

SYSCO CORP
Form DEF 14A
October 04, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SYSCO CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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INVITATION FROM OUR LEADERSHIP

Dear Fellow Stockholder,

It is our pleasure to invite you to participate in our 2012 Annual Meeting of Stockholders, to be held on Wednesday, November 14, 2012 at 10:00 a.m. at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024.

Please vote right away

Our stockholder meeting is an opportunity for our senior management and Board of Directors to present Sysco's performance and strategy, and to respond to your questions. By participating in our stockholder meeting, you play an active role in the future of your company. Please vote right away over the internet, by telephone or by signing and mailing the attached proxy card.

Enhanced stockholder communications

We are committed to ensuring that our proxy statement and associated materials are clear and easy to read. Our 2012 proxy statement displays our ongoing commitment to clearly explain the matters to be addressed at our Annual Meeting of Stockholders. We encourage you to begin your review of this year's document with our new proxy summary which provides highlights of the detailed information included elsewhere in the proxy statement.

If you wish to receive future E-Proxy Notices electronically which helps to reduce Sysco's printing costs, please visit <http://enroll.icsdelivery.com/syy> for additional information.

Board and Leadership Enhancement

We continuously strive for the best Board and Leadership Structure to promote Sysco's vision to be our customer's most valued and trusted business partner and to represent the long-term interests of Sysco's stockholders. In fiscal 2012, we elected Manny Fernandez to the role of Executive Chairman of the Board, and elected Jackie Ward as the Lead Director of the Board. We have active participation by all Directors, including eight independent directors. We believe that the current structure of our Board, relying on leadership from both independent and non-independent directors, best positions Sysco to benefit from the respective strengths of our CEO, Executive Chairman and Lead Director. You will find detailed information about the qualifications of all of our Directors on page 22.

Thank you for your investment

We trust that enhanced communication about our annual stockholder meeting will reinforce our dialogue with stockholders, and encourage you to cast your vote right away. Thank you for your continued trust and confidence in Sysco.

Bill DeLaney, President and Chief Executive Officer

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1390 Enclave Parkway

Houston, Texas 77077-2099

Notice of Annual Meeting Of Stockholders
November 14, 2012

10:00 a.m.

The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024

The Annual Meeting of Stockholders of Sysco Corporation, a Delaware corporation, will be held on Wednesday, November 14, 2012 at 10:00 a.m. at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024, for the following purposes:

1.

To elect as directors the three nominees named in the attached proxy statement to serve until the Annual Meeting of Stockholders in 2013;

2.

To hold an advisory vote to approve the compensation paid to Sysco's named executive officers, as disclosed in this proxy statement;

3.

To ratify the appointment of Ernst & Young LLP as Sysco's independent accountants for fiscal 2013; and

4.

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

Only stockholders of record at the close of business on September 17, 2012 will be entitled to receive notice of and to vote at the Annual Meeting. For instructions on voting, please refer to the notice you received in the mail or, if you requested a hard copy of the proxy statement, on your enclosed proxy card. You may inspect a list of stockholders of record at the company's headquarters during regular business hours during the 10-day period before the Annual Meeting. You may also inspect this list at the Annual Meeting.

October 4, 2012

Houston, Texas

By Order of the Board of Directors

Russell T. Libby

Senior Vice President,

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Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. Page references (“XX”) are supplied to help you find further information in this proxy statement.

2012 Annual Meeting of Stockholders

•

Date and Time: Wednesday, November 14, 2012 at 10:00 a.m.

•

Location: The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024

•

Record Date: September 17, 2012

Voting matters and Board Recommendations

	Our Board Vote Recommendation
Election of Three Director Nominees (page 21)	FOR each Director Nominee
Advisory Vote on Executive Compensation (page 76)	FOR
Ratification of Auditors (page 78)	FOR

Business Highlights

(For more detail please see our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”). Our discussion below of our results includes certain non-GAAP financial measures that we believe provide important perspective with respect to underlying business trends. Any non-GAAP financial measure will be denoted as an adjusted measure and excludes expenses from our Business Transformation Project, withdrawals from multiemployer pension plans, restructuring charges, corporate-owned life insurance (COLI) policies, and recognized tax benefits. More information on the rationale for the use of these measures and reconciliations to GAAP numbers can be found in Annex I - Non-GAAP Reconciliations.)

High levels of product costs and an uneven economic recovery contributed to a challenging business environment in fiscal 2012. Our case volume growth has shown modest improvement in a low growth market environment. However, our earnings declined due to high levels of inflation and rising operating expenses, driven in part by our expenses related to our Business Transformation Project. Sysco’s management team has kept its full attention on servicing our customers and effectively managing expenses, resulting in solid financial performance for fiscal 2012, including the following:

- Sales of \$42.4 billion, the highest on record for a fiscal year.

- Operating income of \$1.9 billion.

- Net earnings of \$1.1 billion.

- Basic and diluted earnings per share in fiscal 2012 were \$1.91 and \$1.90, respectively. Adjusted** diluted earnings per share were \$2.13 in fiscal 2012.

- We generated \$1.4 billion in operating cash flow for fiscal 2012, a 29% increase compared to the prior year.

- We increased the annual dividend by four percent; paid \$623 million to our stockholders in dividend payments in 2012.

- We successfully purchased companies in the US and Canada with total annual sales of approximately \$270 million.

Governance Highlights (page 14)

- **Board Leadership Structure** – In fiscal 2012, we elected Manny Fernandez to the role of Executive Chairman of the Board, and elected Jackie Ward as the Lead Director of the Board. We have active participation by all Directors, including eight independent directors. We believe that the current structure of our Board, relying on leadership from both independent and non-independent directors, best positions Sysco to benefit from the respective strengths of our CEO, Executive Chairman and Lead Director.

- **Declassification of the Board** – As previously planned and approved by stockholders in November 2011, beginning this year, the directors nominated for election at each annual meeting will be elected for a term of one year only.

- **Director Independence** – Our Corporate Governance Guidelines require that at least a majority of our directors meet the criteria for independence that the New York Stock Exchange has established for continued listing, as well as the additional criteria set forth in the Guidelines. Additionally, we require that all members of the Audit Committee,

Compensation Committee and Corporate Governance and Nominating Committee be independent and that all members of the Audit Committee satisfy the additional requirements of the New York Stock Exchange and applicable rules promulgated under the Securities Exchange Act of 1934.

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Current Members of Our Board of Directors and Board Nominees (page 24)

Name	Age	Director since	Experience	Independent	Committee Memberships ⁽¹⁾	Other Public Company Boards	2012 Nominee
John M. Cassaday	59	November 2004	President and CEO, as well as a director, of Corus Entertainment Inc.	Yes	Compensation* CG&N Executive	Manulife Financial Corporation • C o r u s Entertainment Inc. • Belo Corporation •	
Judith B. Craven, M.D.	66	July 1996	Served as President of the United Way of the Texas Gulf Coast	Yes	CG&N Sustainability*	Luby's • S u n A m e r i c a Funds, Inc. • VALIC •	
William J. DeLaney	56	January 2009	CEO of Sysco	No	Finance Executive	E x p r e s s Scripts, Inc. •	
Manny A. Fernandez	66	November 2006	Executive Chairman of Sysco	No	Finance Executive*	B r u n s w i c k Corporation •	
Larry C. Glasscock	64	September 2012	Former Chairman of the Board of Directors, CEO	Yes	Compensation CG&N	F l o w e r s Foods, Inc. •	

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			and President of WellPoint, Inc.		Sustainability	Simon Property Group, Inc.	
						•	
						Sprint Nextel Corp.	
						•	
						Z i m m e r Holdings, Inc.	
Jonathan Golden	75	February 1984	Partner of Arnall Golden Gregory LLP	No	Finance Sustainability Audit		Yes
Joseph A. Hafner, Jr.	67	November 2003	Former Chairman, CEO and President of Riviana Foods, Inc.		Executive Finance*		Yes
						•	
Hans-Joachim Koerber	66	January 2008	Served as the chairman and CEO of METRO Group (Germany)	Yes	Audit Finance	Air Berlin PLC •	
						Esprit Holdings Limited	
						•	
Nancy S. Newcomb	67	February 2006	Served as Senior Corporate Officer, Risk Management, of Citigroup	Yes	Audit Finance Audit*	The DIRECTV Group, Inc.	Yes
Richard G. Tilghman	72	November 2002	Former Vice Chairman and Director of SunTrust Banks	Yes	Executive Finance		
Jackie M. Ward ⁽²⁾	74	September 2001	Former Chairman, President and CEO of Computer Generation Incorporated	Yes	Compensation CG&N* Executive	• F l o w e r s Foods, Inc.	
						•	
						Sanmina - SCI Corporation	
						•	

(1)

Full committee names are as follows:

Audit – Audit Committee

Compensation – Compensation Committee

CG&N – Corporate Governance and Nominating Committee

Executive – Executive Committee

Finance – Finance Committee

Sustainability – Corporate Sustainability Committee

*

denotes committee chairperson

(2)

Ms. Ward serves as the Lead Director. For more details see page 26

Executive Compensation

Philosophy and Principles (page 39)

We believe our long-term success depends on our ability to attract, retain and motivate highly talented individuals who are committed to Sysco's vision and strategy. One of the key objectives of our executive compensation program is to link executives' pay to their performance and their advancement of Sysco's overall performance and business strategies. Other objectives include aligning the executives' interests with those of stockholders and encouraging high-performing executives to remain with Sysco over the course of their careers. We use the following key principles as the cornerstone of Sysco's executive compensation philosophy to attract, develop and retain business leaders to drive financial and strategic growth and build long-term stockholder value:

•

Pay for Performance: Provide conservative base salaries combined with higher levels of variable, incentive compensation relative to the peer group, such that superior performance rewards executives at higher levels than at peer companies while subpar performance results in less compensation than would be the case at peer companies;

•

Competitiveness and Retention: Provide a competitive pay opportunity that attracts and retains the highest quality professionals;

•

Accountability for Short- and Long- Term Performance: Strike an appropriate balance between short-term and longer-term compensation and short- and longer-term interests of the business; and

•

Alignment with Stockholders' Interests: Link the interests of our executive officers with those of our stockholders through the risks and rewards of significant equity based compensation.

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Pay Mix (page 38)

The information in the charts below should be read in connection with the explanatory information contained on page 38, and is qualified in its entirety by reference to such explanatory information.

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2012 Executive Total Compensation Mix (page 55)

Set forth below is the 2012 compensation for each Named Executive Officer (“NEO”) as determined under the Securities and Exchange Commission (“SEC”) rules. See the notes accompanying the Summary Compensation Table on page 55 for more information.

Name and Principal Position	Salary	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value	All Other Compensation	Total
					and Nonqualified Deferred Compensation Earnings		
William J. DeLaney President and Chief Executive Officer	\$ 1,150,000	1,719,403	3,165,375	857,482	1,941,349	1,066	8,834,675
Robert C. Kreidler Executive Vice President and Chief Financial Officer	600,000	523,297	963,375	304,195	142,678	7,096	2,540,641
Manuel A. Fernandez Executive Chairman	615,385	2,685,010	2,425,000	--	47,874	190	5,773,459
Michael W. Green Executive Vice President and Group President	650,000	526,412	969,109	386,688	1,419,955	211,021	4,163,135
Larry G. Pulliam Executive Vice President and Group President	600,000	485,918	894,562	374,552	2,201,367	1,066	4,557,465

Important Dates for 2013 Annual Meeting of Stockholders (page 78)

- Stockholder proposals submitted for inclusion in our 2013 proxy statement pursuant to SEC Rule 14a-8 must be received by June 5, 2013.

- Notice of stockholder proposals to be raised from the floor of the 2013 Annual Meeting of Stockholders outside Rule 14a-8 must be received by August 16, 2013.

- If you would like to present a proposal under Rule 14a-8 of the Securities Exchange Act of 1934 at our 2013 Annual Meeting of Stockholders, send the proposal in time for us to receive it no later than June 5, 2013. If the date of our 2013 Annual Meeting is subsequently changed by more than 30 days from the date of this year's Annual Meeting, we will inform you of the change and the date by which we must receive proposals. If you want to present business at our 2013 Annual Meeting outside of the stockholder proposal rules of Rule 14a-8 of the Exchange Act and instead pursuant to Article I, Section 8 of the company's Bylaws, the Corporate Secretary must receive notice of your proposal by August 16, 2013, but not before July 7, 2013, and you must be a stockholder of record on the date you provide notice of your proposal to the company and on the record date for determining stockholders entitled to notice of the meeting and to vote.

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Sysco Corporation

1390 Enclave Parkway

Houston, Texas 77077-2099

October 4, 2012

PROXY STATEMENT

We are providing you with a Notice of Internet Availability of Proxy Materials and access to these proxy materials, which include this 2012 Proxy Statement, the proxy card for the 2012 Annual Meeting and our Annual Report on Form 10-K for fiscal 2012, because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. Unless the context otherwise requires, the terms “we,” “our,” “us,” the “company” or “Sysco” as used in this proxy statement refer to Sysco Corporation. Our Annual Meeting will be held on Wednesday, November 14, 2012 at 10:00 a.m. at The Houstonian Hotel located at 111 North Post Oak Lane, Houston, Texas 77024.

At the close of business on September 17, 2012, there were 587,019,262 shares of Sysco Corporation common stock outstanding and entitled to vote at the Annual Meeting. All of our current directors and executive officers (19 persons) owned, directly or indirectly, an aggregate of 903,688 shares, which was less than 1% of our outstanding stock as of September 17, 2012.

Only owners of record of shares of Sysco’s common stock as of the close of business on the record date, September 17, 2012, are entitled to notice of, and to vote at the Annual Meeting or at any adjournments or postponements of the Annual Meeting. Each owner of record is entitled to one vote for each share owned on the record date on each matter presented at the Annual Meeting.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

1. What is a proxy statement and what is a proxy?

A proxy statement is a document that Securities and Exchange Commission (the “SEC”) regulations require us to give you when we ask you to sign a proxy designating individuals to vote on your behalf. A proxy is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. We have designated three of our officers as proxies for the 2012 Annual Meeting of Stockholders. These three officers are William J. DeLaney, Chris Kreidler and Russell T. Libby.

2. Why did I receive a one-page notice (the “E-Proxy Notice”) in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

In accordance with rules and regulations adopted by the SEC, instead of mailing a printed copy of our proxy materials, including our annual report to stockholders, to each stockholder of record, we now generally furnish proxy materials, including our annual report to stockholders, to our stockholders on the Internet. Unless you have previously signed up to receive your materials in paper, you will receive a document entitled *Notice of Internet Availability of Proxy*

Materials (which we also refer to as the E-Proxy Notice) and will not receive a printed copy of the proxy materials or the annual report to stockholders (unless you specifically request them). Instead, the E-Proxy Notice will instruct you as to how you may use the Internet to access and review all of the important information contained in the proxy materials, including our annual report to stockholders. The E-Proxy Notice also instructs you as to how you may submit your proxy on the Internet. Instructions for requesting printed proxy materials are included in the E-Proxy Notice. E-Proxy Notices are distributed by mail, unless you previously signed up to receive your proxy materials electronically, in which case it will be emailed to you. Set forth below is a summary of delivery methods.

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Stockholders who previously signed up to Receive Proxy Materials Electronically: If you previously signed up to receive proxy materials electronically, we will send the E-Proxy Notice to you via e-mail, to the last e-mail address you have supplied to us. We will e-mail electronic E-Proxy Notices on or about **October 5, 2012**.

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