

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Special Items and Underlying Business
(In Thousands, Except for Share and Per Share Data)

Sysco's results of operations are impacted by charges from the withdrawal from multiemployer pension plans, restructuring charges and recognized tax benefits. These are referred to as special items. Management believes that adjusting its operating expenses, operating income, net earnings and diluted earnings per share to remove these special 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 do not occur as frequently and are often unanticipated. 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 and gains from our COLI policies. Near the end of fiscal 2011, we reallocated all of our investments in our COLI policies into low-risk, fixed-income securities and therefore we do not expect significant volatility in operating expenses, operating income, net earnings and diluted earnings per share in future periods related to these policies. We experienced significant gains in these policies during fiscal 2011 with the exception of the fourth quarter of fiscal 2011. 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 and COLI gains 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 special items noted above. Each period has been further adjusted to remove expenses related to the Business Transformation Project and gains recorded on the adjustments to the carrying value of COLI policies.

	13-Week Period Ended June 30, 2012	13-Week Period Ended July 2, 2011	13-Week Period Change in Dollars	13-Week Period % Change
Operating expenses (GAAP)	\$ 1,496,247	\$ 1,393,642	\$ 102,605	7.4 %
Impact of MEPP charge	(16,682)	-	(16,682)	
Impact of restructuring charge	(6,415)	-	(6,415)	
Adjusted operating expenses for special items (Non-GAAP)	\$ 1,473,150	\$ 1,393,642	\$ 79,508	5.7 %
Impact of Business Transformation Project costs	(70,287)	(32,677)	(37,610)	115.1
Impact of COLI	1,070	(1,310)	2,380	
Adjusted operating expenses - underlying business (Non-GAAP)	\$ 1,403,933	\$ 1,359,655	\$ 44,278	3.3 %
Operating Income (GAAP)	\$ 515,464	\$ 560,750	\$ (45,286)	-8.1 %
Impact of MEPP charge	16,682	-	16,682	
Impact of restructuring charge	6,415	-	6,415	
Adjusted operating income for special items (Non-GAAP)	\$ 538,561	\$ 560,750	\$ (22,189)	-4.0 %
Impact of Business Transformation Project costs	70,287	32,677	37,610	115.1
Impact of COLI	(1,070)	1,310	(2,380)	
Adjusted operating income - underlying business (Non-GAAP)	\$ 607,778	\$ 594,737	\$ 13,041	2.2 %
Net earnings (GAAP)	\$ 309,269	\$ 336,310	\$ (27,041)	-8.0 %
Impact of MEPP charge (net of tax) ⁽¹⁾	10,541	-	10,541	
Impact of restructuring charge (net of tax) ⁽¹⁾	4,053	-	4,053	
Impact of tax benefits	-	(4,032)	4,032	
Adjusted net earnings for special items (Non-GAAP)	\$ 323,863	\$ 332,278	\$ (8,415)	-2.5
Impact of Business Transformation Project costs (net of tax) ⁽¹⁾	44,412	20,544	23,868	
Impact of COLI	(1,070)	1,310	(2,380)	
Adjusted net earnings - underlying business (Non-GAAP)	\$ 367,205	\$ 354,132	\$ 13,073	3.7 %
Diluted earnings per share (GAAP)	\$ 0.53	\$ 0.57	\$ (0.04)	-7.0 %
Impact of MEPP charge ⁽²⁾	0.02	-	0.02	
Impact of restructuring charge ⁽²⁾	0.01	-	0.01	
Impact of tax benefits ⁽²⁾	-	(0.01)	0.01	
Adjusted diluted EPS for special items (Non-GAAP)	\$ 0.55	\$ 0.56	\$ (0.01)	-1.8
Impact of Business Transformation Project costs ⁽²⁾	0.07	0.03	0.04	133.3
Impact of COLI ⁽²⁾	0.00	(0.00)	0.00	
Adjusted diluted EPS - underlying business (Non-GAAP)	\$ 0.62	\$ 0.60	\$ 0.02	3.3 %

Diluted shares outstanding 588,268,439 591,130,594

⁽¹⁾ Tax impact of adjustments for Business Transformation, Multiemployer Pension Plan and Restructuring expenses was \$34,378 and \$12,133 for the 13-week periods ended June 30, 2012 and July 2, 2011, respectively.

⁽²⁾ Individual components of diluted earnings per share may not sum to the total adjusted diluted earnings per share due to rounding.

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	52-Week Period Ended June 30, 2012	52-Week Period Ended July 2, 2011	52-Week Period Change in Dollars	52-Week Period % Change
Operating expenses (GAAP)	\$ 5,785,945	\$ 5,463,210	\$ 322,735	5.9 %
Impact of MEPP charge	(21,899)	(41,544)	19,645	-47.3
Impact of restructuring charge	(6,415)	-	(6,415)	
Adjusted operating expenses for special items (Non-GAAP)	\$ 5,757,631	\$ 5,421,666	\$ 335,965	6.2 %
Impact of Business Transformation Project costs	(193,126)	(102,623)	(90,503)	88.2
Impact of COLI	3,721	28,197	(24,476)	-86.8
Adjusted operating expenses - underlying business (Non-GAAP)	\$ 5,568,226	\$ 5,347,240	\$ 220,986	4.1 %
Operating Income (GAAP)	\$ 1,890,632	\$ 1,931,502	\$ (40,870)	-2.1 %
Impact of MEPP charge	21,899	41,544	(19,645)	-47.3
Impact of restructuring charge	6,415	-	6,415	
Adjusted operating income for special items (Non-GAAP)	\$ 1,918,946	\$ 1,973,046	\$ (54,100)	-2.7 %
Impact of Business Transformation Project costs	193,126	102,623	90,503	88.2
Impact of COLI	(3,721)	(28,197)	24,476	-86.8
Adjusted operating income - underlying business (Non-GAAP)	\$ 2,108,351	\$ 2,047,472	\$ 60,879	3.0 %
Net earnings (GAAP)	\$ 1,121,585	\$ 1,152,030	\$ (30,445)	-2.6 %
Impact of MEPP charge (net of tax) ⁽¹⁾	13,768	26,189	(12,421)	-47.4
Impact of restructuring charge (net of tax) ⁽¹⁾	4,033	-	4,033	
Impact of tax benefits	-	(14,032)	14,032	
Adjusted net earnings for special items (Non-GAAP)	\$ 1,139,386	\$ 1,164,187	\$ (24,801)	-2.1
Impact of Business Transformation Project costs (net of tax) ⁽¹⁾	121,416	64,694	56,722	87.7
Impact of COLI	(3,721)	(28,197)	24,476	-86.8
Adjusted net earnings - underlying business (Non-GAAP)	\$ 1,257,081	\$ 1,200,684	\$ 56,397	4.7 %
Diluted earnings per share (GAAP)	\$ 1.90	\$ 1.96	\$ (0.06)	-3.1 %
Impact of MEPP charge ⁽²⁾	0.02	0.04	(0.02)	-50.0
Impact of restructuring charge ⁽²⁾	0.01	-	0.01	
Impact of tax benefits ⁽²⁾	-	(0.02)	0.02	
Adjusted diluted EPS for special items (Non-GAAP)	\$ 1.93	\$ 1.98	\$ (0.05)	-2.5
Impact of Business Transformation Project costs ⁽²⁾	0.21	0.11	0.10	90.9
Impact of COLI ⁽²⁾	(0.01)	(0.05)	0.04	
Adjusted diluted EPS - underlying business (Non-GAAP)	\$ 2.13	\$ 2.04	\$ 0.09	4.4 %
Diluted shares outstanding	588,991,441	588,691,546		

⁽¹⁾ Tax impact of adjustments for Business Transformation, Multiemployer Pension Plan and Restructuring expenses was \$82,223 and \$53,284 for the 52-week periods ended June 30, 2012 and July 2, 2011, respectively.

⁽²⁾ Individual components of diluted earnings per share may not sum to the total adjusted diluted earnings per share due to rounding.
