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

Sysco’s results of operations for fiscal 2018 and 2017 are impacted by restructuring costs consisting of (1) expenses associated with our revised business technology strategy announced in fiscal 2016, as a result of which we incurred costs to convert to a modernized version of our established platform, (2) professional fees related to our three-year strategic plan, (3) restructuring expenses within our Brakes Group operations, and (4) severance charges related to restructuring. In addition, fiscal 2018 results of operations are impacted by business technology transformation costs and business technology finance roadmap costs. Our results of operations for fiscal 2018 and 2017 are also impacted by the following acquisition-related items: (1) intangible amortization expense and (2) integration costs. All acquisition-related costs in fiscal 2018 and 2017 that have been excluded relate to the Brakes Acquisition. The Brakes Acquisition also resulted in non-recurring tax expense in fiscal 2017, primarily from non-deductible transaction costs. Sysco's results for fiscal 2018 are also impacted by multiple hurricanes, which together are considered to be an unusual event, and by the adoption of a new accounting standard that resulted in the recognition of excess tax benefits from stock compensation within income tax expense. These fiscal 2018 and fiscal 2017 items are collectively referred to as "Certain Items."

Management believes that adjusting its operating expenses, operating income, 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 Brakes acquisition. We believe this approach significantly enhances the comparability of Sysco’s results for fiscal 2018 and fiscal 2017.

Set forth below is a reconciliation of sales, operating expenses, operating income, 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
(In Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Sep. 30, 2017	13-Week Period Ended Oct. 1, 2016	Period Change in Dollars	Period % / bps Change
Operating expenses (GAAP)	$ 2,170,576	$ 2,125,086	$ 45,490	2.1%
Impact of restructuring costs (1)	(19,053)	(38,285)	19,232	-50.2%
Impact of acquisition-related costs (2)	(19,745)	(21,710)	1,965	-9.1%
Operating expenses adjusted for certain items (Non-GAAP)	$ 2,131,778	$ 2,065,091	$ 66,687	3.2%
Operating income (GAAP)	$ 623,092	$ 566,833	$ 56,259	9.9%
Impact of restructuring costs (1)	19,053	38,285	(19,232)	-50.2%
Impact of acquisition-related costs (2)	19,745	21,710	(1,965)	-9.1%
Operating income adjusted for certain items (Non-GAAP)	$ 661,890	$ 626,828	$ 35,062	5.6%
Impact of hurricanes	10,000	-	10,000	NM
Operating income adjusted for certain items and hurricanes (Non-GAAP)	$ 671,890	$ 626,829	$ 45,061	7.2%
Net earnings (GAAP)	$ 367,640	$ 323,887	$ 43,753	13.5%
Impact of restructuring cost (1)	19,053	38,285	(19,232)	-50.2%
Impact of acquisition-related costs (2)	19,745	21,710	(1,965)	-9.1%
Tax impact of restructuring cost (3)	(6,943)	(3,593)	(3,350)	93.2%
Tax impact of acquisition-related costs (3)	(4,998)	(4,169)	(829)	19.9%
Net earnings adjusted for certain items (Non-GAAP)	$ 394,497	$ 376,120	$ 18,377	4.9%
Diluted earnings per share (GAAP)	$ 0.69	$ 0.58	$ 0.11	19.0%
Impact of restructuring costs (1)	0.04	0.07	(0.03)	-42.9%
Impact of acquisition-related costs (2)	0.04	0.04	-	NM
Tax impact of restructuring cost (4)	(0.01)	(0.01)	-	NM
Tax impact of acquisition-related costs (4)	(0.01)	(0.01)	-	NM
Diluted EPS adjusted for certain items (Non-GAAP) (5)	$ 0.74	$ 0.67	$ 0.07	10.4%
Impact of excess tax benefits on equity-based compensation	(0.03)	-	(0.03)	NM
Impact of hurricanes	0.01	-	0.01	NM
Diluted EPS adjusted for certain items, excess tax benefits and hurricanes (Non-GAAP) (5)	$ 0.72	$ 0.67	$ 0.05	7.5%
Diluted shares outstanding	533,063,426	560,954,068		

(1) Fiscal 2018 includes $19 million related to business technology costs, professional fees on three-year financial objectives, restructuring expenses within our Brakes operations, severance charges related to restructuring and and costs to convert to legacy systems in conjunction with our revised business technology strategy. Fiscal 2017 includes $28 million in accelerated depreciation associated with our revised business technology strategy and $10 million related to professional fees on three-year financial objectives, restructuring expenses within our Brakes operations, costs to convert to legacy systems in conjunction with our revised business technology strategy and severance charges related to restructuring.

(2) Fiscal 2018 and 2017 include $15 million and $19 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes and $5 million and $2 million, respectively, in integration costs.

(3) Includes Brakes Acquisition restructuring charges.

(4) 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 Brakes Acquisition also resulted in non-recurring tax expense in fiscal 2017, primarily from non-deductible transaction costs.

(5) 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.

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 Sep. 30, 2017	13-Week Period Ended Oct. 1, 2016	Period Change in Dollars	Period % / bps Change
Earnings before income taxes (GAAP)	$ 546,456	$ 500,426	$ 46,030	9.2%
Impact of certain items (1)	38,798	59,995	(21,197)	-35.3%
Operating expenses adjusted for certain items (Non-GAAP)	$ 585,254	$ 560,421	$ 24,833	4.4%
Income taxes (GAAP)	$ 178,816	$ 176,539	$ 2,277	1.3%
Tax impact of certain items (2)	11,941	7,762	4,179	53.8%
Income taxes adjusted for certain items (Non-GAAP)	$ 190,757	$ 184,301	$ 6,456	3.5%
Effective tax rate (GAAP)	32.7%	35.3%		-255 bps
Adjusted effective tax rate (Non-GAAP)	32.6%	32.9%		-29 bps

(1) Fiscal 2018 includes $19 million related to business technology costs, professional fees on three-year financial objectives, restructuring expenses within our Brakes operations, severance charges related to restructuring and and costs to convert to legacy systems in conjunction with our revised business technology strategy. Fiscal 2017 includes $28 million in accelerated depreciation associated with our revised business technology strategy and $10 million related to professional fees on three-year financial objectives, restructuring expenses within our Brakes operations, costs to convert to legacy systems in conjunction with our revised business technology strategy and severance charges related to restructuring. Fiscal 2018 and 2017 aslo include $15 million and $19 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes and $5 million and $2 million, respectively, in integration costs.

(2) 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 Brakes Acquisition also resulted in non-recurring tax expense in fiscal 2017, primarily from non-deductible transaction costs.

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Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Hurricanes on Selected Metrics

	13-Week Period Ended Sep. 30, 2017	13-Week Period Ended Oct. 1, 2016	Period Change in Dollars	Period % / bps Change
U.S. Foodservice Operations:				
Gross profit (GAAP)	$ 1,986,283	$ 1,913,115	$ 73,168	3.8%
Impact of hurricanes	8,150	-	8,150	NM
Gross profit adjusted for hurricanes (Non-GAAP)	$ 1,994,433	$ 1,913,115	$ 81,318	4.3%
Total U.S. Broadline Local Case Growth:				
Local case growth (GAAP)	2.8%			
Impact of hurricanes	0.4%			
Adjusted local case growth (Non-GAAP)	3.2%			

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

	13-Week Period Ended Sep. 30, 2017	13-Week Period Ended Oct. 1, 2016	Period Change in Dollars	Period % / bps Change
International Foodservice Operations				
Operating expenses (GAAP)	538,457	$ 518,971	$ 19,486	3.8%
Impact of restructuring costs (1)	(3,898)	(4,680)	782	-16.7%
Impact of acquisition-related costs (2)	(14,514)	(19,498)	4,984	-25.6%
Operating expenses adjusted for certain items (Non-GAAP)	$ 520,045	$ 494,793	$ 25,252	5.1%
Operating income (GAAP)	$ 76,646	$ 79,435	$ (2,789)	-3.5%
Impact of restructuring costs (1)	3,898	4,680	(782)	-16.7%
Impact of acquisition-related costs (2)	14,514	19,498	(4,984)	-25.6%
Operating income adjusted for certain items (Non-GAAP)	$ 95,058	$ 103,613	$ (8,555)	-8.3%

(1) Includes Brakes Acquisition-related restructuring charges and other severance charges related to restructuring.

(2) Fiscal 2018 and 2017 include $15 million and $19 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the

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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.

Adjusted Return on Invested Capital (ROIC)

We calculate ROIC as net earnings divided by (i) stockholder's 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. All components of our ROIC calculation are impacted by Certain Items. As a result, in the non-GAAP reconciliation below for the first quarter of fiscal 2018, adjusted total invested capital is computed as the sum of (i) adjusted stockholder's 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) adjusted long-term debt, computed as the average of the adjusted long-term debt at the beginning of the year and at the end of each fiscal quarter during the year. Sysco considers adjusted ROIC to be a measure that provides useful information to management and investors in evaluating the efficiency and effectiveness of the company's long-term capital investments, and we currently use ROIC as a performance criteria in our managment incentive programs. It is possible that a different definition of ROIC may be used by other companies since it can be defined differently. 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, Adjusted ROIC for each period presented is to a GAAP based calculation of ROIC.

		13-Week Period Ended Sep. 30, 2017	
Net earnings (GAAP)	$	1,186,254	
Impact of Certain Items on net earnings		191,186	
Adjusted net earnings (Non-GAAP)		1,377,440	
Invested Capital (GAAP)	$	10,877,253	
Adjustments to invested capital		342,193	(1)
Adjusted Invested capital (Non-GAAP)		11,219,446	
Return on investment capital (GAAP)		10.9%	
Return on investment capital (Non-GAAP)		12.3%	

(1) Shareholder's equity adjustments include the impact of Certain Items from earnings and removal of foreign currency translation adjustments that arose in the fiscal year.

(2) Shareholder's equity adjustments include the impact of Certain Items from earnings and removal of foreign currency translation adjustments that arose in the fiscal year.

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 Sep. 30, 2017	13-Week Period Ended Oct. 1, 2016	13-Week Period Change in Dollars
Net cash provided by operating activities (GAAP)	$ 82,775	$ 253,942	$ (171,167)
Additions to plant and equipment	(136,261)	(142,255)	5,994
Proceeds from sales of plant and equipment	1,722	4,261	(2,539)
Free Cash Flow (Non-GAAP)	$ (51,764)	$ 115,948	$ (167,712)

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

We calculate Earnings before interest, taxes, depreciation and amortization (EBITDA) as net earnings plus (i) interest expense, (ii) tax expense, (iii) depreciation expense and (iv) amortization expense. As a result, EBITDA is considered to be a non-GAAP measure of financial performance. Adjusted EBITDA, as it relates to the redeemable option to purchase the remaining 50% interest of the foodservice company in Costa Rica, is calculated as EBITDA plus or minus agreed upon purchase adjustments as determined in the related investment agreement. Sysco considers this adjusted EBITDA calculation to be a measure that provides useful information to management and is used to measure the performance of the joint venture. It is possible that a different definition of adjusted EBITDA may be used by other companies since it can be defined differently. 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 form of calculation is presented to provide the calculation of EBITDA and adjusted EBITDA.

Form of calculation:
Net earnings (GAAP)
Income taxes (GAAP)
Interest (GAAP)
Depreciation and amortization
EBITDA (Non-GAAP)
Agreed upon purchase adjustments
Adjusted EBITDA (Non-GAAP)