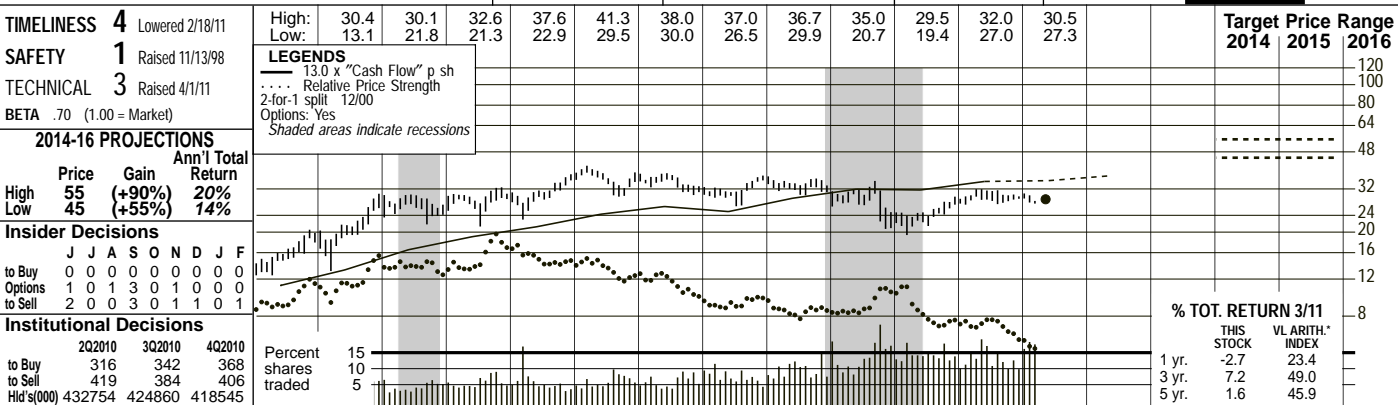


# SYSCO CORP. NYSE:SY

RECENT PRICE **28.60** P/E RATIO **14.7** (Trailing: 14.7, Median: 23.0) RELATIVE P/E RATIO **0.88** DIV'D YLD **3.7%**

**VALUE LINE**



| Year       | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011          | 2012          | © VALUE LINE PUB. LLC             | 14-16         |
|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|-----------------------------------|---------------|
| Price      | 16.57  | 18.56  | 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  | <b>66.60</b>  | <b>71.40</b>  | Sales per sh <sup>A</sup>         | <b>92.85</b>  |
| Gain       | .52    | .58    | .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   | <b>2.70</b>   | <b>2.85</b>   | "Cash Flow" per sh                | <b>3.75</b>   |
| Return     | .35    | .38    | .43    | .48    | .54    | .68    | .90    | 1.01   | 1.18   | 1.37   | 1.47   | 1.36   | 1.60   | 1.81   | 1.77   | 1.99   | <b>1.95</b>   | <b>2.10</b>   | Earnings per sh <sup>B</sup>      | <b>2.90</b>   |
| Options    | .10    | .13    | .15    | .17    | .19    | .23    | .28    | .36    | .40    | .48    | .56    | .66    | .72    | .82    | .92    | .99    | <b>1.04</b>   | <b>1.08</b>   | Div'ds Decl'd per sh <sup>C</sup> | <b>1.20</b>   |
| to Buy     | .28    | .33    | .31    | .39    | .43    | .40    | .51    | .64    | .68    | .83    | .62    | .83    | .99    | .86    | .79    | 1.01   | <b>1.10</b>   | <b>1.15</b>   | Cap'l Spending per sh             | <b>1.45</b>   |
| to Sell    | 1.92   | 2.04   | 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   | <b>7.15</b>   | <b>7.85</b>   | Book Value per sh <sup>E</sup>    | <b>10.95</b>  |
| to Buy     | 731.46 | 721.65 | 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 | <b>580.00</b> | <b>575.00</b> | Common Shs Outst'g <sup>D</sup>   | <b>560.00</b> |
| to Sell    | 19.0   | 20.5   | 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   | <b>13.5</b>   | <b>13.5</b>   | Avg Ann'l P/E Ratio               | <b>17.0</b>   |
| Hld's(000) | 432754 | 419754 | 424860 | 418545 |        |        |        |        |        |        |        |        |        |        |        |        |               |               | Relative P/E Ratio                | <b>1.15</b>   |
|            | 1.5%   | 1.6%   | 1.7%   | 1.5%   | 1.4%   | 1.3%   | 1.1%   | 1.3%   | 1.4%   | 1.4%   | 1.6%   | 2.1%   | 2.2%   | 2.6%   | 3.6%   | 3.6%   |               |               | Avg Ann'l Div'd Yield             | <b>3.0%</b>   |

| Year                  | 1995  | 1996   | 1997   | 1998   | 1999  | 2000   | 2001   | 2002   | 2003   | 2004         | 2005         | 2006                  | 2007                        | 2008         | 2009 | 2010 | 2011 | 2012 | © VALUE LINE PUB. LLC | 14-16 |
|-----------------------|-------|--------|--------|--------|-------|--------|--------|--------|--------|--------------|--------------|-----------------------|-----------------------------|--------------|------|------|------|------|-----------------------|-------|
| Total Debt            | 21784 | 23351  | 26140  | 29335  | 30282 | 32628  | 35042  | 37522  | 36853  | 37243        | <b>38635</b> | <b>41055</b>          | Sales (\$mill) <sup>A</sup> | <b>52000</b> |      |      |      |      |                       |       |
| LT Debt               | 5.9%  | 6.2%   | 6.1%   | 6.2%   | 6.3%  | 5.6%   | 5.9%   | 6.0%   | 6.1%   | 6.4%         | <b>6.2%</b>  | <b>6.1%</b>           | Operating Margin            | <b>6.2%</b>  |      |      |      |      |                       |       |
| LT Interest           | 248.2 | 278.3  | 273.1  | 283.6  | 316.7 | 345.1  | 362.6  | 372.5  | 382.3  | 390.0        | <b>405</b>   | <b>415</b>            | Depreciation (\$mill)       | <b>445</b>   |      |      |      |      |                       |       |
| Leases, uncapitalized | 596.9 | 679.8  | 778.3  | 907.2  | 961.5 | 846.0  | 1001.1 | 1106.2 | 1055.9 | 1181.6       | <b>1155</b>  | <b>1230</b>           | Net Profit (\$mill)         | <b>1655</b>  |      |      |      |      |                       |       |
| Pension assets        | 38.3% | 38.3%  | 38.3%  | 38.5%  | 37.0% | 39.4%  | 38.3%  | 38.3%  | 40.4%  | 36.2%        | <b>38.0%</b> | <b>38.0%</b>          | Income Tax Rate             | <b>38.0%</b> |      |      |      |      |                       |       |
| Obliq.                | 2.7%  | 2.9%   | 3.0%   | 3.1%   | 3.2%  | 2.6%   | 2.9%   | 2.9%   | 2.9%   | 3.2%         | <b>3.0%</b>  | <b>3.0%</b>           | Net Profit Margin           | <b>3.2%</b>  |      |      |      |      |                       |       |
| Pfd Stock             | 895.0 | 945.9  | 928.4  | 724.8  | 544.2 | 1173.3 | 1260.5 | 1675.7 | 2120.5 | 2067.1       | <b>2450</b>  | <b>2560</b>           | Working Cap'l (\$mill)      | <b>3735</b>  |      |      |      |      |                       |       |
| Common Stock          | 961.4 | 1176.3 | 1249.5 | 1231.5 | 956.2 | 1627.1 | 1758.2 | 1975.4 | 2467.5 | 2472.7       | <b>2650</b>  | <b>2400</b>           | Long-Term Debt (\$mill)     | <b>2000</b>  |      |      |      |      |                       |       |
| Options Exercisable   | 21.4% | 23.5%  | 24.7%  | 26.6%  | 19.1% | 20.8%  | 21.5%  | 18.8%  | 19.7%  | <b>18.0%</b> | <b>18.5%</b> | Return on Total Cap'l | <b>21.0%</b>                |              |      |      |      |      |                       |       |
| MARKET CAP            | 27.8% | 31.9%  | 35.4%  | 35.4%  | 34.9% | 27.7%  | 30.5%  | 32.4%  | 30.6%  | 30.9%        | <b>28.0%</b> | <b>27.0%</b>          | Return on Shr. Equity       | <b>27.0%</b> |      |      |      |      |                       |       |
| CURRENT POSITION      | 19.7% | 21.9%  | 23.5%  | 23.3%  | 21.9% | 14.7%  | 16.9%  | 17.9%  | 14.7%  | 15.7%        | <b>13.5%</b> | <b>13.5%</b>          | Retained to Com Eq          | <b>16.0%</b> |      |      |      |      |                       |       |
| (SMILL.)              | 29%   | 31%    | 34%    | 34%    | 37%   | 47%    | 44%    | 45%    | 52%    | 49%          | <b>52%</b>   | <b>50%</b>            | All Div'ds to Net Prof      | <b>41%</b>   |      |      |      |      |                       |       |

**CAPITAL STRUCTURE as of 1/1/11**  
 Total Debt \$2661.4 mill. Due in 5 Yrs \$863.7 mill.  
 LT Debt \$2653.5 mill. LT Interest \$141.0 mill.  
 (LT interest earned: 17.6%; total interest coverage: 16.5x) (40% of Cap'l)  
 Leases, uncapitalized Annual rentals \$51.3 mill.  
 Pension assets-6/10 \$1667.0 mill.  
 Oblig. \$2212.3 mill.

| Year             | 1995   | 1996   | 1997   | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | © VALUE LINE PUB. LLC | 14-16 |  |
|------------------|--------|--------|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-----------------------|-------|--|
| Cash Assets      | 1087.1 | 609.0  | 209.8  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |
| Receivables      | 2468.5 | 2617.4 | 2623.3 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |
| Inventory (FIFO) | 1650.7 | 1771.5 | 1963.4 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |
| Other            | 64.4   | 78.4   | 70.4   |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |
| Current Assets   | 5270.7 | 5076.3 | 4866.9 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |
| Accts Payable    | 1856.9 | 1953.1 | 1804.7 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |
| Debt Due         | 9.2    | 8.0    | 7.9    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |
| Other            | 1284.1 | 1048.1 | 908.9  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |
| Current Liab.    | 3150.2 | 3009.2 | 2721.5 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                       |       |  |

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 to '14-'16  
 of change (per sh)  
 Sales 9.0% 7.0% 7.0%  
 "Cash Flow" 11.0% 6.5% 7.0%  
 Earnings 12.5% 6.5% 7.5%  
 Dividends 17.0% 13.5% 5.0%  
 Book Value 10.0% 9.0% 10.5%

| Fiscal Year Ends                       | 2008         | 2009        | 2010         | 2011         | 2012         | Full Fiscal Year |
|--|--------------|-------------|--------------|--------------|--------------|------------------|
| QUARTERLY SALES (\$mill.) <sup>A</sup> | 9406         | 9240        | 9147         | 9729         | 9729         | 37522            |
| 2008                                   | 9877         | 9150        | 8739         | 9087         | 9087         | 36853            |
| 2009                                   | 9081         | 8868        | 8945         | 10349        | 10349        | 37243            |
| 2010                                   | 9751         | 9385        | <b>9450</b>  | <b>10049</b> | <b>10049</b> | <b>38635</b>     |
| 2011                                   | <b>10355</b> | <b>9990</b> | <b>10055</b> | <b>10655</b> | <b>10655</b> | <b>41055</b>     |

| Fiscal Year Ends                 | 2008 | 2009 | 2010 | 2011 | 2012 | Full Fiscal Year |
|----------------------------------|------|------|------|------|------|------------------|
| EARNINGS PER SHARE <sup>AB</sup> | .43  | .43  | .40  | .55  | .55  | 1.81             |
| 2008                             | .46  | .40  | .38  | .53  | .53  | 1.77             |
| 2009                             | .55  | .45  | .42  | .57  | .57  | 1.99             |
| 2010                             | .51  | .44  | .42  | .58  | .58  | 1.95             |
| 2011                             | .51  | .49  | .50  | .60  | .60  | 2.10             |

| Calendar                              | 2007 | 2008 | 2009 | 2010 | 2011 | Full Year |
|---------------------------------------|------|------|------|------|------|-----------|
| QUARTERLY DIVIDENDS PAID <sup>C</sup> | .19  | .22  | .24  | .25  | .26  | .76       |
| 2007                                  | .22  | .22  | .22  | .22  | .22  | .88       |
| 2008                                  | .24  | .24  | .24  | .24  | .24  | .96       |
| 2009                                  | .25  | .25  | .25  | .25  | .25  | 1.00      |
| 2010                                  | .26  | .26  | .26  | .26  | .26  | 1.00      |

(A) Fiscal year ends Saturday closest to June 30th. (B) Based on average shares outstanding through fiscal '97, then diluted. Quarters may not sum to total. Excludes nonrecurring gains/losses. In '98, (\$0.04); '00, (\$0.01); '10, \$0.05. Next earnings report due early May. (C) Dividends historically paid late January, April, July, October. (D) In millions, adjusted for stock split. (E) Includes intangibles. In '10, \$2.81/share.

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**Sysco Corporation's earnings have been under pressure.** Indeed, although the company has experienced volume growth in the dairy, meat, and seafood segments, it has been unable to offset rapidly rising product costs with higher selling prices. These categories represent a large portion of Sysco's customers' business, and absorbing steep and sudden price hikes has been difficult, particularly during an uneven economic recovery. Furthermore, expenses have increased in both the delivery and selling areas, due to surging fuel costs and climbing personnel expenditures. These factors have caused the gross margin to erode more than 50 basis points in fiscal 2011, thus far. Therefore, we believe quarterly share earnings will come in relatively flat for the rest of this year. Hence, we have trimmed our 2011 share-net estimate some \$0.15, to \$1.95, representing a 2%, year-over-year, decline. **The company's SYGMA and Broadline divisions have helped bolster the top line.** Sales at the former grew approximately 13% during the December period, as the latter swelled roughly 5%. Strategic pricing initiatives for these business lines

ought to continue driving healthy gains over future quarters. **Strong sales advances for the SYGMA unit come with a caveat.** Sysco's revamped pricing plan aims to raise both contract and street sales over the long term, though a mix of lower profitability and prices for these goods has been detrimental to margins of late. **This stock has slipped a notch since our January review, and is now ranked unfavorably for year-ahead price performance.** We believe food commodity prices are likely to remain elevated for some time, which ought to hinder earnings moving forward. Moreover, a large portion of the company's business stems from the restaurant industry. Thus, a return to more-normalized levels of discretionary spending and employment will be a crucial harbinger of results to come. That said, patient, income-seeking investors should note this stock's attractive 3- to 5-year appreciation potential and solid, well-covered dividend. Also, this issue currently trades at a discount relative to its historical price-to-earnings multiple. *Kenneth J. DeFranco, Jr. April 29, 2011*

| Company's Financial Strength | A++ |
|------------------------------|-----|
| Stock's Price Stability      | 100 |
| Price Growth Persistence     | 30  |
| Earnings Predictability      | 100 |

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