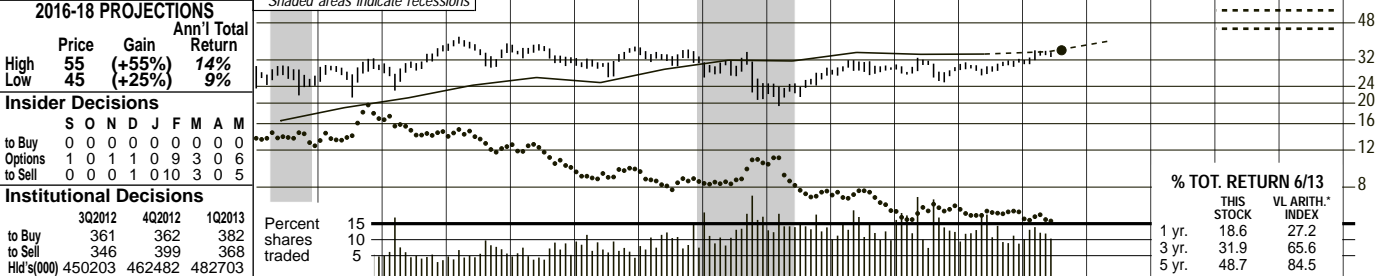


SYSCO CORP. NYSE:SY

RECENT PRICE **35.57** P/E RATIO **18.7** (Trailing: 20.5; Median: 19.0) RELATIVE P/E RATIO **1.04** DIV'D YLD **3.1%** VALUE LINE

TIMELINESS 4 Lowered 6/21/13	High: 32.6	37.6	41.3	38.0	37.0	36.7	35.0	29.5	32.0	32.8	32.4	35.9							Target Price Range
SAFETY 1 Raised 11/13/98	Low: 21.3	22.9	29.5	30.0	26.5	29.9	20.7	19.4	27.0	25.1	27.0	30.5							2016 2017 2018
TECHNICAL 3 Raised 5/10/13	<p>LEGENDS — 13.0 x "Cash Flow" p sh ···· Relative Price Strength 2-for-1 split 12/00 Options: Yes Shaded areas indicate recessions</p>																		
BETA .70 (1.00 = Market)																			



1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC 16-18	
20.96	22.88	26.42	29.12	32.75	35.73	40.61	46.09	48.18	52.72	57.27	62.41	62.46	63.30	66.35	72.33	76.45	80.75	Sales per sh ^A	99.15
.67	.76	.86	1.02	1.27	1.47	1.63	1.87	2.03	1.92	2.23	2.46	2.44	2.67	2.62	2.63	2.70	3.05	"Cash Flow" per sh	4.05
.43	.48	.54	.68	.90	1.01	1.18	1.37	1.47	1.36	1.60	1.81	1.77	1.99	1.96	1.90	1.80	2.10	Earnings per sh ^B	3.05
.15	.17	.19	.23	.28	.36	.40	.48	.56	.66	.74	.85	.94	.99	1.03	1.07	1.12	1.16	Div'ds Decl'd per sh ^C	1.56
.31	.39	.43	.40	.51	.64	.68	.83	.62	.83	.99	.86	.79	1.01	1.07	1.34	.90	1.10	Cap'l Spending per sh	1.50
2.03	2.03	2.16	2.66	3.23	3.26	3.41	4.03	4.39	4.93	5.36	5.67	5.85	6.51	7.94	8.00	8.70	9.70	Book Value per sh ^E	13.40
689.75	670.02	659.34	662.97	665.14	653.54	643.66	636.54	628.57	618.90	611.84	601.23	590.03	588.38	592.70	585.95	585.00	585.00	Common Shs Outst'g ^D	575.00
19.6	23.0	24.8	26.4	28.2	27.1	24.3	25.9	23.6	23.4	20.8	17.2	14.3	13.8	15.0	15.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	17.0
1.13	1.20	1.41	1.72	1.45	1.48	1.39	1.37	1.26	1.26	1.10	1.04	.95	.88	.94	.96			Relative P/E Ratio	1.15
1.7%	1.5%	1.4%	1.3%	1.1%	1.3%	1.4%	1.4%	1.6%	2.1%	2.2%	2.7%	3.7%	3.6%	3.5%	3.7%			Avg Ann'l Div'd Yield	3.0%

CAPITAL STRUCTURE as of 3/30/13				2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	Sales (\$mill) ^A		57000																								
Total Debt \$2766.1 mill. Due in 5 Yrs \$432.8 mill.				44725	47250	42381	39323	37243	36853	37522	35042	32628	30282	29335	26140	6.0%	5.4%	5.9%	6.4%	6.1%	6.4%	6.0%	5.9%	5.6%	5.9%	6.1%	6.2%	6.1%	6.1%	6.1%	6.1%	Operating Margin	6.2%											
LT Debt \$2557.3 mill. LT Interest \$137.0 mill.				515	525	416.9	402.6	390.0	382.3	372.5	362.6	345.1	316.7	283.6	273.1	37.0%	37.1%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	Depreciation (\$mill)	555										
(LT interest earned: 16.7x; total interest coverage: 16.7x)				1060	1250	1121.6	1152.0	1181.6	1055.9	1106.2	1001.1	846.0	961.5	907.2	778.3	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	Net Profit (\$mill)	1785										
(33% of Cap'l)				2680	2835	2661.2	2157.8	2067.1	1675.7	1260.5	1173.3	544.2	724.8	928.4	2.4%	2.6%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	Income Tax Rate	38.0%										
Leases, Uncapitalized Annual rentals \$48.7 mill.				2800	2600	2763.7	2279.5	2472.7	1975.4	1758.2	1627.1	956.2	1231.5	1249.5	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	Net Profit Margin	3.1%										
Pension assets-6/12 \$2234.9 mill.				5100	5675	4685.0	4705.2	3827.5	3449.7	3409.0	3278.4	2758.8	2564.5	2197.5	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	Working Cap'l (\$mill)	3400										
Oblig. \$3165.0 mill.				2800	2600	2763.7	2279.5	2472.7	1975.4	1758.2	1627.1	956.2	1231.5	1249.5	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	Long-Term Debt (\$mill)	2400										
Pfd Stock None				5100	5675	4685.0	4705.2	3827.5	3449.7	3409.0	3278.4	2758.8	2564.5	2197.5	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	Shr. Equity (\$mill)	7700										
Common Stock 593,485,905 shs.				21.0%	22.0%	23.9%	24.5%	30.9%	30.6%	32.4%	30.5%	27.7%	34.9%	35.4%	14.5%	16.0%	17.3%	18.8%	21.5%	20.8%	19.1%	26.6%	24.7%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	Return on Total Cap'l	18.5%									
Options Exercisable 6.5%				8.0%	10.0%	10.6%	11.8%	14.7%	17.9%	17.9%	16.9%	14.7%	21.9%	23.3%	21.0%	22.0%	24.5%	30.9%	30.6%	32.4%	30.5%	27.7%	34.9%	35.4%	35.4%	35.4%	35.4%	35.4%	35.4%	35.4%	35.4%	35.4%	35.4%	Return on Shr. Equity	23.0%									
MARKET CAP: \$21.1 billion (Large Cap)				62%	54%	56%	52%	49%	45%	44%	47%	37%	34%	34%	8.0%	10.0%	10.6%	11.8%	14.7%	17.9%	17.9%	16.9%	14.7%	21.9%	23.3%	62%	54%	56%	52%	49%	45%	44%	47%	37%	34%	34%	34%	34%	34%	34%	34%	34%	Retained to Com Eq	11.5%
CURRENT POSITION				54%	50%	50%	52%	52%	52%	52%	47%	37%	34%	34%	10.0%	10.0%	10.6%	11.8%	14.7%	17.9%	17.9%	16.9%	14.7%	21.9%	23.3%	62%	54%	56%	52%	49%	45%	44%	47%	37%	34%	34%	34%	34%	34%	34%	34%	34%	All Div'ds to Net Prof	50%

BUSINESS: Sysco Corporation is the leading United States marketer and distributor of food, equipment, supplies, and related products to the foodservice industry. It has over 400,000 customers in the United States and Canada. The company serves restaurants, educational institutions, hospitals, nursing homes, hotels, and motels. Sysco has 185 distribution facilities and self-service centers in the U.S., Canada, and Ireland. 2012 depreciation rate: 5.7%. Has 47,800 employees. Officers and Directors own less than 1.0% of common stock (10/12 proxy). Vice Chairman, President, and COO: Kenneth F. Spitzer; CEO: William J. DeLaney, III. Incorporated: Delaware. Address: 1390 Enclave Parkway, Houston, Texas 77077-2099. Telephone: 281-584-1390. Internet: www.sysco.com.

Sysco Corporation's bottom line is under some pressure. The company's restaurant business has been plagued by consumers' desire to slash spending on food away from home. A myriad of factors, including higher taxes, elevated unemployment, soaring gas pump prices, and volatile weather patterns, have weighed down profits at Sysco. **Meanwhile, the top line continues its slow-but-steady trek upward.** Although sales growth has been largely attributable to acquisitions and pricing, SY has experienced an uptick in revenues from several of its big regional and national customers. In particular, institutional business stands out, as the food distributor has been able to flex its supply chain and marketshare muscle some. In addition, we anticipate higher levels of case volume growth and food cost inflation will likely fuel better top-line results ahead.

The company has expanded its international footprint. It recently completed the purchase of Bahamas Food Service, a Broadline distributor based in the Bahamas. This transaction should beef up SY's Caribbean shipping operations, while widening its breadth of offerings. **Sysco's business transformation project ought to translate into better profits during fiscal 2014.** Indeed, a revamped retirement plan structure, new sales associate platform, and enhanced IT department should spell cost savings over future quarters. Furthermore, the new supply chain software will enable the company to identify sales opportunities and highlight complementary products and services for existing customers.

This equity has fallen a notch in Timeliness. It is now unfavorably ranked for year-ahead price performance. That said, these shares hold worthwhile appreciation potential to the 2016-2018 time horizon. What's more, the issue carries a well-covered, above-average dividend, which is a bonus for those with income as a primary goal. We believe Sysco Corporation's sizable market share and operating leverage have it poised to adequately weather the industry's bumpy conditions. All told, healthier consumer spending and firmer economic fundamentals should provide SY with a shot in the arm.

Kenneth J. DeFranco, Jr. July 26, 2013

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