

**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 which include multiemployer withdrawal charges (MEPP), severance charges, US Foods merger and integration planning costs, charges from facility closures, US Foods related financing costs and a change in estimate of self-insurance specific to fiscal 2014, (collectively referred to as "Certain Items"). Management believes that adjusting its operating expenses, operating income, interest expense, 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. 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 and the calculation of operating margin is provided.

	<b>13-Week Period Ended Dec. 27, 2014</b>	<b>13-Week Period Ended Dec. 28, 2013</b>	<b>13-Week Period Change in Dollars</b>	<b>13-Week Period % Change</b>
<b>Operating expenses (GAAP)</b>	\$ 1,769,690	\$ 1,613,174	\$ 156,516	9.7 %
Impact of MEPP charge	-	(1,451)	1,451	-100.0
Impact of severance charges	(1,738)	(2,014)	276	-13.7
Impact of US Foods merger and integration planning costs	(78,019)	(4,352)	(73,667)	1,692.7
Impact of change in estimate of self insurance	-	(23,841)	23,841	-100.0
Impact of facility closure charges	(1,052)	(736)	(316)	42.9
<b>Operating expenses adjusted for certain items (Non-GAAP)</b>	\$ 1,688,881	\$ 1,580,780	\$ 108,101	6.8 %
<b>Operating Income (GAAP)</b>	\$ 315,446	\$ 351,777	\$ (36,331)	-10.3 %
Impact of MEPP charge	-	1,451	(1,451)	-100.0
Impact of severance charge	1,738	2,014	(276)	-13.7
Impact of US Foods merger and integration planning costs	78,019	4,352	73,667	1,692.7
Impact of change in estimate of self insurance	-	23,841	(23,841)	-100.0
Impact of facility closure charges	1,052	736	316	42.9
<b>Operating income adjusted for certain items (Non-GAAP)</b>	\$ 396,255	\$ 384,171	\$ 12,084	3.1 %
<b>Interest Expense (GAAP)</b>	\$ 77,042	\$ 29,784	\$ 47,258	158.7 %
Impact of US Foods financing costs	(52,057)	-	(52,057)	NM
<b>Adjusted Interest Expense (Non-GAAP)</b>	\$ 24,985	\$ 29,784	\$ (4,799)	-16.1 %
<b>Net earnings (GAAP) (1)</b>	\$ 157,979	\$ 210,835	\$ (52,856)	-25.1 %
Impact of MEPP charge	-	938	(938)	-100.0
Impact of severance charge	1,133	1,302	(169)	-13.0
Impact of US Foods merger and integration planning costs	50,876	2,813	48,063	1,708.6
Impact of change in estimate of self insurance	-	15,408	(15,408)	-100.0
Impact of facility closure charges	686	476	210	44.1
Impact of US Foods financing costs	33,946	-	33,946	NM
<b>Net earnings adjusted for certain items (Non-GAAP) (1)</b>	\$ 244,620	\$ 231,772	\$ 12,848	5.5 %
<b>Diluted earnings per share (GAAP) (1)</b>	\$ 0.27	\$ 0.36	\$ (0.09)	-25.0 %
Impact of MEPP charge	-	-	-	NM
Impact of severance charge	-	-	-	NM
Impact of US Foods merger and integration planning costs	0.09	-	0.09	NM
Impact of change in estimate of self insurance	-	0.03	(0.03)	-100.0
Impact of facility closure charges	-	-	-	NM
Impact of US Foods financing costs	0.06	-	0.06	NM
<b>Diluted EPS adjusted for certain items (Non-GAAP) (1) (2)</b>	\$ 0.41	\$ 0.39	\$ 0.02	5.1 %
Diluted shares outstanding	595,911,680	587,926,287		

<sup>(1)</sup> The net earnings and diluted earnings per share impacts are shown net of tax. Tax impact of adjustments for Certain Items was \$46,224 and \$11,457 for the 13-week periods ended December 27, 2014 and December 28, 2013, respectively. Amounts are calculated by multiplying the operating income impact of each item by each quarter's effective tax rate.

<sup>(2)</sup> 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

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)

	<u>26-Week</u>	<u>26-Week</u>	<u>26-Week</u>	<u>26-Week</u>
<b>Operating expenses (GAAP)</b>	\$ 3,492,795	\$ 3,200,463	\$ 292,332	9.1 %
Impact of MEPP charge	-	(1,451)	1,451	-100.0
Impact of severance charges	(3,542)	(3,596)	54	-1.5
Impact of US Foods merger and integration planning costs	(118,499)	(4,352)	(114,147)	2,622.9
Impact of change in estimate of self insurance	-	(23,841)	23,841	-100.0
Impact of facility closure charges	(2,203)	(1,475)	(728)	49.4
<b>Operating expenses adjusted for certain items (Non-GAAP)</b>	<u>\$ 3,368,551</u>	<u>\$ 3,165,748</u>	<u>\$ 202,803</u>	<u>6.4 %</u>
<b>Operating Income (GAAP)</b>	\$ 781,059	\$ 829,975	\$ (48,916)	-5.9 %
Impact of MEPP charge	-	1,451	(1,451)	-100.0
Impact of severance charge	3,542	3,596	(54)	-1.5
Impact of US Foods merger and integration planning costs	118,499	4,352	114,147	2,622.9
Impact of change in estimate of self insurance	-	23,841	(23,841)	-100.0
Impact of facility closure charges	2,203	1,475	728	49.4
<b>Operating income adjusted for certain items (Non-GAAP)</b>	<u>\$ 905,303</u>	<u>\$ 864,690</u>	<u>\$ 40,613</u>	<u>4.7 %</u>
<b>Interest Expense (GAAP)</b>	\$ 107,976	\$ 60,312	\$ 47,664	79.0 %
Impact of US Foods financing costs	(55,761)	-	(55,761)	NM
<b>Adjusted Interest Expense (Non-GAAP)</b>	<u>\$ 52,215</u>	<u>\$ 60,312</u>	<u>\$ (8,097)</u>	<u>-13.4 %</u>
<b>Net earnings (GAAP) (1)</b>	\$ 436,792	\$ 496,425	\$ (59,633)	-12.0 %
Impact of MEPP charge	-	924	(924)	-100.0
Impact of severance charge	2,299	2,292	7	0.3
Impact of US Foods merger and integration planning costs	76,901	2,775	74,126	2,671.2
Impact of change in estimate of self insurance	-	15,203	(15,203)	-100.0
Impact of facility closure charges	1,430	941	489	52.0
Impact of US Foods financing costs	36,187	-	36,187	NM
<b>Net earnings adjusted for certain items (Non-GAAP) (1)</b>	<u>\$ 553,609</u>	<u>\$ 518,560</u>	<u>\$ 35,049</u>	<u>6.8 %</u>
<b>Diluted earnings per share (GAAP) (1)</b>	\$ 0.73	\$ 0.84	\$ (0.11)	-13.1 %
Impact of MEPP charge	-	-	-	NM
Impact of severance charge	-	-	-	NM
Impact of US Foods merger and integration planning costs	0.13	-	0.13	NM
Impact of change in estimate of self insurance	-	0.03	(0.03)	NM
Impact of facility closure charges	-	-	-	NM
Impact of US Foods financing costs	0.06	-	0.06	NM
<b>Diluted EPS adjusted for certain items (Non-GAAP) (1) (2)</b>	<u>\$ 0.93</u>	<u>\$ 0.88</u>	<u>\$ 0.05</u>	<u>5.7 %</u>
Diluted shares outstanding	594,610,315	589,516,342		

<sup>(1)</sup> The net earnings and diluted earnings per share impacts are shown net of tax. Tax impact of adjustments for Certain Items was \$63,189 and \$12,576 for the 26-week periods ended December 27, 2014 and December 28, 2013, respectively. Amounts are calculated by multiplying the operating income impact of each item by each quarter's effective tax rate.

<sup>(2)</sup> 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

NM represents that the percentage change is not meaningful

**Sysco Corporation and its Consolidated Subsidiaries**  
**Non-GAAP Reconciliation (Unaudited)**  
**Adjusted Operating Margin**  
(In Thousands)

	<b>13-Week Period Ended Dec. 27, 2014</b>	<b>13-Week Period Ended Dec. 28, 2013</b>	<b>13-Week Period Change in Dollars</b>	<b>13-Week Period % Change</b>
<b>Sales (GAAP)</b>	\$ 12,087,074	\$ 11,237,969	\$ 849,105	7.6 %
<b>Operating Income (GAAP)</b>	\$ 315,446	\$ 351,777	\$ (36,331)	-10.3 %
Impact of MEPP charge	-	1,451	(1,451)	-100.0
Impact of severance charge	1,738	2,014	(276)	-13.7
Impact of US Foods merger and integration planning costs	78,019	4,352	73,667	1,692.7
Impact of change in estimate of self insurance	-	23,841	(23,841)	-100.0
Impact of facility closure charges	1,052	736	316	42.9
<b>Operating income adjusted for certain items (Non-GAAP)</b>	<b>\$ 396,255</b>	<b>\$ 384,171</b>	<b>\$ 12,084</b>	<b>3.1 %</b>
			<b>Change in basis points</b>	
<b>Operating Margin (GAAP)</b>	2.6%	3.1%	-0.52%	
<b>Adjusted Operating Margin (Non-GAAP)</b>	3.3%	3.4%	-0.14%	

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

(In Thousands)

Sysco's results of operations are impacted by Certain Items as noted in previous non-GAAP reconciliations. Our operating expenses are also impacted by the level of our management incentive accruals year over year. In the second quarter of fiscal 2014, we reduced certain management incentive accruals based on our performance versus our objectives at that time. In the second quarter of fiscal 2015, these same incentives are generally accrued at higher amounts, reflecting the impact of our recent performance. Management believes that adjusting its operating expenses to remove these increases as well as our 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.

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 Certain Items and the impact of the increase in management incentive accruals.

	<b>13-Week Period Ended Dec. 27, 2014</b>	<b>13-Week Period Ended Dec. 28, 2013</b>	<b>Increase in Dollars</b>	<b>13-Week Period % Change</b>
<b>Second quarter FY15 compared to Second Quarter FY14</b>				
<b>Increase in operating expenses (GAAP)</b>	\$ 1,769,690	\$ 1,613,174	\$ 156,516	9.7 %
Increase in Certain Items in operating expense	(80,809)	(32,394)	\$ (48,415)	149.5 %
<b>Increase in operating expenses adjusted for certain items (Non-GAAP)</b>	1,688,881	1,580,780	\$ 108,101	6.8 %
Impact of management incentive accruals	(50,950)	(9,615)	\$ (41,335)	429.9 %
<b>Increase in operating expenses adjusted for certain items and incentive accruals (Non-GAAP)</b>	\$ 1,637,931	\$ 1,571,165	\$ 66,766	4.2 %

**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 US Foods merger and integration planning costs and a payment for 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 the first 26 weeks of fiscal 2015, while there was no contribution to this plan in the first 26 weeks of 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. We do not mean to imply that free cash flow and adjusted free cash flow are 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 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.

	<b>26-Week Period Ended Dec. 27, 2014</b>	<b>26-Week Period Ended Dec. 28, 2013</b>	<b>26-Week Period Change in Dollars</b>	<b>26-Week Period % Change</b>
<b>Net cash provided by operating activities (GAAP)</b>	\$ 452,438	\$ 458,164	\$ (5,726)	-1.2 %
Additions to plant and equipment	(298,068)	(270,432)	(27,636)	-10.2 %
Proceeds from sales of plant and equipment	2,130	23,480	(21,350)	-90.9 %
<b>Free Cash Flow (Non-GAAP)</b>	\$ 156,500	\$ 211,212	\$ (54,712)	-25.9 %
Cash impact of Certain Items	117,668	5,505	112,163	-2,037.5 %
Timing impact of pension contribution	50,000	-	50,000	
<b>Adjusted Free Cash Flow (Non-GAAP)</b>	\$ 324,168	\$ 216,717	\$ 107,451	49.6 %

Adjustments represent the cash impact of Certain Items with the exception of US Foods financing costs which does not impact either Non-GAAP measure since these costs did not require cash payment in either period. Adjustments for the first 26 weeks of fiscal 2015 include \$81.2 million related to US Foods merger and integration planning costs, \$17.2 million related to the payment of a contingency accrual that arose in the last 26 weeks of fiscal 2014 that was considered a Certain Item in fiscal 2014 and \$3.3 million for all remaining applicable Certain Items. None of the adjustments for the first 26 weeks of fiscal 2014 were individually significant. 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 the Certain Item charges were taken in the Statement of Consolidated Results of Operations.