

Financial Section

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Eleven - Year Summary of Operations and Related Information

(Dollars in thousands except for per share data, employees and shareholders)

	2001	2000	1999	1998	1997
Results of Operations					
Sales	\$ 21,784,497	\$ 19,303,268	\$ 17,422,815	\$ 15,327,536	\$ 14,454,589
Costs and expenses					
Cost of sales	17,513,138	15,649,551	14,207,860	12,499,636	11,835,959
Operating expenses	3,232,827	2,843,755	2,547,266	2,236,932	2,076,335
Interest expense	71,776	70,832	72,839	58,422	46,502
Other, net	101	1,522	963	53	(162)
Total costs and expenses	20,817,842	18,565,660	16,828,928	14,795,043	13,958,634
Earnings before income taxes	966,655	737,608	593,887	532,493	495,955
Income taxes	369,746	283,979	231,616	207,672	193,422
Earnings before cumulative effect of accounting change	596,909	453,629	362,271	324,821	302,533
Cumulative effect of accounting change	—	(8,041)	—	(28,053)	—
Net earnings	596,909	445,588	362,271	296,768	302,533
Cash dividends paid	173,701	145,418	126,691	110,928	99,574
Earnings reinvested	\$ 423,208	\$ 300,170	\$ 235,580	\$ 185,840	\$ 202,959
Effective income tax rate	38.25%	38.5%	39%	39%	39%
Per Common Share Data ⁽¹⁾					
Diluted earnings per share:					
Earnings before accounting change	\$ 0.88	\$ 0.68	\$ 0.54	\$ 0.47	\$ 0.42
Cumulative effect of accounting change	—	(0.01)	—	(0.04)	—
Net earnings	0.88	0.67	0.54	0.43	0.42
Cash dividends	0.26	0.22	0.19	0.17	0.14
Shareholders' equity	\$ 3.23	\$ 2.66	\$ 2.16	\$ 2.03	\$ 2.03
Diluted average shares outstanding	677,949,351	669,555,856	673,593,338	686,880,362	712,167,188
Performance Measurements					
Pretax return on sales	4.44%	3.82%	3.41%	3.47%	3.43%
Return on average shareholders' equity					
before accounting change	31%	29%	26%	23%	21%
Return on average total capital before accounting change (equity plus long-term debt)	20%	17%	16%	15%	15%
Financial Position					
Current ratio	1.43	1.53	1.69	1.65	1.76
Working capital	\$ 894,987	\$ 950,280	\$ 981,227	\$ 855,877	\$ 847,815
Capital expenditures	341,138	266,413	286,687	259,353	210,868
Other assets	965,046	736,047	460,146	449,068	413,762
Plant and equipment (net)	1,518,593	1,344,693	1,227,669	1,151,054	1,058,432
Total assets	5,468,521	4,813,955	4,096,582	3,780,189	3,433,823
Long-term debt	961,421	1,023,642	997,717	867,017	685,620
Other liabilities	269,685	245,810	244,129	232,193	233,917
Shareholders' equity	2,147,520	1,761,568	1,427,196	1,356,789	1,400,472
Shareholder Data					
Closing price of common share at year end ⁽¹⁾	\$ 27.15	\$ 21.07	\$ 15.38	\$ 12.75	\$ 9.25
Price/earnings ratio at year end - diluted ^{(1), (2)}	31	31	28	27	22
Market price per common share - high/low ⁽¹⁾	\$ 30-19	\$ 22-13	\$ 16-10	\$ 14-9	\$ 10-7
Number of employees	43,000	40,400	35,100	33,400	32,000
Number of shareholders of record at year end	15,493	15,207	15,485	16,142	17,890

(1) The data presented reflects the 2-for-1 stock splits of December 15, 2000, March 20 1998 and June 19, 1992.

(2) Ratios for 2000 and 1998 are before the effects of accounting changes.

						1-Year Growth Rates	5-Year Compound Growth Rates	10-Year Compound Growth Rates	20-Year Compound Growth Rates
1996	1995	1994	1993	1992	1991	2001	1997-2001	1992-2001	1982-2001
\$ 13,395,130	\$ 12,118,047	\$ 10,942,499	\$ 10,021,513	\$ 8,892,785	\$ 8,149,700	13%	10%	10%	15%
10,983,796	9,927,448	8,971,628	8,225,275	7,303,886	6,693,822				
1,917,376	1,736,625	1,568,773	1,427,394	1,270,397	1,161,375				
41,019	38,579	36,272	39,004	43,275	49,082				
(1,004)	(2,223)	(1,756)	(2,137)	(6,429)	(5,443)				
12,941,187	11,700,429	10,574,917	9,689,536	8,611,129	7,898,836				
453,943	417,618	367,582	331,977	281,656	250,864	31	16	14	16
177,038	165,794	150,830	130,170	109,427	97,034				
276,905	251,824	216,752	201,807	172,229	153,830	32	17	15	17
—	—	—	—	—	—				
276,905	251,824	216,752	201,807	172,229	153,830	34	17	15	17
87,721	73,154	59,074	48,815	31,637	22,150				
\$ 189,184	\$ 178,670	\$ 157,678	\$ 152,992	\$ 140,592	\$ 131,680				
39%	40%	41%	39%	39%	39%				
\$ 0.37	\$ 0.34	\$ 0.29	\$ 0.26	\$ 0.22	\$ 0.20	29	19	16	15
—	—	—	—	—	—				
0.37	0.34	0.29	0.26	0.22	0.20	31	19	16	15
0.12	0.10	0.08	0.07	0.05	0.03	18	17	24	21
\$ 2.04	\$ 1.92	\$ 1.70	\$ 1.54	\$ 1.42	\$ 1.24	21	10	10	14
739,430,592	749,526,192	757,855,924	775,069,704	784,910,472	778,360,248				
3.39%	3.45%	3.36%	3.31%	3.17%	3.08%				
19%	19%	18%	18%	17%	18%				
14%	14%	13%	13%	11%	11%				
1.85	1.92	1.89	1.90	1.96	1.92				
\$ 879,341	\$ 856,734	\$ 753,087	\$ 673,263	\$ 618,244	\$ 557,760				
235,891	201,577	161,485	127,879	134,290	134,921				
412,436	411,712	394,860	350,450	326,737	317,117				
990,642	896,079	817,221	759,857	734,423	699,101				
3,319,943	3,097,161	2,811,729	2,530,043	2,325,206	2,177,695				
581,734	541,556	538,711	494,062	488,828	543,176				
226,007	219,366	185,548	152,292	133,730	112,176				
1,474,678	1,403,603	1,240,909	1,137,216	1,056,846	918,626	22	8	9	14
\$ 8.57	\$ 7.38	\$ 5.82	\$ 6.16	\$ 5.97	\$ 5.13				
23	22	20	23	26	25				
\$ 9-7	\$ 8-6	\$ 8-6	\$ 7-6	\$ 7-5	\$ 6-4				
30,600	28,100	26,200	24,200	22,500	21,000				
19,160	21,112	19,860	17,798	14,864	13,343				

Consolidated Results of Operations

(In thousands except for share data)	Year Ended		
	June 30, 2001	July 1, 2000	July 3, 1999 (53 Weeks)
Sales	\$ 21,784,497	\$ 19,303,268	\$ 17,422,815
Costs and expenses			
Cost of sales	17,513,138	15,649,551	14,207,860
Operating expenses	3,232,827	2,843,755	2,547,266
Interest expense	71,776	70,832	72,839
Other, net	101	1,522	963
Total costs and expenses	20,817,842	18,565,660	16,828,928
Earnings before income taxes	966,655	737,608	593,887
Income taxes	369,746	283,979	231,616
Earnings before cumulative effect of accounting change	596,909	453,629	362,271
Cumulative effect of accounting change	—	(8,041)	—
Net earnings	\$ 596,909	\$ 445,588	\$ 362,271
Earnings before accounting change:			
Basic earnings per share	\$ 0.90	\$ 0.69	\$ 0.54
Diluted earnings per share	0.88	0.68	0.54
Cumulative effect of accounting change:			
Basic earnings per share	—	(0.01)	—
Diluted earnings per share	—	(0.01)	—
Net earnings:			
Basic earnings per share	0.90	0.68	0.54
Diluted earnings per share	0.88	0.67	0.54

See Summary of Accounting Policies and Additional Financial Information.

Consolidated Financial Position

(In thousands except for share data)	June 30, 2001	July 1, 2000
Current assets		
Cash	\$ 135,743	\$ 159,128
Receivables	1,658,044	1,519,038
Inventories	1,061,893	937,899
Deferred taxes	88,746	72,041
Prepaid expenses	40,456	45,109
	<u>2,984,882</u>	<u>2,733,215</u>
Less current liabilities		
Notes payable	30,640	31,109
Accounts payable	1,271,817	1,186,721
Accrued expenses	640,839	527,233
Income taxes	123,332	17,914
Current maturities of long-term debt	23,267	19,958
	<u>2,089,895</u>	<u>1,782,935</u>
Working capital	<u>894,987</u>	<u>950,280</u>
Plant and equipment at cost, less depreciation	<u>1,518,593</u>	<u>1,344,693</u>
Other assets		
Goodwill and intangibles, less amortization	768,837	543,655
Other	196,209	192,392
	<u>965,046</u>	<u>736,047</u>
Total assets less current liabilities	<u>3,378,626</u>	<u>3,031,020</u>
Less other liabilities		
Long-term debt	961,421	1,023,642
Deferred taxes	269,685	245,810
	<u>1,231,106</u>	<u>1,269,452</u>
Net assets	<u>\$ 2,147,520</u>	<u>\$ 1,761,568</u>
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 1,000,000,000 shares, issued 765,174,900 and 382,587,450 shares	765,175	382,587
Paid-in capital	186,818	76,967
Retained earnings	2,462,145	2,332,238
Other comprehensive loss	(5,624)	—
	<u>3,408,514</u>	<u>2,791,792</u>
Less cost of treasury stock, 100,037,236 and 51,102,663 shares	1,260,994	1,030,224
Total shareholders' equity	<u>\$ 2,147,520</u>	<u>\$ 1,761,568</u>

See Summary of Accounting Policies and Additional Financial Information.

Consolidated Shareholders' Equity

(In thousands except for share data)	Common Stock		Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Treasury Stock	
	Shares	Amount				Shares	Amount
Balance at June 27, 1998	382,587,450	\$ 382,587	\$ —	\$ 1,796,488		47,578,288	\$ 822,286
Net earnings for year ended July 3, 1999				362,271			
Cash dividends paid, \$0.19 per share				(126,691)			
Treasury stock purchases						7,567,300	203,958
Stock options exercised			(5,621)			(988,679)	(15,954)
Employees' Stock Purchase Plan			3,679			(894,094)	(15,906)
Management Incentive Plan			2,814			(347,750)	(6,053)
Balance at July 3, 1999	382,587,450	\$ 382,587	\$ 872	\$ 2,032,068	\$ —	52,915,065	\$ 988,331
Net earnings for year ended July 1, 2000				445,588			
Cash dividends paid, \$0.22 per share				(145,418)			
Treasury stock purchases						5,660,400	186,296
Treasury stock issued for acquisitions			69,794			(4,984,497)	(98,362)
Stock options exercised			(7,526)			(1,163,222)	(20,104)
Employees' Stock Purchase Plan			9,446			(943,530)	(18,585)
Management Incentive Plan			4,381			(381,553)	(7,352)
Balance at July 1, 2000	382,587,450	\$ 382,587	\$ 76,967	\$ 2,332,238	\$ —	51,102,663	\$ 1,030,224
Net earnings for year ended June 30, 2001				596,909			
Cash dividends paid, \$0.26 per share				(173,701)			
Treasury stock purchases						16,000,000	428,196
Treasury stock issued for acquisitions			184,357			(12,025,208)	(136,696)
Stock options exercised			(11,099)			(3,677,972)	(34,529)
Employees' Stock Purchase Plan			16,713			(1,630,208)	(17,770)
Management Incentive Plan			9,167			(834,702)	(8,431)
Minimum pension liability adjustment, net of tax benefit of \$3,484					(5,624)		
2-for-1 stock split	382,587,450	382,588	(89,287)	(293,301)		51,102,663	
Balance at June 30, 2001	765,174,900	\$ 765,175	\$ 186,818	\$ 2,462,145	\$ (5,624)	100,037,236	\$ 1,260,994

See Summary of Accounting Policies and Additional Financial Information.

Consolidated Cash Flows

(In thousands)	Year Ended		
	June 30, 2001	July 1, 2000	July 3, 1999 (53 Weeks)
Cash flows from operating activities:			
Net earnings	\$ 596,909	\$ 445,588	\$ 362,271
Add non-cash items:			
Cumulative effect of accounting change	—	8,041	—
Depreciation and amortization	248,240	220,661	205,005
Deferred tax provision (benefit)	6,199	(25,528)	5,656
Provision for losses on receivables	21,740	27,082	26,208
Additional investment in certain assets and liabilities, net of effect of businesses acquired:			
(Increase) in receivables	(83,945)	(118,578)	(144,969)
(Increase) in inventories	(54,119)	(56,943)	(61,464)
Decrease (increase) in prepaid expenses	6,547	3,378	(3,180)
Increase in accounts payable	33,377	105,790	164,143
Increase in accrued expenses	86,582	128,174	82,016
Increase (decrease) in income taxes	106,047	16,254	(19,420)
(Increase) in other assets	(12,353)	(45,193)	(30,963)
Net cash provided by operating activities	955,224	708,726	585,303
Cash flows from investing activities:			
Additions to plant and equipment	(341,138)	(266,413)	(286,687)
Proceeds from sales of plant and equipment	12,750	18,922	24,952
Acquisition of businesses, net of cash acquired	(10,363)	(211,901)	—
Net cash used for investing activities	(338,751)	(459,392)	(261,735)
Cash flows from financing activities:			
Bank and commercial paper (repayments) borrowings	(72,055)	51,810	(109,962)
Other debt (repayments) borrowings	(41,417)	(11,947)	117,273
Common stock reissued from treasury	75,511	52,342	38,785
Treasury stock purchases	(428,196)	(186,296)	(203,958)
Dividends paid	(173,701)	(145,418)	(126,691)
Net cash used for financing activities	(639,858)	(239,509)	(284,553)
Net (decrease) increase in cash	(23,385)	9,825	39,015
Cash at beginning of year	159,128	149,303	110,288
Cash at end of year	\$ 135,743	\$ 159,128	\$ 149,303
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 71,791	\$ 70,977	\$ 66,706
Income taxes	251,567	272,022	237,990

See Summary of Accounting Policies and Additional Financial Information.

Summary of Accounting Policies

Business and Consolidation Sysco Corporation (SYSCO) is engaged in the marketing and distribution of a wide range of food and related products to the foodservice or "food-prepared-away-from-home" industry. These services are performed from 115 distribution facilities for about 370,000 customers located in the 39 states where facilities are situated, in nine adjacent states, Alaska, Hawaii and the District of Columbia. The company also has six facilities in British Columbia (three in Vancouver, two in Victoria and one in Kelowna), one in Peterborough, Ontario, one in Mississauga, Ontario and one in Edmonton, Alberta which service customers in those surrounding areas.

The accompanying financial statements include the accounts of SYSCO and its subsidiaries. All significant intercompany transactions and account balances have been eliminated. Certain amounts in the prior years have been reclassified to conform to the fiscal 2001 presentation.

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.

Earnings of acquisitions recorded as purchases are included in SYSCO's results of operations from the date of acquisition.

Inventories Inventories consist of food and related products held for resale and are valued at the lower of cost (first-in, first-out method) or market.

Plant and Equipment Capital additions, improvements and major renewals 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. Maintenance, repairs and minor renewals 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 are capitalized as one of the elements of cost and are amortized over the assets' estimated useful lives.

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

	June 30, 2001	July 1, 2000	Estimated Useful Lives
Plant and equipment, at cost			
Land	\$ 120,836,000	\$ 110,546,000	
Buildings and improvements	1,202,701,000	1,050,417,000	10-40 years
Equipment	1,572,161,000	1,398,555,000	3-20 years
	<u>2,895,698,000</u>	<u>2,559,518,000</u>	
Accumulated depreciation	(1,377,105,000)	(1,214,825,000)	
Net plant and equipment	<u>\$ 1,518,593,000</u>	<u>\$ 1,344,693,000</u>	

Goodwill and Intangibles Goodwill and intangibles represent the excess of cost over the fair value of tangible net assets acquired and are amortized over 25 to 40 years using the straight-line method. The company reviews goodwill and intangibles to evaluate whether events or changes have occurred that would suggest an impairment of carrying value. An impairment would be recognized when expected future operating cash flows are lower than the carrying value. Accumulated amortization at June 30, 2001, July 1, 2000 and July 3, 1999 was \$116,439,000, \$96,862,000 and \$84,160,000, respectively.

Costs of Start-up Activities In the first quarter of fiscal 2000, SYSCO recorded a one-time, after-tax, non-cash charge of \$8,041,000 to comply with the required adoption of AICPA Statement of Position 98-5 (SOP 98-5), "Reporting on the Costs of Start-up Activities." SOP 98-5 requires the write-off of any unamortized costs of start-up activities and organization costs. Such costs are now expensed as incurred.

Insurance Program SYSCO maintains a self-insurance program covering portions of workers' compensation and general and automobile liability costs. The amounts in excess of the self-insured levels are fully insured. Self-insurance accruals are based on claims filed and an estimate for significant claims incurred but not reported.

Revenue Recognition The Company recognizes revenue from the sale of a product at the time the product is delivered to the customer.

Income Taxes SYSCO follows the liability method of accounting for income taxes as required by the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes."

Cash Flow Information For cash flow purposes, cash includes cash equivalents such as time deposits, certificates of deposit and all highly liquid instruments with original maturities of three months or less.

Shipping and Handling Costs Shipping and handling costs includes costs associated with selection of products for delivery to customers. Included in operating expenses are shipping and handling costs of approximately \$1,297,944,000 in fiscal 2001, \$1,140,116,000 in fiscal 2000 and \$1,026,097,000 in fiscal 1999.

Acquisitions During fiscal 2001, SYSCO acquired for cash and stock, two custom-meat operations, two broadline foodservice companies and one company that supplies products to the lodging industry. In the aggregate, SYSCO paid cash of \$8,848,000 and issued 12,399,957 shares to the former owners of the acquired companies.

During fiscal 2000, SYSCO acquired for cash and stock, three custom-meat operations, two broadline foodservice companies and one specialty produce company. In the aggregate, SYSCO paid cash of \$211,901,000 and issued 9,968,994 shares to the former owners of the acquired companies. During fiscal 2001, SYSCO paid additional cash of \$1,515,000 related to these acquisitions and issued an additional 152,002 shares to former owners of the acquired companies.

The transactions were accounted for using the purchase method of accounting and the financial statements include the results of the acquired companies from the respective dates they joined SYSCO.

The purchase price was allocated to the net assets acquired based on the estimated fair value at the date of acquisition. The balances included in the Consolidated Financial Position related to the current year 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.

New Accounting Standards In fiscal 1999, SYSCO adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement did not change the measurement or recognition of those plans, but revised the disclosure requirements for pensions and other postretirement plans.

In fiscal 2000, SYSCO adopted AICPA Statement of Position 98-1 (SOP 98-1), "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 provides guidance with respect to accounting for the various types of costs incurred for computer software developed or obtained for SYSCO's use. The adoption of SOP 98-1 did not have a significant effect on SYSCO's consolidated results of operations or financial position.

In fiscal 2001, SYSCO adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of SFAS No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of SFAS No. 133." These statements outline the accounting treatment for all derivative activity and the adoption did not have a significant effect on SYSCO's consolidated results of operations or financial position.

In fiscal 2001, SYSCO adopted the Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognition." SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The adoption of SAB 101 had no effect on SYSCO's consolidated results of operations or financial position.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Accounting for Business Combinations" and SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets." SFAS No. 141 requires that all business combinations be accounted for using the purchase method of accounting and prohibits the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001. According to SFAS No. 142, goodwill which arises from

business combinations after June 30, 2001 cannot be amortized. In addition, SFAS No. 142 requires the discontinuation of goodwill amortization and the amortization of intangible assets with indeterminate lives effective the date SYSCO adopts the statement, which is expected to be June 30, 2002. SYSCO has six months from the date it adopts SFAS No. 142 to test for impairment and any impairment charge resulting from the initial application of the new rule must be classified as the cumulative effect of a change in accounting principle. Thereafter, goodwill and intangible assets with indeterminate lives should be tested for impairment annually or as needed.

Management is currently assessing the impact that the adoption of SFAS No. 142, but has not yet determined the impact that the adoption will have on its consolidated financial statements.

Additional Financial Information

Income Taxes The income tax provisions consist of the following:

	2001	2000	1999
Federal income taxes	\$ 322,837,000	\$ 250,309,000	\$ 200,537,000
State, local and other income taxes	46,909,000	33,670,000	31,079,000
Total	\$ 369,746,000	\$ 283,979,000	\$ 231,616,000

Included in the income taxes charged to earnings are net deferred tax provisions (benefits) of \$6,199,000, (\$25,528,000) and \$5,656,000 in fiscal 2001, 2000 and 1999 respectively. The deferred tax provisions (benefits) 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.

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

	June 30, 2001	July 1, 2000
Deferred tax liabilities:		
Excess tax depreciation and basis differences of assets	\$ 238,846,000	\$ 219,786,000
Computer systems development project	9,700,000	9,838,000
Inventory	15,595,000	7,961,000
Other	5,544,000	8,225,000
Total deferred tax liabilities	269,685,000	245,810,000
Deferred tax assets:		
Accrued pension expenses	19,733,000	20,008,000
Accrued medical and casualty insurance expenses	14,234,000	16,387,000
Other	54,779,000	35,646,000
Total deferred tax assets	88,746,000	72,041,000
Net deferred tax liabilities	\$ 180,939,000	\$ 173,769,000

The company has enjoyed taxable earnings during each year of its thirty-two year existence and knows of no reason such profitability should not continue. Consequently, SYSCO believes that it is more likely than not that the entire benefit of existing temporary differences will be realized and therefore no valuation allowance has been established for deferred tax assets.

Reconciliations of the statutory Federal income tax rate to the effective income tax rates are as follows:

	2001	2000	1999
Statutory Federal income tax rate	35.00%	35.0%	35.0%
State and local income taxes, net of Federal income tax benefit	2.63	3.0	3.8
Other	0.62	0.5	0.2
	38.25%	38.5%	39.0%

Allowance for Doubtful Accounts Receivable The allowance for doubtful accounts receivable was \$27,984,000 as of June 30, 2001 and \$27,628,000 as of July 1, 2000. Customer accounts written off, net of recoveries, were \$23,045,000 or 0.11% of sales, \$24,881,000 or 0.13% of sales and \$25,914,000 or 0.15% of sales for fiscal 2001, 2000 and 1999, respectively.

Shareholders' Equity On November 3, 2000 the Board of Directors declared a 2-for-1 stock split effected by a 100% stock dividend paid on December 15, 2000 to shareholders of record on November 15, 2000. All share and per share data in these financial statements have been restated to reflect the stock split.

In fiscal 1998, SYSCO adopted the provisions of SFAS No. 128, "Earnings Per Share," which replaced primary and fully-diluted earnings per share with a presentation of basic and diluted earnings per share. Basic earnings per share have been computed by dividing net earnings by 665,551,228 in 2001, 659,164,948 in 2000 and 665,827,092 in 1999, which represents the weighted average number of shares of common stock outstanding during those respective years. Diluted earnings per share have been computed by dividing net earnings by 677,949,351 in 2001, 669,555,856 in 2000 and 673,593,338 in 1999, which represents the weighted average number of shares of common stock outstanding during those respective years adjusted for the diluted effect of stock options outstanding using the treasury stock method.

Comprehensive income is net earnings, plus certain other items that are recorded directly to shareholders' equity. The only such item currently applicable to the company is minimum pension liability in fiscal 2001. Comprehensive income was \$591,285,000, \$445,588,000 and \$362,271,000 at June 30, 2001, July 1, 2000 and July 3, 1999, respectively.

In May 1986, the Board of Directors adopted a Warrant Dividend Plan designed to protect against those unsolicited attempts to acquire control of SYSCO that the Board believes are not in the best interest of the shareholders. In May 1996, the Board of Directors adopted an amended and restated plan which, among other things, extends the expiration of the plan through May 2006. The plan was further amended in May 1999. As amended, the plan provides for a dividend distribution of one-fourth of one Preferred Stock Purchase Right (Right) for each outstanding share of SYSCO common stock. Each Right may be exercised to purchase one-half of one two-thousandth of a share of Series A Junior Participating Preferred Stock at an exercise price of \$175, subject to adjustment. The Rights will not be exercisable until a party either acquires 10% of the company's common stock or makes a tender offer for 10% or more of its common stock. In the event of a merger or other business combination transaction, each Right effectively entitles the holder to purchase \$350 worth of stock of the surviving company for a purchase price of \$175.

The Rights expire on May 21, 2006, and may be redeemed before expiration by SYSCO at a price of \$0.01 per Right until a party acquires 10% of the company's common stock or thereafter under certain circumstances. As a result of the Rights distribution, 450,000 of the 1,500,000 authorized preferred shares have been reserved for issuance as Series A Junior Participating Preferred Stock.

Debt SYSCO has uncommitted bank lines of credit, which provide for unsecured borrowings for working capital of up to \$226,754,000 of which \$30,640,000 and \$31,109,000 were outstanding at June 30, 2001 and July 1, 2000, respectively.

SYSCO's long-term debt consists of the following:

	June 30, 2001	July 1, 2000
Commercial paper, interest averaging 4.2% in 2001 and 6.9% in 2000	\$ 179,313,000	\$ 247,870,000
Senior notes, interest at 6.5%, maturing in 2005	149,643,000	149,553,000
Senior notes, interest at 7.0%, maturing in 2006	200,000,000	200,000,000
Senior notes, interest at 7.25%, maturing in 2007	99,774,000	99,735,000
Debentures, interest at 7.16%, maturing in 2027	50,000,000	50,000,000
Debentures, interest at 6.50%, maturing in 2029	224,359,000	224,336,000
Industrial Revenue Bonds, mortgages and other debt, interest averaging 6.2% in 2001 and 5.8% in 2000, maturing at various dates to 2026	81,599,000	72,106,000
Total long-term debt	<u>984,688,000</u>	<u>1,043,600,000</u>
Less current maturities	<u>(23,267,000)</u>	<u>(19,958,000)</u>
Net long-term debt	<u>\$ 961,421,000</u>	<u>\$ 1,023,642,000</u>

The principal payments required to be made on long-term debt during the next five years are shown below:

Fiscal Year	Amount
2002	\$ 23,267,000
2003	9,564,000
2004	196,412,000
2005	152,451,000
2006	202,757,000

SYSCO has a \$300,000,000 revolving loan agreement maturing in fiscal 2004 which currently supports the company's commercial paper program. The commercial paper borrowings at June 30, 2001 were \$179,313,000.

In June 1995, SYSCO issued 6.5% senior notes totaling \$150,000,000 due June 12, 2005, under a \$500,000,000 shelf registration filed with the Securities and Exchange Commission. These notes, which were priced at 99.4% of par, are unsecured, not redeemable prior to maturity and are not subject to any sinking fund requirement. In May 1996, SYSCO issued 7.0% senior notes totaling \$200,000,000 due May 1, 2006, under this shelf registration. These notes, which were priced at par, are unsecured, not redeemable prior to maturity and are not subject to any sinking fund requirement. On April 22, 1997 in two separate offerings, SYSCO drew down the remaining \$150,000,000 of the \$500,000,000 shelf registration. SYSCO issued 7.16% debentures totaling \$50,000,000 due April 15, 2027. These debentures were priced at par, are unsecured, are not subject to any sinking fund requirement and are redeemable at the option of the holder on April 15, 2007, but otherwise are not redeemable prior to maturity. At that time SYSCO also issued 7.25% senior notes totaling \$100,000,000 due April 15, 2007. These notes were priced at 99.611% of par and are unsecured, not redeemable prior to maturity and not subject to any sinking fund requirement.

On June 3, 1998, SYSCO filed with the Securities and Exchange Commission another \$500,000,000 shelf registration of debt securities. On July 22, 1998, SYSCO issued 6.5% debentures totaling \$225,000,000 under this shelf registration, due on August 1, 2028. These debentures were priced at 99.685% of par, are unsecured, are not subject to any sinking fund requirement and include a redemption provision which allows SYSCO to retire the debentures at any time prior to maturity at the greater of par plus accrued interest or an amount designed to ensure that the debenture holders are not penalized by the early redemption. Proceeds from the debentures were used to pay down outstanding commercial paper.

The Industrial Revenue Bonds have varying structures. Final maturities range from one to twenty-four years and certain of the bonds provide SYSCO the right to redeem (or call) the bonds at various dates. These call provisions generally provide the bondholder a premium in the early call years, declining to par value as the bonds approach maturity.

Net long-term debt at June 30, 2001 was \$961,421,000, of which 80% is at fixed rates averaging 6.76% with an average life of thirteen years, while the remainder is financed at floating rates averaging 4.28%. Certain loan agreements contain typical debt covenants to protect noteholders including provisions to maintain tangible net worth in excess of a specified level. SYSCO is in compliance with all debt covenants at June 30, 2001.

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 approximates \$990,390,000 at June 30, 2001 and \$986,966,000 at July 1, 2000.

As part of normal business activities, SYSCO issues letters of credit through major banking institutions as required by certain vendor and insurance agreements. As of June 30, 2001 and July 1, 2000, letters of credit outstanding were \$42,129,000 and \$37,319,000, respectively. As of June 30, 2001 SYSCO has not entered into any significant derivative or other off-balance-sheet financing arrangements.

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 \$59,833,000, \$44,015,000 and \$36,904,000 in fiscal 2001, 2000 and 1999, respectively. Contingent rentals, subleases and assets and obligations under capital leases are not significant.

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

Fiscal Year	Amount
2002	\$ 36,875,000
2003	29,848,000
2004	23,627,000
2005	19,125,000
2006	17,912,000
Later years	27,201,000

Stock Compensation Plans

Employee Incentive Stock Option Plan

The Employee Incentive Stock Option Plan adopted in fiscal 1982 provided for the issuance of options to purchase SYSCO common stock to officers and key personnel of the company and its subsidiaries at the market price at date of grant, as adjusted for stock splits. No further grants will be made under this plan which expired in November 1991 and was replaced by the 1991 Stock Option Plan.

The following summary presents information with regard to options under this plan:

	Options Exercisable		Options Outstanding	
	Maximum Shares Exercisable	Weighted Average Price Per Share	Shares Under Option	Weighted Average Price Per Share
Balance at June 27, 1998	1,038,534	\$ 4.86	1,038,534	\$ 4.86
Exercised			(323,478)	4.61
Balance at July 3, 1999	715,056	4.97	715,056	4.97
Exercised			(321,478)	4.89
Balance at July 1, 2000	393,578	5.04	393,578	5.04
Cancelled			(4,000)	5.56
Exercised			(281,200)	4.83
Balance at June 30, 2001	108,378	\$ 5.56	108,378	\$ 5.56

The options outstanding at June 30, 2001 under this plan have an exercise price of \$5.56 and expired on September 5, 2001.

1991 Stock Option Plan

The 1991 Stock Option Plan (1991 plan) was adopted in fiscal 1992 and originally reserved 12,000,000 shares of SYSCO common stock for options to directors, officers and key personnel of the company and its subsidiaries at the market price at date of grant. This plan provided for the issuance of options which are qualified as incentive stock options under the Internal Revenue Code of 1986, options which are not so qualified and stock appreciation rights. During fiscal 1996, the shareholders approved an amendment to the 1991 plan for an additional 32,000,000 shares to be made available for future grants of options. To date, the company has issued stock options but no stock appreciation rights under this plan.

The following summary presents information with regard to options under the 1991 plan:

	Options Exercisable		Options Outstanding	
	Maximum Shares Exercisable	Weighted Average Price Per Share	Shares Under Option	Weighted Average Price Per Share
Balance at June 27, 1998	9,773,056	\$ 6.99	17,019,584	\$ 7.56
Granted			3,101,210	10.94
Cancelled			(615,758)	7.95
Exercised			(1,965,538)	7.06
Balance at July 3, 1999	10,683,008	7.33	17,539,498	8.20
Granted			4,950,784	16.33
Cancelled			(946,688)	8.78
Exercised			(2,312,126)	7.36
Balance at July 1, 2000	11,323,692	7.90	19,231,468	10.36
Granted			5,674,910	20.98
Cancelled			(459,626)	16.74
Exercised			(3,651,651)	8.57
Balance at June 30, 2001	11,417,314	\$ 9.23	20,795,101	\$ 13.43

No further grants will be made under this plan which expired in November 2000 and was replaced by the 2000 Stock Incentive Plan. The following table summarizes information about options outstanding as of June 30, 2001:

Range of Exercise Price	Options Exercisable		Options Outstanding		
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price
\$6.31 to \$8.75	8,444,382	\$ 7.76	8,500,282	4.59	\$ 7.71
\$10.94 to \$26.16	2,972,932	13.39	12,294,819	8.25	17.38
Balance at June 30, 2001	<u>11,417,314</u>	\$ 9.23	<u>20,795,101</u>	6.80	\$ 13.43

2000 Stock Incentive Plan

The 2000 Stock Incentive Plan (2000 plan) was adopted in fiscal 2001 and provides for option grants and other stock based awards to directors, officers and other employees of the company and its subsidiaries at the market price at date of grant. The 2000 plan reserves 40,000,000 shares of SYSCO common stock, plus any shares of common stock which were available for grants under the 1991 plan but which were not utilized prior to its expiration and any shares issued under the 1991 plan that are forfeited, expire or are canceled (approximately 12,417,000 shares at June 30, 2001) and to the extent authorized by the Board of Directors, up to 10,000,000 shares of common stock which are reacquired by the company in the open market or private transactions after November 3, 2000. This plan provides for the issuance of options which are qualified as incentive stock options under the Internal Revenue Code of 1986, options which are not so qualified, stock appreciation rights and other stock based awards. To date, the company has issued stock options but no stock appreciation rights under the plan.

The following summary presents information with regard to options under the 2000 plan:

	Options Exercisable		Options Outstanding	
	Maximum Shares Exercisable	Weighted Average Price Per Share	Shares Under Option	Weighted Average Price Per Share
Granted	—	\$ 26.16	150,000	\$ 26.16
Balance at June 30, 2001	—	\$ 26.16	<u>150,000</u>	\$ 26.16

The options outstanding at June 30, 2001 under this plan have an exercise price of \$26.16 and have a weighted average remaining contractual life of nine years.

1993 and 1996 Guest Supply Stock Incentive Plans

Prior to March 2001, Guest Supply, Inc. maintained the 1993 Stock Option Plan and the 1996 Long Term Incentive Plan (Guest Supply plans). In connection with SYSCO's acquisition of Guest Supply in March 2001, all outstanding options exercisable to purchase Guest Supply common stock were converted into options to purchase shares of SYSCO common stock. The number of shares underlying such options, as well as the exercise price, were adjusted pursuant to the terms of the Merger Agreement and Plan of Reorganization dated January 22, 2001. These options are fully vested and expire in ten years from the original grant date. No new options will be issued under any of the Guest Supply plans.

The following summary presents information with regard to options under the Guest Supply plans:

	Options Exercisable		Options Outstanding	
	Maximum Shares Exercisable	Weighted Average Price Per Share	Shares Under Option	Weighted Average Price Per Share
Granted	571,920	\$ 11.04	571,920	\$ 11.04
Exercised			(9,564)	13.50
Balance at June 30, 2001	562,356	\$ 11.00	<u>562,356</u>	\$ 11.00

The following table summarizes information about options outstanding as of June 30, 2001:

Range of Exercise Price	Options Exercisable		Options Outstanding		
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price
\$4.88 to \$12.03	409,336	\$ 8.87	409,336	1.6	\$ 8.87
\$14.84 to \$18.43	153,020	16.70	153,020	6.3	16.70
Balance at June 30, 2001	562,356	\$ 11.00	562,356	4.1	\$ 11.00

Non-Employee Directors Stock Option Plan

The Non-Employee Directors Stock Option Plan adopted in fiscal 1996 permitted the issuance of up to 800,000 shares of common stock to directors who were not employees of SYSCO. As of June 30, 2001, options for 272,000 shares, net of cancellations, had been granted to nine non-employee directors under this plan, 72,000 shares had been exercised and 200,000 shares were available for exercise. No further grants will be made under this plan, which was replaced by the Non-Employee Directors Stock Plan.

Non-Employee Directors Stock Plan

The Non-Employee Directors Stock Plan adopted in fiscal 1999 permits the issuance of up to 800,000 shares of common stock to directors who are not employees of SYSCO. Under this plan non-employee directors will receive a one time retainer stock award of 4,000 shares when first elected as a non-employee director and an annual automatic grant of options to purchase 8,000 shares of common stock provided certain earnings goals are met. As of June 30, 2001, options for 232,000 shares had been granted to ten non-employee directors under this plan, 13,330 shares had been exercised and 66,650 shares were available for exercise.

Employees' Stock Purchase Plan

SYSCO has an Employees' Stock Purchase Plan which permits employees (other than directors) to invest by means of periodic payroll deductions in SYSCO common stock at 85% of the closing price on the last business day of each calendar quarter. During fiscal 2001, 1,619,001 shares of SYSCO common stock were purchased by the participants as compared to 1,820,752 purchased in fiscal 2000 and 1,891,422 purchased in fiscal 1999. The total number of shares which may be sold pursuant to the plan may not exceed 68,000,000 shares, of which 13,308,651 remained available at June 30, 2001.

Accounting Issues Relating to all Plans

SYSCO accounts for these plans under APB Opinion No. 25 and related interpretations under which no compensation cost has been recognized. Had compensation cost for these plans been determined using the fair value method of SFAS No. 123, SYSCO's pro forma net earnings and diluted earnings per share would have been \$585,503,000 and \$0.86 in fiscal 2001, \$437,773,000 and \$0.65 in fiscal 2000 and \$357,148,000 and \$0.53 in fiscal 1999. The disclosure requirements of SFAS No. 123 are applicable to options granted after 1995. The pro forma effects for fiscal 2001, 2000 and 1999 are not necessarily indicative of the pro forma effects in future years.

The weighted average fair value of options granted was \$7.98 and \$6.14 during fiscal 2001 and 2000, respectively. The fair value was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in fiscal 2001 and 2000, respectively; dividend yield of 1.33% and 1.20%; expected volatility of 24% and 23%; risk-free interest rates of 6.3% and 6.1%; and expected lives of 8 years.

The weighted average fair value of employee stock purchase rights issued was \$3.98 and \$2.62 during fiscal 2001 and 2000, 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.

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.

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 contribution to this plan was \$9,561,000 in 2001, \$15,899,000 in 2000 and \$5,813,000 in 1999. The defined benefit pension plans pay benefits to employees at retirement using formulas based on a participant's years of service and compensation.

SYSCO also has a Management Incentive Plan that compensates key management personnel for specific performance achievements. The awards under this plan were \$52,540,000 in 2001, \$40,977,000 in 2000 and \$27,197,000 in 1999 and were paid in both cash and stock. In addition to receiving benefits upon retirement under the company's defined benefit plan, participants in the Management Incentive Plan will receive benefits under a Supplemental Executive Retirement Plan (SERP). This plan is a nonqualified, unfunded supplementary retirement plan. In order to meet its obligations under the SERP, SYSCO maintains life insurance policies on the lives of the participants with carrying values of \$79,083,000 at June 30, 2001 and \$76,480,000 at July 1, 2000. SYSCO is the sole owner and beneficiary of such policies, which are excluded from assets in the table below.

In addition to providing pension benefits, SYSCO provides certain health care benefits to eligible retirees and their dependents in the United States.

The funded status of the employee benefit plans is as follows:

	Pension Benefits		Other Postretirement Plans	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 433,323,000	\$ 393,119,000	\$ 3,615,000	\$ 2,072,000
Service cost	36,365,000	35,451,000	218,000	145,000
Interest cost	34,194,000	29,109,000	283,000	150,000
Amendments	5,320,000	13,568,000	—	1,486,000
Actuarial loss (gain)	83,231,000	(22,883,000)	342,000	(152,000)
Actual expenses	(3,201,000)	(3,041,000)	—	—
Settlements	—	(2,830,000)	—	—
Total disbursements	(12,472,000)	(9,170,000)	(67,000)	(86,000)
Benefit obligation at end of year	576,760,000	433,323,000	4,391,000	3,615,000
Change in plan assets:				
Fair value of plan assets at beginning of year	391,631,000	330,441,000	—	—
Actual return on plan assets	(2,327,000)	32,838,000	—	—
Employer contribution	42,743,000	40,563,000	67,000	86,000
Actual expenses	(3,201,000)	(3,041,000)	—	—
Total disbursements	(12,472,000)	(9,170,000)	(67,000)	(86,000)
Fair value of plan assets at end of year	416,374,000	391,631,000	—	—
Funded status	(160,386,000)	(41,692,000)	(4,391,000)	(3,615,000)
Unrecognized net actuarial loss (gain)	113,348,000	(12,042,000)	(2,830,000)	(3,346,000)
Unrecognized net (asset) obligation due to initial application of SFAS No. 87	(1,120,000)	(1,967,000)	1,840,000	1,994,000
Unrecognized prior service cost	17,422,000	12,581,000	1,801,000	2,003,000
Accrued benefit cost	\$ (30,736,000)	\$ (43,120,000)	\$ (3,580,000)	\$ (2,964,000)

The assumptions used to value obligations at year end were:

	Pension Benefits		Other Postretirement Plans	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
Weighted-average assumptions as of year end:				
Discount rate	7.50%	8.00%	7.50%	8.00%
Expected rate of return	10.50%	10.50%	—	—
Rate of compensation increase	4.50%	4.50%	—	—

A health care cost trend rate is not used in the calculations 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.

The components of net pension and other postretirement benefit costs are as follows:

	Pension Benefits		Other Postretirement Plans	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
Components of net periodic benefit cost:				
Service cost	\$ 36,365,000	\$ 35,451,000	\$ 218,000	\$ 145,000
Interest cost	34,194,000	29,109,000	283,000	150,000
Expected return on plan assets	(40,504,000)	(34,168,000)	—	—
Amortization of prior service cost	479,000	(625,000)	202,000	72,000
Recognized net actuarial loss (gain)	672,000	628,000	(173,000)	(194,000)
Amortization of net transition obligation	(847,000)	(847,000)	153,000	153,000
Net pension costs	\$ 30,359,000	\$ 29,548,000	\$ 683,000	\$ 326,000

Multi-employer pension costs were \$26,246,000 and \$23,540,000 in 2001 and 2000, respectively.

The projected benefit obligation and accumulated benefit obligation were \$465,348,000 and \$401,192,000, respectively, as of June 30, 2001 and \$365,934,000 and \$319,067,000, respectively, as of July 1, 2000. The projected benefit obligation and accumulated benefit obligation for the SERP were \$111,411,000 and \$70,648,000, respectively, as of June 30, 2001 and \$67,389,000 and \$50,232,000, respectively as of July 1, 2000.

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.

Business Segment Information SYSCO, through its 124 operating companies, provides food and other products to the foodservice or "food-prepared-away-from-home" industry. Each of SYSCO's operating companies generally represents a separate operating segment. Under the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", the company has aggregated its operating companies into five segments based upon the economic characteristics of each operating company, of which only Broadline and SYGMA are reportable segments as defined in SFAS No. 131. Broadline operating companies distribute a full line of food products and a wide variety of non-food products to both SYSCO's traditional and chain restaurant customers. SYGMA operating companies distribute a full line of food products and a wide variety of non-food products to some of our chain restaurant customer locations. "Other" financial information is attributable to SYSCO's three other segments, including the company's specialty produce, lodging industry and meat segments. SYSCO's Canadian operations are insignificant for geographical disclosure purposes.

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 allocation of centrally incurred costs for shared services that eliminate upon consolidation. Centrally incurred costs are allocated based upon the relative level of service used by each operating company.

(In thousands)	Year Ended		
	June 30, 2001	July 1, 2000	July 3, 1999
Sales:			
Broadline	\$ 18,106,842	\$ 16,643,578	\$ 15,420,858
SYGMA	2,415,840	2,154,043	2,001,957
Other	1,377,987	534,750	—
Intersegment sales	(116,172)	(29,103)	—
Total	\$ 21,784,497	\$ 19,303,268	\$ 17,422,815
Earnings before income taxes:			
Broadline	\$ 1,006,213	\$ 800,932	\$ 666,085
SYGMA	16,319	5,208	12,513
Other	42,288	21,283	—
Total segments	1,064,820	827,423	678,598
Unallocated corporate expenses	(98,165)	(89,815)	(84,711)
Total	\$ 966,655	\$ 737,608	\$ 593,887
Depreciation and amortization:			
Broadline	\$ 189,058	\$ 180,256	\$ 172,312
SYGMA	14,492	13,987	14,730
Other	13,150	2,577	—
Total segments	216,700	196,820	187,042
Corporate	31,540	23,841	17,963
Total	\$ 248,240	\$ 220,661	\$ 205,005
Capital expenditures:			
Broadline	\$ 288,934	\$ 227,834	\$ 255,125
SYGMA	16,996	21,061	41,600
Other	14,327	7,583	—
Total segments	320,257	256,478	296,725
Corporate	20,881	9,935	(10,038)
Total	\$ 341,138	\$ 266,413	\$ 286,687
Assets:			
Broadline	\$ 3,531,851	\$ 3,302,796	\$ 3,149,670
SYGMA	352,062	180,811	150,516
Other	425,376	238,761	—
Total segments	4,309,289	3,722,368	3,300,186
Corporate	1,159,232	1,091,587	796,396
Total	\$ 5,468,521	\$ 4,813,955	\$ 4,096,582

The sales mix for the principal product categories during the three years ended June 30, 2001 is as follows:

(In thousands)	Year Ended		
	June 30, 2001	July 1, 2000	July 3, 1999
Medical supplies	\$ 150,241	\$ 161,146	\$ 135,978
Dairy products	1,905,596	1,734,472	1,736,234
Fresh and frozen meats	3,848,523	3,311,323	2,638,032
Seafood	1,330,880	1,216,421	1,041,400
Poultry	2,156,847	1,968,632	1,825,018
Frozen fruits, vegetables, bakery and other	2,925,615	2,686,012	2,503,206
Canned and dry products	4,212,677	3,998,358	3,842,238
Paper and disposables	1,708,697	1,473,905	1,304,563
Janitorial products	405,662	325,513	300,682
Equipment and smallwares	534,217	469,419	461,596
Fresh produce	1,939,222	1,341,613	1,066,432
Beverage products	666,320	616,454	567,436
Total	\$ 21,784,497	\$ 19,303,268	\$ 17,422,815

Quarterly Results (unaudited) Financial information for each quarter in the years ended June 30, 2001 and July 1, 2000:

2001 (In thousands except for share data)	Quarter Ended				Fiscal Year
	September 30	December 30	March 31	June 30	
Sales	\$ 5,360,174	\$ 5,290,530	\$ 5,344,496	\$ 5,789,297	\$ 21,784,497
Cost of sales	4,322,784	4,250,987	4,301,029	4,638,338	17,513,138
Operating expenses	787,497	795,674	800,156	849,500	3,232,827
Interest expense	17,401	18,034	18,498	17,843	71,776
Other, net	(633)	46	(879)	1,567	101
Earnings before income taxes	233,125	225,789	225,692	282,049	966,655
Income taxes	89,170	86,365	86,327	107,884	369,746
Net earnings	\$ 143,955	\$ 139,424	\$ 139,365	\$ 174,165	\$ 596,909
Per share:					
Diluted net earnings	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.26	\$ 0.88
Cash dividends	0.06	0.06	0.07	0.07	0.26
Market price - high/low	24-19	30-22	30-20	30-22	30-19

2000 (In thousands except for share data)	Quarter Ended				Fiscal Year
	October 2	January 1	April 1	July 1	
Sales	\$ 4,657,034	\$ 4,651,535	\$ 4,722,935	\$ 5,271,764	\$ 19,303,268
Cost of sales	3,793,200	3,771,998	3,829,148	4,255,205	15,649,551
Operating expenses	674,244	695,418	709,499	764,594	2,843,755
Interest expense	17,944	16,680	18,354	17,854	70,832
Other, net	(189)	1,754	88	(131)	1,522
Earnings before income taxes	171,835	165,685	165,846	234,242	737,608
Income taxes	66,156	63,789	63,851	90,183	283,979
Earnings before accounting change	105,679	101,896	101,995	144,059	453,629
Accounting change	(8,041)	—	—	—	(8,041)
Net earnings	\$ 97,638	\$ 101,896	\$ 101,995	\$ 144,059	\$ 445,588
Per share:					
Diluted net earnings before accounting change	\$ 0.16	\$ 0.15	\$ 0.15	\$ 0.21	\$ 0.68
Diluted earnings accounting change effect	(0.01)	—	—	—	(0.01)
Diluted net earnings	0.15	0.15	0.15	0.21	0.67
Cash dividends	0.05	0.05	0.06	0.06	0.22
Market price - high/low	18-15	21-16	21-13	22-17	22-13

Percentage increases - 2001 vs. 2000:

Sales	15%	14%	13%	10%	13%
Earnings before income taxes	36	36	36	20	31
Earnings before accounting change	36	37	37	21	32
Net earnings	47	37	37	21	34
Diluted earnings per share before accounting change	31	40	40	24	29
Diluted net earnings per share	40	40	40	24	31

Report of Management on Internal Accounting Controls

The management of SYSCO is responsible for the preparation and integrity of the consolidated financial statements of the company. The accompanying consolidated financial statements have been prepared by the management of the company, in accordance with generally accepted accounting principles, using management's best estimates and judgment where necessary. Financial information appearing throughout this Annual Report is consistent with that in the consolidated financial statements.

To help fulfill its responsibility, management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that transactions are executed in accordance with management's authorizations and are reflected accurately in the company's records. The concept of reasonable assurance is based on the recognition that the cost of maintaining a system of internal accounting controls should not exceed benefits expected to be derived from the system. SYSCO believes that its long-standing emphasis on the highest standards of conduct and ethics, embodied in comprehensive written policies, serves to reinforce its system of internal controls.

The company's operations review function monitors the operation of the internal control system and reports findings and recommendations to management and the Board of Directors. It also oversees actions taken to address control deficiencies and seeks opportunities for improving the effectiveness of the system.

Arthur Andersen LLP, independent public accountants, has been engaged to express an opinion regarding the fair presentation of the company's financial condition and operating results. As part of their audit of the company's financial statements, Arthur Andersen LLP considered the company's system of internal controls to the extent they deemed necessary to determine the nature, timing and extent of their audit tests.

The Board of Directors oversees the company's financial reporting through its Audit Committee which consists entirely of outside directors. The Board, after a recommendation from the Audit Committee, selects and engages the independent public accountants annually. The Audit Committee reviews both the scope of the accountants' audit and recommendations from both the independent public accountants and the internal operations review function for improvements in internal controls. The independent public accountants have free access to the Audit Committee and from time to time confer with them without management representation.

SYSCO recognizes its responsibility to conduct business in accordance with high ethical standards. This responsibility is reflected in a comprehensive code of business conduct that, among other things, addresses potentially conflicting outside business interests of company employees and provides guidance as to the proper conduct of business activities. Ongoing communications and review programs are designed to help ensure compliance with this code.

The company believes that its system of internal controls is effective and adequate to accomplish the objectives discussed above.

Charles H. Cotros
Chairman and
Chief Executive Officer

John K. Stubblefield, Jr.
Executive Vice President,
Finance and Administration

Report of Independent Public Accountants

Board of Directors and Shareholders
Sysco Corporation

We have audited the accompanying statements of consolidated financial position of Sysco Corporation (a Delaware corporation) and subsidiaries as of June 30, 2001 and July 1, 2000, and the related statements of consolidated results of operations, shareholders' equity and cash flows for each of the three years in the period ended June 30, 2001. 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 auditing standards generally accepted in the 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sysco Corporation and subsidiaries as of June 30, 2001 and July 1, 2000, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2001 in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP
Houston, Texas
August 1, 2001

Selected Financial Data

(In thousands except for per share data)	Fiscal Year Ended				
	2001	2000	1999 (53 Weeks)	1998	1997
Sales	\$ 21,784,497	\$ 19,303,268	\$ 17,422,815	\$ 15,327,536	\$ 14,454,589
Earnings before income taxes	966,655	737,608	593,887	532,493	495,955
Income taxes	369,746	283,979	231,616	207,672	193,422
Earnings before cumulative effect of accounting change	596,909	453,629	362,271	324,821	302,533
Cumulative effect of accounting change	—	(8,041)	—	(28,053)	—
Net earnings	\$ 596,909	\$ 445,588	\$ 362,271	\$ 296,768	\$ 302,533
Earnings before accounting change:					
Basic earnings per share	\$ 0.90	\$ 0.69	\$ 0.54	\$ 0.48	\$ 0.43
Diluted earnings per share	0.88	0.68	0.54	0.47	0.42
Cumulative effect of accounting change:					
Basic earnings per share	—	(0.01)	—	(0.04)	—
Diluted earnings per share	—	(0.01)	—	(0.04)	—
Net earnings:					
Basic earnings per share	0.90	0.68	0.54	0.44	0.43
Diluted earnings per share	0.88	0.67	0.54	0.43	0.42
Cash dividends per share	0.26	0.22	0.19	0.17	0.14
Total assets	5,468,521	4,813,955	4,096,582	3,780,189	3,433,823
Capital expenditures	341,138	266,413	286,687	259,353	210,868
Long-term debt	961,421	1,023,642	997,717	867,017	685,620
Shareholders' equity	2,147,520	1,761,568	1,427,196	1,356,789	1,400,472
Total capitalization	\$ 3,108,941	\$ 2,785,210	\$ 2,424,913	\$ 2,223,806	\$ 2,086,092
Ratio of long-term debt to capitalization	30.9%	36.8%	41.1%	39.0%	32.9%

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources SYSCO provides marketing and distribution services to foodservice customers and suppliers throughout the contiguous United States, Alaska, Hawaii, the District of Columbia and western and eastern Canada. The company intends to continue to expand its market share through profitable sales growth and constant emphasis on the development of its consolidated buying programs. The company also strives to increase the effectiveness of its marketing associates and the productivity of its warehousing and distribution activities. These objectives require continuing investment. SYSCO's resources include cash provided by operations and access to capital from financial markets.

SYSCO's operations historically have produced significant cash flow. Cash generated from operations is first allocated to working capital requirements; investments in facilities, fleet and other equipment required to meet customers' needs; cash dividends; and acquisitions fitting within the company's overall growth strategy. Any remaining cash generated from operations is applied toward a portion of the cost of shares repurchased in the buyback program, while the remainder of the cost may be financed with additional long-term debt. SYSCO's initial share repurchase program was used primarily to offset shares issued under various employee benefit and compensation plans. The company significantly accelerated the repurchase program beginning in February 1996. The share repurchase program reduces outstanding shares and generally increases earnings per share. The long-term debt to total capitalization target ratio was increased from a range of 30% to 40% to a range of 35% to 40% due to prior and anticipated accelerated share repurchases, additional debt associated with those repurchases and acquisitions. The ratio may exceed the target range from time to time in order to take advantage of acquisitions and internal growth opportunities. The ratio may also fall below the target range due to strong cash flow from operations and fluctuations in the amount of share repurchases. This ratio was 30.9% and 36.8% at June 30, 2001 and July 1, 2000, respectively.

In fiscal 1992, SYSCO began a common stock repurchase program which continued through fiscal 2001, resulting in the cumulative repurchase of approximately 184,000,000 shares of common stock.

In July 1999, the Board authorized the repurchase of an additional 16,000,000 shares. Under this authorization, 16,000,000 shares were purchased through December 31, 2000.

In November 2000, the Board authorized the repurchase of an additional 16,000,000 shares. Under this latest authorization 7,563,200 shares remain to be repurchased at June 30, 2001. The number of shares acquired and their cost was 16,000,000 shares for \$428,196,000 in fiscal 2001 and 11,320,800 shares for \$186,296,000 in fiscal 2000.

In February 2000, the company filed with the Securities and Exchange Commission a shelf registration statement covering 5,700,000 shares of common stock to be offered from time to time in connection with acquisitions. This registration statement was amended in January 2001 to include an additional 1,100,000 shares. As of June 30, 2001, 493,359 shares remained available for issuance under this registration statement. In July 2001, an additional 69,524 shares were issued under this registration statement.

In November 2000, the company 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 June 30, 2001, all of these shares remained available for issuance under this registration statement. In July 2001, 522,165 shares were issued under this registration statement.

Net cash generated from operating activities was \$955,224,000 in fiscal 2001, \$708,726,000 in fiscal 2000 and \$585,303,000 in fiscal 1999. Expenditures for facilities, fleet and other equipment were \$341,138,000 in fiscal 2001, \$266,413,000 in fiscal 2000 and \$286,687,000 in fiscal 1999. Expenditures in fiscal 2002 should be in the range of \$425,000,000 to \$450,000,000.

On June 3, 1998, SYSCO filed with the Securities and Exchange Commission a \$500,000,000 shelf registration of debt securities. On July 22, 1998, SYSCO issued 6.5% debentures totaling \$225,000,000 under the shelf registration, due August 1, 2028. These debentures were priced at 99.685% of par, are unsecured, are not subject to any sinking fund requirement and include a redemption provision which allows SYSCO the right to retire the debentures at any time prior to maturity at the greater of par plus accrued interest or an amount designed to insure that the debenture holders are not penalized by the early redemption. Proceeds from the debentures were used to pay down outstanding commercial paper.

The net cash provided by operations less cash utilized for capital expenditures, the stock repurchase program, cash dividends and other uses resulted in net long-term debt of \$961,421,000 at June 30, 2001. About 80% of the long-term debt is at fixed rates averaging 6.76% and the remainder is at floating rates averaging 4.28%. The long-term debt to capitalization ratio was 30.9% at June 30, 2001, down 5.9% from the 36.8% at July 1, 2000 and down 10.2% from the 41.1% at July 3, 1999. SYSCO continues to have borrowing capacity available and alternative financing arrangements are evaluated as appropriate.

SYSCO has uncommitted bank lines of credit, which provide for unsecured borrowings for working capital up to \$226,754,000 of which \$30,640,000 and \$31,109,000 were outstanding at June 30, 2001 and July 1, 2000, respectively.

SYSCO has a commercial paper program which is currently supported by a \$300,000,000 bank credit facility. During fiscal 2001 and 2000, commercial paper and short-term bank borrowings ranged from approximately \$157,631,000 to \$411,790,000 and from approximately \$199,028,000 to \$469,094,000, respectively.

In summary, SYSCO believes that through continual monitoring and management of assets together with the availability of additional capital in the financial markets, it will meet its cash requirements while maintaining proper liquidity for normal operating purposes.

Market Risk SYSCO does not utilize financial instruments for trading purposes and holds no derivative financial instruments which could expose the company to significant market risk. SYSCO's exposure to market risk for changes in interest rates relates primarily to its long-term obligations discussed above. At June 30, 2001, the company had outstanding \$179,313,000 of commercial paper at variable rates of interest with maturities through October 2, 2001. The company's remaining long-term debt obligations of \$782,108,000 were primarily at fixed rates of interest. Because a relatively small portion of the company's long-term debt bears interest at variable rates, SYSCO has no significant cash flow exposure due to interest rate changes for long-term debt obligations.

Sales The annual increases in sales of 12.8% in fiscal 2001, 10.8% in fiscal 2000 and 13.7% in fiscal 1999 result from several factors. Sales increases in fiscal 2001 and fiscal 2000 were attributable to a variety of factors, including the progress of our Customers Are Really Everything to SYSCO (C.A.R.E.S.) customer relationship initiatives, a persistent focus on increasing sales to marketing associate-served customers, the continuing recognition by customers of the quality and value of SYSCO Brand Products, and overall growth in the foodservice industry. After adjusting for food price increases and acquisitions, real sales growth was about 5.8% in fiscal 2001. Acquisitions represented 4.5% of total sales for fiscal 2001 and food cost inflation was 2.5%.

After adjusting for food price increases, acquisitions and adjusting for the extra week in fiscal 1999, real sales growth was about 9% in fiscal 2000. Acquisitions represented 3.5% of total sales in fiscal 2000 and food cost inflation was approximately 0.4% for fiscal 2000. This compares to an increase of approximately 1% in fiscal 1999.

Industry sources estimate the total foodservice market experienced real growth of approximately 2.8% in calendar year 2000 and 3.1% in calendar year 1999.

Sales for fiscal 1999 through 2001 were as follows:

Fiscal Year	Sales	% Increase
2001	\$21,784,497,000	12.8%
2000	19,303,268,000	10.8
1999 (53 Weeks)	17,422,815,000	13.7

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

	2001	2000	1999
Medical supplies	1%	1%	1%
Dairy products	9	9	10
Fresh and frozen meats	18	17	15
Seafoods	6	6	6
Poultry	10	10	11
Frozen fruits, vegetables, bakery and other	13	14	14
Canned and dry products	19	21	22
Paper and disposables	8	8	7
Janitorial products	2	2	2
Equipment and smallwares	2	2	3
Fresh produce	9	7	6
Beverage products	3	3	3
	100%	100%	100%

A comparison of sales by type of customer during the last three years is presented below:

	2001	2000	1999
Restaurants	64%	65%	64%
Hospitals and nursing homes	11	10	10
Schools and colleges	6	6	7
Hotels and motels	5	5	5
All other	14	14	14
	100%	100%	100%

Cost of Sales Cost of sales increased about 12% in fiscal 2001, 10% in fiscal 2000 and 14% in fiscal 1999(53 weeks). These increases were generally in line with the increases in sales. The rate of increase is influenced by SYSCO's overall customer and product mix as well as economies realized in product acquisition and higher sales of SYSCO Brand products.

Operating Expenses Operating expenses include the costs of warehousing and delivering products as well as selling and administrative expenses. These expenses as a percent of sales were 14.8% for fiscal 2001, 14.7% for fiscal 2000 and 14.6% for fiscal 1999. Changes in the percentage relationship of operating expenses to sales result from an interplay of several economic influences, including customer mix. Inflationary increases in operating costs generally have been offset through improved productivity.

Part of the fiscal 2000 increase over 1999 was due to expenses related to the closing of a facility and one-time non-recurring costs associated with the completion of the SYSCO Uniform Systems implementation. There was also a charge to non-operating expenses in connection with the facility closing. The costs described above were approximately \$13,000,000.

Interest Expense Interest expense increased \$944,000 or approximately 1.0% in fiscal 2001 as compared to a decrease of \$2,007,000 or approximately 3% in fiscal 2000, as compared to an increase of \$14,417,000 or approximately 25% in fiscal 1999. Interest expense in fiscal 2000 included interest income in the amount of \$3,000,000 related to a Federal income tax refund on an amended return. After adjusting for the refund, interest expense in fiscal 2001 decreased \$2,056,000 or approximately 2.8%. This decrease was due to decreased borrowings. The increase in fiscal 1999 was due primarily to increased borrowings, principally to fund the share repurchase program, and the replacement of floating rate debt at higher fixed rates. Interest capitalized during the past three years was \$2,995,000 in fiscal 2001, \$964,000 in fiscal 2000 and \$1,812,000 in fiscal 1999.

Other, Net Other decreased \$1,421,000 or about 93% in fiscal 2001, increased \$559,000 or about 58% in fiscal 2000 and increased \$910,000 or about 1,717% in fiscal 1999. Changes between the years result from fluctuations in miscellaneous activities, primarily gains and losses on the sale of surplus facilities as well as the expense related to the facility closing discussed above.

Earnings Before Income Taxes Earnings before income taxes rose \$229,047,000, or approximately 31%, above fiscal 2000 which had increased \$143,721,000, or approximately 24%, over fiscal 1999. Additional sales and realization of operating efficiencies contributed to the increases as well as the company's success in its continued efforts to increase sales to the company's higher margin territorial street customers and increasingly higher sales of SYSCO brand products, both of which generally yield higher margins.

Provision for Income Taxes The effective tax rate for fiscal 2001, 2000 and 1999 was 38.25%, 38.5% and 39%, respectively.

Earnings before Cumulative Effect of Accounting Change Fiscal 2001 represents the twenty-fifth consecutive year of increased earnings before the cumulative effect of an accounting change. Earnings before cumulative effect of accounting change rose \$143,280,000, or approximately 32%, above fiscal 2000 which had increased \$91,358,000, or approximately 25%, over fiscal 1999.

Cumulative Effect of Accounting Change In the first quarter of fiscal 2000, SYSCO recorded a one-time, after-tax, non-cash charge of \$8,041,000 to comply with the required adoption of AICPA Statement Of Position 98-5 (SOP 98-5), "Reporting on the Costs of Start-up Activities." SOP 98-5 requires the write-off of any unamortized costs of start-up activities and organization costs.

Net Earnings Net earnings for fiscal 2001 increased \$151,321,000 or approximately 34% above fiscal 2000, which had increased \$83,317,000 or approximately 23% over fiscal 1999. The increases were caused by additional sales, operating efficiencies and other factors as discussed above.

Dividends SYSCO began paying the quarterly dividend at a rate of \$0.07 per share in February 2001, an increase from the \$0.06 per share that became effective in February 2000. The summary on pages 22 and 23 shows the rate in effect for each of the past eleven years.

Return on Shareholders' Equity The return on average shareholders' equity before the cumulative effect of the accounting change for fiscal 2001 was approximately 31% compared to 29% in 2000 and 26% in 1999. Since its inception, SYSCO has averaged in excess of an 18% return on shareholders' equity before the cumulative effect of the accounting change.

Broadline Segment Broadline segment sales increased by 8.8% in fiscal 2001 as compared to fiscal 2000 and by 7.9% in fiscal 2000 as compared to fiscal 1999. The fiscal 2001 and fiscal 2000 sales growth were due primarily to increased sales to marketing associate-served and multi-unit customers as well as increased sales of SYSCO Brand products. Broadline segment sales as a percentage of total SYSCO sales decreased from 86.2% in fiscal 2000 to 83.1% in fiscal 2001 and from 88.5% in fiscal 1999 to 86.2% in fiscal 2000. The decrease in fiscal 2001 and fiscal 2000 was due primarily to acquisitions of specialty meat, produce and lodging industry product companies in the Other segments and greater percentage growth of the SYGMA segment as a percentage of overall SYSCO sales.

Earnings before income taxes from the Broadline segment increased by 25.6% in fiscal 2001 as compared to fiscal 2000 and by 20.2% in fiscal 2000 as compared to fiscal 1999. The increase in earnings before income taxes for fiscal 2001 and fiscal 2000 was driven by increased sales to marketing associate-served customers as well as an increase in sales of SYSCO brand products. Completion of the installation of SYSCO Uniform Systems in the second quarter of fiscal 2000 has also impacted earnings before income taxes with increased efficiencies and productivity.

SYGMA Segment SYGMA segment sales increased by 12.2% in fiscal 2001 as compared to fiscal 2000 and 7.6% in fiscal 2000 as compared to fiscal 1999. The fiscal 2001 and fiscal 2000 sales growth was due primarily to sales growth in SYGMA's existing customer base. SYGMA segment sales as a percentage of total SYSCO sales decreased from 11.2% in fiscal 2000 to 11.1% in fiscal 2001 and decreased from 11.5% in fiscal 1999 to 11.2% in fiscal 2000. The decrease in fiscal 2001 and fiscal 2000 was due to the acquisitions of specialty meat, produce and lodging industry product companies in the Other segments.

Earnings before income taxes for the segment increased by 213.3% in fiscal 2001 as compared to fiscal 2000 and decreased 58.4% in fiscal 2000 as compared to fiscal 1999. The increase in fiscal 2001 was due to increased sales, operating efficiencies and improved labor costs realized during fiscal 2001. Fiscal 2000 results included an \$8.3 million charge recorded during the second quarter of fiscal 2000 for the shutdown of one of the SYGMA's facilities.

Other Segments Increases in sales and earnings before income taxes for the Other segments were due primarily to the timing of acquisitions made during the periods presented.

Location of Principal Operations

Broadline Operations

Hallsmith - Sysco Food Services
Norton (Boston), Massachusetts
William Holden, President
Thaire B. Bryant,
Executive Vice President

Hardin's - Sysco Food Services, LLC
Memphis, Tennessee
Bill R. Bowden, President

I&S Foodservices, Inc.
Edmonton, Alberta, Canada
Richard D. Pidwerbeski, President

Lankford - Sysco Food Services, LLC
Pocomoke, Maryland
C. Frederick Lankford, President
Joseph R. Barton,
Executive Vice President

Nobel / Sysco Food Services Company
Albuquerque, New Mexico
W. Keith Miller, President

Nobel / Sysco Food Services Company
Denver, Colorado
Christopher S. DeWitt, President
Christopher K. Davis,
Executive Vice President

North Douglas Sysco Food Services
Victoria, BC, Canada
Armando A. Barbon, President
Nino E. Barbon,
Executive Vice President

Robert Orr - Sysco Food Services, LLC
Nashville, Tennessee
Nick K. Taras, President
David L. Snyder,
Executive Vice President

Pegler - Sysco Food Services Company
Lincoln, Nebraska
Gary L. Rezac, President

Ritter Sysco Food Services, LLC
Jersey City, New Jersey
Martin L. Ritter, Chairman
Thomas H. Russell, President
Philip C. Lahm,
Executive Vice President

Sysco Food Services - Albany
Albany, New York
Gail E. Allen, President

Sysco Food Services of Arizona, Inc.
Phoenix, Arizona
J. Michael Dickson, President

Sysco Food Services of Arkansas, LLC
Little Rock, Arkansas
Walter S. Nunnally III, President

Sysco Food Services of Atlanta, LLC
College Park, Georgia
Gordon L. Graham, President

Sysco Food Services of Austin, LP
Round Rock, Texas
Gary L. Ross, President

Sysco Food Services of Baltimore
Jessup, Maryland
G. Kent Humphries, President
Keith D. Shapiro,
Executive Vice President

**Sysco Food Services
of Baraboo, Inc.**
Baraboo, Wisconsin
Gene M. Bohlmeier, President
Robert A. Jauch,
Executive Vice President

**Sysco Food Services
of Central Alabama, Inc.**
Calera (Birmingham), Alabama
David R. Dickson, President
Wallace D. Ralph, Jr.,
Executive Vice President

**Sysco Food Services
of Central Florida, Inc.**
Ocoee (Orlando), Florida
Stephen F. Smith, President
Henry D. Varnell III,
Executive Vice President

**Sysco Food Services
of Central Pennsylvania, LLC**
Harrisburg, Pennsylvania
Donald K. Hunt, President

**Sysco Food Services
of Charlotte, LLC**
Concord, North Carolina
Robert J. Davis, President

Sysco Food Services - Chicago, Inc.
Des Plaines, Illinois
Charles W. Staes, President
Greg D. Bertrand,
Executive Vice President

Sysco Food Services / Cincinnati
Cincinnati, Ohio
Joseph P. Calabrese, President
Michael D. Wiedower,
Executive Vice President

**Sysco Food Services
of Cleveland, Inc.**
Bedford Heights, Ohio
Chris J. Reasoner, President

**Sysco Food Services
of Columbia, LLC**
Columbia, South Carolina
Bruce H. Matthews, President
(Opening Spring 2002)

**Sysco Food Services
of Connecticut**
Rocky Hill (Hartford), Connecticut
James M. Danahy, President
Robert J. McMakin,
Executive Vice President

**Sysco Food Services
of Dallas, LP**
Dallas, Texas
Ivan R. Moore, Jr., President
Brett Lindig,
Executive Vice President

**Sysco Food Services
of Detroit, LLC**
Canton, Michigan
Michael W. Green, President
Thomas C. Barnes,
Executive Vice President

**Sysco Food Services
of Eastern Wisconsin**
Jackson (Milwaukee), Wisconsin
Joseph J. Marone, President
Randall J. Plekker,
Executive Vice President

**Sysco Food Services
of Grand Rapids, LLC**
Grand Rapids, Michigan
David L. DeKock, President
Richard A. Johnston,
Executive Vice President

**Sysco Food Services
of Hampton Roads, Inc.**
Suffolk, Virginia
C. Frederick Lankford, Chairman
John A. Hall, President

**Sysco Food Services
of Houston, LP**
Houston, Texas
Larry G. Pulliam, President
Harry C. Cotros,
Executive Vice President

Sysco Food Services of Idaho, Inc.
Boise, Idaho
Renée A. Lovejoy, President

**Sysco Food Services
of Indianapolis, LLC**
Indianapolis, Indiana
Walter C. Mills, President
Jay I. Milligan,
Executive Vice President

Sysco Food Services of Iowa, Inc.
West Des Moines, Iowa
Steven R. Gress, President

Sysco Food Services of Jackson
Jackson, Mississippi
James H. Harper, Chairman
Michael S. Headrick, President

**Sysco Food Services -
Jacksonville, Inc.**
Jacksonville, Florida
Walter R. Rudisiler, President
Roy S. Hockenbrocht,
Executive Vice President

Sysco Food Services - Jamestown
Falconer, New York
Vernon E. Wetmore, Jr., President

**Sysco Food Services
of Kansas City, Inc.**
Olathe, Kansas
James D. Hope, President
Henry P. Jolly,
Executive Vice President

**Sysco Food Services
of Las Vegas, Inc.**
Las Vegas, Nevada
David B. DeVane, President
(Opening Fall 2002)

**Sysco Food Services
of Los Angeles, Inc.**
Walnut, California
Bruce J. Schwartz, President

**Sysco Food Services
of Minnesota, Inc.**
Mounds View (St. Paul), Minnesota
Philip J. Seipp, President
Timothy K. Hogan,
Executive Vice President

**Sysco Food Services
of Modesto, Inc.**
Modesto, California
John A. Torza, President

**Sysco Food Services
of Montana, Inc.**
Billings, Montana
Patrick H. Burton, President

**Sysco Food Services
of New Orleans, LLC**
Harahan, Louisiana
Bruce L. Soltis, President

**Sysco Food Services
of Northern New England, Inc.**
Westbrook (Portland), Maine
Richard A. Giles, President
Gregory E. Otterbein,
Executive Vice President

**Sysco Food Services
of Oklahoma, Inc.**
Norman, Oklahoma
Thomas D. Huffhines, President

**Sysco Food Services
of Ontario, Inc.**
Peterborough, Ontario, Canada
Paul V. Strano, Jr., President

**Sysco Food Services
of Philadelphia, LLC**
Philadelphia, Pennsylvania
Edward C. Merry, President

**Sysco Food Services
of Pittsburgh, Inc.**
Harmony, Pennsylvania
Joel R. TePastte, President

**Sysco Food Services
of Portland, Inc.**
Wilsonville, Oregon
Michael J. McLoughlin, President
Scott A. Sonnemaker,
Executive Vice President

**Sysco Food Services
of Sacramento**
Pleasant Grove, California
Paul A. Winterhalder, President

**Sysco Food Services
of St. Louis, LLC**
St. Charles, Missouri
Jerry L. Barash, President

**Sysco Food Services
of San Antonio, LP**
San Antonio, Texas
William D. Fisher, President

**Sysco Food Services
of San Diego, Inc.**
Poway, California
Richard L. Friedlen, President

**Sysco Food Services
of San Francisco, Inc.**
Fremont, California
Daniel S. Haag, President
James W. Ehlers,
Executive Vice President

Sysco Food Services of Seattle, Inc.
Kent, Washington
Robert M. Jenson, President
Michael L. Kauffman,
Executive Vice President

Alaska Division:
**Sysco Food Services
of Alaska, Inc.**
Anchorage, Alaska
James Rudd,
General Manager

**Sysco Food Services
of South Florida, Inc.**
Miami, Florida
Tim K. Brown, President
Julie O. Swan,
Executive Vice President

**Sysco Food Services
of Southeast Florida, LLC**
Riviera Beach, Florida
Walter S. Deck, President
Peter G. Carantza,
Executive Vice President

Sysco Food Services - Syracuse
Warners, New York
William L. Loftin, President
Joseph H. Wood,
Executive Vice President

**Sysco Food Services
of Virginia, LLC**
Harrisonburg, Virginia
Alan E. Hasty, President

**Sysco Food Services -
West Coast Florida, Inc.**
Bradenton (Tampa), Florida
Carl S. Cannova, President
Edwin W. Solomon,
Executive Vice President

Sysco HRI Supply, Ltd.
British Columbia, Canada
William A. Redmond, President

**Sysco Intermountain Food
Services, Inc.**
Salt Lake City, Utah
Thomas K. Kesteloot, President

Sysco / Konings Wholesale
Port Coquitlam (Vancouver),
British Columbia, Canada
Terry J. Early, President

Sysco / Louisville Food Services Co.
Louisville, Kentucky
Jimmie D. Clark, Chairman
Peter J. Scatamacchia, President
Steven D. Hocker,
Executive Vice President

Watson Sysco Food Services, Inc.
Lubbock, Texas
Michael A. Davis, President

Custom Meat-Cutting Locations

A. M. Briggs Company
 Washington, D.C.
 Charles W. Harris, Jr., President
 Hendrikus P. Wisker,
 Executive Vice President

Buckhead Beef Company
 Atlanta, Georgia
 Howard I. Halpern, Chairman
 Kirk W. Halpern,
 Executive Vice President

Freedman Meats, Inc.
 Houston, Texas
 Donald J. Freedman, President
 Ronald G. Boatwright,
 Executive Vice President

**Freedman Foodservice
 of Dallas, Inc.**
 Dallas, Texas

**Freedman Foodservice
 of Houston, Inc.**
 Houston, Texas

**Texas Meat Purveyors -
 Austin, L.P.**
 Austin, Texas

**Texas Meat Purveyors -
 Harlingen, L.P.**
 Harlingen, Texas

**Texas Meat Purveyors -
 San Antonio, L.P.**
 San Antonio, Texas

Fulton Provision Company
 Portland, Oregon
 John H. Walther, President
 Carl F. Walther,
 Executive Vice President

Malcolm Meats Company
 Northwood (Toledo) Ohio
 Andrew L. Malcolm, President
 Jeffrey J. Savage,
 Executive Vice President

Sysco Newport Meat Company
 Irvine, California
 Timothy K. Hussman, President

Hotel Operating Supplies Locations

Guest Supply, Inc.
 Monmouth Junction, New Jersey
 Clifford W. Stanley, President
 Paul T. Xenis,
 Executive Vice President

Atlanta, Georgia
 Carol Stream (Chicago), Illinois
 Cincinnati, Ohio
 Concord (Charlotte),
 North Carolina
 Corona (Los Angeles), California
 Garland (Dallas), Texas
 Grove City (Columbus), Ohio
 Hanover (Baltimore), Maryland
 Hayward (San Francisco),
 California
 Indianapolis, Indiana
 Lorain (Cleveland), Ohio
 Mississauga, Ontario, Canada
 Orlando, Florida
 Pearl City (Honolulu), Hawaii
 Sayreville (Newark), New Jersey
 Taylor (Detroit), Michigan

Specialty Produce Locations

FreshPoint, Inc.
 Brian M. Sturgeon, President and
 Chief Operating Officer

Richard J. Dachman
Executive Vice President,
West Coast Region

**American Produce &
 Vegetable Company**
 Dallas, Texas
 Lucian M. LaBarba, President

Freshpoint of Denver, Inc.
 Denver, Colorado
 Dennis P. Quinn, President

Freshpoint of Las Vegas, Inc.
 Las Vegas, Nevada
 Gregory L. Bird, President

**FreshPoint of Southern
 California, Inc.**
 Los Angeles, California
 Verne L. Lusby, Jr., President

Golden State Produce
 San Francisco, California
 Kevin M. Alves, President

**Lee Ray-Tarantino
 Company, Inc.**
 San Francisco, California
 Paul G. Tarantino, President

Pacific Produce Company Ltd.
 Vancouver, B.C. Canada
 Randolph M. Sung, President

Pacific Allied
 Vancouver, B.C. Canada
 Leigh S. Seto, General Manager

Pacific Nanaimo
 Nanaimo, B.C. Canada
 Bruce A. Ashcraft,
 General Manager

Royal Foods Company, Inc.
 San Jose, California
 George W. Gummow, President

R. Kent Shoemaker, Jr.
Executive Vice President,
East Coast Region

Carnival Fruit Company, Inc.
North Miami, Florida
Alan H. Spritz, President

FreshPoint of Atlanta, Inc.
Forest Park, Georgia
John R. Alpers, President

FreshPoint of Palm Beach, Inc.
Riviera Beach, Florida
Robert A. Massave, President

**FreshPoint of
Washington, D.C., Inc.**
Washington, D.C.
Dennis A. Clifford, President

Movsovit & Sons of Florida, Inc.
Jacksonville, Florida
Steven W. Haugen, President

Movsovit & Sons of Georgia, Inc.
Savannah, Georgia
Aubrey V. Sutton, Vice President
and General Manager

Red's Market, Inc.
Orlando, Florida
Melbourne, Florida
Robert J. Gordon, President

Tampa, Florida
Brett L. Gardner, President

Systems Distribution Facilities

The SYGMA Network, Inc.

Gregory K. Marshall, Chairman and
Chief Executive Officer
Stephen M. Deasey, President and
Chief Operating Officer

Jerry J. Eggebrecht, President
Denver Division

Arlington (Dallas), Texas
David A. Hanson, Vice President and
General Manager

Clackamas (Portland), Oregon
Stephen F. Bohrer, Vice President and
General Manager

Pryor, Oklahoma
Joseph Vanderhoof, Vice President and
General Manager

**Rancho Cucamonga
(Los Angeles), California**
Robert E. Cagle, Vice President and
General Manager

Stockton, California
John M. Rivers, Jr., Vice President and
General Manager

David M. Cleck, Senior Vice President
Eastern Region

Charlotte, North Carolina
John W. Jarosz, Vice President and
General Manager

Harrisburg, Pennsylvania
Jeffrey A. Coppenger, Vice President and
General Manager

Orlando, Florida
Gregory A. Ross, Vice President and
General Manager

**Westborough (Boston),
Massachusetts**
Raymond R. Leveille, Vice President and
General Manager

Chet L. Miner, Senior Vice President
Midwest Region

Columbus, Ohio
Kirk Krajewski, Vice President and
General Manager

Danville, Illinois
David E. Myers, Vice President and
General Manager

Monroe (Detroit), Michigan
Robert G. Johnson, Vice President and
General Manager

San Antonio, Texas
James E. Donelson, Vice President and
General Manager