

Edgar Filing: SYSCO CORP - Form 8-K

SYSCO CORP  
Form 8-K  
September 14, 2005

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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FORM 8-K  
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CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): SEPTEMBER 8, 2005  
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SYSCO CORPORATION  
(Exact name of registrant as specified in its charter)  
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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)  
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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.

Option Grants

On September 8, 2005, the Compensation and Stock Option Committee (the "Committee") of SYSCO Corporation (the "Company") approved the grant of options to purchase Company common stock to certain key employees, including the executive officers who will be named in the Summary Compensation Table in the proxy statement for the Company's upcoming Annual Meeting of Stockholders (other than Thomas Lankford, who resigned from his executive officer position effective July 2, 2005) (the "Named Executive Officers"). The options will vest 20% per year beginning September 8, 2006. The exercise price is \$33.01 per share, and the expiration date is September 7, 2012. The form of option grant agreement is filed with this Form 8-K as Exhibit 99.1 and incorporated by reference herein. The options were granted to the Named Executive Officers in the following amounts:

NAME AND TITLE	TITLE	NUMBER
Richard J. Schnieders	Chairman of the Board, Chief Executive Officer and President	
John K. Stubblefield, Jr.	Executive Vice President, Finance and Chief Financial Officer	
Larry J. Accardi	Executive Vice President, Contract Sales; and President, Specialty Distribution Companies	
Kenneth F. Spitler	Executive Vice President; and President of North American Foodservice Operations	

Grant of Units Under 2004 Long-Term Incentive Cash Plan

On September 8, 2005, performance units were granted to the Named Executive Officers under the 2004 Long-Term Incentive Cash Plan (the "Long-Term Plan") for the performance period commencing July 3, 2005 and ending June 28, 2008. Participants under the Long-Term Plan will not be entitled to any bonus pursuant to these awards unless certain performance criteria are met. The bonus opportunities for the fiscal 2006-2008 performance period are composed of two components: one based on achievement of specified increases in net after-tax earnings per share ("Component A"), and one based on achievement of specified increases in sales, defined as GAAP sales less product cost inflation, or plus product cost deflation, as measured by SYSCO's change in cost of goods ("Component B").

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A. Earnings Growth Component (Component A). If the Company achieves certain net after-tax earnings increases, award recipients will earn a bonus under this component without regard to whether a bonus was earned under Component B. The amount of any bonus earned under Component A will be calculated according to the following formula:

$$\frac{\text{Number of Performance Units Granted to Participant}}{\text{X}} \times \text{Unit Value} \times \text{X} \times \text{Applicable Percentage A}$$

B. Sales Growth Component (Component B). If the Company achieves certain increases in sales, defined as GAAP sales less product cost inflation, or plus product cost deflation, as measured by SYSCO's change in cost of goods, award recipients will earn a bonus under this component without regard to whether a bonus was earned under Component A. The amount of any bonus earned under Component B will be calculated according to the following formula:

$$\frac{\text{Number of Performance Units Granted to Participant}}{\text{X}} \times \text{Unit Value} \times \text{X} \times \text{Applicable Percentage B}$$

The "Unit Value" for the September 8, 2005 grants was set at \$35. "Applicable Percentage A" ranges from 25% to 75%, depending upon the amount of the increase in net after-tax earnings, if any. "Applicable Percentage B" ranges from 25% to 75%, depending upon the amount of the increase in sales, as defined above, if any.

Set forth below are the number of performance units awarded to each of the Named Executive Officers:

NAME AND TITLE	TITLE	NUMBER
Richard J. Schnieders	Chairman of the Board, Chief Executive Officer and President	
John K. Stubblefield, Jr.	Executive Vice President, Finance and Chief Financial Officer	
Larry J. Accardi	Executive Vice President, Contract Sales; and President, Specialty Distribution Companies	
Kenneth F. Spitler	Executive Vice President; and President of North American Foodservice Operations	

Material Relationships

None of the Named Executive Officers has any material relationship with SYSCO or its affiliates except in respect of their employment relationships, ownership of SYSCO securities, and as otherwise disclosed in SYSCO's most recently filed proxy statement and subsequent periodic reports filed with the Securities and Exchange Commission.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial Statements.
- (b) Pro Forma Financial Information.
- (c) Exhibits.

Exhibit Number	Description
99.1	Form of Stock Option Grant Agreement issued to executive officers on September 8, 2005 under the 2004 Stock Option Plan

SIGNATURES

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

SYSCO CORPORATION

Date: September 14, 2005

By: /s/ Michael C. Nichols  
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Michael C. Nichols  
Vice President, General Counsel  
and Corporate Secretary