SYSCO CORP
Form PRE 14A
September 09, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

þ Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

SYSCO CORPORATION

(Name of Registrant as Specified In Its Charter)

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(4) Date Filed:

PRELIMINARY FILING

1390 Enclave Parkway
Houston, Texas 77077-2099

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held November 16, 2011

To the Stockholders of Sysco Corporation:

The Annual Meeting of Stockholders of Sysco Corporation, a Delaware corporation, will be held on Wednesday, November 16, 2011 at 10:00 a.m. at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024, for the following purposes:

1. To elect as directors the four nominees named in the attached proxy statement to serve until the Annual Meeting of Stockholders in 2014;

2. To approve, by non-binding vote, the compensation paid to Sysco s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion;

3. To recommend, by non-binding vote, the frequency with which Sysco will conduct stockholder advisory votes on executive compensation;

4. To approve an amendment to Sysco s Bylaws to implement a staggered declassification of the Board of Directors over a three-year period beginning with the election of the Class II directors for a one-year term at Sysco s 2012 Annual Meeting of Stockholders;

5. To ratify the appointment of Ernst & Young LLP as Sysco s independent accountants for fiscal 2012; and

6. To transact any other business as may properly be brought before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on September 19, 2011 will be entitled to receive notice of and to vote at the Annual Meeting. You may inspect a list of stockholders of record at the company s headquarters during regular business hours during the 10-day period before the Annual Meeting. You may also inspect this list at the Annual Meeting.

You are, of course, invited to attend the Annual Meeting in person. Whether or not you plan to attend in person, we urge you to promptly vote your shares by telephone, by the Internet or, if this proxy statement was mailed to you, by returning the enclosed proxy card in order that your vote may be cast at the Annual Meeting.

By Order of the Board of Directors

Manuel A. Fernandez
Chairman of the Board

, 2011

PRELIMINARY PROXY STATEMENT

Sysco Corporation
1390 Enclave Parkway
Houston, Texas 77077-2099

PROXY STATEMENT

2011 ANNUAL MEETING OF STOCKHOLDERS

, 2011

Information About Attending the Annual Meeting

Our Annual Meeting will be held on Wednesday, November 16, 2011 at 10:00 a.m. at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024.

Information About This Proxy Statement

We are providing you with a Notice of Internet Availability of Proxy Materials and access to these proxy materials, which include this 2011 Proxy Statement, the proxy card for the 2011 Annual Meeting and our Annual Report on Form 10-K for fiscal 2011, because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. Unless the context otherwise requires, the terms we, our, us, the company or Sysco as used in this prox statement refer to Sysco Corporation.

Information About the Notice of Internet Availability of Proxy Materials

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the SEC), instead of mailing a printed copy of our proxy materials, including our annual report to stockholders, to each stockholder of record, we may now generally furnish proxy materials, including our annual report to stockholders, to our stockholders on the Internet.

Stockholders who have previously signed up to Receive Proxy Materials on the Internet: On or about , 2011, we will send electronically a Notice of Internet Availability of Proxy Materials (the E-Proxy Notice) to those stockholders that have previously signed up to receive their proxy materials and other stockholder communications on the Internet instead of by mail.

Stockholders who have previously signed up to Receive All Future Proxy Materials in Printed Format by Mail: On or about , 2011, we will begin mailing printed copies of our proxy materials, including our annual report to stockholders, to all stockholders who previously submitted a valid election to receive all future proxy materials and other stockholder communications in written format.

All other Stockholders: On or about , 2011, we will begin mailing the E-Proxy Notice to all other stockholders. If you received the E-Proxy Notice by mail, you will not automatically receive a printed copy of the proxy materials or the annual report to stockholders. Instead, the E-Proxy Notice instructs you as to how you may access and review all of the important information contained in the proxy materials, including our annual report to stockholders. The E-Proxy Notice also instructs you as to how you may submit your proxy on the Internet. If you received the E-Proxy Notice by mail and would like to receive a printed copy of our proxy materials, including our annual report to stockholders, you should follow the instructions for requesting such materials included in the E-Proxy Notice.

Receiving Future Proxy Materials Electronically: Stockholders may also sign up to receive future proxy materials, including E-Proxy Notices, and other stockholder communications electronically instead of by mail. This will reduce our printing and postage costs and eliminate bulky paper documents from your personal files. In order to receive the communications electronically, you must have an e-mail account, access to the Internet through an Internet service provider and a web browser that supports secure connections. Visit *http://enroll.icsdelivery.com/syy* for additional information regarding electronic delivery enrollment.

Where to Find Information in this Proxy Statement: For your convenience, set forth below is a listing of the major topics in this proxy statement.

Who Can Vote

You can vote at the Annual Meeting if you owned shares of Sysco s common stock at the close of business on the record date, September 19, 2011. You are entitled to one vote for each share you owned on the record date on each matter presented at the Annual Meeting, or any adjournments or postponements of the Annual Meeting.

What is the Record Date and What Does it Mean

The record date for the Annual Meeting is September 19, 2011. The record date was established by the Board of Directors as provided by Sysco s Bylaws and Delaware law. Owners of record of Sysco s common stock at the close of business on the record date are entitled to:

- Receive notice of the Annual Meeting; and
- Vote at the Annual Meeting, and any adjournments or postponements of the Annual Meeting.

How many Shares of Sysco Common Stock are Outstanding

At the close of business on August 30, 2011, there were 591,974,063 shares of Sysco Corporation common stock outstanding and entitled to vote at the Annual Meeting. All of our current directors and executive officers (19 persons) owned, directly or indirectly, an aggregate of 828,508 shares, which was less than 1% of our outstanding stock as of

August 30, 2011.

How to Vote

You may vote your shares as follows:

- in person at the Annual Meeting; or
- by telephone (see the instructions at *www.ProxyVote.com*); or,
- by Internet (see the instructions at *www.ProxyVote.com)*; or
- if you received a printed copy of these proxy materials by mail, by signing, dating and mailing the enclosed proxy card.

If you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. You may specify whether your shares should be voted for, against or abstain with respect to all, some or none of the nominees for director and with respect to the proposal to approve the compensation paid to Sysco s named executive officers, the proposal to amend the Bylaws to implement a staggered declassification of the Board of Directors and ratification of the appointment of the independent accountants. With respect to the proposal to recommend the frequency with which Sysco will conduct stockholder advisory votes on executive compensation, you may specify whether you prefer an annual, biennial or triennial frequency for the vote, i.e., the occurrence of a vote every year, every two years or every three years, or you may abstain.

If you sign and return your proxy card without indicating your voting instructions, your shares will be voted as follows:

- FOR the election of the four nominees for director;
- FOR the approval of the compensation paid to Sysco s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative;
- FOR an ANNUAL stockholder vote to approve the compensation paid to Sysco s named executive officers;
- FOR the amendment of Sysco s Bylaws to implement a staggered declassification of the Board of Directors;
- FOR the ratification of the appointment of Ernst & Young as independent accountants for fiscal 2012.

If your shares are not registered in your own name and you plan to attend the Annual Meeting and vote your shares in person, you should contact your broker or agent in whose name your shares are registered to obtain a proxy executed in your favor and bring it to the Annual Meeting in order to vote.

How to Revoke or Change Your Vote

You may revoke or change your proxy at any time before it is exercised by:

- delivering written notice of revocation to Sysco s Corporate Secretary in time for him to receive it before the Annual Meeting;
- voting again by telephone, Internet or mail (provided that such new vote is received in a timely manner pursuant to the instructions above); or
- voting in person at the Annual Meeting.

The last vote that we receive from you will be the vote that is counted.

Broker Non-Votes

A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting authority and has not received voting instructions from the beneficial owner. Broker non-votes will count as votes against the proposal to declassify the Board and will be disregarded with respect to all other proposals.

Quorum Requirement

A quorum is necessary to hold a valid meeting. A quorum will exist if the holders of at least 35% of all the shares entitled to vote at the meeting are present in person or by proxy. All shares voted by proxy are counted as present for purposes of establishing a quorum, including those that abstain or as to which the proxies contain broker non-votes as to one or more items.

Votes Necessary for Action to be Taken

Sysco s Bylaws and Corporate Governance Guidelines include a majority vote standard for uncontested director elections. Since the number of nominees timely nominated for the Annual Meeting does not exceed the number of directors to be elected, each director to be elected shall be elected if the number of votes cast for election of the director exceeds those cast against. Any incumbent director who is not re-elected will be required to tender his or her resignation promptly following certification of the stockholders vote. The Corporate Governance and Nominating Committee will consider the tendered resignation and recommend to the Board of Directors whether to accept or reject the resignation offer, or whether other action should be taken. The Board of Directors will act on the recommendation within 120 days following certification of the stockholders vote and will promptly make a public disclosure of its decision regarding whether to accept the director s resignation offer.

Pursuant to Sysco s Bylaws, the affirmative vote of a majority of the votes cast, either for or against, is required for the approval of the compensation paid to Sysco s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.

The advisory vote regarding the frequency with which Sysco will conduct stockholder advisory votes on executive compensation will be determined by a plurality of votes cast by the holders of shares entitled to vote in the election. Stockholders may choose an annual, biennial or triennial frequency, i.e., every year, every two years or every three years, or they may abstain. The frequency option that receives the most votes will be deemed the option chosen by the advisory vote.

Pursuant to Sysco s Bylaws, the affirmative vote of the holders of a majority of the shares outstanding and entitled to vote is required in order to amend Sysco s Bylaws to implement a staggered declassification of the Board of Directors.

Pursuant to Sysco s Bylaws, the affirmative vote of a majority of the votes cast, either for or against, is required for approval of the ratification of the appointment of the independent accountants.

Broker non-votes and abstentions will count as votes against the proposal to declassify the Board and will be disregarded with respect to the election of directors and all other proposals.

Who Will Count Votes

We will appoint one or more Inspectors of Election who will determine the number of shares outstanding, the voting power of each, the number of shares represented at the Annual Meeting, the existence of a quorum and whether or not the proxies and ballots are valid and effective.

The Inspectors of Election will determine, and retain for a reasonable period a record of the disposition of, any challenges and questions arising in connection with the right to vote and will count all votes and ballots cast for and against and any abstentions or broker non-votes with respect to all proposals and will determine the results of each vote.

Cost of Proxy Solicitation

We will pay the cost of solicitation of proxies including preparing, printing and mailing this proxy statement, should we choose to mail any written proxy materials, and the E-Proxy Notice. Solicitation may be made personally or by mail, telephone or electronic data transfer by officers, directors and regular employees of the company (who will not receive any additional compensation for any solicitation of proxies).

We will also authorize banks, brokerage houses and other custodians, nominees and fiduciaries to forward copies of proxy materials and will reimburse them for their costs in sending the materials. We have retained Georgeson Shareholder Communications to help us solicit proxies from these entities and certain other stockholders, in writing or by telephone, at an estimated fee of $12,000 plus reimbursement for their out-of-pocket expenses.

Other Matters

We do not know of any matter that will be presented at the Annual Meeting other than the election of directors and the other proposals discussed in this proxy statement. However, if any other matter is properly presented at the Annual Meeting, your proxies will act on such matter in their best judgment.

Annual Report

We will furnish additional copies of our annual report to stockholders, including our Annual Report on Form 10-K for the year ended July 2, 2011, as filed with the Securities and Exchange Commission (the Annual Report on Form 10-K), without charge upon your written request if you are a record or beneficial owner of Sysco Corporation common stock whose proxy we are soliciting in connection with the Annual Meeting. Please address requests for a copy of the annual report to the Investor Relations Department, Sysco Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099. The Annual Report on Form 10-K is also available on our website under Investors Financial Information at *www.sysco.com.*

Householding

If your shares are held in the name of your broker or agent, and you share the same last name and address with another Sysco stockholder, you and the other stockholders at your address may receive only one copy of the E-Proxy Notice and any other proxy materials we choose to mail unless contrary instructions are provided from any stockholder at that address. This is referred to as householding. If you prefer to receive multiple copies of the E-Proxy Notice, and any other proxy materials that we mail, at the same address, additional copies will be provided to you promptly upon written or oral request, and if you are receiving multiple copies of the E-Proxy Notice and other proxy materials, you may request that you receive only one copy. Please address requests for a copy of the E-Proxy Notice to the Investor Relations Department, Sysco Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099. The Annual Report on Form 10-K is also available on our website under Investors Financial Information at *www.sysco.com.*

If your shares are not registered in your own name, you can request additional copies of the E-Proxy Notice and any other proxy materials we mail or you can request householding by notifying your broker or agent in whose name your shares are registered.

ELECTION OF DIRECTORS
ITEM NO. 1 ON THE PROXY CARD

Board Composition

We believe that our directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of Sysco s stockholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. We endeavor to have a Board representing a range of backgrounds and experiences in areas that are relevant to the company s activities so that the Board, as a whole, possesses the combination of skills, professional experience, and diversity of backgrounds necessary to oversee Sysco s business. Accordingly, the Board and the Corporate Governance and Nominating Committee consider the qualification of directors and director candidates individually and in the broader context of the Board s overall composition and the Company s current and future needs. Below we identify and describe some of the key experience, qualifications and skills that our Corporate Governance and Nominating Committee believes individuals serving as directors of Sysco should collectively bring to the Board and that are important in light of our business and structure. The priorities and emphasis of the Corporate Governance and Nominating Committee and of the Board with regard to these factors may change from time to time to take into account changes in our business and other trends, as well as the portfolio of skills and experience of current and prospective Board members.

Leadership, Corporate Strategy and Development Experience The Board believes that experience as a senior executive in a large and complex public, private, government or academic organization enables a director to better oversee the management of the company. Such individuals also bring perspective in analyzing, shaping and overseeing the execution of important operational and policy issues at a senior level, and tend to demonstrate a practical understanding of organizations, strategy, risk management and the methods to drive change and growth. Finally, directors with experience in significant leadership positions generally possess the ability to identify and develop leadership qualities in others, including members of our management team.

Foodservice Industry or Marketing Experience Directors with experience as executives, directors or in other leadership positions in various aspects of the foodservice industry gain extensive knowledge that is valuable to Sysco s operating plan and strategy, including ways in which Sysco can better fulfill the needs of its customers and suppliers. In addition, as the foodservice market continues to mature, directors with marketing knowledge provide valuable insights as we focus on ways in which Sysco can grow organically by identifying and developing new markets.

Technology, e-Commerce and Enterprise Resource Planning Experience Technology is already an integral part of Sysco s distribution and supply chain. In addition, we have begun a multi-year Enterprise Resource Planning (ERP)/Business Transformation Project designed to combine the systems of many Sysco operating companies into a single system. The use of a single system is expected to drive efficiencies and cost savings through consolidation and standardization, allow us to leverage data to make better decisions as we develop a better enterprise-wide view of the business and enhance our customers experience through improved online ordering and customer support systems. Directors with experience in the areas of technology and ERP implementation can provide valuable insights to guide these efforts.

Distribution/Supply Chain Experience Directors that have experience in distribution logistics and supply chain management can help us find ways to optimize warehouse and delivery activities across the Sysco organization to achieve a more efficient delivery of products to our customers.

Global Experience/Broad International Exposure Although Sysco s primary focus is on growing and optimizing the core foodservice distribution business in North America we continue to explore and identify opportunities to grow our global capabilities in, and source products directly from, international markets. We benefit from the experience and insight of directors with a global business perspective as we identify the best strategic manner in which to expand our operations outside of North America. As Sysco s reach becomes more global, directors with international business experience can assist us in navigating the business, political, and regulatory environments in countries in which Sysco does, or seeks to do, business.

Accounting, Finance and Financial Reporting Experience An understanding of accounting, finance and financial reporting processes is important for our directors to evaluate our financial statements and capital investments. Although we expect all of our directors to be financially knowledgeable, many of our directors have developed much more extensive experience in accounting and financial matters through their executive leadership roles in the public and private sector.

Risk Management The Board oversees management s efforts to understand and evaluate the types of risks facing Sysco and its business, evaluate the magnitude of the exposure, and enhance risk management practices. Directors with risk management experience can provide valuable insights as Sysco seeks to strike an appropriate balance between enhancing profits and managing risk.

Public Company Board Experience Directors who have served on other public company boards can offer advice and insights with regard to the dynamics and operation of the Board, board practices of other public companies and the relationship between the Board and the management team. Most public company directors also have corporate governance experience to support our goals of Board and management accountability, greater transparency, legal and regulatory compliance and the protection of stockholder interests. Many of our directors currently serve, or have previously served, on the boards of directors of other public companies.

Diversity Our Corporate Governance Guidelines provide that the Corporate Governance and Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics new Board members should possess as well as the composition of the Board as a whole. This review includes consideration of diversity, age, skills, experience, time available and the number of other boards the member sits on in the context of the needs of the Board and the Company, and such other criteria as the Committee shall determine to be relevant at the time. While the Board has not prescribed standards for considering diversity, as a matter of practice it looks for diversity in nominees such that the individuals can enhance perspective and experience through diversity in race, gender, ethnicity, cultural background, geographic origin, education, and professional and life experience. Because we value gender and racial diversity among our Board members, four of our current Board members are women, including one African American, the Chairman of the Board is Hispanic and two of our current Board members are from outside the United States.

Included in the individual biographies below is a discussion of the most significant aspects of each director s background that strengthen the Board s collective qualifications, skills and experience and that the Corporate Governance and Nominating Committee and the Board considered in reaching their conclusion that he or she should continue to serve as a director of Sysco.

Election of Directors at 2011 Annual Meeting

Four directors are to be elected at the meeting. The Board of Directors currently consists of 12 members divided into three classes of four directors each. The company s governing documents provide that the Board of Directors shall be divided into three classes with no class of directors having more than one director more than any other class of directors. The directors in each class serve for a three-year term. A different class is elected each year to succeed the directors whose terms are expiring.

The Board of Directors has nominated the following four persons for election as directors in Class I to serve for three-year terms or until their successors are elected and qualified:

Judith B. Craven, M.D.
William J. DeLaney
Larry C. Glasscock
Richard G. Tilghman

Each of Dr. Craven, Mr. DeLaney and Mr. Tilghman is currently serving as a Class I director of Sysco. Mrs. Phyllis S. Sewell is also a Class I director and will serve out her remaining term, but has notified the Board that she will not be standing for reelection. Mr. Glasscock is currently serving as a Class II director of Sysco. Effective as of the date of the Annual Meeting, the size of the Board of Directors will be reduced from its current size to 11 members. In order to keep the number of directors serving in Class I at four members, the Board will move Mr. Glasscock out of Class II and has nominated him for election for a three-year term in Class I.

Each of the nominees is currently serving as a director of Sysco and has consented to serve if elected. Although management does not contemplate the possibility, in the event any nominee is not a candidate or is unable to serve as a director at the time of the election, the proxies will vote for any nominee who is designated by the present Board of Directors to fill the vacancy.

Set forth below is biographical information for each director, other than Mrs. Sewell, who is retiring from the Board effective as of the Annual Meeting, including the nominees for election as a director at the 2011 Annual Meeting. Unless otherwise noted, the persons named above have been engaged in the principal occupations shown for the past five years or longer. In addition to the information described below, many of our directors serve as trustees, directors or officers of various non-profit, educational, charitable and philanthropic organizations.

Nominees for Election as Class I Directors for terms expiring at the 2014 Annual Meeting:

Judith B. Craven, M.D.**,** 65, has served as a director of Sysco since July 1996. Dr. Craven served as President of the United Way of the Texas Gulf Coast from 1992 until her retirement in September 1998. Dr. Craven is also a director of Belo Corporation, Luby s, Inc., Sun America Funds and VALIC. Dr. Craven is Chairman of Sysco s Corporate Sustainability Committee and is also a member of our Corporate Governance and Nominating Committee and our Compensation Committee.

Key Director Qualifications: Dr. Craven earned a B.S. degree in Biology and English from Bowling Green State University, then completed premedical requirements at Texas Southern University before earning a Doctor of Medicine from Baylor College of Medicine and a Master of Public Health from the University of Texas School of Public Health. She also completed the Harvard University Program for Senior Managers in Government at the John F. Kennedy School of Government. Dr. Craven provides a unique viewpoint on Sysco s Board as a medical doctor and distinguished public health expert. She gained a distinctive understanding of the foodservice industry after serving as Director of Public Health for the City of Houston from 1980 through 1983, which included responsibility for the regulation of all foodservice establishments in the City of Houston, including an emphasis on food safety and food handling. Following this appointment, Dr. Craven served as Dean of the University of Texas School of Allied Health Sciences from 1983 to 1992. She also serves on the Board of Directors of Luby s, Inc., which operates almost 100 restaurants and provides food services to select hospital and other medical institutions in Texas. Dr. Craven also has a strong commitment to diversity and social responsibility, having led many initiatives to help increase and incorporate diversity in schools, the workplace and the community. Dr. Craven served as Vice President for Multicultural Affairs for the University of Texas Health Science Center at Houston from 1987 to 1992, and served as Chair of the Committee on Diversity for the University of Texas Board of Regents for six years. Under Dr. Craven s leadership as president for six years, The United Way of The Texas Gulf Coast won the first National Award for diversity from the United Way of America. She has also served as a member of the Board of Directors of Compaq Corporation and the Houston Branch of the Federal Reserve Bank of Dallas. Dr. Craven has received numerous awards and honors, including the NAACP VIP Award for Community Service, Houston s Thirty Most Influential Black Women Award and induction into the Texas Women s Hall of Fame in 1989.

William J. DeLaney**,** 55, has been a director of Sysco since January 2009 and began serving as Sysco s Chief Executive Officer in March 2009. He assumed the additional title of President in March 2010. Mr. DeLaney began his Sysco career in 1987 as Assistant Treasurer at the company s corporate headquarters. He was promoted to Treasurer in 1991, and in 1993 he was named a Vice President of the company, continuing in those responsibilities until 1994. Mr. DeLaney joined Sysco Food Services of Syracuse in 1996 as chief financial officer, progressed to senior vice president in 1998 and executive vice president in 2002. In 2004, Mr. DeLaney was appointed president and chief executive officer of Sysco Food Services of Charlotte. He held that position until December 2006, when he was named Sysco s Senior Vice President of Financial Reporting. Effective July 1, 2007, Mr. DeLaney was promoted to the role of Executive Vice President and Chief Financial Officer and continued to serve in such position following his promotion to CEO until October 2009. Mr. DeLaney is a member of Sysco s Finance Committee.

Key Director Qualifications: Mr. DeLaney earned a Bachelor of Business Administration degree from the University of Notre Dame, and a Master of Business Administration degree from the Wharton Graduate Division of the University of Pennsylvania. Mr. DeLaney has worked in various capacities at Sysco and its subsidiaries for more than 20 years. Through various accounting, finance, operations and management positions within Sysco and its operating companies, Mr. DeLaney has gained valuable insight into the foodservice industry, as well as Sysco s competitive advantages and how to further build upon them. Throughout his career, Mr. DeLaney has developed experience and knowledge in the areas of leadership and management development, corporate strategy and development, finance and accounting and distribution and supply chain management. Further, the Corporate Governance and Nominating Committee and the Board believe that it is appropriate and beneficial to Sysco to have its Chief Executive Officer serve as management s voice on the Board.

Larry C. Glasscock, 63, was appointed as a director of Sysco in September 2010. In March 2010, Mr. Glasscock retired from his position as Chairman of the Board of Directors of WellPoint, Inc., one of the largest health benefits companies in the United States, after serving in the role since November 2005. He also served as WellPoint s President and CEO from November 2004 until July 2007. Mr. Glasscock previously served as Chairman, President and CEO of Anthem, Inc., a health benefits company, from 2001 to 2004, assuming additional responsibilities as Chairman from 2003 to 2004. Mr. Glasscock has served as a director of Simon Property Group, Inc., a real estate investment trust, since March 2010; a director of Sprint Nextel Corp. since August 2007; and a director of Zimmer Holdings, Inc., a global leader in the design, development, manufacture and marketing of orthopedic reconstructive implants, dental implants, spinal implants, trauma products and related surgical devices, since August 2001. Mr. Glasscock is a member of Sysco s Compensation Committee, our Corporate Governance and Nominating Committee and our Corporate Sustainability Committee.

Key Director Qualifications: Mr. Glasscock attended Cleveland State University, where he received a bachelor s degree in business administration. He later studied at the School of International Banking, participated in the American Bankers

Association Conference of Executive Officers, and completed the Commercial Bank Management Program at Columbia University. Mr. Glasscock has developed significant leadership and corporate strategy expertise through over 30 years of business experience, including former service as President and CEO of WellPoint, Inc., COO of CareFirst, Inc., President and CEO of Group Hospitalization and Medical Services, Inc., President and COO of First American Bank, N.A., and President and CEO of Essex Holdings, Inc. During his tenure at WellPoint, Inc., he played a major role in transforming the company from a regional health insurer into a national healthcare leader and championed company efforts to improve quality and customer service. Throughout his career, Mr. Glasscock has developed expertise in the successful completion and integration of mergers, utilization of technology to improve productivity and customer service, and team building and human capital development. Mr. Glasscock s expertise in the utilization of technology to improve productivity will be valuable to Sysco as we implement and build upon our Business Transformation Project. His knowledge and experience in team building and human capital development are also extremely valuable to Sysco, as management development was one of our CEO s key non-financial goals during fiscal 2011 and continues to be one of such goals for fiscal 2012. Mr. Glasscock also has considerable financial experience, as he has supervised the chief financial officers of major corporations. Earlier in his career he served as a bank officer lending to major corporations and supervised assessments of companies creditworthiness. Mr. Glasscock also has significant experience as a public company director and as a member of various committees related to important board functions, including audit, finance, governance and compensation.

***Richard G. Tilghman*,** 71, has served as a director of Sysco since November 2002. Mr. Tilghman served as Vice Chairman and Director of SunTrust Banks from 1999 until his retirement in 2000. He served as Chairman and Chief Executive Officer of Crestar Financial Corporation, a bank holding company, from 1986 until 1999. Mr. Tilghman is Chairman of Sysco s Audit Committee and is also a member of our Finance Committee.

Key Director Qualifications: After graduating from the University of Virginia with a B.A. in Foreign Affairs and serving in the U.S. Army as a lieutenant, Mr. Tilghman enjoyed a 34-year banking career, including service as Vice Chairman and Director of Suntrust Banks, as well as the former Chairman and CEO of Crestar Financial Corporation, a bank holding company for fifteen years. His career provided him with experience and expertise in the areas of leadership, corporate strategy and development, finance, banking, accounting and risk management. Mr. Tilghman s experience overseeing a business and technology transformation for a series of banks acquired through acquisitions is very important to Sysco as we undertake our ERP/Business Transformation Project to streamline our operations using a common technology platform. Mr. Tilghman also gained high tech and regional marketing experience that has been valuable to Sysco as we have redefined oversight of our operating companies by marketing region and focus on the use of e-Commerce technologies to service Sysco customers more efficiently. Mr. Tilghman s experience also includes approximately 20 years of service on the Board of Directors of Chesapeake Corporation, which was then a leading supplier of cartons, labels, leaflets, and specialty plastic packaging, with manufacturing facilities in Asia, Europe and the U.S. at that time.

The Board of Directors recommends a vote FOR the nominees listed above.

Class II Directors whose terms expire at the 2012 Annual Meeting:

***Jonathan Golden*,** 74, has served as a director of Sysco since February 1984. Mr. Golden is a partner of Arnall Golden Gregory LLP, counsel to Sysco. Mr. Golden is a member of Sysco s Finance Committee and our Corporate Sustainability Committee.

Key Director Qualifications: Mr. Golden is a graduate of Princeton University and Harvard Law School. He also has served as an adjunct professor at Emory Law School in Atlanta for nine years. Mr. Golden, who is not considered an independent director, has developed an extensive knowledge of Sysco s business through his service as a director of the Company since 1984 and through Arnall Golden Gregory LLP, a firm that has served as legal advisor to the Company on numerous transactions. Mr. Golden has served as Chairman of that firm for approximately eleven years. He personally has a long history of representing participants in the food industry, including manufacturers, distributors and food industry trade associations. Mr. Golden has gained further experience regarding the distribution and supply chain of foodservice companies as a member of the Board of Directors of a major privately-held food manufacturer that is the leader in the frozen food industry and sells to foodservice customers, particularly in-store bakeries and retail marketplaces. In addition to his legal and regulatory experience and focus on corporate responsibility, Mr. Golden has developed a knowledge of other public company Board practices through his past service on the Boards of The Profit Recovery Group International, Inc., Intermedics, Inc., Automatic Service Company and Butler Shoe Corp.

Joseph A. Hafner, Jr., 66, has served as a director of Sysco since November 2003. In November 2006, Mr. Hafner retired as Chairman of Riviana Foods, Inc., a position he had held since March 2005. He served as President and Chief Executive Officer of Riviana from 1984 until March 2004. Mr. Hafner is Chairman of Sysco s Finance Committee and is also a member of our Audit Committee and our Corporate Sustainability Committee.

Key Director Qualifications: Mr. Hafner attended Dartmouth College, where he graduated cum laude, then earned a master of business administration degree with high distinction from Dartmouth s Amos Tuck School of Business Administration. After graduation, Mr. Hafner served for two years in the Latin American Internship Program of Cornell University and the Ford Foundation in Lima, Peru, followed by two years with the Arthur Andersen & Co. accounting firm in Houston. In 1972, Mr. Hafner began his career with Riviana Foods, Inc. in Guatemala City as Controller of Riviana s Central American Division. For over 30 years, Mr. Hafner worked in positions of increasing authority for Riviana, a company that processed, marketed and distributed rice products in the U.S. and Europe, as well as other food products in Central America and Europe. Mr. Hafner continued his international exposure through the oversight of Riviana s rice operations in South Africa and Australia. His career culminated in his service as President and CEO of Riviana for over 20 years, providing him with experience in the areas of leadership, corporate strategy and development, the foodservice industry, distribution and supply chains, finance and accounting and international operations. In addition, Mr. Hafner has developed finance and accounting expertise during his career at Arthur Andersen and Riviana and is a member of the American Institute of Certified Professional Accountants.

Nancy S. Newcomb**,** 66, has served as a director of Sysco since February 2006. Ms. Newcomb served as Senior Corporate Officer, Risk Management, of Citigroup from May 1998 until her retirement in 2004. She served as a customer group executive of Citicorp (the predecessor corporation of Citigroup) from December 1995 to April 1998, and as a division executive, Latin America from September 1993 to December 1995. From January 1988 to August 1993 she was the principal financial officer, responsible for liquidity, funding and capital management. Ms. Newcomb is also a director of The DIRECTV Group, Inc. and was formerly a director of Moody s Corporation. Ms. Newcomb is a member of Sysco s Audit Committee and the Finance Committee.

Key Director Qualifications: Ms. Newcomb is a graduate of Connecticut College and received a Master s Degree in Economics from Boston University. She also graduated from Harvard Business School s Program for Management Development. Ms. Newcomb s 35-year career with Citigroup, a major international financial services company, and its predecessors Citicorp and Citibank, provided her with experience in the areas of leadership, corporate strategy and development, finance, risk management and international operations. Ms. Newcomb developed extensive risk management experience throughout her career, including holding the position of Citigroup s Senior Corporate Officer of Risk Management for the last six years of her career. In the area of Finance and International Operations, Ms. Newcomb served as Citigroup s Principal Financial Officer, responsible for liquidity, funding and capital management. She has had extensive international experience as head of worldwide treasury operations in over 100 countries, and co-head of Citigroup s global, multinational customer business.

Class III Directors whose terms expire at the 2013 Annual Meeting:

John M. Cassaday**,** 58, has served as a director of Sysco since November 2004. Since September 1999, Mr. Cassaday has served as President and Chief Executive Officer, as well as a director, of Corus Entertainment Inc., a media and entertainment company based in Canada. He also serves as a director of Manulife Financial Corporation. Mr. Cassaday is Chairman of Sysco s Compensation Committee and is also a member of our Corporate Governance and Nominating Committee.

Key Director Qualifications: Mr. Cassaday earned a Bachelor of Arts degree from the University of Western Ontario and a Master of Business Administration Degree with honors from the University of Toronto s Rotman School of Management. Prior to his current position as the founding President and CEO of Corus Entertainment Inc., a Canadian leader in radio and specialty television, Mr. Cassaday served as President and CEO of CTV Television Network Ltd. Mr. Cassaday s career prior to broadcasting included executive positions in a number of leading packaged goods companies including RJR-Macdonald, Inc., General Foods Corporation and Campbell Soup Company, where he gained food processing and food safety experience while advancing through positions in sales, marketing, and strategic planning in Canada, the United States, and the United Kingdom. His career at Campbell s culminated in service as President of Campbell Soup Company s operations in Canada and the United Kingdom. Mr. Cassaday gained additional foodservice experience through his service as a director of Loblaw Companies Limited, Canada s largest food distributor, and of J.M. Schnieder, a meat processing company. This background has provided Mr. Cassaday with extensive experience and knowledge in the areas of leadership, corporate strategy and development, the foodservice industry, distribution and supply chains, marketing, international operations, accounting, finance and financial reporting. In addition, Mr. Cassaday s service on the Board of Directors of Manulife Financial Corporation has provided a greater understanding of risk management and global compensation considerations. Mr. Cassaday has received many business, industry and charitable honors, including designation as the most distinguished alumni of the University of Toronto s

Rotman School of Management in 1998, receipt of the Gold Medal from the Association of Canadian Advertisers in 2004 (which recognizes individuals who have made an outstanding contribution to the advancement of marketing communications in Canada) and induction in the Marketing Hall of Legends of Canada in 2006.

Manuel A. Fernandez, 65, has served as a director of Sysco since November 2006 and as the non-executive Chairman of the Board since June 2009. Since 2000, he has been the Managing Director of SI Ventures, a venture capital firm focusing on information technology and communications infrastructure companies that enable e-business, and Chairman Emeritus of Gartner, Inc., a leading information technology research and consulting company. Prior to his present positions, Mr. Fernandez was Chairman, President, and Chief Executive Officer of Gartner. Mr. Fernandez also serves on the board of directors of Brunswick Corporation, Flowers Foods, Inc. and Stanley Black & Decker, Inc. (following his service on the Board of the Black & Decker Company until its acquisition by The Stanley Works in March 2010; following such acquisition, The Stanley Works changed its name to Stanley Black & Decker, Inc.). Mr. Fernandez is a member of Sysco s Corporate Governance and Nominating Committee and our Compensation Committee. He also previously served on Sysco s Finance Committee.

Key Director Qualifications: Mr. Fernandez earned a Bachelor s Degree in electrical engineering from the University of Florida and completed post-graduate studies in solid state engineering. He began his career in engineering positions, eventually becoming a Group Executive Vice President of Fairchild Semiconductor with direct oversight for operations and manufacturing facilities in the US and in several foreign countries. Among the engineering breakthroughs in his career, Mr. Fernandez was part of a design team at Harris Semiconductors that developed the first programmable memory. He later served as President and CEO of three technology-driven companies, including Zilog Incorporated (a publicly-traded semiconductor manufacturer and a leader in the microprocessor industry, with operations in over 20 countries), Gavilan Computer Corporation (a technology company he founded that developed one of the first battery-operated laptop computers in 1982) and Dataquest (an information services company that was later acquired by Gartner). During Mr. Fernandez s service as CEO and later Chairman of the Board of Gartner, he oversaw the company s dramatic growth, from a research boutique with revenue of $46 million in 1991 to a global technology research and advisory firm with over $950 million of revenue in 2001, including taking the company public in 1994. At the time of his retirement, Gartner had locations in over 40 international locations serving customers in 80 countries. Together, these positions provided Mr. Fernandez with extensive leadership, corporate strategy and development, information technology, IT strategy, strategic planning and international experience.

Mr. Fernandez has gained knowledge of distribution and supply chains as a member of the Board of Directors of:

- Brunswick Corporation, a leading global manufacturer and marketer of recreation products including marine engines, boats, fitness equipment and bowling and billiards equipment, where he currently serves as Lead Director and a member of the Human Resources and Compensation Committee (which he previously chaired) and previously served as chairman of the Nominating and Corporate Governance Committee;
- The Black & Decker Corporation, a leading global manufacturer and marketer of power tools and accessories, hardware and home improvement products, and technology-based fastening systems, where he previously served as Lead Director and Chairman of the Corporate Governance Committee; and
- Stanley Black & Decker, Inc., a diversified global supplier of hand tools, power tools and related accessories, mechanical access solutions and electronic security solutions, where he serves on the Finance and Pension Committee and the Corporate Governance Committee.

Mr. Fernandez s service on the Board of Directors of Flowers Foods, Inc., one of the largest producers and marketers of bakery products in the United States, has provided him with extensive knowledge of the foodservice industry. At Flowers Foods he also serves as chairman of the Compensation Committee and a member of the Corporate Governance Committee.

Mr. Fernandez has invested in over 20 start-up companies in the information technology field, has served on the Boards of Directors of multiple public and private companies and was appointed by the President of the United States as a member of the Presidential Information Technology Action Committee. He is a former Chairman of the Board of Trustees of the University of Florida.

Hans-Joachim Koerber**,** 65, has served as a director of Sysco since January 2008. Dr. Koerber served as the chairman and chief executive officer of METRO Group, Germany s largest retailer, from 1999 until his retirement in October 2007. Dr. Koerber is chairman of the board of directors of Air Berlin PLC and Esprit Holdings Limited, as well as a director of several private European companies, including Klüh GbR, WEPA Industrieholding SE and Deutsche Amphibolin-Werke von Robert Murjahn Stiftung GmbH & Co KG. Dr. Koerber is a member of Sysco s Audit Committee and our Finance Committee.

Key Director Qualifications: Dr. Koerber earned a degree as a Master Brewer in Brewing Technology and a Ph.D. in Business Management from the Technical University of Berlin. Dr. Koerber began his career in the beverage industry, including management positions in which he was responsible for finance and accounting, information technology, purchasing and personnel. He first became involved with the company that would eventually become METRO when he joined the predecessor company s cash-and-carry, self-service wholesale company in charge of finance and accounting, controlling, logistics and information technology. His responsibilities continued to expand to include international cash-and-carry activities in six countries. When METRO AG was formed in 1996, Dr. Koerber became part of the METRO management board. His responsibilities included corporate development, corporate communications and investor relations and he became chairman and chief executive officer in 1999. Dr. Koerber introduced a new management style, streamlined the company to focus on four of the original 16 business divisions in order to remain competitive and achieve profitability, adopted international accounting standards and rapidly developed METRO s international presence, including hands-on experience in expanding METRO into Eastern Europe and Asia, including China and India. These efforts helped make METRO Germany s largest retailer, operating wholesale cash & carry stores, supermarkets, hypermarkets, department stores and consumer electronics shops throughout the world. Throughout his career, Dr. Koerber developed experience and qualifications in the areas of leadership, corporate strategy and development, the foodservice industry, distribution and supply chains, marketing and risk management. Dr. Koerber s insights on running and expanding a foodservice business with international operations have been, and will continue to be, particularly helpful to Sysco. Dr. Koerber s career at METRO AG, combined with his 10 years of service on the Board of Skandinaviska Enskilda Banken AB (the parent company of the SEB Group, a North European banking concern catering to corporations, institutions, and private individuals) and the Board of Directors of several other international companies, has provided him with financial expertise, particularly with regard to international financial accounting standards. His service on the Boards of Air Berlin PLC (Germany s second largest airline) and Esprit Holdings Limited (manufacturer of apparel, footwear, accessories, jewelry and housewares) have deepened his experience in marketing.

***Jackie M. Ward*,** 73, has served as a director of Sysco since September 2001. Ms. Ward is the former Chairman, President and Chief Executive Officer of Computer Generation Incorporated (CGI), a company she founded in 1968 that was acquired in December 2000 by Intec Telecom Systems PLC, a technology company based in the United Kingdom. Ms. Ward is a director of Flowers Foods, Inc., Sanmina-SCI Corporation and WellPoint, Inc. Ms. Ward is Chairman of Sysco s Corporate Governance and Nominating Committee and is also a member of our Compensation Committee. In the last five years, Ms. Ward also served as a director of Bank of America Corporation and Equifax Inc.

Key Director Qualifications: Ms. Ward attended Georgia State College for Women and the University of Georgia Extension Center, where she majored in psychology and mathematics. She later attended the London School of Business and was awarded a Doctor of Laws from Mercer University. Early in her career, Ms. Ward held programming, engineering, marketing and management positions with UNIVAC (a division of Sperry Corporation), General Electric Company and J.P. Stevens Company. Ms. Ward then founded, was elected chairman, president and chief executive officer, and had over 30 years of experience with Computer Generation Incorporated (CGI), a provider of software/hardware solutions to the telecommunications and general industry with operations in the U.S., England and much of Europe, Australia, South Africa, Mexico and Latin America. Ms. Ward s lengthy career has provided her with extensive leadership, information technology, retail/mass marketing, corporate strategy and development, finance, banking, and international experience. In addition, significant projects undertaken by CGI for governmental and private entities provided unique experience for Ms. Ward in developing and implementing supply chain inventory control systems, fraud detection systems and software/hardware to handle generalized and specific accounting functions. Ms. Ward has gained knowledge of the foodservice industry through her membership on the Board of Directors of Flowers Foods, Inc., one of the largest producers and marketers of bakery products in the U.S., as well as developing systems for related food clients, such as Edwards Baking Company and Eastern Food Services. She also has significant public company board experience as a current or former member of numerous Boards of Directors where she served in various leadership positions, including lead director, presiding director and the chairman of various committees. With respect to Flowers Foods, Ms. Ward currently serves as the Presiding Director, Chair of the Nominating and Corporate Governance Committee and a member of the Compensation and Executive Committees.

With respect to WellPoint, Ms. Ward currently serves as Lead Director, Chair of the Corporate Governance Committee and a member of the Compensation and Executive Committees. She also serves on the Nominating and Governance Committee of Sanmina-SCI Corporation. Ms. Ward furthered her expertise in the areas of finance and risk management as Chairman of the Asset Quality Committee of Bank of America s Board of Directors for 15 years and her expertise in the areas of accounting and internal audit as a member of the Board of PRG-Schultz International, Inc., which provides recovery audit services to organizations with high volumes of payment transactions, including retail and wholesale businesses, manufacturers, health care, and government agencies.

Unless otherwise noted, the persons named above have been engaged in the principal occupations shown for the past five years or longer.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS

Corporate Governance Guidelines

The Board of Directors has adopted the Sysco Corporation Corporate Governance Guidelines. These guidelines outline the functions of the Board, director responsibilities, and various processes and procedures designed to ensure effective and responsive governance. These guidelines also outline qualities and characteristics we consider when determining whether a member or candidate is qualified to serve on the Board, including diversity, skills, experience, time available and the number of other boards the member sits on, in the context of the needs of the Board and Sysco. We review these guidelines from time to time in response to changing regulatory requirements and best practices and revise them accordingly. The guidelines were last revised in August 2011 for changes to Sysco s stock ownership guidelines. See Stock Ownership Stock Ownership Guidelines below for a discussion of Sysco s stock ownership guidelines. We have published the Corporate Governance Guidelines on our website under Investors Corporate Governance at *www.sysco.com.*

Codes of Conduct

We require all of our officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, to comply with our Code of Conduct applicable to Sysco employees to help ensure that we conduct our business in accordance with the highest standards of moral and ethical behavior. This Code of Conduct addresses the following, among other topics:

- professional conduct, including customer relationships, equal opportunity, payment of gratuities and receipt of payments or gifts,
- competition and fair dealing,
- compliance with the Foreign Corrupt Practices Act,
- political contributions,
- antitrust,
- conflicts of interest,
- legal compliance, including compliance with laws addressing insider trading,
- financial disclosure,
- intellectual property, and
- confidential information.

This Code, which was amended and restated in August 2010, effective as of November 1, 2010, requires strict adherence to all laws and regulations applicable to our business and requires employees to report any violations or suspected violations of the Code. In August 2010, we also adopted a separate Code of Conduct applicable to non-employee directors that is similar in scope to the employee Code but is tailored to the issues and concerns facing Sysco directors. We have published the Codes of Conduct for employees and non-employee directors on our website under Investors Corporate Governance at *www.sysco.com*. We intend to disclose any future amendments to or waivers of our Code applicable to our principal executive officer, principal financial officer, principal accounting officer and controller, as well as any employees performing similar functions, on our website at *www.sysco.com* under the heading Investors Corporate Governance.

Director Independence

Our Corporate Governance Guidelines require that at least a majority of our directors meet the criteria for independence that the New York Stock Exchange has established for continued listing, as well as the additional criteria set forth in the Guidelines. Additionally, we require that all members of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee be independent and that all members of the Audit Committee satisfy the additional requirements of the New York Stock Exchange and applicable rules promulgated under the Securities Exchange Act of 1934.

Under New York Stock Exchange listing standards, to consider a director to be independent, we must determine that he or she has no material relationship with Sysco other than as a director. The standards specify the criteria by which we must determine whether directors are independent, and contain guidelines for directors and their immediate family members with respect to employment or affiliation with Sysco or its independent public accountants.

In addition to the NYSE s standards for independence, our Corporate Governance Guidelines contain categorical standards that provide that the following relationships will not impair a director s independence:

- if a Sysco director is an executive officer of another company that does business with Sysco and the annual sales to, or purchases from, Sysco are less than two percent of the annual revenues of the company he or she serves as an executive officer;
- if a Sysco director is an executive officer of another company which is indebted to Sysco, or to which Sysco is indebted, and the total amount of either company s indebtedness to the other is less than two percent of the total consolidated assets of the company he or she serves as an executive officer, so long as payments made or received by Sysco as a result of such indebtedness do not exceed the two percent thresholds provided above with respect to sales and purchases; and
- if a Sysco director serves as an officer, director or trustee of a tax-exempt charitable organization, and Sysco s discretionary charitable contributions to the organization are less than two percent of that organization s total annual charitable receipts; Sysco s automatic matching of employee charitable contributions will not be included in the amount of Sysco s contributions for this purpose.

The Board of Directors has reviewed all relevant relationships of the directors with Sysco. The relationships reviewed included those described under Certain Relationships and Related Transactions, and several relationships that did not automatically make the individual non-independent under the NYSE standards or our Corporate Governance Guidelines, either because of the type of affiliation between the director and the other entity or because the amounts involved did not meet the applicable thresholds. These additional relationships include the following (for purposes of this section, Sysco , we, us and our include our operating companies):

- Mr. Cassaday serves as a director of Irving Oil Limited (formerly Fort Reliance), which is one of our suppliers;
- Dr. Craven serves as a member of the Board of Directors of Luby s, Inc., which is one of our customers;
- Mr. Fernandez serves as a director of Flowers Foods, Inc, which is one of Sysco s suppliers, and as Chairman Emeritus of Gartner, Inc., a technology firm that provides certain services to which we subscribe;
- Mr. Glasscock serves as a director of Sprint Nextel Corp., which is one of our suppliers;
- Mr. Hafner serves as a Trustee of The Kinkaid School, which is one of our customers; Mr. Hafner also serves on the boards or committees of several non-profit organizations to which Sysco makes donations; in addition, Mr. Hafner serves as a member of the President s Advisory Council of the University of Houston Downtown, which purchases our products through subcontracting arrangements;
- Ms. Newcomb was a director of Moody s Corporation during fiscal 2011, which provides credit ratings for certain of our debt obligations;
- Mr. Tilghman is Chairman and a trustee of the Colonial Williamsburg Foundation, a director of the Colonial Williamsburg Company and a director of The Coral Bay Club; all three of these organizations are our customers;
- Ms. Ward is a director of Flowers Foods, Inc., which is one of our suppliers, and her granddaughter s husband works for one of Sysco s subsidiaries as a marketing associate.

After reviewing such information, the Board of Directors has determined that each of Mr. Cassaday, Dr. Craven, Mr. Fernandez, Mr. Glasscock, Mr. Hafner, Dr. Koerber, Ms. Newcomb, Mr. Tilghman and Ms. Ward, as well as Mrs. Sewell, who will retire from the Board effective as of the Annual Meeting, has no material relationship with Sysco and is independent under the NYSE standards and the categorical standards set forth in the Corporate Governance Guidelines and described above. Mr. DeLaney and Mr. Golden are not considered to be independent. The Board has also determined that each member of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee is independent. Our Corporate Governance Guidelines also provide that no independent director who is a member of the Audit, Compensation or Corporate Governance and Nominating Committees may receive any compensation from Sysco other than in his or her capacity as a non-employee director or committee member. The Board has determined that none of the above-named directors has received any compensation from Sysco during fiscal 2011, and no member of the Audit Committee has received any compensation from Sysco at any time while he or she has served as such, other than in his or her capacity as a non-employee director, committee member, committee chairman or Chairman of the Board.

Director Compensation

See Director Compensation for a discussion of compensation received by our non-employee directors during fiscal 2011.

Risk Oversight

One of the primary oversight functions of the Board is to ensure that Sysco has an appropriate risk management process in place that is commensurate with both the short and long-term goals of the company. In order to effectively fulfill this oversight role, the Board relies on various individuals and committees within management and among our Board members. See Board Composition above for a description of individual director qualifications, including risk management experience.

Management is responsible for identifying, managing and mitigating risks, and reports directly to the Audit Committee and the Board on a regular basis with respect to risk management. As discussed below under Committees of the Board, the Audit Committee reviews Sysco s process by which management assesses and manages the Company s exposure to risk. The Audit Committee also makes recommendations to the Board of Directors with respect to the process by which members of the Board and relevant committees will be made aware of the Company s significant risks, including recommendations regarding what committee of the Board would be most appropriate to take responsibility for oversight of management with respect to the most material risks faced by the Company. On an annual basis management reviews with the Board the key enterprise risks identified in the process, such as strategic, operational, financial, compliance and reputation risks, as well as management s process for addressing and mitigating the potential effects of such risks. Through this process Sysco has developed enhanced risk management procedures that include frequent discussion and prioritization of key risk issues by the executive management team, enhanced tracking and monitoring of risk information and identification of particular risks for which management intends to develop or enhance Sysco s management and mitigation plans.

The Board s Committees help oversee the risk management process within the respective areas of the committees delegated oversight authority. The Audit Committee is primarily responsible for hiring and evaluating our independent auditor, review of our internal controls, oversight of our internal audit function, management of credit/counterparty risk, reviewing contingent liabilities that may be material to the company and various regulatory and compliance oversight functions. The Compensation Committee is responsible for ensuring that our executive compensation policies and practices do not incentivize excessive or inappropriate risk-taking by employees. The Corporate Governance and Nominating Committee monitors risk by ensuring that proper corporate governance standards are maintained, that the Board is comprised of qualified Directors, and that qualified individuals are chosen as senior officers. The Finance Committee oversees risks involving capital structure of the enterprise, including borrowing, liquidity, allocation of capital, major capital transactions and expenditures, funding of benefit plans and investment risk. The Chairman of the Board coordinates the flow of information regarding risk oversight from each respective committee to the independent Directors and participates in the review of the agenda for each Board and Committee meeting. As the areas of oversight among committees sometimes overlap, committees may hold joint meetings when appropriate and address certain risk oversight issues at the full Board level. The Board considers risk in evaluating the Company s strategy, including specific strategic and emerging risks, and annually reviews and approves corporate goals and capital budgets. The Board also monitors any specific risks for which it has chosen to retain oversight rather than delegating oversight to one of its committees, such as risks related to our Business Transformation Project.

Chairman of the Board

Mr. Fernandez, the Chairman of Sysco s Board of Directors, is an independent director. See Director Independence above for a discussion of our independence criteria. While we believe the participation of the CEO on our Board helps foster, among other things, an appropriate level of continuity and fluid communication between the Board and management, we have chosen an independent director as Chairman of the Board in order to ensure that the Board maintains an independent thought process that ultimately benefits stockholders.

Mr. Fernandez was chosen to serve as the non-executive Chairman of Sysco s Board of Directors effective June 28, 2009. Sysco s Corporate Governance Guidelines provide that the Board shall elect from its members a Chairman of the Board. While the Chairman does not have to be independent, the Corporate Governance Guidelines specify that the Board shall give due consideration to the potential benefits of having an independent director serve in that role. Whenever the Chairman of the Board is also a current or former officer of the Company or is otherwise not an independent director, the Board will choose a separate lead director annually from among the independent directors. Because Mr. Fernandez is an independent Chairman, the Board does not currently have a lead director. During fiscal 2011, the non-management directors held four executive sessions without the CEO or any other member of management present. Mr. Fernandez presided at each of these sessions.

The Chairman of the Board, among other things, establishes the agenda for, and presides at, meetings of the non-employee directors. In addition, the independent directors, exclusive of all directors who have not been determined to be independent, meet in executive session at least once a year, and the independent Chairman presides at such meetings. The Chairman also serves as the primary liaison between the independent directors and the Chief Executive Officer, reviews meeting agendas and schedules for meetings of the Board with the Chief Executive Officer, and makes himself available for consultation and director communication.

Board Meetings and Attendance

The Board of Directors held six meetings, including five regular meetings and one special meeting, during fiscal 2011, and all directors attended 75% or more of the aggregate of:

- the total number of meetings of the Board of Directors, and
- the total number of meetings held by all committees of the Board on which he or she served during fiscal 2011.

It is the Board s policy that directors attend the Annual Meeting of Stockholders, to the extent practicable. In fiscal 2011, all directors who were in office at that time attended the Annual Meeting held in November 2010.

Committees of the Board

As of the date of this proxy statement, each of the individuals continues to serve on the committees listed in his or her biographical information under Election of Directors.

Audit Committee The Audit Committee held ten meetings during fiscal 2011. During fiscal 2011, Mr. Hafner, Dr. Koerber, Ms. Newcomb and Mr. Tilghman (Chair) served on the Audit Committee. All committee members served for the full year. The Audit Committee oversees and reports to the Board with respect to various auditing and accounting matters, including:

- the selection of the independent public accountants;
- the scope of audit procedures;
- the nature of all audit and non-audit services to be performed by the independent public accountants;
- the fees to be paid to the independent public accountants;
- the performance of the independent public accountants; and
- Sysco s accounting practices and policies.

The Audit Committee is also responsible for discussing the Company s policies with respect to risk assessment and risk management, including discussion of enterprise-wide guidelines and policies to govern the process by which risk assessment and management is undertaken. See Corporate Governance and Board of Directors Matters Risk Oversight for a more detailed discussion of the Audit Committee s role in Sysco s risk assessment process. Each member of the Audit Committee is financially literate and has been determined by the Board to be independent, as defined in the New York Stock Exchange s listing standards and Section 10A(m)(3) of the Securities Exchange Act of 1934. No Audit Committee member serves on the audit committees of more than two other companies. The Board has determined that Messrs. Hafner and Tilghman and Ms. Newcomb each meet the definition of an audit committee financial expert as promulgated by the Securities and Exchange Commission.

Compensation Committee The Compensation Committee held six meetings during fiscal 2011. During fiscal 2011, Mr. Cassaday (Chair), Dr. Craven, Mr. Fernandez, Mr. Glasscock, Mrs. Sewell, and Ms. Ward served on the Compensation Committee. All committee members served for the full year, except for Mr. Glasscock, who joined the Compensation Committee upon his appointment to the Board in September 2010. The function of the Compensation Committee is to determine and approve all compensation of the Chief Executive Officer and the other senior officers, including the named executive officers, and to oversee the administration of Sysco s benefit plans, qualified and nonqualified benefit plans, incentive compensation plans, equity-based plans and Sysco s group benefit medical plan.

Except for decisions that impact the compensation of Sysco s executive officers, the Compensation Committee is generally authorized to delegate any decisions it deems appropriate to a subcommittee. In such a case, the subcommittee must promptly make a report of any action that it takes to the full Compensation Committee. For a detailed description of the Compensation Committee s processes and procedures for consideration and determination of executive compensation, including the role of executive officers and compensation consultants in recommending the amount and form of executive compensation, see Compensation Consultants, and Compensation Discussion and Analysis.

Corporate Governance and Nominating Committee The Corporate Governance and Nominating Committee held five meetings during fiscal 2011. During fiscal 2011, Ms. Ward (Chair), Mr. Cassaday, Dr. Craven, Mr. Fernandez, Mr. Glasscock and Mrs. Sewell served on the Corporate Governance and Nominating Committee. All committee members served for the full year, except for Mr. Glasscock, who joined the Corporate Governance and Nominating Committee upon his appointment to the Board in September 2010. The function of the Corporate Governance and Nominating Committee is to:

- propose directors, committee members and officers to the Board for election or reelection;
- oversee the evaluation of management, including the Chief Executive Officer;

- review the performance of the members of the Board and its committees;
- recommend to the Board the annual compensation of non-employee directors;
- review related party transactions;
- review and make recommendations regarding the organization and effectiveness of the Board and its committees, the establishment of corporate governance principles, the conduct of meetings, succession planning and Sysco s governing documents;
- review and make recommendations regarding changes to Sysco s Codes of Conduct, periodically review overall compliance with the Codes and approve any waivers to the Codes given to Sysco s executive officers and directors; and
- monitor compliance with and approve waivers to Sysco s Policy on Trading in Company Securities.

Corporate Sustainability Committee The Corporate Sustainability Committee held three meetings during fiscal 2011. During fiscal 2011, Dr. Craven (Chair), and Messrs. Glasscock, Golden and Hafner served on the Corporate Sustainability Committee. All committee members served for the full year, except for Mr. Glasscock, who joined the Corporate Sustainability Committee upon his appointment to the Board in September 2010. The Corporate Sustainability Committee s purpose is to provide review and act in an advisory capacity to the Board and management with respect to policies and strategies that affect Sysco s role as a socially responsible organization and with respect to Sysco s long-term sustainability.

Executive Committee The Executive Committee did not meet during fiscal 2011. During fiscal 2011, Mr. Cassaday, Mr. DeLaney, Mr. Fernandez (Chair), Mr. Hafner, Mr. Tilghman and Ms. Ward served on the Executive Committee. All committee members served for the full year. The Executive Committee is authorized to exercise all of the powers of the Board when necessary, to the extent permitted by applicable law.

Finance Committee The Finance Committee held four meetings during fiscal 2011. During fiscal 2011, Mr. Hafner (Chair), Mr. DeLaney, Mr. Golden, Dr. Koerber, Ms. Newcomb and Mr. Tilghman served on the Finance Committee. All Committee members served for the full year. The function of the Finance Committee is to assist the Board in satisfying its fiduciary responsibilities relating to Sysco s financial performance and financial planning. The Finance Committee:

- reviews policies regarding capital structure, dividends and liquidity;
- reviews and recommends the sale or issuance of equity and certain debt securities;
- reviews acquisitions and financing alternatives;
- reviews and approves certain capital expenditures;
- reviews and recommends insurance risk management strategies as proposed by management;
- establishes and monitors high-level investment and funding objectives and investment performance and funding of Sysco s tax-qualified retirement plans and non-qualified retirement and deferred compensation plans; and
- reviews and oversees Sysco s information technology and security matters.

In addition, the Finance Committee assists the Audit Committee in reviewing and overseeing Sysco s environmental, health and safety matters and related regulatory compliance. The Finance Committee reports regularly, and makes recommendations to the Audit Committee regarding specific actions to be taken in this area at least annually.

Current copies of the charters for the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Finance Committee and the Corporate Sustainability Committee are published on our website under Investors Corporate Governance Committees at *www.sysco.com.*

Compensation Consultants

Since September 2009, the Compensation Committee has retained Compensation Advisory Partners (CAP) as its executive compensation consultant. Retained by and reporting directly to the Compensation Committee, CAP has provided the Committee with assistance in evaluating Sysco s executive compensation programs and policies, and, where appropriate, has assisted with the redesign and enhancement of elements of the programs. The scope of CAP s assignments in fiscal 2011 included:

- Conducting a review of competitive market data (including base salary, annual incentive targets, long-term incentive targets and retirement benefits) for each named executive officer (as defined under Compensation Discussion and Analysis);

- Reviewing company performance for Sysco and the peer group to assist in assessing the company s overall pay and performance relationship;
- Reviewing, making recommendations on and commenting on recommendations by management concerning executive pay programs, including incentive plan design, program changes and redesign, special awards, executive contract

provisions, new hire compensation, promotions, retirement and related items, as desired by the Compensation Committee;
Reviewing and commenting on the Compensation Discussion and Analysis, the Committee s report for the proxy statement and other disclosures, as requested the Compensation Committee; and
Periodically consulting with the Chairman of the Compensation Committee.

CAP also advises the Corporate Governance and Nominating Committee with respect to non-employee director compensation. At the Corporate Governance and Nominating Committee s request, CAP has provided data regarding the amounts and type of compensation paid to non-employee directors at the companies in Sysco s peer group, and has also identified trends in director compensation. All decisions regarding non-employee director compensation are recommended by the Corporate Governance and Nominating Committee and approved by the Board of Directors. In addition to providing background information and written materials, CAP representatives attend meetings at which the Committee Chairmen believe that their expertise would be beneficial to the Committees discussions. Neither CAP nor any of its affiliates provided any additional services to Sysco and its affiliates in fiscal 2011 or in fiscal 2012 through the date of the proxy statement. Sysco does not expect CAP to provide any such services to Sysco during the remainder of fiscal 2012.

Since September 2010, Towers Watson (TW) has provided advice directly to Sysco s management team and has assisted management in making recommendations to the Compensation Committee and the Board of Directors with respect to certain aspects of executive compensation. In this capacity, TW has consulted directly with management and provided, among other things, reports based on TW s proprietary data and information regarding market benchmarks. The Compensation Committee s decisions are indirectly impacted by input from TW that is presented by management, and such information is used by the Committee in its dialogue with CAP representatives.

Nominating Committee Policies and Procedures in Identifying and Evaluating Potential Director Nominees

In accordance with its Charter, the Corporate Governance and Nominating Committee will observe the procedures described below in identifying and evaluating candidates for election to Sysco s Board of Directors.

In considering candidates for election to the Board, the Committee will determine the incumbent directors whose terms expire at the upcoming Annual Meeting and who wish to continue their service on the Board. The Committee will also identify and evaluate new candidates for election to the Board for the purpose of filling vacancies. The Committee will solicit recommendations for nominees from persons that the Committee believes are likely to be familiar with qualified candidates. These persons may include members of the Board, Sysco s management and stockholders who beneficially own individually or as a group at least five percent of Sysco s outstanding shares for at least one year and who have expressed an interest in recommending director candidates. In evaluating candidates, the Committee will consider the absence or presence of material relationships with Sysco that might impact independence, as well as the diversity, age, skills, experience, time available and the number of other boards the candidate sits on in the context of the needs of the Board and Sysco, and such other criteria as the Committee shall determine to be relevant at the time. The Committee may also determine to engage a professional search firm to assist in identifying qualified candidates. Where such a search firm is engaged, the Committee shall set its fees and scope of engagement.

The Committee will also consider candidates recommended by stockholders. The Committee will evaluate such recommendations using the same criteria that it uses to evaluate other candidates. Stockholders can recommend candidates for consideration by the Committee by writing to the Corporate Secretary, 1390 Enclave Parkway, Houston, Texas 77077, and including the following information:

the name and address of the stockholder;

- the name and address of the person to be nominated;
- a representation that the stockholder is a holder of the Sysco stock entitled to vote at the meeting to which the director recommendation relates;
- a statement in support of the stockholder s recommendation, including a description of the candidate s qualifications;
- information regarding the candidate as would be required to be included in a proxy statement filed in accordance with the rules of the Securities and Exchange Commission; and
- the candidate s written, signed consent to serve if elected.

The Committee typically recommends director candidates to the Board in early July of each year. The Committee will consider in advance of Sysco s next Annual Meeting of stockholders those director candidate recommendations that the Committee receives by May 1st.

With respect to all incumbent and new candidates that the Committee believes merit consideration, the Committee will:

- cause to be assembled information concerning the background and qualifications of the candidate, including information required to be disclosed in a proxy statement under the rules of the SEC or any other regulatory agency or exchange or trading system on which Sysco s securities are listed, and any relationship between the candidate and the person or persons recommending the candidate;
- determine if the candidate satisfies the qualifications required by the company s Corporate Governance Guidelines of candidates for election as director, as set forth above;
- determine if the candidate possesses qualities, experience or skills that the Committee has determined to be desirable;
- consider the contribution that the candidate can be expected to make to the overall functioning of the Board;
- consider the candidate s capacity to be an effective director in light of the time required by the candidate s primary occupation and service on other boards;
- consider the extent to which the membership of the candidate on the Board will promote diversity among the directors; and
- consider, with respect to an incumbent director, whether the director satisfactorily performed his or her duties as director during the preceding term, including attendance and participation at Board and Committee meetings, and other contributions as a director.

In its discretion, the Committee may designate one or more of its members, or the entire Committee, to interview any proposed candidate. Based on all available information and relevant considerations, the Committee will recommend to the full Board for nomination those candidates who, in the view of the Committee, are most suited for membership on the Board.

The Committee has not received any recommendations for director nominees for election at the 2011 annual stockholders meeting from any Sysco security holder or group of security holders beneficially owning more than five percent of Sysco s outstanding common stock.

If we receive by June 6, 2012 a recommendation of a director candidate from one or more stockholders who have beneficially owned at least five percent of our outstanding common stock for at least one year as of the date the stockholder makes the recommendation, then we will disclose in our next proxy materials relating to the election of directors the identity of the candidate, the identity of the nominating stockholder(s) and whether the Committee determined to nominate such candidate for election to the Board. However, we will not provide this disclosure without first obtaining written consent of such disclosure from both the nominating stockholder and the candidate it is planning to identify. The Committee will maintain appropriate records regarding its process of identifying and evaluating candidates for election to the Board.

Majority Voting in Director Elections

The Company s Bylaws provide for majority voting in uncontested director elections. Majority voting means that directors are elected by a majority of the votes cast that is, the number of shares voted for a director must exceed the number of shares voted against that director. Any incumbent director who is not re-elected in an election in which majority voting applies shall tender his or her resignation promptly following certification of the stockholders vote. The Corporate Governance and Nominating Committee shall consider the tendered resignation and recommend to the Board whether to accept or reject the resignation offer, or whether other action should be taken. The director who tenders his or her resignation shall not participate in the recommendation of the committee or the decision of the Board with respect to his or her resignation. The Board shall act on the recommendation within 120 days following certification of the stockholders vote and shall promptly disclose its decision regarding whether to accept the director s resignation offer. In contested elections, where there are more nominees than seats on the Board as of the record date of the meeting at which the election will take place, directors are elected by a plurality vote. This means that the nominees who receive the most votes of all the votes cast for directors will be elected.

Communicating with the Board

Interested parties may communicate with the independent Chairman of the Board, the non-management directors as a group and the individual members of the Board by confidential email. All emails will be delivered to the parties to whom they are addressed. The Board requests that items unrelated to the duties and responsibilities of the Board not be submitted, such as product inquiries and complaints, job inquiries, business solicitations and junk mail. You may access the form to communicate by email in the corporate governance section of Sysco s website under Investors Corporate Governance Contact the Board at *www.sysco.com.*

EXECUTIVE OFFICERS

The following persons currently serve as executive officers of Sysco. Each person listed below, other than Mr. Kreidler and Mr. Libby, has served as an officer of Sysco and/or its subsidiaries for at least the past five years.

Name	Title	Age
William B. Day	Executive Vice President, Merchandising and Supply Chain	54
William J. DeLaney*	President and Chief Executive Officer	55
G. Mitchell Elmer	Senior Vice President, Controller and Chief Accounting Officer	52
Michael W. Green*	Executive Vice President, Foodservice Operations	52
James D. Hope*	Executive Vice President, Business Transformation	51
Robert C. Kreidler*	Executive Vice President and Chief Financial Officer	47
Russell T. Libby	Vice President, General Counsel and Corporate Secretary	45
Larry G. Pulliam*	Executive Vice President, Foodservice Operations	55

* Named Executive Officer

William B. Day has served as Executive Vice President, Merchandising and Supply Chain since July 2010. He served as Senior Vice President Merchandising and Supply Chain from July 2009 to July 2010. He began his Sysco career in 1983 as a staff accountant at Sysco s Memphis, Tennessee subsidiary. Between 1984 and 1987 he divided his time between Sysco s corporate headquarters and Sysco s Atlanta subsidiary, where he served as the Chief Financial Officer. In 1987 Mr. Day officially moved to Sysco s corporate headquarters in Houston where he served in a variety of roles until 1999, when he was promoted to Assistant Controller. Mr. Day started Sysco s RDC project in 2000, was named Vice President, Supply Chain Management in 2003 and was promoted to Senior Vice President, Supply Chain in July 2007.

William J. DeLaney is described under Election of Directors.

G. Mitchell Elmer was promoted to Senior Vice President and Controller in November 2008 after serving as Vice President and Controller from 2000 to November 2008 and assumed the added responsibility of Chief Accounting Officer in July 2005. Mr. Elmer began his Sysco career in 1989 as a staff auditor in operations review at Sysco s corporate office in Houston. In 1991 he transferred to Sysco s Virginia subsidiary as Director of Finance, and the following year he was named Vice President of Finance and Administration. Mr. Elmer was appointed Vice President of Finance for Sysco s Louisville, Kentucky operation in 1995 and progressed to Senior Vice President of Marketing, Merchandising and Finance at that company in 1997. The following year he transferred to Sysco s Denver operation as Vice President of Finance. In 2000 he returned to Sysco s corporate office to serve as Vice President and Controller.

Michael W. Green has served as Executive Vice President, Foodservice Operations, with expanded responsibilities over all of Sysco s U.S. and Canadian Broadline Foodservice Operations, since July 2010. Mr. Green began his Sysco career in 1991 as a member of the Management Development Program and was named Sysco Chicago s Vice President of Marketing later that year. In 1992, he was promoted to Senior Vice President of Marketing and Merchandising, and then to Executive Vice President, of Sysco s Chicago operating company. In 1994, Mr. Green became the President and Chief Executive Officer of Sysco Food Services of Detroit. He was promoted in 2004 to Senior Vice President of

Operations for Sysco s Midwest Region. In January 2008, Mr. Green was promoted to Executive Vice President of Northeast and North Central U.S. Foodservice Operations, a position he held until his promotion to his current title.

James D. Hope has served as Executive Vice President, Business Transformation, since January 2010. He served as Senior Vice President, Business Transformation, from November 2008 to January 2010. Mr. Hope started his career at Sysco s corporate headquarters as a financial analyst in 1987. He advanced through the Operations Review department, becoming Manager in 1992. He transferred to Sysco Food Services of Kansas City, Inc. in 1993 as Chief Financial Officer, where he was named President and Chief Executive Officer in 2000. Mr. Hope served as Group President, Demand, in the company s Strategic Group from December 2005 until July 2007. He was promoted in July 2007 to Senior Vice President, Sales and Marketing, a position he held until November 2008. Mr. Hope currently serves on the Board of Trustees for the National Restaurant Association Educational Foundation.

Robert C. Kreidler has served as Sysco s Executive Vice President and Chief Financial Officer since October 2009. Prior to joining Sysco, Mr. Kreidler served as Executive Vice President and Chief Financial Officer of C&S Wholesale Grocers, a large privately-held food wholesaler, from February 2007 through March 2009. Between June 1996 and February 2007, he held various senior roles with Yum! Brands, Inc., which includes the worldwide operations of KFC, Pizza Hut, Taco Bell, Long John

Silver s and A&W All-American Food Restaurants. His last position with Yum! Brands was Senior Vice President of Corporate Strategy and Treasurer from December 2003 to February 2007.

Russell T. Libby has served as Sysco s Vice President, General Counsel and Corporate Secretary since December 31, 2010. From 1997 through September 2007, Mr. Libby worked for the North America unit of COFRA Holding A.G., a Swiss international conglomerate, in various positions of increasing responsibility, culminating in service as President of COFRA North America and Vice President, Legal for Good Energies, Inc., an affiliated investment advisor. He joined Sysco in October 2007 as Assistant Vice President, Mergers and Acquisitions and Real Estate and was promoted to Vice President and Assistant General Counsel in July 2009, a position he held until December 2010.

Larry G. Pulliam has served as Sysco s Executive Vice President, Foodservice Operations since July 2009. In this role, Mr. Pulliam oversees Sysco s specialty companies and SYGMA (Sysco s quick-serve restaurant distribution company), Sysco s sales to contract and multi-unit customers in the casual dining and large venue market segments, Sysco s distribution services group and Sysco s non-Canadian international operations. Mr. Pulliam began his foodservice career in 1975 with a regional foodservice company in Fort Worth, Texas. He served in a variety of areas for that company, from warehouse operations to information services, before joining Sysco s corporate office in 1987. Mr. Pulliam was named Vice President of Operations for Sysco s Los Angeles operation in 1991, and in 1995 he transferred to the Baltimore subsidiary to serve as Executive Vice President and Chief Operating Officer. He returned to Sysco s corporate office in 1997 as Vice President and Chief Information Officer, a position he held until he was promoted to President and Chief Executive Officer of Sysco Food Services of Houston, LP in 2000. Mr. Pulliam then returned to Sysco s corporate office as Senior Vice President, Merchandising Services in 2002 and served in that role until 2005, when he was promoted to Executive Vice President, Merchandising Services. From 2005 to July 2009, he served as Executive Vice President, Global Sourcing and Supply Chain.

Management Development and Succession Planning

On an ongoing basis, the Board plans for succession to the position of CEO and other key management positions, and the Corporate Governance and Nominating Committee oversees this management development and succession planning process. To assist the Board, the CEO periodically provides the Board with an assessment of senior executives and their potential to succeed to the position of CEO, as well as perspective on potential candidates from outside the company. On an annual basis, the Board and its Corporate Sustainability Committee have engaged in discussions with management regarding increasing the diversity of Sysco s executive management team. In addition, the CEO periodically provides the Board with an assessment of potential successors to other key positions.

In fiscal 2011, Sysco s effectiveness in management development and succession planning were a part of our CEO s non-financial performance goals, which are reviewed at the end of each fiscal year by the Compensation and Corporate Governance and Nominating Committees. In addition, the Compensation Committee assessed Sysco s performance in select non-financial areas, including the overall effectiveness of its management development and succession planning processes in determining the magnitude of the 2011 bonus payment to our CEO for which Mr. DeLaney received credit toward his 2011 bonus payment. Management development and succession planning remain top priorities of executive management and the Board during fiscal 2012, as evidenced by the following:

- Sysco s Board discussed human capital and succession planning at its annual strategy meeting and several other regularly scheduled meetings, and
- one of our CEO s five fiscal year 2012 non-financial strategic goals is to make continued strides toward the human capital plan and high level succession planning. Success in this goal will affect our CEO s MIP bonus payment for fiscal 2012, as described under Executive Compensation Management Incentive Plan and Fiscal 2011 Discretionary Bonuses .

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STOCK OWNERSHIP

The following table sets forth certain information with respect to the beneficial ownership of Sysco s common stock, as of August 30, 2011, by (i) each current director, (ii) each named executive officer (as defined under Compensation Discussion and Analysis), and (iii) all directors and executive officers as a group. To our knowledge, no person or group beneficially owned more than 5% of our common stock as of August 30, 2011. Unless otherwise indicated, each stockholder identified in the table has sole voting and investment power with respect to his or her shares. Fractional shares have been rounded down to the nearest whole share.

	Shares of Common Stock Owned Directly	**Shares of Common Stock Owned Indirectly**	**Shares of Common Stock Underlying Options(1)**	**Shares of Common Stock Underlying Restricted Stock Units(2)**	**Total Shares of Common Stock Beneficially Owned(1)(2)**	**Percent of Outstanding Shares(3)**
John M. Cassaday	33,664(4)		15,000		48,664	*
Judith B. Craven	53,950(4)		23,000		76,950	*
William J. DeLaney	81,192		572,600	35,834	689,626	*
Manuel A. Fernandez	41,029(4)		3,500		44,529	*
Larry C. Glasscock	7,011				7,011	*
Jonathan Golden	71,243(4)	18,500(5)	23,000		112,743	*
Michael W. Green	29,926		297,600	12,899	340,425	*
Joseph A. Hafner, Jr.	45,986(4)		15,000		60,986	*
James D. Hope	20,660		164,400	9,034	194,094	
Hans-Joachim Koerber	29,494(4)				29,494	*
Robert C. Kreidler	3,773	810(5)	109,500	15,233	129,316	*
Nancy S. Newcomb	35,468(4)		3,500		38,968	*
Larry G. Pulliam	167,714		449,800	13,499	631,013	*
Phyllis S. Sewell	43,381(4)		23,000		66,381	*
Richard G. Tilghman	52,853(4)	1,957(6)	23,000		77,810	*
Jackie M. Ward	37,676(4)	61(6)	31,000		68,737	*
All Directors, Director Nominees and Executive Officers as a Group (19 Persons)	794,889(7)	33,619(8)	2,089,400(9)	110,801(10)	2,916,727(7)(8)(9)(10)	*

(*) Less than 1% of outstanding shares.

(1) Includes shares underlying options that are presently exercisable or will become exercisable within 60 days after August 30, 2011. Shares subject to options that are presently exercisable or will become exercisable within

60 days after August 30, 2011 are deemed outstanding for purposes of computing the percentage ownership of the person holding such options, but are not deemed outstanding for purposes of computing the percentage ownership of any other persons.

(2) Includes shares underlying restricted stock units (RSUs) that will vest and settle within 60 days after August 30, 2011. Shares underlying RSUs that will vest and settle within 60 days after August 30, 2011 are deemed outstanding for purposes of computing the percentage ownership of the person holding such RSUs, but are not deemed outstanding for purposes of computing the percentage ownership of any other persons. It is expected that approximately one-third of the shares underlying these RSUs will be withheld to pay taxes related to the RSUs as they vest and settle.

(3) Applicable percentage ownership at August 30, 2011 is based on 591,974,063 shares outstanding, adjusted as described in footnotes (1) and (2).

(4) Includes shares that were elected to be received in lieu of non-employee director retainer fees during the first half of calendar 2011, and related matching shares under the Non-Employee Directors Stock Plan. For Dr. Koerber (who has shares withheld for the payment of taxes), this includes 598 elected shares and 297 matching shares; for Ms. Ward, this includes 2,049 elected shares and 426 matching shares; for each of the other non-employee directors, this includes 854 elected shares and 426 matching shares. Unless the director has chosen to defer the shares under the Sysco Corporation 2009 Board of Directors Stock Deferral Plan (Stock Deferral Plan), these shares will be issued on December 31, 2011 or within 60 days after a non-employee director ceases to be a director, whichever occurs first. Directors may choose to defer receipt of these shares related to director retainer fees, as well as shares awarded pursuant to restricted stock grants, and

these amounts are also included in this line item. To the extent cash dividends are paid on our common stock, non-employee directors also receive the equivalent amount of the cash dividend credited to their account with respect to all deferred restricted stock awards, and all elected and matched shares that are deferred. The number of shares in each non-employee director s deferred stock account, including related dividend equivalents, is as follows: Mr. Cassaday none, Dr. Craven 8,315, Mr. Fernandez 8,315, Mr. Glasscock 5,689, Mr. Golden none, Mr. Hafner none, Dr. Koerber 5,689, Ms. Newcomb none, Mrs. Sewell 8,315, Mr. Tilghman none, and Ms. Ward 10,767. In addition, Dr. Craven, Mr. Fernandez, Mr. Glasscock and Ms. Ward have elected to defer receipt of the elected and match shares described above. If the director has chosen to defer the receipt of any shares, they will be credited to the director s account in the Stock Deferral Plan and issued on the earliest to occur of the death of the director, the date on which the director ceases to be a director of the company, or a change of control of Sysco. Deferred shares are deemed outstanding for purposes of computing the percentage ownership of the persons holding such shares, but are not deemed outstanding for purposes of computing the percentage ownership of any other persons.

(5) These shares are held by a family trust affiliated with the executive officer or director.

(6) These shares are held by the spouse of the director or executive officer.

(7) Includes an aggregate of 39,869 shares directly owned by the current executive officers other than the named executive officers.

(8) Includes an aggregate of 12,291 shares owned by the spouses and/or dependent children of current executive officers other than the named executive officers.

(9) Includes an aggregate of 335,500 shares underlying options that are presently exercisable or will become exercisable within 60 days after August 30, 2011 held by current executive officers other than the named executive officers.

(10) Includes an aggregate of 24,302 shares underlying restricted stock units (RSUs) that will vest and settle within 60 days after August 30, 2011 held by current executive officers (and, in the case of Mr. Day, his spouse) other than the named executive officers.

Stock Ownership Guidelines

To align the interests of our executives with those of our stockholders, Sysco s Board of Directors concluded that our executive officers should have a significant financial stake in Sysco stock. To further that goal, for several years we have maintained stock ownership guidelines for our executives. In August 2011, we amended our Corporate Governance Guidelines in order to provide that the executives should own the number of shares, by position, as described in the following table:

Position	**Required to Own by Fifth Anniversary in Position**
CEO	175,000 shares
Executive Vice Presidents	60,000 shares
Senior Vice Presidents	20,000 shares

Other Section 16 Officers	10,000 shares

The five-year period begins the date the officer is promoted or otherwise becomes subject to the guidelines. With respect to officers that were already subject to the ownership guidelines prior to the August 2011 amendment, the five-year period began as of the date of the amendment. These officers are also required to maintain compliance with the previous stock ownership guidelines, which required each individual to maintain certain ownership levels at the fourth and eighth years following his or her promotion, until the new five-year requirement and respective ownership levels are also satisfied. The stock ownership guidelines in effect until August 2016 are as follows:

Position	**Required to Own by Fourth Anniversary in Position**	**Required to Own by Eighth Anniversary in Position**
CEO	100,000 shares	175,000 shares
CFO and Executive Vice Presidents	15,000 shares	30,000 shares
Senior Vice Presidents (other than CFO)	10,000 shares	20,000 shares
Other Section 16 Officers	5,000 shares	10,000 shares

For purposes of the guidelines, the shares counted towards ownership include shares owned directly or indirectly by the executive through the Sysco Corporation Employees   Stock Purchase Plan, as well as any other shares of vested restricted stock held by the executive officer that may be subject to transfer restrictions or potential clawbacks, but shall not include unvested shares of restricted stock, shares held through any other form of indirect beneficial ownership, or shares underlying unexercised options. However, for purposes of complying with the five-year ownership guidelines approved in the August 2011 amendment, two-thirds of an officer s shares underlying unvested restricted stock units will count towards the ownership requirement.

In addition, each executive officer is expected to retain 25% of the net shares acquired upon exercise of stock options and 25% of the net shares acquired pursuant to vested restricted stock and restricted stock unit grants until the executive officer s holdings of Company stock equal or exceed the ownership guidelines applicable to the executive officer. For these purposes, net shares shall mean the shares remaining after disposition of shares necessary to pay the related tax liability and, if applicable, exercise price.

In the event that these ownership guidelines present an undue hardship for an executive, the Chairman of the Corporate Governance and Nominating Committee may make an exception or provide an alternative to address the intent of the guidelines, taking into consideration the executive s personal circumstances.

We adopted guidelines with a specific number of shares rather than a multiple of salary to protect executives from unnecessary concern regarding fluctuations in the stock price, and the Corporate Governance and Nominating Committee will periodically review the guidelines to determine if they need to be updated due to, among other things, significant changes in the price of Sysco stock. Based on an assumed $27 Sysco stock price, the CEO ownership requirement of 175,000 shares equals a value of approximately 4.1 times Mr. DeLaney s salary. The other officer ownership requirements are set at lower levels that Sysco believes are reasonable given their salaries and responsibility levels. Restricted stock and restricted stock unit incentives, coupled with shares obtained from the exercise of stock options, are anticipated to provide all executives with ample opportunity to satisfy these requirements within the specified time frames.

We provide the Board of Directors with the status of the executives stock ownership at its regularly-scheduled meetings to ensure compliance with these holding requirements. As of August 30, 2011, all named executive officers met the then-applicable stock ownership requirement.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Securities Exchange Act of 1934 and the rules issued thereunder, our executive officers and directors and any persons holding more than ten percent (10%) of our common stock are required to file with the Securities and Exchange Commission and the New York Stock Exchange reports of initial ownership of our common stock and changes in ownership of such common stock. To our knowledge, no person beneficially owns more than 10% of our common stock. Copies of the Section 16 reports filed by our directors and executive officers are required to be furnished to us. Based solely on our review of the copies of the reports furnished to us, or written representations that no reports were required, we believe that, during fiscal 2011, all of our executive officers and directors complied with the Section 16(a) requirements.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Person Transactions Policies and Procedures

The Board has adopted written policies and procedures for review and approval or ratification of transactions with related persons. We subject the following related persons to these policies: directors, director nominees, executive officers, beneficial owners of more than five percent of our stock and any immediate family members of these persons.

We follow the policies and procedures below for any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which Sysco was or is to be a participant, the amount involved exceeds $100,000, and in which any related person had or will have a direct or indirect material interest. These policies specifically apply without limitation to purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by Sysco of a related person. The Board of Directors has determined that the following do not create a material direct or indirect interest on behalf of the related person, and are, therefore, not related person transactions to which these policies and procedures apply:

Interests arising only from the related person s position as a director of another corporation or organization that is a party to the transaction; or

- Interests arising only from the direct or indirect ownership by the related person and all other related persons in the aggregate of less than a 10% equity interest, other than a general partnership interest, in another entity which is a party to the transaction; or
- Interests arising from both the position and ownership level described in the two bullet points above; or
- Interests arising solely from the ownership of a class of Sysco s equity securities if all holders of that class of equity securities receive the same benefit on a pro rata basis, such as dividends; or
- A transaction that involves compensation to an executive officer if the compensation has been approved by the Compensation Committee, the Board of Directors or a group of independent directors of Sysco performing a similar function; or
- A transaction that involves compensation to a director for services as a director of Sysco if such compensation will be reported pursuant to Item 402(k) of Regulation S-K.

Any of our employees, officers or directors who have knowledge of a proposed related person transaction must report the transaction to our General Counsel. Whenever practicable, before the transaction goes effective or becomes consummated, the Corporate Governance and Nominating Committee of the Board of Directors will review and approve the proposed transaction in accordance with the terms of this policy. If the General Counsel determines that it is not practicable to obtain advance approval of the transaction under the circumstances, the Committee will review and, in its discretion may ratify, the transaction at its next meeting. In addition, the Board of Directors has delegated to the Chair of the Committee the authority to pre-approve or ratify, as applicable, any related person transaction in which the aggregate amount involved is expected to be less than $500,000.

In addition, if a related person transaction is ongoing in nature and the Committee has previously approved it, or the transaction otherwise already exists, the Committee will review the transaction during its first meeting of each fiscal year to:

- ensure that such transaction has been conducted in accordance with the previous approval granted by the Committee, if any;
- ensure that Sysco makes all required disclosures regarding the transaction; and
- determine if Sysco should continue, modify or terminate the transaction.

We will consider a related person transaction approved or ratified if the transaction is authorized by the Corporate Governance and Nominating Committee or the Chair, as applicable, in accordance with the standards described below, after full disclosure of the related person s interests in the transaction. As appropriate for the circumstances, the Committee will review and consider such of the following as it deems necessary or appropriate:

- the related person s interest in the transaction;
- the approximate dollar value of the amount involved in the transaction;
- the approximate dollar value of the amount of the related person s interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in Sysco s ordinary course of business;
- whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to Sysco than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to Sysco of, the transaction; and
- any other information regarding the transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The Committee will review such additional information about the transaction as it in its sole discretion shall deem relevant. The Committee may approve or ratify the transaction only if the Committee determines that, based on its review, the transaction is in, or is not inconsistent with, the best interests of Sysco. The Committee may, in its sole discretion, impose such conditions as it deems appropriate on Sysco or the related person when approving a transaction. If the Committee or the Chair, as applicable, does not ratify a related person transaction, we will either rescind or modify the transaction, as the Committee or the Chair, as applicable, directs, as soon as practicable following the failure to ratify the transaction. The Chair will report to the Committee at its next regularly scheduled meeting any action that he or she has taken under the authority delegated pursuant to this policy. If any director has an interest in a related person transaction, he or she is not allowed to participate in any discussion or approval of the transaction, except that the director is required to provide all material information concerning the transaction to the Committee.

Transactions with Related Persons

Mr. Golden is the sole stockholder of Jonathan Golden, P.C., a partner in the law firm of Arnall Golden Gregory LLP, Atlanta, Georgia, which provided legal services to Sysco during fiscal 2011 and continues to do so in fiscal 2012. During fiscal 2011, Sysco incurred approximately $3.3 million in legal fees and disbursements related to these services. We believe the amounts were fair and reasonable in view of the level and extent of services rendered. Due to this relationship, Mr. Golden is not considered to be an independent director under the NYSE standards or the categorical standards set forth in Sysco s Corporate Governance Guidelines.

Mr. Green s brother-in-law works for Red Gold, Inc., which supplies tomato products to Sysco. Sysco paid Red Gold approximately $66.1 million during fiscal 2011.

Ms. Twila Day, who is not an executive officer, is the wife of William Day, our Executive Vice President, Merchandising and Supply Chain. Ms. Day served as Sysco s Vice President and Chief Information Officer from December 2005 until January 2010, when she was promoted to her current position of Senior Vice President and Chief Information Officer. Ms. Day has 19 years of experience in Sysco s information technology department and has been a corporate officer since 2000. With respect to fiscal 2011, we paid Ms. Day a base salary of $330,000, and she received a MIP bonus of $231,000, which we paid in August 2011, following adjustment of the MIP bonus criteria to exclude certain charges related to Sysco s partial withdrawals from a multi-employer pension plan. In August 2010, Ms. Day received a $14,779 payment with respect to the September 2007 CPU grant. No payment was made in August 2011 with respect to the September 2008 CPU grant because the minimum performance criteria were not satisfied. Ms. Day received a new CPU grant in November 2010 of 243,600 units with a target value of $1.00 each, which will be payable following conclusion of fiscal 2013 if all specified criteria are met. See Executive Compensation Cash Performance Unit Plans. In November 2010, Ms. Day received a grant of stock options to purchase 42,000 shares of common stock and 8,500 restricted stock units pursuant to our 2007 Stock Incentive Plan. The options had a grant date fair value as calculated in accordance with Accounting Standards Codification (ASC) 718, Compensation Stock Compensation of $167,160 and the restricted stock units were valued at $245,395, based on the closing price of Sysco common stock on the last business day prior to grant of $28.87 per share. In November 2010, 1,000 restricted stock units that were granted to Ms. Day in November 2009 fully vested. Ms. Day is included with other MIP participants under the fiscal 2012 MIP program, with target and maximum bonus percentages equal to those of the named executive officers. See Executive Compensation Management Incentive Plan and Fiscal 2011 Discretionary Bonuses. She is also a participant in the SERP, the EDCP and other regular and customary employee benefit plans, programs and benefits generally available to our officers, including those described in the Compensation Discussion and Analysis section, under the heading Benefits, Perks and Other Compensation.

The Corporate Governance and Nominating Committee has approved all of the above transactions in accordance with the disclosed policies and procedures.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain information regarding equity compensation plans as of July 2, 2011.

	Number of Securities to be Issued Upon Exercise of	**Weighted-Average Exercise**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation**

Plan Category	Outstanding Options, Warrants and Rights	Price of Outstanding Options, Warrants and Rights	Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by security holders	67,392,308	$ 30.05	32,368,609(1)
Equity compensation plans not approved by security holders			
Total	67,392,308	$ 30.05	32,368,609(1)

(1) Includes 24,814,016 shares issuable pursuant to our 2007 Stock Incentive Plan, as amended, including 8,667,189 shares subject to outstanding restricted stock units; 652,097 shares issuable pursuant to our 2009 Non-Employee Directors Stock Plan; and 6,902,496 shares issuable pursuant to our Employees Stock Purchase Plan as of July 2, 2011. Does not reflect the issuance of 377,730 shares in July 2011 pursuant to our Employees Stock Purchase Plan.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

Sysco is the global leader in selling, marketing and distributing food products, equipment and supplies to the foodservice industry. As such, our long-term success depends on our ability to attract, retain and motivate highly talented individuals who are committed to Sysco s vision and strategy. One of the key objectives of our executive compensation program is to link executives pay to their performance and their advancement of Sysco s overall performance and business strategies. Other objectives include aligning the executives interests with those of stockholders and encouraging high-performing executives to remain with Sysco over the course of their careers. The five Sysco executives who are identified in the Summary Compensation Table are referred to as our named executive officers. We believe that the amount of compensation for each named executive officer reflects extensive management experience, continued high performance and exceptional service to Sysco and our stockholders.

Executive Summary

The Committee, in consultation with management and the Committee s independent compensation consultant, Compensation Advisory Partners, referred to herein as CAP, continues to focus on ensuring that our executive compensation programs reflect pay for performance and enhance shareholder value, and the Committee believes that it accomplished this during fiscal 2011 despite challenging economic conditions. Notwithstanding these challenging conditions, Sysco s management team has kept its full attention on servicing our customers and effectively managing expenses, resulting in solid financial performance for fiscal 2011, including the following:

- Increase in sales as compared to fiscal 2010;
- Market share growth while foodservice industry growth remained flat;
- Increased earnings per share as compared to fiscal 2010, after adjustment for the extra week in fiscal 2010, despite margin pressures; and
- Significant improvement in customer retention, as evidenced by a reduction in Sysco s street customer lost sales percentage and improvement in Sysco s street customer new/lost business ratio, as compared to fiscal 2010.

Recent changes to Sysco s executive compensation programs approved by the Committee include the following:

For fiscal 2011,

- Closed the SERP to new participants in May 2011.
- Changed significantly the design of the fiscal 2011 bonus program under Sysco s Management Incentive Plan (MIP), which was approved in May 2010 and which governed executives fiscal 2011 annual bonuses, from that of the fiscal 2010 program, with target payout levels declining significantly to 150% of base salary, and maximum possible payout levels declining significantly to 250% of base salary.
- Modified the design of the CEO s fiscal 2011 MIP bonus as compared to fiscal 2010, with 20% of the CEO s total annual fiscal 2011 bonus subject to achievement of non-financial performance goals in addition to achievement of the financial performance criteria required for payment of all corporate MIP bonuses.
- Eliminated any Section 280G tax gross ups in fiscal 2011 due to the termination, in February 2010, of the last employment or change-in-control agreements with any of its executive officers. Sysco no longer has employment or change-in-control agreements with any of its executive officers.
- Instituted clawback provisions for all named executive officers MIP bonuses and cash performance units awarded after November 2011.

Implemented a revised relocation policy for our named executive officers which reduced benefits and added a clawback feature to any relocation reimbursements.

For fiscal 2012,

Redesigning the MIP in order to improve the extent to which plan targets provide an appropriate degree of challenge and stretch and to tie plan targets to the Committee s assessment of market conditions, operating expectations and other relevant factors, rather than basing them on the prior year s operating results.

Modifying the pay mix in order to strike a more appropriate balance between participants long- and short- term orientation to the business. This has been accomplished through selective base salary increases, selective reduced annual incentive opportunities, and maintenance of competitive long term incentives, while targeting total direct compensation between the median and 75th percentile when expected financial results are met.

- Modifying the form of MIP award agreement for the CEO to allow the Committee to adjust his MIP bonus, depending upon his performance with respect to specified non-financial performance criteria.
- Changing the CPU performance criteria to a three fiscal year total shareholder return measure as compared to the total shareholder return of the S&P 500 over the same period.
- Working with the Corporate Governance and Nominating Committee to increase stock ownership requirements for top executives other than the CEO, with all requirements to be phased in over a shorter, five year period.

Oversight of the Executive Compensation Program

Unless the context indicates otherwise, references to the Committee in this Compensation Discussion and Analysis and the executive compensation section following it refer to the Compensation Committee of Sysco s Board of Directors. The Committee determines and approves all compensation of the Chief Executive Officer, or CEO, and Sysco s other senior officers, including the named executive officers. Although the Compensation Committee meets jointly with the Corporate Governance and Nominating Committee to discuss both the CEO s personal goals and his performance in achieving such goals in each fiscal year, the Compensation Committee solely approves all compensation awards and payout levels. The Committee develops and oversees programs designed to compensate our corporate officers, including the named executive officers, as well as the presidents and executive vice presidents of our operating companies. The Committee is also authorized to approve all grants of restricted stock, restricted stock units, stock options and other awards to executive officers under our equity-based incentive plans for Sysco employees. Further information regarding the Committee s responsibilities is found under Committees of the Board and in the Committee s Charter, available on the Sysco website at *www.sysco.com* under Investors Corporate Governance Committees.

For fiscal 2011, the Committee retained CAP as its compensation consultant. See Corporate Governance and Board of Directors Matters Compensation Consultant for a discussion of the role of CAP. Except as otherwise described below, all of the Committee s executive compensation decisions discussed in this Compensation Discussion and Analysis were made by the Committee, following consultation with CAP, and upon the recommendation of management, without modification.

Executive Compensation Philosophy and Core Principles

Historically, our executive compensation plans have directly linked a substantial portion of annual executive compensation to Sysco s performance. These plans are designed to deliver superior compensation for superior company performance; likewise, when company performance falls short of expectations, certain programs deliver lower levels of compensation. However, the Committee tries to balance pay-for-performance objectives with retention considerations, so that even during temporary downturns in the economy and the foodservice industry, the programs continue to ensure that successful, high-achieving employees remain at Sysco. Furthermore, to attract and retain highly skilled management, our compensation program must remain competitive with that of comparable employers who compete with us for talent.

The following key principles are the cornerstone of Sysco s executive compensation philosophy:

- pay for performance;
- enhance stockholder value;
- strike appropriate balance between short-term and longer-term compensation and short- and longer-term interests of the business; and
- align Sysco s executive compensation strategy with its targeted market pay position.

Sysco s compensation structure has historically included conservative salaries, while placing a significant portion of the premium annual incentives at risk.

The value of two of the three components of Sysco s longer-term incentives, stock options and cash performance units, depend entirely upon Sysco s performance and Sysco s stock price over a period of multiple years. In addition, whether or not the annual MIP bonus is paid, and the amount of any such payment, is also wholly dependent on Sysco s performance. These three performance-based components constituted approximately 62.7% of the actual total direct compensation for fiscal 2011 for each of the named executive officers. For this purpose, longer-term incentives include the following fiscal 2011 grants: stock options valued using an approximation of a Black-Scholes value, restricted stock units valued at the fair market value of Sysco stock on the date of grant and cash performance units valued at $1.00 per unit with assumed payout at the 100% target amount.

The Committee supports executive performance and retention by using continued service as a significant determinant of total pay opportunity. For example, in order to receive full vesting under the most commonly applicable vesting provision of the Supplemental Executive Retirement Plan, or SERP, an executive must be at least 55 years old, have at least 15 years of MIP service and have combined age and MIP service totaling 80, such as a 60 year old with 20 years of MIP service. Sysco also includes time-based factors in its longer-term incentives, with outstanding option grants generally vesting over a period of five years, outstanding restricted stock unit awards vesting over three years, and cash performance unit payouts based on a three-year performance period. We believe that Sysco s compensation strategies have been effective in promoting performance and retention and are aligned with our company culture, which places a significant value on the tenure of high-performing executives.

In developing our pay for performance policies, the Committee generally benchmarks elements of pay against a comparison peer group, discussed under External and Internal Analysis below. However, the Committee has not historically had an exact formula for allocating between fixed and variable, cash and non-cash, or short-term and longer-term compensation, allowing it to incorporate flexibility into our annual and longer-term compensation programs and adjust for the evolving business environment. The Committee has identified, and continues to focus on, the following long-term goals:

- maintain a conservative position for base salaries;
- maintain a premium position for annual incentives;
- maintain longer-term incentive opportunities somewhat above our peer group median; and
- target total pay and retirement opportunities for senior executives between the market median and the 75^{th} percentile of our peer group.

The Committee intends to achieve these goals through, and has built the executive compensation program upon a framework that includes, the following components, each of which is described in greater detail later in this Compensation Discussion and Analysis:

ANNUAL COMPENSATION

Base Salary

Because Sysco weights executive compensation toward performance, the Committee begins its analysis of executives base salaries by looking between the 25th percentile and the median of the salary ranges for similar executive positions among companies in our peer group, which is described under External and Internal Analysis below. The Committee then may adjust the base salaries based on a number of factors, which may include the executive s job responsibilities, management experience, individual contributions, number of years in his or her position and current salary.

Annual Bonus

Our bonus plan is designed to pay for performance with potentially significant annual cash incentive bonuses based on Sysco performance under our Management Incentive Plan, or MIP. Payment of the MIP bonus is based on satisfaction of predetermined performance criteria that the Committee believes benefit stockholders. The threshold requirements for payment of a bonus under the MIP in fiscal 2011 were Sysco s achieving at least a 2% increase in diluted earnings per share and at least an 11% three-year average return on capital. Sysco did not pay a MIP bonus to the named executive officers for fiscal 2011 because the performance criteria were not met. The Committee did, however, award discretionary performance-based bonuses to the named executive officers for fiscal 2011 that were well below the target based on both financial and non-financial performance criteria. Beginning with the fiscal 2012 MIP bonus program, the Committee began a transition to a bonus program that will be more closely tied to Sysco s annual budget. The fiscal 2012 bonus is tied to achievement of goals related to earnings growth, sales growth and capital efficiency. In addition, for fiscal 2012, a portion of the CEO s MIP bonus will be based on his performance with respect to specified non-financial performance goals. See Management Incentive Plan Fiscal 2012.

LONGER-TERM INCENTIVES

Cash Performance Units (CPUs)

In 2004, the Committee implemented a cash incentive plan under which we issue cash performance units, or CPUs. Our CPUs granted to corporate officers did not satisfy the minimum criteria for a payout in August 2011. These grants used average growth in diluted earnings per share and average sales growth over a three-year period as the performance criteria. The currently outstanding grants we made in November 2009 and 2010 that may be paid in August 2012 and 2013, respectively, also use average growth in diluted earnings per share and average sales growth over a three-year period as the performance criteria.

Stock Options and Restricted Stock Units (RSUs)

Stock options and restricted stock units, or RSUs, reward long-term Sysco performance, more closely align the executives interests with those of our stockholders and focus executives on activities that increase stockholder value. Options granted to named executive officers generally vest one-fifth per year beginning one year from the date of grant and RSUs granted to named executive officers generally vest one-third per year beginning one year from the date of grant. The Committee also has the ability under the 2007 Stock Incentive Plan to grant restricted stock and other stock-based awards, which similarly reward long-term performance.

RETIREMENT/CAREER INCENTIVES

Retirement Benefits and Deferred Compensation Plan

The Supplemental Executive Retirement Plan, or SERP, and Executive Deferred Compensation Plan, or EDCP, also play a major role in our total compensation program for the named executive officers. Following retirement and other specified termination events, the SERP provides annuity payments based on prior years compensation. The EDCP allows participants to defer a portion of current cash compensation and employer contributions, plus applicable earnings, for payment upon certain specified termination events. The SERP and EDCP encourage executives to perform at a competitive level and stay with Sysco for long and productive careers. During fiscal 2011, the SERP was closed to new participants.

Fiscal 2011 Compensation Focus

Based on CAP s May 2010 benchmarking of Sysco s pay and performance against the peer group discussed below, fiscal 2010 total cash compensation (2010 base salary plus actual 2010 MIP bonus) was positioned near the 25th percentile for Messrs. DeLaney and Kreidler and near the 75th percentile for the other named executive officers, while total direct compensation (total cash compensation plus the value of stock options, RSUs and CPU grants with respect to fiscal 2010) paid by Sysco for fiscal 2010 was positioned below the bottom 25th percentile of the peer group for Mr. DeLaney and between the 25th percentile and the median for the other named executive officers. In comparison, Sysco s performance relative to the peer group, based on an assessment of revenue, earnings per share, and return on invested capital, as well as total stockholder return over the four quarters ending March 31, 2010, was positioned near the median of the peer group. As a result, the Committee focused in fiscal 2011 on adjusting the MIP bonus criteria to provide for the payment of a bonus upon obtaining performance that more closely correlates with the peer group median. In addition, beginning in fiscal 2011, at the recommendation of CAP, the Committee began to focus on increasing base salaries, decreasing annual incentive opportunities, maintaining competitive long-term incentives, and targeting total direct compensation between the median and the 75th percentile, subject to ensuring alignment between financial results and total pay delivered.

In preparation for fiscal year 2012, the Committee undertook a redesign of the MIP in order to improve the extent to which plan targets reflect solely its assessment of market conditions, operating expectations, and other relevant factors. In addition the Committee modified pay mix in order to strike a more appropriate balance between participants long- and short- term orientation to the business. This has been accomplished through selective base salary increases, reduced annual incentive opportunities, and maintenance of competitive long term incentives with total direct compensation targeted between the median and 75th percentile when expected financial results are met.

External and Internal Analysis

For the compensation package to be effective, the Committee must balance the components so that they are both externally competitive and internally equitable.

External Analysis

Sysco is the largest foodservice distributor in North America, and other companies in the foodservice industry are significantly smaller, with many of such companies also being privately-held. We believe that these smaller businesses would not create a satisfactory comparison group due to the greater skill levels and abilities required to manage a public company of Sysco s size. Absent an industry peer group, the Committee concluded that the most comparable companies with respect to executive pay are companies whose business size and complexity are similar to ours and with which we compete for top executive positions. Therefore, the peer group developed for the executive compensation analysis is not the same peer group that is used in the stock performance graph in our annual report to stockholders.

In order to implement these conclusions regarding external comparison of executive pay, the Committee recommended that Sysco s management work with CAP to construct a peer group for Sysco s executive compensation analysis. The peer group utilized by the Committee for fiscal 2011 and fiscal 2012 (through August 2011) executive compensation decisions was the same peer group used for all decisions made during fiscal 2010. The companies included in the peer group are as follows:

	FedEx Corp.	Staples, Inc.

AmerisourceBergen Corporation		
Best Buy Company, Inc.	McDonald s Corp	Target Corp.
Cardinal Health Inc.	McKesson Corp.	United Parcel Service Inc.
Emerson Electric Company	Pepsico Inc.	Walgreen Company
Express Scripts Inc.		

Based on the most recent fiscal year data available, this group had the median market capitalization and revenue levels shown below:

Median Market Capitalization	Median Revenue Level
$29.2 billion as of March 31, 2010	$45 billion as of May 2010
$29.5 billion as of March 31, 2011	$50 billion as of May 2011

Sysco s market capitalization was $18.6 billion as of July 2, 2011 and its revenues were $39.3 billion for fiscal 2011.

Peer group compensation data is limited to information that is publicly reported and, to the extent it deems appropriate, the Committee uses it to benchmark the major components of compensation for our named executive officers. The Committee consulted the following compensation studies in connection with its compensation decisions discussed in this Compensation Discussion and Analysis:

- For decisions made from May 2010 through April 2011, the Committee consulted a CAP study prepared in May 2010 that used the most current available peer group information and benchmarked, among other things, 2010 base salary, estimated 2010 total cash compensation and total direct compensation, and target 2011 base salary, total cash compensation, long-term incentives, total direct compensation, and total direct compensation plus retirement of each of the named executive officers.
- For all executive compensation decisions made from May 2011 through the date of this proxy statement, including base salary adjustments for fiscal 2012 and fiscal 2012 MIP grants, the Committee consulted a CAP study dated May 2011 that used updated peer group information and benchmarked 2011 base salary, estimated 2011 total cash compensation and total direct compensation, and target 2012 base salary, total cash compensation, long-term incentives, and total direct compensation of each of the named executive officers.

For purposes of the reports listed above:

- 2011 target total cash compensation was defined as proposed base salary plus target MIP bonus of 150%;
- 2012 target total cash compensation was defined as proposed base salary plus target MIP bonus of 150% for Mr. DeLaney, 100% for Messrs. Kreidler and Hope, and 125% for Messrs. Green and Pulliam;
- target total direct compensation was defined as target total cash compensation plus the value of stock options, restricted stock units and cash performance units expected to be granted with respect to the year in question;
- stock options are valued using a Black-Scholes calculation, restricted stock units are valued at the fair market value of Sysco stock on the date of grant and cash performance units valued at $1.00 per unit, with respect to the November 2010 grants, and $35.00 per unit, with respect to all prior cash performance unit grants, with assumed payout at the 100% target amount;
- actual amounts are calculated similarly to the target amounts but use the actual amounts paid; and
- for the 2011 study, executive retirement was calculated as an annualized value.

Internal Analysis

With respect to annual salary and the various incentive awards available to the named executive officers, the Committee does not perform a formal internal equity analysis, but does consider the internal equity of the compensation awarded by utilizing comparisons within the Sysco organization.

Internal Pay Equity

On an annual basis, the Committee compares the CEO s compensation with that of the Executive Vice Presidents to ensure that the CEO compensation, as well as its relationship to the compensation of the CEO s direct reports, is reasonable. The Committee makes similar evaluations among the Executive Vice Presidents and Senior Vice Presidents. These comparisons only provide a point of reference, as the Committee has not typically used specific formulas to determine compensation levels, which reflect the responsibilities of a particular officer position. Although officers at different levels of the organization receive a different percentage of their base salary as payment of the MIP bonus, the financial performance criteria used for most corporate officers, including the named executive officers, for payment of the bonus are identical.

Annual Compensation

Base Salary

The table below shows the salaries of each named executive officer at the beginning of fiscal 2010, 2011 and 2012 and the percentage change from period to period:

Named Executive Officer	June 27, 2009 Base Salary	July 4, 2010 Base Salary	July 3, 2011 Base Salary(1)	% Change From Fiscal 2010 to Fiscal 2011	% Change From Fiscal 2011 to 2012
William J. DeLaney	$ 800,000	$ 1,000,000	$ 1,150,000	25%	15%
Robert C. Kreidler	500,000(2)	525,000	600,000	5%	14%
Michael W. Green	494,000	550,000	650,000	11%	18%
Larry G. Pulliam	532,000	550,000	600,000	3%	9%
James D. Hope	356,250	500,000	525,000	31%	5%

(1) The Committee approved these base salaries on July 19, 2011, effective as of July 3, 2011.

(2) Mr. Kreidler joined Sysco as Executive Vice President and Chief Financial Officer in October 2009 at a base salary of $500,000.

Base Salary Analysis

<u>Fiscal 2011 Base Salary</u>

Beginning in May 2010, the Committee determined that it will generally review salaries in May of each year and set them for the following fiscal year. Since May 2011, the Committee has been making base salary and annual MIP bonus decisions at the same meeting, and has considered how each executive s salary affects the other elements of his total cash compensation and total compensation, as well as the impact on future benefits under the SERP.

As of May 2010, the current named executive officers had not received regular salary increases since January 2008 except for Mr. DeLaney, who had received salary increases in connection with his promotion to the CEO position, and Mr. Hope, who received an increase in January 2010 in connection with his promotion to Executive Vice President. Given the improvement in economic conditions during fiscal 2010, and after considering each executive s performance during the year and recent company performance, as well as each executive s job responsibilities, management experience, individual contributions, number of years in his or her position and current salary, the Committee determined that it was appropriate to grant the salaries shown in the Summary Compensation Table. This action placed the fiscal 2011 base salaries of Messrs. DeLaney, Green and Kreidler below the 25th percentile relative to the peer group and those of Messrs. Pulliam and Hope between the 25th percentile and the median of the peer group.

<u>Fiscal 2012 Base Salary</u>

Given the continuing improvement in economic conditions during fiscal 2011, each executive s performance during the year and recent company performance, as well as each executive s job responsibilities, management experience, individual contributions, number of years in his or her position and current salary, the Committee determined that it was appropriate to grant the salary increases described in the chart above. With respect to Mr. DeLaney, the Committee provided an increase as part of its plan to make his pay package more competitive at the Chief Executive Officer level with Sysco s peer group as his tenure and experience in the CEO role increased. With respect to the other named executive officers, these increases were recommended by CAP and were driven by the Committee s intent to modify pay mix in order to strike a more appropriate balance between fixed and variable and short- and long-term pay components and to more closely align them with the philosophy and principles outlined above at Executive Compensation Philosophy and Core Principles. These increases placed the fiscal 2012 base salary of Mr. Green at the median, those of Messrs. Pulliam and Hope between the 25th percentile and median and those of Messrs. DeLaney and Kreidler near the 25th percentile of the peer group.

Annual Bonus

The MIP is designed to offer opportunities for compensation tied directly to annual and/or multi-year company performance. Under the terms of the MIP, we pay the annual bonus in cash with payments made in the first quarter of the fiscal year for bonuses earned with respect to performance in the prior fiscal year. The Committee made the fiscal 2011 MIP grants in May 2010 pursuant to the 2009 plan and the fiscal 2012 grants in August 2011 pursuant to the 2009 plan. For further detail regarding the 2009 plan, see Executive Compensation Management Incentive Plan and Fiscal 2011 Discretionary Bonuses.

Each year the Committee approves MIP agreements that are entered into between Sysco and each of the named executive officers. In May 2010 and August 2011, the Committee approved bonus agreements with each of the named executive officers for fiscal 2011 and 2012, respectively. Payouts for Sysco s CEO and Executive Vice Presidents under the MIP agreements for each of the last five fiscal years are shown below. Excluding Mr. Kreidler s prorated payout for fiscal 2010, but including the fiscal 2011 discretionary performance-based bonus discussed below. This resulted in an average annual payout for the top corporate officers during the last five fiscal years of approximately 167% of their salary with respect to annual bonuses.

Fiscal 2007	Approximately 300% of salary
Fiscal 2008	Approximately 275% of salary
Fiscal 2009	0% of salary
Fiscal 2010	190% of salary in fiscal 2010 (except for Mr. Kreidler, who received a prorated payout for fiscal 2010)
Fiscal 2011	0% of salary under MIP; 68.6-70% of salary with respect to discretionary performance-based bonus

Fiscal 2011

<u>MIP</u>

The named executive officers fiscal 2011 MIP bonus calculation was based solely on the following corporate financial objectives, adjusted as described below:

- the percentage increase in diluted earnings per share for fiscal 2011 as compared to fiscal 2010;
- the average annual return on capital over the three-fiscal year period ending with fiscal 2011. Return on capital for each fiscal year is computed by dividing the company s net after-tax earnings for the year by the company s total capital for that year. Total capital for any given fiscal year is computed as the sum of:
  - stockholders equity, computed as the average of stockholder s equity at the beginning of the year and at the end of each quarter during the year; and
  - long-term debt, computed as the average of the long-term debt at the beginning of the year and at the end of each quarter during the year.

In approving the agreements for fiscal 2011, the Committee generally targeted each named executive officer s MIP bonus at approximately 150% of his base salary, as compared to 200% for fiscal 2010. The fiscal 2011 bonus agreements provided for a minimum bonus payout upon an increase in diluted earnings per share of at least 2% and a three-year average return on capital of at least 11%. This was a change from the fiscal 2010 agreements, which provided for a minimum bonus upon an increase in diluted earnings per share of at least 4% and three-year average return on capital of at least 10%. Varying levels of performance would have earned varying levels of bonus between 20% and a maximum of 250% of base salary, as opposed to a maximum of 330% of base salary in fiscal 2010. The various levels of performance and the percentage of base salary they would have yielded as a bonus are set forth in the table described under Executive Compensation Management Incentive Plan and Fiscal 2011 Discretionary Bonuses.

In the first and third quarters of fiscal 2011, management approved an aggregate $41.5 million expense for Sysco s partial withdrawal from an underfunded multi-employer pension plan, or MEPP, in which Sysco employees participated. The withdrawal was determined by management, in consultation with the Board, to be in the best interests of Sysco by significantly reducing stockholder exposure to an uncertain and underfunded potential obligation. The result of the withdrawal was an aggregate of $41.5 million charged to earnings during fiscal 2011, with a corresponding $.04 per share reduction in Sysco s diluted earnings per share in fiscal 2011. Primarily as a result of these charges, GAAP diluted earnings per share for fiscal 2011 did not meet the minimum increase threshold established by the MIP, and the named executive officers did not earn a MIP bonus in fiscal 2011. If not for these charges, the named executive officers would have earned a non-discretionary MIP bonus at the 70% level.

The Committee amended Mr. DeLaney s fiscal 2011 bonus agreement in August 2010 to provide that, in addition to satisfying the objective performance goals, 20% of his total fiscal 2011 MIP bonus was also subject to his having achieved specified non-financial goals. See Executive Compensation Management Incentive Plan and Fiscal 2011 Discretionary Bonuses.

Discretionary Performance-Based Bonuses

For the reasons discussed at Annual Bonus Analysis-Fiscal 2011-Discretionary Performance-Based Bonuses,&#1