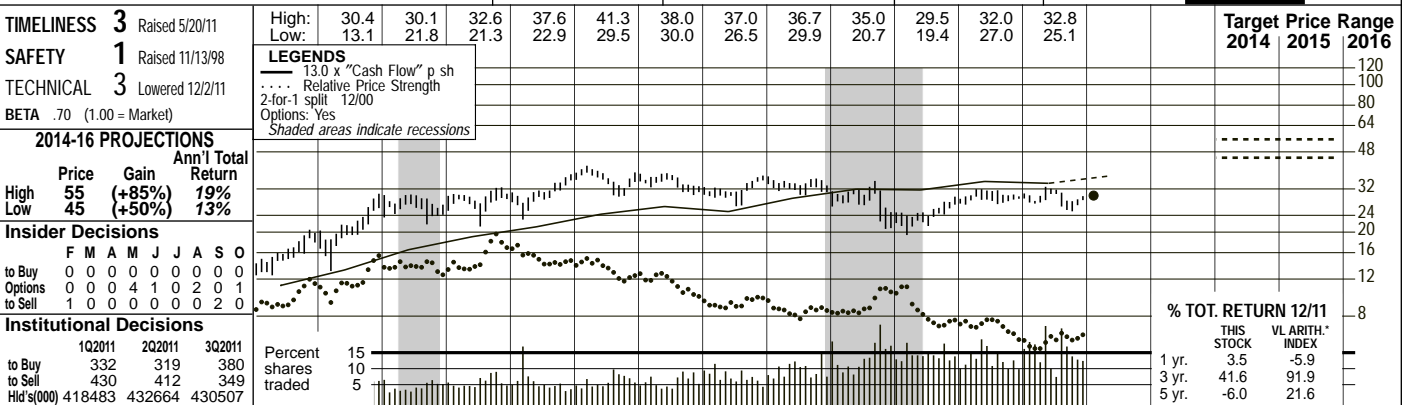


SYSCO CORP. NYSE:SY

RECENT PRICE **29.83** P/E RATIO **14.2** (Trailing: 15.2; Median: 21.0) RELATIVE P/E RATIO **0.96** DIV'D YLD **3.6%** VALUE LINE



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
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	66.35	69.60	Sales per sh ^A	90.45
.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	2.62	2.85	"Cash Flow" per sh	3.75
.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	1.96	2.10	Earnings per sh ^B	2.90
.10	.13	.15	.17	.19	.23	.28	.36	.40	.48	.56	.66	.72	.82	.92	.99	1.03	1.08	Div'ds Decl'd per sh ^C	1.20
.28	.33	.31	.39	.43	.40	.51	.64	.68	.83	.62	.83	.99	.86	.79	1.01	1.07	1.25	Cap'l Spending per sh	1.55
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	7.94	9.00	Book Value per sh ^E	12.35
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	592.70	590.00	Common Shs Outst'g ^D	575.00
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	15.0		Avg Ann'l P/E Ratio	17.0
1.27	1.28	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	.91		Relative P/E Ratio	1.15
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%	3.5%		Avg Ann'l Div'd Yield	3.0%

CAPITAL STRUCTURE as of 10/1/11		21784	23351	26140	29335	30282	32628	35042	37522	36853	37243	39323	41055	Sales (\$mill) ^A	52000
Total Debt \$2596.7 mill. Due in 5 Yrs \$792.7 mill.		5.9%	6.2%	6.1%	6.2%	6.3%	5.6%	5.9%	6.0%	6.1%	6.4%	5.9%	6.2%	Operating Margin	6.3%
LT Debt \$2385.0 mill. LT Interest \$127.0 mill.		248.2	278.3	273.1	283.6	316.7	345.1	362.6	372.5	382.3	390.0	402.6	415	Depreciation (\$mill)	445
(LT interest earned: 16.5x; total interest coverage: 16.5x)		596.9	679.8	778.3	907.2	961.5	846.0	1001.1	1106.2	1055.9	1181.6	1152.0	1260	Net Profit (\$mill)	1700
Leases, Uncapitalized Annual rentals \$43.7 mill.		38.3%	38.3%	38.3%	38.5%	37.0%	39.4%	38.3%	38.3%	40.4%	36.2%	37.0%	38.0%	Income Tax Rate	38.0%
Pension assets-6/11 \$2106.3 mill.		2.7%	2.9%	3.0%	3.1%	3.2%	2.6%	2.9%	2.9%	2.9%	3.2%	2.9%	3.1%	Net Profit Margin	3.3%
Oblig. \$2516.7 mill.		895.0	945.9	928.4	724.8	544.2	1173.3	1260.5	1675.7	2120.5	2067.1	2157.8	2300	Working Cap'l (\$mill)	3035
Pfd Stock None		961.4	1176.3	1249.5	1231.5	956.2	1627.1	1758.2	1975.4	2467.5	2472.7	2279.5	2000	Long-Term Debt (\$mill)	1800
Common Stock 586,032,473 shs.		2147.5	2132.5	2197.5	2564.5	2758.8	3052.3	3278.4	3409.0	3449.7	3827.5	4705.2	5300	Shr. Equity (\$mill)	7100
Options Exercisable 7.7%		20.2%	21.4%	23.5%	24.7%	26.6%	19.1%	20.8%	21.5%	18.8%	19.7%	17.3%	18.0%	Return on Total Cap'l	19.5%
MARKET CAP: \$17.5 billion (Large Cap)		27.8%	31.9%	35.4%	35.4%	34.9%	27.7%	30.5%	32.4%	30.6%	30.9%	24.5%	24.0%	Return on Shr. Equity	24.0%
CURRENT POSITION		19.7%	21.9%	23.5%	23.3%	21.9%	14.7%	16.9%	17.9%	14.7%	15.7%	11.8%	12.0%	Retained to Com Eq	14.0%
(SMILL.)		29%	31%	34%	34%	37%	47%	44%	45%	52%	49%	52%	51%	All Div'ds to Net Prof	41%

Cash Assets	609.0	639.8	284.1
Receivables	2617.4	2898.3	3061.1
Inventory (FIFO)	1771.5	2073.8	2137.5
Other	78.4	121.0	213.5
Current Assets	5076.3	5732.9	5696.2
Accts Payable	1953.1	2183.4	2164.7
Debt Due	8.0	389.0	211.7
Other	1048.1	1002.7	1202.3
Current Liab.	3009.2	3575.1	3578.7

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '09-'11 to '14-'16
of change (per sh)			
Sales	8.0%	5.5%	6.0%
"Cash Flow"	9.5%	6.0%	6.5%
Earnings	10.5%	6.5%	7.5%
Dividends	15.5%	11.5%	3.5%
Book Value	9.5%	8.5%	10.5%

Fiscal Year Ends	QUARTERLY SALES (\$mill.) ^A	Full Fiscal Year
	Sep.Per Dec.Per Mar.Per Jun.Per	
2008	9406 9240 9147 9729	37522
2009	9877 9150 8739 9087	36853
2010	9081 8868 8945 10349	37243
2011	9751 9385 9762 10425	39323
2012	10586 9920 10000 10549	41055

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}	Full Fiscal Year
	Sep.Per Dec.Per Mar.Per Jun.Per	
2008	.43 .43 .40 .55	1.81
2009	.46 .40 .38 .53	1.77
2010	.55 .45 .42 .57	1.99
2011	.51 .44 .44 .57	1.96
2012	.51 .49 .50 .60	2.10

Cal-endar	QUARTERLY DIVIDENDS PAID ^C	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2008	.22 .22 .22 .22	.88
2009	.24 .24 .24 .24	.96
2010	.25 .25 .25 .25	1.00
2011	.26 .26 .26 .26	1.04
2012	.27	

(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). Next earnings report due early February. **(C)** Dividends historically paid late January, April, July, October. **(D)** In millions, adjusted for stock splits. **(E)** Includes intangibles. In '11, \$2.94/share.

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Sysco Corporation probably turned up the heat a bit during the December interim of fiscal 2012 (year began July 3rd). Indeed, sales and share earnings likely climbed year to year, some 6% and 11%, respectively. Top-line performance has been driven largely by food cost inflation. Case volume growth continues to bolster results as well, albeit at a more modest level. We believe the company should be able to mitigate the negative effects of high fuel prices, rising personnel and product costs, as well as elevated expansion fees via stringent expense controls. Thus, we look for share net to jump around 7% in fiscal 2012, from \$1.96 to \$2.10.

The company has hit a few roadblocks at its Arkansas facility. Troubles center mainly around order processing speed. However, various reporting and inventory replenishment glitches have been recorded, as well. Sysco should be able to hammer these issues out during the second half of fiscal 2012. The new supply chain management program has been a vital component in the food distributor's cost-cutting arsenal. If SY Y fails to right the ship in Arkansas, it may delay launching

fresh applications at other facilities and margins could suffer a bit. **Restaurant business should benefit from an improved economic landscape.** Many patrons sought other dining options, such as purchasing groceries and preparing more meals at home, as the economy and job market toiled and the expense of dining out became less appealing. Now, markets have perked up some and consumer spending looks to be making a slight comeback. This trend augurs well for Sysco's top- and bottom-line prospects going forward.

These shares remain ranked to mirror the broader market averages over the coming six to 12 months. However, this stock holds decent capital appreciation potential over the 3- to 5-year stretch and seems to be selling at a slight discount, on a price-to-earnings basis. Moreover, income-oriented accounts should note this issue's solid, well-covered dividend. Furthermore, conservative subscribers may find comfort in SY Y's high mark for Safety (1). All told, these shares seem to be an attractive option at this juncture.

Kenneth J. DeFranco, Jr. January 27, 2012