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 as opposed to completing the implementation of an ERP; (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 initiative 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 of operations for fiscal 2018 are also impacted by reform measures from the Tax Act enacted on December 22, 2017. The impact for fiscal 2018 includes: (1) a provisional estimate of a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries and (2) a net benefit from remeasuring Sysco's accrued income taxes, deferred tax liabilities and deferred tax assets due to the changes in tax rates. 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, but not for the impact of the tax rate reduction, 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, facilitating comparisons on a year-over-year basis and (2) removes those items that are difficult to predict and are often unanticipated and that, 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.

Sysco is also disclosing net earnings and diluted earnings per share that are further adjusted due to changes in the U.S. statutory tax rate that resulted from the Tax Act. The U.S. statutory tax rate changed to 21% effective January 1, 2018; however, because Sysco was at the midpoint of its fiscal year when the Tax Act became effective, the blended U.S. statutory tax rate applicable to Sysco for fiscal 2018 is 28%. This produced an estimated, one-time net tax benefit of $64.7 million that was recorded in the second quarter of fiscal 2018 due to retroactive application of the 28% blended rate to our earnings for the first half of fiscal 2018, an adjustment addressing the fact that reported earnings in the first quarter were calculated based on the prior, higher statutory rate and that rate has been applied retroactively to all earnings from July 1, 2017 through the date of adoption of the Tax Act.

Management believes that further adjusting its adjusted net earnings and adjusted diluted earnings per share to remove the impact of the U.S. statutory tax rate change provides an important additional perspective with respect to our underlying business trends and results and provides meaningful supplemental information to both management and investors that better reflects the underlying performance of the company and provides for better comparability quarter to quarter, by excluding the impacts of not only the Certain Items described above, but also the impact of the reduction in the U.S. statutory tax rate, which will continue to impact our financial results, and which impacts would have been difficult for analysts or investors to anticipate, for purposes of their financial models or otherwise, with any degree of specificity. Management also made this further adjustment to compare Sysco's underlying financial performance to internal budgets and forecasts that did not include the impact of the U.S. statutory tax rate change that occurred as a result of the Tax Act.

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 Dec. 30, 2017	13-Week Period Ended Dec. 31, 2016	Period Change in Dollars	Period %/bps Change
Operating expenses (GAAP)	$ 2,167,104	$ 2,079,446	$ 87,658	4.2%
Impact of restructuring costs (1)	(21,377)	(40,089)	18,712	-46.7%
Impact of acquisition-related costs (2)	(25,799)	(25,370)	(429)	1.7%
Operating expenses adjusted for certain items (Non-GAAP)	$ 2,119,928	$ 2,013,987	$ 105,941	5.3%
Operating income (GAAP)	$ 532,282	$ 492,417	$ 39,865	8.1%
Impact of restructuring costs (1)	21,377	40,089	(18,712)	-46.7%
Impact of acquisition-related costs (2)	25,799	25,370	429	1.7%
Operating income adjusted for certain items (Non-GAAP)	$ 579,458	$ 557,876	$ 21,582	3.9%
Net earnings (GAAP)	$ 284,113	$ 275,167	$ 8,946	3.3%
Impact of restructuring cost (1)	21,377	40,089	(18,712)	-46.7%
Impact of acquisition-related costs (2)	25,799	25,370	429	1.7%
Tax impact of restructuring cost (3)	(5,691)	(15,111)	9,420	-62.3%
Tax impact of acquisition-related costs (3)	(6,110)	(6,726)	616	-9.2%
Impact of US transition tax	115,000	-	115,000	NM
Impact of US balance sheet remeasurement from tax law change	(14,477)	-	(14,477)	NM
Impact of France and U.K. tax law changes	(8,137)	-	(8,137)	NM
Net earnings adjusted for certain items (Non-GAAP)	411,874	318,789	93,085	29.2%
Impact of US tax rate change	(64,731)	-	(64,731)	NM
Net earnings further adjusted (Non-GAAP)	$ 347,143	$ 318,789	$ 28,354	8.9%
Diluted earnings per share (GAAP)	$ 0.54	$ 0.50	$ 0.04	8.0%
Impact of restructuring costs (1)	0.04	0.07	(0.03)	-42.9%
Impact of acquisition-related costs (2)	0.05	0.05	-	0.0%
Tax impact of restructuring cost (3)	(0.01)	(0.03)	0.02	-66.7%
Tax impact of acquisition-related costs (3)	(0.01)	(0.01)	-	0.0%
Impact of US transition tax	0.22	-	0.22	NM
Impact of US balance sheet remeasurement from tax law change	(0.03)	-	(0.03)	NM
Impact of France and U.K. tax law changes	(0.02)	-	(0.02)	NM
Diluted EPS adjusted for certain items(Non-GAAP) (4)	0.78	0.58	0.20	34.5%
Impact of US tax rate change	(0.12)	-	(0.12)	NM
Diluted EPS further adjusted (Non-GAAP) (4)	$ 0.66	$ 0.58	$ 0.08	13.8%
Diluted shares outstanding	527,249,587	550,372,067		

(1) Fiscal 2018 includes business technology transformation initiative costs, restructuring expenses within our Brakes operations, professional fees on three-year financial objectives and severance charges related to restructuring. Fiscal 2017 includes $28 million in accelerated depreciation associated with our revised business technology strategy and $12 million related to severance charges related to restructuring, professional fees on three-year financial objectives, costs to convert to legacy systems in conjunction with our revised business technology strategy and restructuring expenses within our Brakes operations.

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

(3) 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.

(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.

NM represents that the percentage change is not meaningful.

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 Dec. 30, 2017	13-Week Period Ended Dec. 31, 2016	Period Change in Dollars	Period %/bps Change
U.S. Foodservice Operations				
Sales (GAAP)	$ 9,681,225	$ 9,085,565	$ 595,660	6.6%
Gross Profit (GAAP)	1,915,466	1,823,023	92,443	5.1%
Gross Margin (GAAP)	19.79%	20.07%		-28 bps
Operating expenses (GAAP)	$ 1,209,091	$ 1,141,701	$ 67,390	5.9%
Impact of restructuring costs	-	(470)	470	NM
Operating expenses adjusted for certain items (Non-GAAP)	1,209,091	$ 1,141,231	$ 67,860	5.9%
Operating income (GAAP)	706,375	681,321	25,054	3.7%
Impact of restructuring costs	-	470	(470)	NM
Operating income adjusted for certain items (Non-GAAP)	$ 706,375	$ 681,791	$ 24,584	3.6%
International Foodservice Operations				
Sales (GAAP)	$ 2,869,043	$ 2,625,949	$ 243,094	9.3%
Gross Profit (GAAP)	599,647	576,215	23,432	4.1%
Gross Margin (GAAP)	20.90%	21.94%		-104 bps
Operating expenses (GAAP)	547,209	$ 491,401	$ 55,808	11.4%
Impact of restructuring costs (1)	(5,602)	(5,590)	(12)	0.2%
Impact of acquisition-related costs (2)	(20,809)	(20,293)	(516)	2.5%
Operating expenses adjusted for certain items (Non-GAAP)	$ 520,798	$ 465,518	$ 55,280	11.9%
Operating income (GAAP)	$ 52,438	$ 84,814	$ (32,376)	-38.2%
Impact of restructuring costs (1)	5,602	5,590	12	0.2%
Impact of acquisition-related costs (2)	20,809	20,293	516	2.5%
Operating income adjusted for certain items (Non-GAAP)	$ 78,849	$ 110,697	$ (31,848)	-28.8%

* Segment has no applicable Certain items

(1) Includes Brakes Acquisition-related restructuring charges and other severance charges related to restructuring.
(2) Fiscal 2018 and fiscal 2017 each include $19 million related to intangible amortization expense from the Brakes Acquisition, which is included in the results of the Brakes Group.

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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. 30, 2017	26-Week Period Ended Dec. 31, 2016	26-Week Period Change in Dollars
Net cash provided by operating activities (GAAP)	$ 933,204	$ 639,401	$ 293,803
Additions to plant and equipment	(258,577)	(285,692)	27,115
Proceeds from sales of plant and equipment	3,878	11,639	(7,761)
Free Cash Flow (Non-GAAP)	$ 678,505	$ 365,348	$ 313,157

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.