

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, facility closure charges, multiemployer pension (MEPP) withdrawal charges and debt extinguishment charges. 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, (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 and (3) a benefit from contributions made to fund Sysco's tax-qualified United States (U.S.) pension plan (the Plan). These fiscal 2018 and fiscal 2017 items are collectively referred to as "Certain Items."

Management believes that adjusting its operating expenses, operating income, 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, 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.

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
(In Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Mar. 31, 2018	13-Week Period Ended Apr. 1, 2017	Period Change in Dollars	Period % Change
Operating expenses (GAAP)	\$ 2,189,695	\$ 2,098,173	\$ 91,522	4.4%
Impact of MEPP charge	(1,700)	-	(1,700)	NM
Impact of restructuring costs (1)	(22,781)	(40,064)	17,283	-43.1%
Impact of acquisition-related costs (2)	(25,361)	(24,273)	(1,088)	4.5%
Operating expenses adjusted for certain items (Non-GAAP)	\$ 2,139,853	\$ 2,033,836	\$ 106,017	5.2%
Operating income (GAAP)	\$ 485,933	\$ 435,962	\$ 49,971	11.5%
Impact of MEPP charge	1,700	-	1,700	NM
Impact of restructuring costs (1)	22,781	40,064	(17,283)	-43.1%
Impact of acquisition-related costs (2)	25,361	24,273	1,088	4.5%
Operating income adjusted for certain items (Non-GAAP)	\$ 535,775	\$ 500,299	\$ 35,476	7.1%
Interest expense (GAAP)	\$ 136,145	\$ 81,004	\$ 55,141	68.1%
Impact of loss on extinguishment of debt	(53,104)	-	(53,104)	NM
Interest expense adjusted for certain items (Non-GAAP)	83,041	81,004	2,037	2.5%
Net earnings (GAAP)	\$ 330,085	\$ 238,278	\$ 91,807	38.5%
Impact of MEPP charge	1,700	-	1,700	NM
Impact of restructuring cost (1)	22,781	40,064	(17,283)	-43.1%
Impact of acquisition-related costs (2)	25,361	24,273	1,088	4.5%
Impact of loss on extinguishment of debt	53,104	-	53,104	NM
Tax impact of MEPP charge	(585)	-	(585)	NM
Tax impact of restructuring cost (3)	(7,571)	(17,524)	9,953	-56.8%
Tax impact of acquisition-related costs (3)	(6,633)	(9,229)	2,596	-28.1%
Tax impact of loss on extinguishment of debt	(18,225)	-	(18,225)	NM
Tax impact of retirement plan contribution	(44,424)	-	(44,424)	NM
Net earnings adjusted for certain items (Non-GAAP)	355,593	275,862	79,731	28.9%
Diluted earnings per share (GAAP)	\$ 0.63	\$ 0.44	\$ 0.19	43.2%
Impact of restructuring costs (1)	0.04	0.07	(0.03)	-42.9%
Impact of acquisition-related costs (2)	0.05	0.04	0.01	25.0%
Impact of loss on extinguishment of debt	0.10	-	0.10	NM
Tax impact of restructuring cost (3)	(0.01)	(0.03)	0.02	-66.7%
Tax impact of acquisition-related costs (3)	(0.01)	(0.02)	0.01	-50.0%
Tax impact of loss on extinguishment of debt	(0.03)	-	(0.03)	NM
Tax impact of retirement plan contribution	(0.08)	-	(0.08)	NM
Diluted EPS adjusted for certain items(Non-GAAP) (4)	\$ 0.67	\$ 0.51	\$ 0.16	31.4%
Diluted shares outstanding	527,990,563	544,068,915		

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

⁽²⁾ Fiscal 2018 and fiscal 2017 include \$20 million and \$19 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes, and \$4 million and \$7 million, respectively, 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 Mar. 31, 2018	13-Week Period Ended Apr. 1, 2017	Period Change in Dollars	Period %/bps Change
U.S. Foodservice Operations				
Sales (GAAP)	\$ 9,704,495	\$ 9,233,048	\$ 471,447	5.1%
Gross Profit (GAAP)	1,911,704	1,836,226	75,478	4.1%
Gross Margin (GAAP)	19.70%	19.89%		-19 bps
Operating expenses (GAAP)	\$ 1,216,240	\$ 1,147,016	\$ 69,224	6.0%
Impact of MEPP charge	(1,700)	-	(1,700)	NM
Operating expenses adjusted for certain items (Non-GAAP)	1,214,540	\$ 1,147,016	\$ 67,524	5.9%
Operating income (GAAP)	695,464	689,210	6,254	0.9%
Impact of MEPP charge	1,700	-	1,700	NM
Operating income adjusted for certain items (Non-GAAP)	\$ 697,164	\$ 689,210	\$ 7,954	1.2%
International Foodservice Operations				
Sales (GAAP)	\$ 2,799,251	\$ 2,528,485	\$ 270,766	10.7%
Gross Profit (GAAP)	583,226	516,748	66,478	12.9%
Gross Margin (GAAP)	20.84%	20.44%		40 bps
Operating expenses (GAAP)	563,907	\$ 500,672	\$ 63,235	12.6%
Impact of restructuring costs (1)	(3,552)	(6,779)	3,227	-47.6%
Impact of acquisition-related costs (2)	(21,679)	(17,048)	(4,631)	27.2%
Operating expenses adjusted for certain items (Non-GAAP)	\$ 538,676	\$ 476,845	\$ 61,831	13.0%
Operating income (GAAP)	\$ 19,319	\$ 16,076	\$ 3,243	20.2%
Impact of restructuring costs (1)	3,552	6,779	(3,227)	-47.6%
Impact of acquisition-related costs (2)	21,679	17,048	4,631	27.2%
Operating income adjusted for certain items (Non-GAAP)	\$ 44,550	\$ 39,903	\$ 4,647	11.6%
Impact of Brakes	7,833	-	7,833	NM
Impact of Brakes restructuring costs	(3,219)	-	(3,219)	NM
Impact of Brakes acquisition-related costs	(21,679)	-	(21,679)	NM
Less 1 week fourth quarter operating income	-	-	-	NM
Operating income adjusted for certain items, extra week and excluding the impact of Brakes (Non-GAAP)	\$ 27,486	\$ 39,903	\$ (12,417)	-31.1%
SYGMA *				
Sales (GAAP)	\$ 1,605,753	\$ 1,535,550	\$ 70,203	4.6%
Gross Profit (GAAP)	127,074	119,481	7,593	6.4%
Gross Margin (GAAP)	7.91%	7.78%		13 bps

* Segment has no applicable Certain items

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

⁽²⁾ Fiscal 2018 and fiscal 2017 include \$20 million and \$19 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of the Brakes Group.

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 Mar. 31, 2018	13-Week Period Ended Apr. 1, 2017	13-Week Period Change in Dollars
Net cash provided by operating activities (GAAP)	\$ 190,983	\$ 443,021	\$ (252,038)
Additions to plant and equipment	(114,035)	(128,084)	14,049
Proceeds from sales of plant and equipment	13,032	7,452	5,580
Free Cash Flow (Non-GAAP)	<u>\$ 89,980</u>	<u>\$ 322,389</u>	<u>\$ (232,409)</u>

	39-Week Period Ended Mar. 31, 2018	39-Week Period Ended Apr. 1, 2017	39-Week Period Change in Dollars
Net cash provided by operating activities (GAAP)	\$ 1,124,187	\$ 1,082,424	\$ 41,763
Additions to plant and equipment	(372,612)	(413,776)	41,164
Proceeds from sales of plant and equipment	16,910	19,091	(2,181)
Free Cash Flow (Non-GAAP)	<u>\$ 768,485</u>	<u>\$ 687,739</u>	<u>\$ 80,746</u>

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Operating Income Growth (FY18 3-Year Plan)
(In Thousands)

	Year Ended			39-Week Period Ended			Cumulative 11-Quarter Growth
	July 1, 2017	June 27, 2015	Cumulative 8-Quarter Growth	March 31, 2018	April 1, 2017	Cumulative 3-Quarter Growth	
Sales	\$ 55,371,139	\$ 48,680,752	\$ 6,690,387	\$ 43,411,418	\$ 40,950,094	\$ 2,461,324	
Impact of Brakes	(5,170,787)	-	(5,170,787)	(4,178,828)	(3,852,145)	(326,684)	
Sales excluding the impact of Brakes (Non-GAAP)	\$ 50,200,352	\$ 48,680,752	\$ 1,519,600	\$ 39,232,590	\$ 37,097,949	\$ 2,134,640	
Gross profit	\$ 10,557,507	\$ 8,551,516	\$ 2,005,991	\$ 8,168,682	\$ 7,797,917	\$ 370,765	
Impact of Brakes	(1,333,852)	-	(1,333,852)	(1,035,319)	(995,132)	(40,187)	
Gross profit excluding the impact of Brakes (Non-GAAP)	\$ 9,223,655	\$ 8,551,516	\$ 672,139	\$ 7,133,363	\$ 6,802,785	\$ 330,578	
Gross margin	19.07%	17.57%	1.50%	18.82%	19.04%	-0.23%	
Impact of Brakes	0.69%	-	0.69%	0.63%	0.71%	-0.07%	
Gross margin excluding the impact of Brakes (Non-GAAP)	18.37%	17.57%	0.81%	18.18%	18.34%	-0.30%	
Operating expenses (GAAP)	\$ 8,504,336	\$ 7,322,154	\$ 1,182,182	\$ 6,527,375	\$ 6,302,705	\$ 224,670	
MEPP Charge	(35,600)	-	(35,600)	(1,700)	-	(1,700)	
Impact of restructuring costs (1)	(161,011)	(7,801)	(153,210)	(63,211)	(118,438)	55,227	
Impact of acquisition-related costs (2)	(102,049)	(554,667)	(452,618)	(70,906)	(71,352)	446	
Operating expenses adjusted for certain items (Non-GAAP)	\$ 8,205,676	\$ 6,759,686	\$ 1,445,990	\$ 6,391,558	\$ 6,112,915	\$ 278,643	
Impact of Brakes	(1,282,800)	-	(1,282,800)	(1,043,826)	(949,926)	(93,900)	
Impact of Brakes restructuring costs	13,732	-	13,732	11,305	9,794	1,511	
Impact of Brakes acquisition-related costs	(78,273)	-	(78,273)	(57,001)	(56,838)	163	
Operating expenses adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 7,014,881	\$ 6,759,686	\$ 255,194	\$ 5,416,039	\$ 5,229,622	\$ 186,417	
Operating income (GAAP)	\$ 2,053,171	\$ 1,229,362	\$ 823,809	\$ 1,641,307	\$ 1,495,212	\$ 146,095	\$ 969,904
MEPP Charge	35,600	-	35,600	1,700	-	1,700	37,300
Impact of restructuring costs (1)	161,011	7,801	153,210	63,211	118,438	(55,227)	97,983
Impact of acquisition-related costs (2)	102,049	554,667	(452,618)	70,906	71,352	(446)	(453,064)
Operating income adjusted for certain items (Non-GAAP)	\$ 2,351,831	\$ 1,791,830	\$ 560,001	\$ 1,777,124	\$ 1,685,002	\$ 92,122	\$ 652,123
Impact of Brakes	(51,053)	-	(51,053)	8,508	(45,206)	53,713	2,661
Impact of Brakes restructuring costs	(13,732)	-	(13,732)	(11,305)	(9,794)	(1,511)	(15,243)
Impact of Brakes acquisition-related costs	(78,273)	-	(78,273)	(57,001)	(56,838)	(163)	(78,437)
Operating income adjusted for certain items and excluding the impact of Brakes (Non-GAAP)	\$ 2,208,773	\$ 1,791,830	\$ 416,943	\$ 1,717,325	\$ 1,573,164	\$ 144,161	\$ 561,104

⁽¹⁾ Fiscal 2018 includes business technology transformation initiative costs, 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, severance charges related to restructuring, and facility closure charges. Fiscal 2017 includes \$84 million in accelerated depreciation associated with our revised business technology strategy and \$35 million related to professional fees on 3-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.

⁽²⁾ Fiscal 2018 and fiscal 2017 include \$51 million and \$57 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes, and \$14 million and \$15 million in integration costs, respectively.