

SYSCO.



BRAND WIDTH AND SERVICE DEPTH

Fiscal 2000 marked SYSCO Corporation's 30th anniversary as a public company -- 30 years of shaping our future with employees, customers, suppliers and shareholders to create growth, prosperity and value. During this relatively short time period, SYSCO has grown from a fledgling company with \$115 million in sales to its current leading position in the industry with \$19.3 billion in sales. Through a network of distribution centers across North America, SYSCO supplies food and related products to about 356,000 customers in the contiguous United States, Alaska, the District of Columbia, Hawaii and portions of Canada.

The foundation of SYSCO's success is based upon common principles that often are overlooked in business today -- superior customer service, extensive product knowledge, consistent quality product offerings and business-building support services. A distinctive mix of ever-evolving branded products, coupled with a unique blend of dedicated employees, has thrust SYSCO into a new dimension, from a broadline distributor to a broad brand provider, supported by a depth of service unparalleled in the foodservice distribution industry. Brand width and service depth have made SYSCO the distributor of choice for the meals-prepared-away-from-home market, and will fuel its growth in the future. SYSCO's broad line of fresh and frozen meats, seafood, poultry, fruits and vegetables, canned and dry foods, equipment and supplies, beverages, bakery items, dairy products, disposables, medical and surgical products, chemical and sanitation items are now joined by a wide array of segment brand products as well as custom-cut steaks and specialty produce items. SYSCO's product menu is ever-evolving; the commitment to customers is unchanging -- a steadfast dedication to unsurpassed customer service.

Web address.....	www.sysco.com
Exchange and Ticker Symbol.....	NYSE: SY
Employees.....	40,400*
Customers.....	356,000*
Products.....	275,000*
Delivery Vehicles.....	7,290*
Marketing Associates.....	6,981*
Quarterly Cash Dividend per Share.....	\$0.12
101 Distribution Locations	
63 Broadline Facilities	
22 Specialty Produce Locations	
13 SYGMA Facilities	
3 Custom-Cutting Meat Operations	
Calendar 1999 Foodservice Distribution Industry Market.....	Approximately \$175 Billion
* as of July 1, 2000	

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Employees pictured on cover, left to right: Bobby Delgado, Driver; Sandra Carson, Director of Safety and Health Services; Sonia Avalon, Credit Administrator; James Blake, Marketing Associate; Mike Howdeshell, Manager, Beverage (kneeling); Rohani Clawson, Merchandiser; Dana Barba, Customer Service Supervisor; and Joe Clark, Network Administrator.

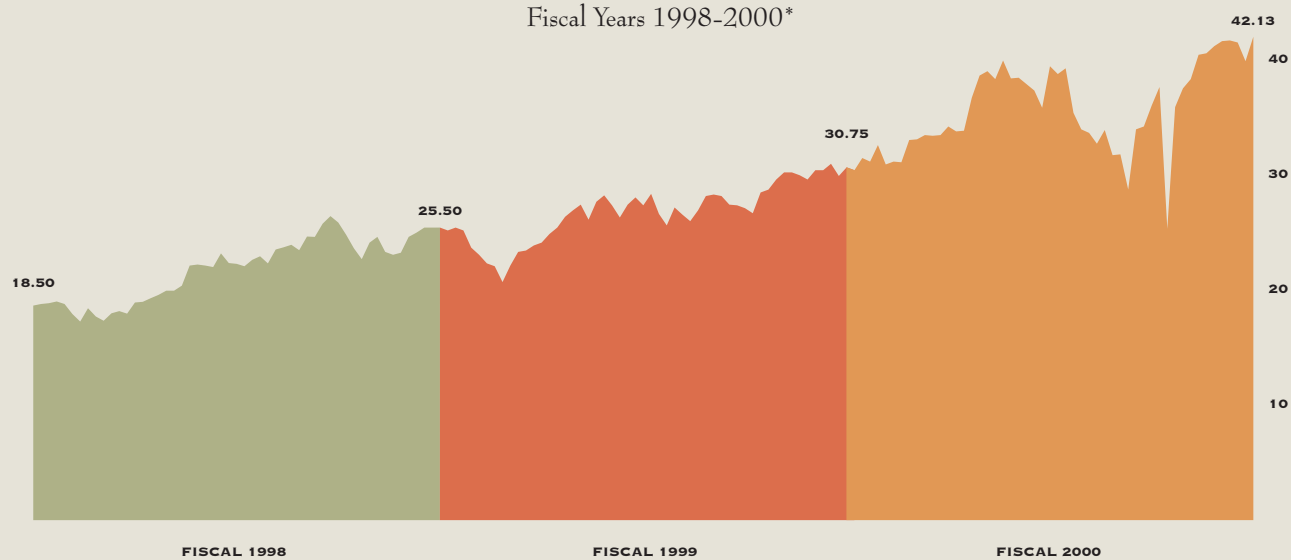
FINANCIAL HIGHLIGHTS

(In thousands, except for share data, employees and shareholders)	Year Ended			Percent Change	
	July 1, 2000	July 3, 1999 (53 Weeks)	June 27, 1998	2000-99	1999-98
Sales	\$19,303,268	\$ 17,422,815	\$ 15,327,536	11%	14%
Earnings before income taxes	737,608	593,887	532,493	24	12
Net earnings before accounting change	453,629	362,271	324,821	25	12
Net earnings ⁽¹⁾	445,588	362,271	296,768	23	22
Diluted earnings per share before accounting change	1.36	1.08	0.95	26	14
Diluted earnings per share after accounting change ⁽¹⁾	1.33	1.08	0.86	23	26
Cash dividends per share	0.44	0.38	0.33	16	15
Shareholders' equity per share	5.31	4.33	4.05	23	7
Capital expenditures	\$ 266,413	\$ 286,687	\$ 259,353	(7)	11
Return on average shareholders' equity before accounting change	29%	26%	23%		
Diluted average shares outstanding	334,777,928	336,796,669	343,440,181	(1)	(2)
Number of employees	40,400	35,100	33,400	15	5
Number of shareholders of record	15,207	15,485	16,142	(2)	(4)

⁽¹⁾ Fiscal 2000 and 1998 net earnings reflect one-time accounting charges of \$8,041,000 and \$28,053,000, respectively. All share information has been adjusted for the 2-for-1 stock split of March 20, 1998.

SYSCO HISTORICAL WEEKLY STOCK PRICE SUMMARY

Fiscal Years 1998-2000*



*Adjusted for the 2-for-1 stock split of March 20, 1998.

TO OUR SHAREHOLDERS

SYSCO's multi-dimensional objectives include strategic vision and prudent fiscal planning supported by brand width and service depth. In our 30th year as a public company, this combination produced record sales of \$19.3 billion for the 52-week period ended July 1, 2000 compared to \$17.4 billion generated in fiscal 1999 (53 weeks), an 11 percent increase.

Fueled by a thriving U.S. economy and mild winter weather conditions, the foodservice industry during our most recent fiscal year enjoyed real growth at the higher end of its historical two to four percent rate, as reported by industry sources. SYSCO was favorably impacted not only by these external factors, but also by numerous internal initiatives.

Historically, SYSCO's real growth has expanded two to three times faster than the real growth rate of the industry. FY 2000 was no exception, as

real growth for the year reached 9.2 percent after adjusting for the extra week in fiscal 1999, acquisitions of 3.5 percent and food cost inflation of 0.4 percent.

Diluted earnings per share before a first quarter accounting change that required start-up costs to be expensed as incurred, rose significantly to \$1.36, a 26 percent increase above the \$1.08 per share earned in last year's 53-week period. Net earnings before the accounting change were \$453.6 million, 25 percent above the \$362.3 million achieved in the 53 weeks of fiscal 1999.

Key internal drivers that enhanced results were a sharpened focus on increasing sales to marketing associate-served customers – our core business – and

continuing growth in SYSCO Brand sales. Marketing associate-served sales grew to 55.4 percent of traditional foodservice sales versus 54.1 percent last year, while the SYSCO Brand gained increasing recognition and acceptance, rising to 50.4 percent of marketing-associate served sales, compared to 48.1 percent in fiscal 1999.

The SYGMA Network, Inc., our chain restaurant distribution specialist, generated record sales of \$2.2 billion, an 8 percent increase compared to fiscal 1999. In May SYGMA began servicing 362 additional Burger King restaurants located in Pennsylvania and Northern California, as well as Arby's units in Arkansas, Kansas, Missouri and Oklahoma. These customer additions represent approximately \$200 million in annualized sales and we continue to selectively seek additional chain restaurant business.

Six strategic acquisitions completed during the year strengthened both geographical presence and product offerings. They include three custom-cutting meat operations, two broadline distributors, and a specialty produce company. Through our Buckhead Beef Company



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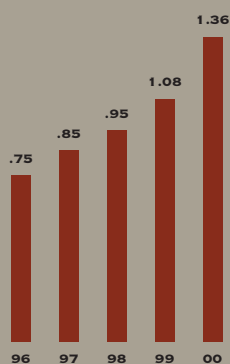
RICHARD J. SCHNIEDERS

President and
Chief Operating Officer

CHARLES H. COTROS

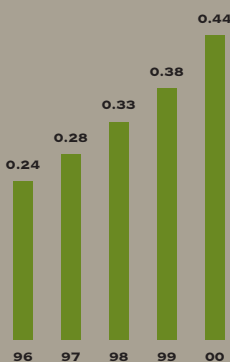
Chairman and
Chief Executive Officer

DILUTED EARNINGS PER SHARE
IN DOLLARS*

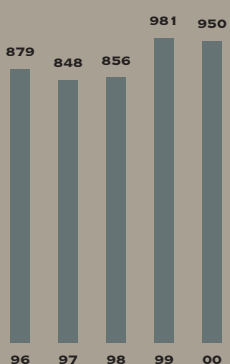


*Before accounting change

ANNUAL DIVIDENDS PER SHARE
IN DOLLARS



WORKING CAPITAL
IN MILLIONS OF DOLLARS



(Atlanta, GA), Malcolm Meats (Toledo, OH) and Newport Meat Company (Irvine, CA) operations, SYSCO now offers precision custom-cut steaks and other protein products to customers in certain areas. Broadline distributors Doughtie's Foods Inc. (Portsmouth, VA) and Watson Foodservice (Lubbock, TX) enhanced customer service in the mid-Atlantic and southwestern United States. Annualized sales of these five companies totaled approximately \$500 million in the aggregate.

The combination of FreshPoint, Inc. (approximately \$750 million in annualized sales) with SYSCO's \$1 billion produce operation created the largest foodservice produce purchaser and supplier in the world. SYSCO now offers a full spectrum of produce in numerous varieties, from everyday staples to the exotic. Opportunities also exist for strategic product cross selling through both customer bases.

Internal geographic expansion remains a priority and "fold-out" operations under construction in the Hampton Roads area of Virginia and in Sacramento, California should be operational in the spring and fall of 2001, respectively. The Hampton Roads facility will replace Doughtie's existing complex and supply their customers in Virginia and eastern North Carolina, as well as certain customers in those areas who are now being serviced from Pocomoke City, Maryland. The Sacramento operation will serve Sacramento and surrounding communities, as well as western Nevada and northern California markets now being accommodated from San Francisco.

These activities plus ongoing maintenance programs resulted in investments of \$266 million in facilities, fleet and equipment, with facilities and fleet accounting for 72 percent. This compared to capital expenditures of \$287 million in FY 1999. Capital expenditures for FY 2001 are expected to range from \$325 million to \$375 million. SYSCO continues to generate sufficient cash from operations to fund internal growth opportunities.

Since 1996 SYSCO has been repurchasing shares in excess of those issued and at fiscal year-end 58 million shares had been repurchased, including 5.7 million during FY 2000, with 3.8 million remaining out of the 8-million-share 1999 authorization. After funding working capital needs, capital investments, dividends, acquisitions and share repurchases, total debt was \$1.07 billion, including \$1.02 billion long-term debt, resulting in a long-term debt to total capitalization ratio of 37 percent. Before the accounting change, return on shareholders' equity was 29 percent and return on average total capital was 17 percent.

SYSCO Uniform System (SUS) installations were completed last December as planned in scheduled broadline companies, providing operational efficiencies through valuable managerial and reporting tools. SYSCO also has joined McDonald's Corporation, Cargill Inc.

and Tyson Foods Inc. to form electronic Foodservice Network (eFS Network), an Internet-based, business-to-business (B2B) network. Open to suppliers, distributors and chain restaurant operators, eFS Network is aimed at cutting costs in the foodservice supply chain by more efficiently managing the flow of information and products to the marketplace.

More than 40,000 employees dedicated to outstanding customer service were instrumental in SYSCO's stellar FY 2000 performance and several members of management were recognized for their part in SYSCO's success. In January, in accordance with SYSCO's long-term management succession plan, Charles H. Cotros was elected the fourth chief executive officer in SYSCO's 30-year history. Mr. Cotros also assumed the role of chairman on July 2, 2000 following the retirement of Bill M. Lindig after a distinguished 30-year career. Also, Richard J. Schnieders advanced to President and Chief Operating Officer; Larry J. Accardi was promoted to Executive Vice President, Merchandising Services and Multi-Unit Sales; Thomas E. Lankford became Executive Vice President, Foodservice Operations and, upon Mr. Lindig's retirement, was elected to serve the remaining portion of his Board term; and John K. Stubblefield, Jr. was named Executive Vice President, Finance and Administration.

In November 1999 the Board of Directors increased the quarterly cash dividend 20 percent to \$0.12 per share from \$0.10 per share, the 31st increase in 30 years.

We are optimistic about SYSCO's future prospects, anticipating an ongoing positive economic outlook and continued demand for meals prepared away from home. We believe our long-term objectives are achievable – high single-digit real sales growth with earnings per share growing four to six percentage points higher than the real sales growth rate, a 30 percent return on equity and a long-term debt to total capitalization ratio of 35 to 40 percent. We intend to seek growth opportunities through acquisitions and continue our internal expansion strategies as well. As we move forward, our commitment to providing our customers a breadth of products for nearly every foodservice need, as well as unsurpassed service excellence, will continue to drive our future success.



CHARLES H. COTROS

Chairman and
Chief Executive Officer

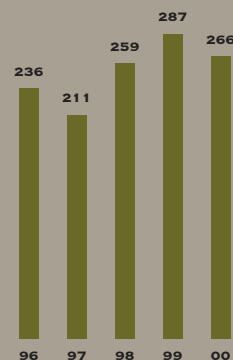


RICHARD J. SCHNIEDERS

President and
Chief Operating Officer

CAPITAL EXPENDITURES

IN MILLIONS OF DOLLARS



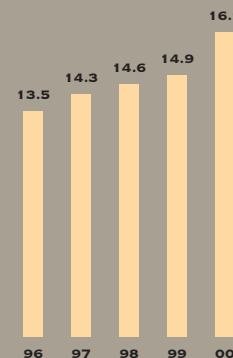
SHAREHOLDERS' EQUITY

IN MILLIONS OF DOLLARS



RETURN ON AVERAGE NET ASSETS

IN PERCENTS





BROADLINE TO BROAD BRAND



circa 1970

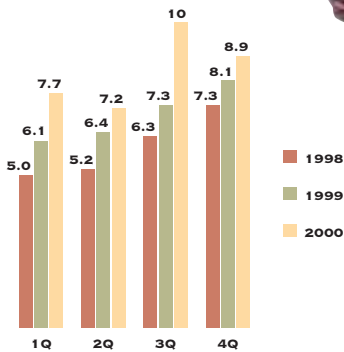
As consumers' appetites for meals-prepared-away-from-home have grown, so has the family of SYSCO Brand products. From humble beginnings in the early 1970's with products such as the cut green beans pictured above, today the cornerstone brand, including four quality levels – Supreme, Imperial, Classic and Reliance – accounts for more than 29,000 various items. Whether it's a meal served at a restaurant, college cafeteria, resort hotel or sports stadium, chances are you have enjoyed and routinely encountered the quality and palate-pleasing tastes of SYSCO Brand products.

The SYSCO Brand family has grown to include brands designed for specific market segments, Brandables total menu concepts, specialty meat and produce brands and even SYSCO's own branded technology that drives every facet of the organization. SYSCO has truly evolved from a broadline company to a broad brand supplier with a depth of service unique within the industry.

Kin Chan, like all Sysco marketing associates, is trained to focus on each of his customer's specific needs and to offer a range of products and services tailored to fulfill those needs.

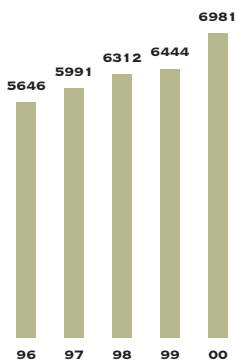


REAL SALES GROWTH BY FISCAL QUARTERS* IN PERCENTS

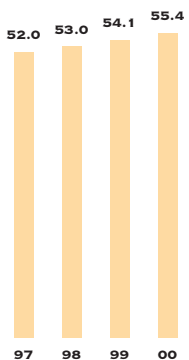


*Adjusted for sales to a significant new customer through 1st quarter of FY 2000.

NUMBER OF MARKETING ASSOCIATES



MARKETING ASSOCIATE-SERVED SALES AS A % OF BROADLINE FOODSERVICE



Characterized by its quality, dependability, consistent yield and the ability to enhance customers' profits, the cornerstone SYSCO brand with four quality levels – Supreme, Imperial, Classic and Reliance – is immediately recognizable and has played a starring role in the foodservice marketplace. SYSCO Brand products are designed to appeal to a variety of menus, are characterized by a strong, well-developed brand identity and are produced to exact specifications, supported by quality assurance standards unsurpassed in the industry.

The first link in moving products from field to plate is product development. During this stage, SYSCO Merchandising Services monitors dining trends and shares ideas from customers with manufacturers to develop products that meet customers' menu requirements. This group also interacts with thousands of suppliers worldwide to source product and structure purchasing programs for the SYSCO Brand and other national brand products.

By offering SYSCO Brand products, Marketing Associates (MAs) gain a competitive edge in the marketplace. The training and product knowledge these sales professionals bring to their customers is equally important to the equation. SYSCO's army of MAs is almost 7,000 strong, and each MA is, in essence, a relationship manager, providing a variety of items and services that allow customers to prosper. MAs routinely evaluate and compare products to determine what best fits a customer's menu profile, assist with menu planning and design, identify dining trends that can boost customer profitability and assess inventory levels to enable customers to satisfy any dining need. This is just a sampling of the service depth and customer commitment that has distinguished SYSCO in the meals-prepared-away-from-home market and, in turn, has earned customer loyalty.

Last year SYSCO formalized this philosophy by implementing the C.A.R.E.S. initiative (Customers Are Really Everything to SYSCO). Embraced by employees in all areas, this commitment reaffirms customer service as SYSCO's top priority.

CORNERSTONE BRAND

First unveiled in the early 1970s, SYSCO's cornerstone Brand signifies four quality levels – Supreme, Imperial, Classic and Reliance – and it established the SYSCO Brand's identity in the foodservice marketplace.



IMPERIAL

Few competitors' products can match the Imperial brand, the highest quality available.



RELIANCE

Foodservice operators can maintain consistency of quality and value with the economy-positioned Reliance brand.



SUPREME

Like Imperial, Supreme products are of the highest quality but include unique items not generally available in the industry.



CLASSIC

Classic products generally compare with competitors' highest quality offerings in each category.



Sysco Newport Meat Company, one of the largest purveyors of fine meats, poultry and seafood in southern California, offers products, services and training to SYSCO broadline companies in California, Arizona, New Mexico and Utah.

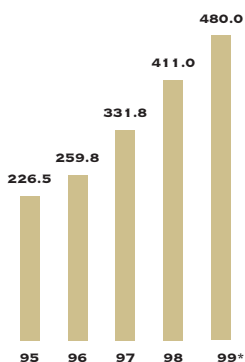


Buckhead Beef, the #1 distributor of CERTIFIED ANGUS BEEF™ products in the world in 1999, also provides customers access to the largest inventory of wet- and dry-aged USDA Prime.



Malcolm Meats Company distributes custom-cut meats and other protein products to customers and SYSCO broadline companies throughout Illinois, Michigan and Ohio.

**CERTIFIED ANGUS BEEF™ SALES BY ALL CAB PROGRAM LICENSEES
IN MILLIONS OF POUNDS**



*Projected
Source: Certified Angus Beef™ LLC

Meeting customer needs is more than simply delivering products listed on an invoice. In fiscal 2000 SYSCO recognized the need to expand not only geographically, but also by adding product breadth. This transition to acquiring product niche companies as well as broadline distribution operations originated as a desire to offer the highest quality, most consistent, fresh, custom-cut steaks and specialty produce items available in the marketplace. As a result, SYSCO acquired three custom-cutting meat operations, Newport Meat Company; Buckhead Beef Company; and Malcolm Meats; and a specialty produce company, FreshPoint, Inc., which has 22 North American locations.

SYSCO continues to offer boxed beef products packaged in bulk quantities to be cut by customers at their locations. However, as beef consumption has grown, the demand for high-quality aged beef, cut to precise specifications, also has increased. Many independent customers do not have sufficient space, equipment or expertise to age beef properly or cut steaks consistently. In addition, the short supply of qualified meat cutters and the risk of employee accidents, with the corresponding increased cost for workers' compensation insurance premiums, often makes it safer and more economical to rely on SYSCO's expertise for portion-cut steaks and chops.

These three meat-cutting operations have taken customer service to a deeper level, offering an assortment of wet- and dry-aged beef cut to exact customer requirements. Each operation is a leader in its market area and a licensed distributor of CERTIFIED ANGUS BEEF™ brand, a renowned high quality distinction within the beef industry. They also supply other customized and portion-controlled meat and protein products, complementing SYSCO's existing broad brand capabilities. Strategically located across the United States, they offer SYSCO operating companies in certain areas the opportunity to benefit from their product range and expertise while expanding their own market reach.



CUSTOM-CUT MEATS

The acquisition of three custom-cutting meat companies expanded the breadth of products to include dry- and wet-aged, precision-cut fresh steaks and other protein products.



RIBEYE

Juicy and tender rib-eye steaks are popular the world over, and each steak has that recognizable distinctive, rich flavor.



SIRLOIN

Each sirloin is trimmed and naturally aged to customer specifications to ensure a unique and enjoyable dining experience.



STRIP

This boneless strip steak, hand-cut to customers' specifications and perfectly trimmed, enjoys strong demand at steakhouse locations.



LAMB

SYSCO's specialty meat operations source the finest lamb, including fresh domestic western-range lamb and fresh Australian-range lamb to satisfy even the most demanding clientele.



VEAL

SYSCO's meat companies provide veal chops and other veal products assured to be tender and flavorful.

PORTERHOUSE

Generously portioned porterhouse steaks include both the sirloin strip and the tenderloin, a hearty choice for a true steak lover.



FILET

Cut from the whole beef tenderloin, filet mignon is the most tender cut available. These succulent steaks are delicately marbled and tender enough to cut with a fork.



FreshPoint, Inc. distributes specialty produce through 22 locations across the U.S. and Canada. Customers may choose from a variety of produce items, from the everyday conventional to the exotic. The company also specializes in value-added services including ripening and repacking.



SYSCO is the largest purchaser of produce in the foodservice distribution industry, and SYSCO Natural produce represents the top 5% of produce harvested from California's Salinas Valley.

SYSCO AND FRESHPOINT ESTIMATED ANNUALIZED PRODUCE PURCHASES

IN MILLIONS OF CASES

Tomatoes	12.0
Potatoes	5.9
Precut Lettuce	3.9
Onions	3.7
Iceberg Lettuce	3.5
Mushrooms	2.8
Strawberries	2.8
Romaine Lettuce	2.7
Peppers	2.0
Cantaloupe	1.8
Specialty Lettuce	1.6

Prior to the March 2000 acquisition of FreshPoint, Inc., a specialty produce distributor, SYSCO's annual produce sales, including those of the highly successful SYSCO Natural line, eclipsed the \$1 billion mark. The addition of FreshPoint, with 22 locations and approximately \$750 million in annualized sales, positions SYSCO for significant future growth as broadline customers may now access a wider spectrum of unique specialty produce items. In addition, the minimal overlap between the two customer bases creates many opportunities to sell SYSCO's breadth of products to FreshPoint customers who may be purchasing elsewhere.

The SYSCO Natural produce family continues to be a mainstay for broadline operators who feature consistent quality produce staples in their daily menus, while FreshPoint offers more highly specialized products that may appeal to chefs who require exotic choices to complement their gourmet menus. FreshPoint distribution centers also operate smaller trucks concentrated in heavily populated areas and are structured to accept smaller orders and provide more frequent deliveries. SYSCO and FreshPoint also supply pre-washed and pre-cut produce items, chopped, diced and sliced to customer specifications.

Along with increased produce sales and enhanced product offerings, the FreshPoint acquisition also allows SYSCO customers to enjoy the benefits of FreshPoint's in-house ripening and repacking procedures. Tomato ripening capabilities provide complete control of the ripening process and eventually these functions will be expanded to include other products, like bananas, where supply is currently dictated by seasonal weather patterns.

Through repacking operations customers are able to receive items in customized, packed-to-order cases, a process which should generate future cost benefits, since the repacking programs are concentrated at specific locations to serve several operating companies.



PRODUCE CAPABILITIES

The combination of SYSCO and FreshPoint created the largest produce purchaser and supplier in the foodservice distribution industry and ensures that customers receive the freshest available produce, directly from the fields to their kitchens.



LETTUCE

Cascade Salad Mix, a unique blend of baby Romaine and baby Green Leaf lettuces and radicchio, has been cleaned and shredded to be used straight from the package.



HAND-CARVED VEGETABLES

SYSCO Natural hand-carved vegetables take the banquet plate to a new level with intriguing items that accent any dining experience.



TOMATOES

The FreshPoint acquisition gives customers access to a broader spectrum of unique specialty produce items and the benefits of in-house tomato ripening capabilities.



CARROTS

Miniature carrots (carrot-tinnies) are a popular choice for elegant plate presentations.

MUSHROOMS

More than a dozen varieties of mushrooms are available to chefs for creating a wide range of meals, from soups and salads to canapés and quiches.



EXOTICS

FreshPoint's unique produce items enhanced SYSCO's exotic fruit and vegetable selections.





In calendar 1999, 50 percent of all food dollars were spent on food-prepared-away-from-home, a substantial increase from 37 percent in 1972. As consumers continue to eat more meals prepared by others, they demand new tastes and more varieties of foods. In response, SYSCO has developed an assortment of brands tailored to specific market segments, including ethnic foods, delicatessen items, tabletop condiments and others.

The Arrezzo line was designed for the operator who aspires to provide customers the finest, authentic Old World Italian cuisine. Capturing the essence of Italian cooking with specialty tomatoes and sauces, pizza toppings and cheeses, specialty meats, Italian breads, oils and desserts, this collection of Italian brands, known as La Famiglia Sysco, includes Ottimo, Suprema, and Pasta LaBella.

Other segment brands include Casa Solana, a family of south-of-the-border-style foods, and Jade Mountain, a line of fine Asian cuisine. Casa Solana includes items essential in making savory Mexican dishes, while Jade Mountain includes seasoned oils and vinegars, water chestnuts, oyster sauces and numerous Asian staples such as rice and egg roll wrappers.

House Recipe includes tabletop items ranging from condiments to crackers. Its distinctive flavorings and attractive high-profile packaging complement any menu offering. Customers often elect to customize House Recipe steak sauces, ketchup and hot sauce by adding a personalized neckband displaying their establishment's name. The Block and Barrel brand was designed to address the specific requirements of the delicatessen market segment. It includes an assortment of delicatessen products like bulk and pre-sliced meats and cheeses, sandwich condiments and a variety of breads and rolls, as well as snacks, chips and cookies.

New segment brands include Roasters Blend, a variety of upscale coffees, and Butcher's Block boxed beef available in four categories – Reserve, Angus, Choice and Select – for customers who prefer to cut steaks at their own locations.



SEGMENT BRANDS

These products are designed for specific market segments and include ethnic foods, delicatessen items, tabletop condiments and other products to satisfy a variety of preferences.



MEXICAN

Casa Solana is a complete line of south-of-the-border products for Mexican restaurant meal solutions.



HOUSE RECIPE

The House Recipe brand, a family of premium quality tabletop condiments, signature teas and gourmet cocoas, features high-profile graphics, consistent quality and exceptional value.

ITALIAN

The Arrezzo brand of authentic, Old World products like the Extra Virgin Olive Oil with Garlic and Tomato Basil Fettuccine are specifically created for foodservice operations featuring Italian cuisine.



PIZZA

Hailed for its authentic flavor, Arrezzo pizza is one of SYSCO's many popular segment brand products.

COFFEE

In fiscal 2000 SYSCO introduced Roasters Blend, a variety of coffee flavors that compete with other renowned national brands.



BEEF

Butcher's Block boxed beef was introduced this year for customers who opt to purchase in bulk and cut steaks themselves on site.

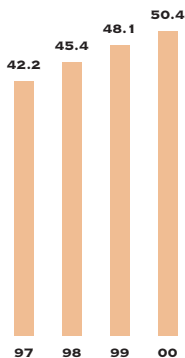


BP All American Food Store, Inc. in Athens, Georgia was one of the first operators to unveil the Sunday Skillet Fried Chicken concept, a contemporary, colorful, high profile cafeteria line with delicious southern fried chicken and companion items.



Michael's Café III in Atlanta features SYSCO's Block & Barrel Deli concept, the most complete deli branding program available.

SYSCO BRAND SALES AS A % OF MARKETING ASSOCIATE-SERVED SALES



The foodservice solutions called Brandables by SYSCO are easy-to-use “menu concepts” that incorporate not only the segment brands discussed on the preceding pages but also include all the tools necessary to create a complete segment menu theme. Featuring high-profile signage for kiosk or in-line serving systems, comprehensive operator manuals and associated uniforms and utensils, the Brandables concepts allow operators great flexibility without paying licensing or franchise fees. Each program’s fully developed menu profiles include SYSCO’s easy-to-prepare segment brand foods that are pre-sliced, pre-seasoned and pre-cooked to ensure consistency of product and taste.

For example, the Arrezzo Brand Italian segment products are integral to two Brandables concepts – Arrezzo Pizza, an authentic, pizzeria-style program and Arrezzo Italian Café, which features nutritional pastas and savory sauces for operators to create Italian-style selections.

Block & Barrel Deli, the most complete delicatessen branding program available, utilizes a complete assortment of Block & Barrel segment brand products that include bulk and pre-sliced meats and cheeses teamed with breads, rolls and condiments for sandwich making – a total deli package.

The Casa Solana Mexican Cantina features Mexican-style favorites, while Mein Street Wok, an Asian concept, uses Jade Mountain products to create popular Asian menu selections.

Potato Gourmet appeals to health-conscious individuals as well as anyone with a hearty appetite. This program features generously-sized, tasty baked potatoes, which can be customized with various hot or cold toppings. Another concept, Sunday Skillet, brings to mind the good old days of Sunday dinners at grandmother’s house – crispy fried chicken, biscuits and all the trimmings.

To assure that the entire family of SYSCO Brand products meets or exceeds customers’ expectations, a quality assurance staff of more than 180 professionals establishes specifications, evaluates manufacturing and processing plants and monitors products throughout the production process.



BRANDABLES

Brandables by SYSCO is an easy-to-use, complete menu concept package that incorporates segment food products, signage, menus, uniforms, "how-to" manuals and all the tools necessary for a foodservice operator to serve from a kiosk or in-line set-up.



ARREZZIO

The Arrezzo Brandables concept features a complete "Taste of Old Italy" with a delectable array of pastas, sauces and pizzas.



CASA SOLANA

Casa Solana Mexican Cantina is a total Mexican meal program with authentic foods, uniforms, menus and presentation tips.



POTATO GOURMET

The Potato Gourmet consists of generously-sized potatoes and a variety of toppings to complete a potato "meal."

BLOCK & BARREL

The Block & Barrel Deli products include chips and snacks plus sliced meats, cheeses, and breads – all the ingredients to produce "The Best Sandwich on the Block."

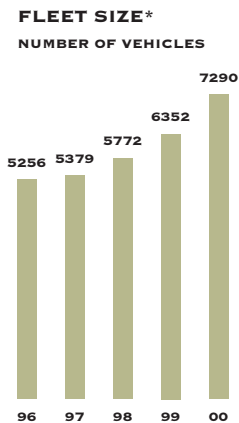


SUNDAY SKILLET

The Sunday Skillet cafeteria line captures customers' imaginations and tempts their palates with delicious fried chicken and side dishes to complement a southern-style menu.



SYSCO's team of dependable delivery associates, including Matt Greif, serves as one of the primary contacts with customers each day.



SYSCO SALES BY PRODUCT CATEGORY

AS PERCENT OF TOTAL SALES

Medical supplies	1%
Dairy products	9%
Fresh and frozen meats	17%
Seafoods	6%
Poultry	10%
Frozen fruits, vegetables, bakery and other	14%
Canned and dry products	21%
Paper and disposables	8%
Janitorial products	2%
Equipment and smallwares	2%
Fresh produce	7%
Beverage products	3%

In any foodservice operation, from the front of the house to the back, many auxiliary items are essential to producing a complete meal. SYSCO's non-food brands encompass all of the equipment and supplies a foodservice operator conceivably would require. From cookware to cutlery, cleaning chemicals to carry-out cartons, dishwashers to disposable towels, this category continues to be vital to an operation's success and foodservice supplies accounted for 13 percent of overall sales in fiscal 2000. Food safety is a primary concern to customers and SYSCO is committed to maintaining the safety of products throughout every facet of distribution. Cookware and tableware, as well as food preparation and eating surfaces, must be pristine, so cleaning and sanitizing is of utmost importance. SYSCO also offers customers special training programs regarding proper food storage temperatures, safe cutting and handling techniques and recommended hygiene practices.

Typically, equipment and supplies are ordered less frequently than food products and one method SYSCO employs to optimize the use of warehouse space is the designation of a central warehouse for storage of such products. This warehouse inventories nearly 6,000 items, including cookware, dinnerware, flatware, glassware, chef apparel, large kitchen equipment and much more. Another 5,000 items are available for shipment to customers directly from manufacturers. As orders are received, products are selected from inventory and shipped to the customer, usually arriving within a one- to two-day delivery window, much more quickly than the typical industry practice of six- to eight-week shipping periods often associated with shipping special orders.

To assure that customers order the correct central warehouse item, in 1999 SYSCO developed SYSQuotes, an online catalog that provides product images for customer inspection and selection, product availability and pricing via the MAs laptop computer. MAs at 39 SYSCO operating companies were utilizing the program at fiscal year-end.



FOODSERVICE SUPPLIES

Foodservice supplies — from soup kettles to soup spoons, dishwashers to dinnerware, cleaning solutions to carry-out cartons — are essential to any well-stocked kitchen or dining room.



CHEMICALS/ DISPOSABLES

Items like chefs' hats, disposable gloves and sanitary products allow food preparers to maintain a crisp, clean look and observe safe food handling practices.



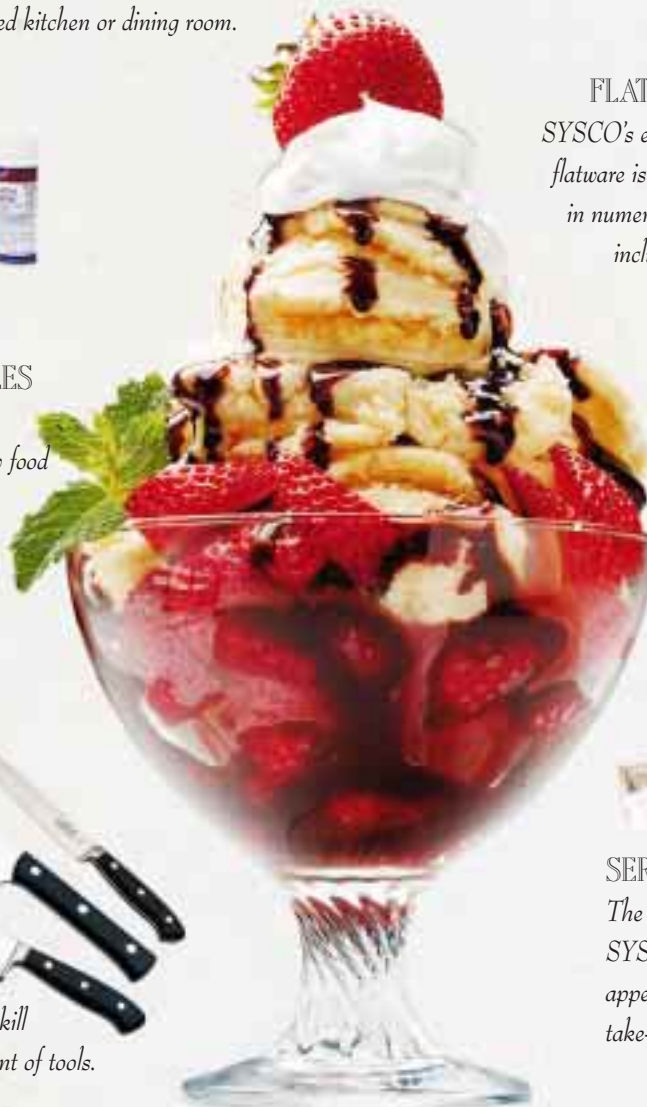
CUTLERY

SYSCO's Black Diamond cutlery allows chefs to display their skill and creativity with a broad assortment of tools.



FLATWARE

SYSCO's exclusive flatware is produced in numerous patterns, including Satin Bead, and is suitable for many types of foodservice locations.



SERENEWARE

The comprehensive, easily identifiable SYSCO Sereneware products provide appealing packaging solutions for take-out meals.



DINNERWARE

SYSCO's exclusive dinnerware patterns like Ariel are designed to coordinate with various customer themes and complement the atmosphere of any foodservice operation.

GLASSWARE

Nothing could be finer to a diner with a sweet tooth than a scrumptious sundae served in SYSCO's elegant Illusion glassware.



KITCHENWARE

SYSCO provides a complete collection of kitchen equipment, tools and accessories, including the Black Diamond cookware and utensils pictured above.

SYSCO's commitment to continued technological development has been a key factor in building lasting customer and supplier relationships. SYSCO's proprietary systems, primarily developed internally, are also considered SYSCO Brands.

One project, the SYSCO Uniform System (SUS), is an enterprise-wide information technology system that encompasses all business aspects on a real-time basis. SUS reporting measures and appraisal tools provide instant access to service levels and other productivity data, allowing internal benchmarking among SYSCO companies.

The SYSCO Warehouse Management System (SWMS) monitors products through every stage of the distribution cycle, and manages all facets of employee productivity. These tools reduce inventory and improve workplace safety and productivity, thereby increasing order accuracy and decreasing working capital needs and expenses.

SYSCO long has maintained a leading role in direct order entry systems and its Internet-based order entry system, eSYSCO, has replaced previous, more complex applications. An estimated \$700 million in annualized sales is being channeled through eSYSCO and customers may place and confirm orders, review purchasing history and perform many other functions at their convenience.

Modifications are being added to the core SUS system to move toward error-free service through accurate order selection and timely delivery. The SYSCO Order Selector (SOS), a finger-mounted bar code scanner, verifies proper item selection, reducing errors from about one in less than 1,000 to about one in 5,000, significantly improving efficiency and reducing restocking costs. The SYSCO Load Selector (SLS) confirms the accuracy of products selected, then generates a map detailing the placement of orders on the delivery trucks, while the RoadNet system assigns delivery stops to minimize time yet meet customers' preferred delivery windows.

Whether it is improving technology, expanding brand offerings or assisting customers with value-added services, SYSCO's primary objective is exceeding customer expectations.



Laura Terrell, at the Houstonian Hotel in Houston, is a SYSCO customer who enjoys ordering products through eSYSCO, a user-friendly Internet-based ordering system.



The SYSCO Warehouse Management System (SWMS) directs vital labor management functions. Pictured above is Sherri Edwards, Checker/Loader.

TECHNOLOGY DRIVES EFFICIENCY

Proprietary technology is revolutionizing SYSCO's business, driving efficiencies in ordering, warehousing, selecting, loading and delivering products, while producing information vital to providing superior customer service.



Sophisticated, computerized systems determine optimum routes to minimize driving distances and schedule deliveries within customers' desired time frames.



Detailed labels generated by the SYSCO Warehouse Management System (SWMS) identify each product, its location, and numerous other specifics crucial to effective storage, retrieval and delivery.



The SYSCO Uniform System (SUS), a complete redesign of SYSCO's management information systems, was successfully installed as planned at scheduled operations during FY 2000.



Warehousemen like Ernest Hall rely on SYSCO technology to accurately receive and store products.

The SYSCO Order Selector (SOS) dramatically reduces selection errors from about one in less than 1,000 to approximately one in 5,000.



COMMUNITY ACTIVITIES

SYSCO has received numerous awards and recognition for donations to food banks and other programs including the Second Harvest National Food Bank. In addition, each of SYSCO Corporation's operating companies serves its community independently, assisting charities and volunteer organizations, including homeless shelters, donating products to food banks and providing meals to volunteers. At the corporate office, the company also has enjoyed longstanding relationships with organizations such as the United Way and the March of Dimes. SYSCO's commitment to higher education is evidenced by its annual funding of scholarships through The Educational Foundation of the National Restaurant Association and other foundations. SYSCO also has

joined with its premier suppliers in Johnson & Wales University's Vision 2001 campaign, which has a goal of providing \$5 million in scholarships to qualified students dedicated to a foodservice career. In addition, The John F. and Eula Mae Baugh SYSCO Scholarship Program grants academic scholarships to employee dependents under age 24 who attend accredited four-year institutions. More than \$700,000 in John F. and Eula Mae Baugh SYSCO scholarships has been awarded since the program's inception in 1996.

For the 2000-01 academic year, 25 returning scholarship winners qualified for renewed funding. In addition, \$60,000 in new grants was awarded to the following scholarship winners.

Recipient Name	College or University	Hometown	Major
Paige L. Asbrock	College of Mount St. Joseph	Harrison, OH	Chemistry/Dentistry
Kathleen R. Fein	University of Michigan	Jenison, MI	Pre-Medicine/Chemistry
Luke C. Gelinas	Calvin College	South Dartmouth, MA	Religion/Theology
Nicholas J. Hagglund	Youngstown State University	Jamestown, NY	Chemical Engineering
Natalie C. Lesly	University of California	Merced, CA	Communications
Naomi M. Massave	Yale University	Riviera Beach, FL	Undetermined
Timothy C. Pilgrim	University of Washington	Kent, WA	Business Administration
Joyce A. Somerset	Johnson & Wales University	Lithonia, GA	Marketing
Melissa J. Spagnuolo	Cal State-San Bernardino	Apple Valley, CA	Business Administration
Elliott S. Thomson	University of Florida	Richfield, OH	Engineering/Computer Science

CHAIRMAN LINDIG RETIRES AFTER 30-YEAR CAREER



As SYSCO reflects on its 30th anniversary as a public company, it also celebrates the career of retiring Chairman Bill M. Lindig. Mr. Lindig began his career with SYSCO at its formation in 1970 when he was named Executive Vice President of Zero Foods

Company, one of the original nine founding companies. He was elected a Director of SYSCO in 1983 and became President of the Foodservice Division in 1984. In early 1985, he was elected SYSCO's Executive Vice President and Chief Operating Officer and later that year added to his responsibilities when he became President of the corporation. Mr. Lindig was elected Chief Executive Officer in January 1995 and assumed the position of Chairman of the Board on January 1, 1999.

From the time he assumed the role of Chief Executive Officer until his retirement, SYSCO's sales grew from \$10

billion to over \$19 billion, and the price of SYSCO's stock increased more than 225 percent. Reflecting on his lengthy career with SYSCO when his retirement was announced in April, Mr. Lindig said, "My long and enjoyable association with both SYSCO and the foodservice distribution industry has been one of the highlights of my life. Having been actively involved in the success of SYSCO and helping our customers create memorable dining experiences for consumers has been most rewarding."

In addition to the tireless efforts he put forth at SYSCO during his three-decade career, Mr. Lindig also has been extremely active in community affairs. In 1999 he and his wife Bobetta established the Lindig Men's Health Center and Resource Library at Memorial Hermann Healthcare System in Houston, Texas, and he currently serves on Memorial Hermann Healthcare System's Board of Directors. Mr. Lindig also is a director of Burlington Northern Santa Fe Corporation and a trustee of Johnson & Wales University.



FINANCIAL SECTION

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ELEVEN - YEAR SUMMARY OF OPERATIONS AND RELATED INFORMATION

(Dollars in thousands except for per share and shareholder data)	2000	1999	1998	1997	1996
Results of Operations					
Sales	\$ 19,303,268	\$ 17,422,815	\$ 15,327,536	\$ 14,454,589	\$ 13,395,130
Costs and expenses					
Cost of sales	15,649,551	14,207,860	12,499,636	11,835,959	10,983,796
Operating expenses	2,843,755	2,547,266	2,236,932	2,076,335	1,917,376
Interest expense	70,832	72,839	58,422	46,502	41,019
Other, net	1,522	963	53	(162)	(1,004)
Total costs and expenses	18,565,660	16,828,928	14,795,043	13,958,634	12,941,187
Earnings before income taxes	737,608	593,887	532,493	495,955	453,943
Income taxes	283,979	231,616	207,672	193,422	177,038
Earnings before cumulative effect of accounting changes	453,629	362,271	324,821	302,533	276,905
Cumulative effect of accounting change	(8,041)	—	(28,053)	—	—
Net earnings	445,588	362,271	296,768	302,533	276,905
Cash dividends paid	145,418	126,691	110,928	99,574	87,721
Earnings reinvested	\$ 300,170	\$ 235,580	\$ 185,840	\$ 202,959	\$ 189,184
Effective income tax rate	38.5%	39%	39%	39%	39%
Per Common Share Data ⁽¹⁾					
Diluted earnings per share:					
Earnings before accounting change	\$ 1.36	\$ 1.08	\$ 0.95	\$ 0.85	\$ 0.75
Cumulative effect of accounting change	(0.02)	—	(0.08)	—	—
Net earnings	1.33	1.08	0.86	0.85	0.75
Cash dividends	0.44	0.38	0.33	0.28	0.24
Shareholders' equity	\$ 5.31	\$ 4.33	\$ 4.05	\$ 4.06	\$ 4.09
Diluted average shares outstanding	334,777,928	336,796,669	343,440,181	356,083,594	369,715,296
Performance Measurements					
Pretax return on sales	3.82%	3.41%	3.47%	3.43%	3.39%
Return on average shareholders' equity					
before accounting change	29%	26%	23%	21%	19%
Return on average total capital before accounting change (equity plus long-term debt)	17%	16%	15%	15%	14%
Financial Position					
Current ratio	1.53	1.69	1.65	1.76	1.85
Working capital	\$ 950,280	\$ 981,227	\$ 855,877	\$ 847,815	\$ 879,341
Capital expenditures	266,413	286,687	259,353	210,868	235,891
Other assets	736,047	460,146	449,068	413,762	412,436
Plant and equipment (net)	1,344,693	1,227,669	1,151,054	1,058,432	990,642
Total assets	4,813,955	4,096,582	3,780,189	3,433,823	3,319,943
Long-term debt	1,023,642	997,717	867,017	685,620	581,734
Other liabilities	245,810	244,129	232,193	233,917	226,007
Shareholders' equity	1,761,568	1,427,196	1,356,789	1,400,472	1,474,678
Shareholder Data					
Closing price of common share at year end ⁽¹⁾	\$ 42.13	\$ 30.75	\$ 25.50	\$ 18.50	\$ 17.13
Price/earnings ratio at year end - diluted ^{(1), (2)}	31	28	27	22	23
Market price per common share - high/low ⁽¹⁾	\$ 43-26	\$ 32-20	\$ 27-17	\$ 19-14	\$ 18-14
Number of employees at year end	40,400	35,100	33,400	32,000	30,600
Number of shareholders of record at year end	15,207	15,485	16,142	17,890	19,160

(1) The data presented reflects the 2-for-1 stock splits of March 20, 1998, June 19, 1992 and October 17, 1989.

(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
1995	1994	1993	1992	1991	1990	2000	1996-2000	1991-2000	1981-2000
\$ 12,118,047	\$ 10,942,499	\$ 10,021,513	\$ 8,892,785	\$ 8,149,700	\$ 7,590,568	10.8%	9.8%	9.8%	14.9%
9,927,448	8,971,628	8,225,275	7,303,886	6,693,822	6,246,372				
1,736,625	1,568,773	1,427,394	1,270,397	1,161,375	1,076,804				
38,579	36,272	39,004	43,275	49,082	56,548				
(2,223)	(1,756)	(2,137)	(6,429)	(5,443)	(5,242)				
11,700,429	10,574,917	9,689,536	8,611,129	7,898,836	7,374,482				
417,618	367,582	331,977	281,656	250,864	216,086	24.2	12.0	13.1	16.0
165,794	150,830	130,170	109,427	97,034	83,625				
251,824	216,752	201,807	172,229	153,830	132,461	25.2	12.5	13.1	17.6
—	—	—	—	—	—				
251,824	216,752	201,807	172,229	153,830	132,461	23.0	12.1	12.9	17.5
73,154	59,074	48,815	31,637	22,150	17,829				
\$ 178,670	\$ 157,678	\$ 152,992	\$ 140,592	\$ 131,680	\$ 114,632				
40%	41%	39%	39%	39%	39%				
\$ 0.68	\$ 0.58	\$ 0.53	\$ 0.46	\$ 0.41	\$ 0.36	25.9	14.9	14.2	16.0
—	—	—	—	—	—				
0.68	0.58	0.53	0.46	0.41	0.36	23.1	14.4	14.0	15.9
0.20	0.16	0.13	0.09	0.06	0.05	15.8	17.1	24.3	21.5
\$ 3.84	\$ 3.39	\$ 3.09	\$ 2.85	\$ 2.48	\$ 2.10	22.6	6.7	9.7	13.5
374,762,596	378,927,962	387,534,852	392,455,236	389,180,124	380,640,932				
3.45%	3.36%	3.31%	3.17%	3.08%	2.85%				
19%	18%	18%	17%	18%	19%				
14%	13%	13%	11%	11%	10%				
1.92	1.89	1.90	1.96	1.92	1.88				
\$ 856,734	\$ 753,087	\$ 673,263	\$ 618,244	\$ 557,760	\$ 494,682				
201,577	161,485	127,879	134,290	134,921	182,387				
411,712	394,860	350,450	326,737	317,117	308,858				
896,079	817,221	759,857	734,423	699,101	635,897				
3,097,161	2,811,729	2,530,043	2,325,206	2,177,695	2,001,020				
541,556	538,711	494,062	488,828	543,176	583,496				
219,366	185,548	152,292	133,730	112,176	85,112				
1,403,603	1,240,909	1,137,216	1,056,846	918,626	770,829	23.4	4.6	8.6	14.1
\$ 14.75	\$ 11.63	\$ 12.31	\$ 11.94	\$ 10.25	\$ 8.56				
22	20	23	26	25	24				
\$ 15-11	\$ 16-12	\$ 14-11	\$ 13-10	\$ 11-7	\$ 9-6				
28,100	26,200	24,200	22,500	21,000	19,600				
21,112	19,860	17,798	14,864	13,343	12,023				

CONSOLIDATED RESULTS OF OPERATIONS

	Year Ended		
	July 1, 2000	July 3, 1999 (53 Weeks)	June 27, 1998
(In thousands except for share data)			
Sales	\$19,303,268	\$17,422,815	\$15,327,536
Costs and expenses			
Cost of sales	15,649,551	14,207,860	12,499,636
Operating expenses	2,843,755	2,547,266	2,236,932
Interest expense	70,832	72,839	58,422
Other, net	1,522	963	53
Total costs and expenses	<u>18,565,660</u>	<u>16,828,928</u>	<u>14,795,043</u>
Earnings before income taxes	737,608	593,887	532,493
Income taxes	283,979	231,616	207,672
Earnings before cumulative effect of accounting change	453,629	362,271	324,821
Cumulative effect of accounting change	(8,041)	—	(28,053)
Net earnings	<u>\$ 445,588</u>	<u>\$ 362,271</u>	<u>\$ 296,768</u>
Earnings before accounting change:			
Basic earnings per share	\$ 1.38	\$ 1.09	\$ 0.95
Diluted earnings per share	1.36	1.08	0.95
Cumulative effect of accounting change:			
Basic earnings per share	(0.02)	—	(0.08)
Diluted earnings per share	(0.02)	—	(0.08)
Net earnings:			
Basic earnings per share	1.35	1.09	0.87
Diluted earnings per share	1.33	1.08	0.86

See Summary of Accounting Policies and Additional Financial Information.

CONSOLIDATED FINANCIAL POSITION

(In thousands except for share data)	July 1, 2000	July 3, 1999
Current assets		
Cash	\$ 159,128	\$ 149,303
Receivables	1,519,038	1,334,371
Inventories	937,899	851,965
Deferred taxes	72,041	43,353
Prepaid expenses	45,109	29,775
	<u>2,733,215</u>	<u>2,408,767</u>
Less current liabilities		
Notes payable	31,109	13,377
Accounts payable	1,186,721	1,013,302
Accrued expenses	527,233	374,271
Income taxes	17,914	6,103
Current maturities of long-term debt	19,958	20,487
	<u>1,782,935</u>	<u>1,427,540</u>
Working capital	950,280	981,227
Plant and equipment at cost, less depreciation	1,344,693	1,227,669
Other assets		
Goodwill and intangibles, less amortization	503,039	302,100
Other	233,008	158,046
	<u>736,047</u>	<u>460,146</u>
Total assets less current liabilities	<u>3,031,020</u>	<u>2,669,042</u>
Less other liabilities		
Long-term debt	1,023,642	997,717
Deferred taxes	245,810	244,129
	<u>1,269,452</u>	<u>1,241,846</u>
Net assets	<u>\$1,761,568</u>	<u>\$1,427,196</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 382,587,450 shares	382,587	382,587
Paid-in capital	76,967	872
Retained earnings	<u>2,332,238</u>	<u>2,032,068</u>
	<u>2,791,792</u>	<u>2,415,527</u>
Less cost of treasury stock, 51,102,663 and 52,915,065 shares	1,030,224	988,331
Total shareholders' equity	<u>\$1,761,568</u>	<u>\$1,427,196</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	Treasury Stock	
	Shares	Amount			Shares	Amount
Balance at June 28, 1997	191,293,725	\$191,294	\$ 32,258	\$1,771,548	18,855,458	\$ 594,628
Net earnings for year ended June 27, 1998				296,768		
Cash dividends paid, \$0.33 per share				(110,928)		
Treasury stock purchases					6,064,850	263,416
Stock options exercised			(4,308)		(491,795)	(15,174)
Employees' Stock Purchase Plan			1,359		(433,419)	(14,048)
Management Incentive Plan			1,084		(205,950)	(6,536)
2-for-1 stock split	191,293,725	191,293	(30,393)	(160,900)	23,789,144	
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, \$0.38 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, \$0.44 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

See Summary of Accounting Policies and Additional Financial Information.

CONSOLIDATED CASH FLOWS

(In thousands)	Year Ended		
	July 1, 2000	July 3, 1999 (53 Weeks)	June 27, 1998
Cash flows from operating activities:			
Net earnings	\$ 445,588	\$ 362,271	\$ 296,768
Add non-cash items:			
Cumulative effect of accounting change	8,041	—	28,053
Depreciation and amortization	220,661	205,005	181,234
Deferred tax (benefit) provision	(25,528)	5,656	(15,077)
Provision for losses on receivables	27,082	26,208	22,959
Additional investment in certain assets and liabilities, net of effect of businesses acquired:			
(Increase) in receivables	(118,578)	(144,969)	(162,276)
(Increase) in inventories	(56,943)	(61,464)	(48,483)
Decrease (increase) in prepaid expenses	3,378	(3,180)	(4,871)
Increase in accounts payable	105,790	164,143	14,114
Increase in accrued expenses	128,174	82,016	50,875
Increase (decrease) in income taxes	16,254	(19,420)	7,782
(Increase) in other assets	(45,193)	(30,963)	(13,314)
Net cash provided by operating activities	<u>708,726</u>	<u>585,303</u>	<u>357,764</u>
Cash flows from investing activities:			
Additions to plant and equipment	(266,413)	(286,687)	(259,353)
Proceeds from sales of plant and equipment	18,922	24,952	8,296
Acquisition of businesses, net of cash acquired	(211,901)	—	(84,473)
Net cash used for investing activities	<u>(459,392)</u>	<u>(261,735)</u>	<u>(335,530)</u>
Cash flows from financing activities:			
Bank and commercial paper borrowings (repayments)	51,810	(109,962)	303,996
Other debt (repayments) borrowings	(11,947)	117,273	6,813
Common stock reissued from treasury	52,342	38,785	33,893
Treasury stock purchases	(186,296)	(203,958)	(263,416)
Dividends paid	(145,418)	(126,691)	(110,928)
Net cash used for financing activities	<u>(239,509)</u>	<u>(284,553)</u>	<u>(29,642)</u>
Net increase (decrease) in cash	9,825	39,015	(7,408)
Cash at beginning of year	149,303	110,288	117,696
Cash at end of year	<u>\$ 159,128</u>	<u>\$ 149,303</u>	<u>\$ 110,288</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 70,977	\$ 66,706	\$ 58,306
Income taxes	272,022	237,990	195,133

See Summary of Accounting Policies and Additional Financial Information.

SUMMARY OF ACCOUNTING POLICIES

BUSINESS AND CONSOLIDATION

SYSCO Corporation (SYSCO or the company) 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 95 distribution facilities for approximately 356,000 customers located in the 39 states where facilities are situated, in nine adjacent states, Alaska and the District of Columbia. The company also has four facilities in Vancouver, British Columbia, one in Peterborough, 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 2000 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. Interest capitalized during the past three years was \$964,000 in 2000, \$1,812,000 in 1999 and \$2,095,000 in 1998.

GOODWILL AND INTANGIBLES

Goodwill and intangibles represent the excess of cost over the fair value of tangible net assets acquired and are amortized over 40 years using the straight-line method. Accumulated amortization at July 1, 2000, July 3, 1999 and June 27, 1998 was \$96,862,000, \$84,160,000 and \$74,554,000, respectively.

COMPUTER SYSTEMS DEVELOPMENT PROJECT

In the second quarter of fiscal 1998, SYSCO recorded a one-time, after-tax, non-cash charge of \$28,053,000 to comply with a new consensus ruling by the Emerging Issues Task Force of the Financial Accounting Standards Board (EITF Issue No. 97-13), requiring reengineering costs associated with computer systems development to be expensed as they are incurred. Prior to this ruling, SYSCO had capitalized business process reengineering costs incurred in connection with its SYSCO Uniform Systems information systems redevelopment project in accordance with generally accepted accounting principles.

No costs were capitalized in fiscal 2000, fiscal 1999 and fiscal 1998. Amounts capitalized are being amortized as completed portions are put into use. Accumulated amortization, including the one-time charge, at July 1, 2000, July 3, 1999 and June 27, 1998 was \$42,001,000, \$38,929,000 and \$36,532,000, 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. Going forward such costs are being 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.

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.

ACQUISITIONS

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 4,984,497 unregistered, restricted shares to the former owners of the acquired companies. The transactions were accounted for using the purchase method of accounting and the financial statements for fiscal 2000 include the results of the acquired companies from the respective dates they joined SYSCO. There was no material effect, individually or in the aggregate on SYSCO's operating results or financial position from these transactions.

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 1998, SYSCO adopted SFAS No. 130, "Reporting Comprehensive Income." The adoption of this standard did not have an effect on SYSCO's reported net earnings as SYSCO has no components of other comprehensive income under the statement.

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

In fiscal 2000, SYSCO adopted the AICPA issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The SOP 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 this SOP did not have a significant effect on SYSCO's consolidated results of operations or financial position.

In June 1998, June 1999 and June 2000, the Financial Accounting Standards Board issued 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. SYSCO is required to and will adopt SFAS No. 133 in the first quarter of fiscal 2001 and does not expect adoption to have a significant effect on its consolidated results of operations or financial position.

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition." The SAB provides guidance on the recognition, presentation and disclosure of revenue in financial statements. SYSCO is required to and will adopt SAB 101 in the fourth quarter of fiscal 2001 and believes that adoption will not have a significant effect on its consolidated results of operations or financial position.

ADDITIONAL FINANCIAL INFORMATION

INCOME TAXES

The income tax provisions consist of the following:

	2000	1999	1998
Federal income taxes	\$ 250,309,000	\$ 200,537,000	\$ 178,226,000
State, local and other income taxes	33,670,000	31,079,000	29,446,000
Total	<u>\$ 283,979,000</u>	<u>\$ 231,616,000</u>	<u>\$ 207,672,000</u>

Included in the income taxes charged to earnings are net deferred tax benefits of \$25,528,000 in 2000, and deferred tax provisions of \$5,656,000 in 1999 and deferred tax benefits of \$15,077,000 in 1998. The deferred tax benefit or deferred tax provision results 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:

	July 1, 2000	July 3, 1999
Deferred tax liabilities:		
Excess tax depreciation and basis differences of assets	\$ 219,786,000	\$ 203,524,000
Computer systems development project	9,838,000	10,991,000
Inventory	7,961,000	12,858,000
Other	8,225,000	16,756,000
Total deferred tax liabilities	245,810,000	244,129,000
Deferred tax assets:		
Accrued pension expenses	20,008,000	24,179,000
Accrued medical and casualty insurance expenses	16,387,000	6,647,000
Other	35,646,000	12,527,000
Total deferred tax assets	72,041,000	43,353,000
Net deferred tax liabilities	\$ 173,769,000	\$ 200,776,000

The company has enjoyed taxable earnings during each year of its thirty-one 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:

	2000	1999	1998
Statutory Federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of Federal income tax benefit	3.0	3.8	3.8
Other	0.5	0.2	0.2
	38.5%	39.0%	39.0%

ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

The allowance for doubtful accounts receivable was \$27,628,000 as of July 1, 2000, \$21,095,000 as of July 3, 1999 and \$20,081,000 as of June 27, 1998. Customer accounts written off, net of recoveries, were \$24,881,000 or 0.13% of sales, \$25,914,000 or 0.15% of sales and \$21,218,000 or 0.14% of sales for fiscal years 2000, 1999 and 1998, respectively.

SHAREHOLDERS' EQUITY

On February 11, 1998, the Board of Directors declared a 2-for-1 stock split effected by a 100% stock dividend paid on March 20, 1998 to shareholders of record on February 27, 1998. 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 329,582,474 in 2000, 332,913,546 in 1999 and 340,380,477 in 1998, 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 334,777,928 in 2000, 336,796,669 in 1999 and 343,440,181 in 1998, 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 under the treasury stock method.

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, and amended it again in May 1999. As amended, the plan provides for a dividend distribution of one-half of one Preferred Stock Purchase Right (Right) for each outstanding share of SYSCO common stock. Each Right may be exercised to purchase 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 the company 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.

PLANT AND EQUIPMENT

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

	July 1, 2000	July 3, 1999	Estimated Useful Lives
Plant and equipment, at cost			
Land	\$ 110,546,000	\$ 93,107,000	
Buildings and improvements	1,050,417,000	957,389,000	10-40 years
Equipment	1,398,555,000	1,266,548,000	3-20 years
	<u>2,559,518,000</u>	<u>2,317,044,000</u>	
Accumulated depreciation	(1,214,825,000)	(1,089,375,000)	
Net plant and equipment	<u>\$ 1,344,693,000</u>	<u>\$ 1,227,669,000</u>	

DEBT

SYSCO has uncommitted bank lines of credit, which provide for unsecured borrowings for working capital of up to \$246,481,000 of which \$31,109,000 and \$13,377,000 were outstanding at July 1, 2000 and July 3, 1999, respectively.

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

	July 1, 2000	July 3, 1999
Commercial paper, interest averaging 6.9% in 2000 and 5.2% in 1999	\$ 247,870,000	\$ 213,792,000
Senior notes, interest at 6.5%, maturing in 2005	149,553,000	149,463,000
Senior notes, interest at 7.0%, maturing in 2006	200,000,000	200,000,000
Senior notes, interest at 7.25%, maturing in 2007	99,735,000	99,696,000
Debentures, interest at 7.16%, maturing in 2027	50,000,000	50,000,000
Debentures, interest at 6.50%, maturing in 2029	224,336,000	224,313,000
Industrial Revenue Bonds, mortgages and other debt, interest averaging 5.8% in 2000 and 5.9% in 1999, maturing at various dates to 2026	72,106,000	80,940,000
Total long-term debt	<u>1,043,600,000</u>	<u>1,018,204,000</u>
Less current maturities	(19,958,000)	(20,487,000)
Net long-term debt	<u>\$ 1,023,642,000</u>	<u>\$ 997,717,000</u>

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

Fiscal Year	Amount
2001	\$ 19,958,000
2002	17,861,000
2003	7,306,000
2004	257,525,000
2005	149,809,000

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 July 1, 2000 were \$247,870,000.

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 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 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 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 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-six years and certain of the bonds provide SYSCO the right to redeem (call) 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 July 1, 2000 was \$1,023,642,000, of which 75% is at fixed rates averaging 6.73% with an average life of fourteen years, while the remainder is financed at floating rates averaging 6.77%. 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 July 1, 2000.

The fair value of SYSCO's total long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the company for debt of the same remaining maturities. The fair value of total long-term debt approximated \$986,966,000 at July 1, 2000 and \$994,275,000 at July 3, 1999.

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 July 1, 2000 and July 3, 1999, letters of credit outstanding were \$37,319,000 and \$21,460,000, respectively. As of July 1, 2000 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 \$44,015,000, \$36,904,000 and \$31,324,000 in fiscal 2000, 1999 and 1998, 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
2001	\$ 29,934,000
2002	24,123,000
2003	18,750,000
2004	15,056,000
2005	12,000,000
Later years	19,997,000

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 incentive 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 28, 1997	822,518	\$ 9.70	822,518	\$ 9.70
Exercised			(303,251)	9.65
Balance at June 27, 1998	519,267	9.72	519,267	9.72
Exercised			(161,739)	9.22
Balance at July 3, 1999	357,528	9.94	357,528	9.94
Exercised			(160,739)	9.78
Balance at July 1, 2000	196,789	\$10.08	196,789	\$ 10.08

The options outstanding at July 1, 2000 under this plan have exercise prices ranging from \$7.66 to \$11.13 and have a weighted average remaining contractual life of less than one year.

1991 Stock Option Plan

The 1991 Stock Option Plan was adopted in fiscal 1992 and originally reserved 6,000,000 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 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 and stock appreciation rights. During fiscal 1996, the shareholders approved an amendment to the plan for an additional 16,000,000 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 incentive 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 28, 1997	3,446,628	\$13.53	7,765,260	\$ 14.35
Granted			1,901,416	17.50
Cancelled			(315,422)	14.97
Exercised			(841,462)	13.50
Balance at June 27, 1998	4,886,528	13.98	8,509,792	15.11
Granted			1,550,605	21.88
Cancelled			(307,879)	15.89
Exercised			(982,769)	14.11
Balance at July 3, 1999	5,341,504	14.66	8,769,749	16.39
Granted			2,475,392	32.66
Cancelled			(473,344)	17.55
Exercised			(1,156,063)	14.71
Balance at July 1, 2000	5,661,846	\$15.80	9,615,734	\$20.72

The options outstanding at July 1, 2000 under this plan have exercise prices ranging from \$12.63 to \$40.06 and have a weighted average remaining contractual life of 6.8 years.

Non-Employee Directors Stock Option Plan

The Non-Employee Directors Stock Option Plan adopted in fiscal 1996 permits the issuance of up to 400,000 shares of common stock to directors who are not employees of SYSCO. Under this plan options to purchase 4,000 shares of common stock at the fair market value on the date of the grant are granted to each non-employee director annually, provided certain earnings goals are met. As of July 1, 2000, options for 136,000 shares had been granted to nine non-employee directors under this plan, of which options for 128,000 shares are 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 Option Plan adopted in fiscal 1999 permits the issuance of up to 400,000 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 2,000 shares when first elected as a non-employee director and an annual automatic grant of options to purchase 4,000 shares of common stock provided certain earnings goals are met. As of July 1, 2000, options for 80,000 shares had been granted to ten non-employee directors under this plan, of which 39,990 shares are 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 2000, 910,376 shares of SYSCO common stock were purchased by the participants as compared to 945,711 purchased in fiscal 1999 and 825,129 purchased in fiscal 1998. The total number of shares which may be sold pursuant to the plan may not exceed 34,000,000 shares, of which 7,463,826 remained available at July 1, 2000.

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 \$437,773,000 and \$1.31 in fiscal 2000, \$357,148,000 and \$1.06 in fiscal 1999 and \$292,824,000 and \$0.86 in fiscal 1998. The disclosure requirements of SFAS No. 123 are applicable to options granted after 1995. The pro forma effects for fiscal 2000, 1999 and 1998 are not necessarily indicative of the pro forma effects in future years.

The weighted average fair value of options granted was \$12.27 and \$7.05 during fiscal 2000 and 1999, 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 2000 and 1999, respectively; dividend yield of 1.20% and 1.65%; expected volatility of 23% in both years; risk-free interest rates of 6.1% and 5.1%; and expected lives of 8 years.

The weighted average fair value of employee stock purchase rights issued was \$5.24 and \$3.86 during fiscal 2000 and 1999, 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 \$15,899,000 in 2000, \$5,813,000 in 1999 and \$5,660,000 in 1998. The defined benefit pension plan pays 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 \$40,977,000 in 2000, \$27,197,000 in 1999 and \$20,478,000 in 1998 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 defined benefit supplementary retirement plan. In order to meet its obligations under this plan, SYSCO maintains life insurance policies on the lives of the participants with carrying values of \$76,480,000 at July 1, 2000 and \$55,975,000 at July 3, 1999. SYSCO is the sole owner and beneficiary of such policies.

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 defined benefit plan is as follows:

	Pension Benefits		Other Postretirement Plans	
	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 393,119,000	\$ 354,646,000	\$ 2,072,000	\$ 1,781,000
Service cost	35,451,000	31,058,000	145,000	125,000
Interest cost	29,109,000	27,138,000	150,000	135,000
Amendments	13,568,000	197,000	1,486,000	—
Actuarial (gain) loss	(22,883,000)	(8,749,000)	(152,000)	18,000
Actual expenses	(3,041,000)	(2,418,000)	—	—
Settlements	(2,830,000)	—	—	—
Total disbursements	(9,170,000)	(8,753,000)	(86,000)	13,000
Benefit obligation at end of year	433,323,000	393,119,000	3,615,000	2,072,000
Change in plan assets:				
Fair value of plan assets at beginning of year	330,441,000	287,482,000	—	—
Actual return on plan assets	32,838,000	38,871,000	—	—
Employer contribution	40,563,000	15,259,000	86,000	(13,000)
Actual expenses	(3,041,000)	(2,418,000)	—	—
Total disbursements	(9,170,000)	(8,753,000)	(86,000)	13,000
Fair value of plan assets at end of year	391,631,000	330,441,000	—	—
Funded status	(41,692,000)	(62,678,000)	(3,615,000)	(2,072,000)
Unrecognized net actuarial (gain) loss	(12,042,000)	10,866,000	(3,346,000)	(3,388,000)
Unrecognized net (asset) obligation due to initial application of SFAS 87	(1,967,000)	(2,813,000)	1,994,000	2,147,000
Unrecognized prior service cost	12,581,000	(1,612,000)	2,003,000	589,000
Accrued benefit cost	\$ (43,120,000)	\$ (56,237,000)	\$ (2,964,000)	\$ (2,724,000)

The assumptions used to value obligations at year end were:

	Pension Benefits		Other Postretirement Plans	
	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
Weighted-average assumptions as of year end:				
Discount rate	8.00%	7.50%	8.00%	7.50%
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	
	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
Components of net periodic benefit cost:				
Service cost	\$ 35,451,000	\$ 31,058,000	\$ 145,000	\$ 125,000
Interest cost	29,109,000	27,138,000	150,000	135,000
Expected return on plan assets	(34,168,000)	(29,723,000)	—	—
Amortization of prior service cost	(625,000)	(640,000)	72,000	72,000
Recognized net actuarial loss (gain)	628,000	652,000	(194,000)	(216,000)
Amortization of net transition obligation	(847,000)	(847,000)	153,000	153,000
Net pension costs	\$ 29,548,000	\$ 27,638,000	\$ 326,000	\$ 269,000

Multi-employer pension costs were \$23,540,000 and \$22,375,000 in 2000 and 1999, respectively.

The projected benefit obligation and accumulated benefit obligation for the defined benefit pension plan were \$365,934,000 and \$319,067,000, respectively, as of July 1, 2000 and \$340,398,000 and \$294,366,000, respectively, as of July 3, 1999. The projected benefit obligation and accumulated benefit obligation for the SERP were \$67,389,000 and \$50,232,000, respectively, as of July 1, 2000 and \$52,721,000 and \$38,860,000, respectively, as of July 3, 1999.

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.

QUARTERLY RESULTS (unaudited)

Financial information for each quarter in the years ended July 1, 2000 and July 3, 1999:

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	\$ 0.32	\$ 0.31	\$ 0.31	\$ 0.43	\$ 1.36
Diluted earnings accounting change effect	(0.02)	—	—	—	(0.02)
Diluted net earnings	0.29	0.31	0.31	0.43	1.33
Cash dividends	0.10	0.10	0.12	0.12	0.44
Market price - high/low	36-30	41-32	41-26	43-34	43-26
1999	Quarter Ended				Fiscal Year
(In thousands except for share data)	September 26	December 26	March 27	July 3 (14 Weeks)	(53 Weeks)
Sales	\$4,192,630	\$4,246,675	\$4,164,877	\$4,818,633	\$17,422,815
Cost of sales	3,426,045	3,469,496	3,402,463	3,909,856	14,207,860
Operating expenses	607,812	616,899	625,111	697,444	2,547,266
Interest expense	16,931	18,397	18,414	19,097	72,839
Other, net	170	245	(93)	641	963
Earnings before income taxes	141,672	141,638	118,982	191,595	593,887
Income taxes	55,252	55,239	46,403	74,722	231,616
Net earnings	\$ 86,420	\$ 86,399	\$ 72,579	\$ 116,873	\$ 362,271
Per share:					
Diluted net earnings	\$ 0.26	\$ 0.26	\$ 0.22	\$ 0.35	\$ 1.08
Cash dividends	0.09	0.09	0.10	0.10	0.38
Market price - high/low	26-20	29-23	30-25	32-25	32-20
Percentage increases - 2000 vs. 1999:					
Sales	11%	10%	13%	9%	11%
Earnings before income taxes	21	17	39	22	24
Earnings before accounting change	22	18	41	23	25
Net earnings	13	18	41	23	23
Diluted earnings per share before accounting change	23	19	41	23	26
Diluted net earnings per share	12	19	41	23	23

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 July 1, 2000 and July 3, 1999, and the related statements of consolidated results of operations, shareholders' equity and cash flows for each of the three years in the period ended July 1, 2000. 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 July 1, 2000 and July 3, 1999, and the results of their operations and their cash flows for each of the three years in the period ended July 1, 2000 in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Arthur Andersen LLP
Houston, Texas
August 2, 2000

SELECTED FINANCIAL DATA

(In thousands except for per share data)	Fiscal Year Ended				
	2000	1999 (53 Weeks)	1998	1997	1996
Sales	\$19,303,268	\$17,422,815	\$15,327,536	\$14,454,589	\$13,395,130
Earnings before income taxes	737,608	593,887	532,493	495,955	453,943
Income taxes	283,979	231,616	207,672	193,422	177,038
Earnings before cumulative effect of accounting change	453,629	362,271	324,821	302,533	276,905
Cumulative effect of accounting change	(8,041)	—	(28,053)	—	—
Net earnings	<u>\$ 445,588</u>	<u>\$ 362,271</u>	<u>\$ 296,768</u>	<u>\$ 302,533</u>	<u>\$ 276,905</u>
Earnings before accounting change:					
Basic earnings per share	\$ 1.38	\$ 1.09	\$ 0.95	\$ 0.85	\$ 0.76
Diluted earnings per share	1.36	1.08	0.95	0.85	0.75
Cumulative effect of accounting change:					
Basic earnings per share	(0.02)	—	(0.08)	—	—
Diluted earnings per share	(0.02)	—	(0.08)	—	—
Net earnings:					
Basic earnings per share	1.35	1.09	0.87	0.85	0.76
Diluted earnings per share	1.33	1.08	0.86	0.85	0.75
Cash dividends per share	0.44	0.38	0.33	0.28	0.24
Total assets	4,813,955	4,096,582	3,780,189	3,433,823	3,319,943
Capital expenditures	266,413	286,687	259,353	210,868	235,891
Long-term debt	1,023,642	997,717	867,017	685,620	581,734
Shareholders' equity	1,761,568	1,427,196	1,356,789	1,400,472	1,474,678
Total capitalization	<u>\$ 2,785,210</u>	<u>\$ 2,424,913</u>	<u>\$ 2,223,806</u>	<u>\$ 2,086,092</u>	<u>\$ 2,056,412</u>
Ratio of long-term debt to capitalization	36.8%	41.1%	39.0%	32.9%	28.3%

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

SYSCO provides marketing and distribution services to foodservice customers and suppliers throughout the contiguous United States, Alaska, the District of Columbia and western and central 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 share repurchase 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 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. This ratio was 36.8% and 41.1% at July 1, 2000 and July 3, 1999, respectively.

In November 1996, the Board authorized an additional 12,000,000 share buyback to be completed in calendar 1997 and in July 1997, authorized an additional 12,000,000 share buyback to be completed in fiscal 1998; and in September 1998 the Board authorized an additional 8,000,000 share buyback to be completed in calendar 1999; and in July 1999 the Board authorized a new 8,000,000 share buyback. The number of shares acquired and their cost for the past three years was 5,660,400 shares for \$186,296,000 in fiscal 2000, 7,567,300 shares for \$203,958,000 in fiscal 1999, 12,129,700 shares for \$263,416,000 in fiscal 1998.

In February 2000, the company filed with the Securities and Exchange commission a shelf registration covering 2,850,000 shares of common stock to be offered from time to time in connection with acquisitions. As of July 1, 2000 all of these shares are available for issuance.

Net cash generated from operating activities was \$708,726,000 in 2000, \$585,303,000 in 1999 and \$357,764,000 in 1998. Expenditures for facilities, fleet and other equipment were \$266,413,000 in 2000, \$286,687,000 in 1999 and \$259,353,000 in 1998. Expenditures in fiscal 2001 should be in the range of \$325,000,000 to \$375,000,000.

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 share repurchase program, cash dividends and other uses resulted in net long-term debt of \$1,023,642,000 at July 1, 2000. About 75% of the long-term debt is at fixed rates averaging 6.73% and the remainder is at floating rates averaging 6.77%. Long-term debt to capitalization was 36.8% at July 1, 2000, down 4.3% from the 41.1% at July 3, 1999 and down 2.2% from the 39.0% at June 27, 1998. 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 of up to \$246,481,000 of which \$31,109,000 and \$13,377,000 were outstanding at July 1, 2000 and July 3, 1999, respectively.

SYSCO has a commercial paper program which is currently supported by a \$300,000,000 bank credit facility. During fiscal 2000, 1999 and 1998, commercial paper and short-term bank borrowings ranged from approximately \$199,028,000 to \$469,094,000, from approximately \$67,769,000 to \$358,637,000, and from approximately \$29,581,000 to \$417,924,000, 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 July 1, 2000 the company had outstanding commercial paper of \$247,870,000 with maturities through September 22, 2000. The company's remaining long-term debt obligations of \$775,772,000 were primarily at fixed rates of interest. SYSCO has no significant cash flow exposure due to interest rate changes for long-term debt obligations.

SALES

The annual increases in sales of 11 % in 2000 and 14% in 1999 (53 weeks) resulted from several factors. Sales in fiscal 2000 and 1999 were affected by the strong growth in the U.S. economy, as well as in the foodservice industry. After adjusting for food price increases, acquisitions and adjusted for the extra week in fiscal 1999, real sales growth was about 9% in 2000 and 12% in 1999. Acquisitions represented 3.5% of total sales for fiscal 2000. Food costs, which experienced minimal inflation during the first two quarters of 2000 and a slight deflation during the third quarter, returned to about 2% inflation during the final quarter, resulting in approximately 0.4% inflation 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 3.1% in calendar year 1999 and 2.8% in calendar year 1998.

Sales for fiscal 1998 through 2000 were as follows:

Fiscal Year	Sales	% Increase
2000	\$19,303,268,000	11 %
1999 (53 Weeks)	17,422,815,000	14
1998	15,327,536,000	6

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

	2000	1999	1998
Medical supplies	1%	1%	1%
Dairy products	9	10	9
Fresh and frozen meats	17	15	15
Seafoods	6	6	6
Poultry	10	11	10
Frozen fruits, vegetables, bakery and other	14	14	15
Canned and dry products	21	22	23
Paper and disposables	8	7	7
Janitorial products	2	2	2
Equipment and smallwares	2	3	3
Fresh produce	7	6	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:

	2000	1999	1998
Restaurants	65%	64%	62%
Hospitals and nursing homes	10	10	11
Schools and colleges	6	7	7
Hotels and motels	5	5	5
All other	14	14	15
	100%	100%	100%

COST OF SALES

Cost of sales increased about 10% in 2000 and 14% in 1999. 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 14.7% for fiscal 2000 and 14.6% for fiscal 1999 and for fiscal 1998. Part of the 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. Otherwise, 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.

INTEREST EXPENSE

Interest expense decreased \$2,007,000 or approximately 3% in fiscal 2000 as compared to an increase of \$14,417,000 or approximately 25% in fiscal 1999. The decrease in fiscal 2000 was due primarily to interest income received in the amount of \$3,000,000 related to a Federal income tax refund on an amended tax return. Without this income, interest expense would have been approximately 1% above last year due to increased 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 \$964,000 in fiscal 2000, \$1,812,000 in fiscal 1999 and \$2,095,000 in fiscal 1998.

OTHER, NET

Other decreased \$559,000 or about 58% in fiscal 2000 and decreased \$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 expenses related to the facility closing discussed under "operating expenses" above.

EARNINGS BEFORE INCOME TAXES

Earnings before income taxes rose \$143,721,000, or approximately 24%, above fiscal 1999 which had increased \$61,394,000, or approximately 12%, over the prior year. 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 marketing associate-served customers and increasingly higher sales of SYSCO Brand products.

PROVISION FOR INCOME TAXES

The effective tax rate for 2000 was 38.5% and for 1999 was approximately 39%.

EARNINGS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE

Fiscal 2000 represents the twenty-fourth consecutive year of increased earnings before the cumulative effect of an accounting change. Earnings before cumulative effect of accounting change rose \$91,358,000, or approximately 25%, above fiscal 1999 which had increased \$37,450,000, or approximately 12%, over the prior year.

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. Going forward such costs are being expensed as incurred.

NET EARNINGS

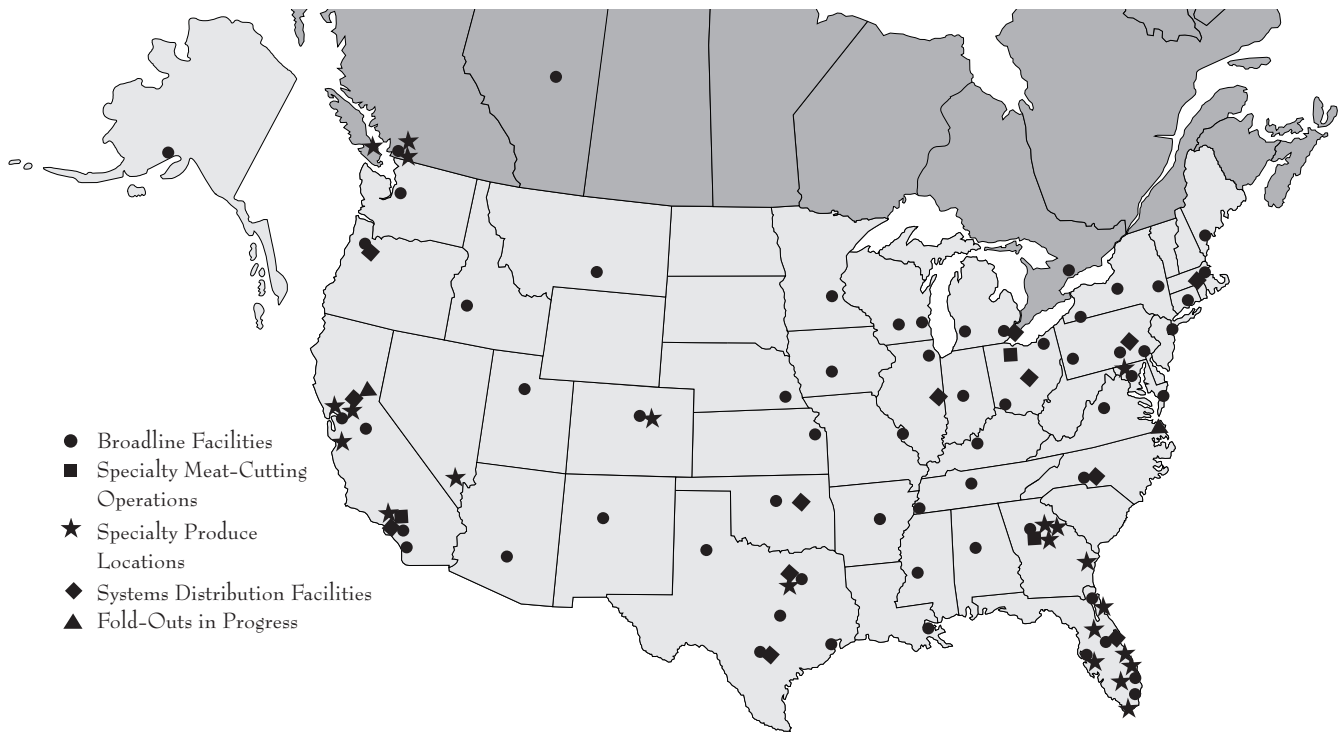
Net earnings for the year increased \$83,317,000 or approximately 23% above fiscal 1999, which had increased \$65,503,000 or approximately 22% over the prior year. The increase was caused by additional sales, operating efficiencies and other factors discussed above.

DIVIDENDS

SYSCO began paying the quarterly dividend rate of twelve cents per share in February 2000, an increase from the ten cents per share that became effective in February 1999. 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 2000 was approximately 29% compared to 26% in 1999 and 23% in 1998. Since inception SYSCO has averaged in excess of a 17% return on shareholders' equity before the cumulative effect of the accounting change.



LOCATION OF PRINCIPAL OPERATIONS

BROADLINE FACILITIES

BARABOO-SYSCO FOOD SERVICES

Baraboo, Wisconsin
 Gene M. Bohlmeier, President
 Robert A. Jauch,
 Executive Vice President

DOUGHTIE'S SYSCO FOOD SERVICES, INC.

Portsmouth, Virginia
 C. Frederick Lankford, Chairman
 John A. Hall, President
 (New facility in Suffolk, Virginia
 opening Spring 2001)

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

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

STRANO SYSCO FOODSERVICE LIMITED

Peterborough, Ontario, Canada
 Paul V. Strano, President

SYSCO FOOD SERVICES - ALBANY

Albany, New York
 Gail E. Allen, President

SYSCO FOOD SERVICES OF ARIZONA, INC.

Phoenix, Arizona
 J. Michael Dickson, President
 David B. DeVane,
 Executive Vice President

**SYSKO FOOD SERVICES
OF ARKANSAS, LLC**
Little Rock, Arkansas
Walter S. Nunnally III, President

**SYSKO FOOD SERVICES
OF ATLANTA, LLC**
College Park, Georgia
Gordon L. Graham, President

**SYSKO FOOD SERVICES
OF AUSTIN, LP**
Round Rock, Texas
Gary L. Ross, President

**SYSKO FOOD SERVICES
OF BALTIMORE**
Jessup, Maryland
G. Kent Humphries, President
Keith D. Shapiro,
Executive Vice President

**SYSKO FOOD SERVICES
OF CENTRAL ALABAMA, INC.**
Calera (Birmingham), Alabama
David R. Dickson, President

**SYSKO FOOD SERVICES
OF CENTRAL FLORIDA, INC.**
Ocoee (Orlando), Florida
Stephen F. Smith, President
Henry D. Varnell III,
Executive Vice President

**SYSKO FOOD SERVICES
OF CENTRAL PENNSYLVANIA, LLC**
Harrisburg, Pennsylvania
Donald K. Hunt, President

**SYSKO FOOD SERVICES
OF CHARLOTTE, LLC**
Concord, North Carolina
Robert J. Davis, President
Bruce H. Matthews,
Executive Vice President

**SYSKO FOOD SERVICES-
CHICAGO, INC.**
Des Plaines, Illinois
Charles W. Staes, President
Greg D. Bertrand,
Executive Vice President

SYSKO FOOD SERVICES/CINCINNATI
Cincinnati, Ohio
Joseph P. Calabrese, President
Michael D. Wiedower,
Executive Vice President

**SYSKO FOOD SERVICES
OF CLEVELAND, INC.**
Bedford Heights, Ohio
Richard J. Rose, Chairman
Chris J. Reasoner, President

**SYSKO FOOD SERVICES
OF CONNECTICUT**
Rocky Hill (Hartford), Connecticut
James M. Danahy, President

**SYSKO FOOD SERVICES
OF DALLAS, LP**
Dallas, Texas
Ivan R. Moore, Jr., President
Brett Lindig,
Executive Vice President

**SYSKO FOOD SERVICES
OF DETROIT, LLC**
Canton, Michigan
Michael W. Green, President
Thomas C. Barnes,
Executive Vice President

**SYSKO FOOD SERVICES
OF EASTERN WISCONSIN**
Jackson (Milwaukee), Wisconsin
Joseph J. Marone, President
Randall J. Plekker,
Executive Vice President

**SYSKO FOOD SERVICES
OF GRAND RAPIDS, LLC**
Grand Rapids, Michigan
David L. DeKock, President
Richard A. Johnston,
Executive Vice President

**SYSKO FOOD SERVICES
OF HOUSTON, LP**
Houston, Texas
Larry G. Pulliam, President

**SYSKO FOOD SERVICES
OF IDAHO, INC.**
Boise, Idaho
Thomas J. Morgan, Chairman
Reneé A. Lovejoy, President

**SYSKO FOOD SERVICES
OF INDIANAPOLIS, LLC**
Indianapolis, Indiana
Walter C. Mills, President
Jay I. Milligan,
Executive Vice President

SYSKO FOOD SERVICES OF IOWA, INC.
West Des Moines, Iowa
Steven R. Gress, President

SYSKO FOOD SERVICES OF JACKSON
Jackson, Mississippi
James H. Harper, President
Michael S. Headrick,
Executive Vice President

**SYSKO FOOD SERVICES -
JACKSONVILLE, INC.**
Jacksonville, Florida
Walter R. Rudisiler, President
Roy S. Hockenbrocht,
Executive Vice President

SYSCO FOOD SERVICES - JAMESTOWN
 Jamestown, New York
 Vernon E. Wetmore, Jr., President

**SYSCO FOOD SERVICES
 OF KANSAS CITY, INC.**
 Olathe, Kansas
 James D. Hope, President

**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 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, INC.**
 Pleasant Grove, California
 Paul A. Winterhalder, President
 (Opening Fall 2001)

**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
 Paul A. Winterhalder,
 Executive Vice President

**SYSCO FOOD SERVICES
 OF SEATTLE, INC.**
 Kent, Washington
 Robert M. Jenson, President
 Michael L. Kauffman,
 Executive Vice President

ALASKA DIVISION
 Anchorage, Alaska
 King Jenks,
 Vice President and
 General Manager

**SYSCO FOOD SERVICES
 OF SOUTH FLORIDA, INC.**
 Miami, Florida
 Tim K. Brown, 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 INTERMOUNTAIN
 FOOD SERVICES, INC.**
 Salt Lake City, Utah
 Thomas M. Kesteloot, President

SYSCO/KONINGS WHOLESALE

Port Coquitlam (Vancouver),
B.C., Canada
Hans P. Konings, Chairman
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

**SPECIALTY MEAT-CUTTING
OPERATIONS**

BUCKHEAD BEEF COMPANY

Atlanta, Georgia
Howard I. Halpern, Chairman
Kirk W. Halpern,
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
Richard A. Nicholas, Chairman
Timothy K. Hussman, President

**SPECIALTY PRODUCE
LOCATIONS**

FRESHPOINT, INC.

Mitt Parker, President and
Chief Executive Officer

*Brian M. Sturgeon,
Executive Vice President,
West Coast Region*

**AMERICAN PRODUCE &
VEGETABLE CO.**

Dallas, Texas
Lucian M. La Barba, President

FRESHPOINT OF DENVER, INC.

Denver, Colorado
Joseph F. Hengemuhle, President

FRESHPOINT OF LAS VEGAS, INC.

Las Vegas, Nevada
Gregory L. Bird, General Manager

G & G PRODUCE, COMPANY

Los Angeles, California
Max Nisson, President

GOLDEN STATE PRODUCE

San Francisco, California
Kevin M. Alves, President

LEE RAY TARANTINO CO., INC.

San Francisco, California
Joseph R. Tarantino, Chairman
Paul G. Tarantino, President

PACIFIC ALLIED

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

PACIFIC NANAIMO

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

PACIFIC PRODUCE CO., LTD.

Vancouver, B.C., Canada
Randolph M. Sung, President

ROYAL FOODS COMPANY, INC.

San Jose, California
George W. Gummow, President

*Robert K. Shoemaker, Jr.,
Executive Vice President,
East Coast Region*

AAA PACKAGING, INC.

Forest Park, Georgia
Matthew R. Houmes,
President

ATLANTA'S FINEST FOODSERVICE

Forest Park, Georgia
Richard J. Dachman, President

CARNIVAL FRUIT COMPANY, INC.

North Miami, Florida
Alan H. Spritz, President

**FRESHPOINT
OF PALM BEACH, INC.**

Riviera Beach, Florida
Robert A. Massave, President

IMPERIAL PRODUCE CO., INC.

Washington, D. C.
Dennis A. Clifford, President

MITT PARKER COMPANY, INC.

Forest Park, Georgia
Randolph S. Gill, President

**MOVSOVITZ & SONS
OF FLORIDA, INC.**

Jacksonville, Florida
Lawrence M. Movsovit, Chairman
Steven W. Haugen, President

MOVSOVITZ OF GEORGIA

Savannah, Georgia
Aubrey V. Sutton,
Vice President and
General Manager

P. TAVILLA CO., INC.
Miami, Florida
Walter R. Vazquez, Sr., President

RED'S MARKET, INC.
Melbourne, Florida
Kenric A. Jameison,
Vice President and
General Manager

Orlando, 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

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

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

GLOSSARY

FOLD-OUT STRATEGY

SYSCO's internal growth strategy involves building distribution centers in established markets that previously were being served by another SYSCO company from a distance. When a "fold-out" company is formed, domiciled sales and delivery personnel become employees of the new company, a core management team is transferred from the original or other SYSCO companies and additional employees are hired locally. Supported by a state-of-the-art facility and the SYSCO Uniform System, the new company is better able to serve its customers and SYSCO grows more rapidly in both the original and the "fold-out" markets.

FOODSERVICE DISTRIBUTION MARKET

The total dollar purchasing volume of food and related nonfood products by every type of operation preparing food in the "away from home" market, including restaurants, delis, hospitals, retirement homes, schools, colleges, hotels, cruise lines, entertainment facilities and other locations. This market is served by three distributor categories, as defined below:

- **Broadline Distributors** supply a wide array of food and related items to all types of foodservice operators. These operators generally require a broad spectrum of products and their menu offerings may change frequently. SYSCO's 63 "traditional" operating facilities are broadline distributors.

- **Customized or Systems Distributors**, also known as chain restaurant or quick-service restaurant distributors, supply chain restaurant operations. This customer segment generally serves a relatively fixed menu and requires a more limited product line. The SYGMA Network, Inc. (SYGMA) is a systems distributor.

- **Specialty or Niche Distributors** specialize in supplying a specific product category or a specific customer segment

such as ethnic foodservice restaurants. FreshPoint and SYSCO's custom-cutting meat companies are specialty distributors.

MARKETING ASSOCIATE

This is SYSCO's term for its team of nearly 7,000 commissioned sales professionals, or relationship managers, who provide customers with services tailored to undergird their operations and profitability. Their responsibilities include assuring that orders are submitted timely and completely, presenting new products that will enhance the customer's menu or reduce the labor required for preparation, and assisting with inventory control and menu costing and pricing.

SYSCO'S BROADLINE CUSTOMER SEGMENTS

- **Marketing Associate-Served Customers** include independently-operated foodservice locations serviced by a SYSCO Marketing Associate. In FY 2000 sales to these customers represented approximately 55.4 percent of total sales at SYSCO's 63 broadline, or traditional, locations.

- **Multi-Unit Customers** include local, regional or national foodservice operations that have multiple locations and, due to their more centralized purchasing operations, generally do not require the same degree of personalized, value-added services that Marketing Associates offer, but are supported by other sales personnel within the SYSCO companies. Multi-unit customers contributed approximately 44.6 percent of total sales in SYSCO's 63 broadline, or traditional, locations in FY 2000.

SYSCO BRAND PRODUCTS

More than 29,000 products distinctively identified as being available only from SYSCO carry the SYSCO Brand. Supported by stringent quality control specifications, these products are designed and developed to meet or exceed customer requirements,

then are monitored throughout the manufacturing and production process by a staff of more than 180 SYSCO Quality Assurance professionals.

- **The Cornerstone Brand** has four quality designations — Supreme, Imperial, Classic and Reliance — that were developed for products across all of SYSCO's broad categories of product offerings.

- **Segment Brands** are designed for specific customer or market segments and generally include various products in one category such as ethnic foods, delicatessen items, tabletop condiments or specially formulated healthcare products. Examples are the Arrezio line of Italian foods and the Casa Solana line of Mexican items.

- **Brandables by SYSCO** is the term SYSCO uses to describe a complete foodservice package created for customers that incorporates a SYSCO segment food product that may be served in either a service line or a kiosk/cart set-up. The total concept includes signage describing the menu offering, such as the Mein Street Wok, which features items from the Jade Mountain brand line. It also includes uniforms, utensils, promotional materials and comprehensive operator manuals that specify easy set-up, heat-and-serve procedures and plating techniques. It provides customers a quick, easy and high profile brand-like theme to create interest and variety in their foodservice offerings without incurring licensing or franchise fees.

REAL SALES GROWTH

Real sales growth is the total SYSCO sales growth less the effect of acquisitions, plus or minus internally calculated year-over-year product cost deflation or inflation.

DIRECTORS



Left to right: Thomas B. Walker, Jr., Richard J. Schnieders, Colin G. Campbell, John F. Woodhouse, Phyllis S. Sewell, Thomas E. Lankford, Jonathan Golden, John W. Anderson.



Left to right: Judith B. Craven, Frank A. Godchaux III, Bill M. Lindig, Frank H. Richardson, Charles H. Cotros, Richard G. Merrill, Gordon M. Bethune, Arthur J. Swenka.

DIRECTORS

JOHN W. ANDERSON (68)^{1,2}
Elected: 1981
Retired Vice President,
Southwestern Bell Telephone Co.

GORDON M. BETHUNE (59)^{1,2,5,6}
Elected: 1998
Chairman of the Board
and Chief Executive Officer,
Continental Airlines, Inc.

COLIN G. CAMPBELL (64)^{1*,2,4,6}
Elected: 1989
President and Chief Executive Officer,
Colonial Williamsburg Foundation

CHARLES H. COTROS (63)^{3*,4*,5}
Elected: 1985
Chairman and Chief Executive Officer,
SYSCO Corporation

JUDITH B. CRAVEN, M.D., M.P.H. (54)^{1,2,5}
Elected: 1996
Retired President, United Way
of the Texas Gulf Coast
(Health and Human Services
Organization)

FRANK A. GODCHAUX III (73)^{1,5,6}
Elected: 1987
Chairman, Riviana Foods, Inc.
(Food Manufacturer)

JONATHAN GOLDEN (63)^{4,5,6*}
Elected: 1984
Managing Partner,
Arnall Golden & Gregory, LLP
(Law Firm)

THOMAS E. LANKFORD (53)³
Elected: 2000
Executive Vice President,
Foodservice Operations,
SYSCO Corporation

RICHARD G. MERRILL (69)^{1,2*,4,6}
Elected: 1983
Retired Executive Vice President,
The Prudential Insurance
Company of America

FRANK H. RICHARDSON (67)^{1,2,5*,6}
Elected: 1993
Retired President and
Chief Executive Officer,
Shell Oil Company

RICHARD J. SCHNIEDERS (52)^{3,4,5}
Elected: 1997
President and Chief Operating Officer,
SYSCO Corporation

PHYLLIS S. SEWELL (69)^{1,2,6}
Elected: 1991
Retired Senior Vice President,
Federated Department Stores, Inc.
(Retail)

ARTHUR J. SWENKA (63)³
Elected: 1994
Senior Vice President, Operations,
SYSCO Corporation

THOMAS B. WALKER, JR. (76)^{1,4,5,6}
Elected: 1970
Limited Partner,
The Goldman Sachs Group, Inc.
(Investment Bankers)

JOHN F. WOODHOUSE (69)^{4,5}
Elected: 1969
Senior Chairman,
SYSCO Corporation

Board Committees

¹ Audit

² Compensation and Stock Option

³ Employee Benefits

⁴ Executive

⁵ Finance

⁶ Nominating

* Denotes Committee Chairman

DISTINGUISHED TENURE DIRECTORS

JOHN F. BAUGH
Founder and Retired Senior Chairman,
SYSCO Corporation

FRANK M. ELLIS, JR.
Retired Chairman, Sysco/Louisville
Food Services Co.

JABIE S. HARDIN
Retired Chairman, Hardin's-Sysco
Food Services, Inc.

HERBERT IRVING
Retired Vice Chairman
of the Board,
SYSCO Corporation

PAUL F. KALAT
Retired Chairman,
Hallsmith-Sysco Food Services

FRITZ C. KNOEBEL
Retired Chairman, Nobel/Sysco
Food Services Company

BILL M. LINDIG
Retired Chairman,
SYSCO Corporation

E. JAMES LOWREY
Retired Executive Vice President-
Finance & Administration,
SYSCO Corporation

DONALD H. PEGLER, JR.
Retired Chairman, Pegler-Sysco
Food Services Company

JAMES A. SCHLINDWEIN
Retired Executive Vice President-
Merchandising Services,
SYSCO Corporation

DIRECTORS' COUNCIL



The Directors' Council was established in 1981 to assist the Board of Directors in determining management strategies and policies to anticipate industry trends and respond capably to customers' requirements. Composed of six operating company presidents who represent some of SYSCO's most effective operations, the council meets quarterly and reports formally to the Board semiannually.

Left to right, seated:

GAIL E. ALLEN, President,
Sysco Food Services - Albany

JAMES C. GRAHAM, Senior Vice President,
Operations (Southwest Region)
(Term expires November 2000)

Left to right, standing:

TIM K. BROWN, President
Sysco Food Services of South Florida, Inc.

BRUCE J. SCHWARTZ, President,
Sysco Food Services of Los Angeles, Inc.
(Term expires November 2000)

C. FREDERICK LANKFORD, President,
Lankford-Sysco Food Services, LLC
(Term expires November 2000)

MICHAEL W. GREEN, President,
Sysco Food Services of Detroit, LLC

CORPORATE OFFICERS



Left to right: Thomas E. Lankford, Larry J. Accardi, John K. Stubblefield, Jr.



Left to right: Gregory K. Marshall, Mitt Parker, Kenneth J. Carrig, James E. Lankford, James D. Wickus, James C. Graham, Kenneth F. Spitler, O. Wayne Duncan, Arthur J. Swenka.

CORPORATE OFFICERS



Left to right: Dale K. Robertson, G. Mitchell Elmer, Diane Day Sanders, Mary Beth Moehring, Robert C. Thurber, Alan W. Kelso.



Left to right: Robert G. Culak, Imelda M. DiVizio, Twila M. Day, Kent R. Berke, Kirk G. Drummond, John S. Carlson.

LARRY J. ACCARDI
Executive Vice President,
Merchandising Services &
Multi-Unit Sales

KENT R. BERKE
Assistant Vice President and
Associate General Counsel

JACK D. CARLSON
Vice President, Distribution Services

JOHN S. CARLSON
Vice President, Marketing

KENNETH J. CARRIG
Senior Vice President, Administration

CHARLES H. COTROS
Chairman and
Chief Executive Officer

ROBERT G. CULAK
Vice President,
Financial Reporting and Compliance

TWILA M. DAY
Assistant Vice President,
Technology & Applications

WILLIAM B. DAY
Assistant Controller

IMELDA M. DIVIZIO
Vice President of Merchandising-
Logistics and National Brands

KIRK G. DRUMMOND
Vice President and
Chief Information Officer

O. WAYNE DUNCAN
Senior Vice President,
Operations
(Southeast Region)

G. MITCHELL ELMER
Vice President and Controller

ALBERT L. GAYLOR
Assistant Vice President,
Marketing Services

JAMES C. GRAHAM
Senior Vice President,
Operations
(Southwest Region)

ALAN W. KELSO
Assistant Vice President,
Safety and Employee Relations

JAMES E. LANKFORD
Senior Vice President,
Operations
(Western Region)

THOMAS E. LANKFORD
Executive Vice President,
Foodservice Operations

JOHN LOCKE
Vice President, Merchandising

GREGORY K. MARSHALL
Senior Vice President,
SYSCO Corporation
and Chairman and
Chief Executive Officer,
The SYGMA Network, Inc.

CORPORATE OFFICERS



Left to right: Carolyn S. Mitchell, David B. Smallwood, Thomas G. Wason, Kathy Oates, George A. Weber, Steven A. Nordlander, Jack D. Carlson.



Left to right: William B. Day, Michael C. Nichols, Toni R. Spigelmyer, Albert L. Gaylor, Craig G. Watson, Steven A. Nordlander, John Locke, James D. Wickus.

CAROLYN S. MITCHELL
Corporate Secretary

MARY BETH MOEHRING
Vice President,
Training and
Organizational Development

MICHAEL C. NICHOLS
Vice President and General Counsel

STEVEN A. NORDLANDER
Assistant Vice President,
Operations Development

KATHY OATES
Assistant Treasurer

MITT PARKER
Senior Vice President,
SYSCO Corporation
and President and
Chief Executive Officer,
FreshPoint, Inc.

DALE K. ROBERTSON
Vice President, Multi-Unit Sales-
Customer Development

DIANE DAY SANDERS
Vice President and Treasurer

RICHARD J. SCHNIEDERS
President and Chief Operating Officer

DAVID B. SMALLWOOD
Vice President, Multi-Unit Sales

TONI R. SPIGELMYER
Assistant Vice President,
Investor and Media Relations

KENNETH F. SPITLER
Senior Vice President,
Operations
(Northeast Region)

JOHN K. STUBBLEFIELD, JR.
Executive Vice President,
Finance and Administration

ARTHUR J. SWENKA
Senior Vice President,
Operations
(Western Region)

ROBERT C. THURBER
Vice President, Merchandising

THOMAS G. WASON
Vice President, Perishables

CRAIG G. WATSON
Assistant Vice President,
Quality Assurance

GEORGE A. WEBER
Assistant Controller

JAMES D. WICKUS
Senior Vice President,
Operations
(Midwest Region)

GENERAL INFORMATION

CORPORATE OFFICES

SYSCO Corporation
1390 Enclave Parkway
Houston, Texas 77077-2099
(281) 584-1390
Internet: <http://www.sysco.com>

ANNUAL SHAREHOLDERS' MEETING

SYSCO Corporation
1390 Enclave Parkway,
Houston, Texas 77077-2099
November 3, 2000 at 10:00 a.m.

INDEPENDENT ACCOUNTANTS

Arthur Andersen LLP
Houston, Texas

COUNSEL

Arnall Golden & Gregory, LLP
Atlanta, Georgia

COMMON STOCK AND DIVIDEND INFORMATION

SYSCO's common stock is traded on the New York Stock Exchange under the symbol "SY.".

The company consistently has paid quarterly cash dividends on its common stock and has increased the dividend 31 times in its 30 years as a public company. The current quarterly cash dividend is \$0.12 per share.

DIVIDEND REINVESTMENT PLAN WITH OPTIONAL CASH PURCHASE FEATURE

SYSCO's Dividend Reinvestment Plan provides a convenient way for shareholders of record to reinvest quarterly cash dividends in SYSCO shares automatically, with no service charge or brokerage commissions.

The Plan also permits registered shareholders to invest additional money to purchase shares. In addition, certificates may be deposited directly into a Plan account for safekeeping and may be sold directly through the Plan for a modest fee.

Shareholders desiring information about the Dividend Reinvestment Plan with Optional Cash Purchase Feature may obtain a brochure and enrollment form by contacting the Transfer Agent, Fleet National Bank, at 1-800-730-4001.

INVESTOR CONTACT

Investor inquiries should be directed to:

Ms. Toni R. Spigelmyer
Assistant Vice President,
Investor and Media Relations
(281) 584-1458

SHAREHOLDER INFORMATION

For information or assistance regarding individual stock records, Dividend Reinvestment Plan with Optional Cash Purchase Feature, dividend or tax information, replacement of stock certificates and transfer instructions, please contact the following:

TRANSFER AGENT AND REGISTRAR

Fleet National Bank
c/o EquiServe
150 Royall Street
Canton, Massachusetts 02021
1-800-730-4001
Internet: <http://www.equiserve.com>

FORM 10-K AND FINANCIAL INFORMATION

A copy of the fiscal 2000 Form 10-K Annual Report filed with the Securities and Exchange Commission, as well as copies of financial reports and other company literature, may be found on our web site at <http://www.sysco.com> or may be obtained without charge upon written request to the Investor Relations Department, SYSCO Corporation, at the corporate offices, or by calling 1-800-337-9726.

FORWARD-LOOKING STATEMENTS

Certain statements made herein that look forward in time or express management's expectations or beliefs with respect to the occurrence of future events are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They include statements about anticipated industry growth, SYSCO's long-term objectives with respect to real sales growth, earnings per share, return on equity and debt-to-capitalization ratios, the potential for significant future growth, anticipated capital expenditures and implementation and timing of "fold-outs" and acquisitions.

These statements are based on current expectations and management's estimates; actual results may differ materially. Decisions to pursue "fold-outs" and acquisitions and expenditures for such could vary depending upon construction schedules and the timing of other purchases, such as fleet and equipment, while "fold-out" and acquisition timing and results could be impacted by competitive conditions, labor issues and other matters. The ability to pursue acquisitions also depends on the availability and suitability of potential candidates and management's allocation of capital. Industry growth may be affected by conditions in the economy. SYSCO's long-term objectives with respect to real sales growth, earnings per share, return on equity and debt-to-capitalization ratios and the potential for significant future growth could be affected by the company's competitive price pressures, availability of supplies, work stoppages, successful integration of acquired companies, conditions in the economy, the industry and internal factors that may alter planned results. For a discussion of certain risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see the Company's Annual Report on form 10-K for the fiscal year ended July 1, 2000.



PEGASUS DESIGN, INC.

WWW.PEGASUSDESIGN.COM



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1390 Enclave Parkway

Houston, Texas

77077-2099

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