

SYSCO CORP

FORM 10-K (Annual Report)

Filed 08/26/08 for the Period Ending 06/28/08

Address	1390 ENCLAVE PKWY HOUSTON, TX 77077
Telephone	2815841390
CIK	0000096021
Symbol	SY Y
SIC Code	5140 - Groceries And Related Products
Industry	Retail (Grocery)
Sector	Services
Fiscal Year	07/28

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended June 28, 2008
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- Commission File Number 1-6544
-

Sysco Corporation

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*
1390 Enclave Parkway
Houston, Texas
(Address of principal executive offices)

74-1648137
*(IRS employer
identification number)*
77077-2099
(Zip Code)

Registrant's Telephone Number, Including Area Code:
(281) 584-1390

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
Common Stock, \$1.00 par value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:
None

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting stock of the registrant held by stockholders who were not affiliates (as defined by regulations of the Securities and Exchange Commission) of the registrant was approximately \$19,180,086,000 as of December 28, 2007 (based on the closing sales price on the New York Stock Exchange Composite Tape on December 28, 2007, as reported by The Wall Street Journal (Southwest Edition)). As of August 13, 2008, the registrant had issued and outstanding an aggregate of 601,993,798 shares of its common stock.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the company's 2008 Proxy Statement to be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K are incorporated by reference into Part III.

TABLE OF CONTENTS

	<u>Page No.</u>
PART I	
Item 1. Business	1
Item 1A. Risk Factors	5
Item 1B. Unresolved Staff Comments	7
Item 2. Properties	8
Item 3. Legal Proceedings	9
Item 4. Submission of Matters to a Vote of Security Holders	9
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities	9
Item 6. Selected Financial Data	11
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	28
Item 8. Financial Statements and Supplementary Data	30
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	63
Item 9A. Controls and Procedures	63
Item 9B. Other Information	63
PART III	
Item 10. Directors and Executive Officers of the Registrant	63
Item 11. Executive Compensation	63
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	63
Item 13. Certain Relationships and Related Transactions	63
Item 14. Principal Accountant Fees and Services	63
PART IV	
Item 15. Exhibits	64
Signatures	67
Fifth Amended and Restated Executive Deferred Compensation Plan	
Seventh Amended and Restated Supplemental Executive Retirement Plan	
First Amended and Restated 2005 Management Incentive Plan	
Form of Fiscal Year 2009 Bonus Award for Chief Executive Officer, President, and Chief Financial Officer	
Termination of 2006 Supplemental Performance Bonus Plan	
Form of Fiscal Year 2009 Supplemental Bonus Agreement	
Description of Compensation Arrangements with Named Executive Officers	
Second Amended and Restated 2005 Board of Directors Deferred Compensation Plan	
Description of Compensation Arrangements with Non-Employee Directors	
Form of Indemnification Agreement with Non-Employee Directors	
Subsidiaries	
Consent of Independent Registered Public Accounting Firm	
Certification of CEO Pursuant to Section 302	
Certification of CFO Pursuant to Section 302	
Certification of CEO Pursuant to Section 906	
Certification of CFO Pursuant to Section 906	

PART I

ITEM 1. *Business*

Unless this Form 10-K indicates otherwise or the context otherwise requires, the terms “we,” “our,” “us,” “SYSCO,” or “the company” as used in this Form 10-K refer to Sysco Corporation together with its consolidated subsidiaries and divisions.

Overview

Sysco Corporation, acting through its subsidiaries and divisions, is the largest North American distributor of food and related products primarily to the foodservice or “food-prepared-away-from-home” industry. We provide products and related services to over 400,000 customers, including restaurants, healthcare and educational facilities, lodging establishments and other foodservice customers.

Founded in 1969, SYSCO commenced operations as a public company in March 1970 when the stockholders of nine companies exchanged their stock for SYSCO common stock. Since our formation, we have grown from \$115 million to over \$37 billion in annual sales, both through internal expansion of existing operations and through acquisitions. Through the end of fiscal 2008, we have acquired 145 companies or divisions of companies.

SYSCO Corporation is organized under the laws of Delaware. The address and telephone number of our executive offices are 1390 Enclave Parkway, Houston, Texas 77077-2099, (281) 584-1390. This annual report on Form 10-K, as well as all other reports filed or furnished by SYSCO pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge on SYSCO’s website at www.sysco.com as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission.

Operating Segments

SYSCO provides food and related products to the foodservice or “food-prepared-away-from-home” industry. Under the provisions of SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information” (SFAS 131), we have aggregated our operating companies into a number of segments, of which only Broadline and SYGMA are reportable segments as defined in SFAS 131. Broadline operating companies distribute a full line of food products and a wide variety of non-food products to both our traditional and chain restaurant customers. SYGMA operating companies distribute a full line of food products and a wide variety of non-food products to chain restaurant customer locations. “Other” financial information is attributable to our other segments, including our specialty produce, custom-cut meat and lodging industry products segments and a company that distributes to international customers. Specialty produce companies distribute fresh produce and, on a limited basis, other foodservice products. Specialty meat companies distribute custom-cut fresh steaks, other meat, seafood and poultry. Our lodging industry products company distributes personal care guest amenities, equipment, housekeeping supplies, room accessories and textiles to the lodging industry. Selected financial data for each of our reportable segments as well as financial information concerning geographic areas can be found in Note 19, Business Segment Information, in the Notes to Consolidated Financial Statements in Item 8.

Customers and Products

The foodservice industry consists of two major customer types — “traditional” and “chain restaurant.” Traditional foodservice customers include restaurants, hospitals, schools, hotels and industrial caterers. Our chain restaurant customers include regional and national hamburger, sandwich, pizza, chicken, steak, ethnic and other chain operations.

Services to our traditional foodservice and chain restaurant customers are supported by similar physical facilities, vehicles, material handling equipment and techniques, and administrative and operating staffs.

The products we distribute include:

- a full line of frozen foods, such as meats, fully prepared entrees, fruits, vegetables and desserts;
- a full line of canned and dry foods;
- fresh meats;
- dairy products;
- beverage products;
- imported specialties; and
- fresh produce.

We also supply a wide variety of non-food items, including:

- paper products such as disposable napkins, plates and cups;
- tableware such as china and silverware;
- cookware such as pots, pans and utensils;
- restaurant and kitchen equipment and supplies; and
- cleaning supplies.

Table of Contents

A comparison of the sales mix in the principal product categories during the last three years is presented below:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Canned and dry products	18%	18%	18%
Fresh and frozen meats	18	19	19
Frozen fruits, vegetables, bakery and other	14	13	14
Dairy products	11	9	9
Poultry	10	10	10
Fresh produce	8	9	9
Paper and disposables	8	8	8
Seafood	5	5	5
Beverage products	3	3	3
Janitorial products	3	3	2
Equipment and smallwares	2	2	2
Medical supplies	*	1	1
	<u>100%</u>	<u>100%</u>	<u>100%</u>

* Sales are less than 1% of total

Our operating companies distribute nationally-branded merchandise, as well as products packaged under our private brands. Products packaged under our private brands have been manufactured for SYSCO according to specifications that have been developed by our quality assurance team. In addition, our quality assurance team certifies the manufacturing and processing plants where these products are packaged, enforces our quality control standards and identifies supply sources that satisfy our requirements.

We believe that prompt and accurate delivery of orders, close contact with customers and the ability to provide a full array of products and services to assist customers in their foodservice operations are of primary importance in the marketing and distribution of products to traditional customers. Our operating companies offer daily delivery to certain customer locations and have the capability of delivering special orders on short notice. Through our more than 14,000 sales and marketing representatives and support staff of SYSCO and our operating companies, we stay informed of the needs of our customers and acquaint them with new products and services. Our operating companies also provide ancillary services relating to foodservice distribution, such as providing customers with product usage reports and other data, menu-planning advice, food safety training and assistance in inventory control, as well as access to various third party services designed to add value to our customers' businesses.

No single customer accounted for 10% or more of our total sales for the fiscal year ended June 28, 2008.

Our sales to chain restaurant customers consist of a variety of food products. We believe that consistent product quality and timely and accurate service are important factors when a chain restaurant selects a foodservice supplier. One chain restaurant customer (Wendy's International, Inc.) accounted for 5% of our sales for the fiscal year ended June 28, 2008. Although this customer represents approximately 34% of the SYGMA segment sales, we do not believe that the loss of this customer would have a material adverse effect on SYSCO as a whole.

Based upon available information, we estimate that sales by type of customer during the past three fiscal years were as follows:

<u>Type of Customer</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Restaurants	63%	64%	63%
Hospitals and nursing homes	10	10	10
Schools and colleges	5	5	5
Hotels and motels	6	6	6
Other	16	15	16
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>

Sources of Supply

We purchase from thousands of suppliers, both domestic and international, none of which individually accounts for more than 10% of our purchases. These suppliers consist generally of large corporations selling brand name and private label merchandise, as well as independent regional brand and private label processors and packers. Generally, purchasing is carried out through centrally developed purchasing programs and direct purchasing programs established by our various operating companies. We continually develop relationships with our suppliers.

SYSCO's Baugh Supply Chain Cooperative, Inc. (BSCC) administers a consolidated product procurement program designed to develop, obtain and ensure consistent quality food and non-food products. The program covers the purchasing and marketing of SYSCO Brand merchandise as well as products from a number of national brand suppliers, encompassing substantially all product lines. SYSCO's operating companies purchase product from the suppliers participating in the cooperative's programs and from other suppliers, although SYSCO Brand products are only available to the operating companies through the cooperative's programs.

SYSCO's National Supply Chain group is focused on increasing profitability by lowering aggregate inventory levels, operating costs, and future facility expansion needs at our broadline operating companies while providing greater value to our suppliers and customers.

The National Supply Chain group has three major supply chain initiatives. The first initiative involves the construction and operation of regional distribution centers which aggregate inventory demand to optimize the supply chain activities for certain products for all SYSCO broadline operating companies in the region. We currently expect to build five to seven redistribution centers (RDCs). The first of these centers, the Northeast RDC located in Front Royal, Virginia, has been operational since the third quarter of fiscal 2005. A second RDC located in Alachua, Florida became operational in the fourth quarter of fiscal 2008. In fiscal 2009, we intend to service additional broadline companies from our existing RDCs. The

second initiative is the national transportation management initiative, which provides the capability to view and manage all of SYSCO's inbound freight, both to RDCs and the operating companies, as a network and not as individual locations. This allows us to better consolidate inbound freight. Fiscal 2008 was the first full year we operated under this initiative, and we will continue to refine our execution in the future. The third initiative is the national implementation of demand planning and inventory management software. This initiative is strategically important in that it creates the foundation to effectively execute new supply chain processes, including redistribution, as well as efficiently manage our inventory assets. In fiscal 2008, we continued to improve this software and implemented it at additional headline companies.

Working Capital Practices

Our growth is funded through a combination of cash flow from operations, commercial paper issuances and long-term borrowings. See the discussion in Liquidity and Capital Resources under Management's Discussion and Analysis of Financial Condition and Results of Operations at Item 7 regarding our liquidity, financial position and sources and uses of funds.

Credit terms we extend to our customers can vary from cash on delivery to 30 days or more based on our assessment of the customers' credit risk. We monitor the customers' accounts and will suspend shipments to customers if necessary.

A majority of our sales orders are filled within 24 hours of when the customers' orders are placed. We generally maintain inventory on hand to be able to meet customer demand. The level of inventory on hand will vary by product depending on shelf-life, supplier order fulfillment lead times and customer demand. We also make purchases of additional volumes of certain products based on supply or pricing opportunities.

We take advantage of suppliers' cash discounts where appropriate and otherwise generally receive payment terms from our suppliers ranging from weekly to 30 days or more.

Corporate Headquarters' Services

Our corporate staff makes available a number of services to our operating companies. Members of the corporate staff possess experience and expertise in, among other areas, accounting and finance, treasury, cash management, information technology, employee benefits, engineering, risk management and insurance, sales and marketing, payroll, human resources, training and development, information technology and tax compliance services. The corporate office also makes available warehousing and distribution services, which provide assistance in operational best practices including space utilization, energy conservation, fleet management and work flow.

Capital Improvements

To maximize productivity and customer service, we continue to construct and modernize our distribution facilities. During fiscal 2008, 2007 and 2006, approximately \$515,963,000, \$603,242,000 and \$513,934,000 respectively, were invested in facility expansions, fleet additions and other capital asset enhancements. The lower amount spent in fiscal 2008 was primarily due to delays on certain projects that will shift significant expenditures to fiscal 2009. As a result, we estimate our capital expenditures in fiscal 2009 should be in the range of \$675,000,000 to \$725,000,000. During the three years ended June 28, 2008, capital expenditures were financed primarily by internally generated funds, our commercial paper program and bank and other borrowings. We expect to finance our fiscal 2009 capital expenditures from the same sources.

Employees

As of June 28, 2008, we had approximately 50,000 full-time employees, approximately 17% of whom were represented by unions, primarily the International Brotherhood of Teamsters. Contract negotiations are handled by each individual operating company. Approximately 21% of our union employees are covered by collective bargaining agreements which have expired or will expire during fiscal 2009. We consider our labor relations to be satisfactory.

Competition

SYSCO's business environment is competitive with numerous companies engaged in foodservice distribution. Our customers may also choose to purchase products directly from retail outlets. While competition is encountered primarily from local and regional distributors, a few companies compete with us on a national basis. We believe that the principal competitive factors in the foodservice industry are effective customer contacts, the ability to deliver a wide range of quality products and related services on a timely and dependable basis and competitive prices. We estimate that we serve about 16% of an approximately \$231 billion annual market that includes the foodservice market in the United States and Canada and the hotel amenity, furniture and textile markets in the United States, Canada, Europe and Asia. We believe, based upon industry trade data, that our sales to the United States and Canada "food-prepared-away-from-home" industry were the highest of any foodservice distributor during fiscal 2008. While adequate industry statistics are not available, we believe that in most instances our local operations are among the leading distributors of food and related non-food products to foodservice customers in their respective trading areas. We believe our competitive advantages include our diversified product base, the diversity in the types of customers we serve, our economies of scale and our wide geographic presence in the United States and Canada, which allows us to minimize the impact of regional economic declines. We are the only publicly-traded distributor in the "food-prepared-away-from-home" industry in the United States. While our public company status provides us with some advantages, including access to capital, we believe it also provides us with some disadvantages that our competitors do not have in terms of additional costs related to complying with regulatory requirements.



Government Regulation

As a marketer and distributor of food products, we are subject to a number of statutes governing the manufacture, storage, transport, and sale of food products in the United States and Canada. The principal statutes are the U.S. Federal Food, Drug and Cosmetic Act and regulations promulgated thereunder by the U.S. Food and Drug Administration (FDA), as well as the Canadian Food and Drugs Act and the regulations thereunder.

The FDA regulates manufacturing and holding requirements for foods through its manufacturing practice regulations, specifies the standards of identity for certain foods and prescribes the format and content of certain information required to appear on food product labels. For certain product lines, we are also subject to the Federal Meat Inspection Act, the Poultry Products Inspection Act, the Perishable Agricultural Commodities Act, the Packers and Stockyard Act and regulations promulgated thereunder by the U.S. Department of Agriculture (USDA). The USDA imposes standards for product quality and sanitation including the inspection and labeling of meat and poultry products and the grading and commercial acceptance of produce shipments from our suppliers. We are also subject to the Federal Trade Commission Act, which governs food advertising and the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 and the regulations promulgated thereunder, which establish certain registration, import notification and record keeping requirements on facilities that manufacture, process, pack or hold food for human or animal consumption.

In Canada, the Canadian Food Inspection Agency administers and enforces the food safety and nutritional quality standards established by Health Canada under the Canadian Food and Drugs Act and under other related federal legislation, including the Canada Agricultural Products Act, the Meat Inspection Act, the Fish Inspection Act and the Consumer Packaging and Labeling Act (as it relates to food). These laws regulate the processing, storing, grading, packaging, marking, transporting and inspection of certain SYSCO product lines as well as the packaging, labeling, sale, importation and advertising of pre-packaged and certain other products.

We and our products are also subject to state, provincial and local regulation through such measures as the licensing of our facilities; enforcement by state, provincial and local health agencies of state, provincial and local standards for our products; and regulation of our trade practices in connection with the sale of our products. Our facilities are subject to inspections by FDA and USDA, as well as inspections and regulations issued pursuant to the U.S. Occupational Safety and Health Act by the U.S. Department of Labor, together with similar occupational health and safety laws in each Canadian province. These regulations require us to comply with certain manufacturing, health and safety standards to protect our employees from accidents and to establish hazard communication programs to transmit information on the hazards of certain chemicals present in products we distribute.

We are also subject to regulation by numerous U.S. and Canadian federal, state, provincial and local regulatory agencies, including, but not limited to, the U.S. Equal Employment Opportunity Commission, the U.S. Department of Labor and each Canadian provincial ministry of labour, which set employment practice standards for workers, and the U.S. Department of Transportation and the Canadian Transportation Agency, which regulate transportation of perishable and hazardous materials and waste, and similar state, provincial and local agencies.

Most of our distribution facilities have ammonia-based refrigeration systems and tanks for the storage of diesel fuel and other petroleum products which are subject to laws regulating such systems and storage tanks, as well as laws regulating the handling and release of these substances. Our facilities also have large areas of impermeable surface for parking and staging of vehicles and therefore are potentially subject to federal, state, provincial and local laws and regulations covering storm water run-off. Other U.S. and Canadian federal, state, provincial and local provisions relating to the protection of the environment or the discharge of materials do not materially impact the use or operation of our facilities.

Compliance with these laws has not had, and is not anticipated to have, a material effect on our capital expenditures, earnings or competitive position.

General

We have numerous trademarks which are of significant importance to the company. We believe that the loss of the SYSCO(R) trademark would have a material adverse effect on our results of operations.

We are not engaged in material research and development activities relating to the development of new products or the improvement of existing products.

Our sales do not generally fluctuate significantly on a seasonal basis; therefore, the business of the company is not deemed to be seasonal.

As of June 28, 2008, we operated 180 distribution facilities throughout the United States and Canada.

Item 1A. Risk Factors

Increased Fuel Costs and Increased Inflation Have Increased our Costs and We May Not Be Able to Compensate for Such Increased Costs

Increased fuel costs have had a negative impact on our fiscal 2008 results of operations. The high cost of fuel has increased the price paid by us for products as well as the costs incurred by us to deliver products to our customers. Although we have been able to pass along a portion of our increased fuel costs to our customers, there is no guarantee that we can continue to do so. In addition, prolonged periods of product cost inflation may have a negative impact on our profit margins and earnings to the extent that we are unable to pass on such product cost increases. Our estimate for the inflation in SYSCO's cost of goods was 6.0% in fiscal 2008, compared to 3.4% in fiscal 2007 and 0.6% in fiscal 2006. If fuel costs and product costs continue to increase, we may experience difficulties in passing all or a portion of these costs along to our customers, which may have a negative impact on our business and our profitability.

Inflation, Rising Fuel Costs and Other Economic Conditions are Affecting Consumer Confidence, which is Currently Adversely Impacting our Business and We Currently Expect These Conditions to Continue into Fiscal 2009

The foodservice distribution industry is characterized by relatively high inventory turnover with relatively low profit margins and the foodservice industry is sensitive to national and regional economic conditions. Inflation, increases in fuel costs and other general economic conditions have negatively affected consumer confidence and discretionary spending in fiscal 2008. This has led to reductions in the frequency of dining out and the amount spent by consumers for food prepared away from home and can also result in reduction of sales volumes, competitive price pressures, difficulties in collecting accounts receivable, increases in our product costs and increases in delivery costs. These conditions have, in turn, negatively impacted our sales, as noted by declining rate of sales growth from 8.5% in the first quarter of fiscal 2008 to 5.4% in the fourth quarter of fiscal 2008, and have also negatively impacted our operating results for fiscal 2008. These conditions are expected to continue to negatively impact our results for the foreseeable future.

Conditions Beyond our Control can Interrupt our Supplies and Increase our Product Costs

We obtain substantially all of our foodservice and related products from third party suppliers. For the most part, we do not have long-term contracts with our suppliers committing them to provide products to us. Although our purchasing volume can provide leverage when dealing with suppliers, suppliers may not provide the foodservice products and supplies needed by us in the quantities and at the prices requested. Because we do not control the actual production of the products we sell, we are also subject to delays caused by interruption in production and increases in product costs based on conditions outside of our control. These conditions include work slowdowns, work interruptions, strikes or other job actions by employees of suppliers, weather, crop conditions, transportation interruptions, unavailability of fuel or increases in fuel costs, competitive demands and natural disasters or other catastrophic events (including, but not limited to food-borne illnesses in the United States and Canada). Our inability to obtain adequate supplies of our foodservice and related products as a result of any of the foregoing factors or otherwise could mean that we could not fulfill our obligations to customers, and customers may turn to other distributors.

Taxing Authorities May Successfully Challenge our Baugh Supply Chain Cooperative Structure

The Baugh Supply Chain Cooperative (BSCC) administers a consolidated product procurement program to develop, obtain and ensure consistent quality food and non-food products. BSCC is a cooperative taxed under subchapter T of the United States Internal Revenue Code. We believe that the deferred tax liabilities resulting from the business operations and legal ownership of BSCC are appropriate under the tax laws. However, if the application of the tax laws to the cooperative structure of BSCC were to be successfully challenged by any federal, state or local tax authority, we could be required to accelerate the payment of all or a portion of our income tax liabilities associated with BSCC that we otherwise had deferred until future periods. In that event, we would be liable for interest on such amounts. As of June 28, 2008, we have recorded deferred income tax liabilities of \$1,054,190,000 related to the BSCC supply chain distributions. This amount represents the income tax liabilities related to BSCC that were accrued, but the payment had been deferred as of June 28, 2008. In addition, if the IRS or any other taxing authority determines that all amounts since the inception of BSCC were inappropriately deferred or that BSCC should have been a taxable entity, we estimate that in addition to making a current payment for amounts previously deferred, as discussed above, we may have additional liability, representing interest that would be payable on the cumulative deferred balances ranging from \$290,000,000 to \$320,000,000, prior to federal and state income tax benefit, as of June 28, 2008. We calculated this amount based upon the amounts deferred since the inception of BSCC applying the applicable jurisdictions' interest rates in effect each period. The IRS, in connection with its audit of our 2003 and 2004 federal income tax returns, proposed adjustments related to the taxability of the cooperative structure. We are vigorously protesting these adjustments. We have reviewed the merits of the issues raised by the IRS and concluded the measurement model of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109" required us to provide an accrual for a portion of the interest exposure. If a taxing authority requires us to accelerate the payment of these deferred tax liabilities and to pay related interest, if any, we may be required to raise additional capital through debt financing or the issuance of equity or we may have to forego share repurchases or defer planned capital expenditures or a combination of these items.

We Need Access to Borrowed Funds in Order to Grow, but Our Leveraged Position Could Increase Our Vulnerability to Competitive Pressures

Because a substantial part of our growth historically has been the result of acquisitions and capital expansion, our continued growth depends, in large part, on our ability to continue this expansion. As a result, our inability to finance acquisitions and capital expenditures through borrowed funds

could restrict our ability to expand. Moreover, any default under the documents governing our indebtedness could have a significant adverse effect on our cash flows, as well as the market value of our common stock. Further, our leveraged position may also increase our vulnerability to competitive pressures.

Product Liability Claims Could Materially Impact our Business

We, like any other seller of food, face the risk of exposure to product liability claims in the event that the use of products sold by SYSCO causes injury or illness. With respect to product liability claims, we believe we have sufficient primary or excess umbrella liability insurance. However, this insurance may not continue to be available at a reasonable cost or, if available, may not be adequate to cover all of our liabilities. We generally seek contractual indemnification and insurance coverage from parties supplying our products, but this indemnification or insurance coverage is limited, as a practical matter, to the creditworthiness of the indemnifying party and the insured limits of any insurance provided by suppliers. If SYSCO does not have adequate insurance or contractual indemnification available, product liability relating to defective products could materially reduce our net earnings and earnings per share.

Adverse Publicity Could Negatively Impact our Reputation and Reduce Earnings

Maintaining a good reputation is critical to our business, particularly to selling SYSCO Brand products. Anything that damages that reputation, whether or not justified, including adverse publicity about the quality, safety or integrity of our products, could quickly affect our revenues and profits. Reports, whether true or not, of food-borne illnesses, such as e-coli, avian flu, bovine spongiform encephalopathy, hepatitis A, trichinosis or salmonella, and injuries caused by food tampering could also severely injure our reputation. If patrons of our restaurant customers become ill from food-borne illnesses, our customers could be forced to temporarily close restaurant locations and our sales would be correspondingly decreased. In addition, instances of food-borne illnesses or food tampering or other health concerns, even those unrelated to the use of SYSCO products, can result in negative publicity about the food service distribution industry and cause our sales to decrease dramatically.

Failure to Successfully Renegotiate Union Contracts Could Result in Work Stoppages

As of June 28, 2008, approximately 8,700 employees at 54 operating companies were members of 57 different local unions associated with the International Brotherhood of Teamsters and other labor organizations. In fiscal 2009, 14 agreements covering approximately 1,900 employees have expired or will expire. Failure of the operating companies to effectively renegotiate these contracts could result in work stoppages. Although our operating subsidiaries have not experienced any significant labor disputes or work stoppages to date, and we believe they have satisfactory relationships with their unions, a work stoppage due to failure of multiple operating subsidiaries to renegotiate union contracts could have a material adverse effect on us.

A Shortage of Qualified Labor Could Negatively Impact our Business and Materially Reduce Earnings

Our operations rely heavily on our employees, particularly drivers, and any shortage of qualified labor could significantly affect our business. Our recruiting and retention efforts and efforts to increase productivity gains may not be successful and there may be a shortage of qualified drivers in future periods. Any such shortage would decrease SYSCO's ability to effectively serve our customers. Such a shortage would also likely lead to higher wages for employees and a corresponding reduction in our net earnings.

We may be Required to Pay Material Amounts Under Multi-Employer Defined Benefit Pension Plans

We contribute to several multi-employer defined benefit pension plans based on obligations arising under collective bargaining agreements covering union-represented employees. Approximately 12% of our current employees are participants in such multi-employer plans. In fiscal 2008, our total contributions to these plans were approximately \$35,040,000.

We do not directly manage these multi-employer plans, which are generally managed by boards of trustees, half of whom are appointed by the unions and the other half by other contributing employers to the plan. Based upon the information available to us from plan administrators, we believe that some of these multi-employer plans are underfunded due partially to a decline in the value of the assets supporting these plans, a reduction in the number of actively participating members for whom employer contributions are required, and the level of benefits provided by the plans. In addition, the Pension Protection Act, enacted in August 2006, requires underfunded pension plans to improve their funding ratios within prescribed intervals based on the level of their underfunding. As a result, our required contributions to these plans may increase in the future.

Under current law regarding multi-employer defined benefit plans, a plan's termination, our voluntary withdrawal, or the mass withdrawal of all contributing employers from any underfunded multi-employer defined benefit plan would require us to make payments to the plan for our proportionate share of the multi-employer plan's unfunded vested liabilities. Based on the information available from plan administrators, we estimate that our share of withdrawal liability on most of the multi-employer plans we participate in, some of which appear to be underfunded, could be as much as \$140,000,000, of which only approximately \$22,000,000 has been accrued as of June 28, 2008. In addition, if a multi-employer defined benefit plan fails to satisfy certain minimum funding requirements, the IRS may impose a nondeductible excise tax of 5% on the amount of the accumulated funding deficiency for those employers contributing to the fund. Requirements to pay such increased contributions, withdrawal liability, and excise taxes could negatively impact our liquidity and results of operations.

Product Cost Deflation May also Adversely Impact Future Operations

Although we are currently experiencing a period of product cost inflation, our business may also be adversely impacted by periods of prolonged product cost deflation. We make a significant portion of our sales at prices that are based on the cost of products we sell plus a percentage markup. As a result, our profit levels may be negatively impacted during periods of product cost deflation, even though our gross profit percentage may remain relatively constant.

We Must Finance and Integrate Acquired Businesses Wisely

Historically, a portion of our growth has come through acquisitions. If we are unable to integrate acquired businesses successfully or realize anticipated economic, operational and other benefits and synergies in a timely manner, our earnings per share may decrease. Integration of an acquired business may be more difficult when we acquire a business in a market in which we have limited or no expertise, or with a culture different from SYSCO's. A significant expansion of our business and operations, in terms of geography or magnitude, could strain our administrative and operational resources. Significant acquisitions may also require the issuance of material additional amounts of debt or equity, which could materially alter our debt to equity ratio, increase our interest expense and decrease earnings per share, and make it difficult for us to obtain favorable financing for other acquisitions or capital investments.

Expanding into International Markets Presents Unique Challenges, and our Expansion Efforts and International Operations may not be Successful

In addition to our domestic activities, an element of our strategy includes expansion of operations into new international markets. Our ability to successfully operate in international markets may be adversely affected by local laws and customs, legal and regulatory constraints, including compliance with the Foreign Corrupt Practices Act, political and economic conditions and currency regulations of the countries or regions in which we currently operate or intend to operate in the future. Risks inherent in our existing and future international operations also include, among others, the costs and difficulties of managing international operations, difficulties in identifying and gaining access to local suppliers, suffering possible adverse tax consequences, maintaining product quality and greater difficulty in enforcing intellectual property rights. Additionally, foreign currency exchange rates and fluctuations may have an impact on our future costs or on future cash flows from our international operations.

Our Preferred Stock Provides Anti-Takeover Benefits that may not be Beneficial to Stockholders

Under our Restated Certificate of Incorporation, SYSCO's Board of Directors is authorized to issue up to 1,500,000 shares of preferred stock without stockholder approval. Issuance of these shares could make it more difficult for anyone to acquire SYSCO without approval of the Board of Directors, depending on the rights and preferences of the stock issued. In addition, if anyone attempts to acquire SYSCO without approval of the Board of Directors of SYSCO, the existence of this undesignated preferred stock could allow the Board of Directors to adopt a shareholder rights plan without obtaining stockholder approval, which could result in substantial dilution to a potential acquirer. As a result, hostile takeover attempts that might result in an acquisition of SYSCO, that could otherwise have been financially beneficial to our stockholders, could be deterred.

Technology Dependence Could have a Material Negative Impact on our Business

Our ability to decrease costs and increase profits, as well as our ability to serve customers most effectively, depends on the reliability of our technology network. We use software and other technology systems, among other things, to load trucks in the most efficient manner to optimize the use of storage space and minimize the time spent at each stop. Any disruption to these computer systems could adversely impact our customer service, decrease the volume of our business and result in increased costs. While SYSCO has invested and continues to invest in technology security initiatives and disaster recovery plans, these measures cannot fully insulate us from technology disruption that could result in adverse effects on operations and profits.

Item 1B. Unresolved Staff Comments

None.

Table of Contents

Item 2. Properties

The table below shows the number of distribution facilities occupied by SYSCO in each state or province and the aggregate square footage devoted to cold and dry storage as of June 28, 2008.

<u>Location</u>	<u>Number of Facilities</u>	<u>Cold Storage (Thousands Square Feet)</u>	<u>Dry Storage (Thousands Square Feet)</u>	<u>Segments Served*</u>
Alabama	2	184	228	BL
Alaska	1	43	26	BL
Arizona	2	125	104	BL,O
Arkansas	2	132	87	BL,O
California	17	1,037	1,081	BL,S,O
Colorado	4	313	214	BL,S,O
Connecticut	2	155	112	BL,O
District of Columbia	1	22	3	O
Florida	16	1,283	1,049	BL,S,O
Georgia	6	289	511	BL,S,O
Hawaii	1	—	11	O
Idaho	2	84	88	BL
Illinois	6	302	404	BL,S,O
Indiana	2	100	126	BL,O
Iowa	1	93	95	BL
Kansas	1	177	171	BL
Kentucky	1	92	106	BL
Louisiana	1	134	113	BL
Maine	1	59	50	BL
Maryland	3	290	288	BL,O
Massachusetts	2	162	213	BL,S
Michigan	5	265	389	BL,S,O
Minnesota	2	163	134	BL
Mississippi	1	95	69	BL
Missouri	2	107	95	BL,S
Montana	1	120	109	BL
Nebraska	1	74	108	BL
Nevada	3	219	125	BL,O
New Jersey	3	159	373	BL,O
New Mexico	1	120	108	BL
New York	3	284	352	BL
North Carolina	7	326	497	BL,S,O
North Dakota	1	37	63	BL
Ohio	10	488	559	BL,S,O
Oklahoma	4	145	125	BL,S,O
Oregon	3	143	141	BL,S,O
Pennsylvania	4	287	314	BL,S
South Carolina	1	151	98	BL
Tennessee	5	383	460	BL,O
Texas	18	932	947	BL,S,O
Utah	1	120	107	BL
Virginia	3	510	402	BL,O
Washington	1	134	92	BL
Wisconsin	2	284	254	BL
Alberta, Canada	2	195	176	BL
British Columbia, Canada	6	214	266	BL,O
Manitoba, Canada	1	58	46	BL
New Brunswick, Canada	2	48	56	BL
Newfoundland, Canada	1	33	22	BL
Nova Scotia, Canada	1	33	45	BL
Ontario, Canada	9	430	347	BL,O
Quebec, Canada	1	36	63	BL
Saskatchewan, Canada	1	39	45	BL
Total	180	11,708	12,067	

* Segments served include Broadline (BL), SYGMA (S) and Other (O).

We own approximately 19,318,000 square feet of our distribution facilities (or 81.3% of the total square feet), and the remainder is occupied under leases expiring at various dates from fiscal 2009 to fiscal 2023, exclusive of renewal options. Certain of the facilities owned by the company are subject to industrial revenue bond financing arrangements totaling \$15,473,000 as of June 28, 2008. Such industrial revenue bond financing arrangements mature at various dates through fiscal 2026.

We own our approximately 625,000 square foot headquarters office complex in Houston, Texas.

Table of Contents

Facilities in Victoria, British Columbia; Chicago, Illinois; Portland, Oregon; Pittsburgh, Pennsylvania; and Houston, Texas (which in the aggregate accounted for approximately 5.3% of fiscal 2008 sales) are operating near capacity and we are currently constructing expansions or replacements for these distribution facilities.

As of June 28, 2008, our fleet of approximately 9,100 delivery vehicles consisted of tractor and trailer combinations, vans and panel trucks, most of which are either wholly or partially refrigerated for the transportation of frozen or perishable foods. We own approximately 87% of these vehicles and lease the remainder.

Item 3. Legal Proceedings

We are engaged in various legal proceedings which have arisen in the normal course of business but have not been fully adjudicated. These proceedings, in our opinion, will not have a material adverse effect upon our consolidated financial position or results of operations when ultimately concluded.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities

The principal market for SYSCO's common stock (SYY) is the New York Stock Exchange. The table below sets forth the high and low sales prices per share for our common stock as reported on the New York Stock Exchange Composite Tape and the cash dividends declared for the periods indicated.

	Common Stock Prices		Dividends
	High	Low	Declared Per Share
Fiscal 2007:			
First Quarter	\$ 34.15	\$ 26.50	\$ 0.17
Second Quarter	37.04	32.35	0.19
Third Quarter	36.74	31.34	0.19
Fourth Quarter	34.95	31.64	0.19
Fiscal 2008:			
First Quarter	\$ 35.67	\$ 30.05	\$ 0.19
Second Quarter	35.90	30.93	0.22
Third Quarter	31.65	26.45	0.22
Fourth Quarter	31.84	27.65	0.22

The number of record owners of SYSCO's common stock as of August 13, 2008 was 12,961.

We made the following share repurchases during the fourth quarter of fiscal 2008:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased(1)	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
Month #1				
March 30 — April 26	—	\$ —	—	6,337,800
Month #2				
April 27 — May 24	17,042	31.12	—	6,337,800
Month #3				
May 25 — June 28	22,010	31.51	—	6,337,800
Total	39,052	\$ 31.34	—	6,337,800

(1) The total number of shares purchased includes zero, 17,042 and 22,010 shares tendered by individuals in connection with stock option exercises in Month #1, Month #2 and Month #3, respectively.

On November 10, 2005, we announced that the Board of Directors approved the repurchase of 20,000,000 shares. Pursuant to the repurchase program, shares may be acquired in the open market or in privately negotiated transactions at the company's discretion, subject to market conditions and other factors.

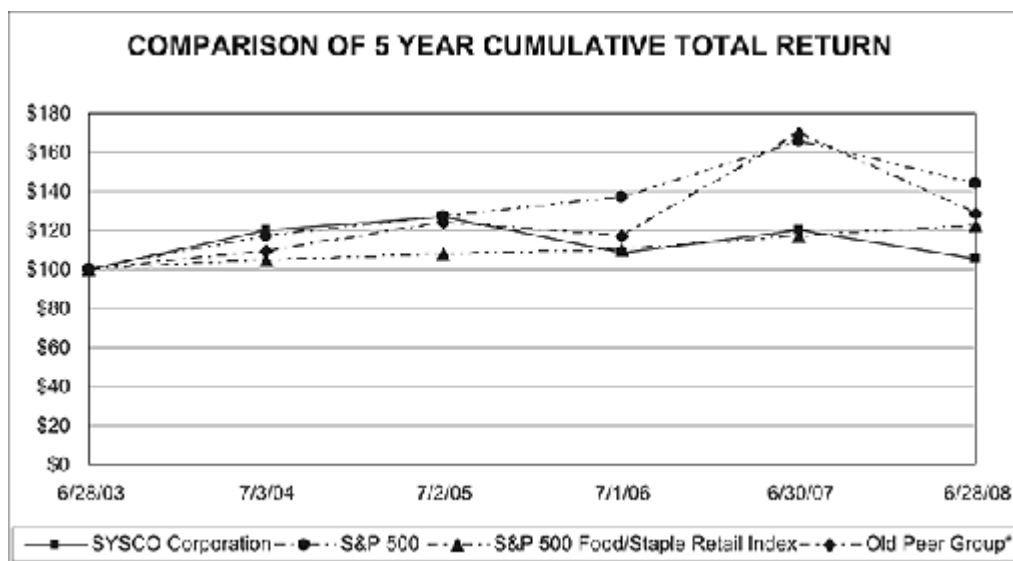
In July 2004, the Board of Directors authorized us to enter into agreements from time to time to extend our ongoing repurchase program to include repurchases during company announced "blackout periods" of such securities in compliance

Stock Performance Graph

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates such information by reference into such filing.

The following stock performance graph compares the performance of SYSCO's Common Stock to the S&P 500 Index, to the S&P 500 Food/Staple Retail Index and to a peer group, the “old peer group,” for SYSCO's last five fiscal years. The members of the old peer group were Nash Finch Company, Supervalu, Inc. and Performance Food Group Company. Each of these companies was chosen because it was a publicly held corporation with food distribution operations similar in some respects to our operations; however, Performance Food Group Company ceased to be a public company in May 2008 and Nash Finch is not comparable in size and scope of operations to SYSCO. As a result, for future comparisons, SYSCO intends to replace this peer group with the S&P 500 Food/Staple Retail Index, which is maintained by Standard & Poor's Corporation and is composed of Costco Wholesale Corp., CVS Caremark Corporation, The Kroger Co., Safeway Inc., Supervalu, Inc., SYSCO Corporation, Wal-Mart Stores, Inc., Walgreen Company and Whole Foods Market, Inc. This index was chosen to more closely match SYSCO's revenue size, market capitalization and markets served.

The returns of each member of the old peer group are weighted according to each member's stock market capitalization as of the beginning of each period measured. Performance Food Group Company ceased to be a public company during May 2008. As a result, we used the closing price of this company's common stock on its last day as a publicly traded company as its June 28, 2008 per share value in the graph below. The graph assumes that the value of the investment in our Common Stock, the S&P 500 Index, the S&P 500 Food/Staple Index and the old peer group was \$100 on the last trading day of fiscal 2003, and that all dividends were reinvested. Except as provided above with respect to Performance Food Group, performance data for SYSCO, the S&P 500 Index, the S&P 500 Food/Staple Retail Index and for the old peer group is provided as of the last trading day of each of our last five fiscal years.



* Peer Group includes Supervalu, Nash Finch and Performance Food Group (As of June 28, 2008, Performance Food Group is valued at its last closing common stock price prior to the date)

	6/28/03	7/3/04	7/2/05	7/1/06	6/30/07	6/28/08
SYSCO Corporation	100	120	127	109	120	105
S&P 500	100	117	127	137	165	143
S&P 500 Food/Staple Retail Index	100	105	107	110	117	122
Old Peer Group	100	109	124	117	170	128

Item 6. Selected Financial Data

	Fiscal Year				
	2008	2007	2006 ⁽¹⁾	2005	2004 (53 Weeks)
	(In thousands except for share data)				
Sales	\$ 37,522,111	\$ 35,042,075	\$ 32,628,438	\$ 30,281,914	\$ 29,335,403
Earnings before income taxes	1,791,338	1,621,215	1,394,946	1,525,436	1,475,144
Income taxes	685,187	620,139	548,906	563,979	567,930
Earnings before cumulative effect of accounting change	1,106,151	1,001,076	846,040	961,457	907,214
Cumulative effect of accounting change	—	—	9,285	—	—
Net earnings	<u>\$ 1,106,151</u>	<u>\$ 1,001,076</u>	<u>\$ 855,325</u>	<u>\$ 961,457</u>	<u>\$ 907,214</u>
Earnings before cumulative effect of accounting change:					
Basic earnings per share	\$ 1.83	\$ 1.62	\$ 1.36	\$ 1.51	\$ 1.41
Diluted earnings per share	1.81	1.60	1.35	1.47	1.37
Net earnings:					
Basic earnings per share	\$ 1.83	\$ 1.62	\$ 1.38	\$ 1.51	\$ 1.41
Diluted earnings per share	1.81	1.60	1.36	1.47	1.37
Dividends declared per share	0.85	0.74	0.66	0.58	0.50
Total assets	\$ 10,082,293	\$ 9,518,931	\$ 8,992,025	\$ 8,267,902	\$ 7,847,632
Capital expenditures	515,963	603,242	513,934	390,026	530,086
Current maturities of long-term debt	\$ 4,896	\$ 3,568	\$ 106,265	\$ 410,933	\$ 162,833
Long-term debt	1,975,435	1,758,227	1,627,127	956,177	1,231,493
Total long-term debt	1,980,331	1,761,795	1,733,392	1,367,110	1,394,326
Shareholders' equity	3,408,986	3,278,400	3,052,284	2,758,839	2,564,506
Total capitalization	<u>\$ 5,389,317</u>	<u>\$ 5,040,195</u>	<u>\$ 4,785,676</u>	<u>\$ 4,125,949</u>	<u>\$ 3,958,832</u>
Ratio of long-term debt to capitalization	36.8%	35.0%	36.2%	33.1%	35.2%

Our financial results are impacted by accounting changes and the adoption of various accounting standards. See "Accounting Changes" in Item 7 for further discussion.

- (1) We adopted the provisions of SFAS 123(R), "Share-Based Payment" effective at the beginning of fiscal 2006. As a result, the results of operations for fiscal 2006 and later years include incremental share-based compensation cost over what would have been recorded had we continued to account for share-based compensation under APB No. 25, "Accounting for Stock Issued to Employees."

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Highlights

Sales increased 7.1% in fiscal 2008 over the prior year. Product costs increased an estimated 6.0% during fiscal 2008 over the prior year. Operating income increased to \$1,879,949,000 and 5.0% of sales, a 10.0% increase over the prior year. Net earnings and diluted earnings per share increased 10.5% and 13.1%, respectively, over the prior year.

Fiscal 2008 provided a challenging economic environment. Our industry is experiencing various macro-economic pressures, including high fuel costs, rising food prices and general economic conditions which are pressuring consumer disposable income. These factors restricted growth in fiscal 2008 and are continuing into fiscal 2009. High food cost inflation, which we began to experience in the fourth quarter of fiscal 2007, prevailed throughout fiscal 2008. In spite of these conditions, our operating companies managed margins and expenses effectively. Gross profit dollars increased 6.5% in fiscal 2008, while operating expenses grew only 5.3% over the prior year.

Operating income was negatively impacted by additional expenses from the combined impact of losses on the adjustment of the carrying value of corporate-owned life insurance policies to their cash surrender values as compared to gains in fiscal 2007 and increased provisions related to multi-employer pension plans. The negative impact of these additional expenses was partially offset by lower share-based compensation expense and lower company-sponsored pension expenses. In addition, fuel costs increased in fiscal 2008, driven by higher fuel prices. We partially offset the impact of the higher fuel costs through fuel usage reduction measures as well as fuel surcharges. We expect fuel costs in fiscal 2009 to be greater than in fiscal 2008.

Overview

SYSCO distributes food and related products to restaurants, healthcare and educational facilities, lodging establishments and other foodservice customers. Our operations are located throughout the United States and Canada and include broadline companies, specialty produce companies, custom-cut meat operations, hotel supply operations, SYGMA (our chain restaurant distribution subsidiary) and a company that distributes to international customers.

We estimate that we serve about 16% of an approximately \$231 billion annual market. This market includes i) the foodservice market in the United States and Canada and ii) the hotel amenity and hotel furniture and textile market in the United States, Canada, Europe and Asia. According to industry sources, the foodservice, or food-prepared-away-from-home, market represents approximately one-half of the total dollars spent on food purchases made at the consumer level. This share grew from about 37% in 1972 to about 50% in 1998 and has not changed materially since that time.

Industry sources estimate the total foodservice market experienced real sales growth of approximately 1.3% in calendar year 2007 and 1.9% in calendar year 2006.

General economic conditions and consumer confidence can affect the frequency of purchases and amounts spent by consumers for food-prepared-away-from-home and, in turn, can impact our customers and our sales. We believe the current general economic conditions, including pressure on consumer disposable income, are contributing to a decline in the foodservice market. Historically, we have grown at a faster rate than the overall industry and have grown our market share in this fragmented industry. We intend to continue our efforts to expand our market share and grow earnings by focusing on sales growth, margin management, productivity gains and supply chain management.

Strategic Business Initiatives

SYSCO maintains strategic focus areas which aim to help us achieve our long-term vision of becoming the global leader of the efficient, multi-temperature food product value chain. The following areas generally comprise the initiatives that are currently serving as the foundation of our efforts to ensure a sustainable future.

- *Sourcing and National Supply Chain* focuses on lowering our cost of goods sold by leveraging SYSCO's purchasing power and procurement expertise and capitalizing on an end-to-end view of our supply chain. Our National Supply Chain initiative is focused on lowering inventory, inbound freight, product costs, operating costs, working capital requirements and future facility expansion needs at our operating companies while providing greater value to our suppliers and customers.
- *Integrated Delivery* focuses on standardized processes to optimize warehouse and delivery activities across the corporation and manage energy consumption to achieve a more efficient delivery of products to our customers.
- *Demand* explores and implements practices to better understand and more profitably sell to and service SYSCO's customers, including better tools and processes for selling.
- *Organizational Capabilities* works to align management reporting, information technology systems and performance measures with the business initiatives.

A major component of our National Supply Chain is the use of redistribution centers (RDCs). The first RDC, the Northeast RDC located in Front Royal, Virginia, opened during the third quarter of fiscal 2005. Construction of our second RDC in Alachua, Florida was completed in fiscal 2008, and

operations to service our five broadline operating companies in Florida began in April 2008. In fiscal 2009, we intend to service additional broadline companies from our existing RDCs.

We will continue to use our strategic business initiatives to leverage our market leadership position to continuously improve how we buy, handle and market products for our customers. Our primary focus is on growing and optimizing the core foodservice distribution business in North America, however we will also continue to explore and identify opportunities to grow our global capabilities and stay abreast of international acquisition opportunities.

As a part of our on going strategic analysis, we regularly evaluate business opportunities, including potential acquisitions and sales of assets and businesses.

Accounting Changes

FIN 48 Adoption

As of July 1, 2007, we adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS No. 109, "Accounting for Income Taxes" (SFAS 109). FIN 48 clarifies the application of SFAS 109 by defining criteria that an individual tax position must meet for any part of the benefit of that position to be recognized in the financial statements. Additionally, FIN 48 provides guidance on the measurement, derecognition, classification and disclosure of tax positions, along with accounting for the related interest and penalties. As a result of this adoption, we recognized, as a cumulative effect of change in accounting principle, a \$91,635,000 decrease in our beginning retained earnings on our July 1, 2007 balance sheet.

Pension Measurement Date Change and SFAS 158 Adoption

As of June 30, 2007, we adopted the recognition and disclosure provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132 (R)" (SFAS 158). The recognition provision requires an employer to recognize a plan's funded status in its statement of financial position and recognize the changes in a postretirement benefit plan's funded status in comprehensive income in the year in which the changes occur. The effect of adoption on our consolidated balance sheet as of June 30, 2007 was a decrease in prepaid pension cost of \$83,846,000, a decrease in other assets of \$43,854,000, an increase in accrued expenses of \$10,967,000, a decrease in long-term deferred taxes of \$73,328,000, an increase in other long-term liabilities of \$52,289,000, and a charge to accumulated other comprehensive loss of \$117,628,000. The adoption of SFAS 158's recognition provision did not have an effect on our consolidated balance sheet as of July 1, 2006. The adoption has no effect on our consolidated results of operations for any period presented, and it will not affect our consolidated results of operations in future periods.

SFAS 158 also has a measurement date provision, which is a requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position, effective for fiscal years ending after December 15, 2008. In the first quarter of fiscal 2006, we changed the measurement date for company-sponsored pension and other postretirement benefit plans from fiscal year-end to May 31st to assist us in meeting accelerated SEC filing dates. As a result of this change, we recorded a cumulative effect of a change in accounting, which increased net earnings for fiscal 2006 by \$9,285,000, net of tax. With the issuance of SFAS 158, we have elected to early adopt the measurement date provision in order to adopt both provisions of this accounting standard at the same time. As a result, beginning with fiscal 2008, the measurement date again corresponded with our fiscal year-end. We performed measurements as of May 31, 2007 and June 30, 2007 of our plan assets and benefit obligations. We recorded a charge to beginning retained earnings on July 1, 2007 of \$3,572,000, net of tax, for the impact of the cumulative difference in our pension expense between the two measurement dates. We also recorded a benefit to beginning accumulated other comprehensive income (loss) on July 1, 2007 of \$22,780,000, net of tax, for the impact of the difference in our balance sheet recognition provision between the two measurement dates.

EITF 04-13 Adoption

In the beginning of the fourth quarter of fiscal 2006, we adopted accounting pronouncement EITF 04-13 "Accounting for Purchases and Sales of Inventory with the Same Counterparty," (EITF 04-13). The accounting standard requires certain transactions, where inventory is purchased by us from a customer and then resold at a later date to the same customer (as defined), to be presented in the income statement on a net basis. This situation primarily arises for SYSCO when a customer has a proprietary item which they have either manufactured or sourced, but they require our distribution and logistics capabilities to get the product to their locations. The application of this standard requires sales and cost of sales to be reduced by the same amount for these transactions and thus net earnings are unaffected by the application of this standard. We adopted this accounting pronouncement beginning in the fourth quarter of fiscal 2006 and have applied it to similar transactions prospectively. Prior period sales and cost of sales have not been restated. Therefore, the calculation of sales growth and the comparison of gross margins, operating expenses and earnings as a percentage of sales between the non-comparable periods is affected. The impact of adopting this standard resulted in sales being reduced by \$99,803,000 for the fourth quarter of fiscal 2006, and \$253,724,000 for the first 39 weeks of fiscal 2007, without a reduction in sales for the comparable prior year periods. Beginning with the fourth quarter of fiscal 2007, sales are reported on a comparable accounting basis with the comparable prior year period.

Table of Contents

SFAS 123(R) Adoption

In fiscal 2006, we adopted the provisions of FASB Statement No. 123(R), "Share-Based Payment," (SFAS 123(R)) utilizing the modified-prospective transition method under which prior period results have not been restated. Our consolidated results of operations for all periods presented include share-based compensation cost recorded in accordance with SFAS 123(R).

Results of Operations

The following table sets forth the components of our consolidated results of operations expressed as a percentage of sales for the periods indicated:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Sales	100.0%	100.0%	100.0%
Cost of sales	80.8	80.7	80.7
Gross margin	19.2	19.3	19.3
Operating expenses	14.2	14.4	14.7
Operating income	5.0	4.9	4.6
Interest expense	0.3	0.3	0.3
Other income, net	(0.1)	0.0	0.0
Earnings before income taxes and cumulative effect of accounting change	4.8	4.6	4.3
Income taxes	1.8	1.7	1.7
Earnings before cumulative effect of accounting change	3.0	2.9	2.6
Cumulative effect of accounting change	—	—	0.0
Net earnings	<u>3.0%</u>	<u>2.9%</u>	<u>2.6%</u>

The following table sets forth the change in the components of our consolidated results of operations expressed as a percentage increase or decrease over the prior year:

	<u>2008</u>	<u>2007</u>
Sales	7.1%	7.4%
Cost of sales	7.2	7.4
Gross margin	6.5	7.4
Operating expenses	5.3	5.3
Operating income	10.0	14.3
Interest expense	6.2	(3.8)
Other income, net	29.3	96.7
Earnings before income taxes and cumulative effect of accounting change	10.5	16.2
Income taxes	10.5	13.0
Earnings before cumulative effect of accounting change	10.5	18.3
Cumulative effect of accounting change	—	(100.0)
Net earnings	<u>10.5%</u>	<u>17.0%</u>
Earnings before cumulative effect of accounting change:		
Basic earnings per share	13.0%	19.1%
Diluted earnings per share	13.1	18.5
Net earnings:		
Basic earnings per share	13.0	17.4
Diluted earnings per share	13.1	17.6
Average shares outstanding	(2.0)	(0.5)
Diluted shares outstanding	(2.5)	(0.4)

Sales

Sales for fiscal 2008 were 7.1% greater than fiscal 2007. Non-comparable acquisitions contributed 0.1% to the overall sales growth rate for fiscal 2008.

Sales for fiscal 2007 were 7.4% greater than fiscal 2006. Non-comparable acquisitions contributed 0.7% to the overall sales growth rate for fiscal 2007. The impact of EITF 04-13 reduced sales growth by 0.7%, or \$334,002,000 for fiscal 2007, compared to a \$99,803,000 reduction for fiscal 2006. Sales are reported on a comparable basis beginning in the fourth quarter of fiscal 2007, which is the one-year anniversary of the adoption of EITF 04-13.

Product cost inflation and the resulting increase in selling prices was a significant contributor to sales growth in fiscal 2008 and to a lesser extent in fiscal 2007. Estimated product cost increases, an internal measure of inflation, were approximately 6.0% during fiscal 2008, as compared to 3.4% during fiscal 2007.

The rate of sales growth declined throughout fiscal 2008 from 8.5% in the first quarter of fiscal 2008 to 5.4% in the fourth quarter of fiscal 2008. We believe the current general economic conditions, which are placing pressure on consumer disposable income, are contributing to a decline in real volume growth in the foodservice market and in turn, have contributed to a slow-down in our sales growth. To the extent that these conditions persist, we believe that sales growth in fiscal 2009 will be lower than what was achieved in fiscal 2008.

We believe that our continued focus on the use of business reviews and business development activities, investment in customer contact personnel and the efforts of our marketing associates and sales support personnel are key drivers to strengthen customer relationships and growing sales with new and existing customers.

Operating Income

Cost of sales primarily includes product costs, net of vendor consideration, as well as in-bound freight. Operating expenses include the costs of facilities, product handling, delivery, selling and general and administrative activities.

Operating income increased 10.0% in fiscal 2008 over fiscal 2007, increasing to 5.0% of sales. Gross margin dollars increased 6.5% in fiscal 2008 as compared to fiscal 2007, and operating expenses increased 5.3% in fiscal 2008. Operating income increased 14.3% in fiscal 2007 over fiscal 2006, increasing to 4.9% of sales. Gross margin dollars increased 7.4% in fiscal 2007, and operating expenses increased 5.3% in fiscal 2007.

Beginning in the fourth quarter of fiscal 2007, SYSCO began experiencing product cost increases in numerous product categories. These increases have persisted throughout fiscal 2008 at levels approximating 6.0%. Generally, SYSCO attempts to pass increased costs to its customers; however, because of contractual and competitive reasons, we are not able to pass along all of the product cost increases immediately. SYSCO's goal is to obtain the lowest total procurement cost for our customers. We believe that we have managed the inflationary environment well, as evidenced by gross margin dollars increasing in both fiscal 2008 and 2007 at rates greater than expense increases. The high rate of product cost inflation has continued into fiscal 2009. We believe that prolonged periods of high inflation, such as the current rate, have a negative impact on our customers as rising food costs and fuel costs can reduce consumer spending in the food-prepared-away-from home market. As a result, these factors may negatively impact our sales, gross margins and earnings.

Fiscal 2008 operating expenses were negatively impacted by a net \$24,135,000 in additional expenses as compared to fiscal 2007 from the combined impact of losses on the adjustment of the carrying value of corporate-owned life insurance policies to their cash surrender values and increased provisions related to multi-employer pension plans, partially offset by lower share-based compensation expense and lower company-sponsored pension expenses. In addition, fuel costs increased during fiscal 2008. We increased our use of fuel surcharges to offset a portion of these increased costs, thereby partially reducing the impact to operating income.

In fiscal 2007, the positive impact on operating expenses from decreases in company-sponsored pension expenses, share-based compensation expenses and higher gains related to the cash surrender value of corporate-owned life insurance policies, was largely offset by increased management incentive bonus accruals and investments in strategic business initiatives.

The carrying value of our corporate-owned life insurance policies is adjusted to their cash surrender values. This resulted in a loss of \$8,718,000 in fiscal 2008, a gain of \$23,922,000 in fiscal 2007 and a gain of \$9,702,000 in fiscal 2006.

In fiscal 2008, we recorded a provision of \$22,284,000 related to additional amounts that we expect to be required to contribute to an underfunded multi-employer pension plan and our withdrawal from a multi-employer pension plan. In fiscal 2007, we recorded a provision of \$4,700,000 related to our withdrawal from a multi-employer pension plan. See additional discussion of multi-employer pension plans at "Liquidity and Capital Resources, Other Considerations."

Share-based compensation cost in fiscal 2008 was \$17,335,000 less than fiscal 2007. Share-based compensation expense decreased \$28,852,000 in fiscal 2007 over fiscal 2006. These decreases were primarily due to lower levels of stock option grants in recent years as compared to previous years.

Net company-sponsored pension costs in fiscal 2008 were \$8,754,000 less than fiscal 2007, due primarily to the funding status and the projected asset performance of the qualified pension plan. Net company-sponsored pension costs decreased \$56,001,000 in fiscal 2007 over the prior year, due primarily to the increase in the discount rate used to determine fiscal 2007 pension costs.

Table of Contents

Also affecting the comparison of fiscal 2007 and fiscal 2006 were increased management incentive bonus accruals and investments in strategic business initiatives. Due primarily to improved operating results, the non-stock portion of management incentive bonus accruals increased \$64,770,000 in fiscal 2007 compared to fiscal 2006 when our performance did not satisfy the criteria for paying bonuses to our corporate officers. Investments in strategic business initiatives increased \$22,410,000 in fiscal 2007 over the prior year.

In addition, SYSCO's fuel costs increased by \$34,023,000 in fiscal 2008 over fiscal 2007 primarily due to increased diesel prices. Our fuel costs increased by \$21,225,000 in fiscal 2007 over fiscal 2006 due to increased diesel prices and increased volume usage. SYSCO's costs per gallon have increased 18.7% in fiscal 2008 over fiscal 2007 and 7.1% in fiscal 2007 over fiscal 2006. During fiscal 2008, 2007 and 2006, fuel costs, excluding any amounts recovered through fuel surcharges, represented approximately 0.6%, 0.6% and 0.5% of sales, respectively. SYSCO's activities to manage increased fuel costs include reducing miles driven by our trucks through improved routing techniques, improving fleet utilization by adjusting idling time and maximum speeds, entering into forward fuel purchase commitments and the use of fuel surcharges.

We periodically enter into forward purchase commitments for a portion of our projected monthly diesel fuel requirements. In fiscal 2008, the forward purchase commitments resulted in an estimated \$21,000,000 of avoided fuel costs as the fixed price contracts were lower than market prices for the contracted volumes. In fiscal 2007, the forward purchase commitments resulted in prices that were comparable to market prices. In fiscal 2006, the forward purchase commitments resulted in an estimated \$9,000,000 of avoided fuel costs as the fixed price contracts were lower than market prices for the contracted volumes. In July and August 2008, we entered into forward diesel fuel purchase commitments totaling approximately \$195,000,000 through July 2009, which will lock in the price on approximately 50% of our fuel purchases through the first 26 weeks of fiscal 2009 and approximately 70% of our fuel purchases needs for the last 26 weeks of fiscal 2009.

In fiscal 2008, due to sustained, increased diesel prices, SYSCO increased its use of fuel surcharges. Fuel surcharges were approximately \$27,000,000 higher in fiscal 2008 than in fiscal 2007. The change in fuel surcharges in fiscal 2007 over fiscal 2006 was not significant. Fuel surcharges are reflected within sales and gross margins.

If fuel prices continue at current levels, fuel costs in the first 26 weeks of fiscal 2009, exclusive of any amounts recovered through fuel surcharges, are expected to increase by approximately \$55,000,000 to \$65,000,000 as compared to the first 26 weeks of fiscal 2008. Our estimate is based upon the prevailing market prices for diesel in mid-August 2008, the cost committed to in our forward fuel purchase agreements currently in place and estimates of fuel consumption. Actual fuel costs could vary from our estimates if any of these assumptions change, in particular if future fuel prices vary significantly from our current estimates. We continue to evaluate all opportunities to offset this increase in fuel expense in fiscal 2009, including the continued use of fuel surcharges and overall expense management. If fuel surcharges continue in fiscal 2009 at the same levels as the end of fiscal 2008, we estimate that we can recover about half of the anticipated increase in fuel costs noted above through increased fuel surcharges, which is less than the approximate 75% we were able to recover in fiscal 2008.

Customer accounts written off, net of recoveries, were \$32,367,000, or 0.09% of sales, \$26,010,000 or 0.07% of sales, and \$21,128,000 or 0.06% of sales, for fiscal 2008, 2007 and 2006, respectively. We continue to monitor our customer account balances and believe continued strong credit practices will be necessary to avoid significant increases in write-offs in fiscal 2009. However, if the challenging economic environment persists, we could experience increased levels of write-offs and a higher provision for losses on receivables in fiscal 2009.

Net company-sponsored pension costs in fiscal 2009 are expected to increase by approximately \$20,000,000 due primarily to lower returns on assets of the qualified pension plan during fiscal 2008, partially offset by a decrease in expense due to amendments to our Supplemental Executive Retirement Plan. Share-based compensation expense in fiscal 2009 is expected to decrease \$20,000,000 to \$25,000,000. The expected decrease is due primarily to two factors. First, option grants in prior years were at greater levels than recent years, resulting in reduced compensation expense being recognized. Secondly, the Management Incentive Plan annual bonus awards have been modified beginning with fiscal 2009, to exclude the previous stock award component. As a result, the share-based compensation expense related to the stock award component of the incentive bonuses recorded in previous years will not be incurred in fiscal 2009, and as a result fiscal 2009 will reflect reduced overall share-based based compensation expenses. Beginning in fiscal 2010, we expect to replace the stock award component of the incentive bonuses with annual discretionary restricted stock grants subject to time-based vesting which may result in increased share-based compensation expense in fiscal 2010.

Net Earnings

Net earnings increased 10.5% in fiscal 2008 over fiscal 2007. Net earnings increased 17.0% in fiscal 2007 over fiscal 2006. The changes in net earnings for these periods were due primarily to the factors discussed above, as well as the impact of changes in interest expense, other income and income taxes discussed below. Additionally, fiscal 2007 over fiscal 2006 was impacted by a fiscal 2006 accounting change. In the first quarter of fiscal 2006, SYSCO recorded a cumulative effect of a change in accounting due to a change in the measurement date for company-sponsored pension and other postretirement benefits plans, which increased net earnings for fiscal 2006 by \$9,285,000, net of tax.

The increase in interest expense of \$6,539,000 in fiscal 2008 as compared to fiscal 2007 was primarily due to increased borrowing levels partially offset by lower interest rates on our floating rate debt. The decrease in interest expense of \$4,098,000 in fiscal 2007 over fiscal 2006 was primarily due to decreased borrowing levels.

Other income, net increased \$5,195,000 in fiscal 2008 over fiscal 2007 and \$8,719,000 in fiscal 2007 over fiscal 2006. Changes between the years resulted from fluctuations in miscellaneous activities, primarily gains and losses on the sale of surplus facilities. The increase in fiscal 2008 over fiscal 2007 was primarily due to gains from the sale of land and facilities as well as the sale of a minority interest in a business. The increase in fiscal 2007 over the prior year is primarily due to a gain on the sale of land.

Table of Contents

The effective tax rate was 38.25% in fiscal 2008, 38.25% in fiscal 2007 and 39.35% in fiscal 2006.

The effective tax rate for fiscal 2008 was favorably impacted by tax benefits of approximately \$7,700,000 resulting from the recognition of a net operating loss deferred tax asset which arose due to a state tax law change, \$8,600,000 related to the reversal of valuation allowances previously recorded on Canadian net operating loss deferred tax assets and \$5,500,000 related to the reduction in net Canadian deferred tax liabilities due to a federal tax rate reduction. The effective tax rate for fiscal 2008 was negatively impacted by the recording of tax and interest related to uncertain tax positions, share-based compensation expense and the recognition of losses to adjust the carrying value of corporate-owned life insurance policies to their cash surrender values.

The decrease in the effective tax rate for fiscal 2007 over fiscal 2006 was primarily due to lower share-based compensation expense in fiscal 2007 as compared to fiscal 2006 and increased gains recorded related to the cash surrender value of corporate-owned life insurance policies.

Earnings Per Share

Basic earnings per share and diluted earnings per share increased 13.0% and 13.1%, respectively, in fiscal 2008 over the prior year. Basic earnings per share and diluted earnings per share increased 17.4% and 17.6%, respectively, in fiscal 2007 over the prior year. These increases were primarily the result of factors discussed above, as well as a net reduction in shares outstanding. The net reduction in average shares outstanding was primarily due to share repurchases. The net reduction in diluted shares outstanding was primarily due to share repurchases and, with regard to fiscal 2008, an increase in the number of anti-dilutive options excluded from the diluted shares calculation.

Segment Results

We have aggregated our operating companies into a number of segments, of which only Broadline and SYGMA are reportable segments as defined in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." (SFAS No. 131) The accounting policies for the segments are the same as those disclosed by SYSCO within the Financial Statements and Supplementary Data within Part II Item 8 of this Form 10-K. Intersegment sales generally represent specialty produce and meat company products distributed by the Broadline and SYGMA operating companies. The segment results include certain centrally incurred costs for shared services that are charged to our segments. These centrally incurred costs are charged based upon the relative level of service used by each operating company consistent with how management views the performance of its operating segments.

Prior to fiscal 2008, SYSCO's management evaluated performance of each of our operating segments based on its respective earnings before income taxes. This measure included an allocation of certain corporate expenses to each operating segment in addition to the centrally incurred costs for shared services that were charged to our segments. During fiscal 2008, SYSCO's management increased its focus on the performance of each of our operating segments based on its respective operating income results which excludes the allocation of additional corporate expenses. As a result, the segment reporting for fiscal 2007 and 2006 has been revised to conform to the fiscal 2008 presentation. While a segment's operating income may be impacted in the short term by increases or decreases in margins, expenses, or a combination thereof, each business segment is expected to increase its operating income at a greater rate than sales growth. This is consistent with our long-term goal of leveraging earnings growth at a greater rate than sales growth.

The following table sets forth the operating income of each of our reportable segments and the other segment expressed as a percentage of each segments' sales for each period reported and should be read in conjunction with Business Segment Information in Note 19 to the Consolidated Financial Statements in Item 8:

	Operating Income as a Percentage of Sales		
	2008	2007	2006
Broadline	6.5%	6.5%	6.3%
SYGMA	0.2	0.2	(1)
Other	3.8	3.7	4.0

(1) SYGMA had an operating loss of \$371,000 in fiscal 2006.

The following table sets forth the change in the selected financial data of each of our reportable segments and the other segment expressed as a percentage increase over the prior year and should be read in conjunction with Business Segment Information in Note 19 to the Consolidated Financial Statements in Item 8:

	2008		2007	
	Sales	Operating Income	Sales	Operating Income
Broadline	8.1%	9.1%	7.0%	9.4%
SYGMA	4.4	(23.8)	6.0	(1)
Other	1.4	3.3	13.8	6.2

(1) SYGMA had operating income of \$10,842,000 in fiscal 2007 and an operating loss of \$371,000 in fiscal 2006.

Table of Contents

The following table sets forth sales and operating income of each of our reportable segments, the other segment, intersegment sales and corporate expenses and consolidated adjustments, including certain centrally incurred costs for shared services that are charged to our segments of which intercompany amounts are eliminated upon consolidation, expressed as a percentage of the respective consolidated total and should be read in conjunction with Business Segment Information in Note 19 to the Consolidated Financial Statements in Item 8:

	2008		2007		2006	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Broadline	79.4%	103.1%	78.6%	104.0%	78.9%	108.6%
SYGMA	12.2	0.4	12.5	0.6	12.7	0.0
Other	9.7	7.3	10.2	7.8	9.6	8.4
Intersegment sales	(1.3)	—	(1.3)	—	(1.2)	—
Corporate expenses and consolidated adjustments	—	(10.8)	—	(12.4)	—	(17.0)
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Included in corporate expenses and consolidated adjustments, among other items, are:

- Gains and losses recognized to adjust corporate-owned life insurance policies to their cash surrender values;
- Share-based compensation expense related to stock option grants, issuances of stock pursuant to the Employees' Stock Purchase Plan and stock grants to non-employee directors; and
- Corporate-level depreciation and amortization expense.

Broadline Segment

Broadline operating companies distribute a full line of food products and a wide variety of non-food products to both traditional and chain restaurant customers. Broadline operations have significantly higher operating margins than the rest of SYSCO's operations. In fiscal 2008, the Broadline operating results represent approximately 80% of SYSCO's overall sales and greater than 100% of SYSCO's overall operating income prior to corporate expenses and consolidated adjustments.

There are several factors which contribute to these higher operating results as compared to the SYGMA and Other operating segments. We have invested substantial amounts in assets, operating methods, technology and management expertise in this segment. The breadth of its sales force, geographic reach of its distribution area and purchasing power allow us to leverage this segment's earnings.

Sales

Sales for fiscal 2008 were 8.1% greater than fiscal 2007. Non-comparable acquisitions did not have a material impact on the overall sales growth rate for fiscal 2008. Fiscal 2008 growth was realized both from increased sales to multi-unit customers and marketing associate-served customers primarily through continued focus on customer account penetration through the use of business reviews with customers and efforts of our marketing associates. Product cost inflation and the resulting increases in selling prices was the primary contributor to sales growth.

Sales for fiscal 2007 were 7.0% greater than fiscal 2006. The impact of EITF 04-13 reduced sales growth by 0.4%, or \$173,171,000, for fiscal 2007 compared to a \$57,211,000 reduction for fiscal 2006. Sales are reported on a comparable basis beginning in the fourth quarter of fiscal 2007, which is the one-year anniversary of the adoption of EITF 04-13. Non-comparable acquisitions did not have an impact on the overall sales growth rate for fiscal 2007. Fiscal 2007 growth was primarily due to increased sales to marketing associate-served customers and multi-unit customers primarily through continued focus on customer account penetration through the use of business reviews with customers, increases in the number of customer contact personnel and efforts of our marketing associates.

Operating Income

The increases in operating income in fiscal 2008 over fiscal 2007 were primarily due to gross margin dollars increasing at a faster pace than expenses. We were able to manage our business effectively in the current inflationary environment by managing margins and improving operating efficiencies. Gross margin dollars increased 7.0% while operating expenses increased 6.1% in fiscal 2008 over fiscal 2007. The high cost of fuel also impacted our results. Fuel costs in fiscal 2008 were \$21,575,000 higher than fiscal 2007. We attempt to mitigate increased fuel costs by reducing miles driven, improving fleet consumption by adjusting idling time and maximum speeds, entering into fixed price fuel purchase commitments and the use of fuel surcharges. In fiscal 2008, due to sustained increased diesel prices, our use of fuel surcharges increased. Fuel surcharges were approximately \$21,000,000 higher in fiscal 2008 over fiscal 2007.

In fiscal 2008, we recorded a provision of \$22,284,000 related to additional amounts that we expect to be required to contribute to an underfunded multi-employer pension plan and our withdrawal from a multi-employer pension plan. In fiscal 2007, we recorded a provision of \$4,700,000 related to our withdrawal from a multi-employer pension plan.

The increases in operating income in fiscal 2007 over fiscal 2006 were primarily due to gross margin dollars increasing at a faster pace than expenses. Gross margin dollars increased 6.6% while operating expenses increased 5.4% in fiscal 2007 over fiscal 2006.

Table of Contents

SYGMA Segment

SYGMA operating companies distribute a full line of food products and a wide variety of non-food products to certain chain restaurant customer locations. SYGMA operations have traditionally had lower operating income as a percentage of sales than SYSCO's other segments. This segment of the foodservice industry has generally been characterized by lower overall operating margins as the volume that these customers command allows them to negotiate for reduced margins. These operations service chain restaurants through contractual agreements that are typically structured on a fee per case delivered basis.

Sales

Sales for fiscal 2008 were 4.4% greater than fiscal 2007. Non-comparable acquisitions contributed 0.3% to the overall sales growth rate for fiscal 2008. Fiscal 2008 growth was generally due to product cost increases and sales to new customers. These increases were partially offset by lost sales due to non-renewed customer agreements and lower case volumes due to difficult economic conditions impacting SYGMA's customer base.

Sales for fiscal 2007 were 6.0% greater than fiscal 2006. The impact of EITF 04-13 reduced sales growth by 2.7%, or \$159,236,000, for fiscal 2007 compared to a \$42,560,000 reduction for fiscal 2006. Sales are reported on a comparable basis beginning in the fourth quarter of fiscal 2007, which is the one-year anniversary of the adoption of EITF 04-13. Non-comparable acquisitions contributed 2.1% to the overall sales growth rate for fiscal 2007. The remaining fiscal 2007 growth was due to sales to new customers and sales growth in SYGMA's existing customer base related to increased sales at existing locations as well as new locations added by those customers. In addition, certain customers were transferred from Broadline operations to be serviced by SYGMA operations, contributing to the sales increase.

Operating Income

Operating income in fiscal 2008 decreased as compared to fiscal 2007. In fiscal 2008, SYGMA expensed \$5,587,000 related to the write-off of software development costs. In addition, some of SYGMA's customers have experienced a slowdown in their business resulting in lower cases per delivery and therefore reduced gross margin dollars per stop. SYGMA also experienced increased fuel costs of \$8,888,000 although it was able to partially offset these costs through increases in the fees charged to customers including fuel surcharges and reducing expenses. Fuel surcharges were approximately \$6,000,000 higher in fiscal 2008 over fiscal 2007. Expense reductions were accomplished by consolidating regional offices, reducing headcounts and not renewing unprofitable customer contracts.

The increase in operating income in fiscal 2007 was due to several factors, including sales growth, increased margins and improved operating efficiencies, partially offset by costs of labor increases and auto liability related expenses. In addition, the transfer of customers from Broadline operations referred to above also contributed to the increase in operating income.

Other Segment

"Other" financial information is attributable to our other operating segments, including our specialty produce, custom-cut meat and lodging industry products and a company that distributes to international customers. These operating segments are discussed on an aggregate basis as they do not represent reportable segments under SFAS No. 131.

On an aggregate basis, our "Other" segments have a lower operating income as a percentage of sales than SYSCO's Broadline segment. SYSCO has acquired the operating companies within these segments in relatively recent years. These operations generally operate in a niche within the foodservice industry. These operations are also generally smaller in sales and scope than an average Broadline operation and each of these segments is considerably smaller in sales and overall scope than the Broadline segment. In the aggregate, the "Other" segment represented approximately 9.7% and 7.3% of SYSCO's overall sales and operating income in fiscal 2008, respectively.

Operating income increased 3.3% for fiscal 2008 over fiscal 2007. The increase in operating income was generated primarily by improved results in the specialty produce and the lodging industry segments offset by reduced sales and operating income in the custom-cut meat segment.

Operating income increased 6.2% for fiscal 2007 over fiscal 2006. The increase in operating income was generated by improved results in each of the other segments and acquisitions.

Liquidity and Capital Resources

SYSCO provides marketing and distribution services to foodservice customers primarily throughout the United States and Canada. We intend to continue to expand our market share through profitable sales growth, foldouts and acquisitions. We also strive to increase the effectiveness of our operations through the use of technology and our supply chain and other strategic initiatives. These objectives require continuing investment. Our resources include cash provided by operations and access to capital from financial markets.

Our operations historically have produced significant cash flow. Cash generated from operations is first allocated to working capital requirements; investments in facilities, systems, fleet and other equipment; cash dividends; and acquisitions compatible with our overall growth strategy. Any remaining cash generated from operations may be applied toward a portion of the cost of the share repurchase program, while the remainder of the cost may be financed with additional debt. Our share repurchase program is used primarily to offset shares issued under various employee benefit and compensation plans, to reduce shares outstanding (which may have the net effect of increasing earnings per share) and to aid in managing the ratio of long-term debt to total capitalization. Historically, our long-term debt to total capitalization ratio has generally been in the

Table of Contents

range of 35% and 40%. This ratio was 36.8% and 35.0% as of June 28, 2008 and June 30, 2007, respectively. For purposes of calculating this ratio, long-term debt includes both the current maturities and long-term portion. We continue to assess and review the most appropriate capital structure as well as the appropriate leverage ratios with which to measure that capital structure. As a part of our on-going strategic analysis, we regularly evaluate business opportunities, including potential acquisitions and sales of assets and businesses, and our overall capital structure. These transactions may materially impact our liquidity, borrowing capacity, leverage ratios and capital availability.

We believe that our cash flows from operations, the availability of additional capital under our existing commercial paper programs and bank lines of credit and our ability to access capital from financial markets in the future, including issuances of debt securities under our shelf registration statement filed with the Securities and Exchange Commission (SEC), will be sufficient to meet our anticipated cash requirements over at least the next twelve months, while maintaining sufficient liquidity for normal operating purposes.

Operating Activities

We generated \$1,596,129,000 in cash flow from operations in fiscal 2008, \$1,402,922,000 in fiscal 2007 and \$1,124,679,000 in fiscal 2006. Cash flow from operations in fiscal 2008, fiscal 2007 and fiscal 2006 was primarily due to net income in these years, reduced by increases in inventory balances and increases in accounts receivable balances, partially offset by an increase in accounts payable balances. The increases in accounts receivable and inventory balances were primarily due to sales growth. The accounts payable balances did not increase at the same rate as inventory increases. Accounts payable balances are impacted by many factors, including changes in product mix, cash discount terms and changes in payment terms with vendors.

Cash flow from operations was negatively impacted by a decrease in accrued expenses of \$22,721,000 during fiscal 2008, and was positively impacted by increases in accrued expenses of \$132,936,000 during fiscal 2007 and \$29,161,000 during fiscal 2006. The decrease in accrued expenses during fiscal 2008 was primarily due to the reversal of a product liability claim which is further explained below. This decrease was partially offset by increased accrued interest due to fixed-rate debt issued in fiscal 2008 and an increase to a provision related to a multi-employer pension plan. See additional discussion of multi-employer pension plans at "Liquidity and Capital Resources, Other Considerations." The increase in accrued expenses during fiscal 2007 was primarily due to increased accruals for fiscal 2007 incentive bonuses due to improved operating results over fiscal 2006. The increase in accrued expenses during fiscal 2006 was related to various miscellaneous accruals.

In fiscal 2007, we recorded a liability for a product liability claim of \$50,296,000 and the corresponding insurance receivable of \$48,296,000, included within prepaid expenses and other current assets. In fiscal 2008, these amounts were reversed as our insurance carrier and other parties paid the full amount of the judgment in excess of our deductible. See further discussion of the product liability claim under Note 18, Commitments and Contingencies, in the Notes to Consolidated Financial Statements in Item 8.

Other long-term liabilities and prepaid pension cost, net, increased \$13,459,000 during fiscal 2008, decreased \$14,817,000 in fiscal 2007 and increased \$75,382,000 in fiscal 2006. The increase in fiscal 2008 was primarily attributable to an increase in deferred compensation from incentive compensation deferrals of prior-year annual incentive bonuses and the accrual of interest on our liability for unrecognized tax benefits. These increases were partially offset by the recording of net company-sponsored pension costs and the timing of pension contributions to our company-sponsored plans. In fiscal 2007 and 2006, the change in these accounts was primarily attributable to the recording of net company-sponsored pension costs and the timing and amount of pension contributions to our company-sponsored plans. In fiscal 2007, our pension contributions exceeded the amount of net pension costs recognized during the year resulting in a net cash outflow. In fiscal 2006, the net pension costs recorded exceeded the amount of pension contributions during the year resulting in a net cash inflow. We recorded net company-sponsored pension costs of \$65,837,000, \$74,591,000 and \$130,592,000 during fiscal 2008, fiscal 2007 and fiscal 2006, respectively. Our contributions to our company-sponsored defined benefit plans were \$92,670,000, \$91,163,000 and \$73,764,000 during fiscal 2008, fiscal 2007 and fiscal 2006, respectively. We expect to contribute approximately \$97,000,000 to our company-sponsored defined benefit plans in fiscal 2009.

Investing Activities

Fiscal 2008 capital expenditures included:

- construction of fold-out facilities in Knoxville, Tennessee and Longview, Texas;
- replacement or significant expansion of facilities in Atlanta, Georgia; Chicago, Illinois; Peterborough, Ontario and Houston, Texas;
- completion of the Southeast RDC in Alachua, Florida; and
- completion of work on the corporate headquarters expansion.

Fiscal 2007 capital expenditures included:

- construction of a fold-out facility in Raleigh, North Carolina;
- replacement or significant expansion of facilities in Edmonton, Alberta; Los Angeles, California; Miami, Florida; Albuquerque, New Mexico and Columbia, South Carolina;
- the Southeast RDC in Alachua, Florida; and
- continuing work on the corporate headquarters expansion.

Fiscal 2006 capital expenditures included:

- construction of fold-out facilities in Geneva, Alabama; Springfield, Illinois and Raleigh, North Carolina;
- replacement or significant expansion of facilities in Miami, Florida and Denver, Colorado; and
- continuing work on the corporate headquarters expansion.

Table of Contents

The lower amount spent in fiscal 2008 was primarily due to delays on certain projects that will shift significant expenditures to fiscal 2009. As a result, we expect total capital expenditures in fiscal 2009 to be in the range of \$675,000,000 to \$725,000,000. Fiscal 2009 expenditures will include the continuation of the fold-out program; facility, fleet and other equipment replacements and expansions; the company's National Supply Chain initiative; and investments in technology.

Financing Activities

Equity

We routinely engage in Board-approved share repurchase programs. The number of shares acquired and their cost during the past three fiscal years were 16,769,900 shares for \$529,179,000 in fiscal 2008, 16,231,200 shares for \$550,865,000 in fiscal 2007 and 16,479,800 shares for \$544,131,000 in fiscal 2006. An additional 125,000 shares have been purchased at a cost of \$3,933,000 through August 13, 2008, resulting in a remaining authorization by our Board of Directors to repurchase up to 6,212,800 shares, based on the trades made through that date.

Dividends paid were \$497,467,000, or \$0.82 per share, in fiscal 2008, \$445,416,000, or \$0.72 per share, in fiscal 2007 and \$397,537,000, or \$0.64 per share, in fiscal 2006. In May 2008, we declared our regular quarterly dividend for the first quarter of fiscal 2009 of \$0.22 per share, which was paid in July 2008.

In November 2000, we filed with the Securities and Exchange Commission a shelf registration statement covering 30,000,000 shares of common stock to be offered from time to time in connection with acquisitions. As of August 13, 2008, 29,477,835 shares remained available for issuance under this registration statement.

Short-term Borrowings

We have uncommitted bank lines of credit, which provided for unsecured borrowings for working capital of up to \$145,000,000, of which none was outstanding as of June 28, 2008 or August 13, 2008.

Commercial Paper

We have a commercial paper program allowing us to issue short-term unsecured notes in an aggregate amount not to exceed \$1,300,000,000. The current program was entered into in April 2006 and replaced notes that were issued under our previous commercial paper program as they matured and became due and payable.

SYSCO and one of our subsidiaries, SYSCO International, Co., has a revolving credit facility supporting our U.S. and Canadian commercial paper programs. The facility, in the amount of \$1,000,000,000, terminates on November 4, 2012, subject to extension.

This facility was originally entered into in November 2005 in the amount of \$500,000,000 and was increased to \$750,000,000 in March 2006. In September 2006, the termination date on the facility was extended to November 4, 2011, in accordance with the terms of the agreement. In September 2007, the amount of the facility was increased to \$1,000,000,000 and the termination date on the facility was extended to November 4, 2012. This facility replaced the previous \$450,000,000 (U.S. dollar) and \$100,000,000 (Canadian dollar) revolving credit agreements in the U.S. and Canada, respectively, both of which were terminated in November 2005.

During fiscal 2008, 2007 and 2006, aggregate outstanding commercial paper issuances and short-term bank borrowings ranged from approximately zero to \$1,133,241,000, \$356,804,000 to \$755,180,000, \$126,846,000 to \$774,530,000, respectively. There were no commercial paper issuances outstanding as of June 28, 2008 or August 13, 2008.

Fixed Rate Debt

In July 2005, we repaid the 4.75% senior notes totaling \$200,000,000 at maturity also utilizing a combination of cash flow from operations and commercial paper issuances.

In September 2005, we issued 5.375% senior notes totaling \$500,000,000 due on September 21, 2035, under the April 2005 shelf registration. These notes, which were priced at 99.911% of par, are unsecured, are not subject to any sinking fund requirement and include a redemption provision which allows us to retire the notes at any time prior to maturity at the greater of par plus accrued interest or an amount designed to ensure that the noteholders are not penalized by the early redemption. Proceeds from the notes were utilized to retire commercial paper issuances outstanding as of September 2005.

In September 2005, in conjunction with the issuance of the 5.375% senior notes described above, we settled a \$350,000,000 notional amount forward-starting interest rate swap we had entered into in March 2005. Upon termination, we paid cash of \$21,196,000, which represented the fair value liability associated with the swap agreement at the time of termination. This amount is being amortized as interest expense over the 30-year term of the debt, and the unamortized balance is reflected as a loss, net of tax, in Other comprehensive income (loss).

In May 2006, we repaid at maturity the 7.0% senior notes totaling \$200,000,000 utilizing a combination of cash flow from operations and commercial paper issuances.

In April 2007, we repaid at maturity the 7.25% senior notes totaling \$100,000,000 utilizing a combination of cash flow from operations and commercial paper issuances.



Table of Contents

In January 2008, the SEC granted our request to terminate our then existing shelf registration statement that was filed with the SEC in April 2005 for the issuance of debt securities. In February 2008, we filed an automatically effective well-known seasoned issuer shelf registration statement for the issuance of up to \$1,000,000,000 in debt securities with the SEC.

In February 2008, we issued 4.20% senior notes totaling \$250,000,000 due February 12, 2013 (the "2013 notes") and 5.25% senior notes totaling \$500,000,000 due February 12, 2018 (the "2018 notes") under our February 2008 shelf registration. The 2013 and 2018 notes, which were priced at 99.835% and 99.310% of par, respectively, are unsecured, are not subject to any sinking fund requirement and include a redemption provision which allows us to retire the notes at any time prior to maturity at the greater of par plus accrued interest or an amount designed to ensure that the noteholders are not penalized by the early redemption. Proceeds from the notes were utilized to retire commercial paper issuances outstanding as of February 2008.

Total Debt

Total debt as of June 28, 2008 was \$1,980,331,000, of which approximately 99% was at fixed rates averaging 5.4% and the remainder was at floating rates averaging 2.2%. Certain loan agreements contain typical debt covenants to protect noteholders, including provisions to maintain our long-term debt to total capital ratio below a specified level. We were in compliance with all debt covenants as of June 28, 2008.

Other

As part of normal business activities, we issue letters of credit through major banking institutions as required by certain vendor and insurance agreements. As of June 28, 2008 and June 30, 2007, letters of credit outstanding were \$35,785,000 and \$62,645,000, respectively.

Other Considerations

Multi-Employer Pension Plans

As discussed in Note 18, Commitments and Contingencies, to the Consolidated Financial Statements in Item 8, we contribute to several multi-employer defined benefit pension plans based on obligations arising under collective bargaining agreements covering union-represented employees.

Under current law regarding multi-employer defined benefit plans, a plan's termination, our voluntary withdrawal or the mass withdrawal of all contributing employers from any underfunded multi-employer defined benefit plan would require us to make payments to the plan for our proportionate share of the multi-employer plan's unfunded vested liabilities. Based on the information available from plan administrators, we estimate that our share of withdrawal liability on most of the multi-employer plans we participate in, some of which appear to be underfunded, could be as much as \$140,000,000 based on a voluntary withdrawal.

Required contributions to multi-employer plans could increase in the future as these plans strive to improve their funding levels. In addition, the Pension Protection Act, enacted in August 2006, requires underfunded pension plans to improve their funding ratios within prescribed intervals based on the level of their underfunding. We believe that any unforeseen requirements to pay such increased contributions, withdrawal liability and excise taxes would be funded through cash flow from operations, borrowing capacity or a combination of these items. Of the plans in which SYSCO participates, one plan is more critically underfunded than the others. During fiscal 2008, we obtained information that this plan failed to satisfy minimum funding requirements for certain periods and believe it is probable that additional funding will be required as well as the payment of excise tax. As a result, we recorded a liability of approximately \$16,500,000 related to our share of the minimum funding requirements and related excise tax for these periods. Currently, we believe that a majority of this amount will be paid in fiscal 2009 and are continuing to explore our alternatives as it relates to this plan. As of June 28, 2008, we have approximately \$22,000,000 in liabilities recorded in total related to certain underfunded multi-employer defined benefit plans.

BSCC Cooperative Structure

Our affiliate, BSCC, is a cooperative taxed under subchapter T of the United States Internal Revenue Code. We believe that the deferred tax liabilities resulting from the business operations and legal ownership of BSCC are appropriate under the tax laws. However, if the application of the tax laws to the cooperative structure of BSCC were to be successfully challenged by any federal, state or local tax authority, we could be required to accelerate the payment of all or a portion of our income tax liabilities associated with BSCC that we otherwise have deferred until future periods. In that event, we would be liable for interest on such amounts. As of June 28, 2008, SYSCO has recorded deferred income tax liabilities of \$1,054,190,000, net of federal benefit, related to the BSCC supply chain distributions. If the IRS and any other relevant taxing authorities determine that all amounts since the inception of BSCC were inappropriately deferred, and the determination is upheld, we estimate that in addition to making a current payment for amounts previously deferred, as discussed above, we may be required to pay interest on the cumulative deferred balances. These interest amounts could range from \$290,000,000 to \$320,000,000, prior to federal and state income tax benefit, as of June 28, 2008. SYSCO calculated this amount based upon the amounts deferred since the inception of BSCC applying the applicable jurisdictions' interest rates in effect in each period. The IRS, in connection with its audit of our 2003 and 2004 federal income tax returns, proposed adjustments related to the taxability of the cooperative structure. We are vigorously protesting these adjustments. We have reviewed the merits of the issues raised by the IRS, and while management believes it is probable we will prevail, we concluded the measurement model of FIN 48 required us to provide an accrual for a portion of the interest exposure. If a taxing authority requires us to accelerate the payment of these deferred tax liabilities and to pay related interest,



Table of Contents

if any, we may be required to raise additional capital through debt financing or we may have to forego share repurchases or defer planned capital expenditures or a combination of these items.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Contractual Obligations

The following table sets forth, as of June 28, 2008, certain information concerning our obligations and commitments to make contractual future payments:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
(In thousands)					
Recorded Contractual Obligations:					
Long-term debt	\$ 1,943,711	\$ 262	\$ 447	\$ 450,135	\$ 1,492,867
Capital lease obligations	36,620	4,634	6,380	3,687	21,919
Deferred compensation ⁽¹⁾	128,752	8,885	17,455	14,067	88,345
SERP and other postretirement plans ⁽²⁾	243,464	17,401	39,899	45,406	140,758
Multi-employer pension plans ⁽³⁾	22,000	16,200	5,800	—	—
Unrecognized tax benefits (including interest) ⁽⁴⁾	208,037				
Unrecorded Contractual Obligations:					
Interest payments related to debt ⁽⁵⁾	1,453,853	103,233	206,465	190,185	953,970
Long-term non-capitalized leases	290,843	64,000	97,916	54,356	74,571
Purchase obligations ⁽⁶⁾	2,560,268	1,852,621	540,937	107,462	59,248
Total contractual cash obligations	<u>\$ 6,887,548</u>	<u>\$ 2,067,236</u>	<u>\$ 915,299</u>	<u>\$ 865,298</u>	<u>\$ 2,831,678</u>

- (1) The estimate of the timing of future payments under the Executive Deferred Compensation Plan involves the use of certain assumptions, including retirement ages and payout periods.
- (2) Includes estimated contributions to the unfunded Supplemental Executive Retirement Plan (SERP) and other postretirement benefit plans made in amounts needed to fund benefit payments for vested participants in these plans through fiscal 2017, based on actuarial assumptions.
- (3) Excludes normal contributions required under our collective bargaining agreements.
- (4) Unrecognized tax benefits relate to uncertain tax positions recorded under FIN 48, which we adopted as of July 1, 2007. As of June 28, 2008, we had a liability of \$69,830,000 for unrecognized tax benefits for all tax jurisdictions and \$138,207,000 for related interest that could result in cash payment. As we are not able to reasonably estimate the timing of non-current payments or the amount by which the liability will increase or decrease over time, the related non-current balances have not been reflected in the "Payments Due by Period" section of the table. For further discussion of the impact of adopting FIN 48, see Note 16, Income Taxes, in the Notes to Consolidated Financial Statements in Item 8.
- (5) Includes payments on floating rate debt based on rates as of June 28, 2008, assuming amount remains unchanged until maturity, and payments on fixed rate debt based on maturity dates.
- (6) For purposes of this table, purchase obligations include agreements for purchases of product in the normal course of business, for which all significant terms have been confirmed, including minimum quantities resulting from our sourcing initiative. Such amounts included in the table above are based on estimates. Purchase obligations also includes amounts committed with a third party to provide hardware and hardware hosting services over a ten year period ending in fiscal 2015 (See discussion under Note 18, Commitments and Contingencies, in the Notes to Consolidated Financial Statements in Item 8), fixed electricity agreements and fixed fuel purchase commitments. Purchase obligations exclude full requirements electricity contracts where no stated minimum purchase volume is required.

Certain acquisitions involve contingent consideration, typically payable only in the event that certain operating results are attained or certain outstanding contingencies are resolved. Aggregate contingent consideration amounts outstanding as of June 28, 2008 included \$55,469,000 in cash. This amount is not included in the table above.

No obligations were included in the table above for the qualified retirement plan because as of June 28, 2008, we do not have a minimum funding requirement under ERISA guidelines for this plan due to our previous voluntary contributions. However, we intend to make voluntary contributions to the qualified retirement plan totaling \$80,000,000 during fiscal 2009.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses in the accompanying financial statements. Significant accounting policies employed by SYSCO are presented in the notes to the financial statements.

Critical accounting policies and estimates are those that are most important to the portrayal of our financial condition and results of operations. These policies require our most subjective or complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain. We have reviewed with the Audit Committee of the Board of Directors the development and selection of the critical accounting policies and estimates and this related disclosure. Our most critical accounting policies and estimates pertain to the allowance for doubtful accounts

Table of Contents

receivable, self-insurance programs, company-sponsored pension plans, income taxes, vendor consideration, accounting for business combinations and share-based compensation.

Allowance for Doubtful Accounts

We evaluate the collectability of accounts receivable and determine the appropriate reserve for doubtful accounts based on a combination of factors. We utilize specific criteria to determine uncollectible receivables to be written off, including whether a customer has filed for or has been placed in bankruptcy, has had accounts referred to outside parties for collection or has had accounts past due over specified periods. Allowances are recorded for all other receivables based on analysis of historical trends of write-offs and recoveries. In addition, in circumstances where we are aware of a specific customer's inability to meet its financial obligation, a specific allowance for doubtful accounts is recorded to reduce the receivable to the net amount reasonably expected to be collected. Our judgment is required as to the impact of certain of these items and other factors as to ultimate realization of our accounts receivables. If the financial condition of our customers were to deteriorate, additional allowances may be required.

Self-Insurance Program

We maintain a self-insurance program covering portions of workers' compensation, general liability and vehicle liability costs. The amounts in excess of the self-insured levels are fully insured by third party insurers. We also maintain a fully self-insured group medical program. Liabilities associated with these risks are estimated in part by considering historical claims experience, medical cost trends, demographic factors, severity factors and other actuarial assumptions. Projections of future loss expenses are inherently uncertain because of the random nature of insurance claims occurrences and could be significantly affected if future occurrences and claims differ from these assumptions and historical trends. In an attempt to mitigate the risks of workers' compensation, vehicle and general liability claims, safety procedures and awareness programs have been implemented.

Company-Sponsored Pension Plans

Amounts related to defined benefit plans recognized in the financial statements are determined on an actuarial basis. Three of the more critical assumptions in the actuarial calculations are the discount rate for determining the current value of plan benefits, the assumption for the rate of increase in future compensation levels and the expected rate of return on plan assets.

For guidance in determining the discount rates, we calculate the implied rate of return on a hypothetical portfolio of high-quality fixed-income investments for which the timing and amount of cash outflows approximates the estimated payouts of the pension plan. The discount rate assumption is reviewed annually and revised as deemed appropriate. The discount rate for determining fiscal 2008 net pension costs for the company-sponsored qualified pension plan (Retirement Plan), which was determined as of the June 30, 2007 measurement date, increased 0.05% to 6.78%. The discount rate for determining fiscal 2008 net pension costs for the SERP, which was determined as of the June 30, 2007 measurement date, decreased 0.09% to 6.64%. The combined effect of these discount rate changes was a decrease in our net company-sponsored pension costs for all plans for fiscal 2008 by an estimated \$480,000. The discount rate for determining fiscal 2009 net pension costs for the Retirement Plan, which was determined as of the June 28, 2008 measurement date, increased 0.16% to 6.94%. The discount rate for determining fiscal 2009 net pension costs for the SERP, which was determined as of the June 28, 2008 measurement date, increased 0.39% to 7.03%. The combined effect of these discount rate changes will decrease our net company-sponsored pension costs for all plans for fiscal 2009 by an estimated \$8,692,000. A 1.0% increase in the discount rates for fiscal 2009 would decrease SYSCO's net company-sponsored pension cost by \$32,000,000, while a 1.0% decrease in the discount rates would increase pension cost by \$49,000,000. The impact of a 1.0% increase in the discount rates differs from the impact of a 1.0% decrease in discount rates because a 1.0% decrease in discount rates would require additional amounts of amortization from net actuarial losses which would not be required with a 1.0% increase in this rate. As of June 28, 2008, our net actuarial losses from our company-sponsored pension plans were \$351,344,000, an increase of \$192,438,000. We estimate the amortization of net actuarial losses will increase our fiscal 2009 pension expense by approximately \$14,000,000 as compared to fiscal 2008.

We look to actual plan experience in determining the rates of increase in compensation levels. We used a plan specific age-related set of rates for the Retirement Plan, which are equivalent to a single rate of 6.17% as of June 28, 2008 and June 30, 2007. As of June 28, 2008, the SERP assumes various levels of base salary increase and decrease for determining pay for fiscal 2009 depending upon the participant's position with the company and a 7% salary growth assumption for all participants for fiscal 2010 and thereafter. As of June 30, 2007, the SERP assumed salary rate increases of 10% through fiscal 2007 and 7% thereafter.

The expected long-term rate of return on plan assets of the Retirement Plan was 8.50% for fiscal 2008 and 9.00% for fiscal 2007. The expectations of future returns are derived from a mathematical asset model that incorporates assumptions as to the various asset class returns, reflecting a combination of historical performance analysis and the forward-looking views of the financial markets regarding the yield on long-term bonds and the historical returns of the major stock markets. Although not determinative of future returns, the effective annual rate of return on plan assets, developed using geometric/compound averaging, was approximately 9.0%, 7.3%, 12.1% and 8.3% over the 20-year, 10-year, 5-year and 1-year periods ended December 31, 2007, respectively. In addition, in nine of the last 15 years, the actual return on plan assets has exceeded 10.0%. The rate of return assumption is reviewed annually and revised as deemed appropriate.

The expected return on plan assets impacts the recorded amount of net pension costs. The expected long-term rate of return on plan assets of the Retirement Plan is 8.00% for fiscal 2009. A 1.0% increase (decrease) in the assumed rate of return for fiscal 2009 would decrease (increase) SYSCO's net company-sponsored pension costs for fiscal 2009 by approximately \$15,900,000.

The adoption of the recognition and disclosure provisions of SFAS 158 as of June 30, 2007 resulted in the recognition of the funded status of our defined benefit plans in the statement of financial position, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The amount reflected in accumulated other comprehensive loss as of June 30, 2007 after adoption of SFAS 158 was a charge, net of tax, of \$125,265,000, which represented the net actuarial losses, prior service costs and transition obligation remaining from the initial adoption of SFAS 87/106 as of that date. The amount reflected in accumulated other comprehensive loss related to the recognition of the funded status of our defined benefit plans as of June 28, 2008 was a charge, net of tax, of \$220,913,000.

Changes in the assumptions, including changes to the discount rate discussed above, together with the normal growth of the plans, the impact of actuarial losses from prior periods and the timing and amount of contributions, decreased net company-sponsored pension costs by \$8,754,000 in fiscal 2008 and are expected to increase net company-sponsored pension costs in fiscal 2009 by approximately \$27,200,000. However, a change in the SERP design is expected to decrease net company-sponsored pension costs in fiscal 2009 by \$7,200,000, for a net increase of approximately \$20,000,000.

We made cash contributions to our company-sponsored pension plans of \$92,670,000 and \$91,163,000 in fiscal years 2008 and 2007, respectively, including voluntary contributions to the Retirement Plan of \$80,000,000 and \$80,000,000 in fiscal 2008 and fiscal 2007, respectively. In fiscal 2009, as in the previous years, contributions to the Retirement Plan will not be required to meet ERISA minimum funding requirements but we anticipate that we will make voluntary contributions of \$80,000,000, which is not greater than the estimated maximum amount that will be tax deductible in fiscal 2009. The estimated fiscal 2009 contributions to fund benefit payments for the SERP and other post-retirement plans together are approximately \$17,401,000.

Income Taxes

The determination of our provision for income taxes requires significant judgment, the use of estimates and the interpretation and application of complex tax laws. Our provision for income taxes reflects a combination of income earned and taxed in the various U.S. federal and state, as well as Canadian federal and provincial jurisdictions. Jurisdictional tax law changes, increases or decreases in permanent differences between book and tax items, accruals or adjustments of accruals for unrecognized tax benefits or valuation allowances, and our change in the mix of earnings from these taxing jurisdictions all affect the overall effective tax rate.

Prior to fiscal 2008, in evaluating the exposures connected with the various tax filing positions, we established an accrual when, despite our belief that our tax return positions were supportable, we believed that certain positions may be successfully challenged and a loss was probable. When facts and circumstances changed, these accruals were adjusted. Beginning in fiscal 2008, we adopted FIN 48, which changed the accounting for uncertain tax positions. FIN 48 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. The amount recognized is measured as the largest amount of tax benefit that is greater than 50% likelihood of being realized upon settlement. (See discussion under Note 16, Income Taxes, in the Notes to Consolidated Financial Statements in Item 8).

Our liability for unrecognized tax benefits contains uncertainties because management is required to make assumptions and to apply judgment to estimate the exposures associated with our various filing positions. We believe that the judgments and estimates discussed herein are reasonable; however, actual results could differ, and we may be exposed to losses or gains that could be material. To the extent we prevail in matters for which a liability has been established, or pay amounts in excess of recorded liabilities, our effective income tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement generally would require use of our cash and may result in an increase in our effective income tax rate in the period of resolution. A favorable tax settlement may be recognized as a reduction in our effective income tax rate in the period of resolution.

Vendor Consideration

We recognize consideration received from vendors when the services performed in connection with the monies received are completed and when the related product has been sold by SYSCO. There are several types of cash consideration received from vendors. In many instances, the vendor consideration is in the form of a specified amount per case or per pound. In these instances, we will recognize the vendor consideration as a reduction of cost of sales when the product is sold. In the situations where the vendor consideration is not related directly to specific product purchases, we will recognize these as a reduction of cost of sales when the earnings process is complete, the related service is performed and the amounts realized. In certain of these latter instances, the vendor consideration represents a reimbursement of a specific incremental identifiable cost incurred by SYSCO. In these cases, we classify the consideration as a reduction of those costs with any excess funds classified as a reduction of cost of sales and recognize these in the period in which the costs are incurred and related services performed.

Accounting for Business Combinations

Goodwill and intangible assets represent the excess of consideration paid over the fair value of tangible net assets acquired. Certain assumptions and estimates are employed in determining the fair value of assets acquired, including goodwill and other intangible assets, as well as determining the allocation of goodwill to the appropriate reporting unit.

In addition, annually or more frequently as needed, we assess the recoverability of goodwill and indefinite-lived intangibles by determining whether the fair values of the applicable reporting units exceed the carrying values of these assets. The reporting units used in assessing goodwill

impairment are our six operating segments as described in Note 19, Business Segment Information, to the Consolidated Financial Statements in Item 8. The components within each of our six operating segments have similar economic characteristics and therefore are aggregated into six reporting units.

We arrive at our estimates of fair value using a combination of discounted cash flow and earnings multiple models. The results from each of these models are then weighted and combined into a single estimate of fair value for each of our six operating segments. The primary assumptions used in these various models include estimated average sales and earnings multiples of comparable acquisitions in the industry, average sales and earnings multiples on acquisitions completed by SYSCO in the past, future cash flow estimates of the reporting units and weighted average cost of capital, along with working capital and capital expenditure requirements.

Actual results could differ from these assumptions and projections, resulting in the company revising its assumptions and, if required, recognizing an impairment loss. Our past estimates of fair value for fiscal 2007, 2006 and 2005 have not been materially different when revised to include subsequent years' actual results. SYSCO has not made any material changes in its impairment assessment methodology during the past three fiscal years. We do not believe the estimates used in the analysis are reasonably likely to change materially in the future but we will continue to assess the estimates in the future based on the expectations of the reporting units. In fiscal 2008, the reporting units' fair values would have had to have been lower by 20% compared to the fair values estimated in our impairment analysis before additional analysis would have been indicated to determine if an impairment existed for any of our reporting units.

The Other (specialty produce, custom-cut meat, lodging industry products and international distribution operations) operating segments have a greater proportion of goodwill recorded to estimated fair value as compared to the Broadline or SYGMA reporting units. This is primarily due to these businesses having been recently acquired, and as a result there has been less history of organic growth than in the Broadline and SYGMA segments. In addition, these businesses also have lower levels of cash flow than the Broadline segment. As such, these Other operating segments have a greater risk of future impairment if their operations were to suffer a significant downturn.

Share-Based Compensation

We provide compensation benefits to employees and non-employee directors under several share-based payment arrangements including various employee stock incentive plans, the Employees' Stock Purchase Plan, the Management Incentive Plan and various non-employee director plans.

Effective July 3, 2005, we adopted the fair value recognition provisions of SFAS 123(R) using the modified-prospective transition method. Under this transition method, compensation cost recognized in fiscal 2006 and later years includes: a) compensation cost for all share-based payments granted through July 2, 2005, but for which the requisite service period had not been completed as of July 2, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, and b) compensation cost for all share-based payments granted subsequent to July 2, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Results for periods prior to fiscal 2006 have not been restated.

As of June 28, 2008, there was \$66,432,000 of total unrecognized compensation cost related to share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 2.88 years.

The fair value of each option award is estimated on the date of grant using a Black-Scholes option pricing model. Expected volatility is based on historical volatility of SYSCO's stock, implied volatilities from traded options on SYSCO's stock and other factors. We utilize historical data to estimate option exercise and employee termination behavior within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. Expected dividend yield is estimated based on the historical pattern of dividends and the average stock price for the year preceding the option grant. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The fair value of the stock issued under the Employee Stock Purchase Plan is calculated as the difference between the stock price and the employee purchase price. The fair value of the stock issued under the Management Incentive Plans is based on the stock price less a 12% discount for post-vesting restrictions. The discount for post-vesting restrictions is estimated based on restricted stock studies and by calculating the cost of a hypothetical protective put option over the restriction period.

The compensation cost related to these share-based awards is recognized over the requisite service period. The requisite service period is generally the period during which an employee is required to provide service in exchange for the award.

The compensation cost related to stock issuances resulting from awards under the Management Incentive Plan was accrued over the fiscal year to which the incentive bonus relates. The compensation cost related to stock issuances resulting from employee purchases of stock under the Employees' Stock Purchase Plan is recognized during the quarter in which the employee payroll withholdings are made.

Certain of our option awards are generally subject to graded vesting over a service period. In those cases, we will recognize compensation cost on a straight-line basis over the requisite service period for the entire award. In other cases, certain of our option awards provide for graded vesting over a service period but include a performance-based provision allowing for the vesting to accelerate. In these cases, if it is probable that the performance condition will be met, we recognize compensation cost on a straight-line basis over the shorter performance period; otherwise, we recognize compensation cost over the probable longer service period.



Table of Contents

In addition, certain of our options provide that if the optionee retires at certain age and years of service thresholds, the options continue to vest as if the optionee continued to be an employee or director. In these cases, for awards granted prior to July 2, 2005, we will recognize the compensation cost for such awards over the remaining service period and accelerate any remaining unrecognized compensation cost when the employee retires. For awards granted subsequent to July 3, 2005, we will recognize compensation cost for such awards over the period from the date of grant to the date the employee first becomes eligible to retire with his options continuing to vest after retirement.

Our option grants include options that qualify as incentive stock options for income tax purposes. In the period the compensation cost related to incentive stock options is recorded, a corresponding tax benefit is not recorded as it is assumed that we will not receive a tax deduction related to such incentive stock options. We may be eligible for tax deductions in subsequent periods to the extent that there is a disqualifying disposition of the incentive stock option. In such cases, we would record a tax benefit related to the tax deduction in an amount not to exceed the corresponding cumulative compensation cost recorded in the financial statements on the particular options multiplied by the statutory tax rate.

New Accounting Standards

SFAS 159

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities" (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. We have decided not to adopt SFAS 159 for our existing financial assets and liabilities at the date of option. Thus, there will be no one-time impact from adoption of this standard to our consolidated financial statements.

SFAS 141(R)

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" (SFAS 141(R)), which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in a business combination. This statement also establishes recognition and measurement principles for the goodwill acquired in a business combination and disclosure requirements to enable financial statement users to evaluate the nature and financial effects of the business combination. We will apply this statement primarily on a prospective basis for business combinations beginning in fiscal 2010. Earlier application of the standard is prohibited.

FSP 157-2

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS 157), which establishes a common definition for fair value under generally accepted accounting principles, establishes a framework for measuring fair value and expands disclosure requirements about such fair value measurements. In February 2008, the FASB issued FASB Staff Position 157-2, "Effective Date of FASB Statement No. 157" (FSP 157-2), which partially defers the effective date of SFAS No. 157 for one year for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. Consequently, SFAS 157 will be effective for SYSCO in fiscal 2009 for financial assets and liabilities carried at fair value and non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. As a result of the deferral, SFAS 157 will be effective in fiscal 2010 for non-recurring, non-financial assets and liabilities that are recognized or disclosed at fair value. We believe the adoption of SFAS 157 in fiscal 2009 for financial assets and liabilities carried at fair value and non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis will not have a material impact on our consolidated financial statements. We are continuing to evaluate the impact of adopting the provisions of SFAS 157 in fiscal 2010 for non-recurring, non-financial assets and liabilities that are recognized or disclosed at fair value.

SFAS 161

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This statement will be effective for SYSCO's financial statements beginning with the third quarter of fiscal 2009. We are currently evaluating the impact the adoption of SFAS 161 may have on its financial statement disclosures.

Forward-Looking Statements

Certain statements made herein that look forward in time or express management's expectations or beliefs with respect to the occurrence of future events are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They include statements about SYSCO's ability to increase its sales and market share and grow earnings, the continuing impact of economic conditions on consumer confidence and our business, expense trends, anticipated multi-employer pension related liabilities and contributions to various multi-employer pension plans, the outcome of ongoing tax audits, the impact of ongoing legal proceedings, the loss of SYSCO's largest customer not having a material adverse effect on SYSCO as a whole, compliance with laws and government regulations not having a material effect on our capital expenditures, earnings or competitive position, long-term debt to capitalization ratios, anticipated capital expenditures and the sources of financing for those capital expenditures, continued competitive advantages and positive results from strategic business initiatives, anticipated company-sponsored pension

plan liabilities, the availability and adequacy of insurance to cover liabilities, the impact of future adoption of accounting pronouncements, predictions regarding the impact of changes in estimates used in impairment analyses, the anticipated impact of changes in foreign currency exchange rates and SYSCO's ability to meet future cash requirements and remain profitable.

These statements are based on management's current expectations and estimates; actual results may differ materially due in part to the risk factors discussed at Item 1.A. above and elsewhere. In addition, the success of SYSCO's strategic business initiatives could be affected by conditions in the economy and the industry and internal factors such as the ability to control expenses, including fuel costs. The ability to meet long-term debt to capitalization ratios also may be affected by cash flow including amounts spent on share repurchases and acquisitions and internal growth. Company-sponsored pension plan liabilities are impacted by a number of factors including the discount rate for determining the current value of plan benefits, the assumption for the rate of increase in future compensation levels and the expected rate of return on plan assets. Legal proceedings are impacted by events, circumstances and individuals beyond the control of SYSCO. Predictions regarding the future adoption of accounting pronouncements involve estimates without the benefit of precedent, and if our estimates turn out to be materially incorrect, our assessment of the impact of the pronouncement could prove incorrect, as well. The anticipated impact of compliance with laws and regulations also involves the risk that estimates may turn out to be materially incorrect, and laws and regulations, as well as methods of enforcement, are subject to change.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We do not utilize financial instruments for trading purposes. Our use of debt directly exposes us to interest rate risk. Floating rate debt, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates. Fixed rate debt, where the interest rate is fixed over the life of the instrument, exposes us to changes in market interest rates reflected in the fair value of the debt and to the risk that we may need to refinance maturing debt with new debt at higher rates.

We manage our debt portfolio to achieve an overall desired position of fixed and floating rates and may employ interest rate swaps as a tool to achieve that goal. The major risks from interest rate derivatives include changes in the interest rates affecting the fair value of such instruments, potential increases in interest expense due to market increases in floating interest rates and the creditworthiness of the counterparties in such transactions.

Fiscal 2008

As of June 28, 2008, we had no commercial paper outstanding. Our long-term debt obligations as of June 28, 2008 were \$1,980,331,000, of which approximately 99% were at fixed rates of interest. We had no interest rate swaps outstanding as of June 28, 2008.

The following table presents our interest rate position as of June 28, 2008. All amounts are stated in U.S. dollar equivalents.

	Interest Rate Position as of June 28, 2008							Total	Fair Value
	Principal Amount by Expected Maturity								
	2009	2010	2011	2012	2013	Thereafter	Average Interest Rate		
	(In thousands)								
U.S. \$ Denominated:									
Fixed Rate Debt	\$ 4,437	\$ 3,366	\$ 2,318	\$ 201,205	\$ 251,055	\$ 1,478,309	\$ 1,940,690	\$ 1,889,602	
Average Interest Rate	3.7%	3.8%	4.2%	6.1%	4.3%	5.5%	5.4%		
Floating Rate Debt	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Average Interest Rate	—	—	—	—	—	2.2%	2.2%		
Canadian \$ Denominated:									
Fixed Rate Debt	\$ 459	\$ 506	\$ 637	\$ 744	\$ 818	\$ 21,477	\$ 24,641	\$ 23,992	
Average Interest Rate	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	
Floating Rate Debt	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Average Interest Rate	—	—	—	—	—	—	—	—	

Fiscal 2007

As of June 30, 2007, we had outstanding \$531,826,000 of commercial paper at variable rates of interest with maturities through September 24, 2007. Excluding commercial paper issuances, our long-term debt obligations as of June 30, 2007 were \$1,229,969,000, of which approximately 99% were at fixed rates of interest. We had no interest rate swaps outstanding as of June 30, 2007.

Table of Contents

In the following table as of June 30, 2007, commercial paper issuances are reflected as floating rate debt and both the U.S. and Canadian commercial paper issuances outstanding are classified as long-term based on the maturity date of our revolving loan agreement which supports our U.S. and Canadian commercial paper programs and our intent to continue to refinance this facility on a long-term basis.

The following table presents our interest rate position as of June 30, 2007. All amounts are stated in U.S. dollar equivalents.

	Interest Rate Position as of June 30, 2007							Total	Fair Value
	Principal Amount by Expected Maturity								
	2008	2009	2010	2011	Average Interest Rate				
				2012	Thereafter				
(In thousands)									
U.S. \$ Denominated:									
Fixed Rate Debt	\$ 3,149	\$ 3,525	\$ 976	\$ 679	\$ 200,641	\$ 982,214	\$ 1,191,184	\$ 1,124,343	
Average Interest Rate	5.1%	5.9%	2.1%	1.5%	6.1%	5.6%	5.7%		
Floating Rate Debt	\$ 18,900	\$ —	\$ —	\$ —	\$ 487,727	\$ 15,000	\$ 521,627	\$ 521,627	
Average Interest Rate	5.7%	—	—	—	5.3%	4.4%	5.3%		
Canadian \$ Denominated:									
Fixed Rate Debt	\$ 419	\$ 434	\$ 478	\$ 602	\$ 704	\$ 21,148	\$ 23,785	\$ 22,450	
Average Interest Rate	9.5%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%		
Floating Rate Debt	\$ —	\$ —	\$ —	\$ —	\$ 44,099	\$ —	\$ 44,099	\$ 44,099	
Average Interest Rate	—	—	—	—	4.4%	—	4.4%		

Foreign Currency Exchange Rate Risk

We have Canadian subsidiaries, all of which use the Canadian dollar as their functional currency with the exception of a financing subsidiary. To the extent that business transactions are not denominated in Canadian dollars, we are exposed to foreign currency exchange rate risk. We will also incur gains and losses within shareholders' equity due to translation of the financial statements from Canadian dollars to U.S. dollars. Our Canadian financing subsidiary has notes denominated in U.S. dollars, which has the potential to create taxable income in Canada when the debt is paid due to changes in the exchange rate from the inception of the debt through the payment date. A 10% unfavorable change in the fiscal 2008 year-end exchange rate and the resulting increase in the tax liability associated with these notes would not have a material impact on our results of operations. We do not routinely enter into material agreements to hedge foreign currency risks.

Fuel Price Risk

The price and availability of diesel fuel fluctuates due to changes in production, seasonality and other market factors generally outside of our control. Increased fuel costs may have a negative impact on our results of operations in three areas. First, the high cost of fuel can negatively impact consumer confidence and discretionary spending and thus reduce the frequency and amount spent by consumers for food prepared away from home. Second, the high cost of fuel can increase the price we pay for product purchases and we may not be able to pass these costs fully to our customers. Third, increased fuel costs impact the costs we incur to deliver product to our customers. During fiscal 2008, 2007 and 2006, fuel costs related to outbound deliveries represented approximately 0.6%, 0.6% and 0.5% of sales, respectively. Fuel costs, excluding any amounts recovered through fuel surcharges, incurred by SYSCO increased by approximately \$34,023,000 in fiscal 2008 over fiscal 2007 and \$21,225,000 in fiscal 2007 over fiscal 2006.

From time to time, we will enter into forward purchase commitments for a portion of our projected monthly diesel fuel requirements. As of June 28, 2008, we had no outstanding forward diesel fuel purchase commitments. In July and August 2008, we entered into forward diesel fuel purchase commitments totaling approximately \$195,000,000 through July 2009, which will lock in the price on approximately 50% of our fuel purchases through the first 26 weeks of fiscal 2009 and approximately 70% of our fuel purchases needs for the last 26 weeks of fiscal 2009.

If fuel prices continue at current levels, fuel costs in the first 26 weeks of fiscal 2009, exclusive of any amounts recovered through fuel surcharges, are expected to increase by approximately \$55,000,000 to \$65,000,000 as compared to the first 26 weeks of fiscal 2008. Our estimate is based upon the prevailing market prices for diesel mid-August 2008, the cost committed to in our forward fuel purchase agreements currently in place and estimates of fuel consumption. Actual fuel costs could vary from our estimates if any of these assumptions change, in particular if future fuel prices vary significantly from our current estimates. A 10% unfavorable or favorable change in diesel prices from the market price used in our estimates above would change the range of potential increase to \$50,000,000 to \$70,000,000.

Item 8. Financial Statements and Supplementary Data

**SYSCO CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<u>Page</u>
Consolidated Financial Statements:	
Report of Management on Internal Control Over Financial Reporting	31
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	32
Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements	33
Consolidated Balance Sheets	34
Consolidated Results of Operations	35
Consolidated Shareholders' Equity	36
Consolidated Cash Flows	37
Notes to Consolidated Financial Statements	38

All schedules are omitted because they are not applicable or the information is set forth in the consolidated financial statements or notes thereto.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of SYSCO Corporation (“SYSCO”) is responsible for establishing and maintaining adequate internal control over financial reporting for the company. SYSCO’s internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

SYSCO’s management assessed the effectiveness of SYSCO’s internal control over financial reporting as of June 28, 2008. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework*. Based on this assessment, management concluded that, as of June 28, 2008, SYSCO’s internal control over financial reporting was effective based on those criteria.

Ernst & Young LLP has issued an audit report on the effectiveness of SYSCO’s internal control over financial reporting as of June 28, 2008.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Board of Directors and Shareholders
SYSCO Corporation

We have audited SYSCO Corporation (a Delaware Corporation) and its subsidiaries (the “Company”) internal control over financial reporting as of June 28, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). SYSCO Corporation’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, SYSCO Corporation and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as of June 28, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of June 28, 2008 and June 30, 2007 and the related consolidated results of operations, shareholders’ equity and cash flows for each of the three years in the period ended June 28, 2008 of SYSCO Corporation and its subsidiaries and our report dated August 26, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
August 26, 2008

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors and Shareholders
SYSCO Corporation

We have audited the accompanying consolidated balance sheets of SYSCO Corporation (a Delaware Corporation) and subsidiaries (the "Company") as of June 28, 2008 and June 30, 2007, and the related consolidated results of operations, shareholders' equity, and cash flows for each of the three years in the period ended June 28, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at June 28, 2008 and June 30, 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 28, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company adopted the recognition and disclosure provisions, effective June 30, 2007, and the change in measurement date provision, effective July 1, 2007, of Statement of Financial Accounting Standard (SFAS) No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)". Also, discussed in Note 2 to the consolidated financial statements, effective July 1, 2007, SYSCO Corporation adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS No. 109, "Accounting for Income Taxes" (SFAS 109).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of SYSCO Corporation and subsidiaries internal control over financial reporting as of June 28, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 26, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
August 26, 2008

SYSCO
CONSOLIDATED BALANCE SHEETS

	<u>June 28, 2008</u>	<u>June 30, 2007</u>
	(In thousands except for share data)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 551,552	\$ 207,872
Accounts and notes receivable, less allowances of \$31,730 and \$31,841	2,723,189	2,610,885
Inventories	1,836,478	1,714,187
Prepaid expenses and other current assets	63,814	123,284
Prepaid income taxes	—	19,318
Total current assets	<u>5,175,033</u>	<u>4,675,546</u>
Plant and equipment at cost, less depreciation	2,889,790	2,721,233
Other assets		
Goodwill	1,413,224	1,355,313
Intangibles, less amortization	87,528	91,366
Restricted cash	92,587	101,929
Prepaid pension cost	215,159	352,390
Other	208,972	221,154
Total other assets	<u>2,017,470</u>	<u>2,122,152</u>
Total assets	<u>\$ 10,082,293</u>	<u>\$ 9,518,931</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	\$ —	\$ 18,900
Accounts payable	2,048,759	1,981,190
Accrued expenses	917,892	922,582
Accrued income taxes	11,665	—
Deferred taxes	516,131	488,849
Current maturities of long-term debt	4,896	3,568
Total current liabilities	<u>3,499,343</u>	<u>3,415,089</u>
Other liabilities		
Long-term debt	1,975,435	1,758,227
Deferred taxes	540,330	626,695
Other long-term liabilities	658,199	440,520
Total other liabilities	<u>3,173,964</u>	<u>2,825,442</u>
Commitments and contingencies		
Shareholders' equity		
Preferred stock, par value \$1 per share		
Authorized 1,500,000 shares, issued none	—	—
Common stock, par value \$1 per share		
Authorized 2,000,000,000 shares; issued 765,174,900 shares	765,175	765,175
Paid-in capital	712,208	637,154
Retained earnings	6,041,429	5,544,078
Accumulated other comprehensive loss	(68,768)	(4,061)
	<u>7,450,044</u>	<u>6,942,346</u>
Less cost of treasury stock 163,942,358 and 153,334,523 shares	4,041,058	3,663,946
Total shareholders' equity	<u>3,408,986</u>	<u>3,278,400</u>
Total liabilities and shareholders' equity	<u>\$ 10,082,293</u>	<u>\$ 9,518,931</u>

See Notes to Consolidated Financial Statements

SYSCO
CONSOLIDATED RESULTS OF OPERATIONS

	Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
	(In thousands except for share data)		
Sales	\$ 37,522,111	\$ 35,042,075	\$ 32,628,438
Cost of sales	<u>30,327,254</u>	<u>28,284,603</u>	<u>26,337,107</u>
Gross margin	7,194,857	6,757,472	6,291,331
Operating expenses	<u>5,314,908</u>	<u>5,048,990</u>	<u>4,796,301</u>
Operating income	1,879,949	1,708,482	1,495,030
Interest expense	111,541	105,002	109,100
Other income, net	<u>(22,930)</u>	<u>(17,735)</u>	<u>(9,016)</u>
Earnings before income taxes and cumulative effect of accounting change	1,791,338	1,621,215	1,394,946
Income taxes	<u>685,187</u>	<u>620,139</u>	<u>548,906</u>
Earnings before cumulative effect of accounting change	1,106,151	1,001,076	846,040
Cumulative effect of accounting change	<u>—</u>	<u>—</u>	<u>9,285</u>
Net earnings	<u>\$ 1,106,151</u>	<u>\$ 1,001,076</u>	<u>\$ 855,325</u>
Earnings before cumulative effect of accounting change:			
Basic earnings per share	\$ 1.83	\$ 1.62	\$ 1.36
Diluted earnings per share	1.81	1.60	1.35
Net earnings:			
Basic earnings per share	\$ 1.83	1.62	1.38
Diluted earnings per share	1.81	1.60	1.36

See Notes to Consolidated Financial Statements

SYSCO
CONSOLIDATED SHAREHOLDERS' EQUITY

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance as of July 2, 2005	765,174,900	\$765,175	\$389,053	\$4,552,379	\$ (13,677)	136,607,370	\$2,934,091	\$2,758,839
Net earnings				855,325				855,325
Minimum pension liability adjustment					43,180			43,180
Foreign currency translation adjustment					47,718			47,718
Change in fair value of interest rate swap					7,064			7,064
Amortization of cash flow hedge					333			333
Comprehensive income								953,620
Dividends declared				(408,264)				(408,264)
Treasury stock purchases						16,104,800	530,563	(530,563)
Treasury stock issued for acquisitions			1,750			(126,027)	(1,305)	3,055
Share-based compensation awards			134,881			(6,306,823)	(140,716)	275,597
Balance as of July 1, 2006	765,174,900	\$765,175	\$525,684	\$4,999,440	\$ 84,618	146,279,320	\$3,322,633	\$3,052,284
Net earnings				1,001,076				1,001,076
Minimum pension liability adjustment					3,469			3,469
Foreign currency translation adjustment					25,052			25,052
Amortization of cash flow hedge					428			428
Comprehensive income								1,030,025
Dividends declared				(456,438)				(456,438)
Treasury stock purchases						16,501,200	559,788	(559,788)
Share-based compensation awards			111,470			(9,445,997)	(218,475)	329,945
Adoption of SFAS 158 recognition provision					(117,628)			(117,628)
Balance as of June 30, 2007	<u>765,174,900</u>	<u>\$765,175</u>	<u>\$637,154</u>	<u>\$5,544,078</u>	<u>\$ (4,061)</u>	<u>153,334,523</u>	<u>\$3,663,946</u>	<u>\$3,278,400</u>
Net earnings				1,106,151				1,106,151
Foreign currency translation adjustment					30,514			30,514
Amortization of cash flow hedge					427			427
Amortization of prior service cost					3,777			3,777
Amortization of net actuarial losses					2,003			2,003
Amortization of transition obligation					93			93
Pension funded status adjustment					(124,301)			(124,301)
Comprehensive income								1,018,664
Dividends declared				(513,593)				(513,593)
Treasury stock purchases						16,499,900	520,255	(520,255)
Share-based compensation awards			75,054			(5,892,065)	(143,143)	218,197
Adoption of FIN 48				(91,635)				(91,635)
Adoption of SFAS 158 measurement date provision				(3,572)	22,780			19,208
Balance as of June 28, 2008	<u>765,174,900</u>	<u>\$765,175</u>	<u>\$712,208</u>	<u>\$6,041,429</u>	<u>\$ (68,768)</u>	<u>163,942,358</u>	<u>\$4,041,058</u>	<u>\$3,408,986</u>

See Notes to Consolidated Financial Statements

SYSCO
CONSOLIDATED CASH FLOWS

	Year Ended		
	June 28, 2008	June 30, 2007	July 1, 2006
(In thousands)			
Cash flows from operating activities:			
Net earnings	\$ 1,106,151	\$ 1,001,076	\$ 855,325
Adjustments to reconcile net earnings to cash provided by operating activities:			
Cumulative effect of accounting change, net of tax	—	—	(9,285)
Share-based compensation expense	80,650	97,985	126,837
Depreciation and amortization	372,529	362,559	345,062
Deferred tax provision	643,480	545,971	482,111
Provision for losses on receivables	32,184	28,156	19,841
(Gain) loss on sale of assets	(2,747)	(6,279)	847
Additional investment in certain assets and liabilities, net of effect of businesses acquired:			
(Increase) in receivables	(128,017)	(134,153)	(162,586)
(Increase) in inventories	(110,925)	(95,932)	(119,392)
Decrease (increase) in prepaid expenses and other current assets	59,896	(62,773)	1,741
Increase in accounts payable	54,451	85,422	49,775
(Decrease) increase in accrued expenses	(22,721)	132,936	29,161
(Decrease) in accrued income taxes	(509,783)	(491,993)	(545,634)
Decrease (increase) in other assets	11,926	(36,426)	(17,937)
Increase (decrease) in other long-term liabilities and prepaid pension cost, net	13,459	(14,817)	75,382
Excess tax benefits from share-based compensation arrangements	(4,404)	(8,810)	(6,569)
Net cash provided by operating activities	<u>1,596,129</u>	<u>1,402,922</u>	<u>1,124,679</u>
Cash flows from investing activities:			
Additions to plant and equipment	(515,963)	(603,242)	(513,934)
Proceeds from sales of plant and equipment	13,320	16,008	21,037
Acquisition of businesses, net of cash acquired	(55,259)	(59,322)	(114,378)
Decrease (increase) in restricted cash	2,342	(2,155)	(2,243)
Net cash used for investing activities	<u>(555,560)</u>	<u>(648,711)</u>	<u>(609,518)</u>
Cash flows from financing activities:			
Bank and commercial paper borrowings (repayments), net	(550,726)	121,858	240,017
Other debt borrowings	757,972	5,290	500,987
Other debt repayments	(7,628)	(109,656)	(413,383)
Debt issuance costs	(4,192)	(7)	(3,998)
Cash (paid for) received from termination of interest rate swap	—	—	(21,196)
Common stock reissued from treasury	128,238	221,736	128,055
Treasury stock purchases	(529,179)	(550,865)	(544,131)
Dividends paid	(497,467)	(445,416)	(397,537)
Excess tax benefits from share-based compensation arrangements	4,404	8,810	6,569
Net cash used for financing activities	<u>(698,578)</u>	<u>(748,250)</u>	<u>(504,617)</u>
Effect of exchange rates on cash	<u>1,689</u>	<u>14</u>	<u>(325)</u>
Net increase in cash	343,680	5,975	10,219
Cash at beginning of year	<u>207,872</u>	<u>201,897</u>	<u>191,678</u>
Cash at end of year	<u>\$ 551,552</u>	<u>\$ 207,872</u>	<u>\$ 201,897</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 98,330	\$ 107,109	\$ 107,242
Income taxes	530,169	563,968	619,442

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

Business and Consolidation

Sysco Corporation, (SYSCO or the company), acting through its subsidiaries and divisions, is engaged in the marketing and distribution of a wide range of food and related products primarily to the foodservice or “food-prepared-away-from-home” industry. These services are performed for over 400,000 customers from 180 distribution facilities located throughout the United States and Canada.

The accompanying financial statements include the accounts of SYSCO and its consolidated subsidiaries. All significant intercompany transactions and account balances have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets, liabilities, sales and expenses. Actual results could differ from the estimates used.

Cash and Cash Equivalents

For cash flow purposes, cash includes cash equivalents such as time deposits, certificates of deposit, short-term investments and all highly liquid instruments with original maturities of three months or less.

Accounts Receivable

Accounts receivable consist primarily of trade receivables from customers and receivables from suppliers for marketing or incentive programs. SYSCO determines the past due status of trade receivables based on contractual terms with each customer. SYSCO evaluates the collectability of accounts receivable and determines the appropriate reserve for doubtful accounts based on a combination of factors. The company utilizes specific criteria to determine uncollectible receivables to be written off including whether a customer has filed for or been placed in bankruptcy, has had accounts referred to outside parties for collection or has had accounts past due over specified periods. Allowances are recorded for all other receivables based on an analysis of historical trends of write-offs and recoveries. In addition, in circumstances where the company is aware of a specific customer's inability to meet its financial obligation to SYSCO, a specific allowance for doubtful accounts is recorded to reduce the receivable to the net amount reasonably expected to be collected. In addition, allowances are recorded for all other receivables based on an analysis of historical trends of write-offs and recoveries.

Inventories

Inventories consisting primarily of finished goods include food and related products and lodging products held for resale and are valued at the lower of cost (first-in, first-out method) or market. Elements of costs include the purchase price of the product and freight charges to deliver the product to the company's warehouses and are net of certain cash or non-cash consideration received from vendors (see “Vendor Consideration”).

Plant and Equipment

Capital additions, improvements and major replacements are classified as plant and equipment and are carried at cost. Depreciation is recorded using the straight-line method, which reduces the book value of each asset in equal amounts over its estimated useful life, and is included within operating expenses in the consolidated results of operations. Maintenance, repairs and minor replacements are charged to earnings when they are incurred. Upon the disposition of an asset, its accumulated depreciation is deducted from the original cost, and any gain or loss is reflected in current earnings.

Applicable interest charges incurred during the construction of new facilities and development of software for internal use are capitalized as one of the elements of cost and are amortized over the assets' estimated useful lives. Interest capitalized for the past three years was \$6,805,000 in 2008, \$3,955,000 in 2007 and \$2,853,000 in 2006.

Long-Lived Assets

Management reviews long-lived assets, including finite-lived intangibles, for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, the potential impairment is measured based on a projected discounted cash flow model.

Goodwill and Intangibles

Goodwill and intangibles represent the excess of cost over the fair value of tangible net assets acquired. Goodwill and intangibles with indefinite lives are not amortized. Intangibles with definite lives are amortized on a straight-line basis over their useful lives, which generally range from three to ten years.

Goodwill is assigned to the reporting units that are expected to benefit from the synergies of the combination. The recoverability of goodwill and indefinite-lived intangibles is assessed annually, or more frequently as needed when events or changes have occurred that would suggest an

impairment of carrying value, by determining whether the fair values of the applicable reporting units exceed their carrying values. The reporting units used to assess goodwill impairment are the company's six operating segments as described in Note 19, Business Segment Information. The components within each of the six operating segments have similar economic characteristics and therefore are aggregated into six reporting units. The evaluation of fair value requires the use of projections, estimates and assumptions as to the future performance of the operations in performing a discounted cash flow analysis, as well as assumptions regarding sales and earnings multiples that would be applied in comparable acquisitions.

Derivative Financial Instruments

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), requires the recognition of all derivatives as assets or liabilities within the consolidated balance sheets at fair value. Gains or losses on derivative financial instruments designated as fair value hedges have been recognized immediately in the consolidated results of operations, along with the offsetting gain or loss related to the underlying hedged item.

Gains or losses on derivative financial instruments designated as cash flow hedges have been recorded as a separate component of shareholders' equity at their settlement, whereby gains or losses are reclassified to the Consolidated Results of Operations in conjunction with the recognition of the underlying hedged item.

In the normal course of business, SYSCO enters into forward purchase agreements for the procurement of fuel, electricity and product commodities related to SYSCO's business. These agreements meet the definition of a derivative. However, the company elected to use the normal purchase and sale exemption available under SFAS 133 (as amended and interpreted); therefore, these agreements are not recorded at fair value.

Treasury Stock

The company records treasury stock purchases at cost. Shares removed from treasury are valued at cost using the average cost method.

Foreign Currency Translation

The assets and liabilities of all foreign subsidiaries are translated at current exchange rates. Related translation adjustments are recorded as a component of accumulated other comprehensive income (loss).

Revenue Recognition

The company recognizes revenue from the sale of a product when it is considered to be realized or realizable and earned. The company determines these requirements to be met at the point at which the product is delivered to the customer. The company grants certain customers sales incentives such as rebates or discounts and treats these as a reduction of sales at the time the sale is recognized. Sales tax collected from customers is not included in revenue but rather recorded as a liability due to the respective taxing authorities. Purchases and sales of inventory with the same counterparty that are entered into in contemplation of one another are considered to be a single nonmonetary transaction. Beginning in the fourth quarter of fiscal 2006, the company recorded the net effect of such transactions in the consolidated results of operations within sales as a result of a new accounting standard, EITF Issue No. 04-13, "Accounting for Purchases and Sales of Inventory With the Same Counterparty," (EITF 04-13). See further discussion in Note 2, Changes in Accounting.

Vendor Consideration

SYSCO recognizes consideration received from vendors when the services performed in connection with the monies received are completed and when the related product has been sold by SYSCO as a reduction to cost of sales. There are several types of cash consideration received from vendors. In many instances, the vendor consideration is in the form of a specified amount per case or per pound. In these instances, SYSCO will recognize the vendor consideration as a reduction of cost of sales when the product is sold. In the situations where the vendor consideration is not related directly to specific product purchases, SYSCO will recognize these as a reduction of cost of sales when the earnings process is complete, the related service is performed and the amounts realized. In certain of these latter instances, the vendor consideration represents a reimbursement of a specific incremental identifiable cost incurred by SYSCO. In these cases, SYSCO classifies the consideration as a reduction of those costs, with any excess funds classified as a reduction of cost of sales and recognizes these in the period in which the costs are incurred and related services performed.

Shipping and Handling Costs

Shipping and handling costs include costs associated with the selection of products and delivery to customers. Included in operating expenses are shipping and handling costs of approximately \$2,155,794,000 in fiscal 2008, \$1,977,516,000 in fiscal 2007, and \$1,857,093,000 in fiscal 2006.

Insurance Program

SYSCO maintains a self-insurance program covering portions of workers' compensation, general and vehicle liability costs. The amounts in excess of the self-insured levels are fully insured by third party insurers. The company also maintains a fully self-insured group medical program. Liabilities associated with these risks are estimated in part by considering historical claims experience, medical cost trends, demographic factors, severity factors and other actuarial assumptions.



Share-Based Compensation

SYSCO recognizes expense for its share-based compensation based on the fair value of the awards that are granted. The fair value of the stock options is estimated at the date of grant using the Black-Scholes option pricing model. Option pricing methods require the input of highly subjective assumptions, including the expected stock price volatility. Measured compensation cost is recognized ratably over the vesting period of the related share-based compensation award. Cash flows resulting from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) are classified as financing cash flows on the consolidated cash flows statements.

Acquisitions

Acquisitions of businesses are accounted for using the purchase method of accounting, and the financial statements include the results of the acquired operations from the respective dates they joined SYSCO.

The purchase price of the acquired entities is allocated to the net assets acquired and liabilities assumed based on the estimated fair value at the dates of acquisition, with any excess of cost over the fair value of net assets acquired, including intangibles, recognized as goodwill. The balances included in the consolidated balance sheets related to recent acquisitions are based upon preliminary information and are subject to change when final asset and liability valuations are obtained. Material changes to the preliminary allocations are not anticipated by management.

2. CHANGES IN ACCOUNTING

FIN 48

Effective July 1, 2007, SYSCO adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS No. 109, "Accounting for Income Taxes" (SFAS 109). FIN 48 clarifies the application of SFAS 109 by defining criteria that an individual tax position must meet for any part of the benefit of that position to be recognized in the financial statements. Additionally, FIN 48 provides guidance on the measurement, derecognition, classification and disclosure of tax positions, along with accounting for the related interest and penalties. The impact of adopting this standard is discussed in Note 16, Income Taxes.

Pension Measurement Date Change and SFAS 158 Adoption

Beginning in fiscal 2006, SYSCO changed the measurement date for the company-sponsored pension and other postretirement benefit plans from fiscal year-end to May 31st, which represented a change in accounting. Management believes this accounting change was preferable, as the one-month acceleration of the measurement date allowed additional time for management to evaluate and report the actuarial pension measurements in the year-end financial statements and disclosures within the accelerated filing deadlines of the Securities and Exchange Commission. The cumulative effect of this change in accounting resulted in an increase to earnings in the first quarter of fiscal 2006 of \$9,285,000, net of tax. The impact to pro forma net earnings and earnings per share adjusted for the effect of retroactive application of the change in measurement date on net company-sponsored pension costs for fiscal 2005 was not material.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)" (SFAS 158). SFAS 158 has two major provisions. The recognition and disclosure provision requires an employer to recognize a plan's funded status in its statement of financial position and recognize the changes in a defined benefit postretirement plan's funded status in comprehensive income in the year in which the changes occur. The measurement date provision requires an employer to measure a plan's assets and obligations as of the end of the employer's fiscal year. SYSCO adopted SFAS 158's recognition and disclosure requirements as of June 30, 2007. In addition, SYSCO elected to early adopt the measurement date provision in order to adopt both provisions of this accounting standard at the same time. See discussion of the impact of adoption in Note 12, Employee Benefit Plans.

EITF 04-13 Adoption

In September 2005, the Emerging Issues Task Force reached a consensus on EITF 04-13 which requires that two or more inventory transactions with the same counterparty (as defined) should be viewed as a single nonmonetary transaction if the transactions were entered into in contemplation of one another. Exchanges of inventory between entities in the same line of business should be accounted for at fair value or recorded at carrying amounts, depending on the classification of such inventory. This guidance was effective for the fourth quarter of fiscal 2006 for SYSCO. SYSCO has certain transactions where finished goods are purchased from a customer or sourced by that customer for warehousing and distribution and resold to the same customer. These transactions are evidenced by title transfer and are separately invoiced. Historically, the company has recorded such transactions in the consolidated results of operations within cost of sales for the purchase amount and within sales for the sales amount. In fiscal 2008 and 2007, the company recorded the net effect of such transactions in the consolidated results of operations within sales by reducing sales and cost of sales in the amount of \$338,907,000 and \$334,002,000, respectively. In the fourth quarter of fiscal 2006, the company recorded the net effect of such transactions in the consolidated results of operations within sales by reducing sales and cost of sales in the amount of \$99,803,000. The amount included in the consolidated results of operations within cost of sales for the 39 week period ended April 1, 2006 that were recorded on a gross basis prior to the adoption of EITF 04-13 was \$279,746,000. This amount was not restated when the new standard was adopted because only prospective treatment was allowed.



SFAS 123(R) Adoption

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," (SFAS 123(R)), which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). SFAS 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees" (APB Opinion 25), and amends SFAS No. 95, "Statement of Cash Flows." In fiscal 2006, SYSCO adopted the provisions of SFAS 123(R) utilizing the modified-prospective transition method under which prior period results have not been restated. See discussion of the impact of adoption in Note 15, Share-Based Compensation.

3. NEW ACCOUNTING STANDARDS

SFAS 159

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities" (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The company decided not to adopt SFAS 159 for its existing financial assets and liabilities at the date of option. Thus, there will be no one-time impact from adoption of this standard to its consolidated financial statements.

SFAS 141(R)

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" (SFAS 141(R)), which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in a business combination. This statement also establishes recognition and measurement principles for the goodwill acquired in a business combination and disclosure requirements to enable financial statement users to evaluate the nature and financial effects of the business combination. SYSCO will apply this statement primarily on a prospective basis for business combinations beginning in fiscal 2010. Earlier application of the standard is prohibited.

FSP 157-2

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS 157), which establishes a common definition for fair value under generally accepted accounting principles, establishes a framework for measuring fair value and expands disclosure requirements about such fair value measurements. In February 2008, the FASB issued FASB Staff Position 157-2, "Effective Date of FASB Statement No. 157" (FSP 157-2), which partially defers the effective date of SFAS No. 157 for one year for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. Consequently, SFAS 157 will be effective for SYSCO in fiscal 2009 for financial assets and liabilities carried at fair value and non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. As a result of the deferral, SFAS 157 will be effective in fiscal 2010 for non-recurring, non-financial assets and liabilities that are recognized or disclosed at fair value. The adoption of SFAS 157 in fiscal 2009 for financial assets and liabilities carried at fair value and non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis will not have a material impact on the company's consolidated financial statements. The company is continuing to evaluate the impact of adopting the provisions of SFAS 157 in fiscal 2010 for non-recurring, non-financial assets and liabilities that are recognized or disclosed at fair value.

SFAS 161

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This Statement will be effective for SYSCO's financial statements beginning with the third quarter of fiscal 2009. The company is currently evaluating the impact the adoption of SFAS 161 may have on its financial statement disclosures.

4. ALLOWANCE FOR DOUBTFUL ACCOUNTS

A summary of the activity in the allowance for doubtful accounts appears below:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Balance at beginning of period	\$ 31,841,000	\$ 29,100,000	\$ 29,604,000
Charged to costs and expenses	32,185,000	28,156,000	19,895,000
Allowance accounts resulting from acquisitions and other adjustments	71,000	595,000	729,000
Customer accounts written off, net of recoveries	(32,367,000)	(26,010,000)	(21,128,000)
Balance at end of period	<u>\$ 31,730,000</u>	<u>\$ 31,841,000</u>	<u>\$ 29,100,000</u>

5. PLANT AND EQUIPMENT

A summary of plant and equipment, including the related accumulated depreciation, appears below:

	June 28, 2008	June 30, 2007	Estimated Useful Lives
Plant and equipment, at cost:			
Land	\$ 270,157,000	\$ 239,206,000	
Buildings and improvements	2,652,091,000	2,428,184,000	10-40 years
Fleet, equipment and software	2,542,235,000	2,416,948,000	3-20 years
	<u>5,464,483,000</u>	<u>5,084,338,000</u>	
Accumulated depreciation	(2,574,693,000)	(2,363,105,000)	
Net plant and equipment	<u>\$ 2,889,790,000</u>	<u>\$ 2,721,233,000</u>	

Depreciation expense, including capital leases, for the past three years was \$352,569,000 in 2008, \$341,714,000 in 2007 and \$320,669,000 in 2006.

6. GOODWILL AND OTHER INTANGIBLES

The changes in the carrying amount of goodwill and the amount allocated by reportable segment for the years presented are as follows:

	Broadline	SYGMA	Other	Total
Carrying amount as of July 1, 2006	\$ 709,414,000	\$ 32,610,000	\$ 560,567,000	\$ 1,302,591,000
Goodwill acquired during year	13,017,000	—	29,168,000	42,185,000
Currency translation/Other	10,253,000	(1,000)	285,000	10,537,000
Carrying amount as of June 30 2007	<u>732,684,000</u>	<u>32,609,000</u>	<u>590,020,000</u>	<u>1,355,313,000</u>
Goodwill acquired during year	11,537,000	—	33,861,000	45,398,000
Currency translation/Other	12,199,000	—	314,000	12,513,000
Carrying amount as of June 28, 2008	<u>\$ 756,420,000</u>	<u>\$ 32,609,000</u>	<u>\$ 624,195,000</u>	<u>\$ 1,413,224,000</u>

The following table presents details of the company's other intangible assets:

	June 28, 2008			June 30, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:						
Customer relationships	\$ 123,605,000	\$ 43,756,000	\$79,849,000	\$114,844,000	\$31,721,000	\$83,123,000
Non-compete agreements	4,163,000	2,443,000	1,720,000	5,027,000	2,841,000	2,186,000
Trademarks	500,000	220,000	280,000	700,000	175,000	525,000
Total amortized intangible assets	<u>128,268,000</u>	<u>46,419,000</u>	<u>81,849,000</u>	<u>120,571,000</u>	<u>34,737,000</u>	<u>85,834,000</u>
Unamortized intangible assets:						
Trademarks	5,679,000	—	5,679,000	5,532,000	—	5,532,000
Total	<u>\$ 133,947,000</u>	<u>\$ 46,419,000</u>	<u>\$87,528,000</u>	<u>\$126,103,000</u>	<u>\$34,737,000</u>	<u>\$91,366,000</u>

Amortization expense for the past three years was \$13,865,000 in 2008, \$12,711,000 in 2007 and \$10,773,000 in 2006. Amortization expense for each year includes expense related to assets that have been fully amortized and whose balances have been removed in the schedule above in the period full amortization is reached. The estimated future amortization expense for the next five fiscal years on intangible assets outstanding as of June 28, 2008 is shown below:

	Amount
2009	\$ 14,138,000
2010	13,726,000
2011	13,227,000
2012	12,942,000
2013	10,410,000

7. RESTRICTED CASH

SYSCO is required by its insurers to collateralize a part of the self-insured portion of its workers' compensation and liability claims. SYSCO has chosen to satisfy these collateral requirements by depositing funds in insurance trusts or by issuing letters of credit.

In addition, for certain acquisitions, SYSCO has placed funds into escrow to be disbursed to the sellers in the event that specified operating results are attained or contingencies are resolved. During fiscal 2008, escrowed funds in the amount of \$7,000,000 were released to sellers of acquired businesses. In addition, escrowed funds of \$2,000,000 were released from escrow related to an acquisition for which the contingent consideration period expired without the additional consideration being earned.

A summary of restricted cash balances appears below:

	<u>June 28, 2008</u>	<u>June 30, 2007</u>
Funds deposited in insurance trusts	\$ 92,587,000	\$ 92,929,000
Escrow funds related to acquisitions	—	9,000,000
Total	<u>\$ 92,587,000</u>	<u>\$ 101,929,000</u>

8. DERIVATIVE FINANCIAL INSTRUMENTS

SYSCO manages its debt portfolio by targeting an overall desired position of fixed and floating rates and may employ interest rate swaps from time to time to achieve this goal. The company does not use derivative financial instruments for trading or speculative purposes.

In March 2005, SYSCO entered into a forward-starting interest rate swap with a notional amount of \$350,000,000. In accordance with SFAS No. 133, the company designated this derivative as a cash flow hedge of the variability in the cash outflows of interest payments on \$350,000,000 of the September 2005 forecasted debt issuance due to changes in the benchmark interest rate. In September 2005, in conjunction with the issuance of the 5.375% senior notes, SYSCO settled the \$350,000,000 notional amount forward-starting interest rate swap. Upon settlement, SYSCO paid cash of \$21,196,000, which represented the fair value of the swap agreement at the time of settlement. This amount is being amortized as interest expense over the 30-year term of the debt, and the unamortized balance is reflected as a loss, net of tax, in other comprehensive income (loss).

9. SELF-INSURED LIABILITIES

SYSCO maintains a self-insurance program covering portions of workers' compensation, general and vehicle liability costs. The amounts in excess of the self-insured levels are fully insured by third party insurers. The company also maintains a fully self-insured group medical program. A summary of the activity in self-insured liabilities appears below:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Balance at beginning of period	\$ 125,844,000	\$ 115,557,000	\$ 105,593,000
Charged to costs and expenses	306,571,000	302,812,000	274,061,000
Payments	(314,690,000)	(292,525,000)	(264,097,000)
Balance at end of period	<u>\$ 117,725,000</u>	<u>\$ 125,844,000</u>	<u>\$ 115,557,000</u>

10. DEBT AND OTHER FINANCING ARRANGEMENTS

SYSCO's debt consists of the following:

	<u>June 28, 2008</u>	<u>June 30, 2007</u>
Short-term borrowings, interest at 5.7% as of June 30, 2007	\$ —	\$ 18,900,000
Commercial paper, interest averaging 5.2% as of June 30, 2007	—	531,826,000
Senior notes, interest at 6.1%, maturing in fiscal 2012	200,372,000	200,467,000
Senior notes, interest at 4.2%, maturing in fiscal 2013	249,619,000	—
Senior notes, interest at 4.6%, maturing in fiscal 2014	206,331,000	207,435,000
Senior notes, interest at 5.25%, maturing in fiscal 2018	496,683,000	—
Debentures, interest at 7.16%, maturing in fiscal 2027	50,000,000	50,000,000
Debentures, interest at 6.5%, maturing in fiscal 2029	224,522,000	224,498,000
Senior notes, interest at 5.375%, maturing in fiscal 2036	499,596,000	499,581,000
Industrial Revenue Bonds, mortgages and other debt, interest averaging 6.2% as of June 28, 2008 and 7.1% as of June 30, 2007, maturing at various dates to fiscal 2026	53,208,000	47,988,000
Total debt	1,980,331,000	1,780,695,000
Less current maturities and short-term debt	(4,896,000)	(22,468,000)
Net long-term debt	<u>\$ 1,975,435,000</u>	<u>\$ 1,758,227,000</u>

The principal payments required to be made during the next five fiscal years on debt outstanding as of June 28, 2008 are shown below:

	<u>Amount</u>
2009	\$ 4,896,000

2010	3,872,000
2011	2,955,000
2012	201,949,000
2013	251,873,000

Short-term Borrowings

SYSCO has uncommitted bank lines of credit, which as of June 28, 2008 provided for unsecured borrowings for working capital of up to \$145,000,000. Borrowings outstanding under these lines of credit were zero and \$18,900,000, as of June 28, 2008 and June 30, 2007, respectively.

Commercial Paper

SYSCO has a commercial paper program allowing the company to issue short-term unsecured notes in an aggregate amount not to exceed \$1,300,000,000.

SYSCO and one of its subsidiaries, SYSCO International, Co., have a revolving credit facility supporting the company's U.S. and Canadian commercial paper programs. The facility in the amount of \$1,000,000,000 terminates on November 4, 2012, subject to extension. Since this long-term facility supports the company's commercial paper programs, the \$531,826,000 of outstanding commercial paper issuances as of June 30, 2007 was classified as long-term debt. There were no commercial paper issuances outstanding as of June 28, 2008.

This facility was originally entered into in November 2005 in the amount of \$500,000,000 and was increased to \$750,000,000 in March 2006. In September 2006, the termination date on the facility was extended to November 4, 2011, in accordance with the terms of the agreement. In September 2007, the amount of the facility was increased to \$1,000,000,000 and the termination date on the facility was extended to November 4, 2012. This facility replaced the previous \$450,000,000 (U.S. dollar) and \$100,000,000 (Canadian dollar) revolving credit agreements in the U.S. and Canada, respectively, both of which were terminated in November 2005.

During fiscal 2008, 2007 and 2006, aggregate outstanding commercial paper issuances and short-term bank borrowings ranged from approximately zero to \$1,113,241,000, \$356,804,000 to \$755,180,000, and \$126,846,000 to \$774,530,000 respectively.

Fixed Rate Debt

In July 2005, SYSCO repaid the 4.75% senior notes totaling \$200,000,000 at maturity also utilizing a combination of cash flow from operations and commercial paper issuances.

In September 2005, SYSCO issued 5.375% senior notes totaling \$500,000,000 due on September 21, 2035, under its April 2005 shelf registration. These notes, which were priced at 99.91% of par, are unsecured, are not subject to any sinking fund requirement and include a redemption provision which allows SYSCO to retire the notes at any time prior to maturity at the greater of par plus accrued interest or an amount designed to ensure that the note holders are not penalized by the early redemption. Proceeds from the notes were utilized to retire commercial paper issuances outstanding as of September 2005.

In September 2005, in conjunction with the issuance of the 5.375% senior notes, SYSCO settled a \$350,000,000 notional amount forward-starting interest rate swap which was designated as a cash flow hedge of the variability in the cash outflows of interest payments on the debt issuance due to changes in the benchmark interest rate. See Note 8, Derivative Financial Instruments, for further discussion.

In May 2006, SYSCO repaid the 7.0% senior notes totaling \$200,000,000 at maturity utilizing a combination of cash flow from operations and commercial paper issuances.

In April 2007, SYSCO repaid the 7.25% senior notes totaling \$100,000,000 at maturity utilizing a combination of cash flow from operations and commercial paper issuances.

In January 2008, the SEC granted our request to terminate our then existing shelf registration statement that was filed with the SEC in April 2005 for the issuance of debt securities. In February 2008, we filed an automatically effective well-known seasoned issuer shelf registration statement for the issuance of up to \$1,000,000,000 in debt securities with the SEC.

In February 2008, we issued 4.20% senior notes totaling \$250,000,000 due February 12, 2013 (the "2013 notes") and 5.25% senior notes totaling \$500,000,000 due February 12, 2018 (the "2018 notes") under our February 2008 shelf registration. The 2013 and 2018 notes, which were priced at 99.835% and 99.310% of par, respectively, are unsecured, are not subject to any sinking fund requirement and include a redemption provision which allows us to retire the notes at any time prior to maturity at the greater of par plus accrued interest or an amount designed to ensure that the note holders are not penalized by the early redemption. Proceeds from the notes were utilized to retire commercial paper issuances outstanding as of February 2008.

The 4.60% senior notes due March 15, 2014 and the 6.5% debentures due August 1, 2028 are unsecured, are not subject to any sinking fund requirement and include a redemption provision that allows SYSCO to retire the debentures and notes at any time prior to maturity at the greater of par plus accrued interest or an amount designed to ensure that the debenture and note holders are not penalized by the early redemption.

The 7.16% debentures due April 15, 2027 are unsecured, are not subject to any sinking fund requirement and are no longer redeemable prior to maturity.

The 6.10% senior notes due June 1, 2012, issued by SYSCO International, Co., a wholly-owned subsidiary of SYSCO, are fully and unconditionally guaranteed by Sysco Corporation, are not subject to any sinking fund requirement, and include a redemption provision which



Table of Contents

allows SYSCO International, Co. to retire the notes at any time prior to maturity at the greater of par plus accrued interest or an amount designed to ensure that the note holders are not penalized by the early redemption.

SYSCO's Industrial Revenue Bonds have varying structures. Final maturities range from three to 18 years and certain of the bonds provide SYSCO the right to redeem the bonds at various dates. These redemption provisions generally provide the bondholder a premium in the early redemption years, declining to par value as the bonds approach maturity.

Total Debt

Total debt as of June 28, 2008 was \$1,980,331,000, of which approximately 99% was at fixed rates averaging 5.4% with an average life of 14 years, and the remainder was at floating rates averaging 2.2%. Certain loan agreements contain typical debt covenants to protect note holders, including provisions to maintain the company's long-term debt to total capital ratio below a specified level. SYSCO was in compliance with all debt covenants as of June 28, 2008.

The fair value of SYSCO's total long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the company for debt of the same remaining maturities. The fair value of total long-term debt approximated \$1,928,595,000 as of June 28, 2008 and \$1,693,619,000 as of June 30, 2007, respectively.

Other

As of June 28, 2008 and June 30, 2007 letters of credit outstanding were \$35,785,000 and \$62,645,000, respectively.

11. LEASES

Although SYSCO normally purchases assets, it has obligations under capital and operating leases for certain distribution facilities, vehicles and computers. Total rental expense under operating leases was \$95,315,000, \$94,163,000, and \$100,690,000, in fiscal 2008, 2007 and 2006, respectively. Contingent rentals, subleases and assets and obligations under capital leases are not significant.

Aggregate minimum lease payments by fiscal year under existing non-capitalized long-term leases are as follows:

	<u>Amount</u>
2009	\$ 64,000,000
2010	55,292,000
2011	42,624,000
2012	30,699,000
2013	23,657,000
Thereafter	74,571,000

12. EMPLOYEE BENEFIT PLANS

SYSCO has defined benefit and defined contribution retirement plans for its employees. Also, the company contributes to various multi-employer plans under collective bargaining agreements and provides certain health care benefits to eligible retirees and their dependents.

SYSCO maintains a qualified retirement plan (Retirement Plan) that pays benefits to employees at retirement, using formulas based on a participant's years of service and compensation.

The defined contribution 401(k) plan provides that under certain circumstances the company may make matching contributions of up to 50% of the first 6% of a participant's compensation. SYSCO's contributions to this plan were \$31,901,000 in 2008, \$26,032,000 in 2007, and \$21,898,000 in 2006.

SYSCO's contributions to multi-employer pension plans were \$35,040,000, \$32,974,000, and \$29,796,000 in fiscal 2008, 2007 and 2006, respectively. See further discussion of SYSCO's participation in multi-employer pension plans in Note 18, Commitments and Contingencies.

In addition to receiving benefits upon retirement under the company's defined benefit plan, participants in the Management Incentive Plan (see "*Management Incentive Compensation*" in Note 15, Share-Based Compensation Plans) will receive benefits under a Supplemental Executive Retirement Plan (SERP). This plan is a nonqualified, unfunded supplementary retirement plan.

Adoption of SFAS 158

On June 30, 2007, SYSCO adopted the recognition and disclosure provisions of SFAS 158. SFAS 158 requires the company to recognize the funded status of its company-sponsored defined benefit plans in its statement of financial position, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The adjustment to accumulated other comprehensive income at adoption represents the net actuarial losses, prior service costs, and transition obligation remaining from the initial adoption of SFAS 87/106, all of which were previously netted against the funded status of the plans in the company's statement of financial position pursuant to the provisions of SFAS 87/106. These amounts will subsequently be recognized as net benefit cost consistent with the company's historical accounting policy for amortizing such amounts. In addition, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic benefit cost in the same periods will be recognized as a component of other comprehensive income. Those amounts will subsequently be recognized as a component of net periodic benefit cost on the same basis as the amounts recognized in accumulated other comprehensive income at the adoption of SFAS 158.

Table of Contents

The effects of the adoption of the recognition and disclosure provisions of SFAS 158 on the company's consolidated balance sheet as of June 30, 2007 are presented in the following table. The adoption of SFAS 158 had no effect on the company's consolidated results of operations for the fiscal year ended June 30, 2007, or for any prior period presented, and it will not affect the company's consolidated results of operations in future periods. Prior to the adoption of SFAS 158 on June 30, 2007, the company recognized an additional minimum pension liability pursuant to the provisions of SFAS 87/106. The effect of recognizing the additional minimum pension liability is included in the table below in the column labeled "Prior to Adopting SFAS 158."

	As of June 30, 2007		
	Prior to Adopting SFAS 158	Effect of Adopting SFAS 158	As Reported at June 30, 2007
Prepaid pension cost	\$ 436,236,000	\$ (83,846,000)	\$ 352,390,000
Intangible asset (Other assets)	43,854,000	(43,854,000)	—
Current accrued benefit liability (Accrued expenses)	—	(10,967,000)	(10,967,000)
Long-term deferred tax liability	(38,196,000)	73,328,000	35,132,000
Non-current accrued benefit liability (Other long-term liabilities)	(271,369,000)	(52,289,000)	(323,658,000)
Accumulated other comprehensive loss	7,637,000	117,628,000	125,265,000

SFAS 158 also has a measurement date provision, which is a requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position, effective for fiscal years ending after December 15, 2008. In the first quarter of fiscal 2006, SYSCO changed the measurement date for company-sponsored pension and other postretirement benefit plans from fiscal year-end to May 31st to allow additional time for management to evaluate and report the actuarial pension measurements in the year-end financial statements and disclosures within the accelerated filing deadlines of the Securities and Exchange Commission. The cumulative effect of this change in accounting resulted in an increase to earnings in the first quarter of fiscal 2006 of \$9,285,000, net of tax. With the issuance of SFAS 158, SYSCO elected to early adopt the measurement date provision in order to adopt both provisions of this accounting standard at the same time. As a result, beginning in fiscal 2008, the measurement date for all plans returned to correspond with fiscal year-end. The company performed measurements as of May 31, 2007 and June 30, 2007 of the plan assets and benefit obligations. SYSCO recorded a charge to beginning retained earnings on July 1, 2007 of \$3,572,000, net of tax, for the impact of the difference in our company-sponsored pension expense between the two measurement dates. The company also recorded a benefit to beginning accumulated other comprehensive income (loss) on July 1, 2007 of \$22,780,000, net of tax, for the impact of the difference in the recognition provision between the two measurement dates.

Funded Status

The funded status of SYSCO's company-sponsored defined benefit plans is presented in the table below. The caption "Pension Benefits" in the tables below includes both the Retirement Plan and the SERP.

	Pension Benefits		Other Postretirement Plans	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 1,565,327,000	\$ 1,381,409,000	\$ 8,675,000	\$ 8,045,000
Service cost	90,570,000	84,654,000	484,000	451,000
Interest cost	101,218,000	91,311,000	570,000	531,000
Amendments	(30,048,000)	3,410,000	—	—
Actuarial loss (gain)	1,205,000	46,463,000	(209,000)	(359,000)
Actual expenses	(10,445,000)	(10,814,000)	—	—
Total disbursements	(34,586,000)	(31,106,000)	(238,000)	7,000
Settlements/Adjustments (Measurement date change)	(48,254,000)	—	(127,000)	—
Benefit obligation at end of year	<u>1,634,987,000</u>	<u>1,565,327,000</u>	<u>9,155,000</u>	<u>8,675,000</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	1,590,689,000	1,282,302,000	—	—
Actual return on plan assets	(95,634,000)	259,471,000	—	—
Employer contribution	92,670,000	90,836,000	238,000	(7,000)
Actual expenses	(10,445,000)	(10,814,000)	—	—
Total disbursements	(34,586,000)	(31,106,000)	(238,000)	7,000
Settlements/Adjustments (Measurement date change)	(16,122,000)	—	—	—
Fair value of plan assets at end of year	<u>1,526,572,000</u>	<u>1,590,689,000</u>	<u>—</u>	<u>—</u>
Funded status at measurement date	(108,415,000)	25,362,000	(9,155,000)	(8,675,000)
Contributions after measurement date, before end of year	N/A	993,000	N/A	85,000
Funded status at end of year	<u>\$ (108,415,000)</u>	<u>\$ 26,355,000</u>	<u>\$ (9,155,000)</u>	<u>\$ (8,590,000)</u>

In order to meet a portion of its obligations under the SERP, SYSCO maintains life insurance policies on the lives of the participants with carrying values of \$129,480,000 as of June 28, 2008 and \$131,011,000 as of June 30, 2007. These policies are not included as plan assets or in the funded status amounts in the tables above and below. SYSCO is the sole owner and beneficiary of such policies. The projected benefit obligation for the SERP was \$323,574,000 and \$327,028,000 as of June 28, 2008 and June 30, 2007, respectively.

Table of Contents

The amounts recognized on SYSCO's consolidated balance sheet related to its company-sponsored defined benefit plans are as follows:

	Pension Benefits		Other Postretirement Plans	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Prepaid pension cost	\$ 215,159,000	\$ 352,390,000	\$ —	\$ —
Current accrued benefit liability (Accrued expenses)	(17,082,000)	(10,784,000)	(319,000)	(183,000)
Non-current accrued benefit liability (Other long-term liabilities)	(306,492,000)	(315,251,000)	(8,836,000)	(8,407,000)
Net amount recognized	<u>\$ (108,415,000)</u>	<u>\$ 26,355,000</u>	<u>\$ (9,155,000)</u>	<u>\$ (8,590,000)</u>

Accumulated other comprehensive loss as of June 28, 2008 consists of the following amounts that had not, as of that date, been recognized in net benefit cost:

	Pension Benefits	Other Postretirement Plans	Total
Prior service cost	\$ 9,145,000	\$ 436,000	\$ 9,581,000
Net actuarial losses (gains)	351,344,000	(2,912,000)	348,432,000
Transition obligation	—	754,000	754,000
Total	<u>\$ 360,489,000</u>	<u>\$ (1,722,000)</u>	<u>\$ 358,767,000</u>

Accumulated other comprehensive loss as of June 30, 2007 consists of the following amounts that had not, as of that date, been recognized in net benefit cost:

	Pension Benefits	Other Postretirement Plans	Total
Prior service cost	\$ 45,678,000	\$ 591,000	\$ 46,269,000
Net actuarial losses (gains)	158,906,000	(2,741,000)	156,165,000
Transition obligation	—	920,000	920,000
Total	<u>\$ 204,584,000</u>	<u>\$ (1,230,000)</u>	<u>\$ 203,354,000</u>

The accumulated benefit obligation for the company-sponsored defined benefit pension plans was \$1,467,568,000 and \$1,377,832,000 as of June 28, 2008 and June 30, 2007, respectively.

Information for plans with accumulated benefit obligation/aggregate benefit obligation in excess of fair value of plan assets is as follows:

	Pension Benefits		Other Postretirement Plans	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Accumulated benefit obligation/aggregate benefit obligation	\$ 277,579,000	\$ 262,541,000	\$ 9,155,000	\$ 8,675,000
Fair value of plan assets at end of year	—	—	—	—

Components of Net Benefit Costs

The components of net company-sponsored pension costs for each fiscal year are as follows:

	Pension Benefits		
	2008	2007	2006
Service cost	\$ 90,570,000	\$ 84,654,000	\$ 100,028,000
Interest cost	101,218,000	91,311,000	83,600,000
Expected return on plan assets	(135,345,000)	(116,744,000)	(104,174,000)
Amortization of prior service cost	5,985,000	5,684,000	4,934,000
Amortization of net actuarial loss	3,409,000	9,686,000	46,204,000
Net pension costs	<u>\$ 65,837,000</u>	<u>\$ 74,591,000</u>	<u>\$ 130,592,000</u>

The components of other postretirement benefit costs for each fiscal year are as follows:

	Other Postretirement Plans		
	2008	2007	2006
Service cost	\$ 484,000	\$ 451,000	\$ 510,000
Interest cost	570,000	531,000	472,000
Expected return on plan assets	—	—	—
Amortization of prior service cost	143,000	201,000	202,000
Amortization of net actuarial gain	(156,000)	(132,000)	(15,000)
Amortization of transition obligation	153,000	154,000	153,000
Net other postretirement benefit costs	<u>\$ 1,194,000</u>	<u>\$ 1,205,000</u>	<u>\$ 1,322,000</u>

Primarily as a result of the funded status and expected asset performance of the Retirement Plan, net company-sponsored

pension costs decreased \$8,754,000 in fiscal 2008. Net company-sponsored pension costs in fiscal 2009 are expected to increase by approximately \$20,000,000 due primarily to lower returns on assets of the Retirement Plan.

Table of Contents

Amounts included in accumulated other comprehensive loss as of June 28, 2008 that are expected to be recognized as components of net company-sponsored benefit cost during fiscal 2009 are:

	Pension Benefits	Other Postretirement Plans	Total
Amortization of prior service cost	\$ 1,376,000	\$ 130,000	\$ 1,506,000
Amortization of net actuarial losses (gains)	17,728,000	(158,000)	17,570,000
Amortization of transition obligation	—	153,000	153,000
Total	<u>\$ 19,104,000</u>	<u>\$ 125,000</u>	<u>\$ 19,229,000</u>

Employer Contributions

The company made cash contributions to its company-sponsored pension plans of \$92,670,000 and \$91,163,000 in fiscal years 2008 and 2007, respectively, including \$80,000,000 in voluntary contributions to the Retirement Plan in both fiscal 2008 and 2007, respectively. In fiscal 2009, as in previous years, contributions to the Retirement Plan will not be required to meet ERISA minimum funding requirements, yet the company anticipates it will make voluntary contributions of approximately \$80,000,000. The company's contributions to the SERP and other post-retirement plans are made in the amounts needed to fund current year benefit payments. The estimated fiscal 2009 contributions to fund benefit payments for the SERP and other postretirement plans are \$17,082,000 and \$319,000, respectively.

Estimated Future Benefit Payments

Estimated future benefit payments for vested participants, based on actuarial assumptions, are as follows:

	Pension Benefits	Other Postretirement Plans
2009	\$ 44,671,000	\$ 319,000
2010	50,484,000	434,000
2011	56,792,000	608,000
2012	63,500,000	732,000
2013	71,919,000	863,000
Subsequent five years	503,938,000	5,431,000

Assumptions

Weighted-average assumptions used to determine benefit obligations as of year-end were:

	June 28, 2008	June 30, 2007
Discount rate — Retirement Plan and Other Postretirement Plans	6.94%	6.54%
Discount rate — SERP	7.03	6.40
Rate of compensation increase — Retirement Plan	6.17	6.17

For determining the benefit obligations as of June 28, 2008, the SERP calculations assume various levels of base salary increase and decrease for determining pay for fiscal 2009 depending upon the participant's position with the company and a 7% salary growth assumption for all participants for fiscal 2010 and thereafter. For determining the benefit obligations as of June 30, 2007, the SERP calculations assumed annual salary increases of 10% through fiscal 2007 and 7% thereafter.

Weighted-average assumptions used to determine net company-sponsored pension costs and other postretirement benefit costs for each fiscal year were:

	2008	2007	2006
Discount rate — Retirement Plan and Other Postretirement Plans	6.78%	6.73%	5.60%
Discount rate — SERP	6.64	6.73	5.60
Expected rate of return — Retirement Plan	8.50	9.00	9.00
Rate of compensation increase — Retirement Plan	6.17	6.17	5.89

For determining net pension costs related to the SERP for each fiscal year, the calculation for fiscal 2008 assumes annual salary increases of 7%. The calculations for fiscal 2007 and 2006 assumed annual salary increases of 10% through fiscal 2007 and 7% thereafter.

A healthcare cost trend rate is not used in the calculations of postretirement benefits obligations because SYSCO subsidizes the cost of postretirement medical coverage by a fixed dollar amount, with the retiree responsible for the cost of coverage in excess of the subsidy, including all future cost increases.

For guidance in determining the discount rate, SYSCO calculates the implied rate of return on a hypothetical portfolio of high-quality fixed-income investments for which the timing and amount of cash outflows approximates the estimated payouts of the company-sponsored pension plans. The discount rate assumption is reviewed annually and revised as deemed appropriate. The discount rate to be used for the calculation of fiscal 2009 net company-sponsored benefit costs for the Retirement Plan and Other Postretirement Plans is 6.94%. The discount rate to be used for the calculation of fiscal 2009 net company-sponsored benefit costs for the SERP is 7.03%.

The expected long-term rate of return on plan assets is derived from a mathematical asset model that incorporates assumptions as to the various asset class returns, reflecting a combination of rigorous historical performance analysis and the forward-looking views of the financial markets regarding the yield on long-term bonds and the historical returns of the major stock markets. The rate of return assumption is reviewed annually and revised as deemed appropriate. The expected long-term rate of return to be used in the calculation of fiscal 2009 net company-sponsored benefit costs for the Retirement Plan is 8.00%.

The measurement date for fiscal 2006 and 2007 was May 31st. As discussed above under *SFAS 158 Adoption*, an additional measurement was performed as of June 30, 2007. The measurement date for fiscal 2008 was fiscal year-end.

Investment Policy and Assets

SYSCO's investment objectives target a mix of investments that can potentially achieve an above-average rate of return. SYSCO has determined that this strategy is appropriate due to the relatively low ratio of retirees as a percentage of participants, low average years of participant service and low average age of participants and is willing to accept the above-average level of short-term risk and variability in returns to attempt to achieve a higher level of long-term returns. As a result, the company's strategy targets a mix of investments that include 70% stocks (including a mix of large capitalization U.S. stocks, small- to mid-capitalization U.S. stocks and international stocks) and 30% fixed income investments and cash equivalents.

The percentage of the fair value of plan assets by asset category is as follows:

	June 28, 2008	June 30, 2007
Equity securities	68.8%	72.0%
Debt securities	31.2	28.0
Total	<u>100.0%</u>	<u>100.0%</u>

13. SHAREHOLDERS' EQUITY

Basic earnings per share has been computed by dividing net earnings by the weighted average number of shares of common stock outstanding for each respective year. Diluted earnings per share has been computed by dividing net earnings by the weighted average number of shares of common stock outstanding during those respective years adjusted for the dilutive effect of stock options outstanding using the treasury stock method.

A reconciliation of the numerators and the denominators of the basic and diluted earnings per share computations for the periods presented follows:

	2008	2007	2006
Numerator:			
Earnings before cumulative effect of accounting change	\$ 1,106,151,000	\$ 1,001,076,000	\$ 846,040,000
Cumulative effect of accounting change	—	—	9,285,000
Net earnings	<u>\$ 1,106,151,000</u>	<u>\$ 1,001,076,000</u>	<u>\$ 855,325,000</u>
Denominator:			
Weighted-average basic shares outstanding	605,905,545	618,332,752	621,382,766
Dilutive effect of share-based awards	5,065,238	8,034,046	7,417,881
Weighted-average diluted shares outstanding	<u>610,970,783</u>	<u>626,366,798</u>	<u>628,800,647</u>
Basic earnings per share:			
Earnings before cumulative effect of accounting change	\$ 1.83	\$ 1.62	\$ 1.36
Cumulative effect of accounting change	—	—	0.02
Net earnings	<u>\$ 1.83</u>	<u>\$ 1.62</u>	<u>\$ 1.38</u>
Diluted earnings per share:			
Earnings before cumulative effect of accounting change	\$ 1.81	\$ 1.60	\$ 1.35
Cumulative effect of accounting change	—	—	0.01
Net earnings	<u>\$ 1.81</u>	<u>\$ 1.60</u>	<u>\$ 1.36</u>

The number of options that were not included in the diluted earnings per share calculation because the effect would have been anti-dilutive was approximately 33,400,000, 21,900,000 and 28,500,000 for fiscal 2008, 2007 and 2006, respectively.

Dividends declared were \$513,593,000, \$456,438,000 and \$408,264,000 in fiscal 2008, 2007 and 2006, respectively. Included in dividends declared for each year were dividends declared but not yet paid at year-end of approximately \$132,000,000, \$116,000,000 and \$105,000,000 in fiscal 2008, 2007 and 2006, respectively.

14. COMPREHENSIVE INCOME

Comprehensive income is net earnings plus certain other items that are recorded directly to shareholders' equity. Comprehensive income was \$1,018,664,000, \$1,030,025,000 and \$953,620,000 in fiscal 2008, 2007 and 2006, respectively.

A summary of the components of other comprehensive income (loss) and the related tax effects for each of the years presented is as follows:

	2008		
	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustment	30,514,000	—	30,514,000
Amortization of cash flow hedge	693,000	266,000	427,000
Amortization of prior service cost	6,128,000	2,351,000	3,777,000
Amortization of net actuarial losses	3,253,000	1,250,000	2,003,000
Amortization of transition obligation	153,000	60,000	93,000
Pension funded status adjustment	(201,788,000)	(77,487,000)	(124,301,000)
Other comprehensive loss	<u>\$ (161,047,000)</u>	<u>\$ (73,560,000)</u>	<u>\$ (87,487,000)</u>

	2007		
	Before-Tax Amount	Income Tax	After-Tax Amount
Minimum pension liability adjustment	\$ 5,633,000	\$ 2,164,000	\$ 3,469,000
Foreign currency translation adjustment	25,052,000	—	25,052,000
Amortization of cash flow hedge	694,000	266,000	428,000
Other comprehensive income	<u>\$ 31,379,000</u>	<u>\$ 2,430,000</u>	<u>\$ 28,949,000</u>

	2006		
	Before-Tax Amount	Income Tax	After-Tax Amount
Minimum pension liability adjustment	\$ 70,097,000	\$ 26,917,000	\$ 43,180,000
Foreign currency translation adjustment	47,718,000	—	47,718,000
Change in fair value of interest rate swap	11,388,000	4,324,000	7,064,000
Amortization of cash flow hedge	540,000	207,000	333,000
Other comprehensive income	<u>\$ 129,743,000</u>	<u>\$ 31,448,000</u>	<u>\$ 98,295,000</u>

The following table provides a summary of the changes in accumulated other comprehensive income (loss) for the years presented:

	Pension and Other Postretirement Benefit Plans	Foreign Currency Translation	Interest Rate Swap	Total
Balance as of July 2, 2005	\$ (54,286,000)	\$ 60,730,000	\$ (20,121,000)	\$ (13,677,000)
Minimum pension liability adjustment	43,180,000	—	—	43,180,000
Foreign currency translation adjustment	—	47,718,000	—	47,718,000
Change in fair value of interest rate swap	—	—	7,064,000	7,064,000
Amortization of cash flow hedge	—	—	333,000	333,000
Balance as of July 1, 2006	(11,106,000)	108,448,000	(12,724,000)	84,618,000
Minimum pension liability adjustment	3,469,000	—	—	3,469,000
Foreign currency translation adjustment	—	25,052,000	—	25,052,000
Amortization of cash flow hedge	—	—	428,000	428,000
Adoption of SFAS 158 recognition provision	(117,628,000)	—	—	(117,628,000)
Balance as of June 30, 2007	(125,265,000)	133,500,000	(12,296,000)	(4,061,000)
Adoption of SFAS 158 measurement date provision	22,780,000	—	—	22,780,000
Foreign currency translation adjustment	—	30,514,000	—	30,514,000
Amortization of cash flow hedge	—	—	427,000	427,000
Amortization of prior service cost	3,777,000	—	—	3,777,000
Amortization of net actuarial losses	2,003,000	—	—	2,003,000
Amortization of transition obligation	93,000	—	—	93,000
Pension funded status adjustment	(124,301,000)	—	—	(124,301,000)
Balance as of June 28, 2008	<u>\$ (220,913,000)</u>	<u>\$ 164,014,000</u>	<u>\$ (11,869,000)</u>	<u>\$ (68,768,000)</u>

15. SHARE-BASED COMPENSATION

Prior to July 3, 2005, SYSCO accounted for its stock option plans and its Employees' Stock Purchase Plan using the intrinsic value method of accounting provided under APB Opinion No. 25, "Accounting for Stock Issued to Employees," (APB 25) and related interpretations, as permitted by FASB Statement No. 123, "Accounting for Stock-Based Compensation," (SFAS 123) under which no compensation expense was recognized for stock option grants and issuances of stock pursuant to the Employees' Stock Purchase Plan. However, share-based compensation expense was recognized in periods prior to fiscal 2006 (and continues to be recognized) for stock issuances pursuant to the Management Incentive Plan

and stock grants to non-employee directors. Share-based compensation was a pro forma disclosure in the financial statement footnotes and continues to be provided for periods prior to fiscal 2006.

Effective July 3, 2005, SYSCO adopted the fair value recognition provisions of FASB Statement No. 123(R), "Share-Based Payment," (SFAS 123(R)) using the modified-prospective transition method. Under this transition method, compensation cost recognized in fiscal 2006 and later years includes: a) compensation cost for all share-based payments granted through July 2, 2005, but for which the requisite service period had not been completed as of the beginning of the fiscal year, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, and b) compensation cost for all share-based payments granted during the fiscal year, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Results for prior periods were not restated.

The adoption of SFAS 123(R) results in lower diluted shares outstanding than would have been calculated had compensation cost not been recorded for stock options and stock issuances under the Employees' Stock Purchase Plan. This is due to a modification required by SFAS 123(R) of the treasury stock method calculation utilized to compute the dilutive effect of stock options.

SYSCO provides compensation benefits to employees and non-employee directors under several share-based payment arrangements including various employee stock option plans, the Employees' Stock Purchase Plan, the Management Incentive Plan and various non-employee director plans.

Stock Incentive Plans

SYSCO's 2007 Stock Incentive Plan was adopted in fiscal 2008 and provides for the issuance of up to 30,000,000 shares of SYSCO common stock for share-based awards to officers and other employees of the company and its subsidiaries at the fair market value (as defined in the plan) of SYSCO common stock at the date of grant. Of the 30,000,000 shares authorized under the 2007 Stock Incentive Plan, up to 25,000,000 shares may be issued as options or stock appreciation rights and up to 5,000,000 shares may be issued as restricted stock, restricted stock units or other types of stock-based awards. To date, SYSCO has only issued options under this plan. Vesting requirements for awards under this plan will vary by individual grant and may include either time-based vesting or time-based vesting subject to acceleration based on performance criteria for fiscal periods of at least one year. The contractual life of all options granted under this plan will be no greater than seven years. As of June 28, 2008, there were 23,666,732 remaining shares authorized and available for grant in total under the 2007 Stock Incentive Plan, 18,666,732 shares that may be issued as options or stock appreciation rights and 5,000,000 shares that may be issued as restricted stock, restricted stock units or other types of stock-based awards.

SYSCO has also granted employee options under several previous employee stock option plans for which previously granted options remain outstanding as of June 28, 2008. No new options will be issued under any of the prior plans, as future grants to employees will be made through the 2007 Stock Incentive Plan or subsequently adopted plans. Vesting requirements for awards under these plans vary by individual grant and include either time-based vesting or time-based vesting subject to acceleration based on performance criteria. The contractual life of all options granted under these plans through July 3, 2004 is 10 years; options granted after July 3, 2004 have a contractual life of seven years.

SYSCO's 2005 Non-Employee Directors Stock Plan was adopted in fiscal 2006 and provides for the issuance of up to 550,000 shares of SYSCO common stock for share-based awards to non-employee directors. Of the 550,000 shares authorized under the 2005 Non-Employee Directors Stock Plan, up to 220,000 shares may be issued as options, up to 320,000 shares may be issued as stock grants or restricted stock units and up to 10,000 shares may be issued as dividend equivalents. In addition, options and unvested common shares also remained outstanding as of June 28, 2008 under previous non-employee director stock plans. No further grants will be made under these previous plans, as all future grants to non-employee directors will be made through the 2005 Non-Employee Directors Stock Plan or subsequently adopted plans. Vesting requirements for awards under these plans vary by individual grant and include either time-based vesting or vesting based on performance criteria. The contractual life of all options granted under these plans through July 3, 2004 is 10 years; options granted after July 3, 2004 have a contractual life of seven years. As of June 28, 2008, there were 337,442 remaining shares authorized and available for grant in total under the 2005 Non-Employee Directors Stock Plan, 153,500 shares that may be issued as options, 173,942 shares that may be issued as stock grants or restricted stock units and 10,000 shares that may be issued as dividend equivalents.

Stock Options

Certain of SYSCO's option awards are subject to graded vesting over a service period. In those cases, SYSCO recognizes compensation cost on a straight-line basis over the requisite service period for the entire award. In other cases, certain of SYSCO's option awards provide for graded vesting over a service period but include a performance-based provision allowing for accelerated vesting. In these cases, if it is probable that the performance condition will be met, SYSCO recognizes compensation cost on a straight-line basis over the shorter performance period; otherwise, it will recognize compensation cost over the longer service period.

In addition, certain of SYSCO's options provide that the options continue to vest as if the optionee continued to be an employee or director if the optionee meets certain age and years of service thresholds upon retirement. In these cases, for awards granted through July 2, 2005, SYSCO will recognize the compensation cost for such awards over the service period and accelerate any remaining unrecognized compensation cost when the employee retires. Due to the adoption of SFAS 123 (R), for awards granted subsequent to July 2, 2005, SYSCO will recognize compensation cost for such awards over the period from the grant date to the date the employee or director first becomes eligible to retire with the options continuing to vest after retirement. If SYSCO had recognized compensation cost for such awards over the period from the grant date to the date the employee or the director first became eligible to retire with the options continuing to vest after retirement for all periods presented, recognized compensation cost would have been \$8,307,000, \$11,698,000 and \$23,907,000 lower for fiscal 2008, 2007 and 2006, respectively.



Table of Contents

The fair value of each option award is estimated as of the date of grant using a Black-Scholes option pricing model. The weighted average assumptions for the periods indicated are noted in the following table. Expected volatility is based on historical volatility of SYSCO's stock, implied volatilities from traded options on SYSCO's stock and other factors. SYSCO utilizes historical data to estimate option exercise and employee termination behavior within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. Expected dividend yield is estimated based on the historical pattern of dividends and the average stock price for the year preceding the option grant. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The following weighted-average assumptions were used for each fiscal year presented:

	2008	2007	2006
Dividend yield	2.6%	2.2%	1.4%
Expected volatility	23%	21%	23%
Risk-free interest rate	3.8%	4.7%	3.9%
Expected life	4.5 years	5.1 years	5.2 years

The following summary presents information regarding outstanding options as of June 28, 2008 and changes during the fiscal year then ended with regard to options under all stock option plans:

	Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of June 30, 2007	63,436,658	\$ 29.38		
Granted	6,438,968	33.39		
Exercised	(3,702,300)	23.74		
Forfeited	(540,700)	32.25		
Expired	(388,326)	32.24		
Outstanding as of June 28, 2008	65,244,300	\$ 30.05	4.14	\$ 46,439,000
Vested or expected to vest as of June 28, 2008	63,608,630	\$ 29.99	4.13	\$ 46,436,000
Exercisable as of June 28, 2008	47,411,023	\$ 29.14	3.80	\$ 45,499,000

The total number of employee options granted was 6,438,968, 6,504,200 and 4,826,500 in fiscal years 2008, 2007 and 2006, respectively. During fiscal 2008, 699,000 options were granted to 12 executive officers and 5,739,968 options were granted to approximately 1,500 other key employees. During fiscal 2007, 594,000 options were granted to 9 executive officers and 5,910,200 options were granted to approximately 1,600 other key employees. During fiscal 2006, 876,000 options were granted to 17 executive officers and 3,950,500 options were granted to approximately 1,200 other key employees.

The weighted average grant-date fair value of options granted in fiscal 2008, 2007 and 2006 was \$6.50, \$6.85 and \$7.83, respectively. The total intrinsic value of options exercised during fiscal 2008, 2007 and 2006, was \$33,601,000, \$73,124,000 and \$48,928,000, respectively.

Employees' Stock Purchase Plan

SYSCO has an Employees' Stock Purchase Plan that permits employees to invest in SYSCO common stock by means of periodic payroll deductions at 85% of the closing price on the last business day of each calendar quarter. In November 2007, the Employees' Stock Purchase Plan was amended to reserve an additional 6,000,000 shares of SYSCO common stock for issuance under the plan. Including the additional 6,000,000 shares reserved in fiscal 2008, the total number of shares which may be sold pursuant to the plan may not exceed 74,000,000 shares, of which 7,416,677 remained available as of June 28, 2008.

During fiscal 2008, 1,769,421 shares of SYSCO common stock were purchased by the participants as compared to 1,708,250 shares purchased in fiscal 2007 and 1,840,764 shares purchased in fiscal 2006. In July 2008, 495,245 shares were purchased by participants.

The weighted average fair value of employee stock purchase rights issued pursuant to the Employees' Stock Purchase Plan was \$4.81, \$5.02 and \$4.88 per share during fiscal 2008, 2007 and 2006, respectively. The fair value of the stock purchase rights was calculated as the difference between the stock price at date of issuance and the employee purchase price.

Management Incentive Compensation

SYSCO's Management Incentive Plan compensates key management personnel for specific performance achievements. With respect to bonuses for fiscal 2008 and earlier years, the bonuses earned and expensed under this plan were paid in the following fiscal year in both cash and stock or deferred for payment in future years at the election of each participant. The stock awards under this plan immediately vest upon issuance; however, participants are restricted from selling, transferring, giving or otherwise conveying the shares for a period of two years from the date of issuance of such shares. The fair value of the stock issued under the Management Incentive Plan is based on the stock price less a 12% discount for post-vesting restrictions. The discount for post-vesting restrictions is estimated based on restricted stock studies and by calculating the cost of a hypothetical protective put option over the restriction period.

A total of 588,143 shares, 323,822 shares and 617,637 shares at a fair value of \$32.99, \$30.56 and \$36.25, respectively, were issued pursuant to this plan in fiscal 2008, 2007 and 2006, respectively, for bonuses earned in the preceding fiscal years. As of June 28, 2008, there were 2,211,857 remaining shares that may be issued under the Management Incentive Plan. In August 2008, 672,087 shares were issued in payment of the stock

portion of the bonuses earned in fiscal 2008. In May 2008, the Management Incentive Plan was amended to remove the stock component of the bonus structure. Therefore, there will be no stock award component for the fiscal 2009 bonuses under this plan.

Non-Employee Director Stock Grants

Prior to fiscal 2008, one-time retainer awards were granted to newly elected directors under the 2005 Non-Employee Directors Stock Plan. These awards were of 6,000 shares of SYSCO common stock that vest one-third every year over a three-year period. In fiscal 2007, 12,000 shares in the aggregate of restricted stock were granted to two non-employee directors as one-time retainer awards under the 2005 Non-Employee Directors Stock Plan. There were no one-time retainer awards issued in fiscal 2006. The 2005 Non-Employee Directors Stock Plan was amended during fiscal 2008 to discontinue the issuance of one-time retainer awards under the plan.

In addition, there are one-time retainer awards outstanding under the Non-Employee Directors Stock Plan, which was replaced by the 2005 Non-Employee Directors Stock Plan. The remaining outstanding unvested awards under this plan vest over a six-year period if certain earnings goals are met.

The 2005 Non-Employee Directors Stock Plan provides for the issuance of restricted stock to current non-employee directors. During fiscal 2008, 2007 and 2006, 52,430, 30,000 and 27,000 shares, respectively, of restricted stock were granted to non-employee directors. These shares will vest ratably over a three-year period.

The total amount of unvested shares related to the one-time retainer awards and other restricted stock awards as of June 28, 2008 was not significant.

Non-employee directors may also elect to receive up to 50% of their annual directors' fees in SYSCO common stock. SYSCO provides a matching grant of 50% of the number of shares received for the stock election. As a result of such elections, a total of 13,051, 11,721 and 12,907 shares with a weighted-average grant date fair value of \$33.33, \$33.80 and \$33.63 per share were issued in fiscal 2008, 2007 and 2006, respectively

All Share-Based Payment Arrangements

The total share-based compensation cost that has been recognized in results of operations was \$80,650,000, \$97,985,000, and \$126,837,000 for fiscal 2008, 2007 and 2006, respectively, and is included within operating expenses in the consolidated results of operations. The total income tax benefit recognized in results of operations for share-based compensation arrangements was \$15,722,000, \$21,549,000, and \$15,607,000 for fiscal 2008, 2007 and 2006, respectively.

As of June 28, 2008, there was \$66,432,000 of total unrecognized compensation cost related to share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 2.88 years.

Cash received from option exercises was \$88,443,000, \$172,734,000 and \$93,337,000 during fiscal 2008, 2007 and 2006, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled \$9,371,000, \$22,575,000, and \$12,507,000 during fiscal 2008, 2007 and 2006, respectively.

16. INCOME TAXES

Income Tax Provisions

The income tax provision for each fiscal year consists of the following:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
United States federal income taxes	\$ 584,584,000	\$ 539,997,000	\$ 486,642,000
State and local income taxes	79,587,000	63,139,000	45,738,000
Foreign income taxes	21,016,000	17,003,000	16,526,000
Total	<u>\$ 685,187,000</u>	<u>\$ 620,139,000</u>	<u>\$ 548,906,000</u>

Included in the income taxes charged to earnings are net deferred tax provisions of \$642,357,000, \$566,334,000, and \$533,108,000 in fiscal 2008, 2007 and 2006, respectively. The deferred tax provisions result from the effects of net changes during the year in deferred tax assets and liabilities arising from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In addition to the deferred tax provision, changes in the deferred tax liability balances in fiscal 2008, 2007 and 2006 were also impacted by the reclassification of deferred supply chain distributions from current deferred tax liabilities to accrued income taxes based on the timing of when payments related to these items become payable. These reclassifications were \$575,248,000 and \$536,492,000 in fiscal 2008 and 2007, respectively. Deferred supply chain distributions are classified as current or deferred tax liabilities based on when the related income tax payments will become payable.

Deferred Tax Assets and Liabilities

Significant components of SYSCO's deferred tax assets and liabilities are as follows:

	<u>June 28, 2008</u>	<u>June 30, 2007</u>
Deferred tax liabilities:		
Deferred supply chain distributions	\$ 1,054,190,000	\$ 988,341,000
Excess tax depreciation and basis differences of assets	369,203,000	360,271,000
Other	20,601,000	21,266,000
Total deferred tax liabilities	1,443,994,000	1,369,878,000
Deferred tax assets:		
Net operating tax loss carryforwards	73,481,000	101,180,000
Benefit on unrecognized tax benefits	73,837,000	—
Pension	76,500,000	35,132,000
Deferred compensation	54,805,000	49,850,000
Self-insured liabilities	41,390,000	45,424,000
Receivables	30,650,000	26,430,000
Inventory	40,355,000	38,094,000
Other	35,535,000	29,159,000
Total deferred tax assets	426,553,000	325,269,000
Valuation allowances	39,020,000	70,935,000
Total net deferred tax liabilities	\$ 1,056,461,000	\$ 1,115,544,000

The company had State and Canadian net operating tax losses as of June 28, 2008 and June 30, 2007, respectively. The net operating tax losses outstanding as of June 28, 2008 expire in fiscal years 2009 through 2028. A valuation allowance of \$39,020,000 and \$70,935,000 was recorded as of June 28, 2008 and June 30, 2007, respectively, as management believes that it is more likely than not that a portion of the benefits of these state and Canadian tax loss carryforwards will not be realized. Both the net operating tax loss carryforwards and the valuation allowances were impacted by the company's adoption of FIN 48 by a reduction of \$14,705,000 at the date of adoption on July 1, 2008.

Effective Tax Rates

Reconciliations of the statutory federal income tax rate to the effective income tax rates for each fiscal year are as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
United States statutory federal income tax rate	35.00%	35.00%	35.00%
State, local and foreign income taxes, net of federal income tax benefit	1.61	2.15	2.17
Impact of share-based compensation	0.85	0.93	2.09
Other	0.79	0.17	0.09
	<u>38.25%</u>	<u>38.25%</u>	<u>39.35%</u>

The effective tax rate for fiscal 2008 was favorably impacted by tax benefits of approximately \$7,700,000 resulting from the recognition of a net operating loss deferred tax asset which arose due to a state tax law change, \$8,600,000 related to the reversal of valuation allowances previously recorded on Canadian net operating loss deferred tax assets and \$5,500,000 related to the reduction in net Canadian deferred tax liabilities due to a federal tax rate reduction. The effective tax rate for fiscal 2008 was negatively impacted by the recording of tax and interest related to uncertain tax positions, share-based compensation expense and the recognition of losses to adjust the carrying value of corporate-owned life insurance policies to their cash surrender values.

The effective tax rate for fiscal 2007 decreased as compared to fiscal 2006 primarily due to lower share-based compensation expense in fiscal 2007 and increased gains recorded related to the cash surrender value of corporate-owned life insurance policies.

SYSCO's option grants include options that qualify as incentive stock options for income tax purposes. The treatment of the potential tax deduction, if any, related to incentive stock may cause variability in the company's effective tax rate. In the period the compensation cost related to incentive stock options is recorded, a corresponding tax benefit is not recorded as it is assumed that the company will not receive a tax deduction related to such incentive stock options. The company may be eligible for tax deductions in subsequent periods to the extent that there is a disqualifying disposition of the incentive stock option. In such cases, the company would record a tax benefit related to the tax deduction in an amount not to exceed the corresponding cumulative compensation cost recorded in the financial statements on the particular options multiplied by the statutory tax rate.

SYSCO recorded a tax benefit of \$15,722,000 or 19.5% of the \$80,650,000 in share-based compensation expense recorded in fiscal 2008. SYSCO recorded a tax benefit of \$21,549,000 or 22.0% of the \$97,985,000 in share-based compensation expense recorded in fiscal 2007. SYSCO recorded a tax benefit of \$15,607,000 or 12.3% of the \$126,837,000 in share-based compensation expense recorded in fiscal 2006.

FIN 48

Prior to fiscal 2008, in evaluating the exposures connected with the various tax filing positions, the company established an accrual when, despite management's belief that the company's tax return positions are supportable, management believed that certain positions may be successfully challenged and a loss was probable. When facts and circumstances changed, these

accruals were adjusted.

Table of Contents

As discussed in Note 2, Changes in Accounting, the company adopted FIN 48 effective July 1, 2007. FIN 48 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. The amount recognized is measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement. As a result of this adoption, the company recognized, as a cumulative effect of change in accounting principle, a \$91,635,000 decrease in its beginning retained earnings on its July 1, 2007 balance sheet. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits, excluding interest and penalties, is as follows:

	<u>2008</u>
Unrecognized tax benefits at beginning of year	\$ 82,639,000
Additions for tax positions related to prior years	—
Reductions for tax positions related to prior years	(138,000)
Additions for tax positions related to the current year	7,912,000
Reductions for tax positions related to the current year	—
Reductions due to settlements with taxing authorities	(223,000)
Reductions due to lapse of applicable statute of limitations	(2,261,000)
Unrecognized tax benefits at end of year	<u>\$ 87,929,000</u>

As of June 28, 2008, the gross amount of accrued interest liabilities was \$138,207,000 related to unrecognized tax benefits and recorded interest expense of \$12,287,000 in fiscal 2008. The company does not have any accrued liabilities for penalties related to unrecognized tax benefits and did not record any expense related to penalties in fiscal 2008. To the extent interest and penalties may be assessed by taxing authorities on any underpayment of income tax, estimated amounts required under FIN 48 have been accrued and are classified as a component of income taxes in the consolidated results of operations. This was the company's accounting policy prior to the adoption of FIN 48, and SYSCO elected to continue this accounting policy post-adoption.

If SYSCO were to recognize all unrecognized tax benefits recorded as of June 28, 2008, approximately \$57,503,000 of the \$87,929,000 reserve would reduce the effective tax rate. It is reasonably possible that the amount of the unrecognized tax benefits with respect to certain of the company's unrecognized tax positions will increase or decrease in the next twelve months either because SYSCO agrees with positions that are sustained on audit or because the company agrees to their disallowance. Items that may cause changes to unrecognized tax benefits primarily include the consideration of various filing requirements in various states and the allocation of income and expense between tax jurisdictions. At this time, an estimate of the range of the reasonably possible change cannot be made.

SYSCO is currently in the appeals process as it relates to certain adjustments from the Internal Revenue Service (IRS) in relation to its audit of the company's 2003 and 2004 federal income tax returns. See further discussion in Note 18, Commitments and Contingencies, under the caption "BSCC Cooperative Structure." The IRS is also auditing SYSCO's 2005 and 2006 federal income tax returns. As of June 28, 2008, SYSCO's tax returns in the majority of the state and local jurisdictions and Canada are no longer subject to audit for the years before 2004. However, some jurisdictions have audits open prior to 2004, with the earliest dating back to 1996. Although the outcome of tax audits is generally uncertain, the company believes that adequate amounts of tax, including interest and penalties, have been accrued for any adjustments that may result from those years.

Other

The company intends to permanently reinvest the undistributed earnings of its Canadian subsidiaries in those businesses outside of the United States and, therefore, has not provided for U.S. deferred income taxes on such undistributed foreign earnings. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable.

The determination of the company's provision for income taxes requires significant judgment, the use of estimates and the interpretation and application of complex tax laws. The company's provision for income taxes reflects a combination of income earned and taxed in the various U.S. federal and state, as well as Canadian federal and provincial, jurisdictions. Jurisdictional tax law changes, increases or decreases in permanent differences between book and tax items, accruals or adjustments of accruals for tax contingencies or valuation allowances, and the company's change in the mix of earnings from these taxing jurisdictions all affect the overall effective tax rate.

17. ACQUISITIONS

During fiscal 2008, in the aggregate, the company paid cash of \$55,259,000 for operations acquired during fiscal 2008 and for contingent consideration related to operations acquired in previous fiscal years. The acquisitions were immaterial, individually and in the aggregate, to the consolidated financial statements. In addition, escrowed funds in the amount of \$7,000,000 related to certain acquisitions were released to sellers of previously acquired businesses during fiscal 2008.

Certain acquisitions involve contingent consideration typically payable only in the event that certain operating results are attained or certain outstanding contingencies are resolved. Aggregate contingent consideration amounts outstanding as of June 28, 2008 included \$55,469,000 in cash, which, if distributed, could result in the recording of additional goodwill. Such amounts are to be paid out over periods of up to four years from the date of acquisition if the contingent criteria are met.



18. COMMITMENTS AND CONTINGENCIES

SYSCO is engaged in various legal proceedings which have arisen but have not been fully adjudicated. These proceedings, in the opinion of management, will not have a material adverse effect upon the consolidated financial position or results of operations of the company when ultimately concluded.

Product Liability Claim

In October 2007, an arbitration judgment against the company was issued related to a product liability claim from one of SYSCO's former customers, which formalized a preliminary award by the arbitrator in July 2007. As of the year ended June 30, 2007, the company had recorded \$50,296,000 on its consolidated balance sheet within accrued expenses related to the accrual of this loss and a corresponding receivable of \$48,296,000 within prepaid expenses and other current assets, which represented the estimate of the loss less the \$2,000,000 deductible on SYSCO's insurance policy, as the company anticipated recovery from various parties. In December 2007, the company paid its deductible on its insurance policy and made arrangements with its insurance carrier and other parties who paid the remaining amount of the judgment in excess of the company's deductible. The company no longer has any remaining contingent liabilities related to this claim.

Multi-Employer Pension Plans

SYSCO contributes to several multi-employer defined benefit pension plans based on obligations arising under collective bargaining agreements covering union-represented employees. Approximately 12% of SYSCO's current employees are participants in such multi-employer plans. In fiscal 2008, total contributions to these plans were approximately \$35,040,000.

SYSCO does not directly manage these multi-employer plans, which are generally managed by boards of trustees, half of whom are appointed by the unions and the other half by other employers contributing to the plan. Based upon the information available from plan administrators, management believes that several of these multi-employer plans are underfunded. In addition, the Pension Protection Act, enacted in August 2006, requires underfunded pension plans to improve their funding ratios within prescribed intervals based on the level of their underfunding. As a result, SYSCO expects its contributions to these plans to increase in the future.

Under current law regarding multi-employer defined benefit plans, a plan's termination, SYSCO's voluntary withdrawal, or the mass withdrawal of all contributing employers from any underfunded multi-employer defined benefit plan would require SYSCO to make payments to the plan for SYSCO's proportionate share of the multi-employer plan's unfunded vested liabilities. Based on the information available from plan administrators, SYSCO estimates that its share of withdrawal liability on most of the multi-employer plans it participates in could be as much as \$140,000,000 based on a voluntary withdrawal. In addition, if a multi-employer defined benefit plan fails to satisfy certain minimum funding requirements, the IRS may impose a nondeductible excise tax of 5% on the amount of the accumulated funding deficiency for those employers contributing to the fund. Of the plans in which SYSCO participates, one plan is more critically underfunded than the others. During fiscal 2008, the company obtained information that this plan failed to satisfy minimum funding requirements for certain periods and believes it is probable that additional funding will be required as well as the payment of excise tax. As a result, SYSCO recorded a liability of approximately \$16,500,000 related to our share of the minimum funding requirements and related excise tax for these periods. Currently, the company believes that a majority of this amount will be paid in fiscal 2009 and SYSCO is continuing to explore its alternatives as it relates to this plan. As of June 28, 2008, SYSCO has approximately \$22,000,000 in liabilities recorded in total related to certain underfunded multi-employer defined benefit plans.

BSCC Cooperative Structure

SYSCO's affiliate, Baugh Supply Chain Cooperative (BSCC), is a cooperative taxed under subchapter T of the United States Internal Revenue Code. SYSCO believes that the deferred tax liabilities resulting from the business operations and legal ownership of BSCC are appropriate under the tax laws. However, if the application of the tax laws to the cooperative structure of BSCC were to be successfully challenged by any federal, state or local tax authority, SYSCO could be required to accelerate the payment of all or a portion of its income tax liabilities associated with BSCC that it otherwise has deferred until future periods. In that event, SYSCO would be liable for interest on such amounts. As of June 28, 2008, SYSCO has recorded deferred income tax liabilities of \$1,054,190,000, net of federal benefit, related to the BSCC supply chain distributions. If the IRS and any other relevant taxing authorities determine that all amounts since the inception of BSCC were inappropriately deferred, and the determination is upheld, SYSCO estimates that in addition to making a current payment for amounts previously deferred, as discussed above, the company may be required to pay interest on the cumulative deferred balances. These interest amounts could range from \$290,000,000 to \$320,000,000, prior to federal and state income tax benefit, as of June 28, 2008. SYSCO calculated this amount based upon the amounts deferred since the inception of BSCC applying the applicable jurisdictions' interest rates in effect in each period. The IRS, in connection with its audit of the company's 2003 and 2004 federal income tax returns, proposed adjustments related to the taxability of the cooperative structure. The company is vigorously protesting these adjustments. The company has reviewed the merits of the issues raised by the IRS, and, while management believes it is probable the company will prevail, the company concluded the measurement model of FIN 48 (adopted in fiscal 2008) required an accrual for a portion of the interest exposure.

Fuel Commitments

From time to time, SYSCO may enter into forward purchase commitments for a portion of its projected diesel fuel requirements. There were no amounts outstanding as of June 28, 2008, however in July and August 2008, SYSCO entered into forward diesel fuel purchase commitments total approximately \$195,000,000 at a fixed price through the end of July 2009.

Other Commitments

SYSCO has committed to product purchases for resale in order to leverage the company's purchasing power. A majority of these agreements expire within one year, however certain agreements have terms through fiscal 2012. These agreements commit the company to a minimum volume at various pricing terms, including fixed pricing, variable pricing or a combination thereof. Minimum amounts committed to as of June 28, 2008 totaled approximately \$1,335,561,000.

SYSCO has committed with a third party service provider to provide hardware and hardware hosting services. The services are to be provided over a ten year period beginning in fiscal 2005 and ending in fiscal 2015. The total cost of the services over that period is expected to be approximately \$500,000,000. This amount may be reduced by SYSCO utilizing less than estimated resources and can be increased by SYSCO utilizing more than estimated resources and the adjustments for inflation provided for in the agreements. SYSCO may also cancel a portion or all of the services provided subject to termination fees which decrease over time. Although it does not expect to, if SYSCO were to terminate all of the services in fiscal 2009, the estimated termination fee incurred in fiscal 2009 would be approximately \$11,500,000. SYSCO believes that these agreements will provide a more secure and reliable environment for its data processing as well as reduce overall operating costs over the ten year period.

19. BUSINESS SEGMENT INFORMATION

The company has aggregated its operating companies into a number of segments, of which only Broadline and SYGMA are reportable segments as defined in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." Broadline operating companies distribute a full line of food products and a wide variety of non-food products to both traditional and chain restaurant customers. SYGMA operating companies distribute a full line of food products and a wide variety of non-food products to certain chain restaurant customer locations. "Other" financial information is attributable to the company's other operating segments, including the company's specialty produce, custom-cut meat and lodging industry segments and a company that distributes to international customers.

The accounting policies for the segments are the same as those disclosed by SYSCO. Intersegment sales represent specialty produce and meat company products distributed by the Broadline and SYGMA operating companies. The segment results include certain centrally incurred costs for shared services that are charged to our segments. These centrally incurred costs are charged based upon the relative level of service used by each operating company consistent with how SYSCO's management views the performance of its operating segments. Prior to fiscal 2008, SYSCO's management evaluated performance of each of its operating segments based on its respective earnings before income taxes. This measure included an allocation of certain corporate expenses to each operating segment in addition to the centrally incurred costs for shared services that were charged to its segments. During fiscal 2008, SYSCO's management increased its focus on the results of each of its operating segments based on its respective operating income performance which excludes the allocation of additional corporate expenses. As a result, the segment reporting for fiscal 2007 and 2006 has been revised to conform to the fiscal 2008 presentation.

Included in corporate expenses and consolidated adjustments, among other items, are:

- Gains and losses recognized to adjust corporate-owned life insurance policies to their cash surrender values;
- Share-based compensation expense related to stock option grants, issuances of stock pursuant to the Employees' Stock Purchase Plan and stock grants to non-employee directors; and
- Corporate-level depreciation and amortization expense.

Table of Contents

The following table sets forth the financial information for SYSCO's business segments:

	Fiscal Year		
	2008	2007	2006
	(In thousands)		
Sales:			
Broadline	\$ 29,792,931	\$ 27,560,375	\$ 25,758,645
SYGMA	4,574,880	4,380,955	4,131,666
Other	3,622,360	3,571,213	3,139,278
Intersegment sales	(468,060)	(470,468)	(401,151)
Total	<u>\$ 37,522,111</u>	<u>\$ 35,042,075</u>	<u>\$ 32,628,438</u>
Operating Income:			
Broadline	\$ 1,937,555	\$ 1,776,277	\$ 1,623,653
SYGMA	8,261	10,842	(371)
Other	137,134	132,802	125,084
Total segments	2,082,950	1,919,921	1,748,366
Corporate expenses and consolidated adjustments	(203,001)	(211,439)	(253,336)
Total operating income	1,879,949	1,708,482	1,495,030
Interest expense	111,541	105,002	109,100
Other income, net	(22,930)	(17,735)	(9,016)
Earnings before income taxes and cumulative effect of accounting change	<u>\$ 1,791,338</u>	<u>\$ 1,621,215</u>	<u>\$ 1,394,946</u>
Depreciation and amortization:			
Broadline	\$ 257,819	\$ 249,083	\$ 237,437
SYGMA	30,467	29,740	26,667
Other	37,044	30,694	26,456
Total segments	325,330	309,517	290,560
Corporate	47,199	53,042	54,502
Total	<u>\$ 372,529</u>	<u>\$ 362,559</u>	<u>\$ 345,062</u>
Capital expenditures:			
Broadline	\$ 392,971	\$ 404,728	\$ 335,437
SYGMA	4,977	41,596	62,917
Other	36,661	56,037	55,650
Total segments	434,609	502,361	454,004
Corporate	81,354	100,881	59,930
Total	<u>\$ 515,963</u>	<u>\$ 603,242</u>	<u>\$ 513,934</u>
Assets:			
Broadline	\$ 5,868,350	\$ 5,573,079	\$ 5,248,223
SYGMA	414,044	385,470	359,116
Other	1,018,128	929,573	832,223
Total segments	7,300,522	6,888,122	6,439,562
Corporate	2,781,771	2,630,809	2,552,463
Total	<u>\$ 10,082,293</u>	<u>\$ 9,518,931</u>	<u>\$ 8,992,025</u>

The sales mix for the principal product categories for each fiscal year is as follows:

	2008	2007	2006
	(In thousands)		
Canned and dry products	\$ 6,820,363	\$ 6,161,946	\$ 5,849,082
Fresh and frozen meats	6,606,347	6,548,127	6,153,468
Frozen fruits, vegetables, bakery and other	5,105,353	4,691,114	4,405,908
Dairy products	4,000,780	3,245,488	3,014,104
Poultry	3,808,844	3,585,462	3,283,174
Fresh produce	3,183,540	3,118,122	2,769,805
Paper and disposables	2,964,006	2,825,505	2,595,358
Seafood	1,878,830	1,840,149	1,751,062
Beverage products	1,297,543	1,200,263	1,078,030
Janitorial products	988,781	857,339	740,601
Equipment and smallwares	704,050	763,179	782,523
Medical supplies	163,674	205,381	205,323
Total	<u>\$37,522,111</u>	<u>\$35,042,075</u>	<u>\$32,628,438</u>

Table of Contents

Information concerning geographic areas is as follows:

	Fiscal Year		
	2008	2007	2006
	(In thousands)		
Sales: ⁽¹⁾			
United States	\$ 33,842,824	\$ 31,891,186	\$ 29,701,904
Canada	3,380,159	2,923,106	2,783,450
Other	299,128	227,783	143,084
Total	<u>\$ 37,522,111</u>	<u>\$ 35,042,075</u>	<u>\$ 32,628,438</u>
Long-lived assets: ⁽²⁾			
United States	\$ 2,655,714	\$ 2,531,980	\$ 2,328,319
Canada	233,879	189,154	136,512
Other	197	99	69
Total	<u>\$ 2,889,790</u>	<u>\$ 2,721,233</u>	<u>\$ 2,464,900</u>

(1) Represents sales from external customers from businesses operating in these countries.

(2) Long-lived assets represents net property, plant and equipment reported in the country in which they are held.

20. SUPPLEMENTAL GUARANTOR INFORMATION

SYSCO International, Co. is an unlimited liability company organized under the laws of the Province of Nova Scotia, Canada and is a wholly-owned subsidiary of SYSCO. In May 2002, SYSCO International, Co. issued, in a private offering, \$200,000,000 of 6.10% notes due in 2012 (see Note 10, Debt). In December 2002, these notes were exchanged for substantially identical notes in an exchange offer registered under the Securities Act of 1933. These notes are fully and unconditionally guaranteed by SYSCO. SYSCO International, Co. is a holding company with no significant sources of income or assets, other than its equity interests in its subsidiaries and interest income from loans made to its subsidiaries. The proceeds from the issuance of the 6.10% notes were used to repay commercial paper issued to fund the fiscal 2002 acquisition of a Canadian broadline foodservice operation.

The following condensed consolidating financial statements present separately the financial position, results of operations and cash flows of the parent guarantor (SYSCO), the subsidiary issuer (SYSCO International) and all other non-guarantor subsidiaries of SYSCO (Other Non-Guarantor Subsidiaries) on a combined basis and eliminating entries.

	Condensed Consolidating Balance Sheet				
	June 28, 2008				
	SYSCO	SYSCO International	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated Totals
	(In thousands)				
Current assets	\$ 526,109	\$ —	\$ 4,648,924	\$ —	\$ 5,175,033
Investment in subsidiaries	14,202,506	398,065	118,041	(14,718,612)	—
Plant and equipment, net	202,778	—	2,687,012	—	2,889,790
Other assets	593,699	1,262	1,422,509	—	2,017,470
Total assets	<u>\$ 15,525,092</u>	<u>\$ 399,327</u>	<u>\$ 8,876,486</u>	<u>\$ (14,718,612)</u>	<u>\$ 10,082,293</u>
Current liabilities	\$ 412,042	\$ 986	\$ 3,086,315	\$ —	\$ 3,499,343
Intercompany payables (receivables)	9,670,465	100,027	(9,770,492)	—	—
Long-term debt	1,729,401	199,752	46,282	—	1,975,435
Other liabilities	468,213	—	730,316	—	1,198,529
Shareholders' equity	3,244,971	98,562	14,784,065	(14,718,612)	3,408,986
Total liabilities and shareholders' equity	<u>\$ 15,525,092</u>	<u>\$ 399,327</u>	<u>\$ 8,876,486</u>	<u>\$ (14,718,612)</u>	<u>\$ 10,082,293</u>

	Condensed Consolidating Balance Sheet				
	June 30, 2007				
	SYSCO	SYSCO International	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated Totals
	(In thousands)				
Current assets	\$ 244,441	\$ —	\$ 4,431,105	\$ —	\$ 4,675,546
Investment in subsidiaries	12,675,360	349,367	126,364	(13,151,091)	—
Plant and equipment, net	170,288	—	2,550,945	—	2,721,233
Other assets	654,287	—	1,467,865	—	2,122,152
Total assets	<u>\$ 13,744,376</u>	<u>\$ 349,367</u>	<u>\$ 8,576,279</u>	<u>\$ (13,151,091)</u>	<u>\$ 9,518,931</u>
Current liabilities	\$ 371,149	\$ 1,034	\$ 3,042,906	\$ —	\$ 3,415,089
Intercompany payables (receivables)	8,251,239	44,757	(8,295,996)	—	—
Long-term debt	1,471,428	243,786	43,013	—	1,758,227
Other liabilities	505,660	—	561,555	—	1,067,215
Shareholders' equity	3,144,900	59,790	13,224,801	(13,151,091)	3,278,400
Total liabilities and shareholders' equity	<u>\$ 13,744,376</u>	<u>\$ 349,367</u>	<u>\$ 8,576,279</u>	<u>\$ (13,151,091)</u>	<u>\$ 9,518,931</u>

Condensed Consolidating Results of Operations
Year Ended June 28, 2008

	SYSCO	SYSCO International	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated Totals
	(In thousands)				
Sales	\$ —	\$ —	\$ 37,522,111	\$ —	\$ 37,522,111
Cost of sales	—	—	30,327,254	—	30,327,254
Gross margin	—	—	7,194,857	—	7,194,857
Operating expenses	206,338	142	5,108,428	—	5,314,908
Operating income	(206,338)	(142)	2,086,429	—	1,879,949
Interest expense (income)	462,554	11,736	(362,749)	—	111,541
Other income, net	(7,373)	—	(15,557)	—	(22,930)
Earnings (losses) before income taxes	(661,519)	(11,878)	2,464,735	—	1,791,338
Income tax (benefit) provision	(253,031)	(4,543)	942,761	—	685,187
Equity in earnings of subsidiaries	1,514,639	33,907	—	(1,548,546)	—
Net earnings	<u>\$ 1,106,151</u>	<u>\$ 26,572</u>	<u>\$ 1,521,974</u>	<u>\$ (1,548,546)</u>	<u>\$ 1,106,151</u>

Condensed Consolidating Results of Operations
Year Ended June 30, 2007

	SYSCO	SYSCO International	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated Totals
	(In thousands)				
Sales	\$ —	\$ —	\$ 35,042,075	\$ —	\$ 35,042,075
Cost of sales	—	—	28,284,603	—	28,284,603
Gross margin	—	—	6,757,472	—	6,757,472
Operating expenses	213,915	127	4,834,948	—	5,048,990
Operating income	(213,915)	(127)	1,922,524	—	1,708,482
Interest expense (income)	410,190	11,813	(317,001)	—	105,002
Other income, net	(8,984)	—	(8,751)	—	(17,735)
Earnings (losses) before income taxes	(615,121)	(11,940)	2,248,276	—	1,621,215
Income tax (benefit) provision	(235,260)	(4,567)	859,966	—	620,139
Equity in earnings of subsidiaries	1,380,937	18,075	—	(1,399,012)	—
Net earnings	<u>\$ 1,001,076</u>	<u>\$ 10,702</u>	<u>\$ 1,388,310</u>	<u>\$ (1,399,012)</u>	<u>\$ 1,001,076</u>

Condensed Consolidating Results of Operations
Year Ended July 1, 2006

	SYSCO	SYSCO International	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated Totals
	(In thousands)				
Sales	\$ —	\$ —	\$ 32,628,438	\$ —	\$ 32,628,438
Cost of sales	—	—	26,337,107	—	26,337,107
Gross margin	—	—	6,291,331	—	6,291,331
Operating expenses	256,351	130	4,539,820	—	4,796,301
Operating income	(256,351)	(130)	1,751,511	—	1,495,030
Interest expense (income)	374,838	11,108	(276,846)	—	109,100
Other income, net	(2,919)	—	(6,097)	—	(9,016)
Earnings (losses) before income taxes and cumulative effect of accounting change	(628,270)	(11,238)	2,034,454	—	1,394,946
Income tax (benefit) provision	(181,070)	(4,055)	734,031	—	548,906
Equity in earnings of subsidiaries	1,293,240	6,063	—	(1,299,303)	—
Net earnings before cumulative effect of accounting change	846,040	(1,120)	1,300,423	(1,299,303)	846,040
Cumulative effect of accounting change	9,285	—	—	—	9,285
Net earnings (loss)	<u>\$ 855,325</u>	<u>\$ (1,120)</u>	<u>\$ 1,300,423</u>	<u>\$ (1,299,303)</u>	<u>\$ 855,325</u>

Condensed Consolidating Cash Flows
Year Ended June 28, 2008

	SYSCO	SYSCO International	Other Non-Guarantor Subsidiaries	Consolidated Totals
	(In thousands)			
Net cash provided by (used for):				
Operating activities	\$ (266,597)	\$ 25,261	\$ 1,837,465	\$ 1,596,129
Investing activities	(64,561)	—	(490,999)	(555,560)
Financing activities	(659,760)	(44,035)	5,217	(698,578)
Exchange rate on cash	—	—	1,689	1,689
Intercompany activity	1,341,687	18,774	(1,360,461)	—
Net increase in cash	350,769	—	(7,089)	343,680
Cash at the beginning of the period	135,877	—	71,995	207,872
Cash at the end of the period	<u>\$ 486,646</u>	<u>\$ —</u>	<u>\$ 64,906</u>	<u>\$ 551,552</u>

Condensed Consolidating Cash Flows
Year Ended June 30, 2007

	SYSCO	SYSCO International	Other Non-Guarantor Subsidiaries	Consolidated Totals
	(In thousands)			
Net cash provided by (used for):				
Operating activities	\$ (238,228)	\$ (7,326)	\$ 1,648,476	\$ 1,402,922
Investing activities	(28,970)	—	(619,741)	(648,711)
Financing activities	(764,350)	19,540	(3,440)	(748,250)
Exchange rate on cash	—	—	14	14
Intercompany activity	1,036,150	(12,214)	(1,023,936)	—
Net increase in cash	4,602	—	1,373	5,975
Cash at the beginning of the period	131,275	—	70,622	201,897
Cash at the end of the period	<u>\$ 135,877</u>	<u>\$ —</u>	<u>\$ 71,995</u>	<u>\$ 207,872</u>

Condensed Consolidating Cash Flows
Year Ended July 1, 2006

	SYSCO	SYSCO International	Other Non-Guarantor Subsidiaries	Consolidated Totals
	(In thousands)			
Net cash provided by (used for):				
Operating activities	\$ (285,446)	\$ (7,496)	\$ 1,417,621	\$ 1,124,679
Investing activities	(71,851)	—	(537,667)	(609,518)
Financing activities	(490,457)	(8,311)	(5,849)	(504,617)
Exchange rate on cash	—	—	(325)	(325)
Intercompany activity	853,281	15,807	(869,088)	—
Net increase in cash	5,527	—	4,692	10,219
Cash at the beginning of the period	125,748	—	65,930	191,678
Cash at the end of the period	<u>\$ 131,275</u>	<u>\$ —</u>	<u>\$ 70,622</u>	<u>\$ 201,897</u>

21. QUARTERLY RESULTS (UNAUDITED)

Financial information for each quarter in the years ended June 28, 2008 and June 30, 2007 is set forth below:

	Fiscal 2008 Quarter Ended				Fiscal Year
	September 29	December 29	March 29	June 28	
	(In thousands except for share data)				
Sales	\$ 9,405,844	\$ 9,239,505	\$ 9,146,557	\$ 9,730,205	\$ 37,522,111
Cost of sales	7,614,702	7,471,725	7,412,036	7,828,791	30,327,254
Gross margin	1,791,142	1,767,780	1,734,521	1,901,414	7,194,857
Operating expenses	1,336,509	1,318,768	1,316,877	1,342,754	5,314,908
Operating income	454,633	449,012	417,644	558,660	1,879,949
Interest expense	26,371	28,915	28,744	27,511	111,541
Other income, net	(3,032)	(8,343)	(7,285)	(4,270)	(22,930)
Earnings before income taxes	431,294	428,440	396,185	535,419	1,791,338
Income taxes	164,305	164,292	155,284	201,306	685,187
Net earnings	\$ 266,989	\$ 264,148	\$ 240,901	\$ 334,113	\$ 1,106,151
Per share:					
Basic net earnings	\$ 0.44	\$ 0.43	\$ 0.40	\$ 0.56	\$ 1.83
Diluted net earnings	0.43	0.43	0.40	0.55	1.81
Dividends declared	0.19	0.22	0.22	0.22	0.85
Market price — high/low	36-30	36-31	32-26	32-27	36-26

	Fiscal 2007 Quarter Ended				Fiscal Year
	September 30	December 30	March 31	June 30	
	(In thousands except for share data)				
Sales	\$ 8,672,072	\$ 8,568,748	\$ 8,572,961	\$ 9,228,294	\$ 35,042,075
Cost of sales	7,002,856	6,915,259	6,938,867	7,427,621	28,284,603
Gross margin	1,669,216	1,653,489	1,634,094	1,800,673	6,757,472
Operating expenses	1,276,882	1,230,967	1,249,951	1,291,190	5,048,990
Operating income	392,334	422,522	384,143	509,483	1,708,482
Interest expense	25,766	28,006	25,700	25,530	105,002
Other income, net	(9,038)	(3,375)	(2,536)	(2,786)	(17,735)
Earnings before income taxes	375,606	397,891	360,979	486,739	1,621,215
Income taxes	145,458	151,353	139,980	183,348	620,139
Net earnings	\$ 230,148	\$ 246,538	\$ 220,999	\$ 303,391	\$ 1,001,076
Per share:					
Basic net earnings	\$ 0.37	\$ 0.40	\$ 0.36	\$ 0.49	\$ 1.62
Diluted net earnings	0.37	0.39	0.35	0.49	1.60
Dividends declared	0.17	0.19	0.19	0.19	0.74
Market price — high/low	34-27	37-32	37-31	35-32	37-27

Percentage increases— 2008 vs. 2007:

Sales	8%	8%	7%	5%	7%
Operating income	16	6	9	10	10
Net earnings	16	7	9	10	11
Basic net earnings per share	19	8	11	14	13
Diluted net earnings per share	16	10	14	12	13

Financial results are impacted by accounting changes and the adoption of various accounting standards. See Note 2, Changes in Accounting.

Table of Contents

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

SYSCO's management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 28, 2008. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding the required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 28, 2008, our chief executive officer and chief financial officer concluded that, as of such date, SYSCO's disclosure controls and procedures were effective at the reasonable assurance level.

Management's report on internal control over financial reporting is included in the financial statement pages at page 31.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended June 28, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item will be included in our proxy statement for the 2008 Annual Meeting of Stockholders under the following captions, and is incorporated herein by reference thereto: "Election of Directors," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Report of the Audit Committee" and "Corporate Governance and Board of Directors Matters."

Item 11. Executive Compensation

The information required by this item will be included in our proxy statement for the 2008 Annual Meeting of Stockholders under the following captions, and is incorporated herein by reference thereto: "Compensation Discussion and Analysis," "Compensation Committee Report," "Director Compensation" and "Executive Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included in our proxy statement for the 2008 Annual Meeting of Stockholders under the following captions, and is incorporated herein by reference thereto: "Stock Ownership" and "Equity Compensation Plan Information."

Item 13. Certain Relationships and Related Transactions

The information required by this item will be included in our proxy statement for the 2008 Annual Meeting of Stockholders under the following caption, and is incorporated herein by reference thereto: "Certain Relationships and Related Transactions" and "Director Independence."

Item 14. Principal Accountant Fees and Services

The information required by this item will be included in our proxy statement for the 2008 Annual Meeting of Stockholders under the following caption, and is incorporated herein by reference thereto: "Fees Paid to Independent Registered Public Accounting Firm."

PART IV

Item 15. Exhibits

(a) The following documents are filed, or incorporated by reference, as part of this Form 10-K:

1. All financial statements. See index to Consolidated Financial Statements on page 30 of this Form 10-K.

All financial statement schedules are omitted because they are not applicable or the information is set forth in the consolidated financial statements or notes thereto within Item 8. Financial Statements and Supplementary Data.

3. Exhibits.

- 3.1 — Restated Certificate of Incorporation, incorporated by reference to Exhibit 3(a) to Form 10-K for the year ended June 28, 1997 (File No. 1-6544).
- 3.2 — Certificate of Amendment of Certificate of Incorporation increasing authorized shares, incorporated by reference to Exhibit 3(d) to Form 10-Q for the quarter ended January 1, 2000 (File No. 1-6544).
- 3.3 — Certificate of Amendment to Restated Certificate of Incorporation increasing authorized shares, incorporated by reference to Exhibit 3(e) to Form 10-Q for the quarter ended December 27, 2003 (File No. 1-6544).
- 3.4 — Form of Amended Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, incorporated by reference to Exhibit 3(c) to Form 10-K for the year ended June 29, 1996 (File No. 1-6544).
- 3.5 — Amended and Restated Bylaws of Sysco Corporation dated July 18, 2008, incorporated by reference to Exhibit 3.5 to Form 8-K filed on July 23, 2008 (File No. 1-6544).
- 4.1 — Senior Debt Indenture, dated as of June 15, 1995, between Sysco Corporation and First Union National Bank of North Carolina, Trustee, incorporated by reference to Exhibit 4(a) to Registration Statement on Form S-3 filed June 6, 1995 (File No. 33-60023).
- 4.2 — Fifth Supplemental Indenture, dated as of July 27, 1998 between Sysco Corporation and First Union National Bank, Trustee, incorporated by reference to Exhibit 4(h) to Form 10-K for the year ended June 27, 1998 (File No. 1-6544).
- 4.3 — Seventh Supplemental Indenture, including form of Note, dated March 5, 2004 between Sysco Corporation, as Issuer, and Wachovia Bank, National Association (formerly First Union National Bank of North Carolina), as Trustee, incorporated by reference to Exhibit 4(j) to Form 10-Q for the quarter ended March 27, 2004 (File No. 1-6544).
- 4.4 — Eighth Supplemental Indenture, including form of Note, dated September 22, 2005 between Sysco Corporation, as Issuer, and Wachovia Bank, National Association, as Trustee, incorporated by reference to Exhibits 4.1 and 4.2 to Form 8-K filed on September 20, 2005 (File No. 1-6544).
- 4.5 — Ninth Supplemental Indenture, including form of Note, dated February 12, 2008 between Sysco Corporation, as Issuer, and the Trustee, incorporated by reference to Exhibit 4.1 to Form 8-K filed on February 12, 2008 (File No. 1-6544).
- 4.6 — Tenth Supplemental Indenture, including form of Note, dated February 12, 2008 between Sysco Corporation, as Issuer, and the Trustee, incorporated by reference to Exhibit 4.3 to Form 8-K filed on February 12, 2008 (File No. 1-6544).
- 4.7 — Agreement of Resignation, Appointment and Acceptance, dated February 13, 2007, by and among Sysco Corporation and Sysco International Co., a wholly-owned subsidiary of Sysco Corporation, U.S. Bank National Association and The Bank of New York Trust Company, N.A., incorporated by reference to Exhibit 4(h) to Registration Statement on Form S-3 filed on February 6, 2008 (File No. 333-149086).
- 4.8 — Indenture dated May 23, 2002 between Sysco International, Co., Sysco Corporation and Wachovia Bank, National Association, incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-4 filed August 21, 2002 (File No. 333-98489).
- 10.1 — Credit Agreement dated November 4, 2005 between Sysco Corporation, Sysco International, Co., JP Morgan Chase Bank, N.A., and certain Lenders party thereto, incorporated by reference to Exhibit 99.1 to Form 8-K filed on November 10, 2005 (File No. 1-6544).
- 10.2 — Commitment Increase Agreement dated March 31, 2006 by and among Sysco Corporation, JPMorgan Chase Bank, individually and as Administrative Agent, the Co-Syndication Agents named therein and the other financial institutions party thereto relating to the Credit Agreement dated September 13, 2002, incorporated by reference to Exhibit 99.1 to Form 8-K filed on April 6, 2006 (File No. 1-6544).
- 10.3 — Form of Commitment Increase Agreement dated September 25, 2007 by and among Sysco Corporation, JPMorgan Chas Bank, individually and as Administrative Agent, the Co-Syndication Agents named therein and the other financial institutions party thereto relating to the Credit Agreement dated November 4, 2005, incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended September 29, 2007 filed on November 8, 2007 (File No. 1-6544).
- 10.4 — Form of Extension Agreement effective September 21, 2007 by and among Sysco Corporation, JPMorgan Chase Bank, individually and as Administrative Agent, the Co-Syndication Agents named therein and the other financial institutions party thereto relating to the Credit Agreement dated November 4, 2005, incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 29, 2007 filed on November 8, 2007 (File No. 1-6544).
- 10.5 — Amended and Restated Issuing and Paying Agency Agreement, dated as of April 13, 2006, between Sysco Corporation and JPMorgan Chase Bank, National Association, incorporated by reference to Exhibit 10.1 to

- Form 8-K filed on April 19, 2006 (File No. 1-6544).
- 10.6 — Commercial Paper Dealer Agreement, dated as of April 13, 2006, between Sysco Corporation and J.P. Morgan Securities Inc., incorporated by reference to Exhibit 10.2 to Form 8-K filed on April 19, 2006 (File No. 1-6544).
 - 10.7 — Commercial Paper Dealer Agreement, dated as of April 13, 2006, between Sysco Corporation and Goldman, Sachs & Co., incorporated by reference to Exhibit 10.3 to Form 8-K filed on April 19, 2006 (File No. 1-6544).
 - 10.8†# — Fifth Amended and Restated Sysco Corporation Executive Deferred Compensation Plan.
 - 10.9†# — Seventh Amended and Restated Sysco Corporation Supplemental Executive Retirement Plan.
 - 10.10† — Sysco Corporation 1991 Stock Option Plan, incorporated by reference to Exhibit 10(e) to Form 10-K for the year ended July 3, 1999 (File No. 1-6544).
 - 10.11† — Amendments to Sysco Corporation 1991 Stock Option Plan dated effective September 4, 1997, incorporated by reference to Exhibit 10(f) to Form 10-K for the year ended June 28, 1997 (File No. 1-6544).
 - 10.12† — Amendments to Sysco Corporation 1991 Stock Option Plan dated effective November 5, 1998, incorporated by reference to Exhibit 10(g) to Form 10-K for the year ended July 3, 1999 (File No. 1-6544).
 - 10.13† — Form of Stock Option Grant Agreement issued to executive officers on September 3, 1998 under the 1991 Stock Option Plan, incorporated by reference to Exhibit 10(ss) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).

Table of Contents

- 10.14† — Form of Stock Option Grant Agreement issued to executive officers on September 2, 1999 under the 1991 Stock Option Plan, incorporated by reference to Exhibit 10(tt) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
- 10.15† — Form of Stock Option Grant Agreement issued to executive officers on September 7, 2000 under the 1991 Stock Option Plan, incorporated by reference to Exhibit 10(uu) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
- 10.16† — 2000 Stock Incentive Plan, incorporated by reference to Appendix B to Proxy Statement filed on September 25, 2000 (File No. 1-6544).
- 10.17† — Form of Stock Option Grant Agreement issued to executive officers on September 11, 2001 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(vv) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
- 10.18† — Form of Stock Option Grant Agreement issued to executive officers on September 11, 2001 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(ww) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
- 10.19† — Form of Stock Option Grant Agreement issued to executive officers on September 12, 2002 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(xx) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
- 10.20† — Form of Stock Option Grant Agreement issued to executive officers on September 11, 2003 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(yy) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
- 10.21† — Form of Stock Option Grant Agreement issued to executive officers on September 2, 2004 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(a) to Form 8-K filed on September 9, 2004 (File No. 1-6544).
- 10.22† — 2004 Stock Option Plan, incorporated by reference to Appendix B to the Sysco Corporation Proxy Statement filed September 24, 2004 (File No. 1-6544).
- 10.23† — First Amendment to the 2004 Stock Option Plan, incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended March 29, 2008 filed on May 6, 2008 (File No. 1-6544).
- 10.24† — Form of Stock Option Grant Agreement issued to executive officers on September 8, 2005 and September 7, 2006 under the 2004 Stock Option Plan, incorporated by reference to Exhibit 99.1 to Form 8-K filed on September 14, 2005 (File No. 1-6544).
- 10.25† — 2007 Stock Incentive Plan, incorporated by reference to Annex A to the Sysco Corporation Proxy Statement filed on September 26, 2007 (File No. 1-6544).
- 10.26† — Form of Stock Option Grant Agreement issued to executive officers under the 2007 Stock Incentive Plan, incorporated by reference to Exhibit 10.6 to Form 10-Q for the quarter ended December 29, 2007 filed on February 5, 2008 (File No. 1-6544).
- 10.27† — Amended and Restated 2004 Cash Performance Unit Plan (formerly known as the 2004 Long-Term Incentive Cash Plan and the 2004 Mid-Term Incentive Plan), incorporated by reference to Exhibit 10.4 to Form 10-Q for the quarter ended December 29, 2007 filed on February 5, 2008 (File No. 1-6544).
- 10.28† — Form of Performance Unit Grant Agreement issued to executive officers effective September 8, 2005 under the Long-Term Incentive Cash Plan, incorporated by reference to Exhibit 10.38 to Form 10-K for the year ended July 1, 2006 filed on September 14, 2006 (File No. 1-6544).
- 10.29† — Form of Performance Unit Grant Agreement issued to executive officers effective September 7, 2006 under the Long-Term Incentive Cash Plan, incorporated by reference to Exhibit 10.3 to Form 8-K filed on September 13, 2006 (File No. 1-6544).
- 10.30† — Form of Performance Unit Grant Agreement issued to executive officers effective September 28, 2007, under the 2004 Mid-Term Incentive Plan, incorporate by reference to Exhibit 10.4 to Form 10-Q for the quarter ended September 29, 2007 filed on November 8, 2007 (File No. 1-6544).
- 10.31† — 2005 Management Incentive Plan, incorporated by reference to Annex B to the Sysco Corporation Proxy Statement for the November 11, 2005 Annual Meeting of Stockholders (File No. 1-6544).
- 10.32† — First Amendment to 2005 Management Incentive Plan dated July 13, 2007, incorporated by reference to Exhibit 10.33 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
- 10.33† — Form of Fiscal Year 2008 Bonus Award for the Chief Executive Officer, President, Chief Financial Officer, Executive Vice Presidents and Senior Vice Presidents (excluding Senior Vice Presidents of Operations) under the 2005 Management Incentive Plan, incorporated by reference to Exhibit 10.36 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
- 10.34†# — First Amended and Restated 2005 Management Incentive Plan.
- 10.35†# — Form of Fiscal Year 2009 Bonus Award for the Chief Executive Officer, President, Chief Financial Officer and Executive Vice Presidents under the First Amended and Restated 2005 Management Incentive Plan.
- 10.36† — 2006 Supplemental Performance Bonus Plan dated June 9, 2006, incorporated by reference to Exhibit 10.49 to Form 10-K for the year ended July 1, 2006 filed on September 14, 2006 (File No. 1-6544).
- 10.37† — Form of Fiscal Year 2008 Chief Executive Officer Supplemental Bonus Agreement under the 2006 Supplemental Performance Based Bonus Plan, incorporated by reference to Exhibit 10.41 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
- 10.38† — Form of Fiscal Year 2008 Supplemental Bonus Agreement for President, Executive Vice Presidents, Senior Vice Presidents and Senior Vice Presidents of Operations under the 2006 Supplemental Performance Based Bonus Plan, incorporated by reference to Exhibit 10.42 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
- 10.39†# — Termination of 2006 Supplemental Performance Bonus Plan.
- 10.40†# — Form of Fiscal Year 2009 Supplemental Bonus Agreement for the Chief Executive Officer and the President.
- 10.41† — Executive Severance Agreement dated July 6, 2004 between Sysco Corporation and Richard J. Schnieders, incorporated by reference to Exhibit 10(ii) to Form 10-K for the year ended July 3, 2004 filed on

- September 16, 2004 (File No. 1-6544).
- 10.42† — Form of Executive Severance Agreement between Sysco Corporation and Kenneth F. Spittler dated July 14, 2004, incorporated by reference to Exhibit 10(jj) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
- 10.43† — Form of First Amendment dated September 3, 2004 to Executive Severance Agreement between Sysco Corporation and each of Richard J. Schnieders and Kenneth F. Spittler, incorporated by reference to Exhibit 10(kk) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).

Table of Contents

10.44†	— Letter agreement dated December 12, 2006 between Sysco Corporation and William J. DeLaney regarding certain relocation expenses, incorporated by reference to Exhibit 10.47 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
10.45†#	— Description of Compensation Arrangements with Named Executive Officers.
10.46†	— Sysco Corporation Amended and Restated Non-Employee Directors Stock Option Plan, incorporated by reference to Exhibit 10(g) to Form 10-K for the year ended June 28, 1997 (File No. 1-6544).
10.47†	— Amendment to the Amended and Restated Non-Employee Directors Stock Option Plan dated effective November 5, 1998, incorporated by reference to Exhibit 10(i) to Form 10-K for the year ended July 3, 1999 (File No. 1-6544).
10.48†	— Amended and Restated Non-Employee Directors Stock Plan, incorporated by reference to Appendix B to Proxy Statement filed on September 24, 2001 (File No. 1-6544).
10.49†	— Form of Stock Option Grant Agreement issued to non-employee directors on September 3, 2004 under the Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10(b) to Form 8-K filed on September 9, 2004 (File No. 1-6544).
10.50†	— Form of Retainer Stock Agreement for issuance to Non-Employee Directors under the Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10(a) to Form 10-Q for the quarter ended January 1, 2005 filed on February 10, 2005 (File No. 1-6544).
10.51†	— Amended and Restated 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended December 29, 2007 filed on February 5, 2008 (File No. 1-6544).
10.52†	— Form of Option Grant Agreement under the 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10(i) to Form 10-Q for the quarter ended December 31, 2005 filed on February 9, 2006 (File No. 1-6544).
10.53†	— Form of Restricted Stock Grant Agreement under the 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10(j) to Form 10-Q for the quarter ended December 31, 2005 filed on February 9, 2006 (File No. 1-6544).
10.54†	— Form of Restricted Stock Agreement under the Amended and Restated 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended March 29, 2008 filed on May 6, 2008 (File No. 1-6544).
10.55†	— Form of Retainer Stock Award Agreement under the 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10.1 to Form 8-K filed on November 15, 2006 (File No. 1-6544).
10.56†	— Second Amended and Restated Board of Directors Deferred Compensation Plan dated April 1, 2002, incorporated by reference to Exhibit 10(aa) to Form 10-K for the year ended June 29, 2002 filed on September 25, 2002 (File No. 1-6544).
10.57†	— First Amendment to Second Amended and Restated Board of Directors Deferred Compensation Plan dated July 12, 2002, incorporated by reference to Exhibit 10(bb) to Form 10-K for the year ended June 29, 2002 filed on September 25, 2002 (File No. 1-6544).
10.58†	— Second Amendment to the Second Amended and Restated Sysco Corporation Board of Directors Deferred Compensation Plan, incorporated by reference to Exhibit 10(k) to Form 10-Q for the quarter ended December 31, 2005 filed on February 9, 2006 (File No. 1-6544).
10.59†#	— Second Amended and Restated Sysco Corporation 2005 Board of Directors Deferred Compensation Plan.
10.60†#	— Description of Compensation Arrangements with Non-Employee Directors.
10.61†#	— Form of Indemnification Agreement with Non-Employee Directors.
14.1	— Code of Business Conduct and Ethics, incorporated by reference to Exhibit 14.1 to Form 8-K filed on July 19, 2007 (File No. 1-6544).
21.1#	— Subsidiaries of the Registrant.
23.1#	— Consent of Independent Registered Public Accounting Firm.
31.1#	— CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2#	— CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#	— CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2#	— CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

† Executive Compensation Arrangement pursuant to 601(b)(10)(iii)(A) of Regulation S-K

Filed Herewith

EXHIBIT INDEX

Exhibits.		
3.1	—	Restated Certificate of Incorporation, incorporated by reference to Exhibit 3(a) to Form 10-K for the year ended June 28, 1997 (File No. 1-6544).
3.2	—	Certificate of Amendment of Certificate of Incorporation increasing authorized shares, incorporated by reference to Exhibit 3(d) to Form 10-Q for the quarter ended January 1, 2000 (File No. 1-6544).
3.3	—	Certificate of Amendment to Restated Certificate of Incorporation increasing authorized shares, incorporated by reference to Exhibit 3(e) to Form 10-Q for the quarter ended December 27, 2003 (File No. 1-6544).
3.4	—	Form of Amended Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, incorporated by reference to Exhibit 3(c) to Form 10-K for the year ended June 29, 1996 (File No. 1-6544).
3.5	—	Amended and Restated Bylaws of Sysco Corporation dated July 18, 2008, incorporated by reference to Exhibit 3.5 to Form 8-K filed on July 23, 2008 (File No. 1-6544).
4.1	—	Senior Debt Indenture, dated as of June 15, 1995, between Sysco Corporation and First Union National Bank of North Carolina, Trustee, incorporated by reference to Exhibit 4(a) to Registration Statement on Form S-3 filed June 6, 1995 (File No. 33-60023).
4.2	—	Fifth Supplemental Indenture, dated as of July 27, 1998 between Sysco Corporation and First Union National Bank, Trustee, incorporated by reference to Exhibit 4(h) to Form 10-K for the year ended June 27, 1998 (File No. 1-6544).
4.3	—	Seventh Supplemental Indenture, including form of Note, dated March 5, 2004 between Sysco Corporation, as Issuer, and Wachovia Bank, National Association (formerly First Union National Bank of North Carolina), as Trustee, incorporated by reference to Exhibit 4(j) to Form 10-Q for the quarter ended March 27, 2004 (File No. 1-6544).
4.4	—	Eighth Supplemental Indenture, including form of Note, dated September 22, 2005 between Sysco Corporation, as Issuer, and Wachovia Bank, National Association, as Trustee, incorporated by reference to Exhibits 4.1 and 4.2 to Form 8-K filed on September 20, 2005 (File No. 1-6544).
4.5	—	Ninth Supplemental Indenture, including form of Note, dated February 12, 2008 between Sysco Corporation, as Issuer, and the Trustee, incorporated by reference to Exhibit 4.1 to Form 8-K filed on February 12, 2008 (File No. 1-6544).
4.6	—	Tenth Supplemental Indenture, including form of Note, dated February 12, 2008 between Sysco Corporation, as Issuer, and the Trustee, incorporated by reference to Exhibit 4.3 to Form 8-K filed on February 12, 2008 (File No. 1-6544).
4.7	—	Agreement of Resignation, Appointment and Acceptance, dated February 13, 2007, by and among Sysco Corporation and Sysco International Co., a wholly-owned subsidiary of Sysco Corporation, U.S. Bank National Association and The Bank of New York Trust Company, N.A., incorporated by reference to Exhibit 4(h) to Registration Statement on Form S-3 filed on February 6, 2008 (File No. 333-149086).
4.8	—	Indenture dated May 23, 2002 between Sysco International, Co., Sysco Corporation and Wachovia Bank, National Association, incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-4 filed August 21, 2002 (File No. 333-98489).
10.1	—	Credit Agreement dated November 4, 2005 between Sysco Corporation, Sysco International, Co., JP Morgan Chase Bank, N.A., and certain Lenders party thereto, incorporated by reference to Exhibit 99.1 to Form 8-K filed on November 10, 2005 (File No. 1-6544).
10.2	—	Commitment Increase Agreement dated March 31, 2006 by and among Sysco Corporation, JPMorgan Chase Bank, individually and as Administrative Agent, the Co-Syndication Agents named therein and the other financial institutions party thereto relating to the Credit Agreement dated September 13, 2002, incorporated by reference to Exhibit 99.1 to Form 8-K filed on April 6, 2006 (File No. 1-6544).
10.3	—	Form of Commitment Increase Agreement dated September 25, 2007 by and among Sysco Corporation, JPMorgan Chas Bank, individually and as Administrative Agent, the Co-Syndication Agents named therein and the other financial institutions party thereto relating to the Credit Agreement dated November 4, 2005, incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended September 29, 2007 filed on November 8, 2007 (File No. 1-6544).



Table of Contents

10.4	—	Form of Extension Agreement effective September 21, 2007 by and among Sysco Corporation, JPMorgan Chase Bank, individually and as Administrative Agent, the Co-Syndication Agents named therein and the other financial institutions party thereto relating to the Credit Agreement dated November 4, 2005, incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 29, 2007 filed on November 8, 2007 (File No. 1-6544).
10.5	—	Amended and Restated Issuing and Paying Agency Agreement, dated as of April 13, 2006, between Sysco Corporation and JPMorgan Chase Bank, National Association, incorporated by reference to Exhibit 10.1 to Form 8-K filed on April 19, 2006 (File No. 1-6544).
10.6	—	Commercial Paper Dealer Agreement, dated as of April 13, 2006, between Sysco Corporation and J.P. Morgan Securities Inc., incorporated by reference to Exhibit 10.2 to Form 8-K filed on April 19, 2006 (File No. 1-6544).
10.7	—	Commercial Paper Dealer Agreement, dated as of April 13, 2006, between Sysco Corporation and Goldman, Sachs & Co., incorporated by reference to Exhibit 10.3 to Form 8-K filed on April 19, 2006 (File No. 1-6544).
10.8†#	—	Fifth Amended and Restated Sysco Corporation Executive Deferred Compensation Plan.
10.9†#	—	Seventh Amended and Restated Sysco Corporation Supplemental Executive Retirement Plan.
10.10†	—	Sysco Corporation 1991 Stock Option Plan, incorporated by reference to Exhibit 10(e) to Form 10-K for the year ended July 3, 1999 (File No. 1-6544).
10.11†	—	Amendments to Sysco Corporation 1991 Stock Option Plan dated effective September 4, 1997, incorporated by reference to Exhibit 10(f) to Form 10-K for the year ended June 28, 1997 (File No. 1-6544).
10.12†	—	Amendments to Sysco Corporation 1991 Stock Option Plan dated effective November 5, 1998, incorporated by reference to Exhibit 10(g) to Form 10-K for the year ended July 3, 1999 (File No. 1-6544).
10.13†	—	Form of Stock Option Grant Agreement issued to executive officers on September 3, 1998 under the 1991 Stock Option Plan, incorporated by reference to Exhibit 10(ss) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.14†	—	Form of Stock Option Grant Agreement issued to executive officers on September 2, 1999 under the 1991 Stock Option Plan, incorporated by reference to Exhibit 10(tt) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.15†	—	Form of Stock Option Grant Agreement issued to executive officers on September 7, 2000 under the 1991 Stock Option Plan, incorporated by reference to Exhibit 10(uu) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.16†	—	2000 Stock Incentive Plan, incorporated by reference to Appendix B to Proxy Statement filed on September 25, 2000 (File No. 1-6544).
10.17†	—	Form of Stock Option Grant Agreement issued to executive officers on September 11, 2001 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(vv) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.18†	—	Form of Stock Option Grant Agreement issued to executive officers on September 11, 2001 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(ww) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.19†	—	Form of Stock Option Grant Agreement issued to executive officers on September 12, 2002 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(xx) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.20†	—	Form of Stock Option Grant Agreement issued to executive officers on September 11, 2003 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(yy) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.21†	—	Form of Stock Option Grant Agreement issued to executive officers on September 2, 2004 under the 2000 Stock Incentive Plan, incorporated by reference to Exhibit 10(a) to Form 8-K filed on September 9, 2004 (File No. 1-6544).
10.22†	—	2004 Stock Option Plan, incorporated by reference to Appendix B to the Sysco Corporation Proxy Statement filed September 24, 2004 (File No. 1-6544).

- 10.23† — First Amendment to the 2004 Stock Option Plan, incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended March 29, 2008 filed on May 6, 2008 (File No. 1-6544).
 - 10.24† — Form of Stock Option Grant Agreement issued to executive officers on September 8, 2005 and September 7, 2006 under the 2004 Stock Option Plan, incorporated by reference to Exhibit 99.1 to Form 8-K filed on September 14, 2005 (File No. 1-6544).
-

Table of Contents

10.25†	—	2007 Stock Incentive Plan, incorporated by reference to Annex A to the Sysco Corporation Proxy Statement filed on September 26, 2007 (File No. 1-6544).
10.26†	—	Form of Stock Option Grant Agreement issued to executive officers under the 2007 Stock Incentive Plan, incorporated by reference to Exhibit 10.6 to Form 10-Q for the quarter ended December 29, 2007 filed on February 5, 2008 (File No. 1-6544).
10.27†	—	Amended and Restated 2004 Cash Performance Unit Plan (formerly known as the 2004 Long-Term Incentive Cash Plan and the 2004 Mid-Term Incentive Plan), incorporated by reference to Exhibit 10.4 to Form 10-Q for the quarter ended December 29, 2007 filed on February 5, 2008 (File No. 1-6544).
10.28†	—	Form of Performance Unit Grant Agreement issued to executive officers effective September 8, 2005 under the Long-Term Incentive Cash Plan, incorporated by reference to Exhibit 10.38 to Form 10-K for the year ended July 1, 2006 filed on September 14, 2006 (File No. 1-6544).
10.29†	—	Form of Performance Unit Grant Agreement issued to executive officers effective September 7, 2006 under the Long-Term Incentive Cash Plan, incorporated by reference to Exhibit 10.3 to Form 8-K filed on September 13, 2006 (File No. 1-6544).
10.30†	—	Form of Performance Unit Grant Agreement issued to executive officers effective September 28, 2007, under the 2004 Mid-Term Incentive Plan, incorporate by reference to Exhibit 10.4 to Form 10-Q for the quarter ended September 29, 2007 filed on November 8, 2007 (File No. 1-6544).
10.31†	—	2005 Management Incentive Plan, incorporated by reference to Annex B to the Sysco Corporation Proxy Statement for the November 11, 2005 Annual Meeting of Stockholders (File No. 1-6544).
10.32†	—	First Amendment to 2005 Management Incentive Plan dated July 13, 2007, incorporated by reference to Exhibit 10.33 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
10.33†	—	Form of Fiscal Year 2008 Bonus Award for the Chief Executive Officer, President, Chief Financial Officer, Executive Vice Presidents and Senior Vice Presidents (excluding Senior Vice Presidents of Operations) under the 2005 Management Incentive Plan, incorporated by reference to Exhibit 10.36 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
10.34†#	—	First Amended and Restated 2005 Management Incentive Plan.
10.35†#	—	Form of Fiscal Year 2009 Bonus Award for the Chief Executive Officer, President, Chief Financial Officer and Executive Vice Presidents under the First Amended and Restated 2005 Management Incentive Plan.
10.36†	—	2006 Supplemental Performance Bonus Plan dated June 9, 2006, incorporated by reference to Exhibit 10.49 to Form 10-K for the year ended July 1, 2006 filed on September 14, 2006 (File No. 1-6544).
10.37†	—	Form of Fiscal Year 2008 Chief Executive Officer Supplemental Bonus Agreement under the 2006 Supplemental Performance Based Bonus Plan, incorporated by reference to Exhibit 10.41 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
10.38†	—	Form of Fiscal Year 2008 Supplemental Bonus Agreement for President, Executive Vice Presidents, Senior Vice Presidents and Senior Vice Presidents of Operations under the 2006 Supplemental Performance Based Bonus Plan, incorporated by reference to Exhibit 10.42 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).
10.39†#	—	Termination of 2006 Supplemental Performance Bonus Plan.
10.40†#	—	Form of Fiscal Year 2009 Supplemental Bonus Agreement for the Chief Executive Officer and the President.
10.41†	—	Executive Severance Agreement dated July 6, 2004 between Sysco Corporation and Richard J. Schnieders, incorporated by reference to Exhibit 10(ii) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.42†	—	Form of Executive Severance Agreement between Sysco Corporation and Kenneth F. Spitler dated July 14, 2004, incorporated by reference to Exhibit 10(jj) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).
10.43†	—	Form of First Amendment dated September 3, 2004 to Executive Severance Agreement between Sysco Corporation

and each of Richard J. Schnieders and Kenneth F. Spitler, incorporated by reference to Exhibit 10(kk) to Form 10-K for the year ended July 3, 2004 filed on September 16, 2004 (File No. 1-6544).

10.44† — Letter agreement dated December 12, 2006 between Sysco Corporation and William J. DeLaney regarding certain relocation expenses, incorporated by reference to Exhibit 10.47 to Form 10-K for the year ended June 30, 2007 filed on August 28, 2007 (File No. 1-6544).

Table of Contents

10.45†#	—	Description of Compensation Arrangements with Named Executive Officers.
10.46†	—	Sysco Corporation Amended and Restated Non-Employee Directors Stock Option Plan, incorporated by reference to Exhibit 10(g) to Form 10-K for the year ended June 28, 1997 (File No. 1-6544).
10.47†	—	Amendment to the Amended and Restated Non-Employee Directors Stock Option Plan dated effective November 5, 1998, incorporated by reference to Exhibit 10(i) to Form 10-K for the year ended July 3, 1999 (File No. 1-6544).
10.48†	—	Amended and Restated Non-Employee Directors Stock Plan, incorporated by reference to Appendix B to Proxy Statement filed on September 24, 2001 (File No. 1-6544).
10.49†	—	Form of Stock Option Grant Agreement issued to non-employee directors on September 3, 2004 under the Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10(b) to Form 8-K filed on September 9, 2004 (File No. 1-6544).
10.50†	—	Form of Retainer Stock Agreement for issuance to Non-Employee Directors under the Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10(a) to Form 10-Q for the quarter ended January 1, 2005 filed on February 10, 2005 (File No. 1-6544).
10.51†	—	Amended and Restated 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended December 29, 2007 filed on February 5, 2008 (File No. 1-6544).
10.52†	—	Form of Option Grant Agreement under the 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10(i) to Form 10-Q for the quarter ended December 31, 2005 filed on February 9, 2006 (File No. 1-6544).
10.53†	—	Form of Restricted Stock Grant Agreement under the 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10(j) to Form 10-Q for the quarter ended December 31, 2005 filed on February 9, 2006 (File No. 1-6544).
10.54†	—	Form of Restricted Stock Agreement under the Amended and Restated 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended March 29, 2008 filed on May 6, 2008 (File No. 1-6544).
10.55†	—	Form of Retainer Stock Award Agreement under the 2005 Non-Employee Directors Stock Plan, incorporated by reference to Exhibit 10.1 to Form 8-K filed on November 15, 2006 (File No. 1-6544).
10.56†	—	Second Amended and Restated Board of Directors Deferred Compensation Plan dated April 1, 2002, incorporated by reference to Exhibit 10(aa) to Form 10-K for the year ended June 29, 2002 filed on September 25, 2002 (File No. 1-6544).
10.57†	—	First Amendment to Second Amended and Restated Board of Directors Deferred Compensation Plan dated July 12, 2002, incorporated by reference to Exhibit 10(bb) to Form 10-K for the year ended June 29, 2002 filed on September 25, 2002 (File No. 1-6544).
10.58†	—	Second Amendment to the Second Amended and Restated Sysco Corporation Board of Directors Deferred Compensation Plan, incorporated by reference to Exhibit 10(k) to Form 10-Q for the quarter ended December 31, 2005 filed on February 9, 2006 (File No. 1-6544).
10.59†#	—	Second Amended and Restated Sysco Corporation 2005 Board of Directors Deferred Compensation Plan.
10.60†#	—	Description of Compensation Arrangements with Non-Employee Directors.
10.61†#	—	Form of Indemnification Agreement with Non-Employee Directors.
14.1	—	Code of Business Conduct and Ethics, incorporated by reference to Exhibit 14.1 to Form 8-K filed on July 19, 2007 (File No. 1-6544).
21.1#	—	Subsidiaries of the Registrant.
23.1#	—	Consent of Independent Registered Public Accounting Firm.
31.1#	—	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2# — CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1# — CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2# — CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

† Executive Compensation Arrangement pursuant to 601(b)(10)(iii)(A) of Regulation S-K

Filed Herewith

**FIFTH AMENDED AND RESTATED
SYSCO CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

Effective July 2, 2008

**FIFTH AMENDED AND RESTATED
SYSCO CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN
TABLE OF CONTENTS**

	Page
ARTICLE I — DEFINITIONS	3
ARTICLE II — ELIGIBILITY AND FROZEN PARTICIPANTS	11
2.1 Eligibility	11
2.2 Frozen Participants	11
ARTICLE III — PARTICIPANT DEFERRALS AND COMPANY CONTRIBUTIONS	12
3.1 Bonus Deferral Election	12
3.2 Company Match	12
3.3 Salary Deferral Election	13
3.4 Discretionary Company Contributions	14
3.5 Cancellation of Salary Deferral Election upon the Occurrence of an Unforeseeable Emergency	14
ARTICLE IV — ACCOUNT	15
4.1 Establishing a Participant’s Account	15
4.2 Credit of the Participant’s Bonus Deferral and the Company’s Match	15
4.3 Credit of the Participant’s Salary Deferrals	15
4.4 Deemed Investment of Deferrals	15
4.5 Crediting of Earnings on Deferrals Invested in the Default Investment	16
4.6 Crediting of Interest on Company Match	17
4.7 Procedure to Credit or Debit Interest, Earnings or Losses Upon an Event of Distribution	17
ARTICLE V — VESTING	19
5.1 Deferrals	19
5.2 Company Match	19
ARTICLE VI — DISTRIBUTIONS	20
6.1 Death	20
6.2 Disability	20
6.3 Retirement	20
6.4 Distributions Upon Termination	21
6.5 In-Service Distributions	21
6.6 Distribution Elections for Deferrals	21
6.7 Forfeiture For Cause	24
6.8 Forfeiture for Competition	26
6.9 Hardship Withdrawals	27
6.10 Payments Upon Income Inclusion Under Section 409A	28
6.11 Restrictions on any Portion of Total Payments Determined to be Excess Parachute Payments	28
6.12 Responsibility for Distributions and Withholding of Taxes	29
ARTICLE VII — ADMINISTRATION	30
7.1 Committee Appointment	30
7.2 Committee Organization and Voting	30
7.3 Powers of the Committee	30
7.4 Committee Discretion	31
7.5 Reimbursement of Expenses	31

7.6 Indemnification	Page 31
7.7 Claims Procedure	31
ARTICLE VIII — ADOPTION BY SUBSIDIARIES	34
8.1 Procedure for and Status After Adoption	34
8.2 Termination of Participation By Adopting Subsidiary	34
ARTICLE IX — AMENDMENT AND/OR TERMINATION	35
9.1 Amendment or Termination of the Plan	35
9.2 No Retroactive Effect on Awarded Benefits	35
9.3 Effect of Termination	35
ARTICLE X — FUNDING	37
10.1 Payments Under This Agreement are the Obligation of the Company	37
10.2 Agreement May be Funded Through Rabbi Trust	37
10.3 Reversion of Excess Assets	37
10.4 Participants Must Rely Only on General Credit of the Company	38
ARTICLE XI — MISCELLANEOUS	39
11.1 Limitation of Rights	39
11.2 Distributions to Incompetents or Minors	39
11.3 Non-alienation of Benefits	39
11.4 Reliance Upon Information	40
11.5 Severability	40
11.6 Notice	40
11.7 Gender and Number	40
11.8 Governing Law	40
11.9 Effective Date	40
11.10 Compliance with Section 409A of the Code	40

**FIFTH AMENDED AND RESTATED
SYSCO CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

WHEREAS , Sysco Corporation sponsors and maintains the Fourth Amended and Restated Sysco Corporation Executive Deferred Compensation Plan, effective as of January 1, 2005 (the “ Current Plan ”);

WHEREAS , Section 9.1 of the Current Plan authorizes the Board of Directors of Sysco Corporation to amend the Current Plan;

WHEREAS , the Board of Directors of Sysco Corporation has determined that it is in the best interests of Sysco Corporation and its current and former executives to amend and restate the Current Plan to: (i) reduce the investment return of the Default Investment and the interest rate applicable to installment payouts for certain amounts; (ii) remove the Variable Investment Option (as defined in the Current Plan) for distributions upon Retirement (as defined in the Current Plan); (iii) revise Section 9.2 to allow Sysco Corporation to change the crediting rate on Company Matches credited to a Participant’s Account after the effective date of this amendment; (iv) remove bonuses payable under the Sysco Corporation 2006 Supplemental Performance Based Bonus Plan from the definition of MIP Bonus; (v) revise the definition of Retirement; (vi) revise Section 6.7 to allow for a forfeiture for cause following a Participant’s termination of employment; (vii) revise Section 6.8 to clarify when a participant is competing with Sysco Corporation and to allow for a forfeiture for disclosing trade secrets or confidential information to a competitor; and (viii) revise Sections 6.7 and 6.8 to clarify the calculation of amounts subject to forfeiture.

NOW, THEREFORE , Sysco Corporation hereby adopts the Fifth Amended and Restated Sysco Corporation Executive Deferred Compensation Plan, effective July 2, 2008 (the “ Plan ”), as follows:

ARTICLE I
DEFINITIONS

Account . “Account” means a Participant’s Account in the Deferred Compensation Ledger maintained by the Committee which reflects the entire interest of the Participant in the Plan, as adjusted herein for deemed Investment earnings and losses and credited interest. A Participant’s Account shall be comprised of, if applicable, such Participant’s Termination/Retirement Account and In-Service Account(s).

Affiliate . “Affiliate” means any entity with respect to which SYSCO beneficially owns, directly or indirectly, at least 50% of the total voting power of the interests of such entity and at least 50% of the total value of the interests of such entity.

Beneficiary . “Beneficiary” means a person or entity designated by the Participant under the terms of this Plan to receive any amounts distributed under the Plan upon the death of the Participant.

Board of Directors . “Board of Directors” means the Board of Directors of SYSCO.

Bonus Deferral . “Bonus Deferral” shall have the meaning set forth in Section 3.1.

Bonus Deferral Election . “Bonus Deferral Election” shall have the meaning set forth in Section 3.1.

Business Day . “Business Day” means during regular business hours of any day on which the New York Stock Exchange is open for trading.

Change of Control . “Change of Control” means the occurrence of one or more of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Act (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Act) of 20% or more of either (i) the then-outstanding shares of SYSCO common stock (the “Outstanding SYSCO Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of SYSCO entitled to vote generally in the election of directors (the “Outstanding SYSCO Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from SYSCO, (2) any acquisition by SYSCO, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by SYSCO or any Affiliate, or (4) any acquisition by any corporation; pursuant to a transaction that complies with subparagraphs (c)(i), (c)(ii) and (c)(iii) of this definition;

(b) Individuals who, as of July 1, 2008, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to July 1, 2008 whose election, or nomination for election by SYSCO’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving SYSCO or any of its Affiliates, a sale or other disposition of all or substantially all of the assets of SYSCO, or the acquisition of assets or stock of another entity by SYSCO or any of its Affiliates (each, a “Business Combination”), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding SYSCO Common Stock and the Outstanding SYSCO Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns SYSCO or all or substantially all of SYSCO’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding SYSCO Common Stock and the Outstanding SYSCO Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of SYSCO or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the

execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination; or

(d) Approval by the stockholders of SYSCO of a complete liquidation or dissolution of SYSCO.

Change of Control Period. “Change of Control Period” shall have the meaning set forth in Section 6.7(d).

Claimant. “Claimant” shall have the meaning set forth in Section 7.7.

Code. “Code” means the Internal Revenue Code of 1986, as amended from time to time.

Company. “Company” means SYSCO and any Subsidiary that has adopted the Plan with the approval of the Committee, pursuant to Section 8.1.

Company Match. “Company Match” shall have the meaning set forth in Section 3.2.

Committee. “Committee” means the persons who are from time to time serving as members of the committee administering this Plan.

Current Plan. “Current Plan” shall have the meaning set forth in the Recitals.

Default Distribution Option. “Default Distribution Option” shall have the meaning set forth in Section 6.6(c)(iv).

Default Investment. “Default Investment” means a hypothetical investment with a *per annum* investment return equal to Moody’s determined as of October 31st of the calendar year prior to the calendar year for which such rate shall be effective, or such other Investment designated by the Committee as the “Default Investment” on Exhibit “A” attached hereto. The investment return of the Default Investment shall be re-determined annually as of November 1st of the calendar year prior to the calendar year for which such rate shall be effective. The investment return, once established, shall be effective as of January 1st of the calendar year following the calendar year in which such investment return is calculated and shall remain in effect for the entire calendar year.

Deferrals. “Deferrals” shall mean Bonus Deferrals and Salary Deferrals.

Deferral Election. “Deferral Election” shall mean a Bonus Deferral Election, a Salary Deferral Election or both.

Deferred Compensation Ledger. “Deferred Compensation Ledger” means the ledger maintained by the Committee for each Participant which reflects the amount of the Participant’s Deferrals, Company Match, credits

and debits for deemed Investment earnings and losses and interest credited pursuant to Article IV, and cash distributed to the Participant or the Participant's Beneficiaries pursuant to Article VI.

Disability. "Disability" means that a Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period not less than three (3) months under an accident and health plan covering employees of SYSCO and its Subsidiaries; or (iii) has been determined by the Social Security Administration to be totally disabled.

Eligibility Date. "Eligibility Date" means the date as of which an employee of a Company is first eligible to participate in the Plan. An employee shall be notified of the employee's Eligibility Date by the Committee or its designee.

Fair Market Value. "Fair Market Value" means, with respect to any Investment, the closing price on the date of reference, or if there were no sales on such date, then the closing price on the nearest preceding day on which there were such sales, and in the case of an unlisted security, the mean between the bid and asked prices on the date of reference, or if no such prices are available for such date, then the mean between the bid and asked prices on the nearest preceding day for which such prices are available. With respect to any Investment which reports "net asset values" or similar measures of the value of an ownership interest in the Investment, Fair Market Value shall mean such closing net asset value on the date of reference, or if no net asset value was reported on such date, then the net asset value on the nearest preceding day on which such net asset value was reported. For any Investment not described in the preceding sentences, Fair Market Value shall mean the value of the Investment as determined by the Committee in its reasonable judgment on a consistent basis, based upon such available and relevant information as the Committee determines to be appropriate.

Frozen Participant. "Frozen Participant" shall have the meaning set forth in Section 2.2.

In-Service Account. "In-Service Account" means a separate recordkeeping account under a Participant's Account in the Deferred Compensation Ledger that is created when a Participant elects a new In-Service Distribution Date with respect to amounts deferred hereunder.

In-Service Distribution. “In-Service Distribution” means a payment to the Participant following the occurrence of an In-Service Distribution Date of the amount represented by the balance in the In-Service Account with respect to such In-Service Distribution Date.

In-Service Distribution Date. “In-Service Distribution Date” means the date selected by the Participant following which the Participant’s applicable In-Service Account shall be paid.

In-Service Distribution Election. “In-Service Distribution Election” shall have the meaning set forth in Section 6.6(a)(ii).

Installment Distribution Option. “Installment Distribution Option” shall have the meaning set forth in Section 6.6(c)(i).

Investment. “Investment” means the options set forth in Exhibit “A” attached hereto, including interest credited at the investment return of the Default Investment, as the same may be amended from time to time by the Committee in its sole and absolute discretion.

Lump Sum Distribution Option. “Lump Sum Distribution Option” shall have the meaning set forth in Section 6.6(c)(ii).

Management Incentive Plan. “Management Incentive Plan” means the Sysco Corporation 2005 Management Incentive Plan, as it may be amended from time to time, any successor plan, and, at the discretion of the Committee, any other management incentive plan of SYSCO.

MIP Bonus. “MIP Bonus” means a bonus awarded or to be awarded to the Participant under the Management Incentive Plan.

MIP Participation. “MIP Participation” means full years of participation in the Management Incentive Plan determined on an elapsed time basis. MIP Participation shall include the time a Frozen Participant was not eligible to participate in the Management Incentive Plan if, the Frozen Participant (i) was previously eligible to participate in the Management Incentive Plan, (ii) remains employed by SYSCO or a Subsidiary while such Frozen Participant was ineligible to participate in the Management Incentive Plan; and (iii) later becomes eligible to again participate in the Management Incentive Plan.

Moody’s. “Moody’s” means, as of any specified date, the monthly average of the Moody’s Average Corporate Bond Yield (determined by dividing the sum of the Corporate Bond Yield Averages for each month, as published in Moody’s Bond Survey, by the number of months in the applicable calculation period) for either the

(i) six month period ending on the specified date or (ii) the twelve month period ending on the specified date whichever produces the higher rate.

Participant. “Participant” means an employee of a Company who becomes eligible for or is participating in the Plan, and any other current or former employee of SYSCO or a Subsidiary who has an Account in the Deferred Compensation Ledger.

Performance Based Compensation. “Performance Based Compensation” means compensation that is based on services performed over a period of at least twelve (12) months to the extent it is contingent on satisfaction of pre-established performance criteria and not readily ascertainable at the time of the Participant’s deferral election, as determined by the Committee in accordance with Section 409A.

Plan. “Plan” means the Fifth Amended and Restated Sysco Corporation Executive Deferred Compensation Plan, as set forth in this document and amended from time to time.

Plan Year. “Plan Year” means a one-year period that coincides with the fiscal year of SYSCO. SYSCO has a 52/53 week fiscal year beginning on the Sunday next following the Saturday closest to June 30th of each calendar year.

Retirement. “Retirement” means any Separation from Service by a Participant from SYSCO and its Subsidiaries for any reason other than death or Disability on or after the earlier of (A) the date the Participant attains age sixty (60), (B) the date that the Participant has attained age fifty-five (55) and has at least fifteen (15) years of MIP Participation; or (C) with respect to a Participant’s Separation from Service from SYSCO and its Subsidiaries for any reason other than death or Disability occurring on or after January 1, 2009, the date that the Participant has attained age fifty-five (55) and has at least ten (10) years of SYSCO Service.

Salary Compensation. “Salary Compensation” means any base salary plus any receipts of commission compensation which is otherwise payable to a Participant in cash by the Company in any calendar year. Specifically, “Salary Compensation” shall include contributions made by the Company on behalf of a Participant under any salary reduction or similar arrangement to a cafeteria plan described in Section 125 of the Code, elective contributions pursuant to an arrangement qualified under Section 401(k) of the Code, amounts contributed as Salary Deferrals under this Plan, and any additional amounts determined in the sole discretion of the Committee. “Salary Compensation” shall exclude moving expenses, any gross up of moving expenses to account for increased income taxes, Company contributions under any qualified retirement plan, Company accruals to a Participant’s account under the Sysco Corporation Supplemental

Executive Retirement Plan, any amounts payable to the Participant under the Sysco Corporation Mid-Term Incentive Cash Plan, a Participant's MIP Bonus, any amounts relating to the grant of a stock option, the exercise of a stock option, or the sale or deemed sale of any shares thereby acquired, any compensation paid in the form of shares of SYSCO stock, bonus paid as an inducement to enter the employment of the Company, any severance payments or other compensation which is paid to a Participant as a result of the Participant's termination of employment with the Company, and any additional amounts determined in the sole discretion of the Committee.

Salary Deferral. "Salary Deferral" shall have the meaning set forth in Section 3.3.

Salary Deferral Election. "Salary Deferral Election" shall have the meaning set forth in Section 3.3.

Section 409A. "Section 409A" means Section 409A of the Code. References herein to "Section 409A" shall also include any regulatory and other interpretive guidance promulgated by the Treasury Department, including the Treasury Regulations, or the Internal Revenue Service under Section 409A of the Code.

Securities Act. "Securities Act" means the Securities Exchange Act of 1934, as amended from time to time.

Separation from Service. "Separation from Service" means a "separation from service" within the meaning of Section 409A.

Specified Employee. "Specified Employee" means a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code. By way of clarification, "specified employee" means a "key employee" (as defined in Section 416(i) of the Code, disregarding Section 416(i)(5) of the Code) of the Company. A Participant shall be treated as a key employee if the Participant meets the requirements of Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the twelve (12) month period ending on an Identification Date. If a Participant is a key employee as of an Identification Date, the Participant shall be treated as a Specified Employee for the twelve (12) month period beginning on the first day of the fourth month following such Identification Date. For purposes of any "Specified Employee" determination hereunder, the "Identification Date" shall mean the last day of the calendar year. The Committee may in its discretion amend the Plan to change the Identification Date, provided that any change to the Plan's Identification Date shall not take effect for at least twelve (12) months after the date of the Plan amendment authorizing such change.

Subsidiary. “Subsidiary” means (a) any corporation which is a member of a “controlled group of corporations” which includes SYSCO, as defined in Code Section 414(b), (b) any trade or business under “common control” with SYSCO, as defined in Code Section 414(c), (c) any organization which is a member of an “affiliated service group” which includes SYSCO, as defined in Code Section 414(m), (d) any other entity required to be aggregated with SYSCO pursuant to Code Section 414(o), and (e) any other organization or employment location designated as a “Subsidiary” by resolution of the Board of Directors or by the Committee for purposes of this Plan.

SYSCO. “SYSCO” means Sysco Corporation, the sponsor of this Plan.

SYSCO Service. “SYSCO Service” means service with SYSCO or a Subsidiary for which the Participant is awarded “credited service” under the Pension Plan for vesting purposes or would be awarded “credited service” under the Pension Plan for vesting purposes if the Participant was covered under the Pension Plan. For purposes of this definition, “Pension Plan” means the Sysco Corporation Retirement Plan, a defined benefit plan qualified under Section 401(a) of the Code, and any U.S. qualified defined benefit pension plan successor thereto.

Termination. “Termination” means Separation from Service from SYSCO and its Subsidiaries, voluntarily or involuntarily, for any reason other than Retirement, death or Disability.

Termination/Retirement Account. “Termination/Retirement Account” means that portion of a Participant’s Account in the Deferred Compensation Ledger that has not been allocated to In-Service Accounts.

Treasury Regulations. “Treasury Regulations” means the Federal Income Tax Regulations, and to the extent applicable any Temporary or Proposed Regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

Total Payments. “Total Payments” means all payments or benefits received or to be received by a Participant in connection with a Change of Control of SYSCO and the termination of his employment under the terms of this Plan, the Sysco Corporation Supplemental Executive Retirement Plan, and in connection with a Change of Control of SYSCO under the terms of any stock option plan or any other plan, arrangement or agreement with the Company, its successors, any person whose actions result in a Change of Control or any person affiliated with the Company or who, as a result of the completion of transactions causing a Change of Control, become affiliated with the Company within the meaning of Section 1504 of the Code, taken collectively.

Unforeseeable Emergency. “Unforeseeable Emergency” shall have the meaning set forth in Section 6.9.

ARTICLE II

ELIGIBILITY AND FROZEN PARTICIPANTS

2.1 Eligibility. All participants in the Management Incentive Plan, exclusive of any participant whose compensation income from the Company is subject to taxation under the Canadian income tax laws, shall be eligible to participate in this Plan. However, the Committee retains the right to establish such additional eligibility requirements for participation in this Plan as it may determine is appropriate or necessary from time to time and has the right to determine, in its sole discretion, that any one or more persons who meet the eligibility requirements shall not be eligible to participate for one or more Plan Years beginning after the date they are notified of this decision by the Committee.

2.2 Frozen Participants. An active Participant shall have his participation frozen (a “Frozen Participant”) as of the earliest of the date (a) he ceases to be a Participant in the Management Incentive Plan, (ii) his compensation income from the Company is subject to taxation under the Canadian income tax laws, (iii) he transfers from the Company to a non-participating Subsidiary, or (iv) the Committee exercises its discretion under the last sentence of Section 2.1. A Frozen Participant’s Deferral Elections for the Plan Year (for Bonus Deferrals) or the calendar year (for Salary Deferrals) shall remain in effect until the end of the Plan Year or calendar year, as applicable, in which such Participant becomes a Frozen Participant. A Frozen Participant shall not be eligible to make Deferral Elections until such time as he again becomes eligible to participate in the Plan, at which time any subsequent Deferral Elections shall be subject to the rules of Sections 3.1 or 3.3, as applicable.

ARTICLE III

PARTICIPANT DEFERRALS AND COMPANY CONTRIBUTIONS

3.1 Bonus Deferral Election . A Participant may elect, what, if any, percentage of his MIP Bonus earned during a given Plan Year is to be deferred under this Plan (a “ Bonus Deferral Election ”), and such percentage shall be designated by the Participant pursuant to such form as approved by the Committee for this purpose (any such amount so deferred, a “ Bonus Deferral ”). To be eligible to make a Bonus Deferral Election for a given Plan Year, a Participant’s Eligibility Date must occur or have occurred on or before the first day of the Plan Year to which such Bonus Deferral Election relates. To make a Bonus Deferral Election, a Participant must complete, execute and file with the Committee a Bonus Deferral Election form within the applicable deadlines set forth below. A Bonus Deferral Election shall apply only with respect to the Plan Year specified in the Bonus Deferral Election form, and except as provided in Section 3.5 hereof, shall be irrevocable after the applicable deadline for making a Bonus Deferral Election for such Plan Year. To be effective, a Participant’s Bonus Deferral Election form must be received by the Committee within the period established by the Committee for a given Plan Year, provided that such period ends no later than the following times: (i) if the MIP Bonus qualifies as Performance Based Compensation (as applied on a Participant-by-Participant basis), the date that is six (6) months before the end of the Plan Year with respect to which such MIP Bonus is payable; or (ii) if the MIP Bonus does not qualify as Performance Based Compensation, the last day of the Plan Year immediately preceding the Plan Year with respect to which such MIP Bonus is payable. Prior to the period the Committee establishes for each Participant to make his Bonus Deferral Election, the Committee shall notify all eligible Participants of the maximum and minimum percentages of the MIP Bonus earned during a given Plan Year that may be deferred. If the Committee does not receive a Participant’s Bonus Deferral Election form within the period established for such purpose by the Committee for such Plan Year, the Participant shall be deemed to have elected not to make a Bonus Deferral Election for that Plan Year.

3.2 Company Match . The Company shall award to each Participant who elects to defer a portion of his MIP Bonus under this Plan an amount equal to fifteen percent (15%) of that portion of the amount of the MIP Bonus deferred which is not in excess of twenty percent (20%) of his MIP Bonus, for a maximum potential match by the Company of three percent (3%) of the Participant’s MIP Bonus (any such amount so awarded, a “ Company ”).

Match”). Notwithstanding anything herein or otherwise to the contrary, in no event shall the calculation of the Company Match take into account amounts deferred pursuant to Section 3.3.

3.3 Salary Deferral Election. A Participant may elect to defer under this Plan all or a portion of the Salary Compensation otherwise payable to the Participant by the Company (a “Salary Deferral Election”), which amount shall be designated by the Participant pursuant to such form as approved by the Committee for this purpose (any such amount so deferred, a “Salary Deferral”). To make a Salary Deferral Election, a Participant must complete, execute and file with the Committee a Salary Deferral Election form within the applicable deadlines set forth below. A Salary Deferral Election shall apply only with respect to the calendar year or portion thereof, specified in the Salary Deferral Election form, and, except as provided in Section 3.5 hereof, shall be irrevocable after the applicable deadline for making a Salary Deferral Election for such calendar year.

(a) In General. To be effective, a Salary Deferral Election form must be received by the Committee, within the period established by the Committee for a given calendar year; provided that such period ends on or before December 31 of the year prior to the calendar year for which the Salary Deferral Election is to be effective. If the Committee fails to receive a Salary Deferral Election form from a Participant during the period established by the Committee for such calendar year, the Participant shall be deemed to have elected not to make a Salary Deferral Election for that calendar year.

(b) Election for First Year as Participant. Notwithstanding the provisions of Section 3.3(a), in the calendar year in which a Participant first becomes eligible to participate in the Plan, the Participant may make a Salary Deferral Election with respect to all or a portion of such Participant’s Salary Compensation beginning with the payroll period next following the receipt of the Participant’s Salary Deferral Election form; provided that such Salary Deferral Election form is received by the Committee on or before the 30th day following the Participant’s Eligibility Date. If the Committee does not receive such Participant’s Salary Deferral Election on or before the 30th day following the Participant’s Eligibility Date, the Participant shall be deemed to have elected not to make a Salary Deferral Election for such calendar year. Salary Deferral Elections by such a Participant for succeeding calendar years shall otherwise be made in accordance with the provisions of Section 3.3(a).

(c) Additional Rules and Procedures. The Committee shall have the discretion to adopt such additional rules and procedures applicable to Salary Deferral Elections that the Committee determines are necessary. By way of amplification and not limitation, the Committee shall have the authority to limit the amount of Salary

Compensation deferred by a Participant under this Plan for any calendar year, require a Participant to pay or provide for payment of cash to the Company, and/or take such other actions determined to be necessary where, as a result of a Participant's Salary Deferral Election, the compensation payable to a Participant currently is less than such Participant's tax withholding and other obligations.

3.4 Discretionary Company Contributions. Notwithstanding anything to the contrary contained herein, if authorized by the Board of Directors or a committee thereof, the Company, may, pursuant to a written agreement approved by the Board of Directors or a committee thereof, cause the Company to make additional contributions to a Participant's Account. Any discretionary Company contributions made pursuant to this Section 3.4 shall be credited to a Participant's Termination/Retirement Account and shall be paid at the earliest to occur of a Participant's death, Disability, Retirement or Termination. Unless otherwise expressly provided in such written agreement, such discretionary contributions by the Company shall vest in accordance with the provisions of Section 5.2 of the Plan.

3.5 Cancellation of Deferral Elections upon the Occurrence of an Unforeseeable Emergency. Notwithstanding anything to the contrary contained herein, if a Participant requests a hardship withdrawal pursuant to Section 6.9, and the Committee determines that such Participant has suffered an Unforeseeable Emergency, the Participant may elect to cancel such Participant's Deferral Elections in effect for such calendar year. Such election shall be made in writing by the Participant in such form as the Committee determines from time to time. In addition, if a Participant receives a hardship distribution under a 401(k) plan sponsored by the Company, all Deferral Elections in effect for the calendar year or Plan Year, as the case may be, in which such hardship distribution is made shall be cancelled, and such Participant may not make additional Deferral Elections for at least six (6) months following the receipt of such hardship distribution. Any subsequent Deferral Election shall be subject to the rules of Sections 3.1 or 3.3, as applicable.

ARTICLE IV

ACCOUNT

4.1 Establishing a Participant's Account . The Committee shall establish an Account for each Participant in a Deferred Compensation Ledger which shall be maintained by the Company. Each Account shall reflect the entire interest of the Participant in the Plan.

4.2 Credit of the Participant's Bonus Deferral and the Company's Match . Upon completion of the Plan Year, the Committee shall determine, as soon as administratively practicable, the amount of a Participant's MIP Bonus that has been deferred for that Plan Year and the amount of the Company Match that has been awarded to the Participant pursuant to Section 3.2 and shall credit those amounts to the Participant's Account in the Deferred Compensation Ledger as of the July 1st coincident with or closest to the end of the Plan Year for which the MIP Bonus was awarded.

4.3 Credit of the Participant's Salary Deferrals . The Participant's Account in the Deferred Compensation Ledger shall be credited with Salary Deferrals, on the same day of each month on which cash compensation would otherwise have been paid to a Participant, with a dollar amount equal to the total amount by which the Participant's cash compensation for such month was reduced in accordance with the Participant's Salary Deferral Election.

4.4 Deemed Investment of Deferrals . The credit balance of the Deferrals in the Participant's Account shall be deemed invested and reinvested from time to time in such Investments as shall be designated by the Participant in accordance with the following:

(a) Upon commencement of participation in the Plan, each Participant shall make a designation of the Investments in which the Deferrals in such Participant's Account will be deemed invested. The Investments designated by a Participant shall be deemed to have been purchased on the date on which the Deferrals are credited to the Participant's Account, or if such day is not a Business Day, on the first Business Day following such date. If a Participant has not made a designation of Investments in which such Participant's Deferrals will be deemed invested, the credit balance of the Deferrals in the Participant's Account shall be deemed to be invested in the Default Investment.

(b) At such times and under such procedures as the Committee shall designate, each Participant shall have the right to (i) change the existing Investments in which the Deferrals in such Participant's Account are

deemed invested by treating a portion of such Investments as having been sold and the new Investments purchased (i.e., an investment transfer), and (ii) change the Investments which are deemed purchased with future Deferrals credited to the Participant's Account.

(c) In the case of any deemed purchase of an Investment, the Participant's Account shall be decreased by a dollar amount equal to the number of units of such Investment treated as purchased multiplied by the per unit net asset value of such Investment as of such date or, if such date is not a Business Day, on the first Business Day following such date, and shall be increased by the number of units of such Investment treated as purchased. In the case of any deemed sale of an Investment, the Participant's Account shall be decreased by the number of units of such Investment treated as sold, and shall be increased by a dollar amount equal to the number of units of such Investment treated as sold multiplied by the net asset value of such Investment as of such date or, if such date is not a Business Day, on the first Business Day following such date.

(d) In no event shall the Company be under any obligation, as a result of any designation of Investments made by Participants, to acquire any Investment assets, it being intended that the designation of any Investment shall only affect the determination of the amounts ultimately paid to a Participant.

(e) In determining the amounts of all debits and credits to the Participant's Account, the Committee shall exercise its reasonable best judgment, and all such determinations (in the absence of bad faith) shall be binding upon all Participants and their Beneficiaries. If an error is discovered in the Participant's Account, the Committee, in its sole and absolute discretion, shall cause appropriate, equitable adjustments to be made as soon as administratively practicable following the discovery of such error or omission.

4.5 Crediting of Earnings on Deferrals Invested in the Default Investment. Earnings will be credited on the portion of the Participant's Account attributable to Deferrals invested (or deemed invested) by a Participant in the Default Investment in accordance with this Section 4.5. For the portion of the Participant's Account attributable to Deferrals invested (or deemed invested) in the Default Investment as of the close of business on July 1, 2008 (including a Participant's Bonus Deferral for the fiscal year 2008 MIP Bonus), earnings credited to a Participant's Account on or after July 2, 2008 with respect to such amounts will be credited at a per annum investment return equal to the sum of (a) the investment return of the Default Investment, plus (b) one percent (1%). For Deferrals credited to a Participant's Account on or after July 2, 2008 and invested in the Default Investment, and investment transfers into the Default Investment on or after July 2, 2008, earnings credited to a Participant's

Account on or after July 2, 2008 with respect to such amounts will be credited at a per annum investment return equal to the investment return of the Default Investment.

4.6 Crediting of Interest on Company Match . Interest will be credited on the portion of the Participant's Account attributable to Company Matches in accordance with this Section 4.6. For Company Matches credited to a Participant's Account prior to July 2, 2008 (including the Company Match attributable to a Participant's Bonus Deferral for the fiscal year 2008 MIP Bonus), interest credited to a Participant's Account on or after July 2, 2008 with respect to such amounts will be credited at a per annum interest rate equal to the sum of (a) the investment return of the Default Investment, plus (b) one percent (1%). For Company Matches credited to a Participant's Account on or after July 2, 2008, interest credited to a Participant's Account on or after July 2, 2008 with respect to such amounts will be credited at a per annum interest rate equal to the investment return of the Default Investment. Interest on each Company Match shall be compounded annually, but credited on a daily basis.

4.7 Procedure to Credit or Debit Interest, Earnings or Losses Upon an Event of Distribution .

(a) Crediting of Interest or Deemed Investment Earnings or Losses Prior to Commencement of Distributions . The Participant's Account shall continue to be credited or debited with Investment earnings or losses until the later to occur of (x) the date of the event giving rise to the distribution; or (y) the last day of the month preceding the month in which distributions will commence (the "Conversion Date"), at which time the deemed Investments of the portion of the Participant's Account attributable to Deferrals, other than amounts invested in the Default Investment, shall be treated as sold and credited with a dollar value in accordance with Section 4.4(c) and invested in the Default Investment. For the period beginning on the Conversion Date and ending on the day immediately before the date on which distributions commence, the portion of the Participant's Account attributable to Deferrals shall be credited with earnings as provided in Section 4.5. For purposes of this Section 4.7(a), for the period prior to the commencement of distributions, the portion of the Participant's Account attributable to Company Matches shall be credited with interest as provided in Section 4.6. As of the close of business on the date immediately prior to the date distributions are to commence, interest and Investment earnings shall no longer be credited to a Participant's Account pursuant to this Section 4.7(a) and interest shall be credited to the Participant's Account as provided in Section 4.7(b).

(b) Crediting of Interest After Commencement of Installment Distributions . If any portion of a Participant's Account is to be paid pursuant to the Installment Distribution Option, interest shall be credited to the

declining balance of the portion of the Participant's Account subject to this Section 4.7(b), beginning on the day on which distributions commence and continuing until the day immediately before the final installment distribution is paid. The interest crediting rate for purposes of this Section 4.7(b) shall be determined as follows: (i) for events occurring prior to July 2, 2008 that give rise to a distribution, the *per annum* interest rate equal to the sum of (x) Moody's as of the last day of the month that is two (2) months prior to the month during which distributions are to commence; plus (y) one percent (1%); and (ii) for events occurring on or after July 2, 2008 that give rise to a distribution, the *per annum* interest rate equal to Moody's as of the last day of the month that is two (2) months prior to the month during which distributions are to commence.

(c) Variable Investment Option. For Participants whose Retirement occurred prior to July 2, 2008, and who elected the Variable Investment Option (as defined in the Current Plan), the determination of the amount of each installment distribution and the crediting of Investment earnings and losses during the period in which the Participant is receiving distributions shall be governed by the terms of the Current Plan, except that for purposes of determining the amount of Investment earnings and losses credited to such Participant's Account the terms of the Plan shall govern.

ARTICLE V

VESTING

5.1 Deferrals. The amount credited to a Participant's Account attributable to Deferrals, adjusted for deemed Investment earnings and losses pursuant to Sections 4.4 and 4.5, shall be 100% vested at all times, except that deemed Investment earnings attributable to Deferrals shall be subject to forfeiture under Sections 6.7 and 6.8.

5.2 Company Match.

(a) Each Company Match, together with interest accumulated on those matches pursuant to Section 4.6, shall vest in accordance with the following schedule provided such Participant is at least fifty-five (55) years of age and has fifteen (15) years of MIP Participation:

<u>Participant's Combined Full Years of Age and Full Years of MIP Participation</u>	<u>Vested Percentage</u>
Less than 70	0%
70	50%
71	55%
72	60%
73	65%
74	70%
75	75%
76	80%
77	85%
78	90%
79	95%
80 or more	100%

(b) Notwithstanding the foregoing, each Company Match together with interest accumulated on those matches pursuant to Section 4.6, shall automatically vest on the earlier to occur of (a) the tenth (10th) anniversary of the date as of which the Company Match was credited to the Participant's Account, (b) the Participant attaining age 60, (c) the Participant's death, (d) the Participant's Disability, or (e) a Change of Control.

(c) Notwithstanding anything to the contrary contained herein, the Compensation and Stock Option Committee of the Board of Directors may, within its sole discretion, accelerate vesting under this Section 5.2 when it determines that specific situations warrant such action.

(d) Vested Company Matches together with interest accumulated on those matches pursuant to Section 4.6 shall be subject to forfeiture under Sections 6.7 and 6.8, and any applicable reduction caused by the restriction set forth in Section 6.11.

ARTICLE VI
DISTRIBUTIONS

6.1 Death . Upon the death of a Participant, the Participant's Beneficiary or Beneficiaries shall be paid the balance of the Participant's Account in the Deferred Compensation Ledger pursuant to the distribution option selected by the Participant under Section 6.6(c).

Each Participant, upon making his initial deferral election, shall file with the Committee a designation of one or more Beneficiaries to whom distributions otherwise due the Participant shall be made in the event of the Participant's death prior to the complete distribution of the amount credited to his Account in the Deferred Compensation Ledger. The designation shall be effective upon receipt by the Committee of a properly executed form approved by the Committee for that purpose. The Participant may from time to time revoke or change any designation of Beneficiary by filing another approved Beneficiary designation form with the Committee. If there is no valid designation of Beneficiary on file with the Committee at the time of the Participant's death, or if all of the Beneficiaries designated in the last Beneficiary designation have predeceased the Participant or, in the case of an entity, otherwise ceased to exist, the Beneficiary shall be the Participant's spouse, if the spouse survives the Participant, or otherwise the Participant's estate. A Beneficiary who is an individual shall be deemed to have predeceased the Participant if the Beneficiary dies within 30 days of the date of the Participant's death. If any Beneficiary survives the Participant but dies or, in the case of an entity, otherwise ceases to exist before receiving all amounts due the Beneficiary from the Participant's Account, the balance of the amount which would have been paid to that Beneficiary shall, unless the Participant's designation provides otherwise, be distributed to the individual deceased Beneficiary's estate or, in the case of an entity, to the Participant's spouse, if the spouse survives the Participant, or otherwise to the Participant's estate. Any Beneficiary designation which designates any person or entity other than the Participant's spouse must be consented to in writing by the Participant's spouse in a form acceptable to the Committee in order to be effective.

6.2 Disability . Upon the Disability of a Participant, the Participant shall be paid the balance of the Participant's Account in the Deferred Compensation Ledger pursuant to the distribution option selected by the Participant under Section 6.6(c).

6.3 Retirement . Upon the Retirement of a Participant, the Participant shall be paid the vested portion of such Participant's Account in the Deferred Compensation Ledger pursuant to the Distribution option selected by

the Participant under Section 6.6(c). Any amounts not vested at the time of such Participant's Retirement shall be forfeited.

6.4 Distributions Upon Termination. Upon a Participant's Termination, the Participant shall be paid the vested portion of such Participant's Account in the Deferred Compensation Ledger pursuant to the Lump Sum Distribution Option. Any amounts not vested at the time of such Participant's Termination shall be forfeited.

6.5 In-Service Distributions. Each In-Service Distribution shall be paid in a lump sum at the time provided in the In-Service Distribution Election made with respect thereto, or as soon as administratively practicable after the occurrence of the In-Service Distribution Date. Notwithstanding a Participant's election to receive an In-Service Distribution of some or all of the Participant's Account, if the Participant's Retirement, Disability, death or Termination, as applicable, occurs prior to any In-Service Distribution Date(s), the Participant's remaining In-Service Account balance(s) (after making any In-Service Distributions with respect to In-Service Distribution Date(s) occurring prior to such Participant's Retirement, death, Disability or Termination but not otherwise paid) shall be distributed pursuant to the Plan's provisions regarding distributions upon Retirement, Disability, death or Termination, as applicable.

6.6 Distribution Elections for Deferrals. Each Participant shall have the right to elect, to revoke, or to change any prior election of the timing of payment or the form of distribution at the time and under the rules established by the Committee, which rules shall include and shall be limited by the provisions of this Section 6.6.

(a) Initial Distribution Elections.

(i) Death/Disability/Retirement Distribution Elections. A Participant may elect different forms of distribution, as specified in Section 6.6(c), with respect to the distribution events described in Sections 6.1 (upon death), 6.2 (upon Disability) and 6.3 (upon Retirement). The initial election of form of distribution with respect to a particular distribution event, if received by the Committee in proper form prior to or concurrent with the time a Participant first makes an affirmative Deferral Election under this Plan, shall be effective upon receipt, and shall become irrevocable at the time a Participant first makes an affirmative Deferral Election under this Plan. All elections of form of distribution, with respect to such distribution events, made after the time a Participant first makes an affirmative Deferral Election under this Plan must comply with the rules of Section 6.6(b).

(ii) In-Service Distribution Elections. In connection with each Salary Deferral Election and/or Bonus Deferral Election made for a given calendar year and/or Plan Year, a Participant may elect to

receive such Deferrals in a lump sum distribution at an In-Service Distribution Date that is at least three (3) years after the end of the calendar year in which such Salary Compensation or MIP Bonus would otherwise have been paid (an “In-Service Distribution Election”); provided, however, that a Participant’s designation of an In-Service Distribution Date with respect to a Bonus Deferral shall not apply to any Company Match associated with such Bonus Deferral. For the avoidance of doubt, a vested Company Match shall only be payable in connection with a distribution event described in Section 6.1 (upon death), 6.2 (upon Disability), 6.3 (upon Retirement), or 6.4 (upon Termination). Except as otherwise required by the Committee, an In-Service Distribution Election may be made separately with respect to each calendar year’s or Plan Year’s Salary Deferrals and/or Bonus Deferrals, and In-Service Accounts shall be established accordingly. Any portion of a Deferral that is not credited to an In-Service Account shall be credited to the Participant’s Termination/Retirement Account, which credited amounts shall remain credited to the Participant’s Termination/Retirement Account until such amounts have been distributed to the Participant or the Participant’s Beneficiary and may not be later credited or reallocated to an In-Service Account.

(b) Subsequent Elections . Any election, revocation, or change of election of form of distribution with respect to distributions upon death, Disability and Retirement that a Participant makes after he first makes an affirmative Deferral Election under this Plan; or change of election of time of payment with respect to In-Service Distributions (such elections, revocations and changes are referred to collectively herein as “Subsequent Elections”) shall be effective only if the requirements of this Section 6.6(b) are met. Subsequent Elections may be submitted to the Committee from time to time in the form determined by the Committee and shall be effective on the date that is twelve (12) months after the date on which such Subsequent Election is received by the Committee. If an event giving rise to a distribution occurs during the one-year period after a Subsequent Election is made, or if such Subsequent Election does not meet the requirements of this Section 6.6(b), distributions under this Plan shall be made pursuant to the Participant’s last effective election, revocation, or change with respect to the event giving rise to the distribution. With respect to payments upon Retirement or upon the occurrence of an In-Service Distribution Date, (i) the Subsequent Election must be received by the Committee in proper form at least one year prior to such Participant’s Retirement or the occurrence of an In-Service Distribution Date; and (ii) the first payment pursuant to such Subsequent Election may not be made within the five-year period commencing on the date such payment would have been made or commenced under the last effective election, revocation, or change made by the

Participant. Notwithstanding the foregoing provisions of this Section 6.6(b), at such time as the Committee shall determine, but no later than December 31, 2008, a Participant may make a Subsequent Election to change the form of distribution of a Participant's Account (for distributions upon Retirement, death or Disability) and such election shall be immediately effective, *provided that*, a Subsequent Election made during calendar year 2008 may not: (A) apply to any amount that would otherwise be payable during calendar year 2008, (B) cause an amount that is otherwise payable after calendar year 2008 to be paid in calendar year 2008; and (C) such Subsequent Election shall not apply to any distribution otherwise payable within the six (6) month period following the date of such Subsequent Election.

(c) Distribution Options. The distribution options that may be selected by Participants pursuant to this Section 6.6 are as follows:

(i) Installment Distribution Option. If a Participant selects the "Installment Distribution Option", with respect to all or a portion of a Participant's Account, except as otherwise provided in this Section 6.6(c)(i), the Participant or the Participant's Beneficiaries shall be paid the portion of the Participant's Account in the Deferred Compensation Ledger to which this section applies in equal quarterly or annual (as selected by the Participant) installments of principal and interest for a period of up to 20 years (as selected by the Participant). Notwithstanding the foregoing, if the Participant forfeits all or a portion of his Account pursuant to Section 6.7 (forfeiture for cause) or Section 6.8 (forfeiture for competition), the amount of each installment of principal and interest shall be recalculated as of the date of any such forfeiture taking into account the remaining amount due to the Participant and the remaining period over which such Participant was to receive installments payments pursuant to this Section 6.6(c)(i). Amounts distributed pursuant to the Installment Distribution Option shall be treated as a single payment for purposes of the subsequent deferral election rules of Section 409A.

(ii) Lump Sum Distribution Option. If the Participant selects the "Lump Sum Distribution Option", with respect to all or a portion of the Participant's Account, the Participant or the Participant's Beneficiaries shall be paid the portion of the Participant's Account in the Deferred Compensation Ledger to which this Section 6.6(c)(ii) applies, in a lump sum.

(iii) Combination Lump Sum and Installment Distribution Option. Participants may also elect to have their Accounts distributed in part pursuant to the Lump Sum Distribution Option, and the balance distributed pursuant to the Installment Distribution Option, by making the appropriate designation on the form

which the Committee has approved for this purpose. If a Participant elects to have his Account distributed pursuant to this Section 6.6(c)(iii), the lump sum payment shall be made at the time provided under Section 6.6(d) and the installment payments shall commence upon the next applicable payment date (i.e., either quarterly or annually).

(iv) Default Distribution Option. If a Participant does not have an effective election as to the form of distribution on file with the Committee at the time distributions to such Participant are to commence, the Participant shall be conclusively deemed to have elected to receive the vested balance of such Participant's Account pursuant to the Installment Distribution Option annually over a period of fifteen (15) years (the "Default Distribution Option").

(d) Commencement of Distributions. Distributions pursuant to this Section 6.6 shall commence as soon as administratively feasible after the event giving rise to the distribution, but not later than 90 days after the event giving rise to the distribution; *provided, however*, that in the case of the death of the Participant, distributions shall not commence within the thirty (30) day period following the Participant's death; *provided further*, that, in the case of a Participant who has made a Subsequent Election with respect to distributions upon Retirement or the occurrence of an In-Service Distribution Date, distributions upon Retirement or the occurrence of an In-Service Distribution Date shall not commence earlier than the time prescribed by Section 6.6(b); *provided further*, that distributions to a Specified Employee that result from such Participant's Retirement or Termination shall not commence earlier than the date that is six (6) months after such Specified Employee's Retirement or Termination from the Company if such earlier commencement would result in the imposition of tax under Section 409A. If distributions to a Participant are delayed because of the six-month distribution delay described in the immediately preceding sentence, such distributions shall commence as soon as administratively feasible following the end of such six-month period, but not later than thirty (30) days after the end of such six-month period.

6.7 Forfeiture For Cause.

(a) Forfeiture on Account of Discharge. If the Committee finds, after full consideration of the facts presented on behalf of both SYSCO (or as applicable, a Subsidiary) and a Participant, that the Participant was discharged by SYSCO (or as applicable, a Subsidiary) for: (i) fraud, (ii) embezzlement, (iii) theft, (iv) commission of a felony, (v) proven dishonesty in the course of his employment by SYSCO (or as applicable, a Subsidiary) which damaged SYSCO and/or any of its Subsidiaries, or (vi) disclosing trade secrets of SYSCO and/or any of its Subsidiaries ((i) through (vi) individually and collectively referred to as "Forfeiture Event"), the entire

amount credited to the Participant's Account in the Deferred Compensation Ledger as of the date of discharge, exclusive of the lesser of (a) the credit balance of the Participant's Account attributable to Deferrals of the Participant, without any adjustments for deemed Investment earnings and losses pursuant to Sections 4.4, 4.5 and 4.7, or (b) the credit balance of the Participant's Account attributable to Deferrals, taking into account the adjustments for deemed Investment earnings and losses pursuant to Sections 4.4, 4.5 and 4.7, shall be forfeited even though it may have been previously vested under Article V.

(b) Forfeiture after Commencement of Distributions. If the Committee finds, after full consideration of the facts presented on behalf of both SYSCO (or as applicable, a Subsidiary) and the Participant, that a Participant who has begun receiving distributions under this Plan (other than In-Service Distributions) engaged in a Forfeiture Event during his employment with SYSCO (or as applicable, a Subsidiary) (even though the Participant was not discharged from SYSCO or a Subsidiary for such a Forfeiture Event), the Participant and/or Participant's Beneficiaries shall forfeit the entire amount credited to the Participant's Account in the Deferred Compensation Ledger exclusive of the lesser of (i) the credit balance of the Participant's Account attributable to Deferrals of the Participant, without any adjustments for deemed Investment earnings and losses pursuant to Sections 4.4, 4.5 and 4.7, or (ii) the credit balance of the Participant's Account attributable to Deferrals, taking into account the adjustments for deemed Investment earnings and losses pursuant to Sections 4.4, 4.5 and 4.7, even though it may have been previously vested under Article V. For purposes of determining the portion of the Participant's Account attributable to Deferrals, any distributions made to a Participant before the date of determination shall be applied first to reduce the credit balance of the Participant's Account attributable to Deferrals (exclusive of any associated Investment earnings).

(c) Committee Discretion. The decision of the Committee as to the existence of a Forfeiture Event shall be final. No decision of the Committee shall affect the finality of the discharge of the Participant by SYSCO or a Subsidiary in any manner.

(d) Special Rule for Change of Control. Notwithstanding the above, the forfeiture created by Sections 6.7(a) and 6.7(b), respectively, shall not apply to a Participant who: (i) is discharged during the Plan Year in which a Change of Control occurs, or during the next three (3) succeeding Plan Years following the Plan Year in

which a Change of Controls occurs (the “ Change of Control Period ”) or (ii) during the Change of Control Period is determined by the Committee to have engaged in a Forfeiture Event, unless an arbitrator selected to review the Committee’s findings agrees with the Committee’s determination to apply the forfeiture. The arbitration shall be governed by the provisions of Section 7.7(e) below.

6.8 Forfeiture for Competition .

(a) Participant hereby recognizes that the Company would not be providing the valuable benefits conferred by this Plan but for Participant’s willingness to provide certain post-employment covenants designed to protect SYSCO and its Subsidiaries’ valuable confidential information, trade secrets and goodwill, including, without limitation, its valuable customer and supplier relationships. By accepting the benefits provided by this Plan, Participant acknowledges that Participant is engaging in an arms-length transaction of parties with equal bargaining power, recognizing that Participant may refuse to accept the benefits provided by this Plan and accordingly refuse to provide the covenants contained in this Section 6.8 without any impact on Participant’s continued employment with SYSCO (or, as applicable, any Subsidiary).

(b) Participant shall forfeit all amounts otherwise due under this Plan, exclusive of the lesser of (i) the credit balance of the Participant’s Account attributable to Deferrals of the Participant, without any adjustments for deemed Investment earnings and losses pursuant to Sections 4.4, 4.5 and 4.7, or (ii) the credit balance of the Participant’s Account attributable to Deferrals, taking into account the adjustments for deemed Investment earnings and losses pursuant to Sections 4.4, 4.5 and 4.7, if the Committee finds, after full consideration of the facts, that Participant, at any time within five (5) years from Participant’s last day of employment and without written consent of SYSCO’s CEO or General Counsel, directly or indirectly engages in any of the following acts: (1) provides services (regardless of whether as a director, officer, employee, consultant or independent contractor) that are substantially the same as provided to SYSCO (or as applicable, any Subsidiary) of any business that competes with the business of SYSCO (or, if applicable, any Subsidiary if Participant worked for a Subsidiary as of Participant’s last day of employment) in any county where SYSCO (or as applicable, any Subsidiary) that employed Participant sold product as of the date of this Plan, *provided that* Participant also worked in or had responsibility over such county or counties at any time during the last twenty-four (24) months of Participant’s employment with SYSCO (or, as applicable, any Subsidiary); (2) solicits, entices or recruits for any business that competes with the

business of SYSCO (or, if applicable, any Subsidiary if Participant worked for a Subsidiary as of Participant's last day of employment) any actual or prospective customer of SYSCO (or as applicable, any Subsidiary) with whom Participant had contact at any time during Participant's employment; (3) solicits, entices or recruits any employee of SYSCO or any Subsidiary to leave such employment to join a competing business; or (4) discloses any trade secret or item of confidential information of SYSCO and/or any Subsidiary to a competing business. For purposes of determining the portion of the Participant's Account attributable to Deferrals, any distributions made to a Participant before the date of determination shall be applied first to reduce the credit balance of the Participant's Account attributable to Deferrals (exclusive of any associated Investment earnings).

(c) Notwithstanding the foregoing, the forfeiture created by this Section 6.8 shall not apply to any Participant whose termination of employment from SYSCO or a Subsidiary occurs during the Change of Control Period.

6.9 Hardship Withdrawals. Any Participant may request a hardship withdrawal to satisfy an "Unforeseeable Emergency." No hardship withdrawal can exceed the lesser of (i) the amount of Deferrals credited to the Participant's Account, or (ii) the amount reasonably necessary to satisfy the Unforeseeable Emergency. Whether an Unforeseeable Emergency exists and the amount reasonably needed to satisfy such need shall be determined by the Committee based upon the evidence presented by the Participant and the rules established in this Section 6.9. If a hardship withdrawal under this Section 6.9 is approved by the Committee, it shall be paid within ten (10) days of the Committee's determination. For purposes of this Plan, an "Unforeseeable Emergency" means either: (i) a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse or of a dependent (as defined in Section 152(a) of the Code) of the Participant, (ii) loss of the Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the control of the Participant, provided that in each case the circumstances qualify as an "unforeseeable emergency" for purposes of Section 409A. The circumstances that constitute a hardship shall depend upon the facts of each case, but, in any case, amounts distributed with respect to an Unforeseeable Emergency shall not exceed the amount necessary to satisfy such need plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such need is or may be relieved: (a) through reimbursement or compensation by insurance or otherwise (other than compensation that would otherwise be available to the Participant from either a tax-qualified plan or another non-qualified

deferred compensation plan (irrespective of whether such non-qualified deferred compensation plan is subject to Section 409A of the Code)), (b) by liquidation of the Participant's assets, to the extent the liquidation of such assets will not itself cause severe financial hardship, or (c) additional compensation that may be available to such Participant by reason of a cancellation of deferrals under Section 3.5 of this Plan. Foreseeable needs for funds, such as the need to send a Participant's child to college or the desire to purchase a home, shall not be considered to be an Unforeseeable Emergency.

6.10 Payments Upon Income Inclusion Under Section 409A . It is intended that the provisions of this Plan shall comply fully with the requirements of Section 409A. In the event that it is determined that some or all of the provisions of this Plan do not comply with the requirements of Section 409A and a Participant is required to include in income amounts otherwise deferred under this Plan as a result of non-compliance with Section 409A, the Participant shall be entitled, upon request, to receive a distribution from such Participant's Account not to exceed the lesser of (i) the vested portion of the Participant's Account, or (ii) the amount required to be included in income as a result of the failure of the Plan to comply with the requirements of Section 409A. Amounts distributable pursuant to this Section 6.10 shall be distributed as soon as administratively feasible but no later than ninety (90) days after the date of the determination that such provisions of the Plan do not comply with the requirements of Section 409A.

6.11 Restrictions on any Portion of Total Payments Determined to be Excess Parachute Payments . In the event that any payment or benefit received or to be received by a Participant in connection with a Change of Control of SYSCO, or the termination of his employment by the Company would not be deductible, whether in whole or in part, by the Company or any affiliated company, as a result of Section 280G of the Code and a reduction under the Sysco Corporation Supplemental Executive Retirement Plan is not sufficient to cause all benefits paid under this Plan to be deductible, the benefits payable under this Plan shall be reduced until no portion of the Total Payments is not deductible as a result of Section 280G of the Code, or the benefits payable under this Plan have been reduced to an amount equal to the credit balance of the Participant's Account attributable to Deferrals, as adjusted for deemed Investment earnings and losses pursuant to Sections 4.4 and 4.5. In determining this limitation: (a) no portion of the Total Payments which the Participant has waived in writing prior to the date of the payment of benefits under this Plan will be taken into account, (b) no portion of the Total Payments which tax counsel, selected by SYSCO's independent auditors and acceptable to the Participant and reasonably acceptable to

SYSCO (“Tax Counsel”), determines not to constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code will be taken into account (including, without limitation, amounts not treated as a “parachute payment” as a result of the application of Section 280G(d)(4)(A)), (c) no portion of the Total Payments which Tax Counsel, determines to be reasonable compensation for services rendered within the meaning of Section 280G(d)(4)(B) of the Code will be treated as an “excess parachute payment” in the manner provided by Section 280G(d)(4)(B), and (d) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by SYSCO’s independent auditors in accordance with Sections 280G(b)(3) and (4) of the Code. Notwithstanding anything herein or otherwise to the contrary, the Compensation Committee of the Board of Directors, may, within its sole discretion and pursuant to an agreement approved by the Compensation Committee, waive application of this Section 6.11, when it determines that specific situations warrant such action.

6.12 Responsibility for Distributions and Withholding of Taxes. The Committee shall furnish information, to the Company last employing the Participant, concerning the amount and form of distribution to any Participant entitled to a distribution so that the Company may make or cause the Rabbi Trust to make the distribution required. It shall also calculate the deductions from the amount of the benefit paid under the Plan for any taxes required to be withheld by federal, state or local government and will cause them to be withheld.

ARTICLE VII
ADMINISTRATION

7.1 Committee Appointment. The Committee shall be appointed by the Board of Directors or its designee. Each Committee member shall serve until his or her resignation or removal. The Board of Directors or its designee shall have the sole discretion to remove any one or more Committee members and to appoint one or more replacement or additional Committee members from time to time.

7.2 Committee Organization and Voting. The organizational structure and voting responsibilities of the Committee shall be as set forth in the bylaws of the Committee.

7.3 Powers of the Committee. The Committee shall have the exclusive responsibility for the general administration of the Plan according to the terms and provisions of the Plan and shall have all powers necessary to accomplish those purposes, including but not by way of limitation the right, power and authority:

(a) to make rules and regulations for the administration of the Plan;

(b) to construe all terms, provisions, conditions and limitations of the Plan;

(c) to correct any defect, supply any omission or reconcile any inconsistency that may appear in the Plan in the manner and to the extent it deems expedient to carry the Plan into effect for the greatest benefit of all parties at interest;

(d) to designate the persons eligible to become Participants and to establish the maximum and minimum amounts that may be elected to be deferred;

(e) to determine all controversies relating to the administration of the Plan, including but not limited to:

(i) differences of opinion arising between the Company and a Participant in accordance with Section 7.7, except when the difference of opinion relates to the entitlement to, the amount of or the method or timing of payment of a benefit affected by a Change of Control, in which event, such difference of opinion shall be decided by judicial action; and

(ii) any question it deems advisable to determine in order to promote the uniform administration of the Plan for the benefits of all parties at interest;

(f) to delegate by written notice any plan administration duties of the Committee to such individual members of the Committee, individual employees of the Company, or groups of employees

of the Company, as the Committee determines to be necessary or advisable to properly administer the Plan; and

(g) to designate the investment options treated as Investments for purposes of this Plan.

7.4 Committee Discretion. The Committee, in exercising any power or authority granted under this Plan, or in making any determination under this Plan shall perform or refrain from performing those acts pursuant to such authority using its sole discretion and judgment. By way of amplification and without limiting the foregoing, the Company specifically intends that the Committee have the greatest possible discretion to construe the terms of the Plan and to determine all questions concerning eligibility, participation and benefits. Any decision made by the Committee or any refraining to act or any act taken by the Committee in good faith shall be final and binding on all parties. The Committee's decision shall never be subject to de novo review. Notwithstanding the foregoing, the Committee's decisions, refraining to act or acting is to be subject to judicial review for those incidents occurring during the Plan Year in which a Change of Control occurs and during the next three succeeding Plan Years.

7.5 Reimbursement of Expenses. The Committee shall serve without compensation for its services but shall be reimbursed by SYSCO for all expenses properly and actually incurred in the performance of its duties under the Plan.

7.6 Indemnification. To the extent permitted by law, members of the Board of Directors, members of the Committee, employees of the Company, and all agents and representatives of the Company shall be indemnified by the Company, and saved harmless against any claims resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect or willful misconduct.

7.7 Claims Procedure. Any person who believes that he or she is being denied a benefit to which he or she is entitled under the Plan (referred to hereinafter as a "Claimant") must file a written request for such benefit with the Committee; *provided, however*, that any claim involving entitlement to, the amount of or the method of or timing of payment of a benefit affected by a Change of Control shall be governed by Section 7.3(e)(i). Such written request must set forth the Claimant's claim and must be addressed to the Committee at SYSCO's principal office.

(a) Initial Claims Decision. The Committee shall generally provide written notice to the Claimant of its decision within ninety (90) days

(or forty-five (45) days for a Disability-based claim) after the claim is filed with the Committee; *provided, however*, that the Committee may have up to an additional ninety (90) days (or up to two (2) thirty (30) day periods for a Disability-based claim), to decide the claim, if the Committee determines that special circumstances require an extension of time to decide the claim, and the Committee advises the Claimant in writing of the need for an extension (including an explanation of the special circumstances requiring the extension) and the date on which it expects to decide the claim.

(b) Appeals. A Claimant may appeal the Committee's decision by submitting a written request for review to the Committee within sixty (60) days (or one hundred eighty (180) days for a Disability-based claim) after the earlier of receiving the denial notice or after expiration of the initial review period. Such written request must be addressed to the Committee at SYSCO's principal office. In connection with such request, the Claimant (and his or her authorized representative, if any) may review any pertinent documents upon which the denial was based and may submit issues and comments in writing for consideration by the Committee. If the Claimant's request for review is not received within the earlier of sixty (60) days (or one hundred eighty (180) days for a Disability-based claim) after receipt of the denial or after expiration of the initial review period, the denial shall be final, and the Claimant shall be barred and estopped from challenging the Committee's determination.

(c) Decision Following Appeal. The Committee shall generally make its decision on the Claimant's appeal in writing within sixty (60) days (or forty-five (45) days for a Disability-based claim) following its receipt of the Claimant's request for appeal; *provided, however*, that the Committee may have up to an additional sixty (60) days (or forty-five (45) days for a Disability-based claim) to decide the claim, if the Committee determines that special circumstances require an extension of time to decide the claim and the Committee advises the Claimant in writing of the need for an extension (including an explanation of the special circumstances requiring the extension) and the date on which it expects to decide the claim. The Committee shall notify the Claimant of its decision on the Claimant's appeal in writing, regardless of whether the decision is adverse.

(d) Decisions Final; Procedures Mandatory. A decision on appeal by the Committee shall be binding and conclusive upon all persons, and completion of the claims procedures described in this Section 7.7 shall be a mandatory precondition to commencement of any arbitration proceeding in connection with the Plan by a person claiming rights under the Plan or by another person claiming rights through such a person. The Committee may, in its sole discretion, waive the procedures described in this Section 7.7 as a mandatory precondition to such an action.

(e) Mandatory and Binding Arbitration. Any dispute that in any way relates to this Plan, including, without limitation, any benefit allegedly due under this Plan or that is the subject of any forfeiture decision under this Plan, shall be submitted to mandatory and binding arbitration before the American Arbitration Association (“AAA”), in accordance with the Employee Benefit Plan Claims Arbitration Rules established by the AAA, at the sole and exclusive jurisdiction of the AAA’s regional office for the State of Delaware. The arbitrator shall be selected by permitting SYSCO and the Participant to strike one name each from a panel of three names obtained from the AAA from its panel of Employee Benefit Plan Claims Arbitrators. The person whose name is remaining shall be the arbitrator. The arbitrator shall determine the extent of discovery, if any, that is needed to resolve the dispute after hearing the positions of each party regarding the need for discovery. The arbitrator shall be bound to apply the laws of the State of Delaware to resolve any dispute without regard for any conflict of law principles, as Participant acknowledges that SYSCO is organized under the laws of the State of Delaware. The decision of the arbitrator shall be final and binding on both parties.

ARTICLE VIII

ADOPTION BY SUBSIDIARIES

8.1 Procedure for and Status After Adoption . Any Subsidiary may, with the approval of the Committee, adopt this Plan by appropriate action of its board of directors. The terms of this Plan shall apply separately to each Subsidiary adopting this Plan and its Participants in the same manner as is expressly provided for SYSCO and its Participants except that the powers of the Board of Directors and the Committee under the Plan shall be exercised by the Board of Directors of SYSCO or the Committee, as applicable. SYSCO and each Subsidiary adopting this Plan shall bear the cost of providing plan benefits for its own Participants. It is intended that the obligation of SYSCO and each Subsidiary with respect to its Participants shall be the sole obligation of the Company that is employing the Participant and shall not bind any other Company.

8.2 Termination of Participation By Adopting Subsidiary . Any Subsidiary adopting this Plan may, by appropriate action of its board of directors, terminate its participation in this Plan. The Committee may, in its discretion, also terminate a Subsidiary's participation in this Plan at any time. The termination of the participation in this Plan by any Subsidiary shall not, however, affect the rights of any Participant who is working or has worked for the Subsidiary as to amounts previously standing to his credit in his Account in the Deferred Compensation Ledger, including, without limitation, all of the Participant's rights pursuant to Sections 4.4, 4.5 and 4.6 with respect to amounts deferred by him and matched by the Company and credited to his Account, prior to the distribution of those funds to the Participant, without his consent.

ARTICLE IX

AMENDMENT AND/OR TERMINATION

9.1 Amendment or Termination of the Plan . The Board of Directors, the Committee, or their designees, may amend this Plan at any time by an instrument in writing without the consent of any adopting Subsidiary; *provided, however* , that authority to terminate this Plan or to make any amendment that would have a significant financial statement or benefit impact on the Company shall be reserved to the Board of Directors or its designee. Notwithstanding the foregoing, in no event shall the Board of Directors have the authority to terminate this Plan during the two (2) years following a Change of Control.

9.2 No Retroactive Effect on Awarded Benefits . Absent a Participant's prior consent, no amendment shall:

(a) affect the amounts then standing to his credit in his Account in the Deferred Compensation Ledger;

(b) change the rate of or method of calculating interest to accrue in the future on Company Matches credited to a Participant's Account prior to July 2, 2008;

(c) change a Participant's rights under any provision relating to a Change of Control after a Change of Control has occurred.

However, the Board of Directors shall retain the right at any time to (i) change in any manner the method of calculating Investment earnings and losses effective from and after the date of the amendment on the Participant's Deferrals, and (ii) change the rate of or method of calculating interest, effective from and after the date of the amendment, to accrue on Company Matches credited to a Participant's Account on or after July 2, 2008, if in both cases the amendment has been announced to the Participants.

9.3 Effect of Termination . Upon termination of the Plan, the following provisions of this Section 9.3 shall apply:

(a) No additional amounts shall be credited to any Participant's Account in the Deferred Compensation Ledger, to the extent such amounts relate to salaries or bonuses earned on or after the effective date of the Plan's termination.

(b) The Board of Directors or its designee may, in its sole discretion, authorize distributions of the vested balance of the Participants' Accounts in the Deferred Compensation Ledger to Participants as a result of the Plan's termination; provided that:

(i) All deferred compensation arrangements sponsored by the Company that would be aggregated with this Plan under Section 1.409A-1(c) of the Treasury Regulations, if the Participant participated in such arrangements are terminated;

(ii) No distributions other than distributions that would be payable under the terms of the Plan if the termination had not occurred are made within twelve (12) months of the termination of the Plan;

(iii) All distributions of amounts deferred under the Plan and any other vested amounts are paid within twenty-four (24) months of the termination of the Plan; and

(iv) The Company does not adopt a new deferred compensation arrangement at any time within three (3) years following the date of termination of the Plan that would be aggregated with this Plan under Section 1.409A-1(c) of the Treasury Regulations if the Participant participated in this Plan and the new arrangement.

(c) Except as otherwise provided in Sections 9.3(a) and (b), on and after the effective date of the Plan's termination, (i) the Plan shall continue to be administered as it was prior to the Plan's termination until all Participant Account balances have been distributed pursuant to the terms of the Plan; (ii) a Participant shall continue to be entitled to a distribution of his Account only if he meets the distribution requirements set forth in Article 6 hereof; (iii) the forfeiture provisions of Sections 6.7 and 6.8, and the restrictions set out in Section 6.11 shall continue to apply; and (iv) no Participant shall be entitled to a distribution of the Participant's Account solely as a result of the Plan's termination in accordance with the terms of this Article IX.

ARTICLE X

FUNDING

10.1 Payments Under This Plan are the Obligation of the Company . The Company shall pay the benefits due the Participants under this Plan; however should it fail to do so when a benefit is due, the benefit shall be paid by the trustee of that certain trust agreement by and between the Company and JPMorgan Chase Bank, with respect to the funding of the Plan. In any event, if the trust fails to pay for any reason, the Company still remains liable for the payment of all benefits provided by this Plan.

10.2 Plan Obligations May be Funded Through Rabbi Trust . It is specifically recognized by both the Company and the Participants that the Company may, but is not required to, purchase life insurance so as to accumulate assets to fund the obligations of the Company under this Plan, and that the Company may, but is not required to contribute any policy or policies it may purchase and any amount it finds desirable to a trust established to accumulate assets sufficient to fund the obligations of all of the Companies under this Plan. However, under all circumstances, the Participants shall have no rights to any of those policies; and likewise, under all circumstances, the rights of the Participants to the assets held in the trust shall be no greater than the rights expressed in this Plan and the trust agreement governing the trust. Nothing contained in the trust agreement which creates the funding trust shall constitute a guarantee by any Company that assets of the Company transferred to the trust shall be sufficient to pay any benefits under this Plan or would place the Participant in a secured position ahead of general creditors should the Company become insolvent or bankrupt. Any trust agreement prepared to fund the Company's obligations under this Plan must specifically set out these principles so it is clear in that trust agreement that the Participants in this Plan are only unsecured general creditors of the Company in relation to their benefits under this Plan.

10.3 Reversion of Excess Assets . Any Company may, at any time, request the record keeper for the Plan to determine the present Account balance, assuming the Account balance to be fully vested and taking into account credits and debits arising from deemed Investment earnings and losses credited interest pursuant to Article IV, as of the month end coincident with or next preceding the request, of all Participants and Beneficiaries of deceased Participants for which the Company is or will be obligated to make payments under this Plan. If the fair market value of the assets held in the trust, as determined by the Trustee as of that same date, exceeds the total of the Account balances of all Participants and Beneficiaries by 25%, any Company may direct the trustee to return to

each Company its proportionate part of the assets which are in excess of 125% of the Account balances. Each Company's share, of the excess assets will be the Participants' Accounts earned while in the employ of that Company as compared to the total of the Account balances earned by all Participants under the Plan times the excess assets. If there has been a Change of Control, for the purpose of determining if there are excess funds, all contributions made prior to the Change of Control will be subtracted from the fair market value of the assets held in the trust as of the determination date but before the determination is made.

10.4 Participants Must Rely Only on General Credit of the Company. It is also specifically recognized by both the Company and the Participants that this Plan is only a general corporate commitment and that each Participant must rely upon the general credit of the Company for the fulfillment of its obligations under this Plan. Under all circumstances the rights of Participants to any asset held by the Company will be no greater than the rights expressed in this Plan. Nothing contained in this Plan will constitute a guarantee by the Company that the assets of the Company shall be sufficient to pay any benefits under this Plan or would place the Participant in a secured position ahead of general creditors of the Company. Though the Company may establish or become a signatory to a Rabbi Trust, as indicated in Section 10.2, to accumulate assets to fulfill its obligations, the Plan and any such trust will not create any lien, claim, encumbrance, right, title or other interest of any kind whatsoever in any Participant in any asset held by the Company, contributed to any such trust or otherwise designated to be used for payment of any of its obligations created in this Plan. No policy or other specific asset of the Company has been or will be set aside, or will in any way be transferred to the trust or will be pledged in any way for the performance of the Company's obligations under this Plan which would remove the policy or asset from being subject to the general creditors of the Company.

ARTICLE XI
MISCELLANEOUS

11.1 Limitation of Rights . Nothing in this Plan shall be construed:

- (a) to give any employee of any Company any right to be designated a Participant in the Plan;
- (b) to give a Participant any right with respect to the compensation deferred, the Company Match, the deemed Investment earnings and losses, or the interest credited in the Deferred Compensation Ledger except in accordance with the terms of this Plan;
- (c) to limit in any way the right of the Company to terminate a Participant's employment with the Company at any time;
- (d) to evidence any agreement or understanding, expressed or implied, that the Company shall employ a Participant in any particular position or for any particular remuneration; or
- (e) to give a Participant or any other person claiming through him any interest or right under this Plan other than that of any unsecured general creditor of the Company.

11.2 Distributions to Incompetents or Minors . Should a Participant become incompetent or should a Participant designate a Beneficiary who is a minor or incompetent, the Committee is authorized to pay the funds due to the parent of the minor or to the guardian of the minor or incompetent or directly to the minor or to apply those funds for the benefit of the minor or incompetent in any manner the Committee determines in its sole discretion.

11.3 Non-alienation of Benefits . No right or benefit provided in this Plan shall be transferable by the Participant except, upon his death, to a named Beneficiary as provided in this Plan. No right or benefit under this Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same will be void. No right or benefit under this Plan shall in any manner be liable for or subject to any debts, contracts, liabilities or torts of the person entitled to such benefits. If any Participant or any Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, assign, pledge, encumber or charge any right or benefit under this Plan, that right or benefit shall, in the discretion of the Committee, cease. In that event, the Committee may have the Company hold or apply the right or benefit or any part of it to the benefit of the Participant or Beneficiary, his or her spouse, children or other dependents or any

of them in any manner and in any proportion the Committee believes to be proper in its sole and absolute discretion, but is not required to do so.

11.4 Reliance Upon Information . The Committee shall not be liable for any decision or action taken in good faith in connection with the administration of this Plan. Without limiting the generality of the foregoing, any decision or action taken by the Committee when it relies upon information supplied it by any officer of the Company, the Company's legal counsel, the Company's independent accountants or other advisors in connection with the administration of this Plan shall be deemed to have been taken in good faith.

11.5 Severability . If any term, provision, covenant or condition of the Plan is held to be invalid, void or otherwise unenforceable, the rest of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

11.6 Notice . Any notice or filing required or permitted to be given to the Committee or a Participant shall be sufficient if submitted in writing and hand-delivered or sent by U.S. mail to the principal office of the Company or to the residential mailing address of the Participant. Notice shall be deemed to be given as of the date of hand-delivery or if delivery is by mail, as of the date shown on the postmark.

11.7 Gender and Number . If the context requires it, words of one gender when used in this Plan will include the other genders, and words used in the singular or plural will include the other.

11.8 Governing Law and Exclusive Jurisdiction . The Plan shall be construed, administered and governed in all respects by the laws of the State of Delaware. Consistent with Section 7.7(e) of this Plan, Participant and the Company agree that the sole and exclusive jurisdiction for any dispute under this Plan shall lie with the AAA's regional office for the State of Delaware, and the parties hereby waive any jurisdictional or venue-related defense to conducting arbitration at this location.

11.9 Effective Date . This Plan will be operative and effective on July 2, 2008.

11.10 Compliance with Section 409A of the Code . The Plan (i) is intended to comply with, (ii) shall be interpreted and its provisions shall be applied in a manner that is consistent with, and (iii) shall have any ambiguities therein interpreted, to the extent possible, in a manner that complies with Section 409A.

IN WITNESS WHEREOF , the Company has executed this document as of July 2, 2008.

SYSCO CORPORATION

By: /s/ Michael C. Nichols
Name: Michael C. Nichols
Title: Sr. Vice President, General Counsel and Secretary

EXHIBIT "A"

INVESTMENT OPTIONS

[Attached]

FIFTH AMENDED AND RESTATED
SYSCO CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN

INVESTMENT OPTIONS

The following are the “Investments” that are available under the Fifth Amended and Restated SYSCO Corporation Executive Deferred Compensation Plan:

<u>Option</u>	<u>Manager</u>
Equity Income Trust	T. Rowe Price Associates, Inc.
500 Index B Trust	MFC Global Investment Management
Mid-Value Trust	T. Rowe Price Associates, Inc.
Overseas Equity Trust	Capital Guardian Trust Company
Small Cap Value Trust	Wellington Management Company LLC
Brandes International Equity Fund	Brandes Investment Partners, LP
Frontier Capital Appreciation	Frontier Capital Management Company, LLC
Bond Index B Trust	Declaration Management & Research LLC

Default Investment

Moody’s Average Corporate Bond Yield calculated as described in the definition of Default Investment.

**SEVENTH AMENDED AND RESTATED
SYSCO CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

Effective June 28, 2008

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS	2
ARTICLE II ELIGIBILITY & CONTINUED PARTICIPATION	8
2.1 Initial Eligibility	8
2.2 Frozen Participation	8
2.3 Frozen Participation Deemed Active Participation	8
ARTICLE III VESTING	9
3.1 Vesting	9
3.2 Vesting upon a Change of Control	10
3.3 Compensation Committee Discretion	10
ARTICLE IV VESTED ACCRUED BENEFIT & RETIREMENT BENEFIT	11
4.1 Definitions	11
4.2 Minimum Vested Accrued Benefit as of June 28, 2008	15
4.3 Vested Accrued Benefit after June 28, 2008	15
4.4 Retirement Benefit	16
4.5 Benefit Commencement Date	16
4.6 Form of Payment	16
4.7 Temporary Supplement	17
4.8 Administrative Delay	17
4.9 Delay of Payments under Section 409A of the Code	17
ARTICLE V DISABILITY & FROZEN PARTICIPATION	18
5.1 In General	18
5.2 Disability on or after June 28, 2008	18
5.3 Disability before June 28, 2008	19
5.4 Participation Frozen on or after June 28, 2008	19
5.5 Frozen Participation Deemed Active Participation	19
5.6 Participation Frozen before June 28, 2008	19
ARTICLE VI DEATH BENEFIT	20
6.1 Definitions	20
6.2 Death of Active Participant prior to Age 55	20
6.3 Death of Active Participant after Age 55	21
6.4 Death after a Change of Control that Occurs while an Active Participant	21

6.5 Death of Vested Terminated Participant or Disabled Participant	22
6.6 Death of Frozen Participant	23
6.7 Death of Retired Participant before or after Commencement of Benefits	23
6.8 Administrative Delay	24

TABLE OF CONTENTS

(continued)

	Page
6.9 Beneficiary Designation for Ten (10) Year Certain Period	24
ARTICLE VII PROVISIONS RELATING TO ALL BENEFITS	26
7.1 Effect of this Article	26
7.2 Termination of Employment	26
7.3 Forfeiture for Cause	26
7.4 Forfeiture for Competition	27
7.5 Restrictions on any Portion of Total Payments Determined to be Excess Parachute Payments	28
7.6 Benefits upon Re-Employment	29
7.7 Claims Procedure	29
ARTICLE VIII ADMINISTRATION	31
8.1 Committee Appointment	31
8.2 Committee Organization and Voting	31
8.3 Powers of the Committee	31
8.4 Committee Discretion	31
8.5 Reimbursement of Expenses	32
8.6 Indemnification	32
ARTICLE IX ADOPTION BY SUBSIDIARIES	33
9.1 Procedure for and Status after Adoption	33
9.2 Termination of Participation by Adopting Subsidiary	33
ARTICLE X AMENDMENT AND/OR TERMINATION	34
10.1 Amendment or Termination of the Plan	34
10.2 No Retroactive Effect on Awarded Benefits	34
10.3 Effect of Termination	35
ARTICLE XI FUNDING	36
11.1 Payments under This Plan are the Obligation of the Company	36
11.2 Plan May Be Funded through Life Insurance Owned by the Company or a Rabbi Trust	36
11.3 Reversion of Excess Assets	36
11.4 Participants Must Rely Only on General Credit of the Company	37
11.5 Funding of Benefits for Participants Subject to Canadian Income Tax Laws is Prohibited	37
ARTICLE XII MISCELLANEOUS	38
12.1 Responsibility for Distributions and Withholding of Taxes	38

12.2 Limitation of Rights	38
12.3 Distributions to Incompetents or Minors	38
12.4 Nonalienation of Benefits	38

TABLE OF CONTENTS

(continued)

	Page
12.5 Reliance upon Information	38
12.6 Amendment Applicable to Active Participants Only Unless it Provides Otherwise	39
12.7 Severability	39
12.8 Notice	39
12.9 Gender and Number	39
12.10 Governing Law	39
12.11 Effective Date	39
12.12 Compliance with Section 409A	39

**SEVENTH AMENDED AND RESTATED
SYSCO CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

WHEREAS , Sysco Corporation (“SYSCO”) and its Subsidiaries established the Sysco Corporation Supplemental Executive Retirement Plan (the “Current Plan”), effective July 3, 1988, to provide certain highly compensated management personnel a supplement to their retirement pay so as to retain their loyalty and to offer them a further incentive to maintain and increase their standard of performance;

WHEREAS , pursuant to Section 9.1 of the Current Plan, SYSCO’s board of directors (the “Board of Directors”), the Committee or their designees may amend the Current Plan by an instrument in writing;

WHEREAS , the Board of Directors has determined that it is in the best interests of SYSCO and its stockholders to amend and restate the Current Plan effective June 28, 2008, to: (i) change the group of employees eligible to participate; (ii) change the definition of “Eligible Earnings” and “Final Average Compensation;” (iii) make the Current Plan compliant with the Final Treasury Regulations promulgated under Section 409A of the Code; (iv) expand the circumstances that SYSCO or its Subsidiaries’ have the right to forfeit a Participant’s benefits and (v) make certain other changes and clarifications to the Current Plan;

NOW, THEREFORE , SYSCO hereby adopts the Seventh Amended and Restated Sysco Corporation Supplemental Executive Retirement Plan, effective June 28, 2008 (the “Plan”), as follows:

ARTICLE I
DEFINITIONS

1.1 401(k) Plan. “401(k) Plan” means the Sysco Corporation Employees 401(k) Plan, a defined contribution plan qualified under Section 401(a) of the Code, and any U.S. qualified defined contribution plan successor thereto.

1.2 Active Participant. “Active Participant” means a Participant in the employ of the Company who is not a Frozen Participant.

1.3 Actuarial Equivalence or Actuarially Equivalent. “Actuarial Equivalence” shall be determined on the basis of the mortality and interest rate assumptions used in computing annuity benefits under the Pension Plan. If there is no Pension Plan in effect at the time any such determination is made, the actuarial assumptions to be used shall be selected by an actuarial firm chosen by the Committee. Such actuarial firm shall select such actuarial assumptions as would be appropriate for the Pension Plan if the Pension Plan remained in existence with its last participant census. “Actuarial Equivalent” means equality in value of the aggregate amounts expected to be received under different forms of payment based on the mortality and interest assumptions specified for purposes of Actuarial Equivalence.

1.4 Affiliate. “Affiliate” means any entity with respect to which SYSCO beneficially owns, directly or indirectly, at least 50% of the total voting power of the interests of such entity and at least 50% of the total value of the interests of such entity.

1.5 Annuity. “Annuity” means a monthly annuity for the life of the Participant with a ten (10) year certain period. A Participant’s Vested Accrued Benefit and Retirement Benefit are expressed in the form of an Annuity, subject to the provisions of Section 4.6.

1.6 Beneficiary. “Beneficiary” means a person or entity designated by the Participant under the terms of this Plan to receive any amounts distributed under the Plan upon the death of the Participant.

1.7 Benefit Commencement Date. “Benefit Commencement Date” means the first date the Participant’s benefits are payable under Section 4.5, without regard to any delay under Section 4.9.

1.8 Benefit Limit. “Benefit Limit” shall have the meaning set forth in Section 4.1(l).

1.9 Benefit Service. “Benefit Service” shall have the meaning set forth in Section 4.1(d).

1.10 Board of Directors. “Board of Directors” means the Board of Directors of SYSCO.

1.11 Canada/Quebec Pension Plan Offset. “Canada/Quebec Pension Plan Offset” shall have the meaning set forth in Section 4.1(j).

1.12 Change of Control. “Change of Control” means the occurrence of one or more of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Act (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Act) of 20% or more of either (i) the then-outstanding shares of SYSCO common stock (the “Outstanding SYSCO Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of SYSCO entitled to vote generally in the election of directors (the “Outstanding SYSCO Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from SYSCO, (2) any acquisition by SYSCO, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by SYSCO or any Affiliate, or (4) any acquisition by any corporation; pursuant to a transaction that complies with Sections (c)(i), (c)(ii) and (c)(iii), below;

(b) Individuals who, as of July 1, 2008, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to July 1, 2008 whose election, or nomination for election by SYSCO’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving SYSCO or any of its Affiliates, a sale or other disposition of all or substantially all of the assets of SYSCO, or the acquisition of assets or stock of another entity by SYSCO or any of its Affiliates (each, a “Business Combination”), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding SYSCO Common Stock and the Outstanding SYSCO Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns SYSCO or all or substantially all of SYSCO’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding SYSCO Common Stock and the Outstanding SYSCO Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of SYSCO or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business

Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination; or

(d) Approval by the stockholders of SYSCO of a complete liquidation or dissolution of SYSCO.

1.13 Code. “Code” means the Internal Revenue Code of 1986, as amended.

1.14 Committee. “Committee” means the committee administering this Plan.

1.15 Company. “Company” means SYSCO and any Subsidiary that has adopted the Plan with the approval of the Committee pursuant to Section 9.1.

1.16 Defined Benefit Offset. “Defined Benefit Offset” shall have the meaning set forth in Section 4.1(g).

1.17 Defined Contribution Offset. “Defined Contribution Offset” shall have the meaning set forth in Section 4.1(h).

1.18 Determination Date. “Determination Date” means the date as of which a Participant’s Vested Accrued Benefit is calculated. The Determination Date for determining a Participant’s Retirement benefit under Article IV shall be the date of the Participant’s termination of employment from SYSCO or its Subsidiaries.

1.19 Disabled Participant. “Disabled Participant” shall have the meaning set forth in Section 6.1(b).

1.20 Disability. “Disability” means that a Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period not less than three (3) months under an accident and health plan covering employees of the Company; or (iii) has been determined by the Social Security Administration to be totally disabled.

1.21 Early Payment Criteria. “Early Payment Criteria” shall have the meaning set forth in Section 4.5(b).

1.22 Eligible Earnings. “Eligible Earnings” shall have the meaning set forth in Section 4.1(a).

1.23 ERISA. “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

1.24 Frozen Participant. “Frozen Participant” shall have the meaning set forth in Section 2.2.

1.25 High-Five Average Compensation as of June 28, 2008. “High-Five Average Compensation as of June 28, 2008” shall have the meaning set forth in Section 4.1(c).

1.26 Joint and Survivor Annuity. “Joint and Survivor Annuity” means a joint and two-thirds survivor monthly annuity with a ten (10) year certain period that is the Actuarial Equivalent of an Annuity. This annuity is payable during the joint lives of the Participant and his spouse, and a monthly annuity shall continue for the life of the survivor in an amount equal to two-thirds of the monthly amount provided during their joint lives. Notwithstanding the above, during the ten (10) year certain period, there shall be no reduction in the amount of such payment regardless of the death of either or both the Participant and his spouse.

1.27 Minimum Vested Accrued Benefit. “Minimum Vested Accrued Benefit” shall have the meaning set forth in Section 4.2.

1.28 Management Incentive Plan or MIP. “Management Incentive Plan” or “MIP” means the Sysco Corporation 1995 Management Incentive Plan, the Sysco Corporation 2000 Management Incentive Plan and the Sysco Corporation 2005 Management Incentive Plan, as each may be amended, and any successor plans.

1.29 Officer Ranking. “Officer Ranking” shall have the meaning set forth in Section 2.1(b).

1.30 Offset Amount. “Offset Amount” shall have the meaning set forth in Section 4.1(f).

1.31 Participant. “Participant” means an employee of a Company who is eligible for and is participating in the Plan, and any other current or former employee of SYSCO and its Subsidiaries who is entitled to a benefit under this Plan.

1.32 Pension Plan. “Pension Plan” means this Sysco Corporation Retirement Plan, a defined benefit plan qualified under Section 401(a) of the Code, and any U.S. qualified defined benefit pension plan successor thereto.

1.33 Plan. “Plan” means the Seventh Amended and Restated Sysco Corporation Supplemental Executive Retirement Plan, as set forth in this document and amended from time to time.

1.34 Plan Year. “Plan Year” means the period that coincides with the fiscal year of SYSCO. SYSCO has a 52/53 week fiscal year beginning on the Sunday next following the Saturday closest to June 30th of each calendar year.

1.35 Protected Benefit and Protected Participant. A “Protected Benefit”, as determined under Sections 4.2(b) and 4.3(b), is a benefit which is only applicable to a Protected Participant. A “Protected Participant” is an individual who, as of July 3, 2005, was an Active Participant who was (a) at least age sixty (60) or (b) at least age fifty-five (55) and had at least ten (10) years of SERP Participation.

1.36 Retired Participant. “Retired Participant” shall have the meaning set forth in Section 6.1(c).

1.37 Retirement. “Retirement” means the Participant’s termination of employment from SYSCO or its Subsidiaries other than for death or Disability, provided that at the time of such termination, the Participant is at least age fifty-five (55) and has a Vested Percentage of at least 50%.

1.38 Restoration Plan. “Restoration Plan” means the defined benefit non-qualified deferred compensation plan to be adopted by SYSCO sometime after the effective date of this Plan. The Restoration Plan is intended to cover individuals who first become MIP participants after June 28, 2008 but who do not satisfy the eligibility requirements for participation in the Plan under Section 2.1.

1.39 Section 409A. “Section 409A” means Section 409A of the Code and any other guidance promulgated thereunder.

1.40 Securities Act. “Securities Act” means the Securities Exchange Act of 1934, as amended from time to time.

1.41 Separation from Service. “Separation from Service” means “separation from service” within the meaning of Section 409A.

1.42 SERP Participation. “SERP Participation” refers to an individual’s periods of participation in (a) the MIP prior to June 28, 2008 and (b) the Plan on or after June 28, 2008. Noncontinuous eligible periods of time (*e.g.* , as a result of a termination and subsequent reemployment) shall be added together. A Participant’s years of SERP Participation shall mean the number of full years of such eligible periods of participation determined on an elapsed time basis. Except as provided under Section 2.3, participation while a Frozen Participant does not count as SERP Participation.

1.43 Service Factor. “Service Factor” shall have the meaning set forth in Section 4.1(e).

1.44 Social Security Offset. “Social Security Offset” shall have the meaning set forth in Section 4.1(i).

1.45 Specified Employee. “Specified Employee” means a “specified employee” as defined in Section 409A (a)(2)(B)(i) of the Code. By way of clarification, a “specified employee” means a “key employee” (as defined in Section 416(i) of the Code , disregarding Section 416(i)(5) of the Code) of the Company. A Participant shall be treated as a key employee if he meets the requirements of Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the twelve (12) month period ending on an Identification Date (as defined below). If a Participant is a key employee as of an Identification Date, he shall be treated as a Specified Employee for the twelve (12) month period beginning on the first day of the fourth month following such Identification Date. For purposes of any “Specified Employee” determination hereunder, the “Identification Date” shall mean December 31. The Committee may in its discretion amend the Plan to change the Identification Date, provided that any change to the Plan’s Identification Date shall not take effect for at least twelve (12) months after the date of the Plan amendment authorizing such change.

1.46 Subsidiary. “Subsidiary” means (a) any corporation which is a member of a “controlled group of corporations” which includes SYSCO, as defined in Code Section 414(b), (b) any trade or business under “common control” with SYSCO, as defined in Code Section 414(c), (c) any organization which is a member of an “affiliated service group” which includes SYSCO, as defined in Code Section 414(m), (d) any other entity required to be aggregated with SYSCO pursuant to Code Section 414(o), and (e) any other organization or employment location designated as a “Subsidiary” by resolution of the Board of Directors.

1.47 SYSCO. “SYSCO” means Sysco Corporation, the sponsor of this Plan.

1.48 Ten-Year Final Average Compensation. “Ten-Year Final Average Compensation” shall have the meaning set forth in Section 4.1(b).

1.49 Total Payments. “Total Payments” means all payments or benefits received or to be received by a Participant within the meaning of Section 280G of the Code in connection with a Change of Control of SYSCO under the terms of this Agreement or the Sysco Corporation Executive Deferred Compensation Plan, and in connection with a Change of Control of SYSCO under the terms of any stock option plan or any other plan, arrangement or agreement with the Company, its successors, any person whose actions result in a Change of Control or any person affiliated with the Company or who as a result of the completion of transactions causing a Change of Control become affiliated with the Company within the meaning of Section 1504 of the Code, taken collectively.

1.50 Vested Accrued Benefit. “Vested Accrued Benefit” shall have the meaning set forth in Article IV.

1.51 Vesting Service. “Vesting Service” means service with SYSCO and its Subsidiaries for which the Participant or Frozen Participant is awarded “credited service” under the Pension Plan for vesting purposes or would have been awarded credited service under the Pension Plan for vesting purposes if the Participant was covered under the Pension Plan; *provided however*, any service before the later of the first date of hire by the Company or the date of acquisition by SYSCO or a Subsidiary for which the Participant then worked shall not be included in calculating the Participant’s Vesting Service

1.52 Vested Percentage. “Vested Percentage” shall have the meaning set forth in Article III.

1.53 Vested Terminated Participant. “Vested Terminated Participant” shall have the meaning set forth in Section 6.1(a).

ARTICLE II

ELIGIBILITY & CONTINUED PARTICIPATION

2.1 Initial Eligibility. Unless otherwise determined by the Committee in its sole discretion, eligibility to participate in the Plan shall be determined as follows:

(a) A Company employee who is a MIP participant on June 28, 2008 is eligible.

(b) A Company employee who first becomes a MIP participant after June 28, 2008 must also hold an “Officer Ranking” to be eligible to participate in the Plan. A person has an Officer Ranking if he holds one of the following positions: (i) with respect to SYSCO, Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, Executive Vice President or Senior Vice President (including Senior Vice Presidents of Operations), (ii) an officer of equivalent or higher rank of those described in clause (i) who is selected by the Board of Directors or (iii) President of a Subsidiary.

2.2 Frozen Participation. Unless otherwise determined by the Committee in its sole discretion, an active Participant shall have his participation frozen (a “Frozen Participant”) as of the earliest of the date he (i) ceases to be a MIP participant, (ii) with respect to an individual described under Section 2.1(b), ceases to hold an Officer Ranking, or (iii) transfers from the Company to a non-participating Subsidiary. Article V sets forth special rules that apply to Frozen Participants.

2.3 Frozen Participation Deemed Active Participation. For all purposes under this Plan, a Frozen Participant shall be treated as if his participation had never been frozen if: (a) he remains an employee of SYSCO or its Subsidiaries after his participation is frozen and subsequently becomes eligible to participate in the Plan, or (b) his participation is frozen after a Change of Control and he dies or is terminated from the employ of SYSCO or its Subsidiaries by the then management within four (4) years after that Change of Control.

ARTICLE III

VESTING

3.1 Vesting. A Participant's Vested Percentage for purposes of calculating such Participant's Vested Accrued Benefit under Article IV shall be determined in accordance with this Article III. For purposes of determining the Participant's Vested Percentage, the Participant's age, Vesting Service and SERP Participation are determined as of the Determination Date. The Vested Percentage shall be the greatest of the percentages determined under Sections 3.1(a), (b) and (c), except the schedule under Section 3.1(b) shall not apply for purposes of determining a Protected Participant's Vested Percentage in his Protected Benefit.

(a) If the Participant has at least ten (10) years of Vesting Service, his Vested Percentage under this Section 3.1(a) shall be determined as follows:

<u>Participant with at least ten (10) years of Vesting Service whose age is</u>	<u>Vested Percentage</u>
Less than 60	0%
60 but less than 61	50%
61 but less than 62	60%
62 but less than 63	70%
63 but less than 64	80%
64 but less than 65	90%
65 or more	100%

(b) If the Participant (i) is at least age fifty-five (55) **and** (ii) has at least fifteen (15) years of SERP Participation, his Vested Percentage under this Section 3.1(b) ("Rule of 80") shall be determined as follows:

<u>Sum of Participant's full years of age plus full years of SERP Participation</u>	<u>Vested Percentage</u>
Less than 70	0%
70	50%
71	55%
72	60%
73	65%
74	70%
75	75%
76	80%
77	85%
78	90%
79	95%
80 or more	100%

(c) If the Participant is (i) at least age sixty-two (62), (ii) has completed at least twenty-five (25) years of Vesting Service and (iii) has at least fifteen (15) years of SERP Participation, he shall have a Vested Percentage of 100%.

3.2 Vesting upon a Change of Control. Notwithstanding Section 3.1 above, a Participant's Vested Percentage shall be 100% upon a Change of Control.

3.3 Committee Discretion. Notwithstanding Section 3.1 above, the Committee, in its sole discretion, may increase a Participant's Vested Percentage under Section 3.1.

ARTICLE IV

VESTED ACCRUED BENEFIT & RETIREMENT BENEFIT

4.1 Definitions. The following definitions are used in this Article IV:

(a) **Eligible Earnings.** “Eligible Earnings” means, for a given Plan Year, the sum of the Participant’s: (i) salary, including salary deferred under the Sysco Corporation Executive Deferred Compensation Plan (EDCP), and (ii) to the extent described in the table below: (A) all or a portion of the bonus earned under the MIP (MIP Bonus) and (B) the bonus earned under the Sysco Corporation 2006 Supplemental Performance Based Bonus Plan (Supplemental Performance Bonus), even if the amounts described above were earned before the individual became a Participant.

Plan Year (PY)	Treatment of Bonuses for Purposes of Eligible Earnings		Supplemental Performance Bonus
	MIP Bonus (including any MIP Bonus deferred under the EDCP)		
	Benefits other than Protected Benefits	Protected Benefits	
2009 PY and PYs thereafter	Included, except for MIP Additional Bonuses, but capped at 150% of base salary rate as of the last day of the Plan Year	Included, except for MIP Additional Bonuses, but capped at 150% of base salary rate as of the last day of the Plan Year	Excluded
2008 PY	Included, except for MIP Additional Shares and MIP Additional Bonuses	Included, except for MIP Additional Bonuses	Excluded
2007 PY	Included, except for MIP Additional Shares	Included in full	Included, except for calculation of Protected Benefit
2006 PY	Included, except for MIP Additional Shares and MIP Additional Cash Bonuses	Included in full	Excluded
2005 PY and prior PYs	Included in full	Included in full	Excluded

NOTE: The terms “MIP Additional Bonus”, “MIP Additional Shares” and “MIP Additional Cash Bonus” shall have the meanings given to them in the MIP.

No bonus other than those specified in the above table is included in Eligible Earnings.

Eligible Earnings shall not include a Participant’s compensation from a company before the date such company was acquired by SYSCO or a Subsidiary

Solely for purposes of determining the salary component of Eligible Earnings used in the determination of Ten-Year Final Average Compensation defined in (b) below, “salary” shall mean the annual rate of the Participant’s base salary as of his last day of employment during the applicable Plan Year.

(b) Ten-Year Final Average Compensation. “Ten-Year Final Average Compensation” means the monthly average of the Participant’s Eligible Earnings for the ten (10) Plan Years (excluding those Plan Years in which the Participant does not have any Eligible Earnings) ending immediately before or coincident with the Determination Date (as defined below). If the Participant does not have ten (10) Plan Years of Eligible Earnings, the Participant’s Ten-Year Final Average Compensation shall be based on the monthly average of Eligible Earnings for the available Plan Years ending immediately before or coincident with the Determination Date. The Plan Year in which the Participant was originally hired shall be disregarded if he was hired after the first business day of such Plan Year. Similarly, the Plan Year in which the Determination Date occurs shall be disregarded if the Determination Date occurs before the last business day of such Plan Year. “Determination Date” means the date on which the earlier of the following events occurs:

(i) the Participant becomes a Frozen Participant,

(ii) a Change of Control occurs, unless the employee remains an employee of the Company and a Participant for the Plan Year in which the Change of Control occurs and the next succeeding three (3) Plan Years; or

(iii) the earliest to occur of the Participant’s death, Disability or Retirement.

(c) High-Five Average Compensation as of June 28, 2008. “High-Five Average Compensation as of June 28, 2008” means the monthly average of the Participant’s Eligible Earnings for the five (5) full Plan Years (which need not be successive) that yield the highest monthly average of Eligible Earnings out of the ten (10) full Plan Years ending June 28, 2008. If the Participant does not have five (5) full Plan Years of Eligible Earnings, the Participant’s High-Five Average Compensation as of June 28, 2008 shall be based on the monthly average of Eligible Earnings for the available full Plan Years ending June 28, 2008.

(d) Benefit Service. “Benefit Service” means service with SYSCO and its Subsidiaries for which the Participant is awarded “credited service” under the Pension Plan for vesting purposes or would have been awarded “credited service” under the Pension Plan for vesting purposes if the Participant was covered under the Pension Plan ; *provided, however* , the Compensation Committee of the Board of Directors may, in its sole discretion, award a Participant additional Benefit Service. Except as provided in Section 2.3, a Frozen Participant’s service after the date his participation was frozen under Section 2.2 shall not count as Benefit Service.

(e) Service Factor. “Service Factor” means a fraction equal to the Participant’s full years of Benefit Service as of any given Determination Date (not to exceed 20 years) divided by “20”.

(f) Offset Amount. “Offset Amount” means, as of any given Determination Date, the sum of a Participant’s Defined Benefit Offset, Defined Contribution Offset, Social Security Offset and the Canada/Quebec Pension Plan Offset.

(g) Defined Benefit Offset. “Defined Benefit Offset” refers to the offset of the Participant’s vested accrued benefit under the Restoration Plan, the Pension Plan, and each other U.S. tax-qualified defined benefit plan or Canadian registered pension plan sponsored by SYSCO or a Subsidiary (or any company for which the Participant worked that was acquired by SYSCO or a Subsidiary), each as of the Determination Date and determined as follows:

(i) Such a vested accrued benefit shall only reflect the benefit derived from employer contributions.

(ii) Each such vested accrued benefit will be adjusted in accordance with provisions of the applicable plan to reflect an assumed benefit commencement date of the later of (a) the Benefit Commencement Date or (b) the date a retirement benefit is first payable to the Participant under the applicable plan without regard to the actual election made by the Participant under such plan. The resulting amount shall be converted to an Actuarially Equivalent Annuity as of the assumed benefit commencement date.

(iii) Such benefits shall include prior distributions (subject to the limitation in item (i) and including but not limited to an in-service withdrawal or a qualified domestic relations order distribution), increased with interest. If the prior distribution was a lump-sum payment, interest will be credited from the date of the lump-sum payment. If the prior distribution consists or consisted of periodic payments, the Actuarially Equivalent single-sum value of the stream of payments will be determined as of the date of the first periodic payment and increased with interest from such date. Interest on the lump-sum payment or single-sum value of periodic payments will be credited to the assumed benefit commencement date described in (ii) above using the interest rate used for determining Actuarial Equivalence. The resulting amount will be converted to an Actuarial Equivalent Annuity as described in (ii) above.

(h) Defined Contribution Offset. “Defined Contribution Offset” refers to the offset of an Annuity that could be provided by the Participant’s vested account balance under the 401(k) Plan and each other U.S. tax-qualified defined contribution plan or each Canadian tax-registered capital accumulation plan sponsored by SYSCO or a Subsidiary (or any company for which the Participant worked that was acquired by SYSCO or a Subsidiary), determined as follows:

(i) Such account balance shall only reflect the vested balance derived from employer contributions, excluding the balance attributable to 401(k) salary deferrals.

(ii) Such account balance shall be determined as of the last day of the month preceding the month of the Determination Date. However, if the Participant has not met the Early Payment Criteria as of the Determination Date, this balance will be increased with interest to the Benefit Commencement Date, using the interest rate used for determining Actuarial Equivalence. The balance or, if applicable, balance increased with interest, shall be converted to an Actuarially Equivalent Annuity as of the Benefit Commencement Date.

(iii) Such balances shall include prior distributions (subject to the limitation in item (i) and including but not limited to an in-service withdrawal or a qualified domestic relations order distribution), increased with interest. Interest will be credited from the date of the lump-sum payment to the Benefit Commencement Date, using the interest rate used for determining Actuarial Equivalence. The resulting balance shall be converted to an Actuarially Equivalent Annuity as of the Benefit Commencement Date.

(i) Social Security Offset. “Social Security Offset” means, as of any given Determination Date, the Participant’s monthly old-age benefit under the Federal Social Security Act or any similar federal act in effect as of the Determination Date and payable as of the later of age sixty-two (62) or the Benefit Commencement Date (the “Social Security Benefit”), and without regard to whether such Social Security Benefit is actually delayed, superseded, or forfeited because of failure to apply or for any other reason. The amount of the Social Security Benefit shall be determined based upon the pay and employment data that may be furnished by the Company and/or the Participant concerned and it shall be assumed that the Participant has no compensation after the Determination Date. Any pay for periods prior to the earliest data furnished shall be estimated by applying a salary scale discount, and the discount applied for this purpose shall be the actual change in average wages from year to year as determined by the Social Security Administration.

(j) Canada/Quebec Pension Plan Offset. “Canada/Quebec Pension Plan Offset” means, as of any given Determination Date, the Participant’s monthly retirement benefit payable under the Canada Pension Plan or Quebec Pension Plan, as applicable, as in effect on the Determination Date and payable as of the later of age sixty (60) or the Benefit Commencement Date (the “Canada/Quebec Pension Benefit”), and without regard to whether such Canada/Quebec Pension Benefit is actually delayed, superseded, or forfeited because of failure to apply or for any other reason. The amount of the Canada/Quebec Pension Benefit shall be determined based upon the pay and employment data that may be furnished by the Company and/or the Participant concerned and it shall be assumed that the Participant has no compensation after the Determination Date. Any pay for periods prior to the earliest data furnished shall be estimated by applying a salary scale discount, and the discount applied for this purpose shall be the actual change in average wages from year to year as determined for purposes of the Canada Pension Plan or the Quebec Pension Plan, as applicable.

(k) Participant who has paid into both the US Federal Social Security and either the Canada Pension Plan or the Quebec Pension Plan. If a Participant has paid into both the US Federal Social Security and either the Canada Pension Plan or the Quebec Pension Plan, while an employee of SYSCO or its Subsidiaries, the monthly Social Security Offset will be assumed to be zero and the monthly Canada/Quebec Pension Plan Offset will be determined to be a theoretical amount calculated under the Canada Pension Plan or Quebec Pension Plan, as applicable, as if the Participant had always been covered under and contributing to the Canada Pension Plan or Quebec Pension Plan. For purposes of determining the monthly Canada/Quebec Pension Plan Offset, the amount of the benefit shall be determined based upon the pay and employment data that may be furnished by the Company and/or the Participant while a Canadian Participant. Any pay for periods prior to the earliest data furnished shall be estimated by applying a salary scale discount, and the discount applied for this purpose shall be the actual change in

average wages from year to year as determined for purposes of the Canada Pension Plan or the Quebec Pension Plan, as applicable. Any pay for periods prior to the Determination Date and after the latest data furnished shall be estimated by applying a salary scale factor, and the factor applied for this purpose shall be the actual change in average wages from year to year as determined for purposes of the Canada Pension Plan or the Quebec Pension Plan, as applicable. It shall be assumed that the Participant has no compensation after the Determination Date. For purposes of the Temporary Supplement of Section 4.7, the Participant will be treated as a Canadian Participant, regardless of the status at Retirement.

(l) **Benefit Limit.** “Benefit Limit” means the limit in effect for the Plan Year in which the distribution event occurs and equals USD \$178,537 per month for distribution events occurring in the Plan Year ending June 28, 2008. For distribution events that occur in a Plan Year ending after June 28, 2008, such monthly amount shall be adjusted in accordance with the percentage increase, if any, in the Consumer Price Index for All Urban Consumers (“CPI-U”), as measured from (1) June of the second Plan Year preceding the Plan Year during which such distribution event occurred to (2) June of the Plan Year immediately preceding the Plan Year during which such distribution event occurred.

4.2 **Minimum Vested Accrued Benefit as of June 28, 2008.** . An Active Participant as of June 28, 2008 shall have a “ **Minimum Vested Accrued Benefit** ” as of June 28, 2008 equal to:

(a) **In General.** The Participant’s { High-Five Average Compensation as of June 28, 2008 × 50% × Service Factor × Vested Percentage } *less* Offset Amount; *provided, however* , the resulting amount shall not exceed the Participant’s Vested Percentage × Benefit Limit.

(b) **For a Protected Participant.** The greater of (i) the amount determined under Section 4.2(a) above or (ii) the Protected Minimum Vested Accrued Benefit equal to the Protected Participant’s { (High-Five Average Compensation as of June 28, 2008 × 50%) *less* Offset Amount } × Service Factor × Vested Percentage.

The Determination Date for the elements in the benefit formulas under this Section 4.2 shall be June 28, 2008 with the exception of the Vested Percentage and Benefit Limit, both of which shall be determined as of the date of the distribution event.

4.3 **Vested Accrued Benefit after June 28, 2008.** . An Active Participant’s Vested Accrued Benefit as of a Determination Date after June 28, 2008 shall equal the **greater of the Participant’s benefit, if any, under Section 4.2 above, or**

(a) **In General.** The Participant’s { Ten-Year Final Average Compensation × 50% × Service Factor × Vested Percentage } *less* Offset Amount; *provided however* , the resulting amount shall not exceed the Participant’s Vested Percentage × Benefit Limit.

(b) For a Protected Participant. The greater of (i) the amount determined under Section 4.3(a) above or (ii) the Protected Benefit equal to the Protected Participant's { (Ten-Year Final Average Compensation \times 50%) *less* Offset Amount } \times Service Factor \times Vested Percentage.

The Determination Date for the elements in the benefit formulas under Sections 4.3(a) and (b) above shall be the date of the distribution event.

4.4 Retirement Benefit. A Participant's Retirement benefit shall equal the Participant's Vested Accrued Benefit under Section 4.3, where the Determination Date for calculating such Vested Accrued Benefit is the Participant's date of Retirement.

4.5 Benefit Commencement Date.

(a) Normal Payment Criteria. Unless a Participant satisfies the Early Payment Criteria under Section 4.5(b), payment of the Participant's Retirement benefit under Section 4.4 shall begin on the first day of the month coincident with or next following his sixty-fifth (65th) birthday or actual Retirement date, whichever is later, if he survives to the applicable date.

(b) Early Payment Criteria. If a Participant retires before age sixty-five (65) and satisfies the Early Payment Criteria set forth below as of his Retirement date, payment of the Participant's Retirement benefit under Section 4.4 shall begin on the first day of the month coincident with or next following the Participant's Retirement date, if he survives to the applicable date. The "Early Payment Criteria" are as follows:

(i) Criteria for Early Payment of a Protected Benefit: As of his Retirement, the Participant is at least age sixty (60), has at least 10 years of SERP Participation and has at least twenty (20) years of Vesting Service.

(ii) Criteria for Early Payment of a Benefit other than a Protected Benefit: As of his Retirement, the Participant has either (1) satisfied the criteria in Section 4.5(b)(i) above or (2) is at least age fifty-five (55) and has at least fifteen (15) years of SERP Participation.

(iii) Committee Discretion. Notwithstanding the above, the Committee acting in its sole discretion prior to December 31, 2008, may allow a Participant who terminates employment prior to December 31, 2008 without meeting the Early Payment Criteria of Sections 4.5(b)(i) or 4.5(b)(ii), to commence receiving his Retirement benefits on the later of: (i) January 1, 2009, or (ii) the first day of the month coincident with or next following the date that is six (6) months after the Participant's termination from employment, if he survives to the applicable date.

4.6 Form of Payment. If the Participant is not married as of the Benefit Commencement Date, the Retirement benefit will be paid in the form of an Annuity. If the Participant is married as of the Benefit

Commencement Date, the Retirement benefit will be paid in the form of a Joint and Survivor Annuity which is Actuarially Equivalent to the Annuity.

4.7 Temporary Supplement. A U.S. Participant who retires before age sixty-two (62) and meets the criteria of Sections 4.5(b)(i), 4.5(b)(ii) or 4.5(b)(iii) above, shall, in addition to his Retirement benefit under Section 4.4, receive a Temporary Supplement equal to such Participant's monthly Social Security Offset. A Canadian Participant who retires before age sixty (60) and meets the criteria of Sections 4.5(b)(i), 4.5(b)(ii) or 4.5(b)(iii) above, shall in addition to his Retirement benefit under Section 4.4, be paid a Temporary Supplement equal to such Participant's monthly Canada/Quebec Pension Plan Offset. The Determination Date of the monthly Social Security Offset or Canada/Quebec Pension Plan Offset, as applicable, shall be the Participant's date of Retirement. The Temporary Supplement will be paid to an eligible Participant through and including the earlier of (a) the month in which the Participant dies or (b) the month in which the U.S. Participant attains age sixty-two (62) or the Canadian Participant attains age sixty (60).

4.8 Administrative Delay. Except as required under Section 4.9, payment of the Participant's Retirement benefit and, if applicable, Temporary Supplement shall begin on the Benefit Commencement Date set forth in Section 4.5 or the first day of the month as soon as administratively practicable thereafter. The aggregate amount of any delayed payments, without interest, shall be paid to the Participant on such delayed commencement date.

4.9 Delay of Payments under Section 409A of the Code. Notwithstanding any provision of Section 4.5 and 4.7 to the contrary, if the distribution of a Retirement benefit under Section 4.5 (and, if applicable, a Temporary Supplement under Section 4.7) to a Participant who is a Specified Employee result from such Participant's Separation from Service, such distributions shall not commence earlier than the date that is six (6) months after the date of such Participant's Separation from Service if such earlier commencement would result in the imposition of tax under Section 409A. If distributions to a Participant are so delayed, such distributions shall commence six months after the Benefit Commencement Date, and the aggregate amount of any such delayed payments, together with interest on such delayed payments (calculated using the interest rate used for determining Actuarial Equivalence), shall be paid to the Participant on such delayed commencement date.

ARTICLE V

DISABILITY & FROZEN PARTICIPATION

5.1 In General. This Article V provides special rules that apply to a Participant who has a termination of employment due to Disability as defined in Section 1.20 and a Frozen Participant as defined in Section 2.2. To the extent that this Article V or other provisions of the Plan do not otherwise specify, such Participant shall be treated as any other Participant to the extent necessary to implement this Article V.

5.2 Disability on or after June 28, 2008. This Section 5.2 sets forth special rules applicable to a Participant upon termination of employment due to Disability on or after June 28, 2008 as described below:

(a) If the Participant is a Frozen Participant as of his date of Disability, the provisions of this Section 5.2 shall not apply and he shall be treated as any other Frozen Participant whose employment terminated for reasons other than Disability.

(b) If the Participant satisfies the Early Payment Criteria under Section 4.5(b) as of his date of Disability, his date of Disability shall be considered his date of Retirement and his benefit will be determined under Section 4.4.

(c) If Sections 5.2(a) and (b) above do not apply and, as of his date of Disability, the Participant was at least age sixty (60) and had at least ten (10) years of Vesting Service, and his Disability continues until age sixty-five (65), he shall be entitled to a deferred Vested Accrued Benefit commencing as provided under Section 4.5(a). Such deferred Vested Accrued Benefit will be determined as follows:

(i) His Vested Percentage will be 100% for purposes of Sections 4.2 and 4.3.

(ii) The Determination Date for all elements of the applicable benefit formula under Section 4.3(a) or 4.3(b) shall be the Participant's date of Disability; *provided, however*, the Determination Date of the Defined Benefit Offset shall be the later of (1) the Participant's date of Disability or (2) the date as of which the benefit accruals under the defined benefit plan cease.

(d) This Section 5.2(d) sets forth special rules applicable to a Participant described under Section 5.2(c) who recovers from his Disability prior to age sixty-five (65) as set forth below:

(i) If such Participant returns to the employ of the Company within sixty (60) days of such recovery and is eligible to participate in the Plan upon such return as provided under Section 2.1, the period of his Disability through his re-employment date shall be counted as Benefit Service, Vesting Service and SERP Participation.

(ii) If such Participant returns to the employ of SYSCO or its Subsidiaries within sixty (60) days of such recovery and is not eligible to participate in the Plan upon such return, his participation shall be frozen as of his date of Disability.

(iii) If such Participant does not return to the employ of SYSCO or its Subsidiaries within sixty (60) days of such recovery, he shall be deemed to have retired as of his date of Disability.

5.3 Disability before June 28, 2008. The provisions of Section 5.2 shall also apply to a Participant whose Disability occurred before June 28, 2008, except such Participant's deferred Vested Accrued Benefit shall be determined using the benefit formula in effect under the Plan as of the date of his Disability.

5.4 Participation Frozen on or after June 28, 2008. For ease of reference, special rules applicable to a participant who becomes a Frozen Participant, as described in Section 2.2, on or after June 28, 2008 are restated below:

(a) Vesting Service and Age Credit. During the period of time during which his participation is frozen, a Frozen Participant shall continue to be awarded Vesting Service and age credit for vesting purposes under Article III and satisfaction of the Early Payment Criteria under Section 4.5(b).

(b) Benefit Service. A Frozen Participant's service after the date his participation is frozen shall not count as Benefit Service.

(c) Ten-Year Final Average Compensation. A Frozen Participant's Ten-Year Final Average Compensation shall be determined as of the date his participation is frozen and frozen as of such date.

(d) SERP Participation. Frozen Participation shall not count as SERP Participation.

(e) Offset Amount. No special rule applies to a Frozen Participant's Offset Amount. The Participant's Offset Amount is determined as though his participation had never been frozen.

5.5 Frozen Participation Deemed Active Participation. Notwithstanding the above provisions of this Section 5.4, a Frozen Participant shall be treated as if his participation had never been frozen, as described in Section 2.3, if (a) he remains a Company employee after his participation is frozen and subsequently becomes eligible to participate in the Plan or (b) his participation is frozen after a Change of Control and he dies or is terminated from the employ of the Company by the then management within four (4) years after that Change of Control.

5.6 Participation Frozen before June 28, 2008. The provisions of Sections 5.4 and 5.5 shall also apply to a Participant whose participation was frozen before June 28, 2008, except such Frozen Participant's Vested Accrued Benefit shall be determined using the benefit formula in effect under the Plan as of the date his participation was frozen.

ARTICLE VI
DEATH BENEFIT

6.1 Definitions . The following definitions are used in this Article VI:

- (a) Vested Terminated Participant . “Vested Terminated Participant” means a Participant entitled to a deferred Vested Accrued Benefit commencing under the payment criteria under Section 4.5(a).
- (b) Disabled Participant . “Disabled Participant” means a disabled Participant described under Section 5.2(c) who is entitled to a deferred Vested Accrued Benefit commencing under the Normal Payment Criteria under Section 4.5(a) if he remains continuously disabled to such date.
- (c) Retired Participant . “Retired Participant” means a Participant (1) whose Benefit Commencement Date has occurred but who has not yet received his first benefit payment or (2) who is receiving benefit payments.

6.2 Death of Active Participant prior to Age 55 . If an Active Participant dies prior to attaining age fifty-five (55), such Participant’s Beneficiary shall be entitled to receive a death benefit as described below:

(a) Amount of Death Benefit . Such annual death benefit shall equal 25% of the Participant’s Three-Year Final Average Compensation, determined as follows:

(i) “ Three-Year Final Average Compensation ” means the annual average of the Participant’s Eligible Earnings for the three (3) Plan Years (excluding those Plan Years in which the Participant does not have any Eligible Earnings) ending immediately before or coincident with the Participant’s date of death. The Plan Year in which the Participant was originally hired shall be disregarded if he was hired after the first business day of such Plan Year. Similarly, the Plan Year in which death occurs shall be disregarded if death occurs before the last business day of such Plan Year. If the Participant does not have three (3) Plan Years of Eligible Earnings, the Participant’s Three-Year Final Average Compensation shall be based on the annual average of Eligible Earnings for the available Plan Years ending immediately before or coincident with the Participant’s date of death. If all Plan years have been excluded (i.e. there are no “available” Plan Years), Three-Year Final Average Compensation shall mean the Participant’s Eligible Earnings in the Plan Year in which he was originally hired.

(ii) “ Eligible Earnings ” shall have the meaning given to such term under Section 4.1(a); *provided, however*, the salary component of Eligible Earnings shall mean the annual rate of the Participant’s base salary as of his last day of employment during the applicable Plan Year.

(b) Duration of Death Benefit. The above death benefit will be payable annually to the Beneficiary for a period of ten (10) years certain, with payments commencing as of the first day of the month coincident with or next following the Participant's death.

6.3 Death of Active Participant after Age 55. If an Active Participant dies after attaining age fifty-five (55), such Participant's Beneficiary shall be entitled to receive a death benefit as described below:

(a) Value of Death Benefit.

(i) If such Participant, as of his date of death, is at least age sixty-five (65) or satisfies the Early Payment Criteria under Section 4.5(b), the single-sum value of the death benefit shall equal the greater of the Actuarially Equivalent single-sum value of (a) the death benefit that would be payable under Section 6.2 if the age condition did not apply or (b) the Retirement benefit that would have been payable to the Participant under Article IV assuming the Participant had retired on his date of death.

(ii) If such Participant does not satisfy the conditions in 6.3(a)(i) above, the single-sum value of the death benefit shall equal the greater of the Actuarially Equivalent single-sum value of (a) the death benefit that would be payable under Section 6.2 if the age condition did not apply or (b) the hypothetical immediate Annuity equal to (i) the deferred Annuity that would have been payable to the Participant under Article IV assuming the Participant had retired on his date of death, reduced by (ii) five-ninths (5/9ths) of 1% for each full calendar month by which the first payment of the death benefit precedes the month in which the Participant would have attained age sixty-five (65).

(b) Form and Duration of Death Benefit.

(i) Married Participant. If the Participant is married at the time of his death, the single-sum value of the death benefit determined in Section 6.3(a) above shall be converted to an Actuarially Equivalent monthly annuity payable to the Beneficiary for life with a ten (10) year certain period and commencing as of the first day of the month coincident with or next following the Participant's death.

(ii) Participant is not Married. If the Participant is not married at the time of his death, the single-sum value of the death benefit determined in Section 6.3(a) above shall be paid to the Beneficiary in a lump sum as of the first day of the month coincident with or next following the Participant's death.

6.4 Death after a Change of Control that Occurs while an Active Participant. If a Participant is (a) an Active Participant when a Change of Control occurs, (b) continues as an Active Participant or becomes a Vested Terminated Participant and (c) dies within four (4) years of such Change of Control, a death benefit shall be payable to such Participant's Beneficiary. The death benefit shall be determined under Section 6.2 or 6.3, as applicable, based on such Active or Vested Terminated Participant's age as of his date of death and modified as follows:

(a) Three-Year Final Average Compensation under Section 6.2 shall be determined as of the Active Participant's date of death or Vested Terminated Participant's date of Retirement.

(b) The Determination Date of the Article IV Retirement benefit under Section 6.3 shall be the Active Participant's date of death or Vested Terminated Participant's date of Retirement.

(c) Satisfaction of the Early Payment Criteria shall be determined as of the Active Participant's date of death.

6.5 Death of Vested Terminated Participant or Disabled Participant. Upon the death of (a) a Vested Terminated Participant who was not a Frozen Participant as of his date of Retirement or (b) a Disabled Participant, such Participant's Beneficiary shall be entitled to receive a death benefit described below, unless the Change of Control provisions of Section 6.4 apply.

(a) Amount of Death Benefit.

(i) Married Participant. If such Participant was married as of his date of death, the Participant's spouse or other Beneficiary shall be entitled to the monthly survivor's benefit that would have been payable to the Participant's spouse if the Participant had begun receiving a hypothetical Retirement benefit equal to the Participant's actual deferred Annuity under Section 4.5(a), reduced by five-ninths (5/9ths) of 1% for each full calendar month by which the first payment of the death benefit precedes the month in which the participant would have attained age sixty-five (65) and then converted to a Joint and Survivor Annuity. If the Participant designated a Beneficiary other than his spouse, the Participant's "Beneficiary" shall be substituted for the Participant's "spouse" for purposes of calculating the Joint and Survivor Annuity.

(ii) If such Participant was not married as of his date of death, the Beneficiary shall be entitled to receive a death benefit equal to the Actuarially Equivalent single-sum value of the ten year certain guarantee that would have been payable to the Participant's Beneficiary if the Participant had begun receiving a hypothetical Retirement benefit equal to the Participant's actual deferred Annuity under Section 4.5(a), reduced by five-ninths (5/9ths) of 1% for each full calendar month by which the first payment of the death benefit precedes the month in which the participant would have attained age sixty-five (65).

(b) Form and Duration of Death Benefit.

(i) Married Participant. If the Participant is married at the time of his death, the Beneficiary will receive a monthly annuity payable to the Beneficiary for life with a ten (10) year certain period commencing as of the first day of the month coincident with or next following the Participant's death. Such monthly amount shall equal (a) the monthly amount of the hypothetical Retirement benefit determined under Section 6.5(a)(i) above during the ten (10) year certain period and (b) two-thirds (2/3) of such amount after the end of the ten (10) year certain period and continuing for the life of the Beneficiary.

(ii) Participant is not Married. If the Participant is not married at the time of his death, the Actuarially Equivalent single-sum value determined under Section 6.5(a)(ii) above shall be paid to the Beneficiary in a lump sum as of the first day of the month coincident with or next following the Participant's death.

6.6 Death of Frozen Participant. If a Frozen Participant dies (a) while in the employ of the Company and (b) after age sixty-five (65) or after satisfaction of the Early Payment Criteria under Section 4.5(b), the Frozen Participant's Beneficiary shall be entitled to receive a death benefit as described below. (Absent satisfaction of the criteria in the preceding sentence, no death benefit is payable as a result of the death of a Frozen Participant before commencement of Retirement benefits.)

(a) Amount, Form and Duration of Death Benefit.

(i) Married Participant. If such Frozen Participant was married as of his date of death, the Participant's spouse or other Beneficiary shall be entitled to receive a monthly benefit equal to the survivor's benefit that would have been payable to the Participant's spouse if the Participant had retired on his date of death and died before receipt of the first benefit payment; *provided, however*, the Participant's "Beneficiary" shall be substituted for the Participant's "spouse" for purposes of calculating the Joint and Survivor Annuity if the Participant designated a Beneficiary other than his spouse.

(ii) If such Participant was not married as of his date of death, the Beneficiary shall be entitled to receive a lump sum payment equal to the value of the monthly benefit payable for ten (10) years certain that would have been payable to the Participant's Beneficiary if the Participant had retired on his date of death and died before receipt of the first payment.

6.7 Death of Retired Participant before or after Commencement of Benefits. If a Retired Participant (a) dies before benefit payments begin and was not a Frozen Participant at Retirement or (b) dies after benefit payments begin, any death benefit that may be payable is a function of the form of payment applicable to such Retired Participant ("Joint and Survivor Annuity" or "Annuity" as provided under Section 4.6), as described below:

(a) Joint and Survivor Annuity.

(i) Death of Participant or Spouse during Ten (10) Year Certain Period. If either the Participant or his spouse (but not both) dies before the first benefit payment or during the ten (10) year certain period following the Benefit Commencement Date, the benefit amount payable during their joint lives shall be paid to the survivor for the balance of the ten (10) year certain period and then two-thirds (2/3) of that amount shall be paid to the survivor for life.

(ii) Death of Both Participant and Spouse during Ten (10) Year Certain Period. If both the Participant and his spouse die before the first benefit payment or during the ten (10) year certain period following the Benefit Commencement Date, the benefit amount payable during their joint lives shall be paid to the Participant's Beneficiary for the balance of the ten (10) year certain period.

(iii) Cessation of Benefits. No further benefits are payable after the later of (a) the deaths of the Participant and his spouse or (b) the end of the ten (10) year certain period.

(iv) Spouse. For purposes of this Section 6.7(a), “Spouse” refers to the Participant’s spouse whose birth date was used in the calculation of the Joint and Survivor Annuity, even if the Participant is married to a different individual at the time of the Participant’s death.

(b) Annuity .

(i) Death of Participant during Ten (10) Year Certain Period. If the Participant dies before the first benefit payment or during the ten (10) year certain period following the Benefit Commencement Date, the benefit amount shall be paid to the Participant’s Beneficiary for the balance of the ten (10) year certain period.

(ii) Cessation of Benefits. No further benefits are payable after the later of (a) the death of the Participant or (b) the end of the ten (10) year certain period.

6.8 Administrative Delay . Death benefits shall commence as of the date set forth in this Article VI or the first day of the month as soon as administratively practicable thereafter and within ninety (90) days of the Participant’s death. The aggregate amount of any such delayed payments, without interest on such delayed payments, shall be paid to the Beneficiary on such delayed commencement date.

6.9 Beneficiary Designation for Ten (10) Year Certain Period . A Beneficiary designation shall be effective upon receipt by the Committee of a properly executed form which the Committee has approved for that purpose, and shall remain in force until revoked or changed by the Participant. The Participant may, from time to time, revoke or change any designation of Beneficiary by filing another approved Beneficiary designation form with the Committee.

(a) Upon entering the Plan, each Participant shall file with the Committee a designation of one or more Beneficiaries to whom the death benefit provided by Sections 6.2, 6.3, 6.4, 6.5 and 6.6 shall be payable. Any Beneficiary designation by a married Participant who designates any person or entity other than the Participant’s spouse shall be ineffective unless the Participant’s spouse has indicated consent by completing and signing the applicable spousal consent section of the approved beneficiary designation form.

(b) Upon Retirement and prior to commencement of benefits under Article IV, the Participant shall designate one or more Beneficiaries to receive the remaining period certain payments, which designation shall be made and modified in accordance with the procedures set forth in this Section 6.9. If the Participant does not designate one or more Beneficiaries to receive the remaining period certain payments, the Beneficiaries designated by the Participant upon entering the Plan shall be the Participant’s Beneficiaries for purposes of the remaining period certain payments. A spouse of a Participant may not change the Beneficiaries designated by the Participant, including the Beneficiaries to whom the remaining period certain payments may be

paid. Notwithstanding the preceding sentences of this section 6.9 (b), in the case of a Joint and Survivor Annuity, a Beneficiary designation shall have no effect unless the Participant and the Participant's spouse both die during the ten (10) year certain period and (b) if the Participant dies during the ten (10) year certain period and the Beneficiaries designated by the Participant have predeceased the Participant or otherwise ceased to exist, the Participant's surviving spouse who is receiving the survivor benefit under the Joint and Survivor Annuity may designate the Beneficiaries to receive any remaining guaranteed payments if the spouse should die during the ten (10) year certain period.

(c) If there is no valid Beneficiary designation on file with the Committee at the time of the Participant's death, or if all of the Beneficiaries designated in the last Beneficiary designation have predeceased the Participant or, in the case of an entity, otherwise ceased to exist, the Beneficiary shall be the Participant's spouse, if the spouse survives the Participant, or otherwise the Participant's estate. A Beneficiary who is an individual shall be deemed to have predeceased the Participant if the Beneficiary dies within 30 days of the date of the Participant's death. If any Beneficiary survives the Participant but dies or, in the case of an entity, otherwise ceases to exist, before receiving all payments due under this Article VI, the balance of the payments that would have been paid to that Beneficiary shall, unless the Participant's designation provides otherwise, be distributed to the deceased individual Beneficiary's estate or, in the case of an entity, to the Participant's spouse, if the spouse survives the Participant, or otherwise to the Participant's estate.

ARTICLE VII

PROVISIONS RELATING TO ALL BENEFITS

7.1 Effect of this Article. The provisions of this Article shall control over all other provisions of this Plan.

7.2 Termination of Employment. A Participant's termination of employment for any reason prior to the Participant's vesting under Article III shall cause the Participant and all his Beneficiaries to forfeit all interests in and under this Plan, other than any benefit payable under Article VI.

7.3 Forfeiture for Cause.

(a) Forfeiture on Account of Discharge. If the Committee finds, after full consideration of the facts presented on behalf of SYSCO or a Subsidiary and a former Participant, that the Participant was discharged by SYSCO or a Subsidiary for: (i) fraud, (ii) embezzlement, (iii) theft, (iv) commission of a felony, (v) proven dishonesty in the course of his employment by SYSCO or a Subsidiary which damaged SYSCO or a Subsidiary, or (vi) disclosing trade secrets of SYSCO or a Subsidiary ((i) through (vi) individually and collectively referred to as "Forfeiture Event"), the entire Vested Accrued Benefit of the Participant and/or his Beneficiaries shall be forfeited.

(b) Forfeiture after Commencement of Benefits. If the Committee finds, after full consideration of the facts presented on behalf of SYSCO or a Subsidiary and the former Participant, that a former Participant who has begun receiving benefits under this Plan engaged in a Forfeiture Event during his employment with SYSCO or a Subsidiary (even though the Participant was not discharged from SYSCO or the Subsidiary for such a Forfeiture Event), the former Participant's and/or Beneficiaries remaining benefit payments under the Plan shall be forfeited.

(c) Committee Discretion. The decision of the Committee as to the existence of a Forfeiture Event shall be final. No decision of the Committee shall affect the finality of the discharge of the Participant by SYSCO or the Subsidiary in any manner.

(d) Special Rule for Change of Control. Notwithstanding the above, the forfeitures created by Sections 7.3(a) and 7.3(b) shall not apply to a Participant or former Participant who: (i) is discharged during the Plan Year in which a Change of Control occurs, or during the next three (3) succeeding Plan Years following the Plan Year in which a Change of Controls occurs (the "Change of Control Period") or (ii) during the Change of Control Period is determined by the Committee to have engaged in a Forfeiture Event, unless an arbitrator selected to review the Committee's findings agrees with the Committee's determination to apply the forfeiture. The arbitration shall be governed by the provisions of Section 7.7(e) below.

7.4 Forfeiture for Competition.

(a) If, at the time a distribution is being made or is to be made to a Participant, the Committee finds, after full consideration of the facts presented on behalf of SYSCO or a Subsidiary and the Participant, that the Participant has engaged in any of the conduct set forth in Section 7.4(b) through 7.4(h), the entire benefit remaining to be paid to the Participant and/or his Beneficiaries shall be forfeited, even though it may have been previously vested under any portion of this Plan; *provided, however*, that this Section 7.4(a) shall not apply to any Participant whose termination of employment from SYSCO or a Subsidiary occurs during the Plan Year in which a Change of Control occurs or during the next three (3) succeeding Plan Years following the Plan Year in which a Change of Control occurs.

(b) Consistent with Section 7.4(a), forfeiture shall occur if, at any time after his termination of employment from SYSCO or a Subsidiary and while any remaining benefit is to be paid to the Participant and/or his Beneficiaries under this Plan, and without written consent of SYSCO's Chief Executive Officer or General Counsel, the Participant either directly or indirectly owns, operates, manages, controls, or participates in the ownership, management, operation, or control of, or is employed by, or is paid as a consultant or other independent contractor by, a business which competes with any aspect of the business of SYSCO or a Subsidiary by which he was formerly employed (as the scope of that company's business is defined as of the date of Participant's termination of employment) in a trade area served by SYSCO or the Subsidiary at the time distributions are being made or to be made and in which the Participant directly or indirectly represented SYSCO or the Subsidiary while employed by it; and the Participant continues to be so engaged ten (10) days after written notice has been given to him by or on behalf of SYSCO or the Subsidiary.

(c) Consistent with Section 7.4(a), forfeiture shall occur if, at any time after his termination of employment from SYSCO or a Subsidiary and while any remaining benefit is to be paid to the Participant and/or his Beneficiaries under this Plan, and without written consent of SYSCO's Chief Executive Officer or General Counsel, the Participant directly or indirectly owns, operates, manages, controls, or participates in the ownership, management, operation, or control of, or is employed by, or is paid as a consultant or other independent contractor by, a customer or supplier of SYSCO or a Subsidiary by which he was formerly employed and with whom the Participant dealt, either directly or indirectly through the supervision of others, on behalf of SYSCO or a Subsidiary by which he was formerly employed; and the Participant continues to be so engaged ten (10) days after written notice has been given to him by or on behalf of SYSCO or the Subsidiary.

(d) Consistent with Section 7.4(a), forfeiture shall occur if, at any time after his termination of employment from SYSCO or a Subsidiary and while any remaining benefit is to be paid to the Participant and/or his Beneficiaries under this Plan, and without written consent of SYSCO's Chief Executive Officer or General Counsel, the Participant, on behalf of a business which competes with SYSCO or a Subsidiary by which he was formerly employed, directly or indirectly markets, solicits or sells to any actual or prospective customer of SYSCO or a Subsidiary by which he was formerly employed and with whom the Participant dealt, either directly or

indirectly through the supervision of others, on behalf of SYSCO or the Subsidiary by which he was formerly employed.

(e) Consistent with Section 7.4(a), forfeiture shall occur if, at any time after his termination of employment from SYSCO or a Subsidiary and while any remaining benefit is to be paid to the Participant and/or his Beneficiaries under this Plan, and without written consent of SYSCO's Chief Executive Officer or General Counsel, the Participant, on behalf of a business which competes with SYSCO or a Subsidiary by which he was formerly employed, directly or indirectly markets to, solicits or buys from any supplier of SYSCO or a Subsidiary by which he was formerly employed and with whom the Participant dealt, either directly or indirectly through the supervision of others, on behalf of SYSCO or the Subsidiary by which he was formerly employed.

(f) Consistent with Section 7.4(a), forfeiture shall occur if, at any time after his termination of employment from SYSCO or a Subsidiary and while any remaining benefit is to be paid to the Participant and/or his Beneficiaries under this Plan, and without written consent of SYSCO's Chief Executive Officer or General Counsel, the Participant, on behalf of a business which competes with SYSCO or a Subsidiary by which he was formerly employed, directly or indirectly solicits, offers employment to, hires or otherwise enters into a consulting relationship with any employee of SYSCO or any Subsidiary.

(g) Consistent with Section 7.4(a), forfeiture shall occur if, at any time after his termination of employment from SYSCO or a Subsidiary and while any remaining benefit is to be paid to the Participant and/or his Beneficiaries under this Plan, and without written consent of SYSCO's Chief Executive Officer or General Counsel, the Participant (i) fails to return to SYSCO or the Subsidiary, within ten (10) days of any request issued to the Participant, any and all trade secrets or confidential information or any portion thereof and all materials relating thereto in his possession, or (ii) fails to hold in confidence or reproduces, distributes, transmits, reverse engineers, decompiles, disassembles, or transfers, directly or indirectly, in any form, by any means, or for any purpose, any SYSCO or Subsidiary trade secrets or confidential information or any portion thereof or any materials relating thereto.

(h) Consistent with Section 7.4(a), forfeiture shall occur if, at any time after his termination of employment from SYSCO or a Subsidiary and while any remaining benefit is to be paid to the Participant and/or his Beneficiaries under this Plan, and without written consent of SYSCO's Chief Executive Officer or General Counsel, the Participant makes any disparaging comments or accusations detrimental to the reputation, business, or business relationships of SYSCO (as reasonably determined by SYSCO or a Subsidiary), and the Participant fails to retract such comments or accusations within sixty (60) days after written notice demanding such retraction has been provided to him by or on behalf of SYSCO or the Subsidiary.

7.5 Restrictions on any Portion of Total Payments Determined to be Excess Parachute Payments . In the event that any payment or benefit received or to be received by a Participant in connection with a "change of control" (as defined in Section 280G of the Code and the regulations thereunder) of SYSCO or the termination of his employment by the Company would not be deductible, whether in whole or in part, by the Company or any

Affiliate, as a result of Section 280G of the Code, the benefits payable under this Plan shall first be reduced until no portion of the Total Payments is not deductible as a result of Section 280G of the Code, or the benefits payable under this Plan have been reduced to zero. The reduction in benefits payable under this Plan shall be determined by reducing the Vested Percentage of the Participant's Vested Accrued Benefit. If any further reduction is necessary, the benefits payable under the Sysco Corporation Executive Deferred Compensation Plan shall then be reduced under the terms of that Plan. In determining this limitation: (a) no portion of the Total Payments which the Participant has waived in writing prior to the date of the payment of benefits under this Plan shall be taken into account, (b) no portion of the Total Payments which tax counsel, selected by the Company's independent auditors and acceptable to the Participant, determines not to constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code shall be taken into account, (c) no portion of the Total Payments which tax counsel, selected by the Company's independent auditors and acceptable to the Participant, determines to be reasonable compensation for services rendered within the meaning of Section 280G(b)(4) of the Code shall be taken into account, and (d) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Company's independent auditors in accordance with Sections 280G(d)(3) and (4) of the Code. Notwithstanding anything herein or otherwise to the contrary, the Compensation and Stock Option Committee of the Board of Directors, may, within its sole discretion and pursuant to an agreement approved by the Compensation and Stock Option Committee, waive application of this Section 7.5, when it determines that specific situations warrant such action.

7.6 Benefits upon Re-Employment. If a former Participant who is receiving benefit payments under this Plan is re-employed by the Company, the payment of the benefit shall continue during his period of re-employment. The re-employed former Participant's benefit shall not be changed as a result of his re-employment.

7.7 Claims Procedure. Any person who believes that he or she is being denied a benefit to which he or she is entitled under the Plan (referred to hereinafter as a "Claimant") must file a written request for such benefit with the Committee; *provided, however*, that any claim involving entitlement to, the amount of or the method or timing of payment of a benefit affected by a Change of Control shall be governed by mandatory arbitration under Section 7.7(e). Such written request must set forth the Claimant's claim and must be addressed to the Committee at the Company's principal office.

(a) **Initial Claims Decision.** The Committee shall generally provide written notice to the Claimant of its decision within ninety (90) days (or forty-five (45) days for a Disability-based claim) after the claim is filed with the Committee; *provided, however*, that the Committee may have up to an additional ninety (90) days (or up to two (2) thirty (30) day periods for a Disability-based claim), to decide the claim, if the Committee determines that special circumstances require an extension of time to decide the claim, and the Committee advises the Claimant in writing of the need for an extension (including an explanation of the special circumstances requiring the extension) and the date on which it expects to decide the claim.

(b) Appeals. A Claimant may appeal the Committee's decision by submitting a written request for review to the Committee within sixty (60) days (or 180 days for a Disability-based claim) after the earlier of receiving the denial notice or after expiration of the initial review period. Such written request must be addressed to the Committee at the Company's principal office. In connection with such request, the Claimant (and his or her authorized representative, if any) may review any pertinent documents upon which the denial was based and may submit issues and comments in writing for consideration by the Committee. If the Claimant's request for review is not received within the earlier of sixty (60) days (or 180 days for a Disability-based claim) after receipt of the denial or after expiration of the initial review period, the denial shall be final, and the Claimant shall be barred and estopped from challenging the Committee's determination.

(c) Decision Following Appeal. The Committee shall generally make its decision on the Claimant's appeal in writing within sixty (60) days (or forty-five (45) days for a Disability-based claim) following its receipt of the Claimant's request for appeal; *provided, however*, that the Committee may have up to an additional sixty (60) days (or forty-five (45) days for a Disability-based claim) to decide the claim, if the Committee determines that special circumstances require an extension of time to decide the claim and the Committee advises the Claimant in writing of the need for an extension (including an explanation of the special circumstances requiring the extension) and the date on which it expects to decide the claim. The Committee shall notify the Claimant of its decision on the Claimant's appeal in writing, regardless of whether the decision is adverse.

(d) Decisions Final; Procedures Mandatory. A decision on appeal by the Committee shall be binding and conclusive upon all persons, and completion of the claims procedures described in this Section 7.7 shall be a precondition to commencement of mandatory and binding arbitration set forth in Section 7.7(e) below. Notwithstanding the preceding sentence, the Committee may, in its sole discretion, waive the procedures described in Sections 7.7(a) through 7.7(c) as a precondition to mandatory and binding arbitration set forth in Section 7.7(e) below.

(e) Mandatory and Binding Arbitration. Any dispute that in any way relates to this Plan, including, without limitation, any benefit allegedly due under this Plan or that is the subject of any forfeiture decision under this Plan, shall be submitted to mandatory and binding arbitration before the American Arbitration Association ("AAA"), in accordance with the Employee Benefit Plan Claims Arbitration Rules established by the AAA, at the sole and exclusive jurisdiction of the AAA's regional office for the State of Delaware. The arbitrator shall be selected by permitting the Company and the Participant to strike one name each from a panel of three names obtained from the AAA from its panel of Employee Benefit Plan Claims Arbitrators. The person whose name is remaining shall be the arbitrator. The arbitrator shall determine the extent of discovery, if any, that is needed to resolve the dispute after hearing the positions of each party regarding the need for discovery. The arbitrator shall be bound to apply the laws of the State of Delaware to resolve any dispute without regard for any conflict of law principles, as Participant acknowledges that the Company is organized under the laws of the State of Delaware. The decision of the arbitrator shall be final and binding on both parties.

ARTICLE VIII
ADMINISTRATION

8.1 Committee Appointment . The Committee shall be appointed by the Board of Directors or its designee. Each Committee member shall serve until his or her resignation or removal. The Board of Directors, or its designee, shall have the sole discretion to remove any one or more Committee members and appoint one or more replacement or additional Committee members from time to time.

8.2 Committee Organization and Voting . The organizational structure and voting responsibilities of the Committee shall be as set forth in the bylaws of the Committee.

8.3 Powers of the Committee . The Committee shall have the exclusive responsibility for the general administration of this Plan according to the terms and provisions of this Plan and shall have all powers necessary to accomplish those purposes, including but not by way of limitation the right, power and authority:

(a) to make rules and regulations for the administration of this Plan;

(b) to construe all terms, provisions, conditions and limitations of this Plan;

(c) to correct any defect, supply any omission or reconcile any inconsistency that may appear in this Plan in the manner and to the extent it deems expedient to carry this Plan into effect for the greatest benefit of all parties at interest;

(d) subject to Section 7.3, to determine all controversies relating to the administration of this Plan, including but not limited to:

(i) differences of opinion arising between the Company and a Participant in accordance with Sections 7.7(a) through 7.7(c), except when the difference of opinion relates to the entitlement to, the amount of or the method or timing of payment of a benefit affected by a Change of Control, in which event, such difference of opinion shall be decided by mandatory and binding arbitration under Section 7.7(e); and

(ii) any question it deems advisable to determine in order to promote the uniform administration of this Plan for the benefit of all parties at interest; and

(e) to delegate by written notice any plan administration duties of the Committee to such individual members of the Committee, individual employees of the Company, or groups of employees of the Company, as the Committee determines to be necessary or advisable to properly administer the Plan.

8.4 Committee Discretion . The Committee has the sole power and authority to administer this Plan, and any decision made by, or action taken by, the Committee in good faith shall be final and binding on all parties,

subject to the provisions of Sections 7.7(a) through 7.7(c). Notwithstanding the foregoing, Committee decisions or actions during the Plan Year in which a Change of Control occurs and during the next three (3) succeeding Plan Years are subject to mandatory and binding arbitration pursuant to Section 7.7(e).

8.5 Reimbursement of Expenses. The Committee shall serve without compensation for their services but shall be reimbursed by SYSCO for all expenses properly and actually incurred in the performance of their duties under this Plan.

8.6 Indemnification. To the extent permitted by law, members of the Board of Directors, members of the Committee, employees of the Company, and all agents and representatives of the Company shall be indemnified by the Company, and saved harmless against any claims resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect or willful misconduct.

ARTICLE IX

ADOPTION BY SUBSIDIARIES

9.1 Procedure for and Status after Adoption . Any Subsidiary may, with the approval of the Committee, adopt this Plan by appropriate action of its board of directors . The terms of this Plan shall apply separately to each Subsidiary adopting this Plan and its Participants in the same manner as is expressly provided for Sysco and its Participants except that the powers of the Board of Directors and the Committee under this Plan shall be exercised by the Board of Directors of SYSCO or the Committee, as applicable. SYSCO and each Subsidiary adopting this Plan shall bear the cost of providing plan benefits for its own Participants. SYSCO shall initially pay the costs of the Plan each Plan Year. However, each adopting Subsidiary shall then be billed back for the actuarially determined costs pertaining to it in accordance with the appropriate Financial Accounting Standards Board pronouncements. It is intended that the obligation of SYSCO and each Subsidiary with respect to its Participants shall be the sole obligation of the Company that is employing the Participant and shall not bind any other Company.

9.2 Termination of Participation by Adopting Subsidiary . Any Subsidiary adopting this Plan may, by appropriate action of its board of directors, terminate its participation in this Plan. The Committee may, in its discretion, also terminate a Subsidiary's participation in this Plan at any time. The termination of the participation in this Plan by a Subsidiary shall not, however, affect the rights of any Participant who is working or has worked for the Subsidiary as to benefits previously accrued by the Participant under this Plan without his consent.

ARTICLE X

AMENDMENT AND/OR TERMINATION

10.1 Amendment or Termination of the Plan . The Board of Directors, the Committee, or their designees, may amend this Plan at any time by an instrument in writing without the consent of any adopting Company; *provided, however* , that authority to terminate this Plan or to make any Plan amendment that would have a significant financial statement or benefit impact on the Company shall be reserved to the Board of Directors or its designee. Notwithstanding the foregoing, in no event shall the Board of Directors have the authority to terminate this Plan during the two (2) years following a Change of Control.

10.2 No Retroactive Effect on Awarded Benefits .

(a) General Rule . Absent a Participant's prior consent, no amendment shall affect the rights of such Participant to his Vested Accrued Benefit as of the date of such amendment ("Minimum Vested Accrued Benefit") or shall change such Participant's rights under any provision relating to a Change of Control after a Change of Control has occurred.

(b) Determination of Minimum Vested Accrued Benefit . For purposes of calculating a Participant's Minimum Vested Accrued Benefit as of the date of an amendment:

(i) The Determination Date for the elements in the benefit formulas under Section 4.3 shall be the effective date of the amendment with the exception of the Vested Percentage and Benefit Limit, both of which shall be determined as of the date of the distribution event.

(ii) On and after the effective date of such amendment, for purposes of vesting under Article III and the Early Payment Criteria under Section 4.5(b), a Participant shall continue to be awarded (1) Vesting Service until such Participant's termination of employment with SYSCO and its Subsidiaries and (2) years of SERP Participation until such Participant is no longer a SERP Participant.

(c) Benefits on or after the Amendment . Notwithstanding the provisions of this Section 10.2, the Board of Directors retains the right at any time (1) to change in any manner or to discontinue the death benefit provided in Article VI and/or the additional awarding of Vesting credit under Section 5.2(c) after termination for Disability, except for a period of four (4) years after a Change of Control for those persons who at that time were covered by the death benefit and those persons who at that time were covered by the additional vesting credit for Disability, and (2) to change in any manner the benefit under Article IV, provided such benefit is not less than the minimum benefit under Section 10.2(b).

10.3 Effect of Termination. Upon termination of the Plan, the following provisions of this Section 10.3 shall apply:

(a) With respect to benefits that become payable as a result of a distribution event on or after the effective date of the Plan's termination, a Participant's: (i) Ten-Year Final Average Compensation shall be determined as of the earlier of the Determination Date specified in Section 4.1(b) or the date of the Plan's termination, (ii) Benefit Service shall cease as of the earlier of the date specified in Section 4.1(d) or the date of the Plan's termination and (iii) Three-Year Final Average Compensation under Article VI shall be determined as of the earlier of the date specified under Section 6.2(a)(i) or the date of the Plan's termination.

(b) The Board of Directors or its designee may, in its sole discretion, authorize distributions to Participants as a result of the Plan's termination, provided that:

(i) All deferred compensation arrangements sponsored by the Company that would be aggregated with this Plan under Section 1.409A-1(c) of the Treasury Regulations if the Participant participated in such arrangements are terminated;

(ii) No distributions other than distributions that would be payable under the terms of the Plan if the termination had not occurred are made within twelve (12) months of the termination of the Plan;

(iii) All distributions of all benefits to be provided hereunder are paid within twenty-four (24) months of the termination of the Plan; and

(iv) The Company does not adopt a new deferred compensation arrangement at any time within three (3) years following the date of the termination of the Plan that would be aggregated with this Plan under Section 1.409A-1(c) of the Treasury Regulations if the Participant participated in this Plan and the new arrangement.

(c) Except as otherwise provided in Section 10.3(a) and 10.3(b), on and after the effective date of the Plan's termination, (i) the Plan shall continue to be administered as it was prior to the Plan's termination, (ii) all retirement benefits accrued prior to the date of termination shall be payable only under the conditions, at the time, and in the form then provided in this Plan, (iii) no Participant shall be entitled to Plan benefits solely as a result of the Plan's termination in accordance with the provisions of this Article X, and (iv) the forfeiture provisions of Sections 7.3 and 7.4, and the restrictions set forth in Section 7.5 shall continue in effect.

ARTICLE XI

FUNDING

11.1 Payments Under This Plan are the Obligation of the Company . The Company shall pay the benefits due the Participants under this Plan; however, should it fail to do so when a benefit is due, the benefit shall be paid by the trustee of that certain trust agreement by and between the Company and JPMorgan Chase Bank, with respect to the funding of the Plan. In any event, if the trust fails to pay for any reason, the Company still remains liable for the payment of all benefits provided by this Plan.

11.2 Plan May Be Funded Through Life Insurance Owned by the Company or a Rabbi Trust . It is specifically recognized by both the Company and the Participants that the Company may, but is not required to, purchase life insurance so as to accumulate assets to fund the obligations of the Company under this Plan, and that the Company may, but is not required to contribute any policy or policies it may purchase and any amount it finds desirable to a trust established to accumulate assets sufficient to fund the obligations of all of the Companies under this Plan. However, under all circumstances, the Participants shall have no rights to any of those policies; and, likewise, under all circumstances, the rights of the Participants to the assets held in the trust shall be no greater than the rights expressed in this Plan and the trust agreement. Nothing contained in the trust agreement which creates the funding trust shall constitute a guarantee by any Company that assets of the Company transferred to the trust shall be sufficient to pay any benefits under this Plan or would place the Participant in a secured position ahead of general creditors should the Company become insolvent or bankrupt. Any trust agreement prepared to fund the Company's obligations under this Plan must specifically set out these principles so it is clear in that trust agreement that the Participants in this Plan are only unsecured general creditors of the Company in relation to their benefits under this Plan.

11.3 Reversion of Excess Assets . Any Company may, at any time, request the actuary, who last performed the annual actuarial valuation of the Pension Plan, to determine the present value of the Vested Accrued Benefit assuming the Vested Accrued Benefit to be fully vested (whether it is or not), as of the end of the Plan Year coincident with or last preceding the request, of all Participants and Beneficiaries of deceased Participants for which all Companies are or will be obligated to make payments under this Plan. If the fair market value of the assets held in the trust, as determined by the Trustee as of that same date, exceeds the total of the Vested Accrued Benefits of all Participants and Beneficiaries by 25%, any Company may direct the trustee to return to such Company its proportionate part of the assets which are in excess of 125% of the Vested Accrued Benefits. Each Company's share of the excess assets shall be the Participants' present value of the Vested Accrued Benefit earned while in the employ of that Company as compared to the total of the present value of the Vested Accrued Benefits earned by all Participants under the Plan times the excess assets. For this purpose, the present value of the Vested Accrued Benefit shall be calculated using the data for the preceding Plan Year brought forward using the assumptions used to determine the actuarially determined costs according to the appropriate Financial Accounting Standards Board pronouncements. If there has been a Change of Control, to determine excess assets, all contributions made prior to

the Change of Control shall be subtracted from the fair market value of the assets held in the trust as of the determination date but before the determination is made.

11.4 Participants Must Rely Only on General Credit of the Company. The Company and the Participants recognize that this Plan is only a general corporate commitment, and that each Participant is merely an unsecured general creditor of the Company with respect to any of the Company's obligations under this Plan, even if the Company, pursuant to Section 11.1, establishes a rabbi trust to fund all or a part of its obligations under this Plan.

11.5 Funding of Benefits for Participants Subject to Canadian Income Tax Laws is Prohibited. No Company employing a Participant whose income is subject to the Canadian tax laws shall be permitted to fund its obligation to that person through any rabbi trust, fund, sinking fund, or other financial vehicle even though under applicable law the assets held to fund the obligation are still subject to the general creditors of the Company.

ARTICLE XII
MISCELLANEOUS

12.1 Responsibility for Distributions and Withholding of Taxes. The Committee shall furnish information, to the Company last employing the Participant, concerning the amount and form of distribution to any Participant entitled to a distribution so that the Company may make or cause the Rabbi Trust to make the distribution required. The Committee shall also calculate the deductions from the amount of the benefit paid under this Plan for any taxes required to be withheld by federal, state, local, or foreign government and shall cause them to be withheld.

12.2 Limitation of Rights. Nothing in this Plan shall be construed:

- (a) to give a Participant any right with respect to any benefit except in accordance with the terms of this Plan;
- (b) to limit in any way the right of SYSCO or a Subsidiary to terminate a Participant's employment;
- (c) to evidence any agreement or understanding, expressed or implied, that SYSCO or a Subsidiary shall employ a Participant in any particular position or for any particular remuneration; or
- (d) to give a Participant or any other person claiming through him any interest or right under this Plan other than that of any unsecured general creditor of the Company.

12.3 Distributions to Incompetents or Minors. Should a Participant become incompetent or should a Participant designate a Beneficiary who is a minor or incompetent, the Committee is authorized to pay the funds due to the parent of the minor or to the guardian of the minor or incompetent or directly to the minor or to apply those funds for the benefit of the minor or incompetent in any manner the Committee determines in its sole discretion.

12.4 Nonalienation of Benefits. No right or benefit provided under this Plan is subject to transfer, anticipation, alienation, sale, assignment, pledge, encumbrance or charge by the Participant, except upon his death to a named Beneficiary as provided in this Plan. If any Participant or any Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, assign, pledge, encumber or charge any right or benefit under this Plan, that right or benefit shall, in the discretion of the Committee, be forfeited. In that event, the Committee may have the Company hold or apply the right or benefit or any part of it to the benefit of the Participant or Beneficiary, his or her spouse, children or other dependents or any of them in any manner and in any proportion the Committee believes to be proper in its sole and absolute discretion, but is not required to do so.

12.5 Reliance upon Information. The Committee shall not be liable for any decision or action taken in good faith in connection with the administration of this Plan. Without limiting the generality of the foregoing, any decision or action taken by the Committee when it relies upon information supplied it by any officer of the

Company, the Company's legal counsel, the Company's actuary, the Company's independent accountants or other advisors in connection with the administration of this Plan shall be deemed to have been taken in good faith.

12.6 Amendment Applicable to Active Participants Only Unless it Provides Otherwise. No benefit which has accrued to any Participant who has died, retired, become disabled or separated or who is a Frozen Participant prior to the execution of an amendment shall be changed in amount or subject to any adjustment provided in that amendment unless the amendment specifically provides that it shall apply to those persons and it does not have the effect of reducing those persons Vested Accrued Benefit as then fixed without their consent.

12.7 Severability. If any term, provision, covenant or condition of this Plan is held to be invalid, void or otherwise unenforceable, the rest of this Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

12.8 Notice. Any notice or filing required or permitted to be given to the Committee or a Participant shall be sufficient if in writing and hand delivered or sent by U.S. mail to the principal office of the Company or to the residential mailing address of the Participant. Notice shall be deemed to be given as of the date of hand delivery or if delivery is by mail, as of the date shown on the postmark.

12.9 Gender and Number. If the context requires it, words of one gender when used in this Plan shall include the other genders, and words used in the singular or plural shall include the other.

12.10 Governing Law. The Plan shall be construed, administered and governed in all respects by the laws of the State of Delaware. Consistent with Section 7.7(e) of this Plan, the Participant and the Company agree that subject to the provisions of Sections 7.7(a) through 7.7(c), the sole and exclusive jurisdiction for any dispute under this Plan shall lie with the AAA's regional office for the State of Delaware, and the parties hereby waive any jurisdictional or venue-related defense to conducting arbitration at this location.

12.11 Effective Date. The Plan was originally effective as of July 3, 1988. This Seventh Amended and Restated Sysco Corporation Supplemental Executive Retirement Plan is effective as of June 28, 2008.

12.12 Compliance with Section 409A. This Plan is intended to comply with Section 409A of the Code in both form and operation, and any ambiguities therein shall be interpreted, to the extent possible, in a manner that complies with Section 409A of the Code.

**FIRST AMENDED AND RESTATED
SYSCO CORPORATION
2005 MANAGEMENT INCENTIVE PLAN**

This FIRST AMENDED AND RESTATED SYSCO CORPORATION 2005 MANAGEMENT INCENTIVE PLAN (the “Plan”) effective as of May 14, 2008, was recommended by the Compensation Committee (the “Committee”) of the Board of Directors (the “Board of Directors”) of Sysco Corporation (the “Company”) on May 14, 2008, and adopted by the Board of Directors of the Company on May 14, 2008.

WHEREAS, the Company, with the approval of the shareholders, adopted that certain Sysco Corporation 2005 Management Incentive Plan, effective as of November 11, 2005, as amended by that certain First Amendment of the 2005 Management Incentive Plan, dated July 13, 2007, (the “Current Plan”); and

WHEREAS, pursuant to Section 11 of the Current Plan, the Board of Directors has the authority, at any time, to amend the Current Plan; and

WHEREAS, the Board of Directors has determined that it is desirable and in the best interest of the Company that certain amendments be made to the Current Plan in order to remove the provision that requires an additional common stock bonus equal to 28% of the cash bonus earned by a participant pursuant to the terms of the Current Plan, and all corresponding references to the additional stock bonus contained within the Current Plan; and

NOW, THEREFORE, effective as of the first day of the Company’s 2008 fiscal year, the Current Plan is hereby amended and restated in its entirety, as follows:

1. Statement of Principle

The purpose of the Plan is to reward (i) certain key management personnel for outstanding performance in the management of the divisions or Operating Companies (as hereinafter defined) of the Company and (ii) certain corporate personnel for managing the operations of the Company as a whole and/or managing the operations of certain Operating Companies (as hereinafter defined). For purposes of the Plan, the term “Operating Company” means (a) any corporation which is a member of a “controlled group of corporations” which includes the Company, as defined in Internal Revenue Code of 1986, as amended (the “Code”) Section 414(b), (b) any trade or business under “common control” with the Company, as defined in Code Section 414(c), (c) any organization which is a member of an “affiliated service group” which includes the Company, as defined in Code Section 414(m), (d) any other entity required to be aggregated with the Company pursuant to Code Section 414(o), and (e) any other organization or employment location designated as a “Operating Company” by resolution of the Board of Directors. All references to periods in the Plan are to fiscal periods unless otherwise specifically noted.

2. Plan Compensation Committee

The Compensation Committee (the “Committee”) of the Board of Directors is charged with structuring, proposing the implementation of, and implementing the terms and conditions of, the Plan. The Committee shall have the authority to adopt, alter and repeal such rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any award issued under the Plan (and any agreements relating thereto) including without limitation the manner of determining financial and accounting concepts discussed in the Plan; to otherwise supervise the administration of the Plan; and, except as to the application of the Plan to executive officers, to delegate such authority provided to it hereunder as it may deem necessary or appropriate to the Chairman of the Board, Chief Executive Officer, President and any Executive Vice President, and any of them individually. All decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee’s sole discretion and shall be final and binding on all persons, including the Company and Participants (hereinafter defined).

3. Participants

The participants in the Plan for a fiscal year shall be designated by the Committee from the persons who are employed by any Operating Company or the Company, in the following capacities (Operating Company Participants, Corporate Participants, Designated Participants and Senior Executive Participants are referred to collectively as “Participants” or individually as a “Participant”):

Operating Company Participants — Persons who serve as an officer of an Operating Company.

Corporate Participants — Persons who serve as an officer of the Company who are also employees of the Company or an Operating Company.

Designated Participants — Persons other than Corporate Participants or Operating Company Participants who are employed by an Operating Company or by the corporate office of the Company who are designated by the Committee from time to time.

Senior Executive Participants — Persons who are “covered employees” of the Company within the meaning of Code Section 162(m) and Treasury Regulation 1.162-27(c)(2) (or any successor statute or regulation section, or any administrative interpretation thereof) (the “Executive Compensation Provisions”) during a fiscal year of the Company and who have been designated by the Committee as Corporate, Operating Company or Designated Participants in the Plan for such fiscal year. If a Participant is *both* a Senior Executive Participant and a Corporate, Operating Company or Designated Participant during a fiscal year as a result of the application of the Executive Compensation Provisions, he or she shall be considered a Senior Executive Participant, and *not* a Corporate, Operating Company or Designated Participant, during such fiscal year, and shall be subject to any and all restrictions applicable to Senior Executive Participants hereunder during such fiscal year.

To the extent possible, the Committee shall designate Participants in the Plan prior to the commencement of the fiscal year for which such designated Participants will be entitled to a bonus under the Plan, or as soon as practicable during the fiscal year in which a person first becomes eligible to be a Participant. Subject to Section 7 below with respect to a Change of Control, once designated as a Participant, the Committee can remove an employee as a Participant with or without cause at any time and the Participant shall not be entitled to any bonus under the Plan for the year in which he or she is removed regardless of when during such year he or she is removed.

4. Method of Operation

The bonus which a Participant can earn is based (i) on the performance of the Company as a whole and (ii) (A) (as to Operating Company Participants and possibly Designated Participants and certain Senior Executive Participants) either the performance of the Operating Company which employs such Participant or the performance of the Operating Company designated by the Committee as the Operating Company by reference to which the bonus is to be determined and (B) (as to Corporate and possibly Designated Participants and certain Senior Executive Participants) the performance of a select group of Operating Companies ((i) and (ii), collectively or singly, "Performance"), subject to the discretion of the Committee to formulate a different bonus structure as to any Participant, other than Senior Executive Participants. Subject to the provisions of Paragraph (ii) of Section 4(D), the bonus is calculated with respect to an entire fiscal year and, if earned, shall be paid in accordance with Section 6 hereof.

(A) Operating Company Participants and Certain Senior Executive Participants.

With respect to each Operating Company Participant and each Senior Executive Participant who would be an Operating Company Participant but for the application of the Executive Compensation Provisions, a portion of the bonus may depend upon the return on capital and/or increase in pretax earnings of the Operating Company employing such Participant; a portion of the bonus may depend upon the return on stockholder's equity and increase in earnings per share of the Company as a whole; and a portion of the bonus may depend upon any one or more of the following performance factors: (i) sales of the Company and/or one or more Operating Companies, (ii) pretax earnings of the Company, (iii) net earnings of the Company and/or one or more Operating Companies, (iv) control of operating and/or nonoperating expenses of the Company and/or one or more Operating Companies, (v) margins of the Company and/or one or more Operating Companies, (vi) market price of the Company's securities, (vii) market share, (viii) "economic value added," as determined pursuant to an objective formula approved by the Committee ("EVA"), and (ix) with respect to Participants other than Senior Executive Participants, other factors directly tied to the performance of the Company and/or one or more Operating Companies. The relative weights of the factors considered and the percentages of the total bonus comprised by the portion of the bonus determined with respect to the Operating Company employing the Participant or the Operating Company designated by the Committee as the Operating Company by reference to which the Bonus is to be determined and the portion of the bonus determined with respect to the Company shall be determined by the Committee in its sole

discretion. Notwithstanding the foregoing, the Committee may alter the bonus formula with respect to any such Participant by changing the performance targets as determined in the sole discretion of the Committee; provided, however, the Committee cannot change the performance targets after the first ninety (90) days of the fiscal year with respect to Senior Executive Participants.

In addition to the bonus calculated in accordance with the first paragraph of Section 4(A) above, an Operating Company Participant may also be entitled to an additional bonus (“ Additional Bonus ”) if awarded by the Committee in its sole discretion. The Additional Bonus may be established by the Committee at one or more times during such fiscal year or within ninety (90) days following the end of such fiscal year based on such criteria as the Committee may develop in its sole discretion.

(B) Corporate Participants and Certain Senior Executive Participants.

With respect to a Corporate Participant or Senior Executive Participant who would be a Corporate Participant but for the application of the Executive Compensation Provisions and subject to the further adjustments and additions provided for in the Plan, a portion of the bonus may depend upon the return on stockholder’s equity and increase in earnings per share of the Company; a portion of the bonus may depend upon the return on capital of one or more of the Operating Companies and/or the increase in pretax earnings of one or more of the Operating Companies; and a portion of the bonus may depend upon any one or more of the following performance factors: (i) sales of the Company and/or one or more Operating Companies, (ii) pretax earnings of the Company, (iii) net earnings of the Company and/or one or more Operating Companies, (iv) control of operating and/or nonoperating expenses of the Company and/or one or more Operating Companies, (v) margins of the Company and/or one or more Operating Companies, (vi) market price of the Company’s securities, (vii) market share, (viii) EVA, and (ix) with respect to Participants other than Senior Executive Participants, other factors directly tied to the performance of the Company and/or one or more Operating Companies. The relative weights of the factors considered and the percentage of the total bonus comprised by the portion of the bonus determined with respect to the Operating Companies of the Company and the portion determined with respect to the Company shall be determined by the Committee in its sole discretion. Notwithstanding the foregoing, the Committee may alter the bonus formula with respect to any such Participant by changing the performance targets as determined in the sole discretion of the Committee; provided, however, the Committee cannot change the performance targets after the first ninety (90) days of the fiscal year with respect to Senior Executive Participants.

(C) Designated Participants.

The Committee may formulate a bonus structure for each Designated Participant which is based on performance factors determined by the Committee in its sole discretion. The bonus structure for any Designated Participant may be similar to or may vary materially from the bonus structure for Corporate Participants or Operating Company Participants.

(D) *General Rules Regarding Bonus Calculation.*

(i) Subject to the provisions of Paragraph (ii) of this Section 4(D), in determining whether or not the results of operations of an Operating Company or Operating Companies or the Company for a given fiscal year result in a bonus, generally accepted accounting principles shall be applied on a basis consistent with prior periods, and such determination shall be based on the calculations made by the Company and binding on each Participant. Except as provided in Section 9 as to Senior Executive Participants, there is no limit to the bonus that can be obtained. Prior to payment of the bonus to a Senior Executive Participant, other than a bonus pursuant to Section 7, the Committee must certify that the performance goals and other material terms of the Plan have been achieved with respect to such Senior Executive Participant.

(ii) This paragraph (ii) of Section 4(D) shall apply whenever a fiscal year containing 53 weeks (a “Long Fiscal Year”) is either the fiscal year as to which a bonus may be paid, or is the prior fiscal year as to which Performance is calculated and compared to Performance in the current fiscal year. In making any determination as to whether Performance criteria have been satisfied or as to the amount of any bonus with respect to a fiscal year, every numerical measure of Performance for a Long Fiscal Year shall be deemed to be a number equal to the numerical measure of such Performance as calculated in accordance with generally accepted accounting principles (the “GAAP Measure”) minus (1/14 multiplied by the GAAP Measure calculated with respect to the last quarter of such fiscal year); *provided that*, where any Performance measure for a Long Fiscal Year represents, or is derived from, the product or quotient of two such GAAP Measures, or is a ratio of two such GAAP Measures (each of which a “Relative Measure”), and where both components of the Relative Measure are GAAP Measures with respect to the Long Fiscal Year, the Relative Measure shall not be so adjusted.

Notwithstanding the foregoing, the Committee may exercise discretion in determining the extent of adjustment, if any, to the calculation of any measure of Performance for a Long Fiscal Year appropriate to more accurately compare Performance during a Long Fiscal Year to that during a 52-week fiscal year; *provided that*, the Committee may not exercise such discretion after the first ninety (90) days of the fiscal year with respect to Senior Executive Participants.

5. No Employment Arrangements Implied

Nothing herein shall imply any right of employment for a Participant, and except as set forth in Section 7 with respect to a Change of Control or as otherwise determined by the Committee, in its discretion, if a Participant is terminated, voluntarily or involuntarily, with or without cause, prior to the end of a given fiscal year, such Participant shall not be entitled to any bonus for such fiscal year regardless of whether or not such bonus had been or would have been earned in whole or in part, but any unpaid bonus earned with respect to a prior fiscal year shall not be affected.

6. Payment

Within ninety (90) days following the end of each fiscal year, the Company shall determine the amount of any bonus earned by each Participant pursuant to the provisions of Section 4 above. Such bonus shall be payable in cash. The amount of any bonus that a Participant is

entitled to receive for a fiscal year shall be determined as of the last day of such fiscal year. The Company shall pay any bonus earned under the Plan no later than 90 days after the end of the fiscal year to which it relates.

7. Change of Control

“Change of Control” means the occurrence of one or more of the following events:

(A) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then-outstanding shares of Common Stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section 10(A), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company or (4) any acquisition by any corporation pursuant to a transaction that complies with Sections 10(C)(i), 10(C)(ii) and 10(C)(iii);

(B) The occurrence of the following: Individuals who, as of September 9, 2005, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to September 9, 2005 whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(C) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of Common Stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the

Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(D) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding anything to the contrary contained herein, and in lieu of any other payments due hereunder other than pursuant to this Section 7, within ninety (90) days following the date on which a Change of Control shall have occurred, each person who was a Participant at the time of the Change of Control shall be paid a cash bonus hereunder, equal to the following (subject to reduction in the case of certain severance payments, as set forth below): the product of (i) a fraction equal to the number of days in the fiscal year in which the Change of Control occurs up to and including the date of the Change of Control divided by 365, and (ii) the bonus that would have been paid under this Plan, calculated using a Performance measure equal to the product of (a) the Company's Performance through and including the end of the most recently completed fiscal quarter occurring prior to and in the same fiscal year as the Change of Control (the "Measurement Date"), calculated in accordance with generally accepted accounting principles (the "Change of Control GAAP Measure"), and (b) a fraction, the numerator of which is 365 and the denominator of which is the number of days in such fiscal year up to and including the Measurement Date; *provided that*, where any Performance measure represents, or is derived from, the product or quotient of two such Change of Control GAAP Measures, or is a ratio of two such Change of Control GAAP Measures (each of which a "Relative Change of Control Measure"), and where both components of the Relative Change of Control Measure are Change of Control GAAP Measures with respect to such year, the Relative Change of Control Measure shall not be multiplied by the fraction described in (b) above, but shall be calculated as of the Measurement Date and used without adjustment.

In addition to any bonus paid or payable pursuant to the foregoing paragraph, any Participant who remains in the employ of the Company on the last day of the fiscal year in which a Change of Control occurs shall be entitled to receive, in cash, to be paid within ninety (90) days after the end of the fiscal year, an amount equal to the difference between (a) the bonus that would have been paid to him or her for such fiscal year under the Plan as in effect on the date of the Change of Control, using the Company's actual Performance, and (b) the amount paid pursuant to the foregoing paragraph, but only to the extent that the bonus that would have been paid hereunder is greater than the amount paid pursuant to the foregoing paragraph.

Notwithstanding the foregoing, with respect to the Company's current Chairman, Chief Executive Officer, and President, Richard J. Schnieders, and any Participant who is a party to the Company's form of severance agreement on file with the Securities and Exchange Commission, or any future severance agreement with the Company, any bonus paid pursuant to this Section 7 shall be reduced, but to not less than zero, by the amount of any payment pursuant to such Participant's severance agreement that is determined or calculated with respect to payments received or to be received under this Plan or any predecessor or successor thereof.

8. Amendments and Termination

The Plan may be amended at any time by the Board of Directors and any such amendment shall be effective as of commencement of the fiscal year during which the Plan is amended, regardless of the date of the amendment, unless otherwise stated by the Board of Directors. The Plan may be terminated at any time by the Board of Directors and termination will be effective as of the commencement of the fiscal year in which such action to terminate the Plan is taken. The Plan will terminate, and no further awards may be made hereunder, on November 11, 2010. Any awards granted prior to November 11, 2010 that have not yet been paid as of that date will continue to remain outstanding and will be payable in accordance with and to the extent provided in the Plan and the applicable grant agreements or programs. Notwithstanding the foregoing, no amendment or termination following a Change of Control may in any way decrease or eliminate a payment due pursuant to Section 7.

9. Overall Limitation upon Payments under Plan to Senior Executive Participants

Notwithstanding any other provision in the Plan to the contrary, in no event shall any Senior Executive Participant be entitled to a bonus amount for any fiscal year in excess of \$10 million.

10. Prior Plan

As of its effective date, May 14, 2008, this Plan shall supersede the Current Plan. No further awards will be granted under the Current Plan following such date, but any awards granted under the Current Plan prior to May 14, 2008 that have not yet been paid as of that date will continue to remain outstanding and will be payable in accordance with and to the extent provided in the Current Plan and the applicable grant agreements or programs.

[Form Agreement for CEO, COO, and EVPs]

**FISCAL YEAR 2009
2005 MANAGEMENT INCENTIVE PLAN
BONUS AGREEMENT**

This **SYSCO CORPORATION FISCAL YEAR 2009 MANAGEMENT INCENTIVE PLAN BONUS AGREEMENT** (this “Agreement”) was adopted by the Plan Committee pursuant to the First Amended and Restated Sysco Corporation 2005 Management Incentive Plan (the “Plan”) (a copy of which is attached as **Exhibit 1**) and agreed to by the Company and _____ (“Executive”) effective June 27, 2008. This Agreement is effective for the fiscal year ending June 27, 2009 (the “Plan Year”). Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Plan.

1. Calculation of Bonus. Subject to the further adjustments, limitations and additions provided for in the Plan and this Agreement, Executive’s bonus under this Agreement shall be equal to the product of: (i) Executive’s MIP Salary; and (B) the Table B Percentage. Notwithstanding the foregoing, Executive will be entitled to a bonus under this Agreement only if the Company achieves an Increase in Earnings per Share of at least four percent (4%) for the Plan Year and a 3-Year Average Return on Capital of at least ten percent (10%) for the three fiscal years ending with the Plan Year.

(b) General Rules Regarding Bonus Calculation.

(i) Consistent Accounting. In determining whether or not Executive is entitled to a bonus under this Agreement, the Company’s accounting practice and generally accepted accounting principles shall be applied on a basis consistent with prior periods, and such determination shall be based on the calculations made by the Company, approved by the Plan Compensation Committee and binding on Executive. Notwithstanding the foregoing, if there is any material change in GAAP during a Plan Year that results in a material change in accounting for the revenues or expenses of the Company the calculations of the Table B Percentage for the Plan Year (the “GAAP Change Year”) shall be made as if such change in GAAP had not occurred during the GAAP Change Year. In determining the Increase in Earnings Per Share for the Company in the year following the GAAP Change Year, the calculation shall be made after taking into account such change in GAAP. In determining the 3-Year Average Return on Capital of the Company in the year following the GAAP Change Year, the calculation shall be made as if such accounting rules were in effect for the entire calculation period.

(ii) Maximum Bonus. Nothing contained in the Plan or this Agreement shall be construed to allow the payment of a bonus under this Agreement based on a percentage in excess of the maximum percentage set forth on Table B, attached hereto. Notwithstanding any other provision in this Agreement to the contrary, Executive’s bonus amount for the Plan Year cannot exceed 1% of the Company’s earnings before income taxes as publicly disclosed in the “Consolidated Results of Operations” section of the financial statements contained in the Company’s annual report to the Securities and Exchange Commission on Form 10-K for the Plan Year.

(iii) Tax Law Changes. If the Internal Revenue Code is amended during the Plan Year and, as a result of such amendment(s), the effective tax rate applicable to the earnings of the Company (as described in the Income Taxes footnote to the financial statements contained in the Company’s annual report to the Securities and Exchange Commission on Form 10-K for the Plan Year) changes during the year, the calculation of Table B Percentage for such Plan Year (the “Rate Change Year”) shall be made as if such rate change had not occurred during the Rate Change Year. In determining the Increase in Earnings Per Share for the Company in the year following the Rate Change Year, the calculation shall be made after taking into account such rate change. In determining the 3-Year Average Return on Capital for the Company in the year following the Rate Change Year, the calculation shall be made as if such rate change were in effect for the entire calculation period.

2. Extraordinary Events. If, during the Plan Year, the Company experiences an Extraordinary Event(s) that results in the Company recognizing a net after-tax gain or net after-tax income

(on a consolidated basis) with respect to such Extraordinary Event(s) (“Extraordinary Income”), the Plan Committee may reduce the Company Performance Bonus payable to Executive under this Agreement in its sole and absolute discretion; provided however, that the Plan Committee may not reduce the bonus payable to Executive under this Agreement to an amount less than the bonus Executive would have earned if the Company did not include the Extraordinary Income in the calculation of Executive’s bonus for the Plan Year.

3. Payment. Within ninety (90) days following the end of the Plan Year, the Company shall determine and the Plan Committee shall approve the amount of any bonus earned by Executive under this Agreement. Such bonus shall be payable in the manner, at the times and in the amounts provided in the Plan.

4. Definitions

(a) For Calculations Regarding Table B:

(i) Total Capital: — for any given fiscal year, and with respect to the Company, the sum of the following:

(A) Stockholder’s Equity: — the average of the amounts outstanding for the Company at the end of each fiscal quarter for which the computation is being made (quarterly average basis).

(B) Long-Term Debt: — the average of the long-term portion of the debt of the Company outstanding at the end of each fiscal quarter for which the computation is being made (quarterly average basis).

(ii) Return on Capital: — the Return on Capital for the Company is expressed as a percentage and is computed by dividing the Company’s net after-tax earnings for the relevant fiscal year by the Company’s Total Capital for the relevant fiscal year.

(iii) 3-Year Average Return on Capital: — the average Return on Capital for the Company for the three fiscal years ending with the Program Year.

(iv) Increase in Earnings Per Share: — expressed as a percentage increase of the net after-tax fully diluted earnings per share of the Company for the year over the prior year’s net after-tax fully diluted earnings per share of the Company.

(v) Table B Percentage: — the percentage determined from Table B attached hereto which coincides with the 3-Year Average Return on Capital and Increase in Earnings Per Share for the Company as a whole.

(b) Extraordinary Event. The sale or exchange of an operating division or subsidiary of the Company.

(c) Method of Calculating Quarterly Averages: — In determining the average amount outstanding of stockholders’ equity, and long-term debt under paragraphs 4(a)(i)(A) and 4(a)(i)(B), above, such averages shall be determined by dividing five (5) into the sum of the amounts outstanding of the relevant category at the end of each of the four quarters of the relevant fiscal year plus the amount outstanding of the relevant category at the beginning of the relevant fiscal year.

(d) MIP Salary — Executive’s base salary as of the end of the Plan Year.

5. Term of Agreement. This Agreement shall be effective only for the Plan Year.

6. No Employment Arrangement Implied. Nothing in this Agreement or the Plan shall imply any right of employment for Executive, and except as set forth in Section 9 of the Plan with respect to a Change of Control or as otherwise determined by the Committee, in its discretion, if Executive is terminated, voluntarily or involuntarily, with or without cause, prior to the end of the Plan Year, Executive shall not be entitled to any bonus for the Plan Year regardless of whether or not such bonus had been or would have been earned in whole or in part, but any unpaid bonus earned with respect to a prior fiscal year shall not be affected.

7. Plan Provisions shall Govern. This Agreement is subject to and governed by the Plan and in the case of any conflict between the terms of this Agreement and the contents of the Plan, the terms of the Plan will control.

8. Governing Law. The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without regard to the principle of conflict of laws.

9. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

10. Severability. Provided the other provisions of this Agreement do not frustrate the purpose and intent of the law, in the event that any portion of this Agreement shall be determined to be invalid or unenforceable to any extent, the same shall to that extent be deemed severable from this Agreement, and the invalidity or unenforceability thereof shall not affect the validity and enforceability of the remaining portion of this Agreement.

11 Amendment and Termination. The Company may amend this Agreement at any time without the approval of Executive up to and until the day that is ninety (90) day after the beginning of the Plan Year. No amendments may be made to this Agreement after the date that is ninety (90) days after the beginning of the Plan Year. Notwithstanding anything to the contrary contained in this Agreement, the Company may terminate this Agreement at any time during the Plan Year and Executive shall not be entitled to any bonus under this Agreement for the Plan Year regardless of when during the Plan Year this Agreement is terminated.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and Executive has executed this Agreement as of the day and year first written above.

SYSCO CORPORATION

EXECUTIVE

By: _____
Title: _____

[Name of Executive]



EXHIBIT 1
"PLAN"

TABLE B
MANAGEMENT INCENTIVE PLAN
OVERALL COMPANY PERFORMANCE

3-YR AVG RETURN ON CAPITAL	PERCENTAGE INCREASE IN EARNINGS PER SHARE																
	4-5%	5-6%	6-7%	7-8%	8-9%	9-10%	10-11%	11-12%	12-13%	13-14%	14-15%	15-16%	16-17%	17-18%	18-19%	19-20%	20%+
10%	20	40	60	70	80	90	100	110	120	130	140	150	160	165	170	175	180
11%	30	50	70	80	90	100	110	120	130	140	150	160	170	175	180	185	190
12%	40	60	80	90	100	110	120	130	140	150	160	170	180	185	190	195	200
13%	50	70	90	100	110	120	130	140	150	160	170	180	190	195	200	205	210
14%	60	80	100	110	120	130	140	150	160	170	180	190	200	205	210	215	220
15%	70	90	110	120	130	140	150	160	170	180	190	200	210	215	220	225	230
16%	80	100	120	130	140	150	160	170	180	190	200	210	220	225	230	235	240
17%	90	110	130	140	150	160	170	180	190	200	210	220	230	235	240	245	250
18%	100	120	140	150	160	170	180	190	200	210	220	230	240	245	250	255	260
19%	100	120	140	160	170	180	190	200	210	220	230	240	250	255	260	265	270
20%	100	120	140	160	180	190	200	210	220	230	240	250	260	265	270	275	280
21%	100	120	140	160	180	200	210	220	230	240	250	260	270	275	280	285	290
22%	100	120	140	160	180	200	220	230	240	250	260	270	280	285	290	295	300
23%	100	120	140	160	180	200	220	240	250	260	270	280	290	295	300	305	310
24%	100	120	140	160	180	200	220	240	260	270	280	290	300	305	310	315	320
25%+	100	120	140	160	180	200	220	240	260	280	290	300	310	315	320	325	330

**RESOLUTIONS OF THE
BOARD OF DIRECTORS OF
SYSCO CORPORATION**

May 14, 2008

Termination of the 2006 Supplemental Performance-Based Bonus Plan

WHEREAS, the Board of Directors (the “Board”) of Sysco Corporation (the “Corporation”), upon recommendation of the Compensation Committee of the Board (the “Committee”) desires to terminate the Sysco Corporation 2006 Supplemental Performance-Based Bonus Plan (the “Plan”), effective as of the first day of the Corporation’s 2008 fiscal year, provided that any agreements currently outstanding pursuant to the Plan between the Corporation and any of its employees remain in full force and effect, and the Corporation honors all of its obligations under such agreements according to the specific terms of each such agreement; provided further that any amounts paid pursuant to such agreements shall be paid pursuant to the Plan for purposes of the Corporation’s Executive Deferred Compensation Plan (“EDCP”); and

WHEREAS, Article 6 of the Plan authorizes the Board to terminate the Plan at any time, with such termination becoming effective as of the commencement of the fiscal year in which such action to terminate the Plan is taken.

RESOLVED, that in order to effect the foregoing, the Board hereby terminates the Plan, effective as of the first day of the Corporation’s 2008 fiscal year; and

RESOLVED, that the Corporation will continue to honor all agreements currently outstanding pursuant to the Plan between the Corporation and any of its employees according to the specific terms of any such agreement, all such agreements shall remain in full force and effect, and any amounts paid pursuant to such agreements shall be treated as paid pursuant to the Plan for purposes of the EDCP; and

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed to take any and all actions, execute any and all documents, agreements and instruments, make any and all filings and expenditures and take any and all steps deemed by them to be necessary, desirable or appropriate in order to carry out the purpose and intent of and to consummate any of the actions contemplated by any of the foregoing resolutions in the name of and on behalf of the Corporation; and

RESOLVED, that any and all actions heretofore taken in conformity with the foregoing are hereby ratified and approved.

**FISCAL YEAR 2009
SUPPLEMENTAL BONUS AGREEMENT**

This Fiscal Year 2009 Supplemental Bonus Agreement (the “*Agreement*”) was approved by the Compensation Committee of the Board of Directors (the “*Committee*”) of Sysco Corporation (the “*Company*”), and agreed to by the Company and _____ (“*Executive*”) effective June 27, 2008. This Agreement is for the Company’s fiscal year ending June 27, 2009 (the “*Fiscal Year*”).

1. Implementation and Administration of Agreement. The Committee shall implement and administer the terms and conditions of this Agreement. All decisions made by the Committee pursuant to the provisions of this Agreement shall be made in the Committee’s sole discretion and shall be final and binding on all persons, including the Company and Executive.

2. Evaluation of Performance. Within 90 days after the end of the Fiscal Year, the Committee shall complete an evaluation of Executive’s performance for such Fiscal Year, including but not limited to a review of the following performance areas: (a) implementation of the Company’s long-term strategy, (b) succession planning and (c) implementation of the Company’s planned information technology initiatives. Based upon this evaluation, Executive’s compensation for the Fiscal Year will be adjusted, in the Committee’s sole discretion, as follows:

(a) Performance Exceeds Expectations. If Executive’s performance for the Fiscal Year “exceeds expectations,” Executive will be entitled to receive a bonus (the “*Performance Bonus*”) equal to (x) the Adjustment Factor multiplied by (y) the bonus earned by Executive for such Fiscal Year under the Sysco Corporation 2005 Management Incentive Plan, as it may be amended (the “*MIP Bonus*”). For purposes of this Section 2(a) and Section 2(c) below, the “*Adjustment Factor*” shall be a percentage of up to 25% selected by the Committee based upon the Committee’s determination of Executive’s performance for such Fiscal Year.

(b) Performance Meets Expectations. If Executive’s performance for the Fiscal Year “meets expectations,” Executive shall not be entitled to receive a Performance Bonus as set forth in Section 2(a) above, nor shall Executive’s MIP Bonus be subject to reduction as set forth in Section 2(c) below.

(c) Performance Below Expectations. If Executive’s performance for the Fiscal Year is “below expectations,” Executive’s MIP Bonus for such Fiscal Year shall be reduced by an amount equal to the Adjustment Factor times the Executive’s MIP Bonus (the “*Forfeited Amount*”).

Notwithstanding anything to the contrary contained herein, Executive shall not be entitled to a Performance Bonus under this Agreement unless Executive is otherwise eligible to receive a MIP Bonus for the Fiscal Year. Executive acknowledges and agrees that all determinations required pursuant to this Section 2 shall be made by the Committee in its sole and absolute discretion.

3. Performance Bonus. If earned in accordance with Section 2(a) above, the Performance Bonus will be paid in cash as soon administratively feasible following the Company’s determination of Executive’s MIP Bonus amount; *provided however*, that the Performance Bonus must be paid before the later of (i) the date that is 2 1/2 months from the end of Executive’s first taxable year in which the Performance Bonus is no longer subject to a substantial risk of forfeiture or (ii) the date that is 2 1/2 months from the end of Company’s first taxable year in which the amount is no longer subject to a



substantial risk of forfeiture, it being the intent of the parties that the compensation paid pursuant to this Agreement not in any way be subject to Section 409A of the Code (and this clause shall be interpreted in a manner that is consistent therewith). In addition, in no event will the Performance Bonus increase the amount of compensation earned by Executive under the Sysco Corporation 2005 Management Incentive Plan, as it may be amended, and the related agreement between Executive and the Company. Executive acknowledges and agrees that the Company's obligations under this Agreement shall at all times be unfunded and no provision shall at any time be made with respect to segregating any assets of the Company or its subsidiaries for payment of any benefits under the Agreement.

4. No Employment Arrangements Implied; Termination of Employment . The existence of this Agreement shall not be deemed to constitute a contract of employment between the Company and Participant, nor shall it constitute a right to remain in the employ of the Company. If Executive's employment with the Company terminates for any reason prior to the end of the Fiscal Year, including, without limitation, as a result of death, disability or following a change of control of the Company: (a) Section 2(a) will be applied by treating the date Executive's employment terminates as the end of the Fiscal Year for purposes of such Section if, under the terms of that certain Severance Agreement by and between Executive and Company (as amended through the date hereof, the "**Severance Agreement**"), Executive is entitled to receive a MIP Bonus for the Fiscal Year, (b) Section 2(a) will not apply for the Fiscal Year (*i.e.*, Executive will not be eligible to receive a Performance Bonus under this Agreement) if, under the terms of the Severance Agreement, Executive is not entitled to receive a MIP Bonus for the Fiscal Year, (c) in no event will Section 2(c) apply to Executive (*i.e.* , Executive's MIP Bonus will not be subject to reduction regardless of whether his performance immediately prior to the date of his termination was "below expectations").

5. Waiver of Forfeited Amount . In consideration for the opportunity to earn the Performance Bonus, Executive hereby unconditionally waives his right to receive the Forfeited Amount.

6. Withholding Taxes . The Company may withhold from all payments due to Executive hereunder all taxes that, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

7. Term of Agreement . This Agreement shall be effective only for this Fiscal Year (*i.e.* , the fiscal year ending June 27, 2009).

8. Successors; Binding Agreement .

(a) This Agreement shall be binding on the Company, its successors (whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise) and assigns.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amounts remain to be payable to Executive hereunder had Executive continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Executive to receive such amounts or, if no person is so appointed, to Executive's estate.

9. Governing Law . The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the state of Delaware without regard to the principle of conflicts of laws.

10. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

11. Severability. Provided the other provisions of this Agreement do not frustrate the purpose and intent of the law, in the event that any portion of this Agreement shall be determined to be invalid or unenforceable to any extent, the same shall to that extent be deemed severable from this Agreement and the invalidity or unenforceability thereof shall not affect the validity and enforceability of the remaining portion of this Agreement.

12. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by Executive and by a duly authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right Executive or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Except as otherwise specifically provided herein, the rights of, and benefits payable to, Executive, Executive's estate or Executive's beneficiaries pursuant to this Agreement are in addition to any rights of, or benefits payable to, Executive, Executive's estate or Executive's beneficiaries under any other employee benefit plan or compensation arrangement of the Company, except as herein specifically provided.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and Executive has executed this Agreement as of the day and year first above written.

SYSCO CORPORATION

EXECUTIVE

By: _____
Name: _____
Title: _____

**SUMMARY OF COMPENSATION ARRANGEMENTS
WITH NAMED EXECUTIVE OFFICERS
(As of August 1, 2008)**

The following summarizes the current cash compensation and benefits received by the Company's Chief Executive Officer and the other officers who will be named in the Summary Compensation Table in the proxy statement for the Company's upcoming Annual Meeting of Stockholders, as well as the Company's Chief Financial Officer (collectively, the "Named Executive Officers"). This document is intended to be a summary of existing oral, at will arrangements, and in no way is intended to provide any additional rights to any of the Named Executive Officers.

The executive officers of the Company serve at the discretion of the Board of Directors. The Compensation and Stock Option Committee of the Board (the "Committee") reviews and determines the salaries that are paid to the Company's executive officers, including the Named Executive Officers. The current salaries of the Named Executive Officers are as follows:

Richard J. Schnieders <i>Chairman of the Board and Chief Executive Officer</i>	\$1,116,250
Kenneth F. Spittler <i>President and Chief Operating Officer</i>	\$ 693,500
William J. DeLaney III <i>Executive Vice President and Chief Financial Officer</i>	\$ 560,500
Larry G. Pulliam <i>Executive Vice President, Global Sourcing and Supply Chain</i>	\$ 532,000
Kenneth J. Carrig <i>Executive Vice President and Chief Administrative Officer</i>	\$ 508,250

The Named Executive Officers are also eligible to participate in the Company's executive and regular benefit plans and programs, as described below. All executive benefit plans and agreements are filed as exhibits to the Company's Exchange Act filings. Information regarding these plans and agreements, as well as compensation paid or earned during fiscal 2008, will be included in the Company's 2008 Proxy Statement.

Management Incentive Plan

The Named Executive Officers are eligible to receive an annual incentive bonus under the SYSCO Corporation Management Incentive Plan (the "MIP"). For fiscal 2008, participants will receive an automatic 28% stock match of their MIP bonus, if any; such stock match has been discontinued for fiscal 2009 and later years.

Supplemental Performance-Based Bonus Plan and Agreements

For fiscal 2008, the Named Executive Officers are eligible to participate in a Supplemental Performance-Based Bonus Plan which may result in up to a 25% upward or downward adjustment to the amount of any annual incentive bonus earned under the MIP. For fiscal 2009, Mr. Schnieders and Mr. Spittler are each party to a supplemental bonus agreement which may result in up to a 25% upward or downward adjustment to the amount of any annual incentive bonus earned under the MIP.

Deferred Compensation Election

MIP participants, including the Named Executive Officers, may defer up to 40% of their annual incentive bonus (without considering any election to receive a portion of the bonus in stock) under the Executive Deferred Compensation Plan ("EDCP"). They may also elect to defer all or a portion of their salary under the EDCP. For deferrals of up to 20% of the annual incentive bonus, the EDCP provides for SYSCO to credit the participant's deferred compensation account in an amount equal to 15% of the amount deferred.

Stock Options and Restricted Stock

The Named Executive Officers are eligible to receive options under SYSCO's stock option plans, including the 2007 Stock

Incentive Plan, in such amounts and with such terms and conditions as determined by the Committee at the time of grant. The 2007 Stock Incentive Plan also allows for the issuance of restricted stock grants, and the Committee expects to replace the 28% stock match under the MIP with annual discretionary restricted stock grants beginning in fiscal 2010.

Cash Performance Unit Plan

The Named Executive Officers are eligible to participate in the SYSCO Corporation 2004 Cash Performance Unit Plan (formerly the 2004 Long-Term Cash Incentive Plan and the 2004 Mid-Term Incentive Plan).

Supplemental Executive Retirement Plan

MIP participants, including the Named Executive Officers, are also eligible to participate in a Supplemental Executive Retirement Plan (the "SERP").

Severance Agreements

Mr. Schnieders and Mr. Spitler have Severance Agreements with the Company.

Other Benefits

The Named Executive Officers also participate in SYSCO's regular employee benefit programs, which include a defined benefit retirement plan, a 401(k) plan with Company match, group medical and dental coverage, group life insurance and other group benefit plans. They are also provided with additional life insurance benefits, as well as long-term disability coverage.

**SECOND AMENDED AND RESTATED
SYSCO CORPORATION 2005
BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN**

Effective July 2, 2008

**SECOND AMENDED AND RESTATED
SYSCO CORPORATION 2005
BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN
TABLE OF CONTENTS**

	Page	
ARTICLE I	DEFINITIONS	2
ARTICLE II	ELIGIBILITY	6
ARTICLE III	DEFERRAL	7
3.1	Election to Defer	7
3.2	Failure to Elect	7
3.3	Revocation or Change of Election	7
3.4	Timing and Form of Election	7
ARTICLE IV	ACCOUNT	8
4.1	Establishing a Participant's Account	8
4.2	Credit of the Participant's Deferral	8
4.3	Deemed Investments	8
4.4	Procedure to Credit/Debit Interest, Earnings, or Losses Upon an Event of Distribution	9
ARTICLE V	VESTING	11
ARTICLE VI	DISTRIBUTIONS	12
6.1	Form and Time of Distribution	12
6.2	Death/Beneficiary Designation	13
6.3	Termination Distributions	14
6.4	Hardship Withdrawals	14
6.5	Payments upon Income Inclusion Under Section 409A	14
6.6	Expenses Incurred in Enforcing the Plan	15
6.7	Responsibility for Distributions and Withholding of Taxes	15
ARTICLE VII	ADMINISTRATION	16
7.1	Committee Appointment	16
7.2	Committee Organization and Voting	16
7.3	Powers of the Committee	16
7.4	Committee Discretion	17
7.5	Reimbursement of Expenses	17
7.6	Indemnification	17
ARTICLE VIII	AMENDMENT AND/OR TERMINATION	18
8.1	Amendment or Termination of the Plan	18

8.2	No Retroactive Effect on Account	18
8.3	Effect of Termination	18

TABLE OF CONTENTS
(continued)

		Page
ARTICLE IX	FUNDING	20
9.1	Payments Under This Plan Are the Obligation of SYSCO	20
9.2	Plan Obligations May Be Funded Through Rabbi Trust	20
9.3	Reversion of Excess Assets	20
9.4	Participants Must Rely Only on General Credit of SYSCO	20
ARTICLE X	MISCELLANEOUS	22
10.1	Limitation of Rights	22
10.2	Distributions to Incompetents or Minors	22
10.3	Nonalienation of Benefits	22
10.4	Reliance Upon Information	22
10.5	Severability	23
10.6	Notice	23
10.7	Gender and Number	23
10.8	Governing Law	23
10.9	Effective Date	23
10.10	Compliance with Section 409A	23

**SECOND AMENDED AND RESTATED
SYSCO CORPORATION 2005
BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN**

WHEREAS , Sysco Corporation sponsors and maintains that certain First Amended and Restated Sysco Corporation 2005 Board of Directors Deferred Compensation Plan effective as of January 1, 2005 (the “ Current Plan ”);

WHEREAS, Section 8.1 of the Current Plan authorizes the Board of Directors of Sysco Corporation to amend the Current Plan; and

WHEREAS, the Board of Directors of Sysco Corporation has determined that it is in the best interests of Sysco Corporation and its non-employee directors to amend and restate the Current Plan to (i) reduce the investment return of the Default Investment and the interest rate applicable to installment payouts on certain amounts; (ii) remove the Variable Investment Option (as defined in the Current Plan); and (iii) add a right to receive distributions upon the disability of a Participant.

NOW, THEREFORE , Sysco Corporation hereby adopts this Second Amended and Restated Sysco Corporation 2005 Board of Directors Deferred Compensation Plan, effective July 2, 2008 (the “ Plan ”), as follows:

ARTICLE I
DEFINITIONS

Account. “Account” means a Participant’s Account in the Deferred Compensation Ledger maintained by the Committee which reflects the entire interest of the Participant in the Plan. Each Account shall reflect the Participant’s compensation deferred under this Plan, as adjusted herein for deemed Investment earnings and losses and credited interest.

Beneficiary. “Beneficiary” means a person or entity designated by the Participant under the terms of this Plan to receive any amounts distributed under the Plan upon the death of the Participant.

Board of Directors. “Board of Directors” means the Board of Directors of SYSCO.

Business Day. “Business Day” means during regular business hours on any day on which the New York Stock Exchange is open for trading.

Change of Control. “Change of Control” means the occurrence of one or more of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Act (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Act) of 20% or more of either (i) the then-outstanding shares of SYSCO common stock (the “Outstanding SYSCO Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of SYSCO entitled to vote generally in the election of directors (the “Outstanding SYSCO Voting Securities”); provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from SYSCO, (2) any acquisition by SYSCO, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by SYSCO or any Affiliate, or (4) any acquisition by any corporation; pursuant to a transaction that complies with subparagraphs (c)(i), (c)(ii) and (c)(iii) of this definition;

(b) Individuals who, as of July 1, 2008, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to July 1, 2008, whose election, or nomination for election by SYSCO’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving SYSCO or any of its Affiliates, a sale or other disposition of all or substantially all of the assets of SYSCO, or the acquisition of assets or stock of another entity by SYSCO or any of its Affiliates (each, a “Business Combination”), in each case unless, following such Business Combination, (i) all or

substantially all of the individuals and entities that were the beneficial owners of the Outstanding SYSCO Common Stock and the Outstanding SYSCO Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns SYSCO or all or substantially all of SYSCO's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding SYSCO Common Stock and the Outstanding SYSCO Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of SYSCO or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination; or

(d) Approval by the stockholders of SYSCO of a complete liquidation or dissolution of SYSCO.

Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

Committee. "Committee" means the persons who are from time to time serving as Chief Executive Officer, Secretary, and Treasurer of SYSCO. These persons shall constitute the members of the committee administering this Plan.

Current Plan. "Current Plan" shall have the meaning set forth in the Recitals.

Default Distribution Option. "Default Distribution Option" shall have the meaning set forth in Section 6.1(c).

Default Investment. "Default Investment" shall mean a hypothetical investment with a *per annum* investment return equal to Moody's determined as of October 31st of the calendar year prior to the calendar year for which such rate shall be effective, or such other Investment designated by the Committee as the "Default Investment" on Exhibit "A" attached hereto. The investment return of the Default Investment shall be re-determined annually as of November 1st of the calendar year prior to the calendar year for which such rate shall be effective. The investment return, once established, shall be effective as of January 1st of the calendar year following the calendar year in which such investment return is calculated and shall remain in effect for the entire calendar year.

Deferred Compensation Ledger. “Deferred Compensation Ledger” means the ledger maintained by the Committee for each Participant which reflects the amount of the Participant’s compensation deferred under this Plan, the credits and debits for deemed Investment earnings and losses pursuant to Sections 4.3 and 4.4, interest credited pursuant to Section 4.5, and cash distributed to the Participant or the Participant’s Beneficiary or Beneficiaries pursuant to Article VI.

Disability. “Disability” means that a Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

Eligibility Date. “Eligibility Date” means the date as of which a member of the Board of Directors is first eligible to participate in the Plan. A member of the Board of Directors shall be notified of his Eligibility Date by the Committee or its designee.

Fair Market Value. “Fair Market Value” means, with respect to any Investment, the closing price on the date of reference, or if there were no sales on such date, then the closing price on the nearest preceding day on which there were such sales, and in the case of an unlisted security, the mean between the bid and asked prices on the date of reference, or if no such prices are available for such date, then the mean between the bid and asked prices on the nearest preceding day for which such prices are available. With respect to any Investment which reports “net asset values” or similar measures of the value of an ownership interest in the Investment, Fair Market Value shall mean such closing net asset value on the date of reference, or if no net asset value was reported on such date, then the net asset value on the nearest preceding day on which such net asset value was reported. For any Investment not described in the preceding sentences, Fair Market Value shall mean the value of the Investment as determined by the Committee in its reasonable judgment on a consistent basis, based upon such available and relevant information as the Committee determines to be appropriate.

Investment. “Investment” means the options set forth in Exhibit “A” attached hereto, as the same may be amended from time to time by the Committee in its sole and absolute discretion.

Lump Sum Distribution Option. “Lump Sum Distribution Option” shall have the meaning set forth in Section 6.1(b)(i).

Moody’s. “Moody’s” means, as of any specified date, the monthly average of the Moody’s Average Corporate Bond Yield (determined by dividing the sum of the Corporate Bond Yield Averages for each month, as published in the Moody’s Bond Survey, by the number of months in the applicable calculation period) for either the (i) six month period ending on the specified date, or (ii) the twelve month period ending on the specified date, whichever produces the higher rate.

Participant. “Participant” means a member of the Board of Directors of SYSCO who is not otherwise employed by SYSCO or a Subsidiary, and any former member of the Board of Directors of SYSCO who is eligible to participate in the Plan or who has an Account in the Deferred Compensation Ledger.

Plan. “Plan” means this Second Amended and Restated Sysco Corporation 2005 Board of Directors Deferred Compensation Plan, as set forth in this document and amended from time to time.

Plan Year. “Plan Year” means the calendar year.

Section 409A. “Section 409A” means Section 409A of the Code. References herein to “Section 409A” shall also include any regulatory and other interpretive guidance promulgated under Section 409A of the Code.

Securities Act. “Securities Act” means the Securities Exchange Act of 1934, as amended from time to time.

Separation from Service. “Separation from Service” means a “separation from service” within the meaning of Section 409A.

Subsequent Elections. “Subsequent Elections” shall have the meaning set forth in Section 6.1(a).

Subsidiary. “Subsidiary” means (a) any corporation which is a member of a “controlled group of corporations” which includes SYSCO, as defined in Code Section 414(b), (b) any trade or business under “common control” with SYSCO, as defined in Code Section 414(c), (c) any organization which is a member of an “affiliated service group” which includes SYSCO, as defined in Code Section 414(m), (d) any other entity required to be aggregated with SYSCO pursuant to Code Section 414(o), and (e) any other organization or employment location designated as a “Subsidiary” by resolution of the Board of Directors.

SYSCO. “SYSCO” means SYSCO Corporation, the sponsor of this Plan.

Termination. “Termination” means a Participant’s Separation from Service from the Company voluntarily (by reason of such Participant retirement, or resignation from the Board of Directors) or involuntarily (by reason of such Participant’s removal from the Board of Directors for any reason) for any reason other than death or Disability.

Treasury Regulations. “Treasury Regulations” means the Federal Income Tax Regulations, and, to the extent applicable, any Temporary or Proposed Regulations promulgated under the Code, as such regulations may be amended from time to time (including the corresponding provisions of succeeding regulations).

Trust. “Trust” means any trust created by separate agreement as permitted by Section 9.2 of this Plan.

Unforeseeable Emergency. “Unforeseeable Emergency” shall have the meaning set forth in Section 6.5.

ARTICLE II
ELIGIBILITY

All members of the Board of Directors who are not otherwise employed by SYSCO or a Subsidiary shall be eligible to participate in this Plan.

ARTICLE III

DEFERRAL

3.1 Election to Defer . Each Participant may elect to defer under this Plan a percentage of his Director's fees in any ten percent (10%) increment which is not less than twenty percent (20%) nor more than one hundred percent (100%) of his Director's fees. Generally, the election to defer is effective only if received by the Committee in proper form prior to the beginning of the Plan Year or Years for which it is to be applicable; once a Plan Year has commenced, the election to defer shall be irrevocable for that Plan Year. Notwithstanding the foregoing provisions of this Section 3.1 to the contrary, with respect to the first Plan Year during which a Participant becomes eligible to participate in the Plan, the Participant's election to defer may be made, with respect to Director's fees for services to be performed subsequent to the election, within thirty (30) days after the Participant's Eligibility Date.

3.2 Failure to Elect . If the Participant fails to provide his election to the Committee in proper form: (i) with respect to the initial Plan Year of a Participant's Plan eligibility, on or before the thirtieth (30th) day following the Participant's Eligibility Date, and (ii) with respect to Plan Years after a Participant's initial year of Plan eligibility, the beginning of a Plan Year for which no prior election is effective, the Participant shall be deemed to have elected not to defer any portion of his Director's fees for that Plan Year.

3.3 Revocation or Change of Election . Each Participant shall have the right to revoke or change any prior continuing election to defer a portion or all of his Director's fees; *provided, however* , that any such revocation or change of election shall be effective only on a prospective basis beginning with Director's fees earned during the Plan Year next following the Plan Year during which the Committee receives the revocation or change in proper form. Notwithstanding anything to the contrary contained herein, if a Participant receives a hardship withdrawal pursuant to Section 6.5, the Participant may elect to cancel his deferral election in effect for such calendar year. Such cancellation election shall be made in writing by the Participant in such form as the Committee determines from time to time, and any subsequent deferral elections shall be subject to the requirements of the first two sentences of Section 3.1.

3.4 Timing and Form of Election . The Committee shall have the right to make such rules and regulations regarding the election, revocation, or change of election to defer as are not inconsistent with the requirements of Sections 3.1, 3.2, and 3.3 or Section 409A, including establishing election periods, forms for elections, and all other pertinent matters.

ARTICLE IV

ACCOUNT

4.1 Establishing a Participant's Account. The Committee shall establish an Account for each Participant in a Deferred Compensation Ledger which shall be maintained by SYSCO. Each Account shall reflect the entire interest of the Participant in the Plan.

4.2 Credit of the Participant's Deferral. The Participant's Account in the Deferred Compensation Ledger shall be credited on the same day on which the cash compensation would otherwise have been paid to the Participant with a dollar amount equal to the total amount by which the Participant's cash compensation was reduced in accordance with the Participant's deferral election.

4.3 Deemed Investments. The credit balance of the Participant's Account in the Deferred Compensation Ledger shall be deemed invested and reinvested from time to time in such Investments as shall be designated by the Participant in accordance with the following:

(a) Upon commencement of participation in the Plan, each Participant shall make a designation of the Investments in which his Account will be deemed invested. The Investments designated by a Participant shall be deemed to have been purchased on the date on which the Participant's deferrals are credited to the Participant's Account, or if such date is not a Business Day, on the first Business Day following such date. If a Participant has not made a designation of Investments in which his Account will be deemed invested, the credit balance of the Participant's Account shall be deemed to be invested in the Default Investment.

(b) At such times and under such procedures as the Committee shall designate, each Participant shall have the right to change (i) the existing Investments in which the Participant's Account is deemed invested by treating a portion of the existing Investments in the Participant's Account as having been sold and the new Investments purchased (i.e., an Investment transfer); and (ii) the Investments which are deemed to be purchased with future deferrals credited to the Participant's Account.

(c) In the case of any deemed purchase of an Investment, the Participant's Account shall be decreased by a dollar amount equal to the number of units of such Investment treated as purchased multiplied by the per unit net asset value of such Investment as of such date or, if such date is not a Business Day, on the first Business Day following such date, and shall be increased by the number of units of such Investment treated as purchased. In the case of any deemed sale of an Investment, the Participant's Account shall be decreased by the number of units of Investment treated as sold, and shall be increased by a dollar amount equal to the number of units of such Investment treated as sold multiplied by the per unit net asset value of such Investment as of such date or, if such date is not a Business Day, on the first Business Day following such date.

(d) In no event shall SYSCO be under any obligation, as a result of any designation of Investments made by Participants, to acquire any Investment assets, it being intended that the designation of any Investment shall only affect the determination of amounts ultimately paid to a Participant.

(e) In determining the amounts of all debits and credits to the Participant's Account, the Committee shall exercise its reasonable best judgment, and all such determinations (in the absence of bad faith) shall be binding upon all Participants and their Beneficiaries. If an error is discovered in the Participant's Account, the Committee, in its sole and absolute discretion, shall cause appropriate, equitable adjustments to be made as soon as administratively practicable following the discovery of such error or omission.

4.4 Crediting of Earnings on Amounts Invested in the Default Investment. Earnings will be credited on the portion of the Participant's Account invested in the Default Investment in accordance with this Section 4.4. For the portion of the Participant's Account which is invested (or deemed invested) in the Default Investment as of the close of business on July 1, 2008, earnings credited to the Participant's Account on or after July 2, 2008, with respect to such amounts shall be credited at a per annum investment return equal to the sum of (a) the investment return of the Default Investment, plus (b) one percent (1%). For deferrals credited to a Participant's Account on or after July 2, 2008 and invested in the Default Investment, and Investment transfers into the Default Investment on or after July 2, 2008, earnings credited to the Participant's Account on or after July 2, 2008, with respect to such amounts will be credited at a per annum investment return equal to the investment return of the Default Investment.

4.5 Procedure to Credit/Debit Interest, Earnings, or Losses Upon an Event of Distribution.

(a) Crediting/Debiting of Interest or Deemed Investment Earnings or Losses Prior to Commencement of Distributions. The Participant's Account shall continue to be credited or debited with Investment earnings or losses until the later to occur of (x) the date of the event giving rise to the distribution; or (y) the last day of the month preceding the month in which distributions will commence (the "Conversion Date") at which time the deemed Investments in the Participant's Account, other than amounts invested in the Default Investment, shall be treated as sold and credited with a dollar value in accordance with Section 4.3(c) and invested in the Default Investment. For the period beginning on the Conversion Date and ending on the day immediately before the date on which distributions commence, earnings will be credited as provided in Section 4.4.

(b) Crediting of Interest After Commencement of Installment Distributions. With respect to distributions subject to this Section 4.5(b), if any portion of a Participant's Account is to be paid pursuant to the Installment Distribution Option, interest shall be credited to the declining balance of the portion of the Participant's Account subject to this Section 4.5(b) beginning on the day on which distributions commence and continuing until the final installment distribution is paid. The interest crediting rate for purposes of this Section 4.5(b) shall be determined as follows: (i) for events occurring prior to July 2, 2008, that give rise to a distribution, the per annum interest rate equal to the sum of (A) Moody's as of the last day of the month that is two (2) months prior to the month during which distributions are to commence, and (B) one percent (1%); and (ii) for events occurring on or

after July 2, 2008, that give rise to a distribution, the per annum interest rate equal to Moody's as of the last day of the month that is two (2) months prior to the month during which distributions are to commence.

(c) Variable Investment Option. For Participant's whose Termination occurred prior to July 2, 2008, and who elected the Variable Investment Option (as defined in the Current Plan), the determination of the amount of each installment payment and the crediting of Investment earnings and losses shall be governed by the terms of the Current Plan. Notwithstanding the foregoing, that for purposes of determining the amount of Investment earnings and losses credited to the Participant's Account, the terms of the Plan shall govern.

ARTICLE V

VESTING

The amount credited to a Participant's Account attributable to deferrals of Director's fees, adjusted for interest and deemed Investment earnings and losses pursuant to Sections 4.3, 4.4 and 4.5, shall be one hundred percent (100%) vested at all times.

ARTICLE VI
DISTRIBUTIONS

6.1 Form and Time of Distribution .

(a) Election, Revocation, or Change of Election of the Form of Distribution . Each Participant shall have the right to elect, to revoke, or to change any prior election of the form of distribution at the time and under the rules established by the Committee, which rules shall include the provisions of this Article VI. A Participant may elect different forms of distribution, as specified in Section 6.1(b), with respect to the distribution options described in Sections 6.2 (upon death), 6.3 (upon Termination), and 6.4 (upon Disability). The initial election of form of distribution with respect to a particular distribution event, if received by the Committee in proper form prior to or concurrent with the time a Participant first makes an election to defer Director's fees under this Plan, shall become effective upon receipt, and shall become irrevocable at the time a Participant first makes an election to defer Director's fees under this Plan. Any election of form of distribution or revocations or changes of election of form of distribution with respect to a distribution event that a Participant makes after he first makes an election to defer Director's fees under this Plan (such elections, revocations, and changes are referred to collectively herein as "Subsequent Elections") shall be effective only if the Subsequent Election is received by the Committee in proper form at least one (1) year prior to the occurrence of the event giving rise to the distribution to which such Subsequent Election applies. During the one-year period after a Subsequent Election is received by the Committee, the Participant's last effective election, revocation, or change shall remain in force with respect to such distribution event. In addition, with respect to distributions resulting from the Participant's Termination, the first payment pursuant to such Subsequent Election may not be made within the five (5) year period commencing on the date such payment would have been made or commenced under the last effective election, revocation, or change made by the Participant. Notwithstanding the foregoing provisions of this Section 6.1(a), at such time as the Committee shall determine but no later than December 31, 2008, a Participant may make a Subsequent Election to change the form of distribution of a Participant's Account, *provided* that a Subsequent Election made during calendar year 2008 may not: (A) apply to any amount that would otherwise be payable during calendar year 2008, (B) cause an amount that is otherwise payable after calendar year 2008 to be paid in calendar year 2008; and (C) shall not apply to any distribution that is otherwise payable within the six-month period following the date of such Subsequent Election.

(b) Form of Distribution Options Available . The distribution options that may be selected by Participants are as follows:

(i) a lump-sum payment (the "Lump-Sum Distribution Option") to the Participant or the Participant's Beneficiaries of the Participant's Account in the Deferred Compensation Ledger;

(ii) equal quarterly or annual (as elected by the Participant) installment payments to the Participant or the Participant's Beneficiaries of principal and interest for a period of up to 20 years (as elected by the Participant) (the "Installment Distribution Option");

(iii) a combination of the Lump-Sum Distribution Option and the Installment Distribution Option, whereby a portion of the Participant's Account in the Deferred Compensation Ledger is distributed in part pursuant to the Lump-Sum Distribution Option, and the balance of the Account is distributed pursuant to the Installment Distribution Option. If a Participant elects to have his Account distributed pursuant to this Section 6.1(c)(iii), the lump sum payment shall be made at the time provided in Section 6.1(f) and the installment payments shall commence upon the next applicable payment date (i.e., quarterly or annually).

(c) Default Distribution Option . If a Participant does not have an effective election as to the form of distribution on file with the Committee at the time distributions to such Participant are to commence, the Participant shall be conclusively deemed to have elected to receive the balance of the Participant's Account pursuant to the Installment Distribution Option annually over a period of ten (10) years (the "Default Distribution Option").

(d) Payment of Amounts less than \$30,000 . Notwithstanding any other provision of this Plan, if a Participant's Account is less than \$30,000 on the date installment distributions to such Participant hereunder would otherwise commence, the distribution shall be made in one lump sum.

(e) Commencement of Distributions . Distributions pursuant to this Section 6.1 shall commence as soon as administratively feasible after the occurrence of the event giving rise to the distribution, but not later than ninety (90) days after the event giving rise to the distribution; *provided* , that, in the case of the death of the Participant, distributions shall not commence within the thirty (30) day period following the Participant's death, *provided further* , that, in the case of a Participant who has made a Subsequent Election, distributions shall not commence earlier than the time prescribed by Section 6.1(a).

6.2 Death/Beneficiary Designation . Upon the death of a Participant, the Participant's Beneficiary or Beneficiaries shall receive, at the time and in the manner provided in Section 6.1, the balance then credited to the Participant's Account in the Deferred Compensation Ledger. Each Participant, at the time of making his initial deferral election, must file with the Committee a designation of one or more Beneficiaries to whom distributions otherwise due the Participant shall be made in the event of his death prior to the complete distribution of the amount credited to his Account in the Deferred Compensation Ledger. The designation shall be effective upon receipt by the Committee of a properly executed form which the Committee has approved for that purpose. The Participant may from time to time revoke or change any designation of Beneficiary by filing another approved Beneficiary designation form with the Committee. If there is no valid designation of Beneficiary on file with the Committee at the time of the Participant's death, or if all of the Beneficiaries designated in the last Beneficiary designation have predeceased the Participant or, in the case of entities, otherwise ceased to exist, the Beneficiary shall be the Participant's spouse, if the spouse survives the Participant, or otherwise the Participant's estate. A Beneficiary who is an individual shall be deemed to have predeceased the Participant if the Beneficiary dies within thirty (30) days after the date of the Participant's death. If any Beneficiary survives the Participant but dies or, in the case of an entity, otherwise ceases to exist before receiving all amounts due the Beneficiary from the Participant's Account, the

balance of the amount which would have been paid to that Beneficiary shall, unless the Participant's designation provides otherwise, be distributed to the individual deceased Beneficiary's estate or, in the case of a Beneficiary which is an entity, to the Participant's spouse, if the spouse survives the Participant, or otherwise to the Participant's estate. Any Beneficiary designation which designates any person or entity other than the Participant's spouse must be consented to in writing by the Participant's spouse in a form acceptable to the Committee in order to be effective.

6.3 Termination Distributions. Upon the Participant's Termination, the Participant shall receive, at the time and in the manner provided in Section 6.1, the amount credited to the Participant's Account in the Deferred Compensation Ledger.

6.4 Disability Distributions. Upon the Participant's Disability occurring on or after January 1, 2009, the Participant shall receive, at the time and in the manner provided in Section 6.1, the amount credited to the Participant's Account in the Deferred Compensation Ledger.

6.5 Hardship Withdrawals. Any Participant may request a hardship withdrawal to satisfy an "Unforeseeable Emergency." No hardship withdrawal can exceed the lesser of the amount credited to the Participant's Account or the amount reasonably needed to satisfy the Unforeseeable Emergency. Whether an Unforeseeable Emergency exists and the amount reasonably needed to satisfy such emergency shall be determined by the Committee based upon the evidence presented by the Participant and the rules established in this Section 6.5. If a hardship withdrawal is approved by the Committee, it shall be paid within ten (10) days of the Committee's determination. For purposes of this Plan, an Unforeseeable Emergency means: (a) a severe financial hardship to the Participant resulting from an illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Code) of the Participant, (b) the loss of the Participant's property due to casualty, or (c) another similar extraordinary and unforeseeable circumstance arising as a result of events beyond the control of the Participant. The circumstances that constitute a hardship shall depend upon the facts of each case, but, in any case, amounts distributed with respect to an Unforeseeable Emergency shall not exceed the amount necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such emergency is or may be relieved: (i) through reimbursement or compensation by insurance or otherwise (other than compensation that would otherwise be available to the Participant from either a tax-qualified plan or another non-qualified deferred compensation plan (irrespective of whether such non-qualified deferred compensation plan is subject to Section 409A)), (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets will not itself cause severe financial hardship, or (iii) by additional compensation that may be available to such Participant by reason of a cancellation of deferrals under Section 3.3 of this Plan. Foreseeable needs for funds, such as the need to send a Participant's child to college or the desire to purchase a home, shall not be considered to be an Unforeseeable Emergency.

6.6 Payments upon Income Inclusion Under Section 409A. It is intended that the provisions of this Plan shall comply with the requirements of Section 409A; however, if it is determined that the provisions of this Plan do not comply with the requirements of Section 409A and a Participant is required to include in income

amounts otherwise deferred under this Plan, the Participant shall be entitled, upon request, to receive a distribution not to exceed the amount required to be included in income as a result of the failure of the Plan to meet the requirements of Section 409A. Amounts distributable pursuant to this Section 6.6 shall be distributed as soon as administratively feasible, but no later than ninety (90) days after the date of the determination that the Plan does not comply with the requirements of Section 409A.

6.7 Expenses Incurred in Enforcing the Plan . SYSCO will, in addition to the amounts otherwise payable to a Participant under the Plan, pay a Participant for all legal fees and expenses incurred by him in contesting or disputing his removal from the Board of Directors or in seeking to obtain or enforce any benefit provided by this Plan if the removal occurs in the Plan Year in which a Change of Control occurs or during the next three (3) succeeding Plan Years following the Plan Year in which a Change of Control occurs.

6.8 Responsibility for Distributions and Withholding of Taxes . The Committee shall furnish information to SYSCO concerning the amount and form of distribution to any Participant entitled to a distribution so that SYSCO may make or cause the Trust to make the distribution required. The Committee shall also calculate the deductions from the amount of the benefit paid under the Plan for any taxes required to be withheld by federal, state, or local government and shall cause them to be withheld.

ARTICLE VII
ADMINISTRATION

7.1 Committee Appointment . The Committee shall be comprised of the Chief Executive Officer, the Secretary, and the Treasurer of SYSCO. The Board of Directors or its designee shall have the sole discretion to remove any one or more Committee members and to appoint one or more replacement or additional Committee members from time to time.

7.2 Committee Organization and Voting . The Committee shall select from among its members a chairman to preside at all of its meetings and shall elect a secretary without regard to whether that person is a member of the Committee. The secretary shall keep all records, documents, and data pertaining to the Committee's supervision and administration of the Plan. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members present at any meeting shall decide any question brought before the meeting. In addition, the Committee may decide any question by vote, taken without a meeting, of a majority of its members. A member of the Committee who is also a Participant shall not vote or act on any matter relating solely to himself.

7.3 Powers of the Committee . The Committee shall have the exclusive responsibility for the general administration of the Plan according to the terms and provisions of the Plan and shall have all powers necessary to accomplish those purposes, including, but not by way of limitation, the right, power, and authority:

- (a) to make rules and regulations for the administration of the Plan;
- (b) to construe all terms, provisions, conditions, and limitations of the Plan;
- (c) to correct any defect, supply any omission, or reconcile any inconsistency that may appear in the Plan in the manner and to the extent it deems expedient to carry the Plan into effect for the greatest benefit of all parties at interest;
- (d) to designate the persons eligible to become Participants;
- (e) to determine all controversies relating to the administration of the Plan, including but not limited to:
 - (i) differences of opinion arising between SYSCO and a Participant, except when the difference of opinion relates to the entitlement to, the amount of, or the method or timing of payment of a benefit affected by a Change of Control, in which event, such difference shall be decided by judicial action; and

(ii) any question it deems advisable to determine in order to promote the uniform administration of the Plan for the benefit of all parties at interest;

(f) to delegate by written notice any Plan administration duties of the Committee to such individual members of the Committee, individual employees of SYSCO, or groups of employees of SYSCO, as the Committee determines to be necessary or advisable to properly administer the Plan; and

(g) to designate the investment options treated as Investments for purposes of this Plan.

7.4 Committee Discretion. The Committee, in exercising any power or authority granted under this Plan or in making any determination under this Plan, shall perform or refrain from performing those acts pursuant to such authority, using its sole discretion and judgment. By way of amplification and without limiting the foregoing, SYSCO specifically intends that the Committee have the greatest possible discretion to construe the terms of the Plan and to determine all questions concerning eligibility, participation, and benefits. Any decision made by the Committee or any refraining to act or any act taken by the Committee in good faith shall be final and binding on all parties. The Committee's decision shall never be subject to de novo review. Notwithstanding the foregoing, the Committee's decisions, refraining to act or acting is to be subject to judicial review for those incidents occurring during the Plan Year in which a Change of Control occurs and during the next three succeeding Plan Years.

7.5 Reimbursement of Expenses. The Committee shall serve without compensation for its services but shall be reimbursed by SYSCO for all expenses properly and actually incurred in the performance of its duties under the Plan.

7.6 Indemnification. To the extent permitted by law, members of the Board of Directors members of the Committee, employees of SYSCO, and all agents and representatives of SYSCO shall be indemnified by SYSCO, and saved harmless against any claims resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect, or willful misconduct.

ARTICLE VIII

AMENDMENT AND/OR TERMINATION

8.1 Amendment or Termination of the Plan . The Board of Directors may amend or terminate this Plan at any time by an instrument in writing.

8.2 No Retroactive Effect on Account . Absent a Participant's prior consent, no amendment shall affect the rights of such Participant to the amounts then standing to his credit in his Account in the Deferred Compensation Ledger, to change the method of calculating Investment earnings and losses already accrued prior to the date of the amendment, or to change a Participant's rights under any provision relating to a Change of Control after a Change of Control has occurred. However, the Board of Directors shall retain the right at any time to change in any manner the method of calculating Investment earnings and losses effective from and after the date of the amendment if it has been announced to the Participants.

8.3 Effect of Termination . Upon termination of the Plan, the following provisions of this Section 8.3 shall apply:

(a) No additional amounts shall be credited to any Participant's Account in the Deferred Compensation Ledger, to the extent that such amounts relate to Director's fees earned on or after the effective date of the Plan's termination.

(b) The Committee or its designee may, in its sole discretion, authorize distributions of the balance of the Participant's Account in the Deferred Compensation Ledger to Participants as a result of the Plan's termination, provided that:

(i) All deferred compensation arrangements sponsored by the Company that would be aggregated with this Plan under Section 1.409A-1(c) of the Treasury Regulations if the Participant participated in such arrangements are terminated;

(ii) No distributions other than distributions that would be payable under the terms of the Plan if the termination had not occurred are made within twelve (12) months of the termination of the Plan;

(iii) The remaining balances of all Participants' Accounts after distributions pursuant to Section 8.3(b)(ii), are distributed within twenty-four (24) months of the termination of the Plan; and

(iv) SYSCO does not adopt a new deferred compensation arrangement at any time within three (3) years following the date of the termination of the Plan that would be aggregated with this Plan under Section 1.409A-1(c) of the Treasury Regulations if the Participant participated in this Plan and the new arrangement.

(c) Except as otherwise provided in Section 8.3(a) and 8.3(b), on and after the effective date of the Plan's termination, (i) the Plan shall continue to be administered as it was prior to the Plan's termination, (ii) all amounts credited the Participant's Account in the Deferred Compensation Ledger prior to the date of termination shall be payable only under the conditions, at the time, and in the form then provided in this Plan, and (iii) no Participant shall be entitled to a distribution of his Account solely as a result of the Plan's termination in accordance with the provisions of this Article VIII.

ARTICLE IX

FUNDING

9.1 Payments Under This Plan Are the Obligation of SYSCO . SYSCO shall pay the benefits due the Participants under this Plan; however, should it fail to do so when a benefit is due, the benefit shall be paid by the trustee of that certain trust established pursuant to Section 9.2. In any event, if the Trust fails to pay for any reason, SYSCO shall remain liable for the payment of all benefits provided by this Plan.

9.2 Plan Obligations May Be Funded Through Rabbi Trust . It is specifically recognized by both SYSCO and the Participants that SYSCO may, but is not required to, contribute any amount it finds desirable to a so-called "Rabbi Trust," established to accumulate assets to fund the obligations of SYSCO under this Plan. However, under all circumstances, the rights of the Participants to the assets held in the Trust shall be no greater than the rights expressed in the Plan and the trust agreement governing the Trust. Nothing contained in any trust agreement which creates any funding trust or trusts shall constitute a guarantee by SYSCO that assets of SYSCO transferred to that trust or those trusts shall be sufficient to pay any benefits under this Plan or would place the Participant in a secured position ahead of general creditors should SYSCO become insolvent or bankrupt. Any trust agreement prepared to fund SYSCO's obligations under the Plan must specifically set out these principles so it is clear in that trust agreement that the Participants in this Plan are only unsecured general creditors of SYSCO in relation to their benefits under this Plan.

9.3 Reversion of Excess Assets . SYSCO may at any time request the record keeper for the Plan to determine the present Account balance, taking into account credits and debits arising from the deemed Investment earnings and losses in accordance with Sections 4.3 and 4.4 and interest credited pursuant to Section 4.5, as of the month end coincident with or next following the request, of all Participants and Beneficiaries of deceased Participants for which SYSCO is or will be obligated to make payments under this Plan. If the fair market value of the assets held in the Trust, as determined by the Trustee as of that same date, exceeds the total of the accrued benefits of all Participants and Beneficiaries by twenty-five percent (25%), SYSCO may direct the trustee to return to it all of the excess funds. However, if there has been a Change of Control, for the purpose of determining if there are excess funds, all contributions made prior to the Change of Control shall be subtracted from the fair market value of the assets held in the Trust as of the determination date but before the determination is made.

9.4 Participants Must Rely Only on General Credit of SYSCO . It is also specifically recognized by both SYSCO and the Participants that this Plan is only a general corporate commitment and that each Participant must rely upon the general credit of SYSCO for the fulfillment of its obligations hereunder. Under all circumstances the rights of Participants to any asset held by SYSCO shall be no greater than the rights expressed in this Plan. Nothing contained in this Plan shall constitute a guarantee by SYSCO that the assets of SYSCO will be sufficient to pay any benefits under this Plan or would place the Participant in a secured position ahead of general creditors of SYSCO. Though SYSCO has established and may fund a Rabbi Trust, as indicated in Section 9.2, to accumulate

assets to fulfill its obligations, the Plan and any such trust shall not create any lien, claim, encumbrance, right, title or other interest of any kind whatsoever in any Participant in any asset held by SYSCO, contributed to any such trust or otherwise designated to be used for payment of any of its obligations created in this Plan. No specific assets of SYSCO have been or will be set aside, or will in any way be transferred to any trust or will be pledged in any way for the performance of SYSCO's obligations under this Plan which would remove such assets from being subject to the general creditors of SYSCO.

ARTICLE X
MISCELLANEOUS

10.1 Limitation of Rights . Nothing in this Plan shall be construed:

- (a) to give any member of the Board of Directors any right to be designated a Participant in the Plan;
- (b) to give a Participant any right with respect to the fee or compensation deferred, the deemed Investment earnings and losses, or the interest credited in the Deferred Compensation Ledger, except in accordance with the terms of this Plan;
- (c) to limit in any way the right of SYSCO to remove a Participant from the Board of Directors at any time;
- (d) to evidence any agreement or understanding, expressed or implied, that SYSCO shall retain a Participant as a member of the Board of Directors for any particular remuneration; or
- (e) to give a Participant or any other person claiming through him any interest or right under this Plan other than that of any unsecured general creditor of SYSCO.

10.2 Distributions to Incompetents or Minors . Should a Participant become incompetent or should a Participant designate a Beneficiary who is a minor or incompetent, the Committee is authorized to pay the funds due to the parent of the minor or to the guardian of the minor or incompetent or directly to the minor or to apply those funds for the benefit of the minor or incompetent in any manner the Committee determines in its sole discretion.

10.3 Nonalienation of Benefits . No right or benefit provided in this Plan shall be transferable by the Participant except, upon his death, to a named Beneficiary as provided in this Plan. No right or benefit under this Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit under this Plan shall in any manner be liable for or subject to any debts, contracts, liabilities or torts of the person entitled to such benefits. If any Participant or any Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, assign, pledge, encumber or charge any right or benefit under this Plan, that right or benefit shall, in the discretion of the Committee, cease. In that event, the Committee may have SYSCO hold or apply the right or benefit or any part of it to the benefit of the Participant or Beneficiary, his or her spouse, children or other dependents or any of them in any manner and in any proportion the Committee believes to be proper in its sole and absolute discretion, but is not required to do so.

10.4 Reliance Upon Information . The Committee shall not be liable for any decision or action taken in good faith in connection with the administration of this Plan. Without limiting the generality of the foregoing, any

decision or action taken by the Committee when it relies upon information supplied to it by any officer of SYSCO, SYSCO's legal counsel, SYSCO's independent accountants, or other advisors in connection with the administration of this Plan shall be deemed to have been taken in good faith.

10.5 Severability. If any term, provision, covenant or condition of the Plan is held to be invalid, void or otherwise unenforceable, the rest of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

10.6 Notice. Any notice or filing required or permitted to be given to the Committee or a Participant shall be sufficient if submitted in writing and hand-delivered or sent by U.S. mail to the principal office of SYSCO or to the residential mailing address of the Participant. Notice shall be deemed to be given as of the date of hand-delivery or if delivery is by mail, as of the date shown on the postmark.

10.7 Gender and Number. If the context requires it, words of one gender when used in this Plan shall include the other, and words used in the singular or plural shall include the other.

10.8 Governing Law. The Plan shall be construed, administered, and governed in all respects by the laws of the State of Texas.

10.9 Effective Date. This Plan shall be operative and effective on July 2, 2008.

10.10 Compliance with Section 409A. The Plan (i) is intended to comply with, (ii) shall be interpreted and its provisions shall be applied in a manner that is consistent with, and (iii) shall have any ambiguities therein interpreted, to the extent possible, in a manner that complies with Section 409A.

IN WITNESS WHEREOF, SYSCO has executed this document as of July 2, 2008.

SYSCO CORPORATION

By: /s/ Michael C. Nichols _____

Name: Michael C. Nichols

Title: Sr. Vice President, General Counsel
and Corporate Secretary

EXHIBIT "A"

INVESTMENT OPTIONS

[Attached]

SECOND AMENDED AND RESTATED
2005 SYSCO CORPORATION
BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN
INVESTMENT OPTIONS

The following are the "Investments" that are available under the Second Amended and Restated 2005 SYSCO Corporation Board of Directors Deferred Compensation Plan:

Options

Equity Income Trust
500 Index B Trust
Mid-Value Trust
Overseas Equity Trust
Small Cap Value Trust
Brandes International Equity Fund
Frontier Capital Appreciation
Bond Index B Trust

Manager

T. Rowe Price Associates, Inc.
MFC Global Investment Management
T. Rowe Price Associates, Inc.
Capital Guardian Trust Company
Wellington Management Company LLC
Brandes Investment Partners
Frontier Capital Management Company, LLC
Declaration Management & Research LLC

Default Investment

Moody's Average Corporate Bond Yield, as described in the Plan's Default Investment definition.

**Summary of Compensation Arrangements with Non-Employee Directors
As of August 1, 2008**

The following summarizes, as of August 1, 2008, the current cash compensation and benefits received by the Company's non-employee directors. It is intended to be a summary of existing oral, at will, arrangements, and in no way is intended to provide any additional rights to any non-employee director.

Fees

The Company pays non-employee directors who serve as committee chairpersons \$85,000 per year and all other non-employee directors \$70,000 per year plus reimbursement of expenses for all services as a director, including committee participation or special assignments.

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 \$1,750 and committee members who attend in person (or who participate by telephone because of illness or the inability to travel) will receive \$1,500;
- 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 \$1,750 and committee members who attend in person or who participate by telephone will receive \$1,500; and
- For special Board meetings, all non-employee directors who attend in person or who participate by telephone will receive \$1,500.

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, 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

The 2005 Non-Employee Directors Stock Plan provides for grants of stock options, restricted stock and elected shares in lieu of a portion of the annual retainer.

Options. Under the Plan, non-employee directors are eligible to receive stock options

at the discretion of the Board. The size of individual grants and vesting terms will be set by the Board at the time 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 the Company will provide a matching grant of 50% of the number of shares received as a portion of the retainer.

Restricted Stock. Under the Plan, the Board is authorized to issue restricted stock to non-employee directors on terms set forth in the Plan.

The Directors Deferred Compensation Plan and Non-Employee Directors Stock Plan, as amended, have been filed as exhibits to the Company's Exchange Act filings. Additional information regarding these plans is also included in the Company's 2008 Proxy Statement.

_____, 200 _____

[Name]
[Address]
[Address]

Re: Indemnification Agreement

Dear _____:

This letter agreement is to confirm that in consideration of your agreement to serve as a director of Sysco Corporation, a Delaware corporation (the "Corporation"), the Corporation hereby agrees to provide, by this contract, the indemnification rights now provided to you as a director or officer of the Corporation in the Corporation's Restated Certificate of Incorporation, as amended and Amended and Restated Bylaws (copies of which, in the form in effect at the date hereof, are attached hereto) and to continue to provide you with such rights as long as you serve as a director or officer of the Corporation (regardless of any future modifications to the Corporation's Bylaws or Certificate of Incorporation), whether during your current term as a director or officer or during any term of re-election, and after such service is completed, for as long as you are exposed to any potential liability by reason of your service as a director or officer of the Corporation. For purposes of this agreement, indemnification rights shall include all related rights incorporated within Article VII of the current Amended and Restated Bylaws, including but not limited to the right to advancement of expenses and the right of the indemnitee to bring suit. All such rights shall be deemed to be fully vested upon the signing of this agreement, and any future amendments to the Certificate of Incorporation or Bylaws shall not in any way reduce or otherwise impair your rights as in effect as of the date hereof, regardless of whether such amendments are made before or after a claim or action, with respect to which you seek indemnification or advancement of expenses, is made or brought against you. As a point of clarification, you shall have the same rights with respect to a claim made or action brought after you cease to be a director of the Corporation as you would have respect to such claim made or action brought while you continue to be a director of the Corporation. This agreement may not be amended without the written consent of both parties.

If the foregoing meets with your approval, please sign both copies of this letter and return one of them to me.

Very truly yours,
SYSCO CORPORATION

By: _____
Name:
Title:

Agreed to and accepted this
_____ day of _____, 200 _____.

[Name]

Attachments

SYSCO CORPORATION
DIRECT AND INDIRECT SUBSIDIARIES, DIVISIONS AND DBA's
(As of July 23, 2008)

SUBSIDIARY NAME	JURISDICTION OF INCORPORATION
A-One-A Produce & Provisions, Inc.	Florida
A.M. Briggs, Inc.	Delaware
American Produce & Vegetable Company	Delaware
Banner Beef & Seafood Co., Inc.	Florida
Baugh North Central Cooperative, Inc.	Delaware
Baugh Northeast Co-op, Inc.	Delaware
Baugh South Cooperative, Inc.	Delaware
Baugh Southwest Cooperative, Inc.	Delaware
Baugh Supply Chain Cooperative, Inc.	Delaware
Baugh Supply Chain Cooperative, Inc.	Newfoundland
Baugh Supply Chain Cooperative, Inc.	Yukon Territory
Baugh Western Cooperative, Inc.	Delaware
Buckhead Beef Company	Delaware
Buckhead Fish Company, Inc.	Georgia
Carnival Fruit Company	Florida
Contract Administrative Services, Inc.	Delaware
DiPaolo/Sysco Food Services, Inc.	Ohio
Economy Foods, Inc.	California
Enclave Logistics, LLC	Delaware
Focus Foodservice, LLC	Michigan
Fowler & Huntting, LLC	Delaware
Freedman Food Service of Austin, LP	Texas
Freedman Food Service of Dallas, Inc.	Texas
Freedman Food Service of Denver, Inc.	Delaware
Freedman Food Service of San Antonio, LP	Texas
Freedman Food Service, Inc.	Texas
Freedman Meats, Inc.	Delaware
Freedman-KB, Inc.	Delaware
FreshPoint — City Produce, LP	Delaware
FreshPoint Distribution, Inc.	Delaware
FreshPoint Holdings, Inc.	Delaware
FreshPoint of Arizona, Inc.	Delaware
FreshPoint of Atlanta, Inc.	Georgia
FreshPoint of California, Inc.	Delaware
FreshPoint of Denver, Inc.	Colorado
FreshPoint of Houston, Inc.	Delaware
FreshPoint of Las Vegas, Inc.	Delaware
FreshPoint of Palm Beach, Inc.	Florida
FreshPoint of Southern California, Inc.	California
FreshPoint of Washington, D.C., Inc.	District of Columbia
FreshPoint Pompano Real Estate, LLC	Delaware
FreshPoint Tomato, LLC	Delaware
FreshPoint Value Added Services, Inc.	California

SUBSIDIARY NAME	JURISDICTION OF INCORPORATION
FreshPoint, Inc.	Delaware
FreshPoint-Thomas Brothers, LLC	Delaware
Fulton Provision Co.	Delaware
Grants-Sysco Food Services, Inc.	Michigan
Guest Packaging, LLC	Delaware
Guest Supply, LLC	Delaware
Hallsmith-Sysco Food Services, LLC	Delaware
Hardin's-Sysco Food Services, LLC	Delaware
Il Paese, Inc.	Texas
INGENIUM Medical Supply Chain Solutions, Inc.	Delaware
Lankford-Sysco Food Services, LLC	Delaware
Lee-Ray Tarantino Co., Inc.	California
Malcolm Meats Company	Delaware
Movsovit & Sons of Florida, Inc.	Florida
Olewine's Sysco Food Services Company	Delaware
Overton Distributors, Inc.	Tennessee
P. Tavilla Co. (Miami), Inc.	Florida
Pegler-Sysco Food Services Company	Nebraska
Pegler-Sysco Transportation Co.	Nebraska
Piranha Produce, Inc.	Delaware
Produce America, Inc.	Delaware
Red's Market, Inc.	Florida
Robert Orr-Sysco Food Services, LLC	Delaware
Robert's Sysco Food Services, Inc.	Delaware
SFS Shelf, LLC	Delaware
Specialty Meat Holdings, LLC	Delaware
Sunburst Foods, Inc.	Delaware
Sysco Arizona Leasing, Inc.	Delaware
Sysco Asian Foods, Inc.	Delaware
SYSCO Central Ohio, Ltd.	Ohio
Sysco Corporation	Delaware
SYSCO Disaster Relief Foundation, Inc.	Texas
Sysco eVentures, Inc.	Delaware
Sysco Food Services — Gulf Coast, Inc.	Delaware
Sysco Food Services — Jacksonville, Inc.	Delaware
Sysco Food Services — West Coast Florida, Inc.	Delaware
Sysco Food Services of Albany, LLC	Connecticut
Sysco Food Services of Albany, LLC	Delaware
Sysco Food Services of Arizona, Inc.	Delaware
Sysco Food Services of Arkansas, LLC	Delaware
Sysco Food Services of Atlanta, LLC	Delaware
Sysco Food Services of Austin, Inc.	Delaware
Sysco Food Services of Baltimore, LLC	Delaware
Sysco Food Services of Baltimore, LLC	Pennsylvania
Sysco Food Services of Baltimore, LLC	Virginia
Sysco Food Services of Baraboo, LLC	Delaware
Sysco Food Services of Beaumont, Inc.	Delaware

SUBSIDIARY NAME	JURISDICTION OF INCORPORATION
Sysco Food Services of Central Alabama, Inc.	Delaware
Sysco Food Services of Central California, Inc.	California
Sysco Food Services of Central Florida, Inc.	Delaware
Sysco Food Services of Central Ohio, Inc.	Ohio
Sysco Food Services of Central Pennsylvania, LLC	Delaware
Sysco Food Services of Charlotte, LLC	Delaware
Sysco Food Services of Cincinnati, LLC	Delaware
Sysco Food Services of Cleveland, Inc.	Delaware
Sysco Food Services of Columbia, LLC	Delaware
Sysco Food Services of Columbia, LLC	Virginia
Sysco Food Services of Connecticut, LLC	Delaware
Sysco Food Services of Dallas, Inc.	Delaware
Sysco Food Services of Denver, Inc.	Colorado
Sysco Food Services of Detroit, LLC	Delaware
Sysco Food Services of East Texas, LLC	Delaware
Sysco Food Services of Eastern Wisconsin, LLC	Delaware
Sysco Food Services of Grand Rapids, LLC	Delaware
Sysco Food Services of Hampton Roads, Inc.	Delaware
Sysco Food Services of Houston, Inc.	Delaware
Sysco Food Services of Idaho, Inc.	Idaho
Sysco Food Services of Indianapolis, LLC	Delaware
Sysco Food Services of Iowa, Inc.	Delaware
Sysco Food Services of Jackson, LLC	Delaware
Sysco Food Services of Jackson, LLC	Mississippi
Sysco Food Services of Jamestown, LLC	Delaware
Sysco Food Services of Kansas City, Inc.	Missouri
Sysco Food Services of Knoxville, LLC	Delaware
Sysco Food Services of Las Vegas, Inc.	Delaware
Sysco Food Services of Long Island, LLC	Delaware
Sysco Food Services of Los Angeles, Inc.	Delaware
Sysco Food Services of Metro New York, LLC	Delaware
Sysco Food Services of Minnesota, Inc.	Delaware
Sysco Food Services of Montana, Inc.	Delaware
Sysco Food Services of New Mexico, LLC	Arizona
Sysco Food Services of New Mexico, LLC	Delaware
Sysco Food Services of New Orleans, LLC	Delaware
Sysco Food Services of North Central Florida, Inc.	Delaware
Sysco Food Services of North Dakota, Inc.	Delaware
Sysco Food Services of Northern New England, Inc.	Maine
Sysco Food Services of Oklahoma, LLC	Delaware
Sysco Food Services of Philadelphia, LLC	Delaware
Sysco Food Services of Pittsburgh, LLC	Delaware
Sysco Food Services of Portland, Inc.	Delaware
Sysco Food Services of Raleigh, LLC	Delaware
Sysco Food Services of Sacramento, Inc.	Delaware
Sysco Food Services of San Antonio, Inc.	Delaware
Sysco Food Services of San Diego, Inc.	Delaware

SUBSIDIARY NAME	JURISDICTION OF INCORPORATION
Sysco Food Services of San Francisco, Inc.	California
Sysco Food Services of Seattle, Inc.	Delaware
Sysco Food Services of South Florida, Inc.	Delaware
Sysco Food Services of Southeast Florida, LLC	Delaware
Sysco Food Services of Spokane, Inc.	Delaware
Sysco Food Services of St. Louis, LLC	Delaware
Sysco Food Services of Syracuse, LLC	Delaware
Sysco Food Services of Syracuse, LLC	Pennsylvania
Sysco Food Services of Ventura, Inc.	Delaware
Sysco Food Services of Virginia, LLC	Delaware
Sysco Food Services-Chicago, Inc.	Delaware
Sysco Foundation, Inc.	Texas
Sysco Global Resources, LLC	Delaware
Sysco Global Services, LLC	Delaware
Sysco Intermountain Food Services, Inc.	Delaware
Sysco International Food Group, Inc.	Florida
Sysco Merger Ohio II, Inc.	Delaware
SYSCO Netherlands Partners, LLC	Delaware
Sysco Newport Meat Company	Delaware
Sysco Resources Midwest, Inc.	Delaware
Sysco Resources Northeast, Inc.	Delaware
Sysco Resources Southeast, Inc.	Delaware
Sysco Resources Southwest, Inc.	Delaware
Sysco Resources West, Inc.	Delaware
Sysco Resources, Inc.	Delaware
SYSCO SERCA Food Services of New England, Inc.	Delaware
Sysco Services LLC	Delaware
Sysco-Desert Meats Company, Inc.	Delaware
Sysco-Robert's & Sysco-St. Louis Joint Acquisition Company, L.L.C.	Delaware
Sysco/Louisville Food Services Co.	Delaware
SyscoMed, Inc.	Delaware
Terrace Food Group, Inc.	Delaware
Terrace Fresh, Inc.	Florida
The SYGMA Network — Kansas City, LLC	Delaware
The SYGMA Network, Inc.	Delaware
Walker Foods, Inc.	New York
Watson Sysco Food Services, Inc.	Delaware
CANADIAN DIVISIONS	
Honeyman's Beef Purveyors	SYSCO Food Services of Quebec
J.J. Derma Meats Ltd.	SYSCO Food Services of Regina
SYSCO Food Services of Atlantic Canada	SYSCO Sturgeon Falls
SYSCO Food Services of Calgary	SYSCO Thunder Bay
SYSCO Food Services of Edmonton	SYSCO Food Services of Toronto
SYSCO Kingston	SYSCO Food Services of Winnipeg
SYSCO London	

ASSUMED NAMES

<u>Entity Name</u>	<u>DBA Name</u>
A-One-A Produce & Provisions, Inc.	FreshPoint — South Florida FreshPoint A One A Produce and Dairy
American Produce & Vegetable Company	American FoodService American Pre-Pack Choppin' Block FreshPoint — Dallas River Ranch Southwest
Baugh Supply Chain Cooperative, Inc.	Alfmark Alfmark Transportation Baugh Supply Chain Cooperative, Canada BSCC Canada Cooperative De Chaines D'Approvisionnement Baugh, Inc. Sysco Imports
Buckhead Beef Company	Buckhead Beef Northeast Buckhead Beef of Florida Central Florida Foodservice
Carnival Fruit Company	FreshPoint South Florida
Contract Administrative Services, Inc.	Texas Contract Administrative Services, Inc.
Economy Foods, Inc.	Facciola Meat Company
Fowler & Huntting, LLC	FreshPoint — Connecticut FreshPoint — Hartford
Freedman Food Service of Austin, LP	Texas Meat Purveyors
Freedman Food Service of San Antonio, LP	Texas Meat Purveyors
FreshPoint — City Produce, LP	Bay Area Produce City Produce City Produce — Corpus Christi City Produce — Harlingen City Produce — Rio Grande Valley City Produce — San Antonio FreshPoint — Austin FreshPoint — Harlingen FreshPoint — San Antonio
FreshPoint of Arizona, Inc.	FreshPoint — Phoenix
FreshPoint of Atlanta, Inc.	FreshPoint of Atlanta Mitt Parker
FreshPoint of Denver, Inc.	JDS&R Produce

Entity Name

FreshPoint of Southern California, Inc.

FreshPoint Tomato, LLC

FreshPoint-Thomas Brothers, LLC

Guest Supply, LLC

Lee-Ray Tarantino Co., Inc.

Movsovit & Sons of Florida, Inc.

Overton Distributors, Inc.

Pacific Produce Co. Ltd. (335080-1)

Piranha Produce, Inc.

Produce America, Inc.

DBA Name

G & G Produce Company
The Produce Hunter

FreshPoint — Nashville Tomato
Nashville Tomato

FreshPoint — Arkansas
FreshPoint — Oklahoma City
FreshPoint — Tulsa
Thomas Brothers
Thomas Brothers of Delaware

Guest Distribution

FreshPoint — San Francisco
Golden State Produce

East Coast Fruit Company
FreshPoint — Gainesville
FreshPoint Jacksonville
FreshPoint North Florida
FreshPoint Savannah
FreshPoint Southern Georgia
Movsovit & Sons of Georgia

FreshPoint — Overton
FreshPoint — Overton
FreshPoint of Charlotte
FreshPoint of Nashville
FreshPoint of Raleigh
FreshPoint Transportation
Overton Transportation

Allied Foodservices
FreshPoint — Nanaimo
FreshPoint — Vancouver
Pacific Produce — Nanaimo

FreshPoint — Central California
FreshPoint — Northern California
FreshPoint of Central California

Produce America Pompano, Inc.

Entity Name

Red's Market, Inc.

Sysco Asian Foods, Inc.

Sysco Corporation

SYSCO Food Services of Canada, Inc.

Sysco Food Services of Central Ohio, Inc.

Sysco Food Services of Denver, Inc.

Sysco Food Services of Metro New York, LLC

Sysco Food Services of Montana, Inc.

Sysco Food Services of Seattle, Inc.

Sysco Food Services of Spokane, Inc.

DBA Name

FreshPoint Central Florida
FreshPoint Southwest Florida
FreshPoint West Coast
FreshPoint West Coast Florida
FreshPoint-Red's Market of Central Florida
Garden Gourmet Specialties
Incredible Fresh
Red's Market
Red's Market — Orlando
Red's Market — Tampa

Asian Foods

Smelkinson Sysco Food Services
Sysco (Delaware) Corporation
Theimer Food Services
Theimer-Sysco Food Services

Honeyman's Beef Purveyors
J.J. Derma Meats
SYSCO Canada
SYSCO Food Services of Atlantic Canada
SYSCO Food Services of Calgary
SYSCO Food Services of Canada
SYSCO Food Services of Edmonton
SYSCO Food Services of Quebec
SYSCO Food Services of Regina
SYSCO Food Services of the Northwest Territories
SYSCO Food Services of Toronto
SYSCO Food Services of Winnipeg
SYSCO Kingston
SYSCO Kingston Redistribution Centre
SYSCO London
SYSCO Services Alimentaires du Quebec
SYSCO Sturgeon Falls
SYSCO Thunder Bay
SYSCO Ventra

Abbott Sysco Food Services
Sysco Food Services of Central Ohio

Nobel Sysco Foods
Sysco Food Services of New Mexico

Europa Meat

Sysco Foods

Sysco Food Services of Alaska

Sysco Food Services of Spokane

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our reports dated August 26, 2008, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting of SYSCO Corporation, included in this Annual Report (Form 10-K) for the year ended June 28, 2008, in the following registration statements and related prospectuses.

SYSCO Corporation Form S-3	File No. 333-126199
SYSCO Corporation Form S-3	File No. 333-149086
SYSCO Corporation Form S-4	File No. 333-50842
SYSCO Corporation Form S-8	File No. 333-147338
SYSCO Corporation Form S-8	File No. 33-45820
SYSCO Corporation Form S-8	File No. 333-01259
SYSCO Corporation Form S-8	File No. 333-01255
SYSCO Corporation Form S-8	File No. 333-27405
SYSCO Corporation Form S-8	File No. 333-66987
SYSCO Corporation Form S-8	File No. 333-49840
SYSCO Corporation Form S-8	File No. 333-58276
SYSCO Corporation Form S-8	File No. 333-122947
SYSCO Corporation Form S-8	File No. 333-129671

/s/ Ernst & Young LLP

Houston, Texas
August 26, 2008

CERTIFICATION

I, Richard J. Schnieders, certify that:

1. I have reviewed this annual report on Form 10-K of Sysco Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 26, 2008

/s/ RICHARD J. SCHNIEDERS

Richard J. Schnieders

Chairman of the Board and Chief Executive Officer

CERTIFICATION

I, William J. DeLaney, certify that:

1. I have reviewed this annual report on Form 10-K of Sysco Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 26, 2008

/s/ WILLIAM J. DELANEY

William J. DeLaney

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

I, Richard J. Schnieders, Chairman and Chief Executive Officer of Sysco Corporation (the “company”), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The company’s Annual Report on Form 10-K for the fiscal year ended June 28, 2008 (“Annual Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. All of the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: August 26, 2008

/s/ RICHARD J. SCHNIEDERS

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

CERTIFICATION PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

I, William J. DeLaney, Executive Vice President and Chief Financial Officer, of Sysco Corporation (the “company”), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The company’s Annual Report on Form 10-K for the fiscal year ended June 28, 2008 (“Annual Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. All of the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: August 26, 2008

/s/ WILLIAM J. DELANEY

William J. DeLaney

Executive Vice President and Chief Financial Officer