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

Sysco's results of operations are impacted by restructuring costs consisting of (1) severance charges, (2) professional fees related to our three-year strategic plan, (3) restructuring expenses within our Brakes Group operations and (4) expenses associated with our revised business technology strategy announced in fiscal 2016, as a result of which we recorded accelerated depreciation on our existing system and incurred costs to convert to legacy systems. Our results of operations are also impacted by the following acquisition-related items: (1) intangible amortization expense (2) transaction costs and (3) integration costs. All acquisition-related costs in fiscal 2017 that have been excluded relate to the Brakes Acquisition (the Acquisition). Fiscal 2016 acquisition-related costs, however, include (i) termination costs in connection with the merger that had been proposed with US Foods, Inc. (US Foods) and (ii) financing costs related to the senior notes that were issued in fiscal 2015 to fund the proposed US Foods merger. These senior notes were redeemed in the first quarter of fiscal 2016, triggering a redemption loss of $86.5 million, and we incurred interest on these notes through the redemption date. The Acquisition also resulted in non-recurring tax expense in fiscal 2017, primarily from non-deductible transaction costs. These fiscal 2017 and fiscal 2016 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 underlying business trends and results and provides meaningful supplemental information to both management and investors that (1) is indicative of the performance of the company's underlying operations and facilitates comparisons on a year-over-year basis and (2) removes those items that are difficult to predict and are often unanticipated, and which as a result, are difficult to include in analysts' financial models and our investors' expectations with any degree of specificity.

Although Sysco has a history of growth through acquisitions, the Brakes Group is significantly larger than the companies historically acquired by Sysco, with a proportionately greater impact on Sysco's consolidated financial statements. Accordingly, Sysco is excluding from its non-GAAP financial measures for the relevant period solely for those acquisition costs specific to the Acquisition. We believe this approach significantly enhances the comparability of Sysco's results for the first quarter of fiscal 2017 to the same period in fiscal 2016. Also, given the significance of the Acquisition, management believes that presenting Sysco's financial measures, excluding the Brakes Group operating results, enhances comparability of the period over period financial performance of Sysco's legacy business and allows investors to more effectively measure Sysco's progress against the financial goals under Sysco's three year strategic plan.

Set forth below is a reconciliation of sales, operating expenses, operating income, interest expense, net earnings and diluted earnings per share to adjusted results for these measures for the periods presented. Individual components of diluted earnings per share may not add to the total presented due to rounding. Adjusted diluted earnings per share is calculated using adjusted net earnings divided by diluted shares outstanding.

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

| | 13-Week Period Ended Oct. 1, 2016 | 13-Week Period Ended Sep 26, 2015 | 13-Week Period Change in Dollars | 13-Week Period % Change |
|---|---|---|---|---|
| **Sales** | $ 13,968,654 | $ 12,562,611 | $ 1,406,043 | 11.2% |
| Impact of Brakes | (1,283,524) | - | (1,283,524) | NM |
| **Sales excluding the impact of Brakes (Non-GAAP)** | $ 12,685,130 | $ 12,562,611 | $ 122,519 | 1.0% |
| | | | | |
| **Gross profit** | $ 2,691,919 | $ 2,237,995 | $ 453,924 | 20.3% |
| Impact of Brakes | (343,051) | - | (343,051) | NM |
| **Gross profit excluding the impact of Brakes (Non-GAAP)** | $ 2,348,868 | $ 2,237,995 | $ 110,873 | 5.0% |
| | | | | |
| **Gross margin** | 19.27% | 17.81% | 1.46% | 8.2% |
| Impact of Brakes | 0.75% | - | 0.75% | NM |
| **Gross margin excluding the impact of Brakes (Non-GAAP)** | 18.52% | 17.81% | 0.70% | 3.9% |
| | | | | |
| **Operating expenses (GAAP)** | $ 2,125,086 | $ 1,744,521 | $ 380,565 | 21.8% |
| Impact of restructuring costs (1) | (38,285) | (3,189) | (35,096) | NM |
| Impact of acquisition-related costs (2) | (21,710) | (9,816) | (11,894) | 121.2% |
| **Operating expenses adjusted for certain items (Non-GAAP)** | $ 2,065,091 | $ 1,731,516 | $ 333,575 | 19.3% |
| Impact of Brakes | (322,843) | - | (322,843) | NM |
| Impact of Brakes restructuring costs (3) | 3,074 | - | 3,074 | NM |
| Impact of Brakes acquisition-related costs (2) | 19,498 | - | 19,498 | NM |
| **Operating expenses adjusted for certain items and excluding the impact of Brakes (Non-GAAP)** | $ 1,764,820 | $ 1,731,516 | $ 33,304 | 1.9% |
| | | | | |
| **Operating income (GAAP)** | $ 566,833 | $ 493,474 | $ 73,359 | 14.9% |
| Impact of restructuring costs (1) | 38,285 | 3,189 | 35,096 | NM |
| Impact of acquisition-related costs (2) | 21,710 | 9,816 | 11,894 | 121.2% |
| **Operating income adjusted for certain items -GAAP)** | $ 626,828 | $ 506,479 | $ 120,349 | 23.8% |
| Impact of Brakes | (20,208) | - | (20,208) | NM |
| Impact of Brakes restructuring costs (3) | (3,074) | - | (3,074) | NM |
| Impact of Brakes acquisition-related costs (2) | (19,498) | - | (19,498) | NM |
| **Operating income adjusted for certain items and excluding the impact of Brakes (Non-GAAP)** | $ 584,048 | $ 506,479 | $ 77,569 | 15.3% |
| | | | | |
| **Operating margin (GAAP)** | 4.06% | 3.93% | 0.13% | 3.3% |
| **Operating margin excluding Certain Items (Non-GAAP)** | 4.49% | 4.03% | 0.46% | 11.3% |
| **Operating margin excluding Certain Items and Brakes (Non-GAAP)** | 4.60% | 4.03% | 0.57% | 14.2% |
| | | | | |
| **Interest expense (GAAP)** | $ 73,623 | $ 126,907 | $ (53,284) | -42.0% |
| Impact of acquisition financing costs (4) | - | (94,835) | 94,835 | -100.0% |
| **Interest expense adjusted for certain items (Non-GAAP)** | $ 73,623 | $ 32,072 | $ 41,551 | 129.6% |

| | | | | |
|---|---|---|---|---|
| **Net earnings (GAAP)** | $ 323,887 | $ 244,420 | $ 79,467 | 32.5% |
| Impact of restructuring cost (1) | 38,285 | 3,189 | 35,096 | NM |
| Impact of acquisition-related costs (2) | 21,710 | 9,816 | 11,894 | 121.2% |
| Impact of acquisition financing costs (4) | - | 94,835 | (94,835) | -100.0% |
| Tax impact of restructuring cost (5) | (3,593) | (1,198) | (2,395) | 199.9% |
| Tax impact of acquisition-related costs (5) | (4,169) | (3,688) | (481) | 13.0% |
| Tax impact of acquisition financing costs (5) | - | (35,632) | 35,632 | -100.0% |
| **Net earnings adjusted for certain items(Non-GAAP)** | $ 376,120 | $ 311,742 | $ 64,378 | 20.7% |
| Impact of Brakes | (18,852) | - | (18,852) | NM |
| Impact of Brakes restructuring costs (3) | (2,446) | - | (2,446) | NM |
| Impact of Brakes acquisition-related costs (2) | (15,514) | - | (15,514) | NM |
| Impact of interest expense on debt issued for the Brakes acquisition (6) | 19,735 | - | 19,735 | NM |
| Tax impact of interest expense on debt issued for the Brakes acquisition (5) | (7,460) | - | (7,460) | NM |
| **Net earnings adjusted for certain items and excluding the impact of Brakes (Non-GAAP)** | $ 351,583 | $ 311,742 | $ 39,841 | 12.8% |
| | | | | |
| **Diluted earnings per share (GAAP)** | $ 0.58 | $ 0.41 | $ 0.17 | 41.5% |
| Impact of restructuring costs (1) | 0.07 | - | 0.07 | NM |
| Impact of acquisition-related costs (2) | 0.04 | 0.02 | 0.02 | 144.8% |
| Impact of acquisition financing costs (4) | - | 0.16 | (0.16) | -100.0% |
| Tax impact of restructuring cost (5) | (0.01) | - | (0.01) | NM |
| Tax impact of acquisition-related costs (5) | (0.01) | (0.01) | (0.00) | 62.9% |
| Tax impact of acquisition financing costs (5) | - | (0.06) | 0.06 | -100.0% |
| **Diluted EPS adjusted for certain items(Non-GAAP) (7)** | $ 0.67 | $ 0.52 | $ 0.15 | 28.8% |
| Impact of Brakes | (0.03) | - | (0.03) | NM |
| Impact of Brakes restructuring costs (3) | (0.01) | - | (0.01) | NM |
| Impact of Brakes acquisition-related costs (2) | (0.02) | - | (0.02) | NM |
| Impact of interest expense on debt issued for the Brakes acquisition (6) | 0.04 | - | 0.04 | NM |
| Tax impact of interest expense on debt issued for the Brakes acquisition (5) | (0.01) | - | (0.01) | NM |
| **Diluted EPS adjusted for certain items and excluding the impact of Brakes (Non-GAAP) (7)** | $ 0.63 | $ 0.52 | $ 0.11 | 20.4% |
| | | | | |
| Diluted shares outstanding | 560,954,068 | 600,789,913 | | |

(1) Includes $28 million in accelerated depreciation associated with our revised business technology strategy and $10 million related to severance charges, professional fees on 3-year financial objectives, restructuring expenses within our Brakes operations and costs to convert to legacy systems in conjunction with our revised business technology strategy.

(2) Fiscal 2017 Includes $19 million related to intangible amortization expense from the Brakes acquisition which is included in the results of Brakes and $2 million in transaction costs. Fiscal 2016 includes US Foods merger termination costs.

(3) Includes Brakes Acquisition restructuring charges

(4) Includes US Foods financing costs applicable to fiscal 2016.

(5) The tax impact of adjustments for Certain Items are calculated by multiplying the pretax impact of each Certain Item by the statutory rates in effect for each jurisdiction where the Certain Item was incurred. The adjustments also include $7 million in non-deductible transaction costs and $4 million in other one-time costs related to the Brakes acquisition.

(6) Sysco Corporation issued debt to fund the Acquisition. The interest expense arising from the debt issued is attributed to the incremental impact of Brakes operating results, even though it is not a direct obligation of the Brakes Group.

(7) 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 divided by diluted shares outstanding.

NM represents that the percentage change is not meaningful

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

| **U.S. Foodservice Operations** | **13-Week Period Ended Oct. 1, 2016** | **13-Week Period Ended Sep 26, 2015** | **13-Week Period Change in Dollars** | **13-Week Period % Change** |
|---|---|---|---|---|
| Sales (GAAP) | $ 9,481,115 | $ 9,407,923 | $ 73,192 | 0.8% |
| Gross Profit (GAAP) | 1,913,115 | 1,834,354 | 78,761 | 4.3% |
| Gross Margin (GAAP) | 20.2% | 19.5% | 0.7% | 3.5% |
| | | | | |
| **Operating expenses (GAAP)** | $ 1,167,884 | $ 1,147,685 | $ 20,199 | 1.8% |
| Impact of restructuring costs | - | (873) | 873 | NM |
| **Operating expenses adjusted for certain items (Non-GAAP)** | $ 1,167,884 | $ 1,146,812 | $ 21,072 | 1.8% |
| | | | | |
| **Operating income (GAAP)** | $ 745,231 | $ 686,669 | $ 58,562 | 8.5% |
| Impact of restructuring costs | - | 873 | (873) | NM |
| **Operating income adjusted for certain items (Non-GAAP)** | $ 745,231 | $ 687,542 | $ 57,690 | 8.4% |

**Sysco Corporation and its Consolidated Subsidiaries**
**Non-GAAP Reconciliation (Unaudited)**
**Cost per Case**

Cost per case is an important metric management uses to measure our expense performance. This metric is calculated by taking the total operating expense of our U.S. Broadline companies, divided by the number of cases sold. Adjusted cost per case is calculated similarly; however, the operating expense component excludes charges from severance, which are the Certain Items applicable to these companies, divided by the number of cases sold. For both the first quarter of fiscal 2017 and 2016, the adjustment for Certain Items was not significant enough to produce a different value on an adjusted basis. Our corporate expenses are not included in the cost per cases metrics because the metric is a measure of efficiency in our operations. We seek to grow our sales and either minimize or reduce our costs on a per case basis. Our U.S. Broadline operations represent approximately 90% of the U.S. Foodservice Operations segment's sales and nearly 85% of its operating expenses. Our cost per case is also impacted by lower fuel prices year over year and is significantly lowering our cost per case results. Sysco considers adjusted cost per case to be a measure that provides useful information to management and investors about Sysco's expense management. 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, the change in adjusted cost per case is reconciled to cost per case for the first quarter of fiscal 2017 as compared to the first quarter of fiscal 2016.

| | | 13-Week Period Change |
|---|---|---|
| **(Decrease) increase in cost per case** | $ | (0.04) |
| Impact of Certain Items [1] | | - |
| **(Decrease) increase in adjusted cost per case (Non-GAAP basis)** | $ | (0.04) |
| Impact of fuel prices | | (0.04) |
| **(Decrease) increase in adjusted cost per case (Non-GAAP basis)** | $ | - |

[1] The impact of Certain Items excludes severance charges that were applicable in both periods.

**Sysco Corporation and its Consolidated Subsidiaries**
**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. 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 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 for each period presented is reconciled to net cash provided by operating activities.

| | 13-Week Period Ended Oct. 1, 2016 | 13-Week Period Ended Sep 26, 2015 | 13-Week Period Change in Dollars | 13-Week Period % Change |
|---|---|---|---|---|
| **Net cash provided by operating activities (GAAP)** | $ 248,674 | $ (261,482) | $ 510,156 | -195.1 % |
| Additions to plant and equipment | (142,255) | (121,243) | (21,012) | -17.3 |
| Proceeds from sales of plant and equipment | 4,261 | 1,506 | 2,755 | 182.9 |
| **Free Cash Flow (Non-GAAP)** | $ 110,680 | $ (381,219) | $ 491,899 | -129.0 % |

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