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SYSCO CORP
Form 8-K
March 03, 2006

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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): FEBRUARY 28, 2006

SYSCO CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

1-06544
(Commission File Number)

74-1648137
(IRS Employer
Identification No)

1390 ENCLAVE PARKWAY, HOUSTON, TX 77077-2099
(Address of principal executive office) (zip code)

Registrant's telephone number, including area code: (281) 584-1390

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

DIRECTOR COMPENSATION

The response to Item 5.02 below is incorporated herein by reference.

On February 28, 2006, after consideration of the conclusions and recommendations of the Corporate Governance and Nominating Committee, the Board of Directors (a) acted in accordance with its authority under the Company's Non-Employee Directors Stock Plans (the "Plans") to treat Mr. Campbell's tentatively planned resignation from the Board of Directors as though Mr. Campbell was retiring from the Board of Directors on or after he reached the age of 71 so that Mr. Campbell's Options and Restricted Stock (as such terms are defined under the Plans) shall not be forfeited and shall remain in effect, vest, become exercisable and expire as if Mr. Campbell had remained a non-employee director of the Company and had not ceased to provide services to the Board solely for purposes of maintaining the benefits of the Options and Restricted Stock, and (b) authorized the Company to make a cash payment to Mr. Campbell in an amount sufficient to reimburse Mr. Campbell for the sum of the amount of additional tax, if any, which may be owed by Mr. Campbell under Section 409A of the Internal Revenue Code as a result of the foregoing actions, plus any income tax payable by Mr. Campbell as a result of such payments to Mr. Campbell.

ITEM 5.02 DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS

RESIGNATION OF DIRECTOR

On March 1, 2006, Mr. Colin Campbell tendered his resignation from the Board of Directors of SYSCO Corporation (the "Company"), effective immediately. Mr. Campbell is the President, Chief Executive Officer and Chairman of the Board of The Colonial Williamsburg Foundation ("CWF") and The Colonial Williamsburg Company ("CWC"). CWC is a wholly-owned subsidiary of CWF. The Company is expected to enter into a contract to supply food and related items to CWC on March 3, 2006. Management believes that it is reasonably likely that sales to CWC will exceed 2% of CWC's consolidated gross annual revenues. As a result of the duality of interests, Mr. Campbell has informed the Board that he believes it would no longer be appropriate for him to be considered an independent director and he has therefore determined that he will leave the Board at this time. There was no disagreement between Mr. Campbell and the Board over any matter. In connection with Mr. Campbell's resignation, the Board of Directors reduced the size of the Board of Directors to eleven members. A copy of the press release dated March 1, 2006 related to Mr. Campbell's departure is filed as Exhibit 99.1 hereto and incorporated by reference herein. Mr. Campbell has no other material relationships with the Company other than as disclosed in the Company's proxy statement filed with the SEC on September 30, 2005.

ITEM 7.01. REGULATION FD DISCLOSURE.

CHANGES IN COMMITTEE COMPOSITION

Following Mr. Campbell's resignation, directors Cassaday, Craven, Hafner, Merrill, Newcomb, Sewell, Tilghman and Ward will continue to be designated as independent. Mr. Tilghman is the non-executive Vice Chairman of CWF and CWC. He has no other relationships with the Company or its management or with the management of CWF or CWC. Neither CWC nor the Company is dependent on the

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contract. After considering the foregoing and all other relevant factors, the independent members of the Board, upon the recommendation of the Corporate Governance and Nominating Committee, have determined that Mr. Tilghman does not have a material relationship with the Company or its management.

As a result of the foregoing, the composition of the standing Board committees has been revised, effective as of March 1, 2006. Following the changes, the Company's standing committees include the following:

COMPENSATION AND STOCK OPTION COMMITTEE. Mr. Cassaday, Chairman; Messrs. Merrill and Tilghman, and Ms. Ward.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE. Ms. Ward, Chairman; Mr. Cassaday, Dr. Craven and Ms. Sewell.

AUDIT COMMITTEE. Mr. Tilghman, Chairman; Messrs. Hafner and Merrill, Ms. Newcomb and Ms. Sewell.

FINANCE COMMITTEE. Mr. Hafner, Chairman; Messrs. Golden and Schnieders, and Dr. Craven and Ms. Newcomb.

CERTAIN RELATIONSHIPS

The following familial relationships currently exist between certain executive officers of the Company and certain other Company employees, whose current annualized salary, fiscal 2005 salary and bonus, and fiscal 2005 and 2006 option grant values are set forth below:

EXECUTIVE OFFICER	FAMILY MEMBER	RELATIONSHIP TO EXECUTIVE OFFICER	POSITION WITH SYSCO	FISCAL 2005 SALARY AND BONUS OF FAMILY MEMBER	CURRENT SALARY OF FAMILY MEMBER	BLA G FAM IN
James Lankford, Senior VP of Foodservice Operations	Frederick Lankford	brother	President, Lankford Sysco Food Services, Inc.	\$ 1,196,714.28	\$ 315,000.00	\$ 9
Jim Graham, Senior VP of Foodservice Operations	Gordon Graham	brother	President, Sysco Foodservices of Atlanta, Inc.	\$ 587,640.47	\$ 240,000.00	\$ 7
Larry Accardi, Executive Vice President	Michelle Connors	daughter	Regional Corporate Trainer at Sysco Corporation	\$ 73,500.48	\$ 75,000.00	
Jim Danahy, Senior VP of Operations	William F. MacDonald	brother-in-law	Marketing Associate at Hallsmith Sysco	\$ 83,374.00	*	

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, SYSCO has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SYSCO CORPORATION

Date: March 3, 2006

By: /s/ Michael C. Nichols

Michael C. Nichols
Vice President, General Counsel
and Corporate Secretary