

Sysco Corp

S&P Recommendation **HOLD** ★★☆☆☆

Price
\$31.78 (as of May 13, 2011)

12-Mo. Target Price
\$33.00

Investment Style
Large-Cap Blend

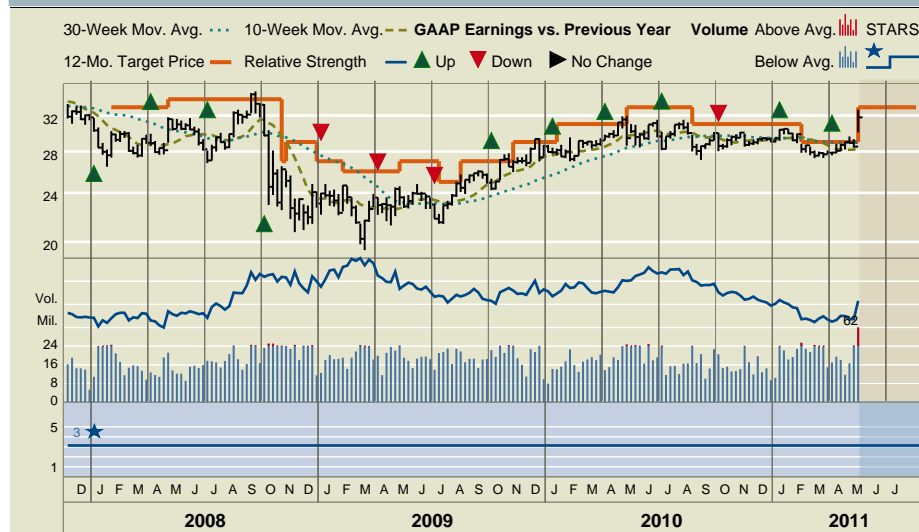
GICS Sector Consumer Staples
Sub-Industry Food Distributors

Summary Sysco is a large distributor of food and related products, primarily to the foodservice or food-away-from-home industry.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$32.76– 27.13	S&P Oper. EPS 2011E	1.91	Market Capitalization(B)	\$18.51B	Beta	0.70
Trailing 12-Month EPS	\$1.96	S&P Oper. EPS 2012E	2.08	Yield (%)	3.27	S&P 3-Yr. Proj. EPS CAGR(%)	8
Trailing 12-Month P/E	16.2	P/E on S&P Oper. EPS 2011E	16.6	Dividend Rate/Share	\$1.04	S&P Credit Rating	A+
\$10K Invested 5 Yrs Ago	\$12,523	Common Shares Outstg. (M)	582.7	Institutional Ownership (%)	72		

Price Performance



Options: ASE, CBOE, P

Analysis prepared by Equity Analyst **L. Braverman CFA** on May 10, 2011, when the stock traded at **\$31.17**.

Highlights

- In 52-week FY 11 (Jun.) versus 53-week FY 10, we look for SY Y's revenue to increase about 5.0%. We expect revenue growth in FY 11 to largely reflect improved case volume and food cost inflation. We also project a modest contribution from acquisitions and foreign currency. Our FY 12 sales growth projection is 5.3%.
- We expect some margin pressure in FY 11 from food cost inflation, strategic pricing initiatives, changes in sales mix, and possibly fuel costs. However, we look for this to be at least partly offset by productivity gains. We also forecast that there will be a negative impact in FY 11 from costs related to a multi-year program in which SY Y is expected to adopt an integrated software system to support the majority of its business processes. We look for some operating margin recovery in FY 12.
- Our FY 11 EPS estimate is \$1.91, compared to FY 10's \$1.99. For FY 12, we estimate EPS of \$2.08. Our FY 11 EPS estimate includes a \$0.04 charge from a withdrawal from a multi-employer pension plan and an unrelated \$0.02 tax benefit.

Investment Rationale/Risk

- Much of SY Y's sales are for restaurants, and we think relatively high levels of unemployment in the U.S. are likely to limit year-ahead growth in what consumers spend at restaurants. Over time, we look for SY Y's profitability to benefit from more consolidated purchasing, the addition of regional distribution centers, and management of freight costs and inventory.
- Risks to our recommendation and target price include a slowing of growth rates given SY Y's significant size and reach, sharp increases in gasoline prices, and a potential prolonged slowdown in restaurant sales.
- Our 12-month target price of \$33 is a blend of our historical and relative analyses. Our historical analysis applies a P/E multiple of 18.1X, below the 10-year historical average, to our calendar 2011 EPS estimate of \$1.98 for a value of \$36. This valuation reflects some caution related to consumer spending and food price inflation. Our peer analysis applies a 15.5X P/E multiple, a moderate premium to the average from a small group of other food distributor stocks, for a \$31 value. SY Y shares recently had an indicated yield of 3.3%.

Qualitative Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment reflects SY Y's operations in a relatively stable industry, in which we believe it has the largest market share.

Quantitative Evaluations

S&P Quality Ranking **A+**

D	C	B-	B	B+	A-	A	A+
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Relative Strength Rank **STRONG**

91	
LOWEST = 1	HIGHEST = 99

Revenue/Earnings Data

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2011	9,751	9,385	9,762	--	--
2010	9,081	8,869	8,945	10,348	37,244
2009	9,877	9,150	8,739	9,087	36,853
2008	9,406	9,240	9,147	9,730	37,522
2007	8,672	8,569	8,573	9,228	35,042
2006	8,010	7,971	8,138	8,509	32,628

Earnings Per Share (\$)	2011	2010	2009	2008	2007	2006
	0.51	0.44	0.44	0.43	0.37	0.31
	0.55	0.41	0.42	0.40	0.39	0.33
	0.46	0.40	0.38	0.40	0.35	0.30
	0.43	0.43	0.40	0.55	0.49	0.41
	0.52	0.57	1.77	1.81	1.60	1.35

Fiscal year ended Jun. 30. Next earnings report expected: Mid August. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.250	05/21	06/30	07/02	07/23/10
0.250	08/27	09/29	10/01	10/22/10
0.260	11/12	01/05	01/07	01/28/11
0.260	02/25	03/30	04/01	04/21/11

Dividends have been paid since 1970. Source: Company reports.

Sysco Corp**Business Summary** May 10, 2011

CORPORATE OVERVIEW. Sysco is a large distributor of food and related products, primarily to the foodservice or food-away-from-home industry. As of late 2010, SYY operated 180 distribution facilities serving about 400,000 customers, including restaurants (62% of FY 10 (Jun.) sales), hospitals and nursing homes (11%), hotel and motels (6%), schools and colleges (5%), and others (16%). In FY 10, U.S. sales represented 89% of SYY's total, and Canada sales represented 9.5%.

Sysco distributes food products, including frozen foods such as meats, fully prepared entrees, fruits, vegetables and desserts; canned and dry foods; fresh meats; dairy and beverage products; imported specialties; and fresh produce. The company also distributes non-food products. These include paper products, tableware such as china and silverware, cookware, restaurant and kitchen equipment and supplies, and cleaning supplies. The company stresses prompt and accurate delivery of orders, and close contact with customers, and also provides customers with ancillary services, such as providing product usage reports, menu-planning advice, food safety training, and assistance in inventory control. No single customer accounted for 10% or more of sales in FY 10.

CORPORATE STRATEGY. SYY seeks to expand its business by garnering an increased share of products purchased by existing customers, the development of new customers, the use of foldouts (new facilities built in established markets), and an acquisition program. SYY distributes nationally branded merchandise, as well as products packaged under SYY private brands. We believe that Sysco-branded products typically carry wider profit margins than other branded products distributed by the company. From its inception through the end of FY 10, the company had acquired roughly 150 companies or divisions of companies. At July 3, 2010, SYY's balance sheet included \$1.550 billion of goodwill.

Over time, we look for SYY's profitability to benefit from an increased amount of consolidated purchasing, the addition of regional distribution centers, and management of freight costs and inventory. Among SYY's supply chain initiatives are (1) the construction of regional distribution centers (RDCs), with two operational as of August 2010; and (2) improving the capability to view and manage all of SYY's inbound freight, both to RDCs and the operating companies, as a network and not as individual locations. FY 08 was the first full year SYY operated under this initiative. Also, during FY 09, SYY began the design of an enterprise-wide project to implement an integrated software system to support the majority of its business processes.

In April 2009, SYY made its first broadlines acquisition outside North America, with the purchase of Ireland-based Pallas Foods. Pallas has annual sales of about \$200 million.

IMPACT OF MAJOR DEVELOPMENTS. In August 2009, SYY announced an agreement with the IRS on a tax payment schedule for a disputed tax deferral for an affiliate taxed under subchapter T. The agreement involves \$952 million of scheduled payments: \$528 million in FY 10; \$212 million in FY 11; and \$212 million in FY 12.

SYY is in the midst of a Business Transformation Project, under which it expects to develop and implement an integrated software (ERP) system to support a majority of its business processes and help streamline operations. We think management views adopting an SAP platform as the foundation of the project and expects long-term benefits to include improved execution, reduction in complexity and increased transparency.

In the summer of 2010, SYY said it had substantially completed the design and build phases of the project, and was testing the underlying ERP system and processes. SYY said it expects the investment in the project to provide meaningful benefits over the long term, but that costs would exceed the benefits during the early stages of implementation, including FY 11. We look for implementation to occur across much of SYY by the end of FY 13.

SYY expects the total cash outlay for the project to be about \$900 million. Of this, about \$246 million was incurred in FY 10, of which approximately \$172 million was capitalized. We expect about \$260 million to \$300 million of cash outlay in FY 11, of which about \$160 million to \$180 million would be capitalized.

FINANCIAL TRENDS. In FY 10, EPS benefited by \$0.09 from the one-time reversal of interest accruals for a tax contingency related to an IRS settlement, and gains recorded on the adjustment of the carrying value of corporate-owned life insurance (COLI) policies to their cash surrender values. This compares to a \$0.07 per share negative impact to EPS in FY 09 from losses recorded on COLI carrying value adjustment.

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SVP & Treas

K.G. Drummond

EVP & CFO

R.C. Kreidler

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R. G. Tilghman

J. Ward

Domicile

Delaware

Founded

1969

Employees

46,000

Stockholders

14,992

Sysco Corp

Quantitative Evaluations

S&P Fair Value Rank	2+	1	2	3	4	5
		LOWEST				HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation	\$26.40	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that SY is overvalued by \$5.38 or 16.9%.
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Investability Quotient Percentile	93
	LOWEST = 1 HIGHEST = 100

SY scored higher than 93% of all companies for which an S&P Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation	BULLISH	Since April, 2011, the technical indicators for SY have been BULLISH.
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Insider Activity	NA	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2010	2009	2008	2007
Price/Sales	0.47	0.45	0.37	0.56
Price/EBITDA	7.38	7.39	6.24	9.44
Price/Pretax Income	9.44	9.40	7.82	12.06
P/E Ratio	14.79	15.77	12.67	19.53
Avg. Diluted Shares Outstg (M)	593.6	596.1	611.0	626.4

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	1.06	1.66	4.28	6.53
Net Income	11.75	4.57	5.24	6.98

Ratio Analysis (Annual Avg.)

	2010	2009	2008	2007
Net Margin (%)	3.17	2.99	2.89	2.95
% LT Debt to Capitalization	39.20	36.94	35.17	31.99
Return on Equity (%)	32.43	32.10	31.40	33.26

Company Financials Fiscal Year Ended Jun. 30

Per Share Data (\$)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	3.69	3.08	3.17	2.99	2.67	2.35	2.11	1.68	1.85	2.07
Cash Flow	2.64	2.41	2.41	2.23	1.89	1.96	1.80	1.59	1.47	1.27
Earnings	1.99	1.77	1.81	1.60	1.35	1.47	1.37	1.18	1.01	0.88
S&P Core Earnings	2.06	1.65	1.68	1.59	1.38	1.39	1.31	1.08	0.92	0.82
Dividends	0.99	1.16	0.82	0.72	0.64	0.56	0.48	0.40	0.32	0.23
Payout Ratio	50%	66%	45%	45%	47%	38%	35%	34%	32%	26%
Prices:High	31.99	29.48	35.00	36.74	37.04	38.04	41.27	37.57	32.58	30.12
Prices:Low	26.99	19.39	20.74	29.90	26.50	29.98	29.48	22.90	21.25	21.75
P/E Ratio:High	16	17	19	23	27	26	30	32	32	34
P/E Ratio:Low	14	11	11	19	20	20	22	19	21	25

Income Statement Analysis (Million \$)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue	37,244	36,853	37,522	35,042	32,628	30,282	29,335	26,140	23,351	21,784
Operating Income	2,366	2,255	2,246	2,071	1,840	1,906	1,816	1,597	1,439	1,286
Depreciation	390	382	366	363	345	317	284	273	278	248
Interest Expense	125	116	118	105	109	75.0	69.9	72.2	62.9	71.0
Pretax Income	1,850	1,771	1,791	1,621	1,395	1,525	1,475	1,260	1,101	967
Effective Tax Rate	NA	40.4%	38.3%	38.3%	39.3%	37.0%	38.5%	38.3%	38.3%	38.3%
Net Income	1,180	1,056	1,106	1,001	846	961	907	778	680	597
S&P Core Earnings	1,219	987	1,022	995	866	890	868	710	618	559

Balance Sheet & Other Financial Data (Million \$)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cash	609	1,087	552	208	202	192	200	421	230	136
Current Assets	5,076	5,271	5,175	4,676	4,400	4,002	3,851	3,630	3,185	2,985
Total Assets	10,314	10,322	10,082	9,519	8,992	8,268	7,848	6,937	5,990	5,469
Current Liabilities	3,009	3,150	3,499	3,415	3,226	3,458	3,127	2,701	2,239	2,090
Long Term Debt	2,473	2,467	1,975	1,758	1,627	956	1,231	1,249	1,176	961
Common Equity	3,828	3,450	3,409	3,278	3,052	2,759	2,565	2,198	2,133	2,148
Total Capital	6,308	6,444	5,925	5,037	5,403	4,440	4,483	3,945	3,750	3,379
Capital Expenditures	595	465	516	603	515	390	530	436	416	341
Cash Flow	1,570	1,438	1,473	1,364	1,191	1,278	1,191	1,051	958	845
Current Ratio	1.7	1.7	1.5	1.4	1.4	1.2	1.2	1.3	1.4	1.4
% Long Term Debt of Capitalization	39.2	38.3	33.3	34.9	30.1	21.5	27.4	31.7	31.4	28.4
% Net Income of Revenue	3.2	2.9	3.0	2.9	2.6	3.2	3.1	3.0	2.9	2.7
% Return on Assets	11.5	10.4	11.3	10.8	9.8	11.9	12.3	12.0	12.0	11.6
% Return on Equity	32.4	30.8	33.1	31.6	29.1	36.1	38.1	35.9	32.1	30.5

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Sysco Corp

Sub-Industry Outlook

Our fundamental outlook for the S&P Food Distributors Index for the next 12 months is neutral. We anticipate relatively modest growth in U.S. food expenditures, and look for distributor profits to be helped by realization of consolidation synergies and technology-driven productivity improvements. We have a cautious view of near-term consumer spending, in view of relatively high unemployment levels and gasoline prices, and what we think is a heightened sense of job insecurity among a portion of those who are employed. We expect that this will limit the amount of travel that people do, and the extent to which they eat out at restaurants.

Over the longer term, there has been a trend toward an increased portion of food spending going toward meals prepared outside the home (e.g., at restaurants). In our view, the growth of food service sales has resulted, in part, from many families having at least two income earners outside the home, and a shortage of time for food preparation in the home. We think this trend toward out-of-home spending on food resumed in 2010, after at least modestly reversing in recent years when economic conditions were relatively weak.

Looking ahead, as more members of the "baby boom" generation retire from the work force, this may contribute to at least modest future shifts toward eating more at home.

We believe that whether serving restaurants or customers such as supermarkets, significant factors for food distributors include their ability to leverage effectively fixed costs or investments (e.g., warehouse space) into profitable sales, effectively manage inventory, and respond to customers in a timely, efficient manner. Furthermore, we see food distributors having opportunities to boost gross profit margins through an increased emphasis on

providing their own private-label products to customers. We expect food distributors that cater to the foodservice group to benefit from acquisitions of smaller, complementary distributors.

Food distributors should continue to benefit from an increased focus on non-traditional retailers, such as mass merchandisers (other than Wal-Mart) and convenience stores. In addition, we expect distributor focus on natural or organic foods to present long-term opportunities, as we look for this segment to become increasingly popular with consumers.

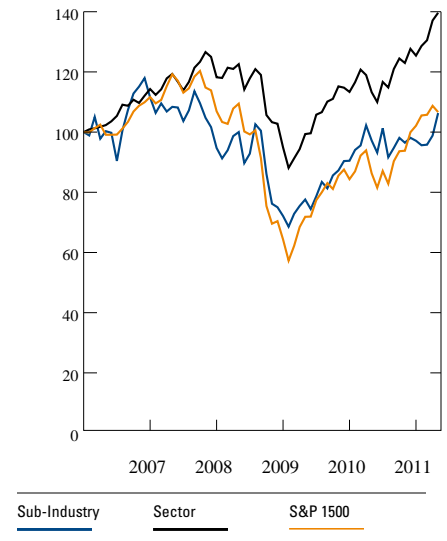
Year to date, through April 21, the S&P Food Distributors Index rose 1.1%, versus a 6.7% gain for the S&P 1500 Index. The sub-industry index rose 8.5% in 2010, versus a 14.2% increase for the S&P 1500.

--Loran Braverman, CFA

Stock Performance

GICS Sector: Consumer Staples
Sub-Industry: Food Distributors

Based on S&P 1500 Indexes
Month-end Price Performance as of 04/29/11



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Food Distributors Peer Group*: Food & Health Distributors

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Sysco Corp	SY	18,518	31.78	32.76/27.13	0.70	3.3	16	26.40	A+	93	3.2	39.2
G.Willi-Food Intl	WILC	79	7.72	8.08/5.49	1.22	Nil	12	NA	NR	41	9.4	0.1
Nash Finch Co	NAFC	431	35.58	44.94/33.48	0.57	2.0	9	NA	B	94	1.0	43.5
Pizza Inn	PZZI	18	2.26	2.41/1.72	0.61	Nil	19	NA	B-	66	3.5	4.7
Spartan Stores	SPTN	365	16.12	17.80/12.76	0.43	1.2	13	NA	NR	60	1.0	39.4
United Natural Foods	UNFI	2,090	43.21	46.05/29.07	0.71	Nil	27	38.30	B+	89	1.8	7.1

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Sysco Corp**S&P Analyst Research Notes and other Company News****May 9, 2011**

UP 3.43 to 31.94... SY Y posts \$0.44 vs. \$0.42 Q3 EPS on 9% sales rise. S&P maintains hold. ...

May 9, 2011

10:47 am ET ... S&P MAINTAINS HOLD RECOMMENDATION ON SHARES OF SYSCO CORPORATION (SY Y 32.48***): Mar-Q EPS of \$0.44, vs. \$0.42, was \$0.01 below our estimate but included a \$0.04 charge from a withdrawal from a multi-employer pension plan and \$0.02 unrelated tax benefit. Sales rose 9%, with about 5% inflation, vs. our 6% projection. Consensus from Capital IQ (an entity that operates independently of S&P Equity Research) was \$0.42. We raise our FY 11 (Jun.) EPS estimate \$0.01 to \$1.91 and FY 12's by \$0.03 to \$2.08. We still expect EPS to decline in the Jun-Q due to one less week. Using a P/E closer to the 10-year historical average, we increase our target price by \$4 to \$33. /L.Braverman, CFA

February 7, 2011

SY Y posts \$0.44 vs. \$0.45 Q2 EPS The Street was looking for \$0.47 Q2 EPS despite 5.8% sales rise.

February 7, 2011

12:44 pm ET ... S&P REITERATES HOLD RECOMMENDATION ON SHARES OF SYSCO CORP. (SY Y 28.02***): Dec-Q EPS of \$0.44, vs. \$0.45, is \$0.02 below our estimate, and included a \$0.02 benefit from corporate-owned life insurance (COLI). The year-ago quarter included a \$0.01 COLI favorable impact. The extent of margin pressure in the latest quarter makes us more wary of near-term prospects. We are lowering our FY 11 (Jun.) EPS estimate to \$1.90 from \$1.95. We are also reducing FY 12's EPS projection to \$2.05 from \$2.10. On our lowered EPS forecasts, we are reducing our 12-month target price to \$29 from \$31. The indicated dividend yield is about 3.7%. /T.Graves, J.Agnese

January 12, 2011

Sysco Corporation announced that Paul T. Moskowitz will join the company as senior vice president, human resources, effective January 17, 2011. Moskowitz most recently served as chief human resources officer at Dean Foods Company. Moskowitz began his career in 1988 as a compensation consultant at Towers Perrin. After joining Brinker International in 1992, he progressed through a series of roles with increasing responsibility at Brinker and then two other premier restaurant companies, Darden Restaurants Inc. and Yum! Brands Inc., culminating with his role as chief people officer at Pizza Hut USA. In 2007, he joined Dean Foods in his most recent role.

November 19, 2010

Sysco Corp. announced that Michael C. Nichols, senior vice president, administration, general counsel and corporate secretary, has announced his plan to retire effective December 31, 2010. Russell T. Libby, currently vice president and assistant general counsel, will become vice president, general counsel and corporate secretary following Mr. Nichols' retirement. Russell T. Libby, joined Sysco in 2007 as assistant vice president, mergers & acquisitions and real estate, and was promoted to his current position in 2009.

November 8, 2010

12:07 pm ET ... S&P KEEPS HOLD OPINION ON SHARES OF SYSCO CORP (SY Y 29.17***): Sep-Q EPS of \$0.51, vs. \$0.55, is \$0.01 above our estimate, and included a \$0.02 benefit from corporate-owned life insurance (COLI). The year-ago quarter included a \$0.04 COLI favorable impact, plus \$0.05 from an IRS settlement. In the latest quarter, sales growth of 7.4% is higher than we anticipated, but the operating margin is a little lower than we expected. We are keeping our FY 11 (Jun.) EPS estimate of \$1.95, and initiate FY 12's EPS projection of \$2.10. We are keeping our 12-month target price of \$31. The stock has an indicated dividend yield of about 3.4%. /T.Graves-CFA

September 21, 2010

Sysco Corp. announced that Larry C. Glasscock has been appointed to the company's board of directors effective immediately, expanding the size of the board to 12 members. He will be in the classification of directors which will stand for re-election at the November 2012 Annual Meeting of Stockholders and will serve on the board's compensation, corporate governance and nominating, and corporate sustainability committees. Glasscock, 62, is the former chairman of the

board of WellPoint Inc.

August 16, 2010

01:51 pm ET ... S&P KEEPS HOLD OPINION ON SHARES OF SYSCO CORP (SY Y 29.17***): Jun-Q EPS of \$0.57, vs. \$0.53, matches our estimate, even with \$0.02 negative impact from corporate-owned life insurance (COLI), which was not part of our estimate. We expect some difficult EPS comparisons in FY 11 (Jun.), as FY 10 included roughly \$0.13 contribution from COLI, tax benefit, and extra week. Also, we look for pension expense to be about \$0.06 higher in FY 11, and expect higher spending related to software system project. We are lowering our FY 11 EPS estimate to \$1.95 from \$2.05. With reduced EPS estimate, we are reducing our target price to \$31 from \$33. /T.Graves-CFA

August 13, 2010

11:56 am ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF SYSCO CORP (SY Y 29.93***): On Aug. 16, we look for SY Y to report Jun-Q EPS of \$0.57 vs. \$0.53. With the inclusion of an extra week, and a comparison against a relatively weak year-ago quarter, we anticipate a low double-digit percentage sales increase. However, we are generally cautious about the outlook for food service sales. We are keeping our FY 10 (Jun.) EPS estimate of \$1.99, which includes, in the first nine months of FY 10, a \$0.05 benefit from corporate-owned life insurance and a \$0.05 tax benefit. We are trimming our FY 11 estimate to \$2.05 from \$2.07. We keep our 12-month target price of \$33. /T.Graves-CFA

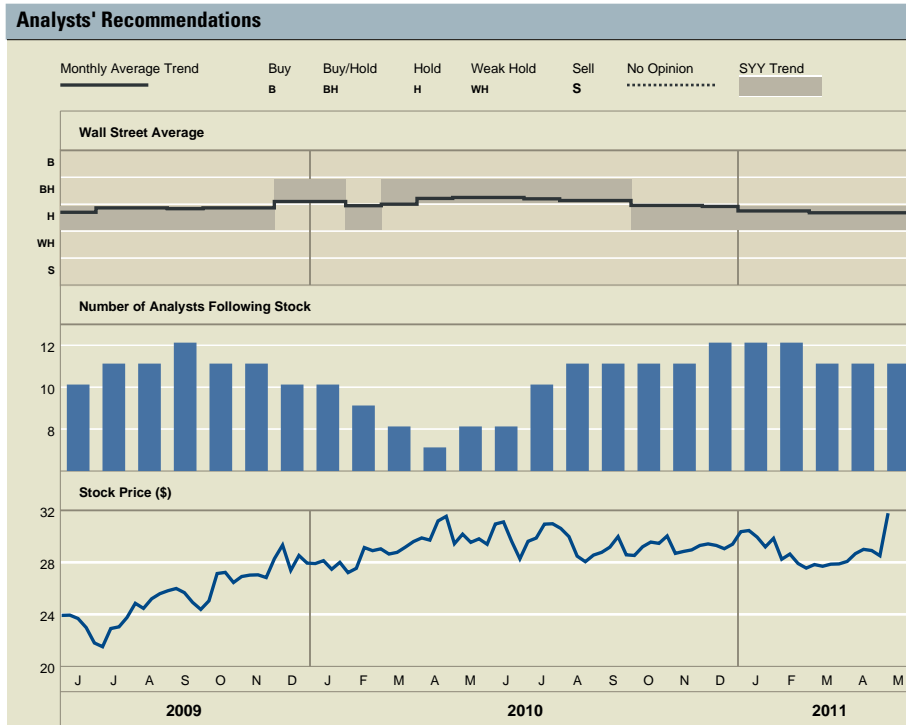
May 3, 2010

11:17 am ET ... S&P MAINTAINS HOLD RECOMMENDATION ON SHARES OF SYSCO CORP (SY Y 31.0***): Mar-Q EPS of \$0.42, vs. year-ago \$0.38, beat our \$0.40 estimate. Corporate Owned Life Insurance (COLI) helped EPS by \$0.01 this year, but hurt year-ago by \$0.01. The remainder came from sales (up 2.4% vs. our 0% estimate), with positive underlying volume growth for the first time in more than a year. We remain cautious about the rate of recovery in food service sales. We raise our FY 10 (Jun.) EPS estimate by just \$0.02 to \$1.99 (including \$0.05 from COLI and \$0.05 tax credit) and FY 11 by \$0.02 to \$2.07. On higher peer P/Es, we increase our 12-month target price by \$2 to \$33. /L.Braverman-CFA

April 16, 2010

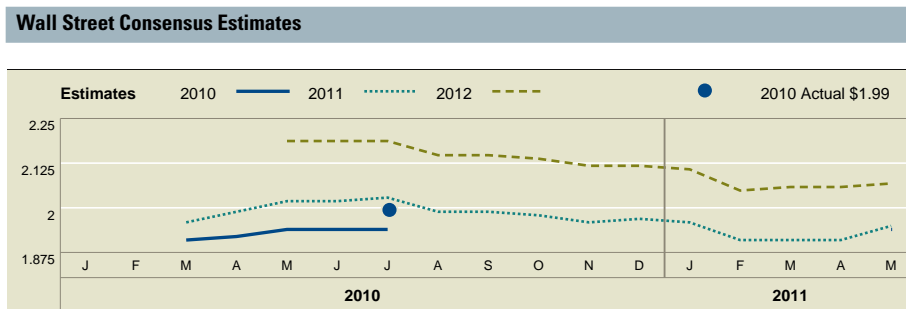
Sysco Corporation announced that William B. Day, currently senior vice president, merchandising and supply chain, will be promoted to executive vice president, merchandising and supply chain. The company also announced that Alan E. Hasty, currently CEO of Sysco Cleveland, will be promoted to senior vice president, merchandising. Both promotions take effect July 4, 2010, the beginning of Sysco's fiscal year.

Sysco Corp



Of the total 13 companies following SY, 12 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	0	0	0	0
Buy/Hold	1	8	2	3
Hold	10	83	9	9
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	1	8	1	1
Total	12	100	12	13



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	2.07	2.15	1.87	12	15.4
2011	1.95	2.01	1.86	10	16.3
2012 vs. 2011	▲ 6%	▲ 7%	▲ 0.5%	▲ 20%	▼ -6%
Q4'12	0.61	0.49	0.48	2	52.1
Q4'11	0.57	0.60	0.52	9	55.8
Q4'12 vs. Q4'11	▲ 7%	▼ -18%	▼ -8%	▼ -78%	▼ -7%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

HOLD

Companies Offering Coverage

- Argus Research Company
- Barclays Capital
- Bb&t Capital Markets
- Burnham Securities Inc.
- Citi
- Cleveland Research Company
- Cowen AND Company
- Guggenheim Securities LLC
- Hapoalim Securities USA INC
- Jpmorgan
- Morgan Stanley
- Morningstar, Inc.
- Susquehanna Financial Group

Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that SY will earn \$1.95. For the 3rd quarter of fiscal year 2011, SY announced earnings per share of \$0.44, representing 23% of the total annual estimate. For fiscal year 2012, analysts estimate that SY's earnings per share will grow by 6% to \$2.07.

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capitalize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:

Sysco Corp	Raw Score	Max Value
Proprietary S&P Measures	100	115
Technical Indicators	30	40
Liquidity/Volatility Measures	15	20
Quantitative Measures	25	75
IQ Total	170	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

S&P Equity Research Services

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Abbreviations Used in S&P Equity Research Reports

CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of March 31, 2011, research analysts at Standard & Poor's Equity Research Services North America recommended 37.5% of issuers with buy recommendations, 54.9% with hold recommendations and 7.6% with sell recommendations.

In Europe: As of March 31, 2011, research analysts at Standard & Poor's Equity Research Services Europe recommended 35.6% of issuers with buy recommendations, 47.0% with hold recommendations and 17.4% with sell recommendations.

In Asia: As of March 31, 2011, research analysts at Standard & Poor's Equity Research Services Asia recommended 46.7% of issuers with buy recommendations, 46.7% with hold recommendations and 6.6% with sell recommendations.

Globally: As of March 31, 2011, research analysts at Standard & Poor's Equity Research Services globally recommended 38.0% of issuers with buy recommendations, 52.9% with hold recommendations and 9.1% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):** Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

S&P Global Quantitative Recommendations Distribution

In Europe: As of March 31, 2011, Standard & Poor's Quantitative Services Europe recommended 43.0% of issuers with buy recommendations, 21.0% with hold recommendations and 35.0% with sell recommendations.

In Asia: As of March 31, 2011, Standard & Poor's Quantitative Services Asia recommended 46.7% of issuers with buy recommendations, 18.0% with hold recommendations and 30.0% with sell recommendations.

Globally: As of March 31, 2011, Standard & Poor's Quantitative Services globally recommended 45.0% of issuers with buy recommendations, 19.0% with hold recommendations and 35.0% with sell recommendations.

Additional information is available upon request.

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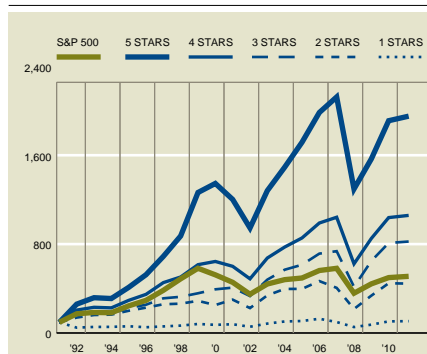
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U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of \$100
For the Period 12/31/1986 through 04/30/2011



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,650), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with

an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.