Sysco
First Quarter Fiscal 2014 Earnings Results

November 4, 2013

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Forward-Looking Statements

Statements made in this presentation or the accompanying earnings call that look forward in time or that express management's beliefs, expectations or hopes are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements reflect the views of management at the time such statements are made and are subject to a number of risks, uncertainties, estimates, and assumptions that may cause actual results to differ materially from current expectations. These statements include our plans and expectations related to and the benefits and expected timing of our business transformation initiatives, and expectations regarding our performance in fiscal 2014. These statements also include our expectations regarding business transformation expenses, retirement-related expenses, free cash flow, capital expenditures, and the impact of the recent government shutdown and debt ceiling debate. The success of our business transformation initiatives and our expectations regarding our fiscal 2014 performance are subject to the general risks associated with our business, including the risks of interruption of supplies due to lack of long-term contracts, severe weather, crop conditions, work stoppages, intense competition, technology disruptions, dependence on large regional and national customers, inflation risks, the impact of fuel prices, adverse publicity, and labor issues. Risks and uncertainties also include risks impacting the economy generally, including the risks that the current general economic conditions will deteriorate, or that consumer confidence in the economy may not increase and decreases in consumer spending, particularly on food-away-from-home, may not reverse. The recent government shutdown and related debt ceiling debate may have a greater impact on the foodservice industry than currently expected. Our ability to meet our long-term strategic objectives to grow the profitability of our business depends largely on the success of our Business Transformation Project. The risk exists that the project and its various components may not provide the expected benefits in our anticipated time frame, if at all, and may prove costlier than expected. Also, there are other risks related to our project, including that the actual costs of the ERP system may be greater or less than currently expected because we have encountered, and may continue to encounter, the need for changes in design or revisions of the project calendar and budget, including the incurrence of expenses at an earlier or later time than currently anticipated; the risk that our business and results of operations may be adversely affected if we experience continued delays in deployment, additional operating problems, cost overages or limitations on the extent of the business transformation during the ERP implementation process; and the risk of adverse effects to our business, results of operations and liquidity if the ERP system, and the associated process changes, do not prove to be cost effective or do not result in the cost savings and other benefits at the levels that we anticipate. In fiscal 2013, we delayed the deployment of certain components of our ERP system so that we could address certain areas of improvement. During the first quarter of fiscal 2014, we deployed system improvements to our locations that are utilizing the ERP system, and have recently deployed the system to an additional location. Planned deployments in the coming quarters are dependent upon favorable performance of the ERP system at the current locations. We may experience delays, cost overages or operating problems when we deploy the system on a larger scale. Our plans related to and the timing of the implementation of the ERP system, as well as the cost transformation and category management initiatives, are subject to change at any time based on management's subjective evaluation of our overall business needs. We may fail to realize anticipated benefits, particularly expected cost savings, from our cost transformation initiative. If we are unable to realize the anticipated benefits from our cost cutting efforts, we could become cost disadvantaged in the marketplace, and our competitiveness and our profitability could decrease. We may also fail to realize the full anticipated benefits of our category management initiative, and may be unable to successfully execute the category management initiative in our anticipated timeline. Capital expenditures may vary from those projected based on changes in business plans and other factors, including risks related to the implementation of our business transformation initiatives and our regional distribution centers, the timing and successful completions of acquisitions, construction schedules and the possibility that other cash requirements could result in delays or cancellations of capital spending. Free cash flow in fiscal 2014 may be lower than expected if we do not realize the anticipated benefits from our initiatives to improve working capital performance. We may not realize the benefits of acquisitions as soon as expected, if at all, and the successful integration of acquisitions into our business may not occur or may require the expenditure of additional resources. Potential acquisitions may not close, or may be delayed, because of factors beyond our control, including the need for regulatory approvals. Fuel expense may vary from projections based on fluctuations in fuel costs, which are impacted by general economic conditions beyond our control. In the past, increased fuel prices have significantly increased our costs and reduced consumers' demand for meals served away from home. We may be required to pay material amounts under our multiemployer defined benefit pension plans, and our funding requirements for our company-sponsored qualified pension plans may increase should financial markets experience future declines. For a discussion of additional factors impacting Sysco's business, see the Company's Annual Report on Form 10-K for the year ended June 29, 2013, as filed with the Securities and Exchange Commission, and the Company's subsequent filings with the SEC. Sysco does not undertake to update its forward-looking statements.

1Q14 Highlights

	Reported		Adjusted for Certain Items Results[1]		Adjusted for Underlying Business Results[1]	
$ Millions, except share data	1Q14	YOY % Change	1Q14	YOY % Change	1Q14	YOY % Change
Sales	$11,714	5.7%	$11,714	5.7%	$11,714	5.7%
Gross Profit	$2,065	1.8%	$2,065	1.8%	$2,065	1.8%
Operating Expenses	$1,587	2.3%	$1,584	2.6%	$1,518	3.5%
Operating Income	$478	(0.1%)	$481	(0.9%)	$548	(2.7%)
Net Earnings	$286	(0.4%)	$287	(1.1%)	$329	(3.1%)
Diluted EPS	$0.48	(2.0%)	$0.49	0.0%	$0.56	(3.4%)

[1] See Non-GAAP reconciliations at the end of this presentation.

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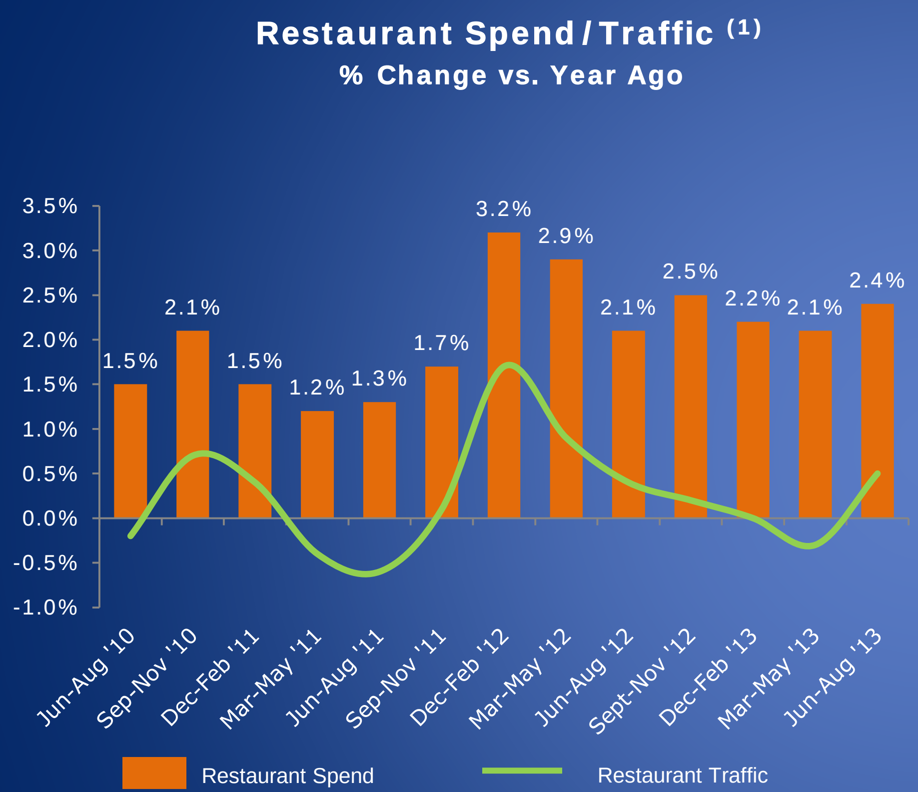
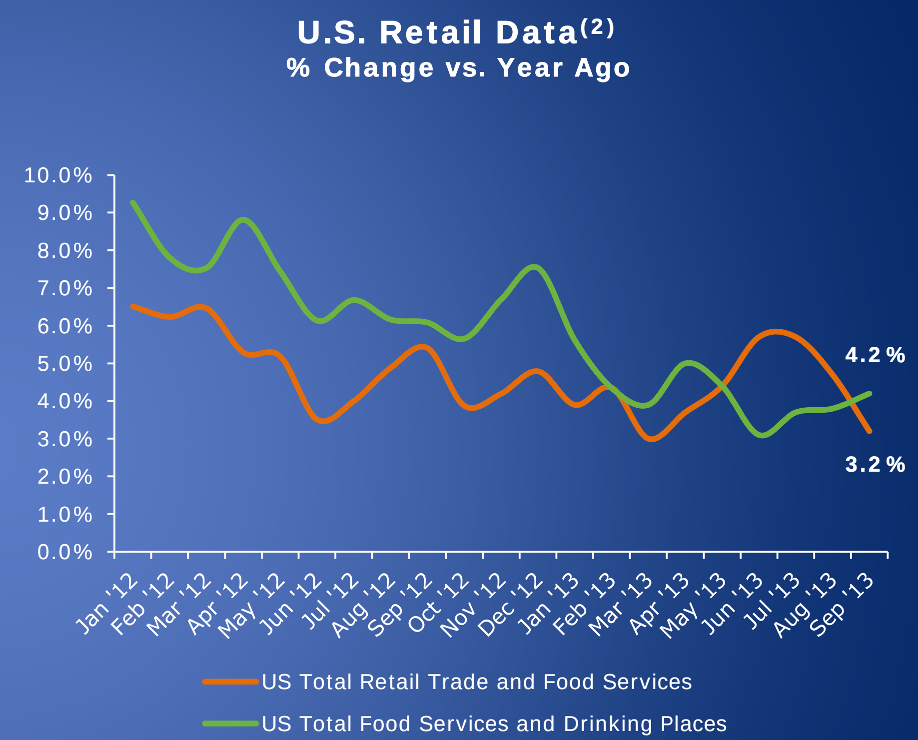
Foodservice Sales Remain Modest; Traffic Improves





Traffic improvements driven entirely by QSR restaurants; casual dining remains under pressure with negative traffic comparisons

1) Source: NPD Crest
2) Source: U.S. Dept. of Commerce

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Progress on Business Transformation Technology Initiatives

- During the quarter, we installed a major technology update impacting all five of the SAP-enabled companies
  - Performance and stability have significantly improved
- These enhancements give us the confidence to go-live at our Boise, Idaho facility next weekend
- We will assess Boise's performance following conversion
  - Additional conversions planned for early calendar 2014

Progress on Category Management Initiatives

- Conversion rates and product cost savings are generally in line with expectations

- We continue to improve our conversion process to provide our customers a more rewarding experience

- Pilot wave represents approximately $1 billion in spend and four categories
  - Wave 1 represents approximately $4 billion in spend, and 12 different categories of products
  - Wave 2 expected to launch during 2H14

We remain confident in both the benefits that category management will provide our customers and the savings we will realize

Key Takeaways

- We are focused on
  - Creating greater value for our customers,
  - Delivering our annual business plan, and
  - Driving transformational change within our company
- Expect financial results in FY14 to be improved compared to FY13
  - Improvement weighted toward second half of FY14
- Strong execution is paramount to providing best-in-class customer service and meeting our FY14 financial objectives

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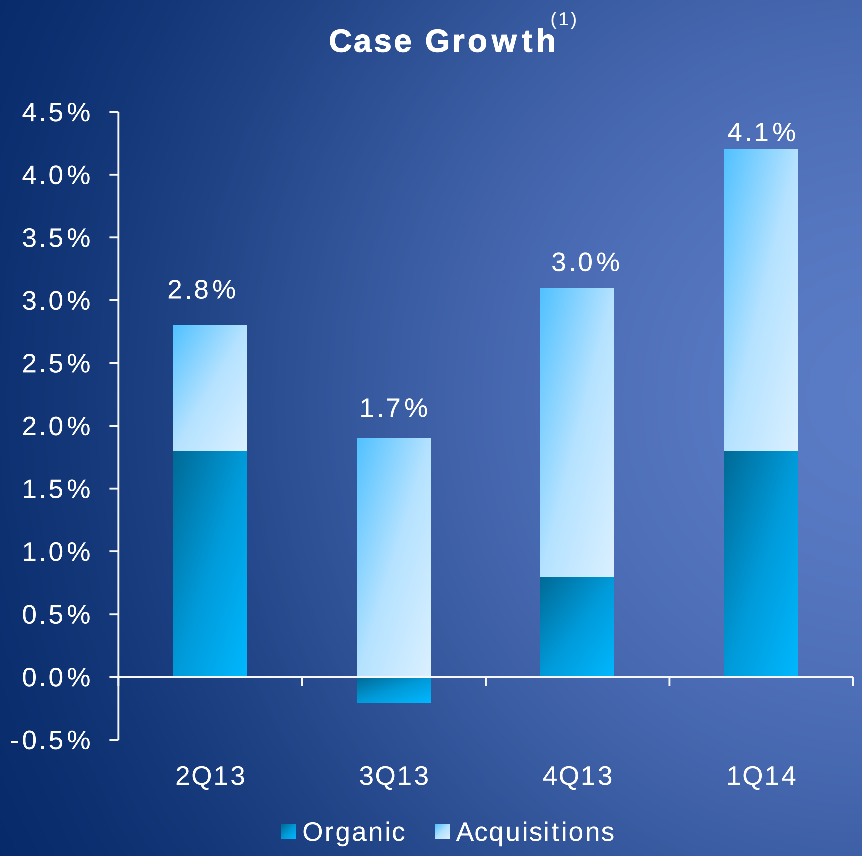
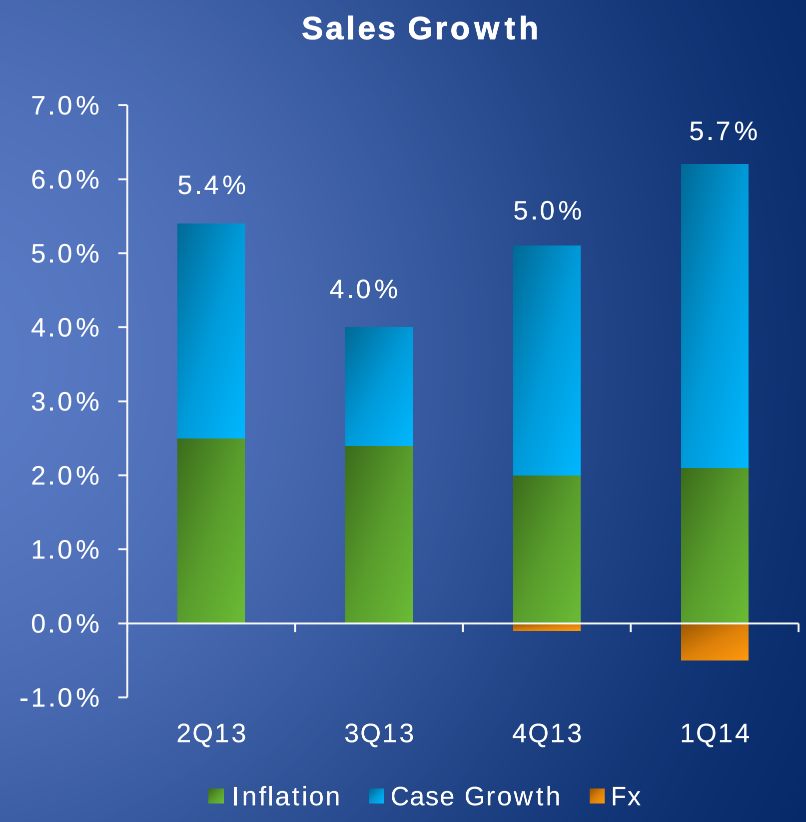
Case Growth Drives Sales Growth

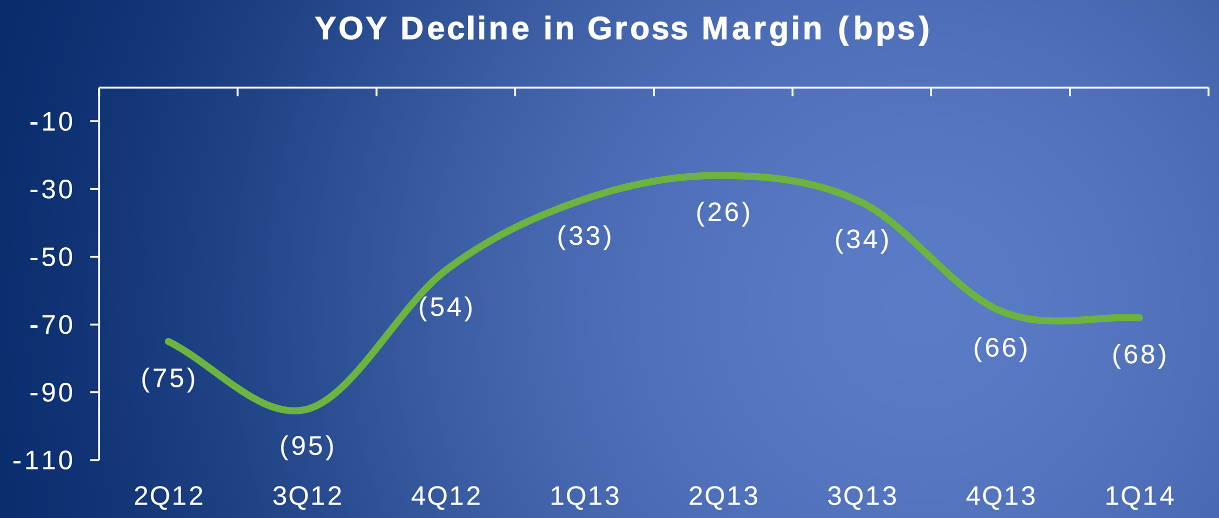




(1) – Includes Broadline and SYGMA

Gross Margin Pressure Persists

($ in millions)



Customer mix has negatively impacted our gross margin due to:

- Increased sales in our lower gross margin corporate-managed business
- Softer sales in our higher gross margin local business

Retirement-Related Expenses Will Decline in FY14

(in millions)	Year-over-Year Variance H (L)				
	Q114	**Q214**	**Q314**	**Q414**	**FY14**
Pension & other	(32)	(31)	(29)	(29)	(121)
401(k) & other	23	23-28	7-11	2-7	61-71
Underlying retirement-related expense	(9)	(3-8)	(18-22)	(22-27)	(50-60)
Certain items	1	(12)	(5)	(3)	(20)
Total retirement-related expenses	(9)	(15-20)	(23-27)	(25-30)	(75-85)

Note: Totals may not foot due to rounding

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Business Transformation Project Costs

(in millions)	1Q14	1Q13	FY14 Guidance
Operating expense	$67	$78	$300 - $350 Million
Capital investment	$4	$8	$5 - $20 Million

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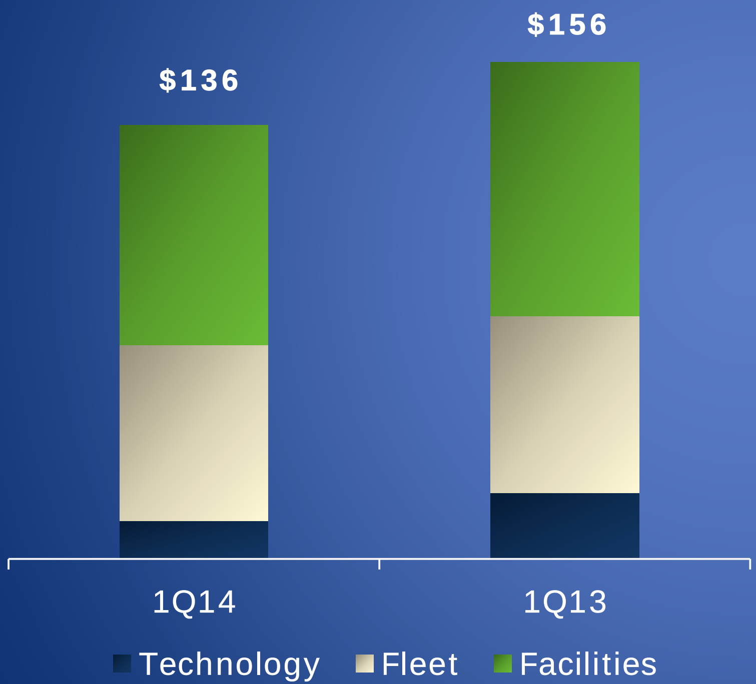
Free Cash Flow Performance

$ Millions	1Q14	1Q13
Cash flow from operations	$169	$213
Capital expenditures	(136)	(156)
Proceeds from asset sales	11	1
Free cash flow	$44	$59
Dividends paid	$164	$158

Note: Totals may not foot due to rounding

Capital Expenditures

($ millions)



The decline in capex is driven by:

- A decrease in business transformation capital spend

And

- A reduction in the number of major facilities projects this year

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Non-GAAP Reconciliations

1Q14 Non-GAAP Reconciliations

Sysco's results of operations are impacted by certain items which include charges from restructuring our executive retirement plans, severance charges and charges from facility closures. Management believes that adjusting its operating expenses, operating income, net earnings and diluted earnings per share to remove these certain items provides an important perspective with respect to our results and provides meaningful supplemental information to both management and investors that removes these items which are difficult to predict and are often unanticipated, and which, as a result are difficult to include in analyst's financial models and our investors' expectations with any degree of specificity. Sysco believes the adjusted totals facilitate comparison on a year-over-year basis.

Sysco's results of operations are further impacted by costs from our multi-year Business Transformation Project. Management believes that further adjusting its operating expenses, operating income, net earnings and diluted earnings per share to remove the impact of the Business Transformation Project expenses provides an important perspective with respect to 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 comparison 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 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. Each period has been further adjusted to remove expenses related to the Business Transformation Project.

1Q14 Non-GAAP Reconciliation

	13-Week Period Ended Sep. 28, 2013	13-Week Period Ended Sep. 29, 2012	13-Week Period Change in Dollars	13-Week Period % Change
Operating expenses (GAAP)	$ 1,587,289	$ 1,551,013	$ 36,276	2.3%
Impact of Restructuring Executive Retirement Plans	(516)	-	(516)	NM
Impact of Severance charges	(1,582)	(6,077)	4,495	-74.0
Impact of Facility Closure charges	(739)	(388)	(351)	90.5
Operating expenses adjusted for certain items (Non-GAAP)	$ 1,584,452	$ 1,544,548	$ 39,904	2.6%
Impact of Business Transformation Project costs	(66,628)	(77,682)	11,054	-14.2
Adjusted operating expenses underlying bus. (Non-GAAP)	$ 1,517,824	$ 1,466,866	$ 50,958	3.5%
Operating Income (GAAP)	$ 478,198	$ 478,782	$ (584)	-0.1%
Impact of Restructuring Executive Retirement Plans	516	-	516	NM
Impact of Severance charges	1,582	6,077	(4,495)	-74.0
Impact of Facility Closure charges	739	388	351	90.5
Operating income adjusted for certain items (Non-GAAP)	$ 481,035	$ 485,247	$ (4,212)	-0.9%
Impact of Business Transformation Project costs	66,628	77,682	(11,054)	-14.2
Adjusted operating income underlying bus. (Non-GAAP)	$ 547,663	$ 562,929	$ (15,266)	-2.7%
Net earnings (GAAP)	$ 285,590	$ 286,598	$ (1,008)	-0.4%
Impact of Restructuring Executive Retirement Plans (net of tax)	326	-	326	NM
Impact of Severance charges (net of tax)	999	3,867	(2,868)	-74.2
Impact of Facility Closure charges (net of tax)	467	247	220	89.1
Net earnings adjusted for certain items (Non-GAAP)	$ 287,382	$ 290,712	$ (3,330)	-1.1%
Impact of Business Transformation Project costs (net of tax)	42,079	49,432	(7,353)	-14.9
Adjusted net earnings underlying business (Non-GAAP) (1)	$ 329,461	$ 340,144	$ (10,683)	-3.1%
Diluted earnings per share (GAAP)	$ 0.48	$ 0.49	$ (0.01)	-2.0%
Impact of Restructuring Executive Retirement Plans	-	-	-	0.0
Impact of Severance charges	-	0.01	(0.01)	-100.0
Impact of Facility Closure charges	-	-	-	0.0
Diluted EPS adjusted for certain items (Non-GAAP) (2)	$ 0.49	$ 0.49	$ -	0.0%
Impact of Business Transformation Project costs	0.07	0.08	(0.01)	-12.5
Adjusted diluted EPS underlying business (Non-GAAP) (2)	$ 0.56	$ 0.58	$ (0.02)	-3.4%
Diluted shares outstanding	591,458,948	589,838,819		

(1) Tax impact of adjustments for executive retirement plans restructuring, MEPP charge, severance charges, charges from facility closures and Business Transformation expenses was $25,594 and $30,602 for the 13-week periods ended September 28, 2013 and September 29, 2012, respectively. Amounts are calculated by multiplying the operating income impact of each item by each quarter's effective tax rate.

(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 and adjusted net earnings - underlying business, both divided by diluted shares outstanding.

NM represents that the percentage change is not meaningful

1Q14 Non-GAAP Reconciliation

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

Impact of Acquired Operations on Operating Expenses
(In Thousands, Except for Share and Per Share Data)

Sysco's operating expenses in the first quarter of fiscal 2014 contain expenses from acquired companies that were not a part of Sysco for all or a portion of the first quarter of fiscal 2013. As a result, the increase in Sysco's operating expenses has been significantly impacted by these acquired companies. Management believes that adjusting its operating expenses to remove these expenses provides an important perspective of operating expense management that provides meaningful supplemental information to both management and investors. Sysco believes the adjusted operating expense facilitates comparison on a year-over-year basis.

	13-Week Period Ended Sep. 28, 2013	13-Week Period Ended Sep. 29, 2012	13-Week Period Change in Dollars	13-Week Period % Change
Operating expenses (GAAP)	$ 1,587,289	$ 1,551,013	$ 36,276	2.3%
Operating expenses of acquired operations	(35,497)	-	(35,497)	NM
Adjusted operating expenses (Non-GAAP)	$ 1,551,792	$ 1,551,013	$ 779	0.1%

Non-GAAP Reconciliation (Unaudited)
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. Sysco considers free cash flow to be a liquidity measure that provides 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. We do not mean to imply that free cash flow is necessarily available for discretionary expenditures, however, as it may be necessary that we use it to make mandatory debt service or other payments. 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 for each period presented is reconciled to net cash provided by operating activities.

	13-Week Period Ended Sep. 28, 2013	13-Week Period Ended Sep. 29, 2012	13-Week Period Change in Dollars	13-Week Period % Change
Net cash provided by operating activities (GAAP)	$ 169,229	$ 213,201	$ (43,972)	-20.6%
Additions to plant and equipment	(135,749)	(155,673)	19,924	12.8
Proceeds from sales of plant and equipment	10,573	1,393	9,180	659.0
Free Cash Flow (Non-GAAP)	$ 44,053	$ 58,921	$ (14,868)	-25.2%