Sysco 2Q16 Earnings Results

February 1, 2016

Good things come from Sysco

Forward-Looking Statements

Statements made in this presentation or in our earnings call for the second quarter of fiscal 2016 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 our three-year financial objectives, including targets for adjusted operating income and adjusted ROIC, and the key levers for realizing these goals, expectations regarding revenue management, expense management and our digital e-commerce strategy, expectations regarding food cost deflation and currency translation, expectations regarding restructuring charges, expectations regarding tax rates, and expectations regarding capital expenditures. The success of our plans and expectations regarding our operating performance, including expectations regarding our three-year financial objectives, 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 consumer confidence in the economy or consumer spending, particularly on food-away-from-home, may decline. Market conditions may not improve. If sales from our locally managed customers do not grow at the same rate as sales from regional and national customers, our gross margins may decline. Our ability to meet our long-term strategic objectives depends largely on the success of our various business initiatives, including efforts related to revenue management, expense management, our digital e-commerce strategy and any efforts related to restructuring. There are various risks related to these efforts, including the risk that these efforts may not provide the expected benefits in our anticipated time frame, if at all, and may prove costlier than expected; the risk that the actual costs of any initiatives may be greater or less than currently expected; and the risk of adverse effects to our business, results of operations and liquidity if past and future undertakings, and the associated changes to our business, do not prove to be cost effective or do not result in the cost savings and other benefits at the levels that we anticipate. Our plans related to and the timing of any initiatives are subject to change at any time based on management's subjective evaluation of our overall business needs. If we are unable to realize the anticipated benefits from our efforts, we could become cost disadvantaged in the marketplace, and our competitiveness and our profitability could decrease. Capital expenditures may vary based on changes in business plans and other factors, including risks related to the implementation of various initiatives, the timing and successful completion of acquisitions, construction schedules and the possibility that other cash requirements could result in delays or cancellations of capital spending. Periods of high inflation, either overall or in certain product categories, can have a negative impact on us and our customers, as high food costs can reduce consumer spending in the food-away-from-home market, and may negatively impact our sales, gross profit, operating income and earnings, and periods of deflation can be difficult to manage effectively. Fluctuations in inflation and deflation, as well as fluctuations in the value of foreign currencies, are beyond our control and subject to broader market forces. Expanding into international markets presents unique challenges and risks, including compliance with local laws, regulations and customs and the impact of local political and economic conditions, and such expansion efforts may not be successful. Any business that we acquire may not perform as expected, and we may not realize the anticipated benefits of our acquisitions. Expectations regarding the accounting treatment of any acquisitions may change based on management's subjective evaluation. Expectations regarding share repurchases are subject to various factors beyond management's control, including fluctuations in the stock market, and decisions regarding share repurchases are subject to change based on management's subjective evaluation of the Company's needs. Expectations regarding tax rates are also subject to various factors beyond management's control. 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 27, 2015, 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.

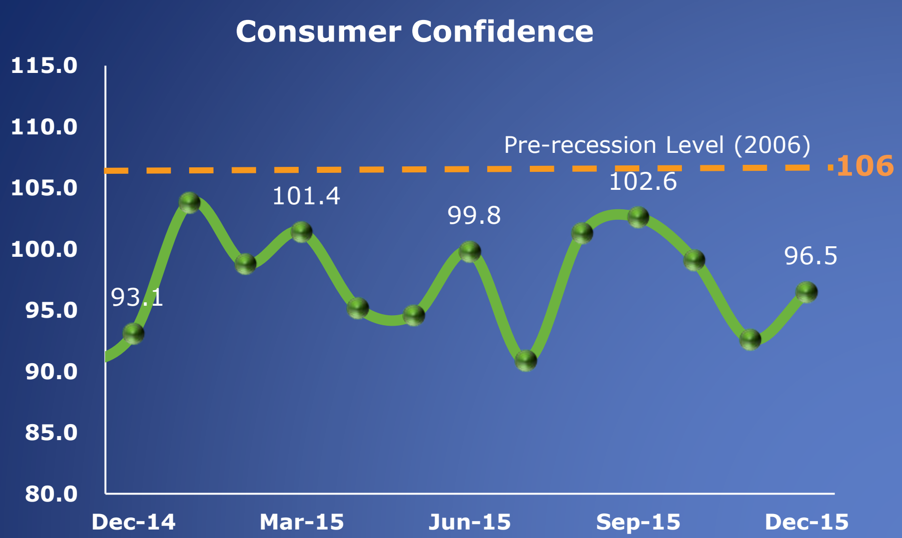
Bill DeLaney
CEO

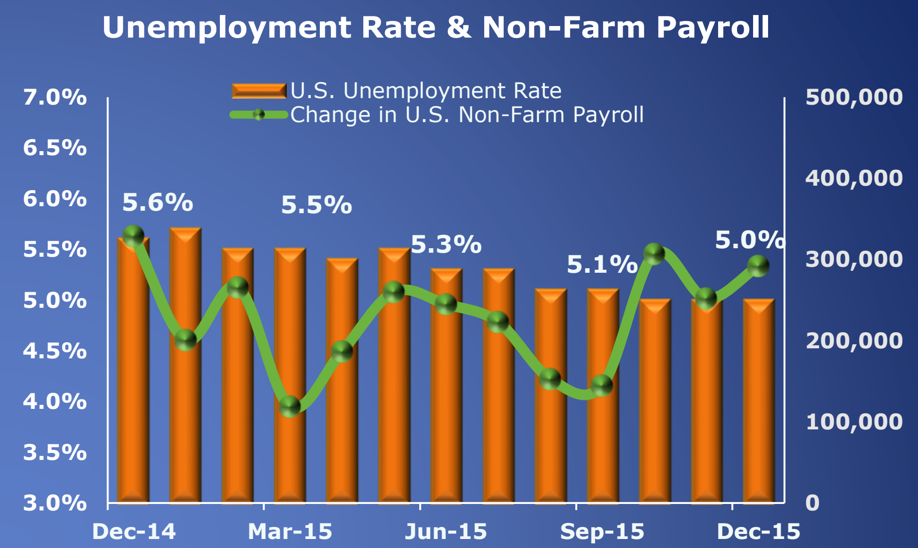
Good things come from Sysco

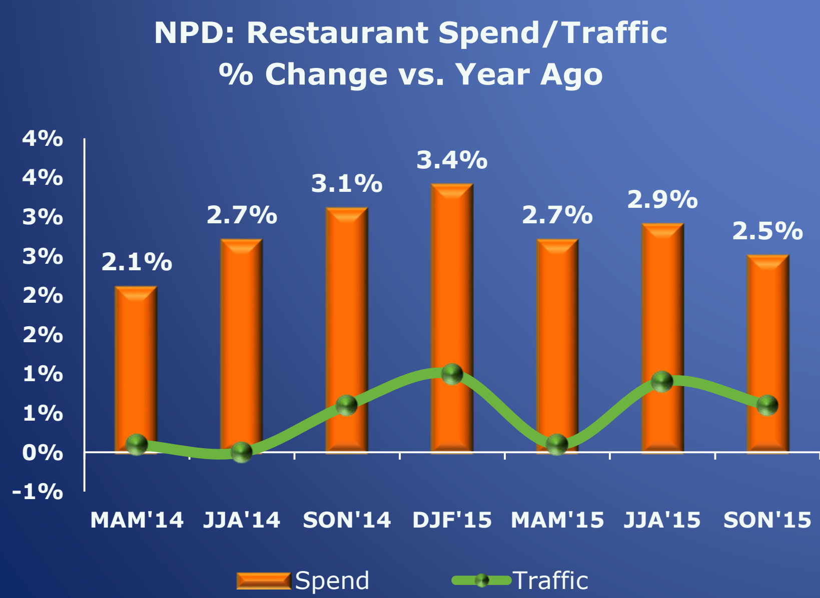
Sysco’s Second Quarter Fiscal 2016 Results

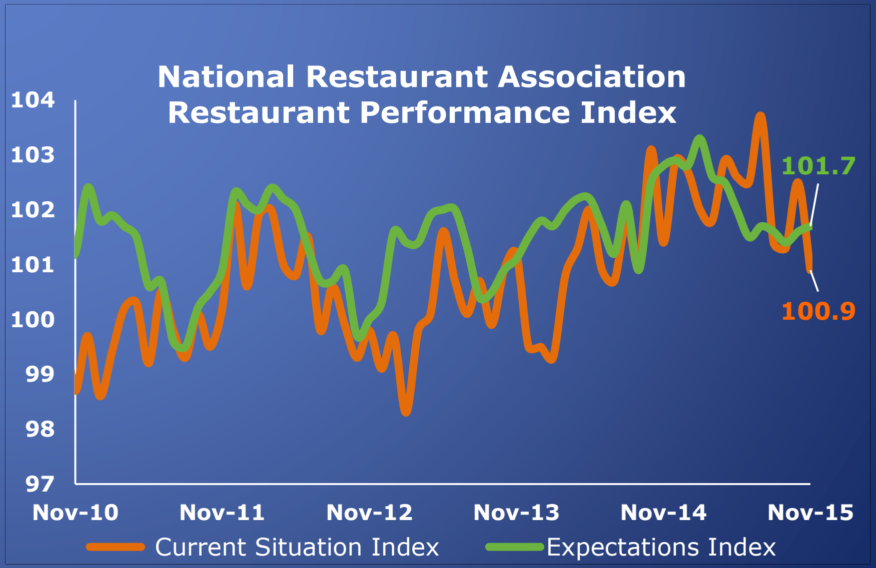
- Strong second quarter; solid first half of the year
- Reflects the continuously improving execution of our associates and our focus on improving our customers’ experience

Industry & Economic Trends Are Mixed









2Q16 Results Include 10% Adjusted Operating Income Growth[1]

- Total Broadline case growth +3.4%; local case growth +2.9%
- Sales and gross profit adversely impacted by deflation and foreign exchange
  - Sales +0.6%
  - Gross profits +3.4%
  - Gross margin +50 basis points
  - Adjusted operating income +10.2%
- Solid execution across the business, including U.S. Broadline
- Deflation
  - Accelerated during 2Q16 and into 3Q16
  - Driven by center of the plate proteins and dairy
  - Expect deflation to persist at least for remainder of fiscal year

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

1H16 Shows Progress Towards Three-Year Plan[1]

- Progress against all 4 key levers for achieving three-year targets
  1. Accelerate local case growth
     - Broadline +2.8%
  2. Improve gross margin
     - Gross margin +36 basis points
  3. Leverage supply chain costs
     - Making solid progress
  4. Reduce administrative costs
     - Gross profit growth modestly exceeded operating expense growth

Result: Operating income growth +4% or $38 million

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

1H16 Financial Highlights

	Adjusted[1]		Reported	
$MM, except per share data	1H16	YOY % Change	1H16	YOY % Change
Sales	$24,716	0.8%	$24,716	0.8%
Gross Profit	$4,395	2.8%	$4,395	2.8%
Operating Expense	$3,451	2.5%	$3,469	-0.7%
Operating Income	$943	4.2%	$926	18.6%
Net Earnings	$587	6.1%	$517	18.3%
Diluted EPS	$1.00	7.5%	$0.88	20.5%

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

Good things come from Sysco

Sysco is Well Positioned for the Future

Improve customer experience

Enhance associate engagement

Achieve our financial objectives

- Strong momentum in the business
- Persistent deflationary pressure needs to be managed
- Aggressively reviewing all aspects of business for incremental cost savings
- Well-positioned to achieve 2018 financial objectives
  - Grow operating income by at least $400M
  - Grow EPS faster than operating income
  - Achieve 15% Return on Invested Capital

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Tom Bene
President and COO

Good things come from Sysco

Customer Insights Guide our Improvement Efforts

- Better serve customers and shareholders by strengthening partnerships between business operations, commercial functions and supply chain
  - Enhances organizational alignment
- Customer insights work driving improvement
  - Improved processes and tools providing robust information capabilities

1 **Improve customer retention**

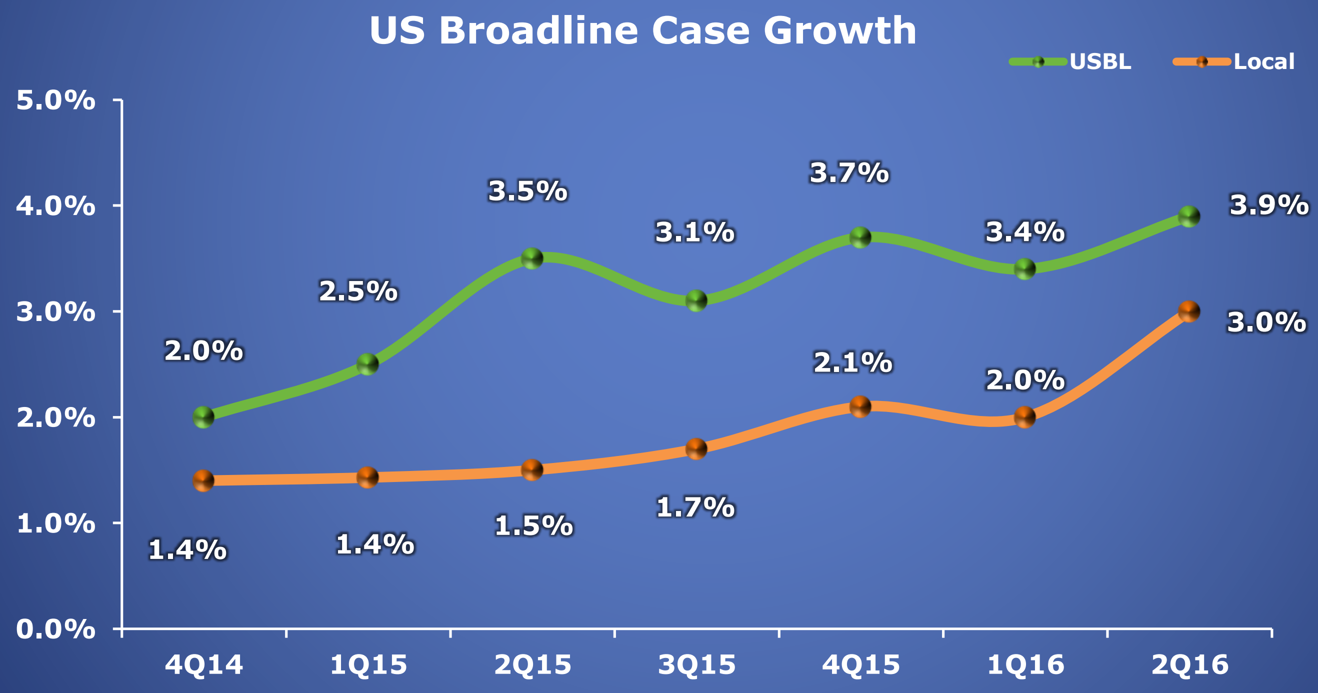
2 **Improve customer penetration**

3 **Accelerate addition of new customers**

Good things come from Sysco

US Broadline Delivered Another Strong Quarter

- Gross profit growth +5.5%
- Gross margin +57 bps
- Operating income +9%



Marketing Update: Fresh & Local Differentiators

- Fresh & Local - educating customers about our capabilities
  - Drives incremental case and gross profit growth for the category

- Example of Differentiation – Partnership with Produce Marketing Associations to deliver Good Agricultural Practices (GAP) workshop to more than 800 small farmers since 2011
  - Helps small, local growers meet our food safety standards

Sysco is one of largest suppliers of Fresh & Local through Broadline, Specialty and FreshPoint

Focus on Improving Gross Margins

- Managing deflationary environment well
- Sysco Brand and Category Management have positive contributions
  - Category Management - leveraging scale and ability to commit consistent volumes is a differentiator
- Category management continues to deliver incremental benefits to:
  - Customers
  - Suppliers
  - Sysco

Customer Experience: Mobile Order Entry

Mobile order-entry platform

- The first phase of a platform agnostic digital commerce strategy
- Pilots went very well – strong adoption rates
- Fully-deployed to all OpCo's by end of fiscal 2016
    - Focus will be on customer and MA adoption
- Pilots for next phase of digital commerce strategy will soon begin

Supply Chain Progress Continues

- Solid progress against initiatives
- Focus on customer service while driving improved productivity
  - Continuous improvement mentality
  - More structured approach to managing expenses
  - Continued work to be done


Joel Grade
EVP and CFO

Good things come from Sysco

2Q16 Financial Highlights

	Adjusted[1]		Reported	
$MM, except per share data	2Q16	YOY % Change	2Q16	YOY % Change
Sales	$12,154	0.6%	$12,154	0.6%
Gross Profit	$2,157	3.4%	$2,157	3.4%
Operating Expense	$1,720	1.8%	$1,724	-2.6%
Operating Income	$437	10.2%	$433	37.1%
Net Earnings	$275	12.6%	$272	72.4%
Diluted EPS	$0.48	17.1%	$0.48	77.8%

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

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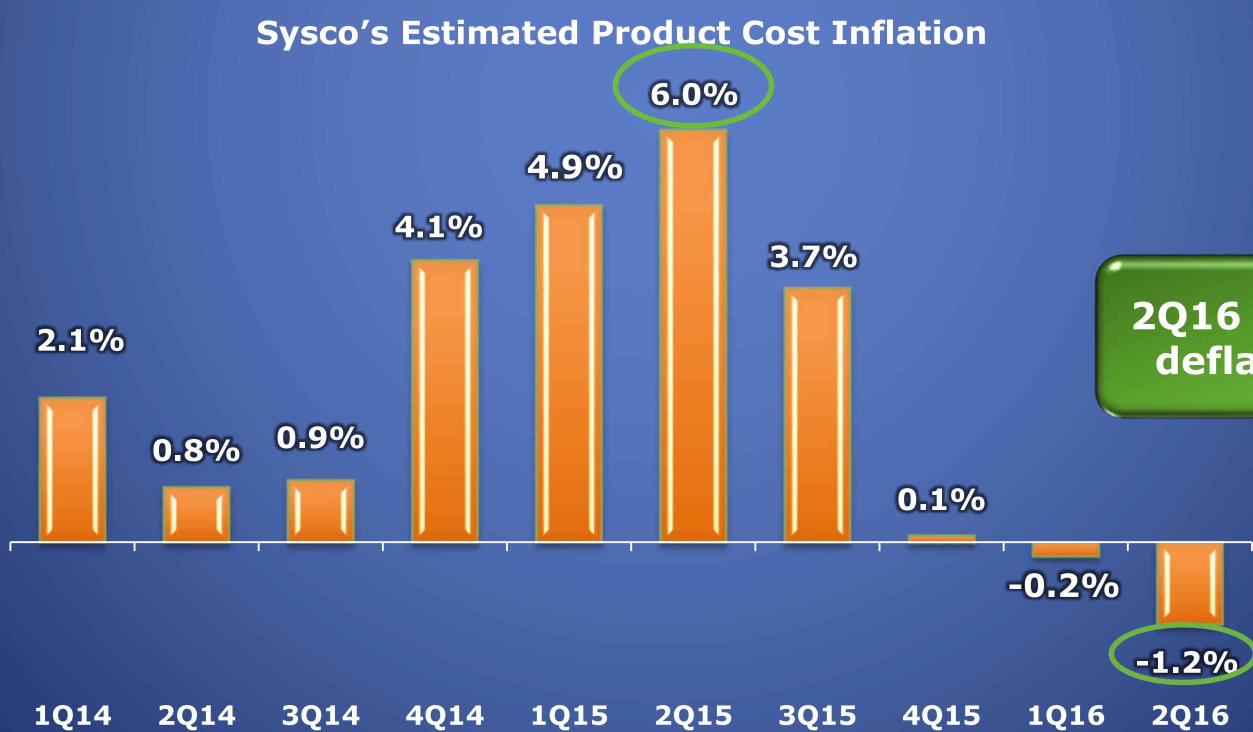
2Q16 Modest Sales Growth…

- Sales increased approximately 1% vs. prior year
  - Deflation of 1.2% vs. inflation of 6.0% in prior year
    - Lower impact relative to the industry
  - FX Impact -1.7%
    - Strong USD vs. CND

Sales: +2.2% on a constant currency basis



2Q16 US Broadline deflation: -1.9%

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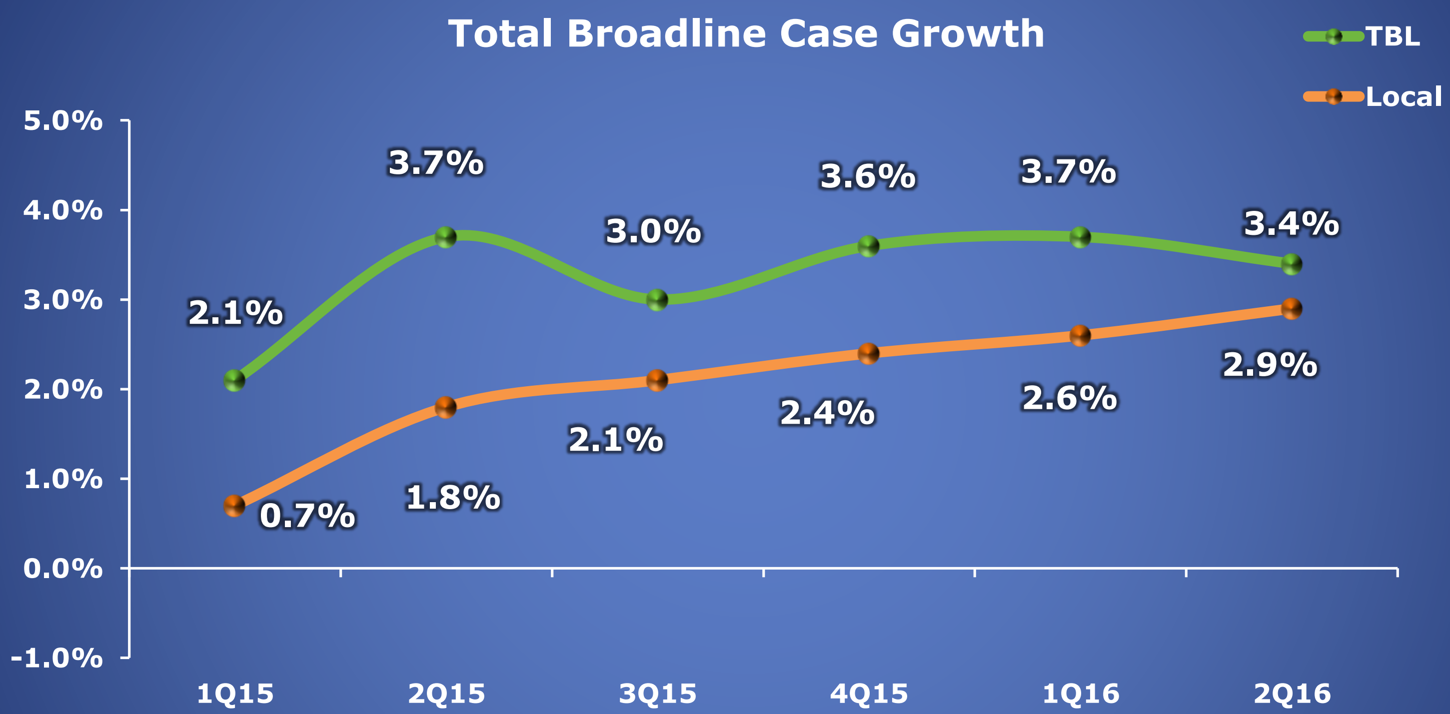
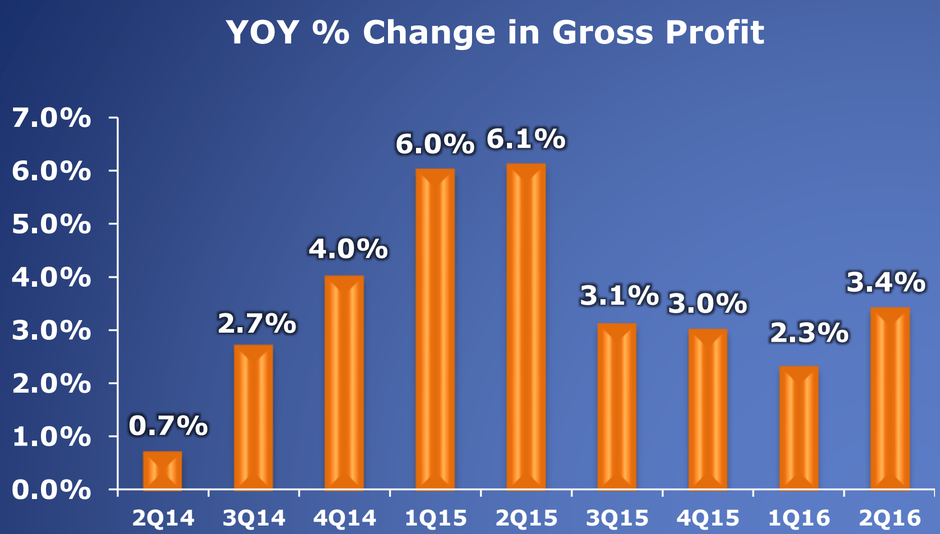
...But Very Solid Case Growth



Broadline case growth combines US and International operations

Improved Gross Margin Performance in 2Q16



Gross profits were +5.0% on a constant currency basis

Gross margin improvement driven mainly by U.S. Broadline performance

- Ongoing category management benefits
- Stronger relative mix of locally-managed sales
- Improved mix of Sysco-brand in local
- Deflation

2Q16 Adjusted Operating Expense[1]

- Adjusted operating expense +$31 million, or 1.8%
  - Drivers were increased case volume and planned business technology investment
- Cost reduction initiatives beginning to contribute
  - Indirect spending consolidation and reduction
  - Lower fuel costs
  - Slower administrative expense growth

US Broadline Cost Per Case down $0.01

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

2Q16 Operating Income, Net Income, EPS[1]

- Adjusted operating income +10.2%
- Previously disclosed $21 million income tax expense benefit from favorable resolution of tax contingencies; +$0.03 per share
- Adjusted net earnings +12.2%
- Adjusted EPS up 17.1% to $0.48

Adjusted operating income +11.6% on a constant currency basis

Adjusted EPS $0.49 on a constant currency basis

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

Constant Currency Comparisons

	Adjusted[1]		Constant Currency[1]	
$MM, except per share data	2Q16	YOY % Change	2Q16	YOY % Change
Sales	$12,154	0.6%	$12,351	2.2%
Gross Profit	$2,157	3.4%	$2,190	5.0%
Operating Expense	$1,720	1.8%	$1,748	3.5%
Operating Income	$437	10.2%	$442	11.6%
Net Earnings	$275	12.6%	$279	14.0%
Diluted EPS	$0.48	17.1%	$0.49	19.5%

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

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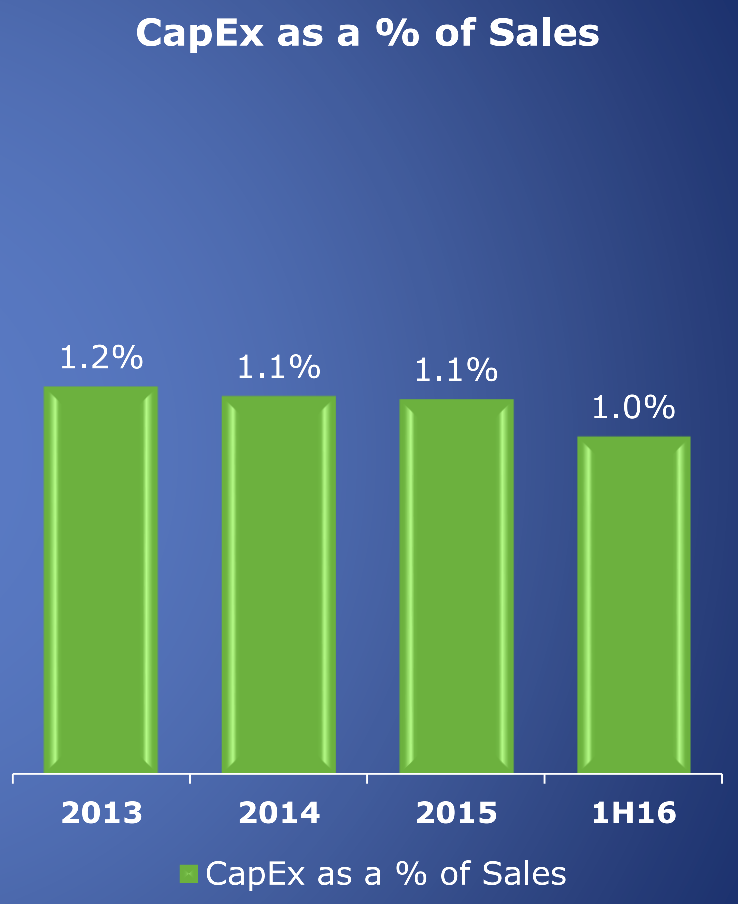
Cash Flow Performance

($MM)	1H16	1H15	$ Chg.
Cash Flow from Operations	$469	$452	$16
Capital Expenditures, net[1]	($237)	($296)	($59)
Free Cash Flow[2]	$231	$157	$75
Cash Impact of Certain Items	($264)	($102)	($162)
Dividends Paid	$348	$341	$7

2Q16 Cash Flow from Operations was $730 million

1) Capital expenditures are net of proceeds from sales of plant and equipment
2) See Non-GAAP reconciliations at the end of this presentation.

Strategic Investments in Capital Expenditures



Fiscal 2016 Commentary

- On track to achieve fiscal 2016 plan
- Deflation is expected to persist for at least the remainder of the fiscal year
- 4Q15 presents a challenging comparison to prior year
- Capex expected to be near the low-end of $550-$600 million range
- Expect a normalized tax rate of 36-37% over the remaining 26 weeks

Summary

- Strong quarter, continued momentum in underlying business
- More work ahead of us to achieve fiscal 2016 and three-year plan objectives
- More rigorous process for expense management in place
- Aggressively reviewing all aspects of our business for incremental cost savings

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Non-GAAP Reconciliations

Good things come from Sysco

Impact of Certain Items 2Q16

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

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Impact of Certain Items – 1H16

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
Operating income adjusted for certain items (Non-GAAP)	$ 943,343	$ 905,303	$ 38,040	4.2 %
Operating margin (GAAP)	3.75%	3.18%	0.56%	17.7 %
Operating margin (Non-GAAP)	3.82%	3.69%	0.13%	3.4 %
Interest expense (GAAP)	$ 174,142	$ 107,976	$ 66,166	61.3 %
Impact of US Foods financing costs	(94,835)	(55,761)	(39,074)	70.1
Adjusted interest expense (Non-GAAP)	$ 79,307	$ 52,215	$ 27,092	51.9 %
Net earnings (GAAP) (1)	$ 516,819	$ 436,792	$ 80,027	18.3 %
Impact of restructuring cost (net of tax)	4,683	3,729	954	25.6
Impact of US Foods merger and integration planning costs (net of tax)	6,154	76,901	(70,747)	-92.0
Impact of US Foods Financing Costs (net of tax)	59,452	36,187	23,265	64.3
Net earnings adjusted for certain items (Non-GAAP) (1)	$ 587,108	$ 553,609	$ 33,499	6.1 %
Diluted earnings per share (GAAP) (1)	$ 0.88	$ 0.73	$ 0.15	20.5 %
Impact of restructuring cost	0.01	-	0.01	NM
Impact of US Foods merger and integration planning costs	0.01	0.13	(0.12)	-92.3
Impact of US Foods Financing Costs	0.10	0.06	0.04	66.7
Diluted EPS adjusted for certain items (Non-GAAP) (1) (2)	$ 1.00	$ 0.93	$ 0.07	7.5 %
Diluted shares outstanding	586,121,013	594,610,315		

(1) The net earnings and diluted earnings per share impacts are shown net of tax. The tax impact of adjustments for Certain Items was $41,832 and $63,189 for the 26-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

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Adjusted Cash Flow From Operations

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.

NM represents that the percentage change is not meaningful

Free Cash Flow

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)	$ 231,475	$ 156,500	$ 74,975	47.9 %
Cash impact of Certain Items	263,903	101,668	162,235	NM
Adjusted Free Cash Flow (Non-GAAP)	$ 495,378	$ 258,168	$ 237,210	91.9 %

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.

NM represents that the percentage change is not meaningful

ROIC

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. Adjusted total invested capital is computed as the sum of (i) adjusted 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)

Constant Currency Impact

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 faciliate 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.

			Impact on a Constant Currency Basis			
	13-Week Period Ended Dec. 26, 2015	**Foreign Currency Translation Impact**	**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

Good things come from Sysco