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

Our discussion below and elsewhere herein of our results includes certain non-GAAP financial measures that we believe provide important perspective with respect to underlying business trends. Other than free cash flow, any non-GAAP financial measures will be denoted as adjusted measures and exclude the impact from restructuring and transformational project costs consisting of: (1) expenses associated with our various transformation initiatives; (2) severance and facility closure charges; and (3) restructuring charges.

Our results of operations for fiscal 2019 and 2018 were also impacted by the following acquisition-related items: (1) intangible amortization expense and (2) integration costs.

Fiscal 2019 results of operations were impacted by a gain on the sale of Iowa Premium. In addition, fiscal 2018 results of operations were impacted by multiemployer pension plan (MEPP) withdrawal charges and debt extinguishment charges. Sysco's results of operations for fiscal 2019 and 2018 were also impacted by reform measures from the Tax Act enacted on December 22, 2017. The impact for fiscal 2019 and 2018 includes a transition tax on certain unrepatriated earnings of foreign subsidiaries, and the impact for fiscal 2019 also includes the recognition of a foreign tax credit. The impact for fiscal 2018 includes: (1) 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 (2) a benefit from contributions made to fund the U.S. Retirement Plan (Pension Plan).

The fiscal 2019 and 2018 items described above and excluded from our non-GAAP measures are collectively referred to as "Certain Items." All acquisition-related costs in fiscal 2019 and 2018 that have been designated as Certain Items relate to the fiscal 2017 acquisition of Cucina Lux Investments Limited (the Brakes Acquisition). In addition, with respect to the adjusted return on invested capital targets, our invested capital is adjusted for the accumulation of debt incurred for the Brakes Acquisition that would not have been borrowed absent this acquisition.

Management believes that adjusting its operating expenses, operating income, interest expense, other 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, facilitates 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 was 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 2019 and fiscal 2018.

The company uses these non-GAAP measures when evaluating its financial results, as well as for internal planning and forecasting purposes. These financial measures should not be used as a substitute for GAAP measures in assessing the company's results of operations for periods presented. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. As a result, in the table below, each period presented is adjusted for the impact described above. In the table below, 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)

	52-Week Period Ended Jun. 29, 2019	52-Week Period Ended Jun. 30, 2018	Period Change in Dollars	Period % Change
Operating expenses (GAAP)	$ 9,078,837	$ 8,771,335	$ 307,502	3.5%
Impact of restructuring and transformational project costs (1)	(325,300)	(109,524)	(215,776)	NM
Impact of acquisition-related costs (2)	(77,832)	(108,136)	30,304	-28.0%
Impact of MEPP charge	-	(1,700)	1,700	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 8,675,705	$ 8,551,975	$ 123,730	1.4%
Operating income (GAAP)	$ 2,330,150	$ 2,314,056	$ 16,094	0.7%
Impact of restructuring and transformational project costs (1)	325,300	109,524	215,776	NM
Impact of acquisition-related costs (2)	77,832	108,136	(30,304)	-28.0%
Impact of MEPP charge	-	1,700	(1,700)	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 2,733,282	$ 2,533,416	$ 199,865	7.9%
Interest expense (GAAP)	$ 360,423	$ 395,483	$ (35,060)	-8.9%
Impact of loss on extinguishment of debt	-	(53,104)	53,104	NM
Interest expense adjusted for certain items (Non-GAAP)	$ 360,423	$ 342,379	$ 18,044	5.3%
Other (income) expense (GAAP)	$ (36,109)	$ (37,651)	$ 1,542	-4.1%
Impact of gain on sale of Iowa Premium	66,309	-	66,309	NM
Other (income) expense (Non-GAAP)	$ 30,200	$ (37,651)	$ 67,851	NM
Net earnings (GAAP)	$ 1,674,271	$ 1,430,766	$ 243,505	17.0%
Impact of restructuring and transformational project costs (1)	325,300	109,524	215,776	NM
Impact of acquisition-related costs (2)	77,832	108,136	(30,304)	-28.0%
Impact of gain on sale of Iowa Premium	(66,309)	-	(66,309)	NM
Impact of MEPP charge	-	1,700	(1,700)	NM
Impact of loss on extinguishment of debt	-	53,104	(53,104)	NM
Tax impact of restructuring and transformational project costs (3)	(81,722)	(34,024)	(47,698)	NM
Tax impact of acquisition-related costs (3)	(19,553)	(26,172)	6,619	-25.3%
Tax impact of gain on sale of Iowa Premium	18,119	-	18,119	NM
Tax Impact of MEPP charge (3)	-	(573)	573	NM
Tax impact of loss on extinguishment of debt (3)	-	(18,225)	18,225	NM
Tax impact of Pension Plan contribution (3)	-	(44,424)	44,424	NM
Impact of foreign tax credit benefit	(95,067)	-	(95,067)	NM
Impact of US transition tax	17,516	80,000	(62,484)	-78.1%
Impact of France, U.K. and Sweden tax law changes	6,464	(9,706)	16,170	NM
Impact of US balance sheet remeasurement from tax law change	-	(14,477)	14,477	NM
Impact of repatriation of certain international earnings (4)	-	24,208	(24,208)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	$ 1,856,851	$ 1,659,837	$ 197,014	11.9%
Diluted earnings per share (GAAP)	$ 3.20	$ 2.70	$ 0.50	18.5%
Impact of restructuring and transformational project costs (1)	0.62	0.21	0.41	NM
Impact of acquisition-related costs (2)	0.15	0.20	(0.05)	-25.0%
Impact of gain on sale of Iowa Premium	(0.13)	-	(0.13)	NM
Impact of loss on extinguishment of debt	-	0.10	(0.10)	NM
Tax impact of restructuring and transformational project costs (3)	(0.16)	(0.06)	(0.10)	NM
Tax impact of acquisition-related costs (3)	(0.04)	(0.05)	0.01	-20.0%
Tax impact of gain on sale of Iowa Premium	0.03	-	0.03	NM
Tax impact of loss on extinguishment of debt (3)	-	(0.03)	0.03	NM
Tax impact of Pension Plan contribution (3)	-	(0.08)	0.08	NM
Impact of foreign tax credit benefit	(0.18)	-	(0.18)	NM
Impact of US transition tax	0.03	0.15	(0.12)	-80.0%
Impact of France, U.K. and Sweden tax law changes	0.01	(0.02)	0.03	NM
Impact of US balance sheet remeasurement from tax law change	-	(0.03)	0.03	NM
Impact of repatriation of certain international earnings (4)	-	0.05	(0.05)	NM
Diluted EPS adjusted for Certain Items (Non-GAAP) (5)	$ 3.55	$ 3.14	$ 0.41	13.1%
Diluted shares outstanding	523,381,124	529,089,854		

(1) Fiscal 2019 includes $151 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy, of which $18 million relates to accelerated depreciation related to software that is being replaced, and $174 million related to severance, restructuring and facility closure charges in Europe, Canada and at Corporate, of which $61 million relates to our France restructuring as part of our integration of Brake France and Davigel into Sysco France. Fiscal 2018 includes $70 million related to business technology costs and professional fees on three-year financial objectives and $33 million related to restructuring charges.

(2) Fiscal 2019 and fiscal 2018 include $77 million and $81 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes, and $1 million and $18 million, respectively, related to 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.

(4) Represents the expense from foreign withholding tax incurred obtained through the repatriation of certain international earnings, partially offset by tax credits.

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

	52-Week Period Ended Jun. 29, 2019	52-Week Period Ended Jun. 30, 2018	Period Change in Dollars	Period %/bps Change
U.S. Foodservice Operations				
Operating expenses (GAAP)	$ 5,056,211	$ 4,843,459	$ 212,752	4.4%
Impact of MEPP charge	-	(1,700)	1,700	NM
Operating expenses adjusted for certain items (Non-GAAP)	$ 5,056,211	$ 4,841,759	$ 214,452	4.4%
Operating income (GAAP)	$ 3,192,816	$ 3,056,817	$ 135,999	4.4%
Impact of MEPP charge	-	1,700	(1,700)	NM
Operating income adjusted for certain items (Non-GAAP)	$ 3,192,816	$ 3,058,517	$ 134,299	4.4%
International Foodservice Operations				
Operating expenses (GAAP)	$ 2,266,736	$ 2,243,104	$ 23,632	1.1%
Impact of restructuring and transformational project costs (2)	(152,852)	(36,667)	(116,185)	NM
Impact of acquisition-related costs (3)	(76,530)	(90,004)	13,474	-15.0%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,037,354	$ 2,116,433	$ (79,079)	-3.7%
Operating income (GAAP)	$ 125,443	$ 193,864	$ (68,421)	-35.3%
Impact of restructuring and transformational project costs (2)	152,852	36,667	116,185	NM
Impact of acquisition-related costs (3)	76,530	90,004	(13,474)	-15.0%
Operating income adjusted for Certain Items (Non-GAAP)	$ 354,825	$ 320,535	$ 34,290	10.7%
SYGMA				
Operating expenses (GAAP)	$ 477,858	$ 486,960	$ (9,102)	-1.9%
Impact of restructuring and transformational project costs (4)	(2,609)	-	(2,609)	NM
Operating expenses adjusted for certain items (Non-GAAP)	$ 475,249	$ 486,960	$ (11,711)	-2.4%
Operating income (GAAP)	$ 27,780	$ 24,318	$ 3,462	14.2%
Impact of restructuring and transformational project costs (4)	2,609	-	2,609	NM
Operating income adjusted for certain items (Non-GAAP)	$ 30,389	$ 24,318	$ 6,071	25.0%
Other *				
Corporate				
Operating expenses (GAAP)	$ 1,041,183	$ 973,934	$ 67,249	6.9%
Impact of restructuring and transformational project costs (5)	(169,838)	(72,857)	(96,981)	NM
Impact of acquisition-related costs (6)	(1,302)	(18,132)	16,830	-92.8%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 870,043	$ 882,945	$ (12,902)	-1.5%
Operating income (GAAP)	$ (1,051,737)	$ (1,000,428)	$ (51,309)	5.1%
Impact of restructuring and transformational project costs (5)	169,838	72,857	96,981	NM
Impact of acquisition-related costs (6)	1,302	18,132	(16,830)	-92.8%
Operating income adjusted for Certain Items (Non-GAAP)	$ (880,597)	$ (909,439)	$ 28,842	-3.2%
Total Sysco				
Operating expenses (GAAP)	$ 9,078,837	$ 8,771,335	$ 307,502	3.5%
Impact of restructuring and transformational project costs (1) (2) (4) (5)	(325,299)	(109,524)	(215,775)	NM
Impact of acquisition-related costs (3) (6)	(77,832)	(108,136)	30,304	-28.0%
Impact of MEPP charge	-	(1,700)	1,700	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 8,675,706	$ 8,551,975	$ 123,731	1.4%
Operating income (GAAP)	$ 2,330,150	$ 2,314,056	$ 16,094	0.7%
Impact of restructuring and transformational project costs (1) (2) (4) (5)	325,299	109,524	215,775	NM
Impact of acquisition-related costs (3) (6)	77,832	108,136	(30,304)	-28.0%
Impact of MEPP charge	-	1,700	(1,700)	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 2,733,281	$ 2,533,416	$ 199,865	7.9%

* Segment has no applicable Certain items

(1) Includes charges related to business transformation projects.

(2) Includes $61 million of restructuring charges in France and other restructuring, severance and facility closure costs in Europe and Canada.

(3) Fiscal 2019 and fiscal 2018 include $77 million and $81 million, respectively, related to intangible amortization expense from the Brakes Acquisition.

(4) Includes charges related to facility closures and other restructuring charges.

(5) Fiscal 2019 and fiscal 2018 include various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2019 includes $18 million of accelerated depreciation on software that is being replaced, and severance charges related to restructuring.

(6) Fiscal 2019 and fiscal 2018 include $1 million and $18 million, respectively, related to integration costs from the Brakes Acquisition.

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)

	13-Week Period Ended Jun. 29, 2019	13-Week Period Ended Jun. 30, 2018	Period Change in Dollars	Period % Change
Operating expenses (GAAP)	$ 2,258,662	$ 2,232,773	$ 25,889	1.2%
Impact of restructuring and transformational project costs (1)	(77,753)	(46,313)	(31,440)	67.9%
Impact of acquisition-related costs (2)	(19,789)	(37,230)	17,441	-46.8%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,161,120	$ 2,149,230	$ 11,890	0.6%
Operating income (GAAP)	$ 720,530	$ 683,936	$ 36,594	5.4%
Impact of restructuring and transformational project costs (1)	77,753	46,313	31,440	67.9%
Impact of acquisition-related costs (2)	19,789	37,230	(17,441)	-46.8%
Operating income adjusted for Certain Items (Non-GAAP)	$ 818,072	$ 767,479	$ 50,593	6.6%
Other (income) expense (GAAP)	$ (51,558)	$ (1,688)	$ (49,870)	NM
Impact of gain on sale of Iowa Premium	66,309	-	66,309	NM
Other (income) expense (Non-GAAP)	$ 14,751	$ (1,688)	$ 16,439	NM
Net earnings (GAAP)	$ 535,766	$ 448,928	$ 86,838	19.3%
Impact of restructuring and transformational project costs (1)	77,753	46,313	31,440	67.9%
Impact of acquisition-related costs (2)	19,789	37,230	(17,441)	-46.8%
Impact of gain on sale of Iowa Premium	(66,309)	-	(66,309)	NM
Tax impact of restructuring and transformational project costs (3)	(16,891)	(13,299)	(3,592)	27.0%
Tax impact of acquisition-related costs (3)	(4,352)	(8,940)	4,588	-51.3%
Tax impact of gain on sale of Iowa Premium	18,119	-	18,119	NM
Impact of US transition tax	2,631	(35,000)	37,631	NM
Impact of France, U.K. and Sweden tax law changes	6,464	(1,569)	8,033	NM
Impact of repatriation of certain international earnings (4)	-	24,208	(24,208)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	$ 572,970	$ 497,871	$ 75,099	15.1%
Diluted earnings per share (GAAP)	$ 1.03	$ 0.85	$ 0.18	21.3%
Impact of restructuring and transformational project costs (1)	0.15	0.09	0.06	66.7%
Impact of acquisition-related costs (2)	0.04	0.07	(0.03)	-42.9%
Impact of gain on sale of Iowa Premium	(0.13)	-	(0.13)	NM
Tax impact of restructuring and transformational project costs (3)	(0.03)	(0.03)	-	0.0%
Tax impact of acquisition-related costs (3)	(0.01)	(0.02)	0.01	-50.0%
Tax impact of gain on sale of Iowa Premium	0.03	-	0.03	NM
Impact of US transition tax	0.01	(0.07)	0.08	NM
Impact of France and U.K. tax law changes	0.01	-	0.01	NM
Impact of repatriation of certain international earnings (4)	-	0.05	(0.05)	NM
Diluted EPS adjusted for Certain Items (Non-GAAP) (5)	$ 1.10	$ 0.94	$ 0.16	16.9%
Diluted shares outstanding	520,060,241	528,053,652		

(1) Fiscal 2019 includes $37 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy and $41 million related to restructuring, facility closure and severance charges. Fiscal 2018 includes $22 million related to business technology costs and professional fees on three-year financial objectives and $18 million related to restructuring charges.

(2) Fiscal 2019 and fiscal 2018 include $19 million and $30 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes. Fiscal 2018 includes $4 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.

(4) Represents the expense from foreign withholding tax incurred obtained through the repatriation of certain international earnings, partially offset by tax credits.

(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)
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.

	52-Week Period Ended Jun. 29, 2019	52-Week Period Ended Jun. 30, 2018	52-Week Period Change in Dollars
Net cash provided by operating activities (GAAP)	$ 2,411,207	$ 2,155,380	$ 255,827
Additions to plant and equipment	(692,391)	(687,815)	(4,576)
Proceeds from sales of plant and equipment	20,941	22,255	(1,314)
Free Cash Flow (Non-GAAP)	$ 1,739,757	$ 1,489,820	$ 249,937

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 excluding the impact of foreign currency translation adjustments; 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 each fiscal year, 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 management 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.

	52-Week Period Ended Jun. 29, 2019		52-Week Period Ended Jun. 30, 2018	
Form of calculation:				
Net earnings (GAAP)	$ 1,674,271		$ 1,430,766	
Impact of Certain Items on net earnings	182,580		229,071	
Adjusted net earnings (Non-GAAP)	$ 1,856,851		$ 1,659,837	
Invested Capital (GAAP)	$ 10,971,890		$ 11,042,773	
Adjustments to invested capital	347,290	(1)	275,125	(1)
Adjusted invested capital (Non-GAAP)	$ 11,319,180		$ 11,317,899	
Return on investment capital (GAAP)	15.3%		13.0%	
Return on investment capital (Non-GAAP)	16.4%		14.7%	

(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.