

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 restructuring costs (consisting of severance charges, facility closure charges and professional fees incurred related to our three-year financial objectives), merger and integration planning, and termination costs in connection with the merger that had been proposed with US Foods, Inc. (US Foods), and US Foods related financing costs. These fiscal 2016 and fiscal 2015 items are collectively referred to as "Certain Items". 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 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.

	13-Week Period Ended Dec. 26, 2015	13-Week Period Ended Dec. 27, 2014	13-Week Period Change in Dollars	13-Week Period % Change
Sales	\$ 12,153,626	\$ 12,087,074	\$ 66,552	0.6 %
Operating expenses (GAAP)	\$ 1,724,231	\$ 1,769,691	\$ (45,460)	-2.6 %
Impact of restructuring cost	(4,281)	(2,790)	(1,491)	53.4
Impact of US Foods merger and integration planning costs	-	(78,019)	78,019	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 1,719,950	\$ 1,688,882	\$ 31,068	1.8 %
Operating income (GAAP)	\$ 432,583	\$ 315,446	\$ 117,137	37.1 %
Impact of restructuring cost	4,281	2,790	1,491	53.4
Impact of US Foods merger and integration planning costs	-	78,019	(78,019)	NM
Operating income adjusted for certain items (Non-GAAP)	\$ 436,864	\$ 396,255	\$ 40,609	10.2 %
Operating margin (GAAP)	3.56%	2.61%	0.95%	36.4 %
Operating margin (Non-GAAP)	3.59%	3.28%	0.32%	9.6 %
Interest expense (GAAP)	\$ 47,235	\$ 77,042	\$ (29,807)	-38.7 %
Impact of US Foods financing costs	-	(52,057)	52,057	NM
Adjusted interest expense (Non-GAAP)	\$ 47,235	\$ 24,985	\$ 22,250	89.1 %
Net earnings (GAAP) (1)	\$ 272,399	\$ 157,979	\$ 114,420	72.4 %
Impact of restructuring cost (net of tax)	2,966	1,819	1,147	63.1
Impact of US Foods merger and integration planning costs (net of tax)	-	50,876	(50,876)	NM
Impact of US Foods Financing Costs (net of tax)	-	33,946	(33,946)	NM
Net earnings adjusted for certain items (Non-GAAP) (1)	\$ 275,365	\$ 244,620	\$ 30,745	12.6 %
Diluted earnings per share (GAAP) (1)	\$ 0.48	\$ 0.27	\$ 0.21	77.8 %
Impact of restructuring cost	0.01	-	0.01	NM
Impact of US Foods merger and integration planning costs	-	0.09	(0.09)	NM
Impact of US Foods Financing Costs	-	0.06	(0.06)	NM
Diluted EPS adjusted for certain items (Non-GAAP) (1) (2)	\$ 0.48	\$ 0.41	\$ 0.07	17.1 %
Diluted shares outstanding	571,452,124	595,911,680		

⁽¹⁾ The net earnings and diluted earnings per share impacts are shown net of tax. The tax impact of adjustments for Certain Items was \$1,315 and \$46,224 for the 13-week periods ended December 26, 2015 and December 27, 2014, respectively. Amounts are calculated by multiplying the pretax impact of each Certain Item by the statutory rates in effect for each jurisdiction.

⁽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)

	26-Week Period Ended Dec. 26, 2015	26-Week Period Ended Dec. 27, 2014	26-Week Period Change in Dollars	26-Week Period % Change
Sales	\$ 24,716,237	\$ 24,532,155	\$ 184,082	0.8 %
Operating expenses (GAAP)	\$ 3,468,752	\$ 3,492,795	\$ (24,043)	-0.7 %
Impact of restructuring cost	(7,470)	(5,745)	(1,725)	30.0
Impact of US Foods merger and integration planning costs	(9,816)	(118,499)	108,683	-91.7
Operating expenses adjusted for certain items (Non-GAAP)	\$ 3,451,466	\$ 3,368,551	\$ 82,915	2.5 %
Operating income (GAAP)	\$ 926,057	\$ 781,059	\$ 144,998	18.6 %
Impact of restructuring cost	7,470	5,745	1,725	30.0
Impact of US Foods merger and integration planning costs	9,816	118,499	(108,683)	-91.7

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Adjusted Cash Flows Used in / Provided by Operating Activities
(In Thousands)

Adjusted cash flows provided by operating activities 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. Sysco considers adjusted cash flows provided by operating activities to be liquidity measures that provide useful information to management and investors about the amount of cash generated excluding larger payments sometimes incurred with our Certain Items. Adjusted cash flows provided by operating activities should not be used as a substitute for the most comparable GAAP measure 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, cash flows provided by operating activities for each period presented are reconciled to net cash provided by operating activities.

	26-Week Period Ended Dec. 26, 2015	26-Week Period Ended Dec. 27, 2014	26-Week Period Change in Dollars	26-Week Period % Change
Net cash provided by operating activities (GAAP)	\$ 468,881	\$ 452,438	\$ 16,443	3.6 %
Cash impact of Certain Items	263,903	101,668	162,235	NM
Adjusted net cash provided by operating activities (Non-GAAP)	\$ 732,784	\$ 554,106	\$ 178,678	32.2 %

Adjustments represent the cash impact of Certain Items. Adjustments for the first 26 weeks of fiscal 2016 primarily include \$207.9 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 \$55.2 million related to the debt that had been issued for the proposed merger. Adjustments for the first 26 weeks of fiscal 2015 include \$81.2 million related to US Foods merger integration planning costs, \$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 \$3.3 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. The amounts also reflect the impact of the cash impact of these payments being tax deductible.

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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. 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. 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 for the most comparable GAAP measure 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.

	26-Week Period Ended Dec. 26, 2015	26-Week Period Ended Dec. 27, 2014	26-Week Period Change in Dollars	26-Week Period % Change
Net cash provided by operating activities (GAAP)	\$ 468,881	\$ 452,438	\$ 16,443	3.6 %
Additions to plant and equipment	(248,233)	(298,068)	49,835	-16.7
Proceeds from sales of plant and equipment	10,827	2,130	8,697	408.3
Free Cash Flow (Non-GAAP)	<u>\$ 231,475</u>	<u>\$ 156,500</u>	<u>\$ 74,975</u>	<u>47.9 %</u>
Cash impact of Certain Items	263,903	101,668	162,235	NM
Adjusted Free Cash Flow (Non-GAAP)	<u>\$ 495,378</u>	<u>\$ 258,168</u>	<u>\$ 237,210</u>	<u>91.9 %</u>

Adjustments represent the cash impact of Certain Items. Adjustments for the first 26 weeks of fiscal 2016 primarily include \$207.9 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 \$55.2 million related to the debt that had been issued for the proposed merger. Adjustments for the first 26 weeks of fiscal 2015 include \$81.2 million related to US Foods merger integration planning costs, \$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 \$3.3 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. The amounts also reflect that the cash impact of these payments is tax deductible.

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Adjusted Return on Invested Capital (ROIC) Target

We have an ROIC target of 15% that we expect to achieve by fiscal 2018. We cannot predict with certainty when we will achieve these results or whether the calculation of our ROIC in such future period will be on an adjusted basis due to the effect of certain items, which would be excluded from such calculation. Due to these uncertainties, to the extent our future calculation of ROIC is on an adjusted basis excluding certain items, we cannot provide a quantitative reconciliation of this non-GAAP measure to the most directly comparable GAAP measure without unreasonable effort. However, we would expect to calculate adjusted ROIC, if applicable, in the same manner as we have calculated this historically. All components of our adjusted ROIC calculation would be impacted by Certain Items. We calculate adjusted ROIC as adjusted net earnings divided by (i) stockholders' 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.

Form of calculation:

Net earnings (GAAP)

Impact of Certain Items on net earnings

Adjusted net earnings (Non-GAAP)

Invested Capital (GAAP)

Adjustments to invested capital

Adjusted Invested capital (GAAP)

Return on investment capital (GAAP)

Return on investment capital (Non-GAAP)

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Foreign Currency on Results of Operations Metrics

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

Sysco's results of operations are impacted by the strengthening U.S. dollar in translating our foreign operations' results into U.S. dollars. This has resulted in a reduction in growth percentages on a year over year basis. Management believes that adjusting its sales, gross profits, operating expenses, operating income, net earnings and diluted earnings per share to remove the impact in changes in foreign currency translation rates provides an important perspective with respect to our results and provides meaningful supplemental information to both management and investors to view our results on a constant currency basis. Sysco believes the adjusted growth rates 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 table that follows, the fiscal 2016 period is adjusted to translate results using the same exchange rates as the comparable prior period. Adjusted measures for operating expense, operating income, net earnings and diluted earnings per share are reconciled to GAAP amounts in a separate reconciliation.

	13-Week Period Ended Dec. 26, 2015	Foreign Currency Translation Impact	Impact on a Constant Currency Basis			
			13-Week Period Ended Dec. 26, 2015 at a Constant Currency	13-Week Period Ended Dec. 27, 2014	13-Week Period Change in Dollars	13-Week Period % Change
Sales	\$ 12,153,626	\$ 197,642	\$ 12,351,268	\$ 12,087,074	\$ 264,194	2.2 %
Gross profit	2,156,814	33,346	2,190,160	2,085,137	105,023	5.0
Adjusted operating expense	1,719,950	28,136	1,748,086	1,688,882	59,204	3.5
Adjusted operating income	436,864	5,210	442,074	396,255	45,819	11.6
Adjusted net earnings	275,365	3,610	278,975	244,620	34,355	14.0
Adjusted diluted earnings per share	0.48	0.01	0.49	0.41	0.08	19.5
Diluted shares outstanding	571,452,124	571,452,124	571,452,124	595,911,680		
GAAP Amounts						
Operating expense	\$ 1,724,231			\$ 1,769,691	\$ (45,460)	-2.6 %
Operating income	432,583			315,446	117,137	37.1
Net earnings	272,399			157,979	114,420	72.4
Diluted earnings per share	0.48			0.27	0	77.8