

SYSCO CORP
Form DEF 14A
October 02, 2006

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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
- Filed by a party other than the registrant
- Check the appropriate box:
- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

SYSCO CORPORATION

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of filing fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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**SYSCO CORPORATION
1390 Enclave Parkway
Houston, Texas 77077-2099**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held November 10, 2006**

To the Stockholders of Sysco Corporation:

The Annual Meeting of Stockholders of Sysco Corporation, a Delaware corporation, will be held on Friday, November 10, 2006 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 four directors to serve until the Annual Meeting of Stockholders in 2009 and one director to serve until the Annual Meeting of Stockholders in 2007;
2. To ratify the appointment of Ernst & Young LLP as SYSCO's independent accountants for fiscal 2007;
3. To consider a stockholder proposal described in the accompanying Proxy Statement, if presented at the meeting; and
4. 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 12, 2006 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 offices during regular business hours during the 10-day period before the Annual Meeting. You may also inspect this list at the Annual Meeting.

We hope you will be able 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 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

Richard J. Schnieders
*Chairman of the Board, Chief
Executive Officer and President*

October 2, 2006

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**SYSCO CORPORATION
1390 ENCLAVE PARKWAY
HOUSTON, TEXAS 77077-2099**

PROXY STATEMENT

2006 ANNUAL MEETING OF STOCKHOLDERS

October 2, 2006

Information About Attending the Annual Meeting

Our Annual Meeting will be held on Friday, November 10, 2006, 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 sent you these proxy materials because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. We began mailing these proxy materials to stockholders on or about October 2, 2006.

Who Can Vote

You can vote at the Annual Meeting if you owned shares at the close of business on September 12, 2006. You are entitled to one vote for each share you owned on that date on each matter presented at the Annual Meeting.

On September 12, 2006, there were 619,713,705 shares of Common Stock outstanding. All of our current directors and executive officers (18 persons) owned an aggregate of 1,242,142 shares, which was less than 1% of our outstanding stock as of September 12, 2006. We expect that these individuals will vote their shares in favor of electing the five nominees named below and for ratification of the appointment of the independent accountants. We expect that these individuals will vote their shares in accordance with their discretion on the stockholder proposal.

How to Vote

You may vote your shares as follows:

in person at the Annual Meeting;

by telephone (see the enclosed proxy card for instructions);

by Internet (see the enclosed proxy card for instructions); or

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 all, some or none of the nominees for director, and you may abstain with respect to any other matter or specify whether your shares should be voted for or against the ratification of the appointment of the independent accountants, and for or against approval of the stockholder

proposal.

If you sign and return your proxy card without indicating your voting instructions, your shares will be voted FOR the election of the five nominees for director and FOR the ratification of the appointment of Ernst & Young as independent accountants for fiscal 2007, and will ABSTAIN with respect to the stockholder proposal.

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.

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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.

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. Abstentions and broker non-votes are counted as present for establishing a quorum.

Votes Necessary for Action to be Taken

Five directors will be elected at the meeting by a plurality of all the votes cast at the meeting, meaning that the four nominees in Class II with the most votes will be elected and the one nominee in Class III with the most votes will be elected. The affirmative vote of a majority of all of the votes cast is required to approve the ratification of the appointment of the independent accountants and the stockholder proposal. Broker non-votes are not votes cast for this purpose. Abstentions are not counted for purposes of the election of directors, but will have the effect of a vote against the other proposals. Broker non-votes will have no effect on the election of directors and will be disregarded with respect to 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 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. 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 individual stockholders, in writing or by telephone, at an estimated fee of \$11,000 plus reimbursement for their out-of-pocket expenses.

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Receiving Proxy Materials on the Internet

Registered stockholders may sign up on the Internet to receive future proxy materials and other stockholder communications on the Internet instead of by mail. This will reduce our printing and postage costs. 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. You can access the Internet site at www.amstock.com for additional information and to sign up. You will be asked to enter your tax identification number and the number of your stock account with our transfer agent, American Stock Transfer & Trust Company. That account number is shown on dividend checks, on stock certificates and on your proxy card. After you have provided identification and transmitted your e-mail address, the transfer agent will send you an e-mail message confirming your acceptance of electronic stockholder communications.

Because we changed our transfer agent during fiscal 2006, any prior acceptance of electronic receipt may no longer be valid and you are requested to access the Internet site set forth above if you wish to receive future proxy materials electronically.

When proxy materials for next year's Annual Meeting are ready for distribution, those who have accepted electronic receipt will receive e-mail notice of their control numbers and the Internet site for viewing proxy materials and for voting. Acceptance of electronic receipt will remain in effect until it is withdrawn. You can withdraw your consent or change your e-mail address by following the procedures at the above-referenced Internet site.

Many brokerage firms and banks are also offering electronic proxy materials to their clients. If you are a beneficial owner of SYSCO stock that is held for you by a broker or bank, you should contact that broker or bank to find out whether this service is available to you.

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 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

A copy of our 2006 Annual Report to Shareholders, including our Annual Report on Form 10-K for fiscal 2006, without exhibits and as filed with the SEC, is being mailed with this proxy statement. We will furnish additional copies of our Annual Report without charge upon your written request if you are a record or beneficial owner of 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 SEC Filings at www.sysco.com/investor/investor.html.

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**ELECTION OF DIRECTORS
ITEM NO. 1 ON THE PROXY CARD**

Five directors are to be elected at the meeting. The Board of Directors is currently divided into three classes of four, four and three 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. Four incumbent directors are in the class of directors with terms expiring at the 2006 Annual Meeting. In addition, the Board wishes to add a new member to the Board of Directors.

The Board of Directors has nominated the following four persons, all of whom are currently serving as directors of SYSCO, for election as directors in Class II to serve for three-year terms or until their successors are elected and qualified:

Jonathan Golden

Joseph A. Hafner, Jr.

Nancy S. Newcomb

Richard J. Schnieders

When Colin G. Campbell retired from the Board of Directors in March 2006, the size of the Board of Directors was reduced from 12 members to its current size of 11. The Board of Directors has now decided to increase the number of directors from 11 to 12, effective as of the 2006 Annual Meeting, and has nominated Manuel A. Fernandez for election as director in Class III to serve for a one-year term or until his successor is elected and qualified. Mr. Fernandez was identified as a potential candidate by Heidrick & Struggles International Inc., a third-party search firm that the Nominating Committee hired to provide assistance in finding potential director candidates.

All of the nominees have 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 nominee for election as a director at the 2006 Annual Meeting.

Nominees for election as Class II Directors for terms expiring at the 2009 Annual Meeting:

Jonathan Golden, 69, 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 the Finance Committee.

Joseph A. Hafner, Jr., 61, has served as a director of SYSCO since November 2003. He is Chairman of Riviana Foods, Inc., a position he has held since March 2005. He served as President and Chief Executive Officer of Riviana from 1984 until March 2005. Mr. Hafner is Chairman of the Finance Committee and is also a member of the Audit Committee and the Executive Committee.

Nancy S. Newcomb, 61, 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) 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 Moody's Corporation and The DIRECTV Group, Inc. Ms. Newcomb is a member of the Audit and Finance Committees of the Board of Directors.

Richard J. Schnieders, 58, has served as a director of SYSCO since January 1997. Mr. Schnieders has served as Chairman and Chief Executive Officer of SYSCO since January 2003. He assumed the additional role of President in July 2005. Mr. Schnieders previously served as President from July 2000 through December 2002 and as Chief Operating Officer from January 2000 through December 2002. Mr. Schnieders served as Executive Vice President,

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Foodservice Operations from January 1999 to July 2000 and as Senior Vice President, Merchandising Services and Multi-Unit Sales from 1997 until January 1999. From 1992 until 1997, he served as Senior Vice President, Merchandising Services. From 1988 until 1992, Mr. Schnieders served as President and Chief Executive Officer of Hardin s-Sysco Food Services, LLC. He has been employed by SYSCO since 1982. Mr. Schnieders also serves as a director of Aviall, Inc. Mr. Schnieders is Chairman of the Executive Committee and the Employee Benefits Committee and is also a member of the Finance Committee.

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

Nominee for election as Class III Director for term expiring at the 2007 Annual Meeting:

Manuel A. Fernandez, 59, has been the Managing Director of SI Ventures, a venture capital firm, since 1998 and Chairman Emeritus of Gartner, Inc., a leading information technology research and consulting company, since 2001. Prior to his present positions, Mr. Fernandez was Chairman, President, and Chief Executive Officer of Gartner. Previously, he was President and Chief Executive Officer at Dataquest, Inc., Gavilan Computer Corporation, and Zilog Incorporated. Mr. Fernandez also serves on the board of directors of Brunswick Corporation (NYSE), Flowers Foods, Inc. (NYSE), The Black & Decker Corporation (NYSE) and several private companies and foundations and is chairman of the board of trustees of the University of Florida.

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

Class III directors whose terms expire at the 2007 Annual Meeting:

John M. Cassaday, 53, has served as a director of SYSCO since November 2004. He is President and Chief Executive Officer of Corus Entertainment Inc., a media and entertainment company based in Canada, a position he has held since September 1999. He also serves as a director of Corus and Manulife Financial Corporation. Mr. Cassaday is Chairman of the Compensation Committee and is also a member of the Corporate Governance and Nominating Committee and the Executive Committee.

John K. Stubblefield, Jr., 60, has served as a director of SYSCO since January 2003. Mr. Stubblefield is Executive Vice President, Finance and Chief Financial Officer, a position he has held since January 2005. He served as Executive Vice President, Finance and Administration from January 2000 until January 2005. He served as Senior Vice President, Finance and Administration from 1998 to January 2000 and as Senior Vice President, Controller and Chief Financial Officer from 1994 to 1998. He served as Vice President and Controller from 1992 to 1993 and as Senior Vice President and Controller from 1993 to 1994. He served as Vice President of Finance of Nobel/SYSCO Food Services Company from 1986 to 1992 and as Controller of SYSCO s Houston subsidiary from 1984 until 1986. Mr. Stubblefield is a member of the Employee Benefits Committee.

Jackie M. Ward, 68, has served as a director of SYSCO since September 2001. Currently retired, Ms. Ward founded in 1968, and later served as Chairman, President and Chief Executive Officer of, Computer Generation Incorporated, which was acquired in December 2000 by Intec Telecom Systems PLC, a software company based in the United Kingdom. Ms. Ward is a director of Bank of America, Equifax Inc., Flowers Foods, Inc., Sanmina-SCI Corporation and WellPoint, Inc. Ms. Ward is Chairman of the Corporate Governance and Nominating Committee and is also a member of the Compensation Committee and the Executive Committee.

Class I directors whose terms expire at the 2008 Annual Meeting:

Judith B. Craven, M.D., 60, 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. She is also a Regent for the University of Texas. Dr. Craven is a member of the Corporate Governance and Nominating Committee and the Finance Committee.

Richard G. Merrill, 75, has served as a director of SYSCO since July 1983. Currently retired, he formerly served as Executive Vice President of The Prudential Insurance Company of America. Mr. Merrill is a member of the Audit Committee and the Compensation Committee.

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Phyllis S. Sewell, 75, has served as a director of SYSCO since December 1991. Currently retired, she formerly served as Senior Vice President of Federated Department Stores, Inc. Mrs. Sewell is a member of the Audit Committee and Corporate Governance and Nominating Committee.

Richard G. Tilghman, 66, 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 the Audit Committee and is also a member of the Compensation Committee and the Executive Committee.

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

Director Compensation*2006 Compensation*

During fiscal 2006, our non-employee directors received the following compensation, in addition to the expense reimbursements discussed below:

Name	Annual Retainer (\$)	Meeting Attendance	Options (#)	Shares of Restricted
		Fees (\$)		Stock (#)
Cassaday	\$ 62,500(1)	\$ 27,000	3,500	3,000
Craven	60,000(1)(2)	17,000	3,500	3,000
Golden	60,000(1)(2)	13,000(3)	3,500	3,000
Hafner	70,000(1)(2)	26,500(3)	3,500	3,000
Merrill	65,000(1)(2)	28,500(3)	3,500	3,000
Newcomb(4)	25,000	10,000		
Sewell	60,000(1)(2)	22,000(3)	3,500	3,000
Tilghman	70,000(1)	34,500	3,500	3,000
Ward	65,000(1)(2)	23,000(3)	3,500	3,000

- (1) All of the non-employee directors except for Ms. Newcomb (who was ineligible because she was appointed as a director during the fiscal year) elected to receive 50% of their retainer fees in the form of common stock. The Company issued one additional share for every two elected shares. Amounts shown do not reflect the value of the additional shares.
- (2) One-half of these retainer fees were deferred under the Directors Deferred Compensation Plan.
- (3) All of these meeting attendance fees were deferred under the Directors Deferred Compensation Plan.
- (4) Ms. Newcomb became a director on February 17, 2006.

Fees

We pay non-employee directors who serve as committee chairpersons \$70,000 per year and all other non-employee directors \$60,000 per year plus reimbursement of expenses for all services as a director, including committee participation or special assignments. Directors are encouraged to have their spouses accompany them to dinners and other functions held in connection with board meetings, and the company pays, either directly or through reimbursement, all expenses associated with their travel to and attendance at these business-related functions.

In addition to the annual retainer, non-employee directors receive the following fees for attendance at meetings:

For committee meetings held in conjunction with regular Board meetings, committee chairmen who attend in person (or who participate by telephone because of illness or the inability to travel) will receive \$1,500 and

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committee members who attend in person (or who participate by telephone because of illness or the inability to travel) will receive \$1,000;

For special committee meetings (not held in conjunction with regular Board meetings), committee chairmen who attend in person or who participate by telephone will receive \$1,500 and committee members who attend in person or who participate by telephone will receive \$1,000; and

For special Board meetings, all non-employee directors who attend in person or who participate by telephone will receive \$1,000.

Non-employee directors may also receive discounts on products carried by the Company and its subsidiaries comparable to the discounts offered to Company employees.

Directors Deferred Compensation Plan

Non-employee directors may defer all or a portion of their annual retainer and meeting attendance fees under the Directors Deferred Compensation Plan. Non-employee directors may choose from a variety of investment options, including Moody's Average Corporate Bond Yield plus 1%, with respect to amounts deferred. Such deferred amounts will be credited with investment gains or losses until the non-employee director's retirement from the Board or until the occurrence of certain other events.

Non-Employee Directors Stock Plan

In September 2005, the Board of Directors adopted, and in November 2005 the stockholders subsequently approved, the 2005 Non-Employee Directors Stock Plan. The Plan provides for grants of stock options, restricted stock, elected shares in lieu of a portion of the annual retainer, and retainer stock awards.

Options. Under the Plan, non-employee directors are eligible to receive stock options at the discretion of the Board with the size of individual grants and vesting terms set by the Board at the time of grant. In fiscal 2006, we granted options to purchase an aggregate of 31,500 shares to nine non-employee directors. These options have an exercise price of \$30.70, vest ratably over a three-year period and expire seven years after the date of grant. In September 2006 (fiscal 2007), we granted options to purchase an aggregate of 31,500 shares to nine non-employee directors. These options have an exercise price of \$31.73, vest ratably over a three-year period and expire seven years after the date of grant.

Elected Shares. The Plan also permits each non-employee director to elect to receive up to one-half of his or her annual retainer in Common Stock, in which case we will provide a matching grant of 50% of the number of shares received as a portion of the retainer.

Retainer Shares. Under the Plan, each non-employee director who has not previously received a retainer award is granted a one-time retainer award of 6,000 shares on the date of the annual meeting. These shares vest ratably over a three-year period. Each of Ms. Newcomb and Mr. Fernandez will receive a retainer stock award of 6,000 shares if they are elected (or, in the case of Ms. Newcomb, re-elected) to the Board on November 10, 2006.

Restricted Stock. Under the Plan, the Board is authorized to issue restricted stock to non-employee directors on terms set forth in the Plan. Each non-employee member of the Board received a grant of 3,000 restricted shares in November 2005. These restricted shares vest ratably over a three-year period. In September 2006 (fiscal 2007), we granted each non-employee member of the Board 3,000 restricted shares.

The Plan grants the Board broad authority and, although it is not required by the terms of the Plan, the Board may choose (upon the recommendation of the Corporate Governance and Nominating Committee) to grant Mr. Fernandez stock options and shares of restricted stock (in addition to the one-time retainer award) if he is elected to the Board on November 10, 2006.

See also Certain Relationships and Related Transactions.

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The Board of Directors held 13 meetings (including five regular meetings and eight special meetings) during fiscal 2006 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 2006.

It is the policy of the Board that all directors attend the Annual Meeting of Stockholders. In fiscal 2006, all directors who were in office at that time attended the Annual Meeting.

Committees of the Board

The following directors serve on the committees indicated:

Name	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
John M. Cassaday		X*	X
Judith B. Craven			X
Joseph A. Hafner, Jr.	X		
Richard G. Merrill	X	X	
Nancy S. Newcomb	X		
Phyllis S. Sewell	X		X
Richard G. Tilghman	X*	X	
Jackie M. Ward		X	X*

* Chairman of the Committee

The Audit Committee held 13 meetings during fiscal 2006. The function of the Audit Committee includes oversight of various auditing and accounting matters, including the selection of our independent public accountants, the scope of the audit procedures, the nature of all audit and non-audit services to be performed, the fees to be paid to the independent public accountants, the performance of our independent public accountants and our accounting practices and policies.

The Compensation Committee held ten meetings during fiscal 2006. The function of the Compensation Committee is to evaluate and determine the annual compensation of the Chief Executive Officer, to consider the annual compensation of executive officers, and to oversee the administration of SYSCO's Management Incentive Plan, stock incentive and option plans, the 2004 Long-Term Incentive Cash Plan, the Supplemental Performance Based Bonus Plan and other executive benefit plans.

The Corporate Governance and Nominating Committee held five meetings during fiscal 2006. The function of the Corporate Governance and Nominating Committee is to propose directors, committee members and officers to the Board for election or reelection, to oversee the evaluation of management, including the Chief Executive Officer, to

review the performance of the members of the Board and its committees, to consider the annual compensation of non-employee directors, and to 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.

The Board of Directors also has a Finance Committee which held five meetings during fiscal 2006. The function of the Finance Committee is to assist the Board in satisfying its fiduciary responsibilities relating to financial performance and financial planning of the Company in pursuing its financial objectives. The Committee reviews policies regarding capital structure, dividends and liquidity; reviews risk assessment and risk management policies; reviews and recommends the sale or issuance of equity and certain debt securities; reviews acquisitions and financing alternatives; reviews and approves certain capital expenditures; establishes and monitors high-level

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investment and funding objectives and investment performance and funding of the Company's tax-qualified retirement and non-qualified benefit plans; and reviews and oversees the Company's environmental, health, safety and security matters. The Finance Committee is chaired by Joseph A. Hafner, Jr., and its members include Dr. Craven, Mr. Golden, Ms. Newcomb and Mr. Schnieders.

The Board of Directors also has an Executive Committee which did not meet during fiscal 2006. The Executive Committee is authorized to exercise all of the powers of the Board when necessary, to the extent permitted by applicable law. The Executive Committee is chaired by Mr. Schnieders and its members include Mr. Cassaday, Mr. Hafner, Mr. Tilghman and Ms. Ward.

The Board of Directors also has an Employee Benefits Committee that oversees the maintenance and administration of the Corporation's employee stock purchase, employee welfare benefit, and tax-qualified retirement plans. Mr. Schnieders chairs, and Mr. Stubblefield serves as a member of, this Committee.

Current copies of the charters for the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Finance Committee are published on the Company's website at www.sysco.com/investor/governance.html and are available in print by writing to the Investor Relations Department, SYSCO Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099. The Audit Committee Charter is also attached to this Proxy Statement as Annex A.

Compensation Committee Interlocks and Insider Participation

Mr. Merrill, Chairman, Mrs. Sewell, Mr. Tilghman and Ms. Ward each served on the Compensation Committee during fiscal 2006 prior to March 1. Mr. Campbell also served on the Compensation Committee during fiscal 2006 prior to his resignation. From March 1, 2006 to the present, the members of the Compensation Committee have been Mr. Cassaday, Chairman, Mr. Merrill, Mr. Tilghman and Ms. Ward. During fiscal 2006, none of the members of the Committee, while serving as such, was an officer or employee of SYSCO or any of its subsidiaries or served as an officer of any company with respect to which any executive officer of SYSCO served on such company's board of directors, and none had any relationship with the Company requiring disclosure under Item 404 of SEC Regulation S-K. In addition, none of the current or former members of the Committee listed above are former employees of SYSCO or any of its subsidiaries.

Succession Planning

The Board plans for succession to the position of CEO and the Corporate Governance and Nominating Committee oversees this 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. The Board has available on a continuing basis the CEO's recommendation should he be unexpectedly unable to serve. The CEO also provides the Board with an assessment of potential successors to key positions.

CORPORATE GOVERNANCE

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 considerations for determining qualification for membership to the Board such as 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 the Company. The guidelines are reviewed from time to time in response to changing regulatory requirements and best practices and are revised accordingly. The guidelines were last revised in September 2006. The Corporate Governance Guidelines are published on our website at www.sysco.com/investor/governance.html, and are available in print by writing to the Investor Relations Department, SYSCO Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099.

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Code of Business Conduct

All of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, are required to comply with our long-standing Code of Business Conduct to help ensure that our business is conducted in accordance with the highest standards of moral and ethical behavior. Our Code of Business Conduct addresses professional conduct, including customer relationships, equal opportunity, payment of gratuities and receipt of payments or gifts, competition and fair dealing, political contributions, antitrust, conflicts of interest, insider trading, financial disclosure, intellectual property and confidential information, as well as requiring strict adherence to all laws and regulations applicable to our business. Employees are required to report any violations or suspected violations of the Code and may do so by using SYSCO's ethics hotline. The Code also includes an anti-retaliation statement. The Code of Business Conduct is published on our website at www.sysco.com/investor/governance.html and is available in print by writing to the Investor Relations Department, SYSCO Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099.

Presiding Director; Communicating with the Board

The non-management directors meet in executive session without members of management present at every regular Board meeting. During fiscal 2006, the non-management directors held five executive sessions without the CEO or any other member of management present. Richard G. Tilghman, chairman of the Audit Committee, presided at these executive sessions during fiscal 2006. The independent members of the Board have adopted a rotation system by which, beginning on the first day of the Company's 2007 fiscal year, the chairs of the Corporate Governance and Nominating, Compensation, Finance (if such chair has been determined to be independent) and Audit Committees will rotate for one-year terms as presiding director. The presiding director will, among other things, preside 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 presiding director shall preside at such meetings.

Interested parties may communicate with the presiding director, the non-management directors as a group and the other 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. The form to communicate by email is accessible in the corporate governance section of SYSCO's website at www.sysco.com/investor/contactboard.html.

Director Independence

Our Corporate Governance Guidelines require that at least a majority of our directors meet the criteria for independence established by the New York Stock Exchange for continued listing, and all applicable legal requirements. Additionally, all members of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are required to be independent.

Under New York Stock Exchange listing standards, to be considered independent, a director must be determined to have no material relationship with SYSCO other than as a director. The standards specify the criteria by which the independence of directors will be determined, including 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, the Company's Corporate Governance Guidelines provide that the following relationships will not impair a director's independence: (i) 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; (ii) 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; and (iii) if a SYSCO director serves as an officer, director or trustee of a charitable organization, and SYSCO's discretionary charitable contributions to the organization are less than two percent of that organization's total annual charitable receipts

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(SYSCO's automatic matching of employee charitable contributions to higher education will not be included in the amount of SYSCO's contributions for this purpose).

After reviewing all relevant relationships of the directors, the Board of Directors has determined that Mr. Cassaday, Dr. Craven, Mr. Hafner, Mr. Merrill, Ms. Newcomb, Mrs. Sewell, Mr. Tilghman and Ms. Ward, as well as Mr. Fernandez, are independent under the NYSE standards and the categorical standards set forth in the Corporate Governance Guidelines and described above. There were no such relationships that were not covered by the categorical standards. The Board has also determined that each member of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee is independent. The Corporate Governance Guidelines provide, effective September 2006, that no independent director who is a member of the Audit, Compensation or Nominating and Corporate Governance Committees may receive any compensation from the Company other than compensation received in their capacity as a non-employee director or committee member. The Board has determined that none of the above-named directors has received any compensation (other than compensation received in their capacity as a non-director or committee member) from the Company since July 2005, and no member of the Audit Committee has received any compensation (other than compensation received in their capacity as a non-employee director or committee member) from the Company while he or she has served as such.

Nominating Committee Procedures

In accordance with its Charter, the Corporate Governance and Nominating Committee will observe the following procedures in identifying and evaluating candidates for election to the Company's Board of Directors:

1. 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 and management of the Company. 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.

In making its selection, the Committee will also consider nominations made by stockholders in conformity with Section 8 of the Company's Bylaws. The Committee will evaluate candidates proposed by stockholders in conformity with Section 8 of the Company's Bylaws under the same criteria used to evaluate other candidates.

2. As 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 the Company's proxy statement under the rules of the SEC or any other regulatory agency or exchange or trading system on which the Company'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 under Corporate Governance Guidelines 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;

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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.

3. In its discretion, the Committee may designate one or more of its members (or the entire Committee) to interview any proposed candidate.

4. 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.

5. The Committee shall maintain appropriate records regarding its process of identifying and evaluating candidates for election to the Board.

As indicated above, the Corporate Governance and Nominating Committee will consider candidates for director recommended by stockholders of the Company. The procedures for submitting stockholder recommendations are explained below under "Stockholder Proposals" on page 37.

Stock Ownership Guidelines

The Corporate Governance Guidelines provide that after five years of service as a non-employee director, such individuals are expected to continuously own a minimum of 10,000 shares of SYSCO common stock. All of the current directors other than Ms. Newcomb, who ha