

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items

(In Thousands, Except for Share and Per Share Data)

Sysco's results of operations are impacted by certain items that include multiemployer withdrawal charges (MEPP), severance charges, integration planning, litigation and termination costs in connection with the merger that had been proposed with US Foods, Inc. (US Foods), charges from facility closures and US Foods related financing costs. Additional items in FY14 include a change in estimate of self-insurance and charges from a contingency accrual. These FY15 and FY14 items are collectively referred to as "Certain Items". In FY14, costs from executive retirement plans restructuring were included within Certain Items; however, because these costs in FY15 are comparable to FY14, these were not included in the Certain Items definition for either period. Management believes that adjusting its operating expenses, operating income, operating margin as a percentage of sales, interest expense, net earnings and diluted earnings per share to remove these charges provides an important perspective of underlying business trends and results and provides meaningful supplemental information to both management and investors that is indicative of the performance of the company's underlying operations and facilitates comparisons on a year-over-year basis.

The company uses these non-GAAP measures when evaluating its financial results, as well as for internal planning and forecasting purposes. These financial measures should not be used as a substitute for GAAP measures in assessing the company's results of operations for the periods presented. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. As a result, in the tables that follow, each period presented is adjusted to remove the Certain Items noted above.

	13-Week Period Ended Jun. 27, 2015	13-Week Period Ended Jun. 28, 2014	13-Week Period Change in Dollars	13-Week Period % Change
Sales	\$ 12,401,938	\$ 12,286,992	\$ 114,946	0.9 %
Operating expenses (GAAP)	\$ 2,099,169	\$ 1,731,334	\$ 367,835	21.2 %
Impact of severance charges	(1,692)	(2,093)	401	-19.2
Impact of US Foods merger and integration planning costs	(386,558)	(53,803)	(332,755)	NM
Impact of facility closure charges	-	(945)	945	NM
subtotal - Impact of Certain Items on operating expenses	<u>(388,250)</u>	<u>(56,842)</u>	<u>(331,408)</u>	<u>NM</u>
Operating expenses adjusted for certain items (Non-GAAP)	\$ 1,710,919	\$ 1,674,492	\$ 36,427	2.2 %
Operating Income (GAAP)	\$ 120,995	\$ 424,522	\$ (303,527)	-71.5 %
Impact of Certain Items on operating income	<u>388,250</u>	<u>56,842</u>	<u>331,408</u>	<u>NM</u>
Operating income adjusted for certain items (Non-GAAP)	\$ 509,245	\$ 481,364	\$ 27,881	5.8 %
Operating margin (GAAP)	1.0%	3.5%		-2.48
Operating margin (Non-GAAP)	4.1%	3.9%		0.19
Interest Expense (GAAP)	\$ 77,281	\$ 31,205	\$ 46,076	NM %
Impact of US Foods financing costs	<u>(41,331)</u>	<u>(3,698)</u>	<u>(37,633)</u>	<u>NM</u>
Adjusted Interest Expense (Non-GAAP)	\$ 35,951	\$ 27,507	\$ 8,443	30.7 %
Net earnings (GAAP) (1)	\$ 73,026	\$ 254,171	\$ (181,145)	-71.3 %
Impact of severance charge (net of tax)	930	1,328	(398)	-30.0
Impact of US Foods merger and integration planning costs (net of tax)	212,487	34,142	178,345	NM
Impact of facility closure charges (net of tax)	-	600	(600)	NM
Impact of US Foods Financing Costs (net of tax)	<u>22,719</u>	<u>2,347</u>	<u>20,372</u>	<u>NM</u>
Net earnings adjusted for certain items (Non-GAAP) (1)	\$ 309,162	\$ 292,588	\$ 16,574	5.7 %
Diluted earnings per share (GAAP) (1)	\$ 0.12	\$ 0.43	\$ (0.31)	-72.1 %
Impact of US Foods merger and integration planning costs	0.35	0.06	0.29	NM
Impact of US Foods Financing Costs	<u>0.04</u>	<u>-</u>	<u>0.04</u>	<u>NM</u>
Diluted EPS adjusted for certain items (Non-GAAP) (1) (2)	\$ 0.52	\$ 0.49	\$ 0.03	6.1 %
Diluted shares outstanding	599,259,889	591,361,869		

⁽¹⁾ The net earnings and diluted earnings per share impacts are shown net of tax. The tax impact of adjustments for Certain Items was \$193,445 and \$22,122 for the 13-week periods ended June 27, 2015 and June 28, 2014, respectively. Amounts are calculated by multiplying the pretax impact of each Certain Item by the statutory rates in effect for each jurisdiction. In FY14, the impact of the charge from a contingency accrual contained an estimated non-deductible portion.

⁽²⁾ Individual components of diluted earnings per share may not add to the total presented due to rounding. Total diluted earnings per share is calculated using adjusted net earnings for certain items divided by diluted shares outstanding.

NM represents that the percentage change is not meaningful

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items

(In Thousands, Except for Share and Per Share Data)

	52-Week Period Ended Jun. 27, 2015	52-Week Period Ended Jun. 28, 2014	52-Week Period Change in Dollars	52-Week Period % Change
Operating expenses (GAAP)	\$ 7,322,154	\$ 6,593,913	\$ 728,241	11.0 %
Impact of MEPP charge	-	(1,451)	1,451	NM
Impact of severance charge	(5,598)	(7,202)	1,604	-22.3
Impact of US Foods merger and integration planning costs	(554,667)	(90,571)	(464,095)	NM
Impact of change in estimate of self insurance	-	(23,841)	23,841	NM
Impact of contingency accrual	-	(20,000)	20,000	NM
Impact of facility closure charges	(2,203)	(3,443)	1,240	-36.0
subtotal - Impact of Certain Items on operating expenses	<u>(562,468)</u>	<u>(146,508)</u>	<u>(415,959)</u>	<u>NM</u>
Operating expenses adjusted for certain items (Non-GAAP)	\$ 6,759,687	\$ 6,447,405	\$ 312,282	4.8 %
Operating Income (GAAP)	\$ 1,229,362	\$ 1,587,122	\$ (357,760)	-22.5 %
Impact of Certain Items on operating income	562,468	146,508	415,959	NM
Operating income adjusted for certain items (Non-GAAP)	\$ 1,791,830	\$ 1,733,630	\$ 58,200	3.4 %
Interest Expense (GAAP)	\$ 254,807	\$ 123,741	\$ 131,066	105.9 %
Impact of US Foods financing costs	(138,422)	(6,790)	(131,632)	NM
Adjusted Interest Expense (Non-GAAP)	\$ 116,385	\$ 116,951	\$ (566)	-0.5 %
Net earnings (GAAP) (1)	\$ 686,773	\$ 931,533	\$ (244,760)	-26.3 %
Impact of MEPP charge (net of tax)	-	916	(916)	NM
Impact of severance charge (net of tax)	3,302	4,546	(1,244)	-27.4
Impact of US Foods merger and integration planning costs (net of tax)	327,149	57,176	269,973	NM
Impact of change in estimate of self insurance (net of tax)	-	15,050	(15,050)	NM
Impact of contingency accrual (net of applicable tax)	-	18,156	(18,156)	NM
Impact of facility closure charges (net of tax)	1,299	2,173	(874)	-40.2
Impact of US Foods Financing Costs (net of tax)	81,643	4,286	77,357	NM
subtotal - Impact of Certain Items on net earnings	<u>413,393</u>	<u>102,303</u>	<u>311,090</u>	<u>NM</u>
Net earnings adjusted for certain items (Non-GAAP) (1)	\$ 1,100,166	\$ 1,033,836	\$ 66,330	6.4 %
Diluted earnings per share (GAAP) (1)	\$ 1.15	\$ 1.58	\$ (0.43)	-27.2 %
Impact of severance charge	0.01	0.01	-	-
Impact of US Foods merger and integration planning costs	0.55	0.10	0.45	NM
Impact of change in estimate of self insurance	-	0.03	(0.03)	NM
Impact of contingency accrual	-	0.03	(0.03)	NM
Impact of US Foods Financing Costs	0.14	0.01	0.13	NM
Diluted EPS adjusted for certain items (Non-GAAP) (1) (2)	\$ 1.84	\$ 1.75	\$ 0.09	5.1 %
Diluted shares outstanding	596,849,034	590,216,220		

⁽¹⁾ The net earnings and diluted earnings per share impacts are shown net of tax. Tax impact of adjustments for Certain Items was \$287,497 and \$55,844 for the 52-week periods ended June 27, 2015 and June 28, 2014, respectively. Amounts are calculated by multiplying the pretax impact of each Certain Item by the statutory rates in effect for each jurisdiction. In FY14, the impact of the charge from a contingency accrual contained an estimated non-deductible portion.

⁽²⁾ Individual components of diluted earnings per share may not add to the total presented due to rounding. Total diluted earnings per share is calculated using adjusted net earnings for certain items divided by diluted shares outstanding.

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Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Free Cash Flow and Adjusted Free Cash Flow
(In Thousands)

Free cash flow represents net cash provided from operating activities less purchases of plant and equipment and includes proceeds from sales of plant and equipment. Adjusted free cash flow adjusts out the cash impact of our Certain Items representing primarily payments for integration planning, litigation and termination costs in connection with the merger that had been proposed with US Foods, interest payments on debt we had issued in connection with the proposed merger, and a payment for a contingency accrual that arose in fiscal 2014. It also adjusts for a contribution to our retirement plan, which creates a year over year variance from timing. We made a \$50 million contribution to our qualified pension plan in fiscal 2015, while there was no contribution to this plan in fiscal 2014 due to its funding in the fourth quarter of fiscal 2013. Sysco considers free cash flow and adjusted free cash flow to be liquidity measures that provide useful information to management and investors about the amount of cash generated by the business after the purchases and sales of buildings, fleet, equipment and technology, which may potentially be used to pay for, among other things, strategic uses of cash including dividend payments, share repurchases and acquisitions. Adjusted free cash flow further provides the amount of cash generated excluding larger payments sometimes incurred with our Certain Items and timing of pension contributions. However, free cash flow may not be available for discretionary expenditures, as it may be necessary that we use it to make mandatory debt service or other payments. Free cash flow and adjusted free cash flow should not be used as a substitute in assessing the company's liquidity for the periods presented. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. In the table that follows, free cash flow and adjusted free cash flow for each period presented are reconciled to net cash provided by operating activities.

	52-Week Period Ended Jun. 27, 2015	52-Week Period Ended Jun. 28, 2014	52-Week Period Change in Dollars	52-Week Period % Change
Net cash provided by operating activities (GAAP)	\$ 1,555,484	\$ 1,492,815	\$ 62,669	4.2 %
Additions to plant and equipment	(542,830)	(523,206)	(19,624)	-3.8
Proceeds from sales of plant and equipment	24,472	25,790	(1,318)	-5.1
Free Cash Flow (Non-GAAP)	\$ 1,037,126	\$ 995,399	\$ 41,727	4.2 %
Cash impact of Certain Items	230,837	81,888	148,949	NM
Timing impact of pension contribution	50,000	-	50,000	NM
Adjusted Free Cash Flow (Non-GAAP)	\$ 1,317,963	\$ 1,077,287	\$ 240,676	22.3 %

Adjustments represent the cash impact of Certain Items. Adjustments for the first 52 weeks of fiscal 2015 include \$159.2 million related to integration planning, litigation costs and termination costs in connection with the merger that had been proposed with US Foods, interest payments of \$49.8 million related to the debt that had been issued for the proposed merger and \$17.2 million related to the payment of a contingency accrual that arose in fiscal 2014 that was considered a Certain Item in fiscal 2014 and \$5.7 million for all remaining applicable Certain Items. Adjustments for fiscal 2014 include \$48.0 million related to US Foods merger integration planning costs, \$25.6 million related to a payment for withdrawal from a multiemployer plan, and \$8.1 million for all remaining applicable Certain Items. These amounts will differ from the earnings impact of Certain Items; as the timing of payments for these items may occur in a different period from the period in which the Certain Item charges were recognized in the Statement of Consolidated Results of Operations.

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Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Cost per Case

Cost per case is an important metric management uses to measure our expense performance. This metric is calculated by taking the total operating expense of our North American Broadline companies, divided by the number of cases sold. Adjusted cost per case is calculated similarly; however, the operating expense component excludes charges from multiemployer pension plans and severance, which are the Certain Items applicable to these companies, divided by the number of cases sold. Our corporate expenses are not included in the cost per cases metrics because the metric is a measure of efficiency in our operations. We seek to grow our sales and either minimize or reduce our costs on a per case basis. Our North American Broadline companies represent approximately 80% of our total sales and 80% of our total operating expenses prior to corporate expenses. Our cost per case is also impacted by foreign exchange rates. The U.S. dollar strengthening in fiscal 2015, had the impact of lowering our cost per case results, making improvements look more extensive than actual results would suggest prior to translating Canadian cost per case results. Sysco considers adjusted cost per case to be a measure that provides useful information to management and investors about Sysco's expense management. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. In the table that follows, the change in adjusted cost per case is reconciled to cost per case for the fourth quarter of fiscal 2015 as compared to the fourth quarter of fiscal 2014 and fiscal 2015 compared to fiscal 2014.

	13-Week Period Change	52-Week Period Change
(Decrease) increase in cost per case	\$ (0.07)	\$ 0.04
Impact of Certain Items ⁽¹⁾	-	-
(Decrease) increase in adjusted cost per case (Non-GAAP basis)	\$ (0.07)	\$ 0.04
Impact of foreign exchange rates	0.06	0.05
(Decrease) increase in adjusted cost per case (Non-GAAP basis)	\$ (0.01)	\$ 0.09

⁽¹⁾ The impact of Certain Items excludes severance charges that were applicable in both periods.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Return on Invested Capital (ROIC) and Adjusted ROIC
(In Thousands)

We calculate ROIC as net earnings divided by (i) stockholder's equity, computed as the average of adjusted stockholders' equity at the beginning of the year and at the end of each fiscal quarter during the year; and (ii) long-term debt, computed as the average of the long-term debt at the beginning of the year and at the end of each fiscal quarter during the year. All components of our ROIC calculation are impacted by Certain Items. As a result, in the non-GAAP reconciliation below for fiscal 2015 and 2014, adjusted total invested capital is computed as the sum of (i) adjusted stockholder's equity, computed as the average of adjusted stockholders' equity at the beginning of the year and at the end of each fiscal quarter during the year; and (ii) adjusted long-term debt, computed as the average of the adjusted long-term debt at the beginning of the year and at the end of each fiscal quarter during the year. Sysco considers adjusted ROIC to be a measure that provides useful information to management and investors in evaluating the efficiency and effectiveness of the company's long-term capital investments, and we currently use ROIC as a performance criteria in our management incentive programs. It is possible that a different definition of ROIC may be used by other companies since it can be defined differently. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. In the table that follows, Adjusted ROIC for each period presented is to a GAAP based calculation of ROIC.

	<u>Fiscal 2015</u>	<u>Fiscal 2014</u>	<u>Increase (Decrease)</u>
Net earnings (GAAP)	\$ 686,773	\$ 931,533	
Impact of Certain Items on net earnings	413,393	102,303	
Adjusted net earnings (Non-GAAP)	<u>\$ 1,100,166</u>	<u>\$ 1,033,836</u>	
Invested Capital (GAAP)	\$ 10,985,527	\$ 8,247,977	
Adjustments to invested capital ⁽¹⁾	(2,565,346)	89,571	
Adjusted Invested capital (GAAP)	<u>\$ 8,420,181</u>	<u>\$ 8,337,547</u>	
Return on investment capital (GAAP)	6.3%	11.3%	-5.0%
Return on investment capital (Non-GAAP)	13.1%	12.4%	0.7%

⁽¹⁾ Adjustments to invested capital includes the removal of excess cash obtained from debt incurred for the US Foods merger that had been proposed and the debt issuance costs and hedge settlement borrowings that would not have been borrowed absent this merger-related debt. Shareholder's equity adjustments include the impact of Certain Items from earnings and removal of foreign currency translation adjustments that arose in each respective fiscal year.