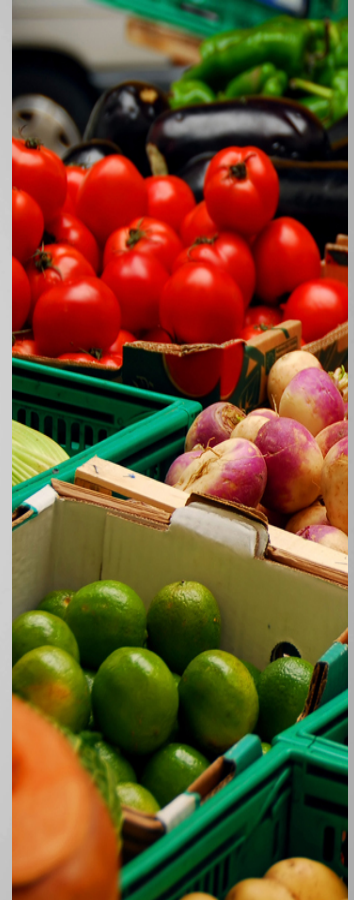
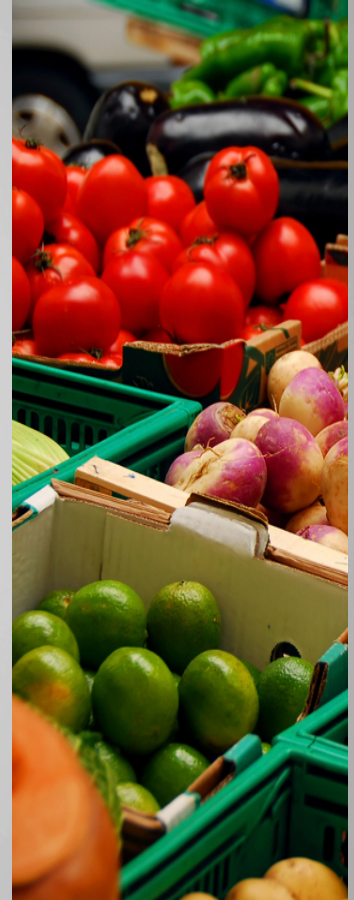


Foodservice Supply Chain



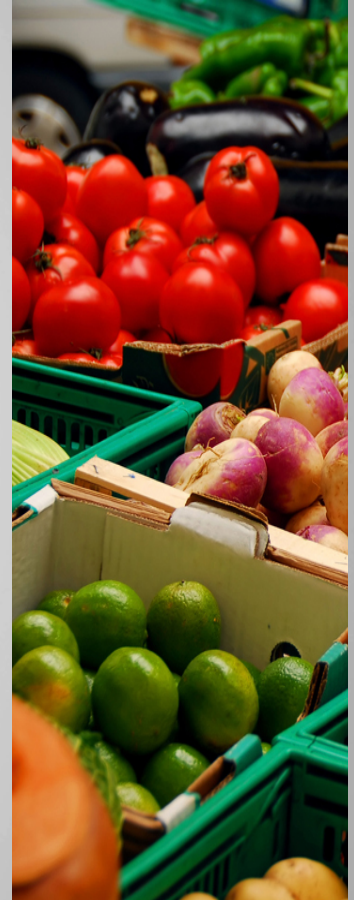
Foodservice Supply Chain

- Foodservice supply chain is huge, distinct and multi-segmented
- Types of foodservice businesses, grower, distributor and operator.
- Foodservice is not an after-thought to retail in North America
- Foodservice terminology in the U.S., how segments interact and who Sysco is
- Foodservice trends and PMA's 2020 initiative.



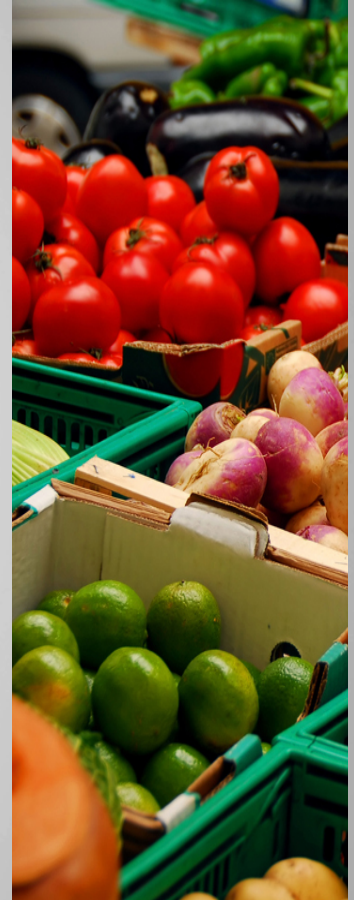
Foodservice Supply Chain – Distributor Types

- Broadline Distributors – Full Line
- Captured Distributors – Customer Proprietary
- Specialty Suppliers – Line Specific
- Wholesalers – Will Call



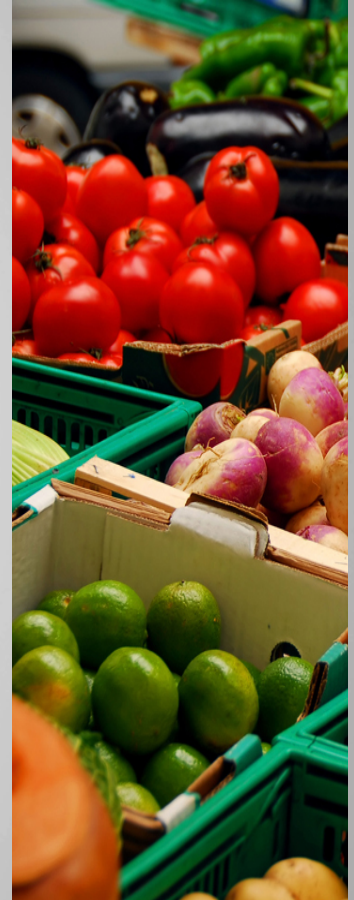
What Differentiates Type of Distributor

- Delivery Frequency
- Order Lead Time
- Size of Order
- Inventory Variety



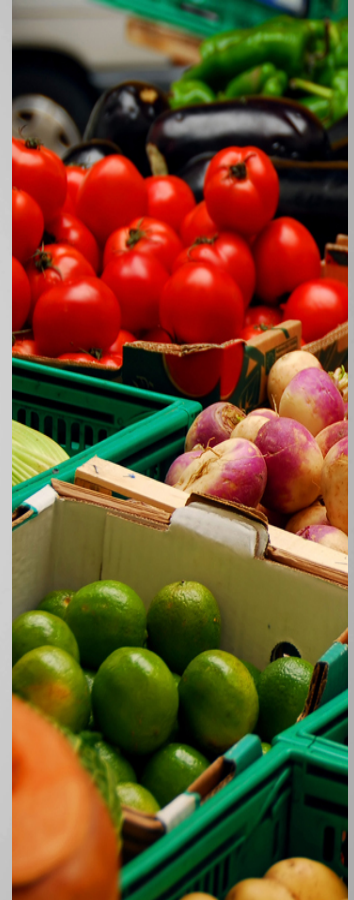
Foodservice Operator - Categories

- Restaurants
 - QSR – Quick Service
 - Limited Service
 - Family Dining
 - Local Chain
 - Independents
- Travel & Leisure – Hotels/Cruise
- B&I – Business and Industry Feeders
- Education
- Healthcare – Hospitals and Senior Care
- Bid and Other - Military



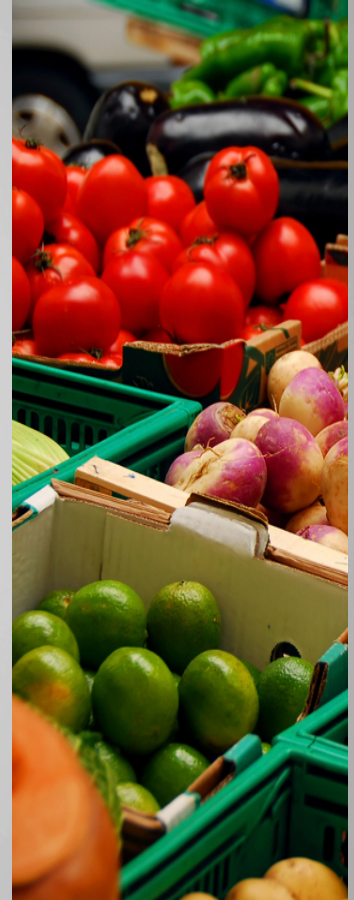
What Differentiates Customer Categories

- Limited Menu Items - QSR
- Consistent Menu Items Globally –
Limited Service & Family Dining
- Specific Needs, Specialty, Variable Menus –
All Others



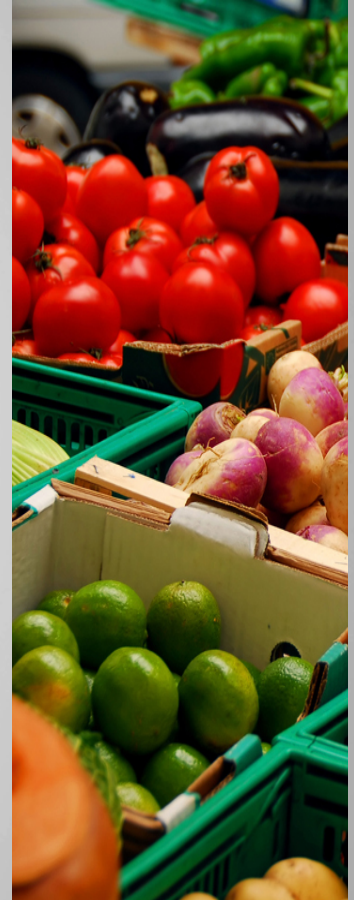
Methods Foodservice Operators Go to Market and Why

- QSR – Grower Direct
- Limited Service – Grower Direct/Distributor Contract
- Family Dining – Grower Direct/Distributor Contract
- Local Chain – Distributor Serviced
- Independents – Distributor Services/Wholesaler
 - All Distributor Serviced
 - T&L, B&I, Education, Healthcare, Bid



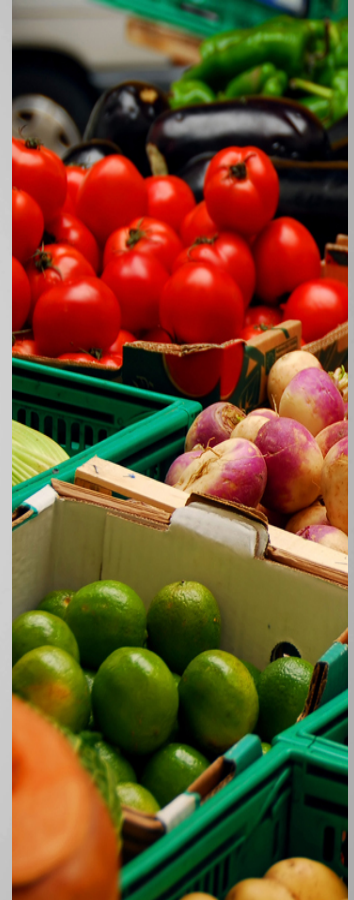
Matching Customers to Distributor Types

- Exclusively Dependent on Size of Delivery to the Unit
- Categories With Smaller Drops Need To Utilize Broadline
- Categories That Use More Produce Have More Choices



Who Is Sysco?

- Sysco is the global leader in market and distributing food products to restaurants, healthcare and educational facilities, hotels, and inns, and other foodservice and hospitality businesses.
- A public company
 - Annual Sales \$38 billion
 - Annual Cases 1.2 billion
 - Net earnings \$1.2 billion
 - 180 distribution centers



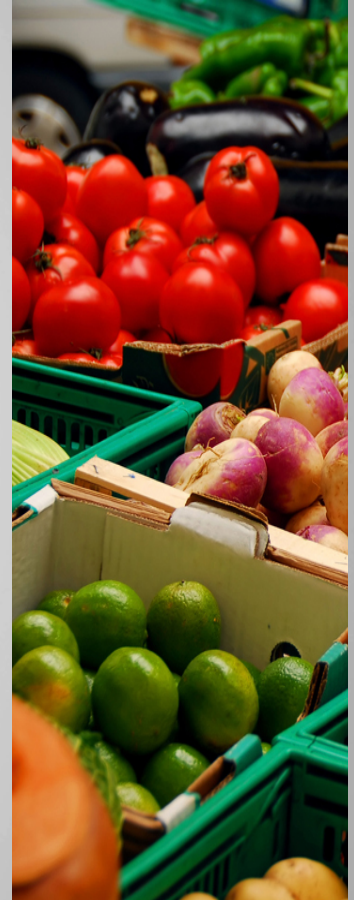
Sysco Produce

- 9% of sales are fresh produce distributing out of 146 distribution centers
- We give our customers choices
 - Sysco- Broadline
 - SYGMA – Captured Distribution
 - FreshPoint – Produce Specialty Distributor



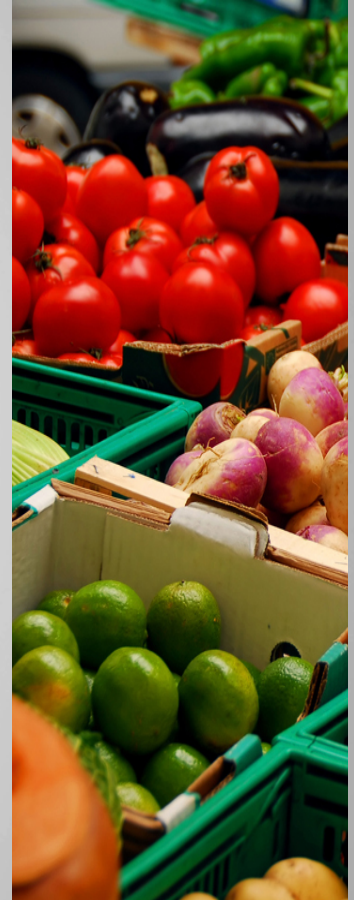
Produce is a Focus for Sysco

- Buying Offices in California and Florida
- 65 Full-Time Produce Merchandisers Managing Category
- 18+ Full-time QA and Food Safety Produce Personnel
- Centralized Purchasing Decisions Made at Corporate Headquarters



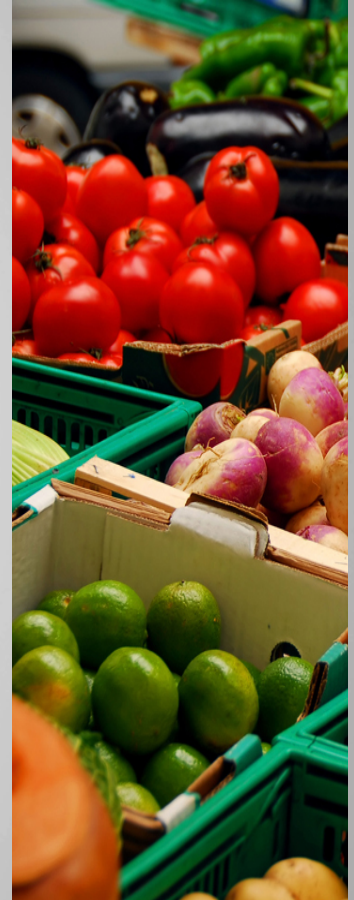
Sysco Strategy to Go to Market

- Centralized Leverage
- Majority Product is Contracted
- Branded Premium Products
- Significant Investment in Food Safety



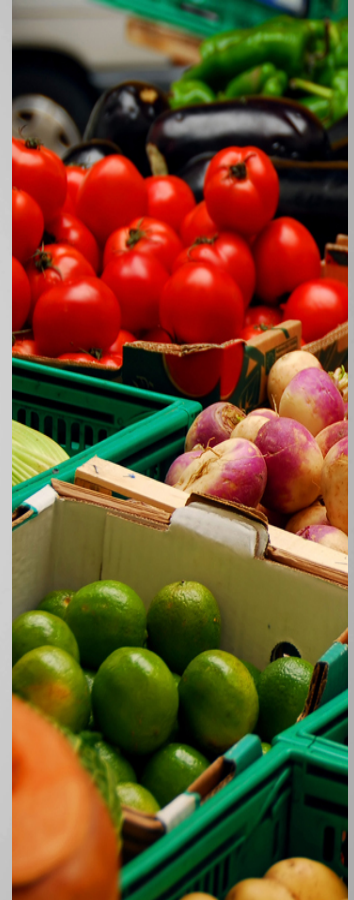
Grower Shippers

- Committed to Foodservice Segment
- Numerous Unique Items/Packs
- Processed Category Growing



Foodservice Industry in the United States

- 16 Years of Consecutive Growth Until 2008
- 3 Years of Downward Sales
- 2011 is Projected to Return to the Growth Mode
- Half the produce consumed in the U.S. is eaten away from home.



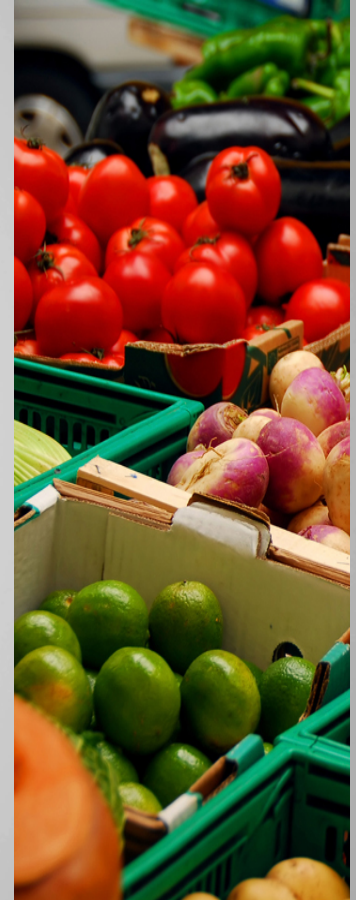
Top Restaurants Trends Overall for 2011

- Locally Sourced Meats and Seafood
- Locally Grown Produce
- Sustainability
- Nutritional Children's Dishes
- Hyper Local (Gardens, Butchering, etc.)
- Children's Nutrition



Foodservice 2020: Produce Opportunities in Foodservice

- Goal: Double Usage of Produce by 2020
 - Re-imagine the restaurant experience with a stronger produce presence and telling its story from field to fork
 - Increase consumer and foodservice confidence in produce including product safety, trust and integrity
 - Demonstrate social responsibility balancing the needs of people, the planet and profitability



Re-imagine the restaurant experience with produce having a stronger presence from field to fork

- **Elevate flavor and the sensory experience throughout the supply chain**
- **Align the supply chain to deliver on the flavor/sensory commitment**
- **Change the communications strategy from produce is healthy to produce is a sensory experience and also good for you**
- **Tell the story from fork to farm**

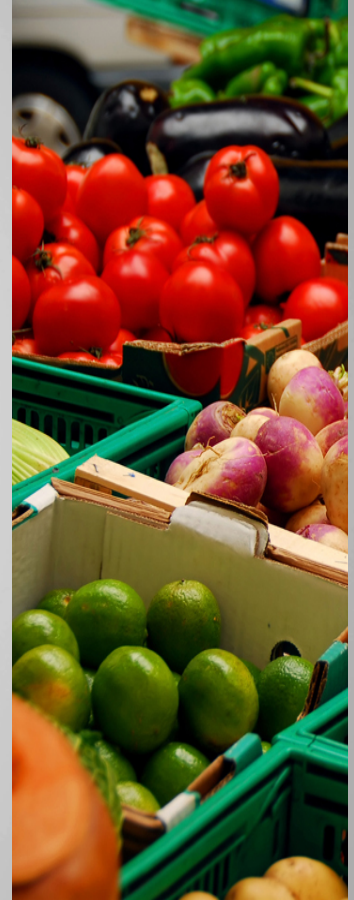
Sustainability: Balance the needs of people, the planet & profitability

- **Define social responsibility and sustainability for the produce supply chain**
- **Share best practices and get agreement on a methodology to measure sustainability**
- **Engage and partner with key Non Government Organizations on this priority**
- **Tell our sustainability story**

Increase consumer and foodservice confidence in produce, including food safety, trust and integrity

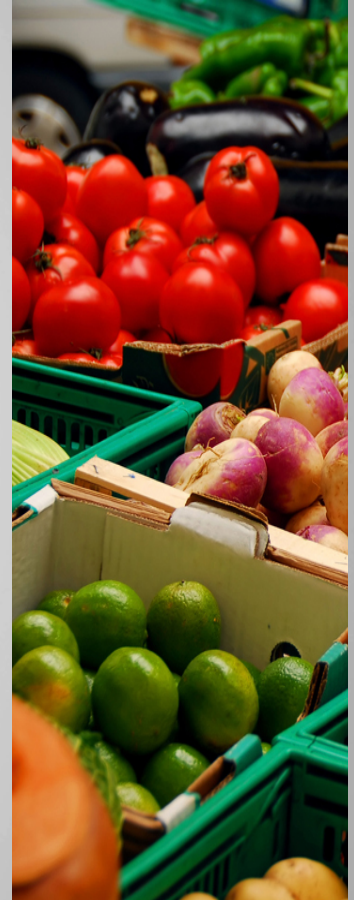
- **Focus on shared responsibility across the supply chain**
- **Make food safety part of business cultures across the supply chain**
- **Facilitate support of key influencers,(media/ Government)**
- **Develop communications plan emphasizing our progress with food safety**

IT'S WORKING



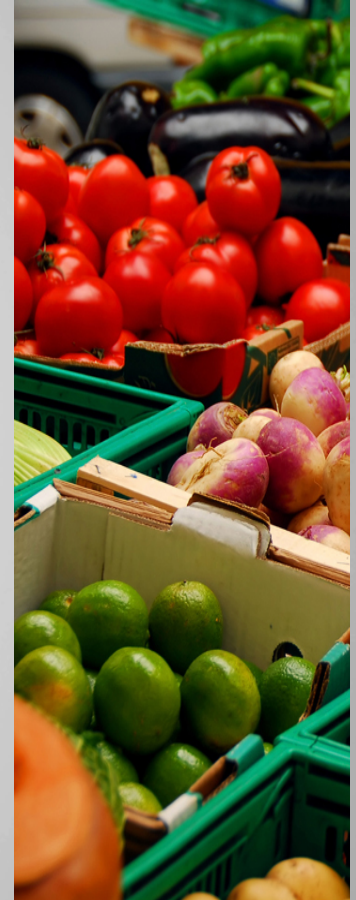
The Health Revolution

- Top Trend for Quick Service Restaurants
 - Healthy Options in Kids Meals
 - New U.S. Government Nutrition Icon has Four sections
 - 50% is fruits and vegetables!



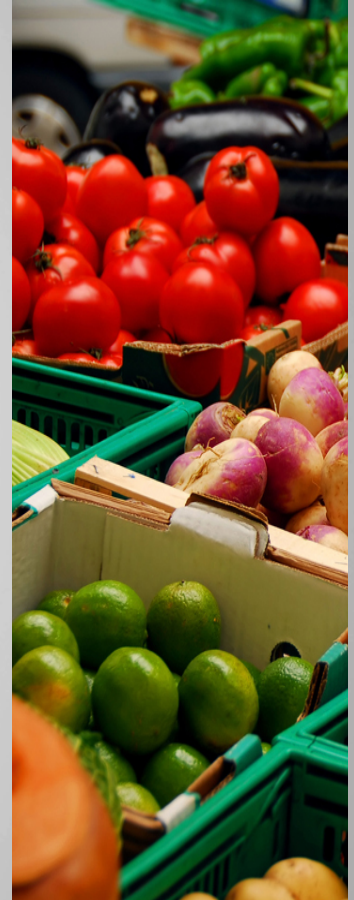
Foodservice Operators are Seeing the Light

- Mike Archer, Applebees: “I’ ve been in the restaurant business for 30 years, and I’ ve never seen anything like this... we’ re seeing a sea change in consumer behavior... this is the first time I’ ve seen intentions and actions align.”
- Andy Putzer, CKE: “There’ s a shift in eating habits among young, hungry guys... they’ re looking for indulgent products that are more healthful.”
- Jean Birch, IHOP: We couldn’ t have given away healthier food in the early part of my career... now, not only are people ordering them, but some are deciding not to go somewhere if they don’ t have healthier items on the menu.”



We Are in the Right Industry

- The new generation has come to the wise conclusion that they want to reduce obesity and live long.
- They realize the key ingredients are eating well and exercising.
- Fruits and vegetable are the genesis of eating well.



**HOW EXCITING
IS THAT!!!**

