

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. 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 Brakes 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 those acquisition costs specific to the Acquisition. We believe this approach significantly enhances the comparability of Sysco's results for the second quarter and first 26 weeks 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 (including for this purpose Brakes financing costs, which are not included in the Brakes Group GAAP operating results and are also not Certain Items), 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 Dec. 31, 2016	13-Week Period Ended Dec 26, 2015	13-Week Period Change in Dollars	13-Week Period % Change
Sales	\$ 13,457,268	\$ 12,153,626	\$ 1,303,642	10.7%
Impact of Brakes	(1,328,900)	-	(1,328,900)	NM
Sales excluding the impact of Brakes (Non-GAAP)	\$ 12,128,368	\$ 12,153,626	\$ (25,258)	-0.2%
Gross profit	\$ 2,571,863	\$ 2,156,814	\$ 415,049	19.2%
Impact of Brakes	(353,133)	-	(353,133)	NM
Gross profit excluding the impact of Brakes (Non-GAAP)	\$ 2,218,730	\$ 2,156,814	\$ 61,916	2.9%
Gross margin	19.11%	17.75%	1.37%	7.7%
Impact of Brakes	0.82%	0.00%	0.82%	NM
Gross margin excluding the impact of Brakes (Non-GAAP)	18.29%	17.75%	0.55%	3.1%
Operating expenses (GAAP)	\$ 2,079,446	\$ 1,724,231	\$ 355,215	20.6%
Impact of restructuring costs (1)	(40,089)	(4,281)	(35,808)	NM
Impact of acquisition-related costs (2)	(25,370)	-	(25,370)	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 2,013,987	\$ 1,719,950	\$ 294,037	17.1%
Impact of Brakes	(309,313)	-	(309,313)	NM
Impact of Brakes restructuring costs (3)	1,907	-	1,907	NM
Impact of Brakes acquisition-related costs (2)	20,292	-	20,292	NM
Operating expenses adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 1,726,873	\$ 1,719,950	\$ 6,923	0.4%
Operating income (GAAP)	\$ 492,417	\$ 432,583	\$ 59,834	13.8%
Impact of restructuring costs (1)	40,089	4,281	35,808	NM
Impact of acquisition-related costs (2)	25,370	-	25,370	NM
Operating income adjusted for certain items (Non-GAAP)	\$ 557,876	\$ 436,864	\$ 121,012	27.7%
Impact of Brakes	(43,820)	-	(43,820)	NM
Impact of Brakes restructuring costs (3)	(1,907)	-	(1,907)	NM
Impact of Brakes acquisition-related costs (2)	(20,292)	-	(20,292)	NM
Operating income adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 491,857	\$ 436,864	\$ 54,993	12.6%
Operating margin (GAAP)	3.66%	3.56%	0.10%	2.8%
Operating margin excluding Certain Items (Non-GAAP)	4.15%	3.59%	0.55%	15.3%
Operating margin excluding Certain Items and Brakes (Non-GAAP)	4.06%	3.59%	0.46%	12.8%
Interest expense (GAAP)	\$ 72,231	\$ 47,235	\$ 24,996	52.9%

Net earnings (GAAP)	\$	275,167	\$	272,399	\$	2,768	1.0%
Impact of restructuring cost (1)		40,089		4,281		35,808	NM
Impact of acquisition-related costs (2)		25,370		-		25,370	NM
Tax impact of restructuring cost (5)		(15,111)		(1,315)		(13,796)	NM
Tax impact of acquisition-related costs (5)		(6,726)		-		(6,726)	NM
Net earnings adjusted for certain items (Non-GAAP)	\$	318,789	\$	275,365	\$	43,424	15.8%
Impact of Brakes		(31,876)		-		(31,876)	NM
Impact of Brakes restructuring costs (3)		(1,441)		-		(1,441)	NM
Impact of Brakes acquisition-related costs (2)		(15,533)		-		(15,533)	NM
Impact of interest expense on debt issued for the Brakes acquisition (6)		19,947		-		19,947	NM
Tax impact of interest expense on debt issued for the Brakes acquisition (5)		(7,540)		-		(7,540)	NM
Net earnings adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$	282,346	\$	275,365	\$	6,981	2.5%
Diluted earnings per share (GAAP)	\$	0.50	\$	0.48	\$	0.02	4.2%
Impact of restructuring costs (1)		0.07		0.01		0.06	NM
Impact of acquisition-related costs (2)		0.05		-		0.05	NM
Tax impact of restructuring cost (5)		(0.03)		-		(0.03)	NM
Tax impact of acquisition-related costs (5)		(0.01)		-		(0.01)	NM
Diluted EPS adjusted for certain items (Non-GAAP) (4)	\$	0.58	\$	0.48	\$	0.10	20.8%
Impact of Brakes		(0.06)		-		(0.06)	NM
Impact of Brakes restructuring costs (3)		(0.00)		-		(0.00)	NM
Impact of Brakes acquisition-related costs (2)		(0.03)		-		(0.03)	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) (4)	\$	0.51	\$	0.48	\$	0.03	7.0%

Diluted shares outstanding

550,372,067

571,452,124

(1) Includes \$28 million in accelerated depreciation associated with our revised business technology strategy and \$12 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 \$6 million in transaction costs. Fiscal 2016 includes US Foods merger termination costs.

(3) Includes Brakes Acquisition restructuring charges.

(4) 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.

(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.

(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 and is not considered a Certain Item.

NM represents that the percentage change is not meaningful.

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)

	26-Week Period Ended Dec. 31, 2016	26-Week Period Ended Dec 26, 2015	26-Week Period Change in Dollars	26-Week Period % Change
Sales	\$ 27,425,922	\$ 24,716,237	\$ 2,709,685	11.0%
Impact of Brakes	<u>(2,612,423)</u>	<u>-</u>	<u>(2,612,423)</u>	<u>NM</u>
Sales excluding the impact of Brakes (Non-GAAP)	\$ 24,813,499	\$ 24,716,237	\$ 97,262	0.4%
Gross profit	\$ 5,263,782	\$ 4,394,809	\$ 868,973	19.8%
Impact of Brakes	<u>(696,184)</u>	<u>-</u>	<u>(696,184)</u>	<u>NM</u>
Gross profit excluding the impact of Brakes (Non-GAAP)	\$ 4,567,598	\$ 4,394,809	\$ 172,789	3.9%
Gross margin	19.19%	17.78%	1.41%	7.9%
Impact of Brakes	<u>0.79%</u>	<u>0.00%</u>	<u>0.79%</u>	<u>NM</u>
Gross margin excluding the impact of Brakes (Non-GAAP)	18.41%	17.78%	0.63%	3.5%
Operating expenses (GAAP)	\$ 4,204,532	\$ 3,468,752	\$ 735,780	21.2%
Impact of restructuring costs (1)	(78,374)	(7,470)	(70,904)	NM
Impact of acquisition-related costs (2)	<u>(47,079)</u>	<u>(9,816)</u>	<u>(37,264)</u>	<u>NM</u>
Operating expenses adjusted for certain items (Non-GAAP)	\$ 4,079,079	\$ 3,451,466	\$ 627,613	18.2%
Impact of Brakes	(632,156)	-	(632,156)	NM
Impact of Brakes restructuring costs (3)	4,981	-	4,981	NM
Impact of Brakes acquisition-related costs (2)	<u>39,790</u>	<u>-</u>	<u>39,790</u>	<u>NM</u>
Operating expenses adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 3,491,694	\$ 3,451,466	\$ 40,228	1.2%
Gross profit excluding the impact of Brakes (Non-GAAP)	\$ 4,567,598	\$ 4,394,809	\$ 172,789	3.9%
Operating expenses adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	3,491,694	3,451,466	40,228	1.2%
Gap between gross profit growth and expense dollar growth excluding the impact of Brakes (Non-GAAP)				2.8%
Operating income (GAAP)	\$ 1,059,250	\$ 926,057	\$ 133,193	14.4%
Impact of restructuring costs (1)	78,374	7,470	70,904	NM
Impact of acquisition-related costs (2)	<u>47,079</u>	<u>9,816</u>	<u>37,264</u>	<u>NM</u>
Operating income adjusted for certain items (Non-GAAP)	\$ 1,184,703	\$ 943,343	\$ 241,360	25.6%
Impact of Brakes	(64,029)	-	(64,029)	NM
Impact of Brakes restructuring costs (3)	(4,981)	-	(4,981)	NM
Impact of Brakes acquisition-related costs (2)	<u>(39,790)</u>	<u>-</u>	<u>(39,790)</u>	<u>NM</u>
Operating income adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 1,075,903	\$ 943,343	\$ 132,560	14.1%
Operating margin (GAAP)	3.86%	3.75%	0.12%	3.1%
Operating margin excluding Certain Items (Non-GAAP)	4.32%	3.82%	0.50%	13.2%
Operating margin excluding Certain Items and Brakes (Non-GAAP)	4.34%	3.82%	0.52%	13.6%
Interest expense (GAAP)	\$ 145,854	\$ 174,142	\$ (28,288)	-16.2%
Impact of acquisition financing costs	<u>-</u>	<u>(94,835)</u>	<u>94,835</u>	<u>NM</u>
Interest expense adjusted for certain items (Non-GAAP)	\$ 145,854	\$ 79,307	\$ 66,547	83.9%

Net earnings (GAAP)	\$	599,054	\$	516,819	\$	82,235	15.9%
Impact of restructuring cost (1)		78,374		7,470		70,904	NM
Impact of acquisition-related costs (2)		47,079		9,816		37,263	NM
Impact of acquisition financing costs		-		94,835		(94,835)	NM
Tax impact of restructuring cost (5)		(19,072)		(2,787)		(16,285)	NM
Tax impact of acquisition-related costs (5)		(10,528)		(3,662)		(6,866)	NM
Tax impact of acquisition financing costs (5)		-		(35,383)		35,383	NM
Net earnings adjusted for certain items (Non-GAAP)	\$	694,907	\$	587,108	\$	107,799	18.4%
Impact of Brakes		(50,728)		-		(50,728)	NM
Impact of Brakes restructuring costs (3)		(3,887)		-		(3,887)	NM
Impact of Brakes acquisition-related costs (2)		(31,047)		-		(31,047)	NM
Impact of interest expense on debt issued for the Brakes acquisition (6)		39,682		-		39,682	NM
Tax impact of interest expense on debt issued for the Brakes acquisition (5)		(15,000)		-		(15,000)	NM
Net earnings adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$	633,927	\$	587,108	\$	46,819	8.0%
Diluted earnings per share (GAAP)	\$	1.08	\$	0.88	\$	0.20	22.7%
Impact of restructuring costs (1)		0.14		0.01		0.13	NM
Impact of acquisition-related costs (2)		0.08		0.02		0.06	NM
Impact of acquisition financing costs		-		0.16		(0.16)	NM
Tax impact of restructuring cost (5)		(0.03)		-		(0.03)	NM
Tax impact of acquisition-related costs (5)		(0.02)		(0.01)		(0.01)	NM
Tax impact of acquisition financing costs (5)		-		(0.06)		0.06	NM
Diluted EPS adjusted for certain items(Non-GAAP) (4)	\$	1.25	\$	1.00	\$	0.25	25.0%
Impact of Brakes		(0.09)		-		(0.09)	NM
Impact of Brakes restructuring costs (3)		(0.01)		-		(0.01)	NM
Impact of Brakes acquisition-related costs (2)		(0.06)		-		(0.06)	NM
Impact of interest expense on debt issued for the Brakes acquisition (6)		0.07		-		0.07	NM
Tax impact of interest expense on debt issued for the Brakes acquisition (5)		(0.03)		-		(0.03)	NM
Diluted EPS adjusted for certain items and excluding the impact of Brakes (Non-GAAP) (4)	\$	1.14	\$	1.00	\$	0.14	14.0%

Diluted shares outstanding

555,663,073 586,121,013

(1) Includes \$56 million in accelerated depreciation associated with our revised business technology strategy and \$22 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 \$38 million related to intangible amortization expense from the Brakes acquisition, which is included in the results of Brakes and \$9 million in transaction costs. Fiscal 2016 includes US Foods merger termination costs.

(3) Includes Brakes Acquisition restructuring charges.

(4) 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.

(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 and is not considered a Certain Item.

NM represents that the percentage change is not meaningful.

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)
Cost per Case

Cost per case is an important metric management used 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. 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 92% 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 second quarter of fiscal 2017 as compared to the second quarter of fiscal 2016.

	13-Week Period Change
(Decrease) increase in cost per case	\$ (0.026)
Impact of Certain Items ⁽¹⁾	(0.002)
(Decrease) increase in adjusted cost per case (Non-GAAP basis)	\$ (0.024)
Impact of fuel prices	(0.020)
(Decrease) increase in adjusted cost per case (Non-GAAP basis)	\$ (0.004)

⁽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.

	26-Week Period Ended Dec. 31, 2016	26-Week Period Ended Dec. 26, 2015	26-Week Period Change in Dollars	26-Week Period % Change
Net cash provided by operating activities (GAAP)	\$ 604,924	\$ 468,881	\$ 136,043	29.0 %
Additions to plant and equipment	(285,692)	(248,233)	(37,459)	-15.1
Proceeds from sales of plant and equipment	11,639	10,827	812	7.5
Free Cash Flow (Non-GAAP)	\$ 330,871	\$ 231,475	\$ 99,396	42.9 %

Adjusted Brakes Accretion Target

	13-Week Period Ended Dec. 31, 2016	26-Week Period Ended Dec. 31, 2016
Diluted EPS adjusted for certain items(Non-GAAP)	\$ 0.58	\$ 1.25
Impact of Brakes	(0.06)	(0.09)
Impact of Brakes restructuring costs	(0.00)	(0.01)
Impact of Brakes acquisition-related costs	(0.03)	(0.06)
Impact of interest expense on debt issued for the Brakes acquisition	0.04	0.07
Tax impact of interest expense on debt issued for the Brakes acquisition	(0.01)	(0.03)
Diluted EPS adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 0.51	\$ 1.14
Brakes Accretion (Non-GAAP)	(0.07)	(0.11)

We expect our Brakes accretion to be accretive in fiscal 2017. Due to the uncertainties within these projected amounts, we cannot provide a quantitative reconciliation of these non-GAAP measures to the most directly comparable GAAP measure without unreasonable effort. However, we expect to calculate these adjusted results in the same manner as the reconciliations provided for the historical periods that are presented herein.

Operating Income Growth

	Year Ended			26-Week Period Ended Dec. 31, 2016	26-Week Period Ended Dec 26, 2015	Period Change \$	Cumulative 18- month Change \$ results
	July 2, 2016	June 27, 2015	Period Change \$				
Sales	\$ 50,366,919	\$ 48,680,752	\$ 1,686,167	\$ 27,425,922	\$ 24,716,237	\$ 2,709,685	
Impact of Brakes	-	-	-	(2,612,423)	-	(2,612,423)	
Sales excluding the impact of Brakes (Non-GAAP)	\$ 50,366,919	\$ 48,680,752	\$ 1,686,167	\$ 24,813,499	\$ 24,716,237	\$ 97,262	
Gross profit	\$ 9,040,472	\$ 8,551,516	\$ 488,956	\$ 5,263,782	\$ 4,394,809	\$ 868,973	
Impact of Brakes	-	-	-	(696,184)	-	(696,184)	
Gross profit excluding the impact of Brakes (Non-GAAP)	\$ 9,040,472	\$ 8,551,516	\$ 488,956	\$ 4,567,598	\$ 4,394,809	\$ 172,789	
Gross margin	17.95%	17.57%	0.38%	19.19%	17.78%	1.41%	
Impact of Brakes	-	-	-	0.79%	0.00%	0.79%	
Gross margin excluding the impact of Brakes (Non-GAAP)	17.95%	17.57%	0.38%	18.41%	17.78%	0.63%	
Operating expenses (GAAP)	\$ 7,189,972	\$ 7,322,154	\$ (132,182)	\$ 4,204,532	\$ 3,468,752	\$ 735,780	
Impact of restructuring costs (1)	(123,134)	(7,801)	(115,333)	(78,374)	(7,470)	(70,904)	
Impact of acquisition-related costs (2)	(35,614)	(554,667)	519,052	(47,079)	(9,816)	(37,264)	
Operating expenses adjusted for certain items (Non-GAAP)	\$ 7,031,224	\$ 6,759,686	\$ 271,537	\$ 4,079,079	\$ 3,451,466	\$ 627,613	
Impact of Brakes	-	-	-	(632,156)	-	(632,156)	
Impact of Brakes restructuring costs (3)	-	-	-	4,981	-	4,981	
Impact of Brakes acquisition-related costs (2)	-	-	-	39,790	-	39,790	
Operating expenses adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 7,031,224	\$ 6,759,686	\$ 271,537	\$ 3,491,694	\$ 3,451,466	\$ 40,228	
Operating income (GAAP)	\$ 1,850,500	\$ 1,229,362	\$ 621,138	\$ 1,059,250	\$ 926,057	\$ 133,193	\$ 754,331
Impact of restructuring costs (1)	123,134	7,801	115,333	78,374	7,470	70,904	186,237
Impact of acquisition-related costs (2)	35,614	554,667	(519,052)	47,079	9,816	37,264	(481,789)
Operating income adjusted for certain items (Non-GAAP)	\$ 2,009,248	\$ 1,791,830	\$ 217,419	\$ 1,184,703	\$ 943,343	\$ 241,360	\$ 458,778
Impact of Brakes	-	-	-	(64,029)	-	(64,029)	(64,029)
Impact of Brakes restructuring costs (3)	-	-	-	(4,981)	-	(4,981)	(4,981)
Impact of Brakes acquisition-related costs (2)	-	-	-	(39,790)	-	(39,790)	(39,790)
Operating income adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 2,009,248	\$ 1,791,830	\$ 217,419	\$ 1,075,903	\$ 943,343	\$ 132,560	\$ 349,979

⁽¹⁾ Includes \$56 million in accelerated depreciation associated with our revised business technology strategy, \$22 million related to severance charges and restructuring expenses within our Brakes operations in fiscal 2017. Includes professional fees on 3-year financial objectives, and costs to convert to legacy systems in conjunction with our revised business technology strategy in fiscal 2017 and fiscal 2016.

⁽²⁾ Fiscal 2017 includes \$38 million related to intangible amortization expense from the Brakes acquisition, which is included in the results of Brakes and \$9 million in transaction costs. Fiscal 2016 includes US Foods merger integration and termination costs.

⁽³⁾ Includes Brakes Acquisition restructuring charges.

Adjusted Operating Income Target

We expect to achieve our adjusted operating income target by fiscal 2018. Due to the uncertainties within these projected amounts, we cannot provide a quantitative reconciliation of these non-GAAP measures to the most directly comparable GAAP measure without unreasonable effort. However, we expect to calculate these adjusted results in the same manner as the reconciliations provided for the historical periods that are presented herein.

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

	13-Week Period Ended		13-Week Period Change in Dollars	13-Week Period % Change
	Dec. 31, 2016	Dec. 26, 2015		
U.S. Foodservice Operations				
Sales (GAAP)	\$ 9,085,565	\$ 9,135,326	\$ (49,761)	-0.5%
Gross Profit (GAAP)	1,823,023	1,759,390	63,633	3.6%
Gross Margin (GAAP)	20.1%	19.3%	0.8%	4.2%
Operating expenses (GAAP)	\$ 1,141,701	\$ 1,134,174	\$ 7,527	0.7%
Impact of restructuring costs	(470)	(561)	91	-16.2%
Operating expenses adjusted for certain items (Non-GAAP)	\$ 1,141,231	\$ 1,133,613	\$ 7,617	0.7%
Operating income (GAAP)	\$ 681,321	\$ 625,216	\$ 56,105	9.0%
Impact of restructuring costs	470	561	(91)	-16.2%
Operating income adjusted for certain items (Non-GAAP)	\$ 681,791	\$ 625,777	\$ 56,014	9.0%
International Foodservice Operations				
Sales (GAAP)	\$ 2,625,949	\$ 1,280,775	\$ 1,345,175	NM
Gross Profit (GAAP)	576,215	221,198	355,017	NM
Gross Margin (GAAP)	21.9%	17.3%	4.7%	27.1%
Operating expenses (GAAP)	\$ 491,401	\$ 178,986	\$ 312,415	NM
Impact of restructuring costs (1)	(5,590)	(586)	(5,004)	NM
Impact of acquisition-related costs (2)	(20,293)	-	(20,293)	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 465,518	\$ 178,400	\$ 287,119	NM
Operating income (GAAP)	\$ 84,814	\$ 42,212	\$ 42,602	NM
Impact of restructuring costs (1)	5,590	586	5,004	NM
Impact of acquisition-related costs (2)	20,293	-	20,293	NM
Operating income adjusted for certain items (Non-GAAP)	\$ 110,697	\$ 42,798	\$ 67,899	NM
SYGMA				
Sales (GAAP)	\$ 1,520,182	\$ 1,506,836	\$ 13,346	0.9%
Gross Profit (GAAP)	113,431	111,790	1,641	1.5%
Gross Margin (GAAP)	7.5%	7.4%	0.0%	0.6%
Operating expenses (GAAP)	\$ 110,276	\$ 106,131	\$ 4,145	3.9%
Impact of restructuring costs	-	(77)	77	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 110,276	\$ 106,054	\$ 4,222	4.0%
Operating income (GAAP)	\$ 3,155	\$ 5,659	\$ (2,504)	-44.3%
Impact of restructuring costs	-	77	(77)	NM
Operating income adjusted for certain items (Non-GAAP)	\$ 3,155	\$ 5,736	\$ (2,581)	-45.0%
Other				
Sales (GAAP)	\$ 225,572	\$ 230,689	\$ (5,117)	-2.2%
Gross Profit (GAAP)	60,096	56,379	3,717	6.6%
Gross Margin (GAAP)	26.6%	24.4%	2.2%	9.0%
Operating expenses (GAAP)	\$ 56,304	\$ 49,999	\$ 6,305	12.6%
Impact of restructuring costs	-	(52)	52	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 56,304	\$ 49,947	\$ 6,357	12.7%
Operating income (GAAP)	\$ 3,793	\$ 6,380	\$ (2,587)	-40.5%
Impact of restructuring costs	-	52	(52)	NM
Operating income adjusted for certain items (Non-GAAP)	\$ 3,793	\$ 6,432	\$ (2,639)	-41.0%
Corporate				
Gross Profit (GAAP)	\$ (901)	\$ 8,472	\$ (9,373)	NM
Operating expenses (GAAP)	\$ 279,765	\$ 254,941	\$ 24,824	9.7%
Impact of restructuring costs (3)	(34,029)	(3,005)	(31,023)	NM
Impact of acquisition-related costs (4)	(5,078)	-	(5,078)	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 240,668	\$ 251,936	\$ (11,277)	-4.5%
Operating income (GAAP)	\$ (280,666)	\$ (246,884)	\$ (33,782)	13.7%
Impact of restructuring costs (3)	34,029	3,005	31,023	NM
Impact of acquisition-related costs (4)	5,078	-	5,078	NM
Operating income adjusted for certain items (Non-GAAP)	\$ (241,559)	\$ (243,879)	\$ 2,319	-1.0%
Total Sysco				
Sales (GAAP)	\$ 13,457,268	\$ 12,153,626	\$ 1,303,643	10.7%
Gross Profit (GAAP)	2,571,863	2,157,229	414,634	19.2%
Gross Margin (GAAP)	19.1%	17.7%	1.4%	7.7%
Operating expenses (GAAP)	\$ 2,079,446	\$ 1,724,231	\$ 355,215	20.6%
Impact of restructuring costs (1) (3)	(40,089)	(4,281)	(35,808)	NM
Impact of acquisition-related costs (2) (4)	(25,370)	-	(25,370)	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 2,013,987	\$ 1,719,950	\$ 294,037	17.1%
Operating income (GAAP)	\$ 492,417	\$ 432,583	\$ 59,834	13.8%
Impact of restructuring costs (1) (3)	40,089	4,281	35,808	NM
Impact of acquisition-related costs (2) (4)	25,370	-	25,370	NM
Operating income adjusted for certain items (Non-GAAP)	\$ 557,876	\$ 436,864	\$ 121,012	27.7%

⁽¹⁾ Fiscal 2017 includes Brakes Acquisition-related restructuring charges and other severance charges.

⁽²⁾ Fiscal 2017 Includes \$19 million for 13 weeks related to intangible amortization expense from the Brakes acquisition, which is included in the results of the Brakes Group.

⁽³⁾ Fiscal 2017 includes \$28 million for the 13 weeks period in accelerated depreciation associated with our revised business technology strategy. Also includes \$13 million for the 13 weeks period related to professional fees on 3-year financial objectives and costs to convert to legacy systems in conjunction with our revised business technology strategy.

⁽⁴⁾ Fiscal 2017 Includes \$7 million for the 13 period related to transaction costs from the Brakes acquisition. Fiscal 2016 includes US Foods merger termination costs.