines subscriptions, and quarterly featured products



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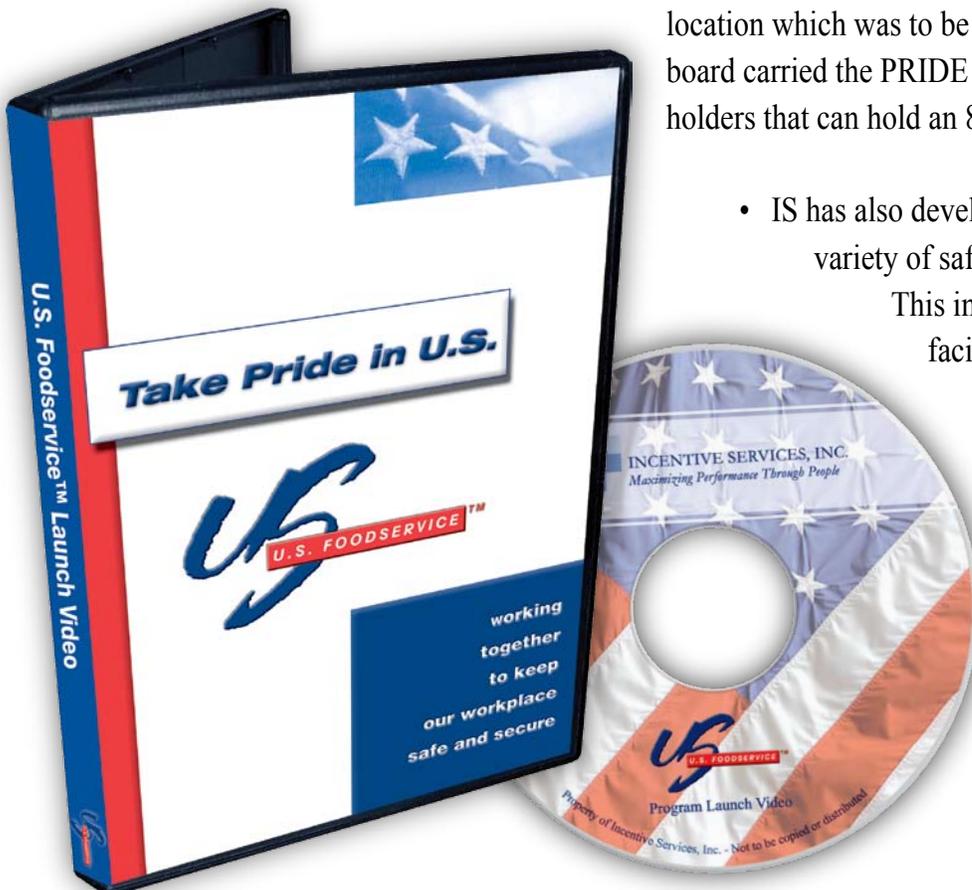
Communications:

- To effectively communicate the program, IS developed the PRIDE Program theme. The program was named “PRIDE” – Productivity, Reliability, Ingenuity, Dependability, and Excellence.
- To rollout the program, an introduction video was filmed using key members from the U.S. Foodservice Leadership Team (Executive Vice President & Corporate HR Director). The video highlights the importance of the safety and explains how the PRIDE Program works. Along with the DVD, customized color award catalogs were handed out to each program participant and promotional banners were displayed at each location. A variety of promotional products were also distributed during launch.



- A 5' x 4' magnaflex board was developed and shipped to each location which was to be used to post monthly safety results. The board carried the PRIDE Program theme and included eight acrylic holders that can hold an 8.5" x 11" sheet of paper.

- IS has also developed communications highlighting a variety of safety topics pertinent to U.S. Foodservice. This information is sent out quarterly to help facilitate safety meeting at the divisions.



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Results:

- After the initial year of the PRIDE Campaign, U.S. Foodservice realized the following gains in performance:
 - 46% reduction in lost work days
 - 18% reduction in lost time accidents
 - 5% reduction in vehicular accidents
- Results for FYE 2005 as compared to the same period in 2004 are as follows:
 - 7 % improvement in OSHA Recordable Accidents
 - 19% Improvement in lost time accidents
 - 6% improvement in total vehicular accidents

