

**SYSCO CORP**  
Form DEF 14A  
September 30, 2005

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OMB APPROVAL

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**SYSCO CORPORATION**

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(Name of Registrant as Specified In Its Charter)

N/A

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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**SYSCO CORPORATION  
1390 ENCLAVE PARKWAY  
HOUSTON, TEXAS 77077-2099  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD NOVEMBER 11, 2005**

To the Stockholders of Sysco Corporation:

The Annual Meeting of Stockholders of Sysco Corporation, a Delaware corporation, will be held on Friday, November 11, 2005 at 10:00 a.m. at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024, for the following purposes:

1. To elect four directors;
2. To ratify the appointment of Ernst & Young LLP as SYSCO's independent accountants for fiscal 2006;
3. To approve the 2005 Management Incentive Plan;
4. To approve the payment of compensation to certain executive officers pursuant to the 2000 Management Incentive Plan so that the deductibility of such compensation will not be limited by Section 162(m) of the Internal Revenue Code;
5. To approve the 2005 Non-Employee Directors Stock Plan; and

6. To transact any other business as may properly be brought before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on September 13, 2005 will be entitled to receive notice of and to vote at the Annual Meeting. You may inspect a list of stockholders of record at the Company's offices during regular business hours during the 10-day period before the Annual Meeting. You may also inspect this list at the Annual Meeting.

We hope you will be able to attend the Annual Meeting in person. Whether or not you plan to attend in person, we urge you to promptly vote your shares by telephone, by the Internet or by returning the enclosed proxy card in order that your vote may be cast at the Annual Meeting.

By Order of the Board of Directors

Richard J. Schnieders  
*Chairman of the Board, Chief  
Executive Officer and President*

October 3, 2005

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**SYSCO CORPORATION  
1390 ENCLAVE PARKWAY  
HOUSTON, TEXAS 77077-2099  
PROXY STATEMENT  
2005 ANNUAL MEETING OF STOCKHOLDERS**

October 3, 2005

**Information About Attending the Annual Meeting**

Our Annual Meeting will be held on Friday, November 11, 2005, at 10:00 a.m. at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024.

**Information About This Proxy Statement**

We sent you these proxy materials because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. We began mailing these proxy materials to stockholders on or about October 3, 2005.

**Who Can Vote**

You can vote at the Annual Meeting if you owned shares at the close of business on September 13, 2005. You are entitled to one vote for each share you owned on that date on each matter presented at the Annual Meeting.

On September 13, 2005, there were 626,300,461 shares of Common Stock outstanding. All of our current directors and executive officers (26 persons) owned an aggregate of 2,381,123 shares, which was less than 1% of our outstanding stock as of September 13, 2005. We expect that these individuals will vote their shares in favor of electing the four nominees named below, for ratification of the appointment of the independent accountants, for approving the 2005 Management Incentive Plan, for approving compensation payments to certain executive officers under the 2000 Management Incentive Plan, and for approving the 2005 Non-Employee Directors Stock Plan.

**How to Vote**

You may vote your shares as follows:

in person at the Annual Meeting;

by telephone (see the enclosed proxy card for instructions);

by Internet (see the enclosed proxy card for instructions); or

by mail by signing, dating and mailing the enclosed proxy card.

If you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. You may specify whether your shares should be voted for all, some or none of the nominees for director, and you may abstain with respect to any other matter or specify whether your shares should be voted for or against the ratification of the appointment of the independent accountants, for or against approval of the 2005 Management Incentive Plan, for or against payment of compensation to certain executive officers under the 2000 Management Incentive Plan, and for or against approval of the 2005 Non-Employee Directors Stock Plan.

If you sign and return your proxy card without indicating your voting instructions, your shares will be voted FOR the election of the four nominees for director, FOR the ratification of the appointment of Ernst & Young as independent accountants for fiscal 2006, FOR the 2005 Management Incentive Plan, FOR the

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payment of compensation to certain executive officers under the 2000 Management Incentive Plan, and FOR the 2005 Non-Employee Directors Stock Plan.

If your shares are not registered in your own name and you plan to attend the Annual Meeting and vote your shares in person, you should contact your broker or agent in whose name your shares are registered to obtain a proxy executed in your favor and bring it to the Annual Meeting in order to vote.

### **How to Revoke or Change Your Vote**

You may revoke or change your proxy at any time before it is exercised by:

delivering written notice of revocation to SYSCO's Corporate Secretary in time for him to receive it before the Annual Meeting;

voting again by telephone, Internet or mail; or

voting in person at the Annual Meeting.

The last vote that we receive from you will be the vote that is counted.

### **Broker Non-Votes**

A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting authority and has not received voting instructions from the beneficial owner.

### **Quorum Requirement**

A quorum is necessary to hold a valid meeting. A quorum will exist if the holders of at least 35% of all the shares entitled to vote at the meeting are present in person or by proxy. Abstentions and broker non-votes are counted as present for establishing a quorum.

### **Votes Necessary for Action to be Taken**

Four directors will be elected at the meeting by a plurality of all the votes cast at the meeting, meaning that the four nominees in Class I with the most votes will be elected. The affirmative vote of a majority of all of the votes cast is required to approve the ratification of the appointment of the independent accountants, the 2005 Management Incentive Plan, the payment of compensation to certain executive officers under the 2000 Management Incentive Plan, and the 2005 Non-Employee Directors Stock Plan. In addition, NYSE rules require that at least 50% of the shares outstanding on September 13, 2005 actually cast a vote (either for, against or abstain) with respect to the proposals to approve the 2005 Management Incentive Plan and 2005 Non-Employee Directors Stock Plan. Broker non-votes are not votes cast for this purpose. Abstentions are not counted for purposes of the election of directors, but will have the effect of a vote against the other proposals. Broker non-votes will have no effect on the election of directors and will be disregarded with respect to all other proposals.

### **Who Will Count Votes**

We will appoint one or more Inspectors of Election who will determine the number of shares outstanding, the voting power of each, the number of shares represented at the Annual Meeting, the existence of a quorum and whether or not the proxies and ballots are valid and effective.

The Inspectors of Election will determine, and retain for a reasonable period a record of the disposition of, any challenges and questions arising in connection with the right to vote and will count all votes and ballots cast for and against and any abstentions with respect to all proposals and will determine the results of each vote.

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**Cost of Proxy Solicitation**

We will pay the cost of solicitation of proxies including preparing, printing and mailing this proxy statement. We will authorize banks, brokerage houses and other custodians, nominees and fiduciaries to forward copies of proxy materials and will reimburse them for their costs in sending the materials.

We have retained Georgeson Shareholder to help us solicit proxies from these entities and certain individual stockholders, in writing or by telephone, at an estimated fee of \$11,000 plus reimbursement for their out-of-pocket expenses.

**Receiving Proxy Materials on the Internet**

Registered stockholders may sign up on the Internet to receive future proxy materials and other stockholder communications on the Internet instead of by mail. This will reduce our printing and postage costs. In order to receive the communications electronically, you must have an e-mail account, access to the Internet through an Internet service provider and a web browser that supports secure connections. You can access the Internet site at [www.econsent.com/syy](http://www.econsent.com/syy) for additional information and to sign up. You will be asked to enter the number of your stock account with our transfer agent, EquiServe Trust Company, N.A. That number is shown on dividend checks, on stock certificates and on your proxy card. After you have provided identification and transmitted your e-mail address, the transfer agent will send you an e-mail message confirming your acceptance of electronic stockholder communications.

When proxy materials for next year's Annual Meeting are ready for distribution, those who have accepted electronic receipt will receive e-mail notice of their control numbers and the Internet site for viewing proxy materials and for voting. Acceptance of electronic receipt will remain in effect until it is withdrawn. You can withdraw your consent or change your e-mail address by following the procedures at the above-referenced Internet site.

Many brokerage firms and banks are also offering electronic proxy materials to their clients. If you are a beneficial owner of SYSCO stock that is held for you by a broker or bank, you should contact that broker or bank to find out whether this service is available to you.

**Other Matters**

We do not know of any matter that will be presented at the Annual Meeting other than the election of directors and the proposals discussed in this proxy statement. However, if any other matter is properly presented at the Annual Meeting, your proxies will act on such matter in their best judgment.

**Annual Report**

A copy of our 2005 Annual Report to Shareholders, including our Annual Report on Form 10-K for fiscal 2005, without exhibits and as filed with the SEC, is being mailed with this proxy statement. We will furnish additional copies of our Annual Report without charge upon your written request if you are a record or beneficial owner of Common Stock whose proxy we are soliciting in connection with the Annual Meeting. Please address requests for a copy of the Annual Report to the Investor Relations Department, SYSCO Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099. The Annual Report on Form 10-K is also available on our website under SEC Filings at [www.sysco.com/investor/investor.html](http://www.sysco.com/investor/investor.html).

**ELECTION OF DIRECTORS**

**ITEM NO. 1 ON THE PROXY CARD**

The Board of Directors is currently divided into three classes of four, three and four directors each. The directors in each class serve for a three-year term. A different class is elected each year to succeed the directors whose terms are expiring. Thomas E. Lankford retired from the board in July 2005 and the size of the board was reduced from 12 to its current size of 11.



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The Board of Directors has nominated the following four persons for election as directors in Class I to serve for three-year terms or until their successors are elected and qualified:

Judith B. Craven

Richard G. Merrill

Phyllis S. Sewell

Richard G. Tilghman

All of the nominees are currently serving as directors of SYSCO. All of the nominees have consented to serve if elected. Although management does not contemplate the possibility, in the event any nominee is not a candidate or is unable to serve as a director at the time of the election, the proxies will vote for any nominee who is designated by the present Board of Directors to fill the vacancy.

Set forth below is biographical information for each nominee for election as a director at the 2005 Annual Meeting:

*Judith B. Craven, M.D.*, 59, has served as a director of SYSCO since 1996. Dr. Craven served as President of the United Way of the Texas Gulf Coast from 1992 until her retirement in September 1998. Dr. Craven is also a director of Belo Corporation, Luby's Cafeterias, Inc., Sun America Funds and VALIC. She is also a Regent for the University of Texas. Dr. Craven is a member of the Corporate Governance and Nominating Committee and the Finance Committee.

*Richard G. Merrill*, 74, has served as a director of SYSCO since 1983. Currently retired, he formerly served as Executive Vice President of The Prudential Insurance Company of America. Mr. Merrill is Chairman of the Compensation and Stock Option Committee and is also a member of the Audit Committee and Executive Committee.

*Phyllis S. Sewell*, 74, has served as a director of SYSCO since 1991. Currently retired, she formerly served as Senior Vice President of Federated Department Stores, Inc. Mrs. Sewell is a member of the Compensation and Stock Option Committee and Corporate Governance and Nominating Committee.

*Richard G. Tilghman*, 65, has served as a director of SYSCO since November 2002. Mr. Tilghman served as Vice Chairman and Director of SunTrust Banks from 1999 until his retirement in 2000. He served as Chairman and Chief Executive Officer of Crestar Financial Corporation, a bank holding company, from 1986 until 1999. Mr. Tilghman is Chairman of the Audit Committee and is also a member of the Compensation and Stock Option Committee and the Executive Committee.

***The Board of Directors recommends a vote FOR the nominees listed above.***

The following Class II directors are serving terms that expire in 2006:

*Jonathan Golden*, 68, has served as a director of SYSCO since 1984. Mr. Golden is a partner of Arnall Golden Gregory LLP, counsel to SYSCO. Mr. Golden is a member of the Executive Committee and the Finance Committee.

*Joseph A. Hafner, Jr.*, 60, has served as a director of SYSCO since November 2003. He is chairman of Riviana Foods, Inc., a position he has held since March 2005. He served as president and chief executive officer of Riviana from 1984 until March 2005. Mr. Hafner is Chairman of the Finance Committee and is also a member of the Audit Committee and the Executive Committee.

*Richard J. Schnieders*, 57, has served as a director of SYSCO since 1997. Mr. Schnieders has served as Chairman and Chief Executive Officer of SYSCO since January 2003. He assumed the additional role of President in July 2005. Mr. Schnieders previously served as President from July 2000 through December 2002 and as Chief Operating Officer from January 2000 through December 2002. Mr. Schnieders served as Executive Vice President, Foodservice Operations from January 1999 to July 2000 and as Senior Vice President, Merchandising Services and Multi-Unit Sales from 1997 until January 1999. From 1992 until 1997, he served as Senior Vice President, Merchandising Services. From 1988 until 1992, Mr. Schnieders served as

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President and Chief Executive Officer of Hardin's-Sysco Food Services, LLC. He has been employed by SYSCO since 1982. Mr. Schnieders also serves as a director of Aviall, Inc. Mr. Schnieders is Chairman of the Executive Committee and is also a member of the Finance Committee and the Employee Benefits Committee.

The following Class III directors are serving terms that expire in 2007:

*Colin G. Campbell*, 69, has served as a director of SYSCO since 1989. Mr. Campbell is Chairman, President and Chief Executive Officer of the Colonial Williamsburg Foundation, a private operating foundation. He also serves as a director of Pitney Bowes Inc. and Rockefeller Financial Services, Inc. From 1988 to 2000, Mr. Campbell served as the President of Rockefeller Brothers Fund. Mr. Campbell is Chairman of the Corporate Governance and Nominating Committee and is also a member of the Compensation and Stock Option Committee and the Executive Committee.

*John M. Cassaday*, 52, has served as a director of SYSCO since November 2004. He is president and chief executive officer of Corus Entertainment, Inc., a media and entertainment company based in Canada, a position he has held since September 1999. He also serves as a director of Corus and Manulife Financial Corporation. Mr. Cassaday is a member of the Audit Committee and the Finance Committee.

*John K. Stubblefield, Jr.*, 59, has served as a director of SYSCO since January 2003. Mr. Stubblefield is Executive Vice President, Finance and Chief Financial Officer, a position he has held since January 2005. He served as Executive Vice President, Finance and Administration from January 2000 until January 2005. He served as Senior Vice President, Finance and Administration from 1998 to January 2000 and as Senior Vice President, Controller and Chief Financial Officer from 1994 to 1998. He served as Vice President and Controller from 1992 to 1993 and as Senior Vice President and Controller from 1993 to 1994. He served as Vice President of Finance of Nobel/ SYSCO Food Services Company from 1986 to 1992 and as Controller of SYSCO's Houston subsidiary from 1984 until 1986. Mr. Stubblefield is a member of the Employee Benefits Committee.

*Jackie M. Ward*, 67, has served as a director of SYSCO since September 2001. Currently retired, Ms. Ward founded in 1968, and later served as Chairman, President and Chief Executive Officer of, Computer Generation Incorporated, which was acquired in December 2000 by Intec Telecom Systems PLC, a software company based in the United Kingdom. Ms. Ward is a director of Bank of America, Equifax Inc., Flowers Foods, Inc., Sanmina-SCI Corporation and WellPoint, Inc. Ms. Ward is a member of the Compensation and Stock Option Committee and the Corporate Governance and Nominating Committee.

Unless otherwise noted, the persons named above have been engaged in the principal occupations shown for the past five years or longer.

**Director Compensation***2005 Compensation*

During fiscal 2005, our non-employee directors received the following compensation, in addition to the expense reimbursements discussed below:

<b>Name</b>	<b>Annual Retainer (\$)</b>	<b>Meeting Attendance Fees (\$)</b>	<b>Options (#)</b>	<b>Retainer Shares (#)</b>
Campbell	\$ 67,500(3)	\$ 22,000	8,000	
Cassaday	30,000(3)	9,000	8,000	4,000
Craven	60,000(1)(3)	13,000	8,000	
Golden	60,000(1)(3)	8,000(2)	8,000	
Hafner	65,000(1)(3)	21,000(2)	8,000	
Merrill	67,500(1)(3)	26,500(2)	8,000	
Sewell	60,000(1)(3)	15,000(2)	8,000	
Tilghman	67,500(3)	28,000	8,000	
Ward	60,000(1)(3)	16,000(2)	8,000	



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- (1) One-half of these retainer fees were deferred under the Directors Deferred Compensation Plan.
- (2) All of these meeting attendance fees were deferred under the Directors Deferred Compensation Plan.
- (3) All of the non-employee directors elected to receive 50% of their retainer fees in the form of common stock. The Company issued one additional share for every two elected shares. Amounts shown do not reflect the value of the additional shares.

*Fees*

We pay non-employee directors who serve as committee chairpersons \$70,000 per year and all other non-employee directors \$60,000 per year plus reimbursement of expenses for all services as a director, including committee participation or special assignments. Directors are encouraged to have their spouses accompany them to dinners and other functions held in connection with board meetings, and the company pays, either directly or through reimbursement, all expenses associated with their travel to and attendance at these business-related functions.

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 \$1,500 and committee members who attend in person (or who participate by telephone because of illness or the inability to travel) will receive \$1,000;

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 \$1,500 and committee members who attend in person or who participate by telephone will receive \$1,000; and

For special Board meetings, all non-employee directors who attend in person or who participate by telephone will receive \$1,000.

*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 plus 1%, 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*

In May 1998, the Board of Directors adopted, and our stockholders subsequently approved, the SYSCO Non-Employee Directors Stock Plan. The Plan was amended in 2001, and shareholders are being asked to approve a new plan at the 2005 Annual Meeting. If the new proposed plan is approved, no further grants will be made under the current plan. The new proposed plan is described in more detail beginning on page 43. All historical data with respect to grants of stock options under our benefit plans contained in this Proxy Statement has been adjusted to reflect stock splits.

*Options.* Under the current plan, non-employee directors are eligible to receive stock options if, for the immediately preceding fiscal year, we have achieved after-tax basic earnings per share of 10% over the previous year. Non-employee directors will continue to be eligible to receive stock options under the new proposed plan if it is approved; however, there will be no performance requirement. The size of individual grants and vesting terms will be set by the Board at the time of grant. If the new proposed plan is approved, each non-employee member of the Board will receive a grant of 3,500 options in November 2005. These options are expected to vest over a three-year period and will have a seven-year term. The exercise price will be determined on the date of grant based on the fair market value of the shares subject to the option on the date of grant.



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In fiscal 2005, we granted options to purchase an aggregate of 72,000 shares to nine non-employee directors. These options have a weighted average exercise price of \$33.10, vest ratably over a five-year period and expire seven years after the date of grant.

*Elected Shares.* The current 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 we will provide a matching grant of 50% of the number of shares received as a portion of the retainer.

*Retainer Shares.* Under the current plan, each newly elected director who has not previously received a retainer award is granted a one-time retainer award of 4,000 shares. These shares vest in thirds every other year during a six-year period based on increases in earnings per share. Any retainer shares that have not vested as of the sixth anniversary of the date of grant are forfeited. Mr. Cassaday received a retainer stock award of 4,000 shares upon his election to the Board on November 12, 2004.

Under the new proposed plan, retainer awards for newly elected directors will consist of 6,000 shares and will vest ratably over a three-year period without regard to performance.

*Restricted Stock.* Under the new proposed plan, the Board will be authorized to issue restricted stock to non-employee directors on terms set forth in the plan. If the new proposed plan is approved, each non-employee member of the Board will receive a grant of 3,000 restricted shares in November 2005. These restricted shares will vest ratably over a three-year period.

No other compensation was paid for director services during the fiscal year ended July 2, 2005. See Certain Relationships.

**Board Meetings and Attendance**

The Board of Directors held six meetings during fiscal 2005 and all directors attended 75% or more of the aggregate of:

the total number of meetings of the Board of Directors, and

the total number of meetings held by all committees of the Board on which he or she served during fiscal 2005.

It is the policy of the Board that all directors attend the Annual Meeting of Stockholders. In fiscal 2005, all directors attended the Annual Meeting.

**Committees of the Board**

The following directors serve on the committees indicated:

Name	Audit Committee	Compensation and Stock Option Committee	Corporate Governance and Nominating Committee
Colin G. Campbell		x	x*
John M. Cassaday	x		
Judith B. Craven			x
Joseph A. Hafner, Jr.	x		
Richard G. Merrill	x	x*	
Phyllis S. Sewell		x	x
Richard G. Tilghman	x*	x	
Jackie M. Ward		x	x

\* Chairman of the Committee

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The Audit Committee held 12 meetings during fiscal 2005. The function of the Audit Committee includes oversight of various auditing and accounting matters, including the selection of our independent public accountants, the scope of the audit procedures, the nature of all audit and non-audit services to be performed, the fees to be paid to the independent public accountants, the performance of our independent public accountants and our accounting practices and policies.

The Compensation and Stock Option Committee held seven meetings during fiscal 2005. The function of the Compensation and Stock Option Committee is to evaluate and determine the annual compensation of the Chief Executive Officer, to consider the annual compensation of executive officers, and to oversee the administration of SYSCO's Management Incentive Plan, stock incentive and option plans, the 2004 Long-Term Incentive Cash Plan, the Supplemental Performance Based Bonus Plan and other executive benefit plans.

The Corporate Governance and Nominating Committee held five meetings during fiscal 2005. The function of the Corporate Governance and Nominating Committee is to propose directors, committee members and officers for election or reelection, to evaluate (in conjunction with the Compensation and Stock Option Committee) the performance of the Chief Executive Officer, to review the performance of the members of the Board and its committees, to consider the annual compensation of non-employee directors, and to review and make recommendations regarding the organization and effectiveness of the Board and its committees, the establishment of corporate governance principles, the conduct of meetings, succession planning and SYSCO's governing documents.

The Board of Directors also has a Finance Committee which held five meetings during fiscal 2005. The function of the Finance Committee is to assist the Board in satisfying its fiduciary responsibilities relating to financial performance and financial planning of the Company in pursuing its financial objectives. The Committee reviews policies regarding capital structure, dividends and liquidity; reviews risk assessment and risk management policies; reviews and recommends the sale or issuance of equity and certain debt securities; reviews acquisitions and financing alternatives; reviews and approves certain capital expenditures; and establishes and monitors high-level investment and funding objectives and investment performance and funding of the Company's tax-qualified retirement and non-qualified benefit plans. The Finance Committee is chaired by Joseph A. Hafner, Jr., and its members include Mr. Cassaday, Dr. Craven, Mr. Golden and Mr. Schnieders.

The Board of Directors also has an Executive Committee which held one meeting during fiscal 2005. The Executive Committee is authorized to exercise all of the powers of the Board when necessary, to the extent permitted by applicable law. The Executive Committee is chaired by Mr. Schnieders and its members include Mr. Campbell, Mr. Golden, Mr. Hafner, Mr. Merrill and Mr. Tilghman.

The Board of Directors also has an Employee Benefits Committee that oversees the maintenance and administration of the Corporation's employee stock purchase, welfare benefit, and tax-qualified retirement plans. Messrs. Schnieders and Stubblefield serve as members of this Committee.

Current copies of the charters for the Audit Committee, the Compensation and Stock Option Committee, the Corporate Governance and Nominating Committee and the Finance Committee are published on the Company's website at [www.sysco.com/investor/governance.html](http://www.sysco.com/investor/governance.html) and are available in print by writing to the Investor Relations Department, SYSCO Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099. The Audit Committee Charter is also attached to this Proxy Statement as Annex A.

**Compensation Committee Interlocks and Insider Participation**

Mr. Campbell, Mr. Merrill, Mrs. Sewell, Mr. Tilghman and Ms. Ward each served on the Compensation and Stock Option Committee during fiscal 2005. During fiscal 2005, none of the members of the Committee was an officer or employee of SYSCO or any of its subsidiaries or served as an officer of any company with respect to which any executive officer of SYSCO served on such company's board of directors, and none had any relationship with the Company requiring disclosure under Item 404 of SEC Regulation S-K. In addition, none of the members of the Committee are former employees of SYSCO or any of its subsidiaries.

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**CERTAIN RELATIONSHIPS**

Mr. Golden is the sole stockholder of Jonathan Golden, P.C., a partner in the law firm of Arnall Golden Gregory LLP, Atlanta, Georgia, counsel to SYSCO. We believe that the fees paid to this firm in fiscal 2005 were fair and reasonable in view of the level and extent of services rendered.

**CORPORATE GOVERNANCE**

**Corporate Governance Guidelines**

The Board of Directors has adopted the Sysco Corporation Corporate Governance Guidelines. These guidelines outline the functions of the Board, director qualifications and responsibilities, and various processes and procedures designed to ensure effective and responsive governance. These guidelines also outline considerations for determining qualification for membership to the Board such as diversity, skills, experience, time available and the number of other boards the member sits on in the context of the needs of the Board and the Company. The guidelines are reviewed from time to time in response to changing regulatory requirements and best practices and are revised accordingly. The guidelines were last revised in September 2005. The Corporate Governance Guidelines are published on our website at [www.sysco.com/investor/governance.html](http://www.sysco.com/investor/governance.html), and are available in print by writing to the Investor Relations Department, SYSCO Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099.

**Code of Business Conduct**

All of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, are required to comply with our long-standing Code of Business Conduct to help ensure that our business is conducted in accordance with the highest standards of moral and ethical behavior. Our Code of Business Conduct covers all areas of professional conduct, including customer relationships, equal opportunity, payment of gratuities and receipt of payments or gifts, competition and fair dealing, political contributions, antitrust, conflicts of interest, insider trading, financial disclosure, intellectual property and confidential information, as well as requiring strict adherence to all laws and regulations applicable to our business. Employees are required to report any violations or suspected violations of the Code and may do so by using SYSCO's ethics hotline. The Code includes an anti-retaliation statement. The Code of Business Conduct is published on our website at [www.sysco.com/investor/governance.html](http://www.sysco.com/investor/governance.html) and is available in print by writing to the Investor Relations Department, SYSCO Corporation, 1390 Enclave Parkway, Houston, Texas 77077-2099.

**Presiding Director; Communicating with the Board**

The non-management directors meet in executive session without members of management present at every regular Board meeting. During fiscal 2005, the non-management directors held five executive sessions without the CEO or any other member of management present. Richard G. Tilghman, chairman of the Audit Committee, has been selected to preside at these executive sessions during fiscal 2006. In addition, the non-employee directors, other than Mr. Golden and any other director who may be deemed not independent, meet in executive session at least once a year.

Interested parties may communicate with Mr. Tilghman, the non-management directors as a group and the other members of the Board by confidential email. All emails will be delivered to the presiding director who will forward them as appropriate. The Board requests that items unrelated to the duties and responsibilities of the Board not be submitted, such as product inquiries and complaints, job inquiries, business solicitations and junk mail. The form to communicate by email is accessible in the corporate governance section of SYSCO's website at [www.sysco.com/investor/contact\\_board.html](http://www.sysco.com/investor/contact_board.html).



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**Director Independence**

Our Corporate Governance Guidelines require that at least a majority of our directors meet the criteria for independence established by the New York Stock Exchange for continued listing, and all applicable legal requirements. Additionally, all members of the Audit Committee, Compensation and Stock Option Committee and Corporate Governance and Nominating Committee are required to be independent.

Under New York Stock Exchange listing standards, to be considered independent, a director must be determined to have no material relationship with SYSCO other than as a director. The standards specify the criteria by which the independence of directors will be determined, including guidelines for directors and their immediate family members with respect to employment or affiliation with SYSCO or its independent public accountants.

In addition to the NYSE's standards for independence, the Company's Corporate Governance Guidelines provide that the following relationships will not impair a director's independence: (i) if a SYSCO director is an executive officer of another company that does business with SYSCO and the annual sales to, or purchases from, SYSCO are less than two percent of the annual revenues of the company he or she serves as an executive officer; (ii) if a SYSCO director is an executive officer of another company which is indebted to SYSCO, or to which SYSCO is indebted, and the total amount of either company's indebtedness to the other is less than two percent of the total consolidated assets of the company he or she serves as an executive officer; and (iii) if a SYSCO director serves as an officer, director or trustee of a charitable organization, and SYSCO's discretionary charitable contributions to the organization are less than two percent of that organization's total annual charitable receipts (SYSCO's automatic matching of employee charitable contributions to higher education will not be included in the amount of SYSCO's contributions for this purpose).

After reviewing all relevant relationships of the directors, the Board of Directors has determined that Mr. Campbell, Mr. Cassaday, Dr. Craven, Mr. Hafner, Mr. Merrill, Mrs. Sewell, Mr. Tilghman and Ms. Ward are independent under the NYSE standards and the categorical standards set forth in the Corporate Governance Guidelines and described above. The Board has also determined that each member of the Audit Committee, Compensation and Stock Option Committee and Corporate Governance and Nominating Committee is independent.

**Nominating Committee Procedures**

In accordance with its Charter, the Corporate Governance and Nominating Committee will observe the following procedures in identifying and evaluating candidates for election to the Company's Board of Directors:

1. In considering candidates for election to the Board, the Committee will determine the incumbent directors whose terms expire at the upcoming annual meeting and who wish to continue their service on the Board. The Committee will also identify and evaluate new candidates for election to the Board for the purpose of filling vacancies.

The Committee will solicit recommendations for nominees from persons that the Committee believes are likely to be familiar with qualified candidates. These persons may include members of the Board and management of the Company. The Committee may also determine to engage a professional search firm to assist in identifying qualified candidates. Where such a search firm is engaged, the Committee shall set its fees and scope of engagement.

In making its selection, the Committee will also consider nominations made by stockholders in conformity with Section 8 of the Company's Bylaws. The Committee will evaluate candidates proposed by stockholders in conformity with Section 8 of the Company's Bylaws under the same criteria used to evaluate other candidates.

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2. As to all incumbent and new candidates that the Committee believes merit consideration, the Committee will cause to be assembled information concerning the background and qualifications of the candidate, including information required to be disclosed in the Company's proxy statement under the rules of the SEC or any other regulatory agency or exchange or trading system on which the Company's securities are listed, and any relationship between the candidate and the person or persons recommending the candidate;

determine if the candidate satisfies the qualifications required by the Company's Corporate Governance Guidelines of candidates for election as director as set forth under "Corporate Governance Guidelines" above;

determine if the candidate possesses qualities, experience or skills that the Committee has determined to be desirable;

consider the contribution that the candidate can be expected to make to the overall functioning of the Board;

consider the candidate's capacity to be an effective director in light of the time required by the candidate's primary occupation and service on other boards;

consider the extent to which the membership of the candidate on the Board will promote diversity among the directors; and

consider, with respect to an incumbent director, whether the director satisfactorily performed his or her duties as director during the preceding term, including attendance and participation at Board and Committee meetings, and other contributions as a director.

3. In its discretion, the Committee may designate one or more of its members (or the entire Committee) to interview any proposed candidate.

4. Based on all available information and relevant considerations, the Committee will recommend to the full Board for nomination those candidates who, in the view of the Committee, are most suited for membership on the Board.

5. The Committee shall maintain appropriate records regarding its process of identifying and evaluating candidates for election to the Board.

As indicated above, the Corporate Governance and Nominating Committee will consider candidates for director recommended by stockholders of the Company. The procedures for submitting stockholder recommendations are explained below under "Stockholder Proposals" on page 49.

**Stock Ownership Guidelines**

The Corporate Governance Guidelines provide that after five years of service as a non-employee director, such individuals are expected to continuously own a minimum of 10,000 shares of SYSCO common stock. All of the current directors other than Messrs. Cassaday and Hafner beneficially held the requisite number of shares as of September 13, 2005. Mr. Cassaday has served on the Board for less than one year and Mr. Hafner has served on the Board for less than two years. Stock ownership guidelines applicable to executive officers are described on page 20.

**Table of Contents****EXECUTIVE OFFICERS**

The following persons currently serve as executive officers of SYSCO. Each person listed below has served as an officer of SYSCO and/or its subsidiaries for at least the past five years.

<b>Name</b>	<b>Title</b>	<b>Served in Position Since</b>	<b>Age</b>
Larry J. Accardi*	Executive Vice President, Contract Sales and President, Specialty Distribution Companies	2002 2005	56
Kenneth J. Carrig	Executive Vice President and Chief Administrative Officer	2005	48
Robert J. Davis	Senior Vice President, Contract Sales	2005	47
Kirk G. Drummond	Senior Vice President and Chief Information Officer	2005	50
G. Mitchell Elmer	Vice President, Controller and Chief Accounting Officer	2000 2005	46
James C. Graham	Senior Vice President, Foodservice Operations	2000	55
Michael W. Green	Senior Vice President, Foodservice Operations	2004	46
William Holden	Senior Vice President, Foodservice Operations	2003	60
James E. Lankford	Senior Vice President, Foodservice Operations	2000	52
Michael C. Nichols	Vice President, General Counsel and Corporate Secretary	1999 2002	53
Larry G. Pulliam	Executive Vice President, Merchandising Services	2005	49
Diane D. Sanders	Senior Vice President of Finance and Treasurer	2004 1994	56
Richard J. Schnieders*	Chairman, Chief Executive Officer and President	2003 2005	57
Stephen F. Smith	Senior Vice President, Foodservice Operations	2002	55
Bruce L. Soltis	Senior Vice President, Canadian Foodservice Operations	2002	60
Kenneth F. Spitler*	Executive Vice President; President of North American Foodservice Operations	2003 2005	56
John K. Stubblefield, Jr.*	Executive Vice President, Finance and Chief Financial Officer	2000 2005	59

\* Named Executive Officer



**Table of Contents****STOCK OWNERSHIP**

The following table sets forth certain information with respect to the beneficial ownership of Company Common Stock, as of September 13, 2005, by (i) each director, (ii) each Named Executive Officer (as hereinafter defined), and (iii) all directors and executive officers as a group. To our knowledge, no person or group beneficially owns 5% or more of our Common Stock. Unless otherwise indicated, each stockholder identified in the table has sole voting and investment power with respect to his or her shares.

	<b>Shares of Common Stock Owned Directly</b>	<b>Shares of Common Stock Owned Indirectly</b>	<b>Shares of Common Stock Underlying Options(1)</b>	<b>Total Shares of Common Stock Beneficially Owned</b>	<b>Percent of Outstanding Shares(2)</b>
Larry J. Accardi	172,142		268,000	440,142	*
Colin G. Campbell	14,561	2,000(7)	56,000	72,561	*
John M. Cassaday	4,000	3,500(8)	1,600	9,100	*
Judith B. Craven	32,327		24,000	56,327	*
Jonathan Golden	29,857	18,500(8)	56,000	104,357	*
Joseph A. Hafner, Jr.	5,268		4,800	10,068	