

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

SANFILIPPO JOHN B & SON INC

Form 10-K/A

January 27, 2004

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

-----  
FORM 10-K/A  
AMENDMENT NO. 1

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934  
FOR THE FISCAL YEAR ENDED JUNE 26, 2003

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO  
-----

COMMISSION FILE NUMBER 0-19681  
JOHN B. SANFILIPPO & SON, INC.  
(Exact Name of Registrant as Specified in its Charter)

DELAWARE  
(State or Other Jurisdiction  
of Incorporation or Organization)

36-2419677  
(I.R.S. Employer  
Identification Number)

2299 BUSSE ROAD

ELK GROVE VILLAGE, ILLINOIS 60007  
(Address of Principal Executive Offices, Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (847) 593-2300

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE  
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:  
COMMON STOCK, \$.01 PAR VALUE PER SHARE

-----  
(Title of Class)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No  .\_\_\_\_

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes  No .

The aggregate market value of the voting Common Stock held by non-affiliates was \$50,142,971 as of December 26, 2002 (5,111,414 shares at \$9.81 per share).

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

As of September 2, 2003, 5,777,764 shares of the Company's Common Stock, \$.01 par value ("Common Stock"), including 117,900 treasury shares, and 3,667,426 shares of the Company's Class A Common Stock, \$.01 par value ("Class A Stock"), were outstanding.

### EXPLANATORY NOTE

John B. Sanfilippo & Son, Inc. (the "Company") is filing this Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended June 26, 2003, originally filed September 15, 2003 (the "Form 10-K"), principally to amend specific items of the Form 10-K to reflect the change in classification of freight costs, which had previously been recorded as a reduction in net sales rather than selling expenses, in accordance with the guidance of Emerging Issues Task Force No. 00-10, "Accounting for Shipping and Handling Fees and Costs." See Note 12 to the consolidated financial statements. In addition, the Company has enhanced certain previously included disclosures within the accounting policies and commitments and contingencies footnotes. The changes in classification had no effect on the Company's income from operations, including no effect on net income or earnings per share, nor our consolidated balance sheet, stockholders equity and cash flows for the periods stated above. This Amendment No. 1 amends only portions of the Form 10-K; the remainder of the Form 10-K is unchanged and is not reproduced in this Amendment No. 1. This Amendment No. 1 does not reflect events occurring after the original filing of the Form 10-K.

This Amendment No. 1 contains changes to the following disclosures:

- Part II - Item 6. Selected Financial Data
- Part II - Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition -- Results of Operations.
- Part II - Item 8. Financial Statements and Supplementary Data -- John B. Sanfilippo & Son, Inc. Consolidated Statements of Operations for the years ended June 26, 2003, June 27, 2002, June 28, 2001.
- Part II - Item 8. Financial Statements and Supplementary Data -- Supplementary Quarterly Data.
- Part IV - Item 15. Exhibits, Financial Statements Schedules and Reports on Form 8-K.

### PART II

#### ITEM 6 -- SELECTED FINANCIAL DATA

The following is the Company's historical consolidated financial data as of and for the years ended June 26, 2003, June 27, 2002, June 28, 2001, June 29, 2000 and June 24, 1999. Information for the three most recent fiscal years has been derived from the Company's audited consolidated financial statements. The financial data should be read in conjunction with the Company's audited consolidated financial statements and notes thereto, which are included elsewhere herein, and with "Management's Discussion and Analysis of Financial Condition and Results of Operations." The information below is not necessarily indicative of the results of future operations. No dividends have been declared since 1995.

STATEMENT OF OPERATIONS DATA: (\$ in thousands, except per share data)

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

	Year Ended			
	June 26, 2003	June 27, 2002	June 28, 2001	June 29, 2000 (1)
	Restated (2)	Restated (2)	Restated (2)	Restated (2)
Net sales	\$419,676	\$352,799	\$342,357	\$326,619
Cost of sales	347,041	294,931	283,278	272,025
Gross profit	72,635	57,868	59,079	54,594
Selling and administrative expenses	43,806	39,966	38,678	35,997
Income from operations	28,829	17,902	20,401	18,597
Interest expense	(4,681)	(5,757)	(8,365)	(8,036)
Other income	486	590	622	701
Income before income taxes	24,634	12,735	12,658	11,262
Income tax expense	9,607	5,044	5,063	4,505
Net income	\$ 15,027	\$ 7,691	\$ 7,595	\$ 6,757
Basic earnings per common share	\$ 1.63	\$ 0.84	\$ 0.83	\$ 0.74
Diluted earnings per common share	\$ 1.61	\$ 0.84	\$ 0.83	\$ 0.74

BALANCE SHEET DATA: (\$ in thousands)

	June 26, 2003	June 27, 2002	June 28, 2001 (1)	June 29, 2000
Working capital	\$ 75,182	\$ 67,645	\$ 55,055	\$ 60,168
Total assets	223,727	206,815	211,007	217,031
Long-term debt, less current maturities	29,640	40,421	39,109	51,779
Total debt	70,118	69,623	89,307	99,355
Stockholders' equity	118,781	102,060	94,346	86,751

(1) The fiscal year ended June 29, 2000 consists of 53 weeks. All other fiscal years presented consist of 52 weeks.

(2) The Company has restated its financial statements to change the classification of freight costs, which had previously been reported as a reduction in net sales rather than selling expenses. The change in its classification increases net sales and selling expenses by a corresponding amount and had no effect on income from operations or net income, nor the Company's consolidated balance sheet and cash flows. See Note 12 in Notes to Consolidated Financial Statements.

ITEM 7 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company's fiscal year ends on the final Thursday of June each year, and typically consists of fifty-two weeks (four thirteen week quarters). References herein to fiscal 2003 are to the fiscal year ended June 26, 2003. References herein to fiscal 2002 are to the fiscal year ended June 27, 2002. References herein to fiscal 2001 are to the fiscal year ended June 28, 2001. As used

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

herein, unless the context otherwise indicates, the terms "Company" and "JBSS" refer collectively to John B. Sanfilippo & Son, Inc. and its wholly owned subsidiary, JBS International, Inc.

The Company's business is seasonal. Demand for peanut and other nut products is highest during the months of October, November and December. Peanuts, pecans, walnuts, almonds and cashews, the Company's principal raw materials, are purchased primarily during the period from August to February and are processed throughout the year. As a result of this seasonality, the Company's personnel and working capital requirements peak during the last four months of the calendar year.

Also, due primarily to the seasonal nature of the Company's business, the Company maintains significant inventories of peanuts, pecans, walnuts, almonds and other nuts at certain times of the year, especially during the second and third quarters of the Company's fiscal year. Fluctuations in the market prices of such nuts may affect the value of the Company's inventory and thus the Company's profitability. There can be no assurance that future write-downs of the Company's inventory may not be required from time to time because of market price fluctuations, competitive

2

pricing pressures, the effects of various laws or regulations or other factors. See "Forward Looking Statements -- Factors That May Affect Future Results -- Availability of Raw Materials and Market Price Fluctuations".

At June 26, 2003, the Company's inventories totaled approximately \$112.0 million compared to approximately \$99.5 million at June 27, 2002. The increase in inventories at June 26, 2003 when compared to June 27, 2002 is primarily due to (i) an increase in finished goods to support the increase in sales volume, (ii) an increase in the quantity of almonds on hand due to higher purchases during fiscal 2003 than fiscal 2002, and (iii) an increase in the purchase price of pecans. These increases in inventories were partially offset by decreases in inshell peanuts on hand due to a smaller domestic crop in fiscal 2003. See "Forward Looking Statements -- Factors That May Affect Future Results -- Availability of Raw Materials and Market Price Fluctuations."

To enhance consumer awareness of dietary issues associated with the consumption of peanuts and other nut products, the Company has taken steps to educate consumers about the benefits of nut consumption. Also, there have been various medical studies detailing the healthy attributes of nuts and the Mediterranean Diet Pyramid promotes the daily consumption of nuts as part of a healthy diet. The Company has no experience or data that indicates that the growth in the number of health conscious consumers will cause a change in nut consumption. Also, over the last few years there has been some publicity concerning allergic reactions to peanuts and other nuts. However, the Company has no experience or data that indicates peanut and other nut related allergies have affected the Company's business. Furthermore, the Company does not presently believe that nut related allergies will have a material adverse affect on the Company's financial results in the foreseeable future.

### CRITICAL ACCOUNTING POLICIES

The accounting policies as disclosed in the Notes to Consolidated Financial Statements are applied in the preparation of the Company's financial statements and accounting for the underlying transactions and balances. The policies discussed below are considered by management to be critical for an understanding of the Company's financial statements because the application of these policies places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

inherently uncertain. Specific risks, if applicable, for these critical accounting policies are described in the following paragraphs. For a detailed discussion on the application of these and other accounting policies, see Note 1 of the Notes to Consolidated Financial Statements. Preparation of this Annual Report on Form 10-K/A requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

### ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amounts charged to customers, less: (i) an allowance for doubtful accounts; (ii) a reserve for estimated cash discounts; and (iii) a reserve for customer deductions. The allowance for doubtful accounts is calculated by specifically identifying customers that are credit risks. The reserve for estimated cash discounts is estimated using historical payment patterns. The reserve for customer deductions represents an estimate of future credit memos that will be issued to customers and is based on historical experience.

### INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out) or market. Inventory costs are reviewed quarterly. Fluctuations in the market price of peanuts, pecans, walnuts, almonds and other nuts may affect the value of the Company's inventory and thus the Company's gross profit and gross profit margin. If expected market sales prices were to move below cost, the Company would record adjustments to write down the carrying values of inventories to fair market value.

3

### INTRODUCTORY FUNDS

The ability to sell to certain retail customers often requires upfront payments by the Company. Such payments are made pursuant to contracts that usually stipulate the term of the agreement, the quantity and type of products to be sold and any exclusivity requirements. The cost of these payments is initially recorded as an asset and is amortized on a straight-line basis over the term of the contract and is recorded as a reduction in net sales.

### RELATED PARTY TRANSACTIONS

As discussed in Note 7 and Note 9 of the Notes to Consolidated Financial Statements, the Company leases space from related parties and transacts with other related parties in the normal course of business. These related party transactions are conducted on an arm's-length basis.

### NET SALES AND SELLING EXPENSE RESTATEMENT

In accordance with authoritative accounting literature, we have changed the classification of our freight costs. As a result, we have restated our Consolidated Statements of Operations included in our annual financial statements on Form 10-K for the fiscal years ended June 26, 2003, June 27, 2002, and June 28, 2001 and our quarterly filing for the thirteen weeks ended September 25, 2003. The purpose of this restatement is to change the classification of our freight costs, which had previously been reflected as a reduction in net sales as selling expenses, in accordance with the guidance of Emerging Issues Task Force No. 00-10 ("EITF 00-10"), "Accounting for Shipping and Handling Fees and Costs." We have included a disclosure of our accounting policy related to shipping and handling costs (Note 1 to our financial

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

statements) and have made the appropriate modifications to the Consolidated Statements of Operations to give effect to this change in classification.

As a result of this restatement, our net sales, gross profit, selling expenses and total selling, general and administrative expenses each increased by the corresponding amount of our freight costs. These changes, however, had no effect on our balance sheet, stockholders' equity, cash flows or income, including net income and earnings per share.

EITF 00-10 allows companies to classify shipping and handling costs in either or both of costs of goods sold or selling, general and administrative costs. We have elected to classify our shipping and handling costs (including freight costs) as selling expenses. We believe our presentation makes our financial statements comparable to similar companies in our industry. Some other comparable companies, however, include shipping and handling costs in their costs of goods sold and others include portions of shipping and handling costs in both their costs of goods sold and selling, general and administrative expenses.

As a result of classifying our freight costs as selling expenses, we report higher gross profit than if we had classified these costs as costs of goods sold. Our income from operations, net income and earnings per share would be the same under either approach.

### RESULTS OF OPERATIONS

The following table sets forth the percentage relationship of certain items to net sales for the periods indicated and the percentage increase or decrease of such items from fiscal 2002 to fiscal 2003 and from fiscal 2001 to fiscal 2002.

	Percentage of Net Sales			Percentage Incre
	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2003 vs. 2002
Net sales	100.0%	100.0%	100.0%	19.0%
Gross profit	17.3	16.4	17.3	25.5
Selling expenses	7.9	8.7	8.7	8.5
Administrative expenses	2.5	2.6	2.6	13.1
Income from operations	6.9	5.1	6.0	61.0

### FISCAL 2003 COMPARED TO FISCAL 2002

NET SALES. Net sales increased from approximately \$352.8 million for fiscal 2002 to approximately \$419.7 million for fiscal 2003, an increase of approximately \$66.9 million or 19.0%. The increase in net sales was due primarily to higher unit volume sales to the Company's retail, export and industrial customers. The increase in net sales to retail customers was due primarily to an increase in private label business through the addition of new customers and the expansion of business to existing customers. The increase in net sales to export customers is due primarily to higher almond sales to the Asian market and increased snack nut sales to the Canadian market. The increase in sales to industrial customers is due primarily to the increased usage of nuts as ingredients in food products. The Company believes that a portion of the overall increase in net sales is attributable to the growing awareness of the health benefits of nuts in the

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

daily diet.

The following table shows an annual comparison of sales by distribution channel, as a percentage of total net sales:

Distribution Channel	Year Ended	
	June 26, 2003	June 27, 2002
Consumer	56.7%	56.9%
Industrial	20.5	20.5
Food Service	8.8	10.8
Contract Packaging	6.2	6.4
Export	7.8	5.4
	---	---
Total	100.0%	100.0%
	=====	=====

4

The following table shows an annual comparison of sales by product type, as a percentage of total gross sales:

Product Type	Year Ended	
	June 26, 2003	June 27, 2002
Peanuts	25.3%	27.8%
Pecans	17.7	18.8
Cashews & Mixed Nuts	24.1	21.4
Walnuts	10.9	11.7
Almonds	10.1	7.7
Other	11.9	12.6
	----	----
Total	100.0%	100.0%
	=====	=====

GROSS PROFIT. Gross profit in fiscal 2003 increased 25.5% to approximately \$72.6 million from approximately \$57.9 million for fiscal 2002. Gross profit margin increased from 16.4% for fiscal 2002 to 17.3% for fiscal 2003. The increase in gross profit margin was due primarily to: (i) the increase in unit volume as certain costs of sales are of a fixed nature, (ii) changes in the sales mix, and (iii) generally lower commodity costs, especially for peanuts which were directly impacted by the 2002 Farm Bill.

SELLING AND ADMINISTRATIVE EXPENSES. Selling and administrative expenses as a percentage of net sales decreased from 11.3% for fiscal 2002 to 10.4% for fiscal 2003. Selling expenses as a percentage of net sales decreased from 8.7% for fiscal 2002 to 7.9% for fiscal 2003. This decrease was due primarily to: (i) continuous efforts to control expenses and (ii) the fixed nature of certain of these expenses relative to a larger revenue base. Administrative expenses as a percentage of net sales decreased from 2.6% for fiscal 2002 to 2.5% for fiscal 2003. This decrease was due primarily to the fixed nature of these expenses over

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

a larger revenue base. Administrative expenses, in gross dollars, increased from approximately \$9.4 million in fiscal 2002 to approximately \$10.6 million in fiscal 2003, an increase of approximately \$1.2 million, or 13.1%. This increase is due primarily to higher incentive compensation expenses due to improved operating results.

INCOME FROM OPERATIONS. Due to the factors discussed above, income from operations increased from approximately \$17.9 million, or 5.1% of net sales, for fiscal 2002 to approximately \$28.8 million, or 6.9% of net sales, for fiscal 2003.

INTEREST EXPENSE. Interest expense decreased from approximately \$5.8 million for fiscal 2002 to approximately \$4.7 million for fiscal 2003. The decrease in interest expense was due primarily to: (i) lower average levels of borrowings and (ii) lower interest rates associated with the Bank Credit Facility, as defined below.

INCOME TAXES. Income tax expense was approximately \$9.6 million, or 39.0% of income before income taxes, for fiscal 2003, compared to approximately \$5.0 million, or 39.6% of income before income taxes, for fiscal 2002.

### FISCAL 2002 COMPARED TO FISCAL 2001

NET SALES. Net sales increased from approximately \$342.4 million for fiscal 2001 to approximately \$352.8 million for fiscal 2002, an increase of approximately \$10.4 million or 3.1%. The increase in net sales was due primarily to higher unit volume sales to the Company's retail and contract packaging customers, partially offset by lower unit volume sales to the Company's industrial customers during the first half of fiscal 2002. The increase in sales to retail customers was due primarily to increased sales of private label products. The decrease in sales to industrial customers was due primarily to high sales of pecans during the first half of fiscal 2001. The increase in net sales was accomplished despite lower average selling prices during the last half of fiscal 2002, due to lower commodity costs for pecans, cashews and almonds.

5

GROSS PROFIT. Gross profit in fiscal 2002 decreased 2.0% to approximately \$57.9 million from approximately \$59.1 million for fiscal 2001. Gross profit margin decreased from 17.3% for fiscal 2001 to 16.4% for fiscal 2002. The decrease in gross profit margin was due primarily to: (i) a decrease in gross profit margin on sales to industrial customers, (ii) an increase in private label sales to retail customers, which sales generally carry lower gross profit margins than sales of branded products and (iii) an increase in sales to contract packaging customers, which sales generally carry lower margins than sales to the Company's other customers.

SELLING AND ADMINISTRATIVE EXPENSES. Selling and administrative expenses as a percentage of net sales were 11.3% for both fiscal 2001 and fiscal 2002. Selling expenses as a percentage of net sales were 8.7% for both fiscal 2001 and fiscal 2002. Administrative expenses as a percentage of net sales were 2.6% for both fiscal 2002 and fiscal 2001.

INCOME FROM OPERATIONS. Due to the factors discussed above, income from operations decreased from approximately \$20.4 million, or 6.0% of net sales, for fiscal 2001 to approximately \$17.9 million, or 5.1% of net sales, for fiscal 2002.

INTEREST EXPENSE. Interest expense decreased from approximately \$8.4 million for fiscal 2001 to approximately \$5.8 million for fiscal 2002. The decrease in interest expense was due primarily to: (i) lower average levels of borrowings



## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

due to lower average levels of inventories and (ii) lower interest rates associated with the Bank Credit Facility, as defined below.

INCOME TAXES. Income tax expense was approximately \$5.0 million, or 39.6% of income before income taxes, for fiscal 2002, compared to approximately \$5.1 million, or 40.0% of income before income taxes, for fiscal 2001.

### LIQUIDITY AND CAPITAL RESOURCES

#### General

During fiscal 2003, the Company continued to finance its activities through the combination of a bank revolving credit facility entered into on March 31, 1998 and last amended on May 30, 2003 (the "Bank Credit Facility"), \$35.0 million borrowed under a long-term financing facility originally entered into by the Company in 1992 (the "Long-Term Financing Facility") and \$25.0 million borrowed on September 12, 1995 under a long-term financing arrangement (the "Additional Long-Term Financing").

Net cash provided by operating activities was approximately \$7.4 million for fiscal 2003 compared to approximately \$24.4 million for fiscal 2002. The decrease in cash provided by operating activities for fiscal 2003 when compared to fiscal 2002 was due largely to an increase in inventories of approximately \$12.5 million that occurred primarily as a result of (i) purchasing a significantly greater quantity of almonds in fiscal 2003, and (ii) an increase in the purchase price of pecans in fiscal 2003. The largest component of net cash used in investing activities during fiscal 2003 was approximately \$7.9 million in capital expenditures, compared to approximately \$4.6 million during fiscal 2002. This increase in capital expenditures was due primarily to the expansion of processing capacities and capabilities at the Company's Gustine, California facility. Notes payable increased to approximately \$29.7 million at June 26, 2003 from approximately \$23.5 million at June 27, 2002, due primarily to the increase in the purchase of inventories. During both fiscal 2003 and fiscal 2002, the Company repaid approximately \$5.7 million of long-term debt.

#### Financing Arrangements

The Bank Credit Facility is comprised of (i) a working capital revolving loan which provides working capital financing of up to approximately \$73.1 million, in the aggregate, and matures, as amended, on May 31, 2006, and (ii) a \$6.9 million letter of credit (the "IDB Letter of Credit") to secure the industrial development bonds described below which matures on June 1, 2006. The IDB Letter of

6

Credit replaced a prior letter of credit that matured on June 1, 2002. The Bank Credit Facility was amended on May 30, 2003 to, among other things: (i) extend the maturity of the facility for three additional years and (ii) increase the total amount of the facility from \$70.0 million to \$80.0 million. Borrowings under the working capital revolving loan accrue interest at a rate (the weighted average of which was 2.76% at June 26, 2003) determined pursuant to a formula based on the agent bank's quoted rate and the Eurodollar Interbank rate.

As of June 26, 2003, the total principal amount outstanding under the Long-Term Financing Facility was \$6.6 million of the original amount borrowed of \$35.0 million. Of the remaining balance of \$6.6 million, \$3.75 million bears interest at rates ranging from 7.34% to 9.18% per annum payable quarterly, and requires equal semi-annual principal installments of approximately \$1.3 million, with the final installment due on August 16, 2004. The remaining \$2.85 million of this indebtedness bears interest at a rate of 9.16% per annum payable quarterly, and

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

requires equal semi-annual principal installments of approximately \$0.5 million, with the final installment due on May 15, 2006.

As of June 26, 2003, the total principal amount outstanding under the Additional Long-Term Financing was approximately \$19.3 million of the original amount borrowed of \$25.0 million. Of the remaining balance of approximately \$19.3 million, approximately \$4.3 million bears interest at a rate of 8.3% per annum payable semiannually, and requires equal annual principal installments of approximately \$1.4 million, with the final installment due on September 1, 2005. The remaining \$15.0 million of this indebtedness (which is subordinated to the Company's other financing facilities) bears interest at a rate of 9.38% per annum payable semiannually, and requires equal annual principal installments of \$5.0 million, with the final installment due on September 1, 2005.

The terms of the Company's financing facilities, as amended, include certain restrictive covenants that, among other things: (i) require the Company to maintain specified financial ratios; (ii) limit the Company's annual capital expenditures; and (iii) require that Jasper B. Sanfilippo (the Company's Chairman of the Board and Chief Executive Officer) and Mathias A. Valentine (a director and the Company's President) together with their respective immediate family members and certain trusts created for the benefit of their respective sons and daughters, continue to own shares representing the right to elect a majority of the directors of the Company. In addition, (i) the Long-Term Financing Facility limits the Company's payment of dividends to a cumulative amount not to exceed 25% of the Company's cumulative net income from and after January 1, 1996, (ii) the Additional Long-Term Financing limits cumulative dividends to the sum of (a) 50% of the Company's cumulative net income (or minus 100% of the Company's cumulative net loss) from and after January 1, 1995 to the date the dividend is declared, (b) the cumulative amount of the net proceeds received by the Company during the same period from any sale of its capital stock, and (c) \$5.0 million, and (iii) the Bank Credit Facility limits dividends to the lesser of (a) 25% of net income for the previous fiscal year, or (b) \$5.0 million, and prohibits the Company from redeeming shares of capital stock. As of June 26, 2003, the Company was in compliance with all restrictive covenants, as amended, under its financing facilities.

The Company has \$6.75 million in aggregate principal amount of industrial development bonds outstanding which was used to finance the acquisition, construction and equipping of the Company's Bainbridge, Georgia facility (the "IDB Financing"). The bonds bear interest payable semiannually at 4.00% (which was reset on June 1, 2002) through May 2006. On June 1, 2006, and on each subsequent interest reset date for the bonds, the Company is required to redeem the bonds at face value plus any accrued and unpaid interest, unless a bondholder elects to retain his or her bonds. Any bonds redeemed by the Company at the demand of a bondholder on the reset date are required to be remarketed by the underwriter of the bonds on a "best efforts" basis. Funds for the redemption of bonds on the demand of any bondholder are required to be obtained from the following sources in the following order of priority: (i) funds supplied by the Company for redemption; (ii) proceeds from the remarketing of the bonds; (iii) proceeds from a drawing under the IDB Letter of Credit; or (iv) in the event funds from the foregoing sources are insufficient, a mandatory payment by the Company. Drawings under the IDB Letter of Credit to redeem bonds on the demand of any bondholder are payable in full by the Company upon demand of the lenders under the Bank Credit Facility. In addition, the Company is required to redeem the bonds in varying annual installments, ranging from approximately \$0.3 million in fiscal 2004 to approximately \$0.8 million in fiscal 2017. The Company

is also required to redeem the bonds in certain other circumstances; for example, within 180 days after any determination that interest on the bonds is

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

taxable. The Company has the option, subject to certain conditions, to redeem the bonds at face value plus accrued interest, if any.

### Capital Expenditures

For fiscal 2003, capital expenditures were approximately \$7.9 million. The Company believes that capital expenditures for fiscal 2004 will be in the \$9.0 - \$10.0 million range. The most significant planned capital expenditure for fiscal 2004 is approximately \$2.5 - \$3.0 million for an increase in storage capacity of inshell pecans at the Selma, Texas facility. Approximately \$1.1 million was incurred on this project during fiscal 2003. The Company is currently exploring the possible consolidation of certain of its production facilities into a single location through the construction of a new production facility. If the consolidation proceeds, it is unlikely that such a facility could be financed using the Company's existing credit facilities. In that event, the Company would consider evaluating other financing alternatives, including but not limited to debt financing and/or the issuance of common stock in a private placement.

### Capital Resources

As of June 26, 2003, the Company had approximately \$40.5 million of available credit under the Bank Credit Facility. Scheduled long-term debt payments for fiscal 2004 are approximately \$10.8 million. Scheduled operating lease payments are approximately \$1.3 million. The Company believes that cash flow from operating activities and funds available under the Bank Credit Facility will be sufficient to meet working capital requirements and anticipated capital expenditures for the foreseeable future. However, if the Company elects to construct a new processing facility, additional financing sources may be required to fund the capital expenditures that would be necessary for that project.

### Contractual Cash Obligations

At June 26, 2003, the Company had the following contractual cash obligations (amounts in thousands):

	Year Ending June 24, 2004 ----	Year Ending June 30, 2005 ----	Year Ending June 29, 2006 ----	Year Ending June 28, 2007 ----	Year Ending June 26, 2008 ----	Thereafter -----
Long-term debt	\$13,922	\$11,816	\$15,724	\$ 1,575	\$ 1,575	\$ 4,519
Minimum operating lease commitments	1,252	1,355	1,000	214	133	10
	-----	-----	-----	-----	-----	-----
Total contractual cash obligations	\$15,174	\$13,171	\$16,724	\$ 1,789	\$ 1,708	\$ 4,529
	=====	=====	=====	=====	=====	=====

### RECENT ACCOUNTING PRONOUNCEMENTS

The Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", effective June 28, 2002. SFAS 142 requires, among other things, the discontinuance of goodwill amortization. In addition, SFAS 142 includes provisions for the reclassification of certain existing recognized intangible assets as goodwill, reassessment of the useful lives of existing recognized intangible assets, reclassification of certain intangible assets out of

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

previously reported goodwill and the identification of reporting units for purposes of assessing potential future impairments of goodwill. The Company's recorded assets at June 28, 2002 included both an intangible asset and goodwill.

Based upon the results of management's impairment testing, which included an independent

8

valuation, no adjustment to the carrying amount of goodwill and the intangible asset is required. As required under SFAS 142, amortization of goodwill has been discontinued.

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations". This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS 143 became effective in the first quarter of fiscal 2003. The implementation of SFAS 143 did not have an effect on the Company's cash flows, financial position or results of operations.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement provides a single, comprehensive accounting model for impairment and disposal of long-lived assets and discontinued operations. SFAS 144 became effective in the first quarter of fiscal 2003. The adoption of SFAS 144 had no impact on the Company's cash flows, financial position or results of operations.

In June 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities". This statement addresses financial accounting and reporting for costs associated with exit or disposal activities. SFAS 146 became effective in the third quarter of fiscal 2003. The adoption of SFAS 146 had no impact on the Company's cash flows, financial position or results of operations.

In November 2002, the FASB issued Interpretation 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". Interpretation 45 requires a guarantor to include disclosure of certain obligations and, if applicable, at the inception of the guarantee, recognize a liability for the fair value of other certain obligations undertaken in issuing a guarantee. The recognition requirement became effective for guarantees issued or modified after December 31, 2002 and did not have an impact on the Company. The Company adopted the disclosure requirements of Interpretation 45 effective December 2002. The Company has no obligations from guarantees that require disclosure at June 26, 2003, except for a \$6,896 standby letter of credit to secure industrial revenue bonds (as discussed in Note 6) and a \$1,833 standby letter of credit related to self-insurance requirements.

In December 2002, the FASB issued SFAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure". SFAS 148 amends certain provisions of SFAS 123 and is effective for fiscal years beginning after December 15, 2002. The Company is currently evaluating the reporting alternatives of SFAS 148.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51". FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 will become effective during the first quarter of fiscal 2004. The Company enters into various transactions with certain related parties including the rental of buildings under capital leases and purchases from entities owned either directly or indirectly by certain directors, officers and stockholders of the Company. Based on management's initial analysis, it is at least reasonably possible that the Company may be required to consolidate or disclose information for one or more of these entities once the provisions of FIN 46 become effective during the first quarter of 2004. These related party transactions are more fully described in Notes 7 and 9 of the Notes to Consolidated Financial Statements.

In April 2003, the FASB issued SFAS 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies financial accounting and reporting for certain derivative instruments. The Company does not anticipate the adoption of this statement to have a material impact on its consolidated financial statements, as the Company is not currently a party to

9

derivative financial instruments included in this standard.

In May 2003, the FASB issued SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The Company does not anticipate the adoption of this statement to have a material impact on its consolidated financial statements, as the Company is not currently a party to such instruments included in this standard.

### FORWARD LOOKING STATEMENTS

The statements contained in this Annual Report on Form 10-K, and in the Chairman's letter to stockholders accompanying the Annual Report on Form 10-K delivered to stockholders, that are not historical (including statements concerning the Company's expectations regarding market risk) are "forward looking statements". These forward looking statements, which generally are followed (and therefore identified) by a cross reference to "Factors That May Affect Future Results" or are identified by the use of forward looking words and phrases such as "intend", "may", "believes" and "expects", represent the Company's present expectations or beliefs concerning future events. The Company cautions that such statements are qualified by important factors that could cause actual results to differ materially from those in the forward looking statements, including the factors described below under "Factors That May Affect Future Results", as well as the timing and occurrence (or non-occurrence) of transactions and events which may be subject to circumstances beyond the Company's control. Consequently, results actually achieved may differ materially from the expected results included in these statements.

### FACTORS THAT MAY AFFECT FUTURE RESULTS

#### AVAILABILITY OF RAW MATERIALS AND MARKET PRICE FLUCTUATIONS

The availability and cost of raw materials for the production of the Company's products, including peanuts, pecans and other nuts are subject to crop size and yield fluctuations caused by factors beyond the Company's control, such as weather conditions and plant diseases. Additionally, the supply of edible nuts and other raw materials used in the Company's products could be reduced upon a determination by the United States Department of Agriculture (the "USDA") or other government agency that certain pesticides, herbicides or other chemicals

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

used by growers have left harmful residues on portions of the crop or that the crop has been contaminated by aflatoxin or other agents. Shortages in the supply and resulting increases in the prices of nuts and other raw materials used by the Company in its products (to the extent that cost increases cannot be passed on to customers) could have an adverse impact on the Company's profitability. Furthermore, fluctuations in the market prices of nuts may affect the value of the Company's inventories and the Company's profitability. The Company has significant inventories of nuts that would be adversely affected by any decrease in the market price of such raw materials. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- General."

### COMPETITIVE ENVIRONMENT

The Company operates in a highly competitive environment. The Company's principal products compete against food and snack products manufactured and sold by numerous regional and national companies, some of which are substantially larger and have greater resources than the Company, such as Planters and Ralcorp Holdings, Inc. The Company also competes with other shellers in the industrial market and with regional processors in the retail and wholesale markets. In order to maintain or increase its market share, the Company must continue to price its products competitively. This competitive pricing may lower revenue per unit and cause declines in gross margin, if the Company is unable to increase unit volumes as well as reduce its costs.

10

### FIXED PRICE COMMITMENTS

From time to time, the Company enters into fixed price commitments with its customers. Such commitments typically represent approximately 10% of the Company's annual net sales and are normally entered into after the Company's cost to acquire the nut products necessary to satisfy the fixed price commitment is substantially fixed. However, the Company expects to continue to enter into fixed price commitments with respect to certain of its nut products prior to fixing its acquisition cost when, in management's judgment, market or crop harvest conditions so warrant. To the extent the Company does so, these fixed price commitments may result in losses. Historically, however, such losses have generally been offset by gains on other fixed price commitments. However, there can be no assurance that losses from fixed price commitments may not have a material adverse effect on the Company's results of operations.

### 2002 FARM BILL

The Farm Security and Rural Investment Act of 2002 (the "2002 Farm Bill") terminated the federal peanut quota program beginning with the 2002 crop year. The 2002 Farm Bill replaced the federal peanut quota program with a fixed payment system through the 2007 crop year that can be either coupled or decoupled. A coupled system is tied to the actual amount of production, while a decoupled system is not. The series of loans and subsidies established by the 2002 Farm Bill is similar to the systems used for other crops such as grains and cotton. To compensate farmers for the elimination of the peanut quota, the 2002 Farm Bill provides a buy-out at a specified rate for each pound of peanuts that had been in that farmer's quota under the prior program. Additionally, among other provisions, the Secretary of Agriculture may make certain counter-cyclical payments whenever the Secretary believes that the effective price for peanuts is less than the target price.

The termination of the federal peanut quota program has resulted in a decrease in the Company's cost for peanuts. Selling prices have not been adversely affected in a material manner during fiscal 2003, resulting in a favorable impact on the Company's gross profit and gross profit margin. There are no

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

assurances that selling prices for peanuts will not be adversely affected in the future or that the termination of the federal peanut quota program will not have an adverse effect on the Company's business

### PEANUT SHELLING INDUSTRY ANTITRUST INVESTIGATION

On June 17, 2003, the Company received a subpoena for the production of documents and records from the Antitrust Division of the U.S. Department of Justice in connection with an antitrust investigation of the peanut shelling industry. The Company expects to cooperate fully in the investigation. There can be no assurances as to the impact of the investigation on the peanut shelling industry or that the investigation will not have a material adverse effect on the Company.

### ITEM 8 -- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

#### REPORT OF MANAGEMENT

The management of John B. Sanfilippo & Son, Inc. has prepared and is responsible for the integrity of the information presented in this Annual Report on Form 10-K/A, including the Company's financial statements. These statements have been prepared in conformity with generally accepted accounting principles and include, where necessary, informed estimates and judgments by management.

The Company maintains systems of accounting and internal controls designed to provide assurance that assets are properly accounted for, as well as to ensure that the financial records are reliable for preparing financial statements. The systems are augmented by qualified personnel and are reviewed on a periodic basis.

Our independent auditors, PricewaterhouseCoopers LLP, conduct annual audits of our financial statements in accordance with generally accepted auditing standards, which include the review of internal controls for the purpose of establishing audit scope and the issuance of an opinion on the fairness of such financial statements.

The Company has an Audit Committee that meets periodically with management and the independent accountants to review the manner in which they are performing their responsibilities and to discuss auditing, internal accounting controls and financial reporting matters. The independent accountants periodically meet alone with the Audit Committee and have free access to the Audit Committee at any time.

/s/ Michael J. Valentine

-----  
Michael J. Valentine  
Executive Vice President Finance, Chief Financial Officer and Secretary

11

#### REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
and Stockholders of  
John B. Sanfilippo & Son, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of John B. Sanfilippo & Son, Inc. and its subsidiary at June 26, 2003 and June 27, 2002, and the results of their operations and their cash flows for the each of the

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

three years in the period ended June 26, 2003, in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 12 to the consolidated financial statements, the Company has restated its consolidated statements of operations for each of the three years in the period ended June 26, 2003, to reflect a change in the classification of freight costs.

/s/ PricewaterhouseCoopers LLP

-----  
PricewaterhouseCoopers LLP

August 18, 2003, except Note 12,  
as to which the date is January 23, 2004

Chicago, Illinois

12

JOHN B. SANFILIPPO & SON, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
For the years ended June 26, 2003, June 27, 2002 and June 28, 2001  
(dollars in thousands, except for earnings per share)

	YEAR ENDED JUNE 26, 2003 ----- Restated (Note 12)	YEAR ENDED JUNE 27, 2002 ----- Restated (Note 12)	YEAR ENDED JUNE 28, 2001 ----- Restated (Note 12)
Net sales	\$ 419,676	\$ 352,799	\$ 342,357
Cost of sales	347,041 -----	294,931 -----	283,278 -----
Gross profit	72,635 -----	57,868 -----	59,079 -----
Selling expenses	33,213	30,601	29,730
Administrative expenses	10,593 -----	9,365 -----	8,948 -----
Total selling and administrative expenses	43,806 -----	39,966 -----	38,678 -----
Income from operations	28,829	17,902	20,401



Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

	-----	-----	-----
Other income (expense):			
Interest expense (\$842, \$899 and \$956 to related parties)	(4,681)	(5,757)	(8,365)
Rental income	484	576	605
Miscellaneous	2	14	17
	-----	-----	-----
Total other (expense)	(4,195)	(5,167)	(7,743)
	-----	-----	-----
Income before income taxes	24,634	12,735	12,658
Income tax expense	9,607	5,044	5,063
	-----	-----	-----
Net income	\$ 15,027	\$ 7,691	\$ 7,595
	=====	=====	=====
Basic earnings per common share	\$ 1.63	\$ 0.84	\$ 0.83
	=====	=====	=====
Diluted earnings per common share	\$ 1.61	\$ 0.84	\$ 0.83
	=====	=====	=====
Weighted average shares outstanding - basic	9,198,957	9,149,672	9,148,565
	=====	=====	=====
Weighted average shares outstanding - diluted	9,332,889	9,194,951	9,150,332
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

13

JOHN B. SANFILIPPO & SON, INC.  
CONSOLIDATED BALANCE SHEETS  
June 26, 2003 and June 27, 2002  
(dollars in thousands)

	JUNE 26, 2003	JUNE 20
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,448	\$ 1
Accounts receivable, less allowances of \$1,552 and \$1,406	29,142	24
Inventories	112,016	99
Deferred income taxes	1,257	
Income taxes receivable	469	
Prepaid expenses and other current assets	2,192	3

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

TOTAL CURRENT ASSETS	147,524	128
PROPERTIES:		
Buildings	61,485	60
Machinery and equipment	89,980	84
Furniture and leasehold improvements	5,385	5
Vehicles	3,185	3
Construction in progress	1,057	
	161,092	153
Less: Accumulated depreciation	95,838	88
	65,254	65
Land	1,863	1
TOTAL PROPERTIES	67,117	67
OTHER ASSETS:		
Goodwill and other intangibles, less accumulated amortization of \$6,054 and \$5,628	4,370	4
Miscellaneous	4,716	5
TOTAL OTHER ASSETS	9,086	10
TOTAL ASSETS	\$223,727	\$206

The accompanying notes are an integral part of these financial statements.

14

JOHN B. SANFILIPPO & SON, INC.  
CONSOLIDATED BALANCE SHEETS  
June 26, 2003 and June 27, 2002  
(dollars in thousands, except per share amounts)

	JUNE 26, 2003	
	-----	-----
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	\$ 29,702	\$
Current maturities of long-term debt	10,776	
Accounts payable, including related party payables of \$543 and \$337	13,658	
Drafts payable	5,507	
Accrued expenses	12,699	
Income taxes payable	--	
TOTAL CURRENT LIABILITIES	72,342	
LONG-TERM LIABILITIES:		
Long-term debt, less current maturities	29,640	
Deferred income taxes	2,964	

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

TOTAL LONG-TERM LIABILITIES	32,604	
	-----	
COMMITMENTS AND CONTINGENCIES	--	
STOCKHOLDERS' EQUITY:		
Class A Common Stock, convertible to Common Stock on a per share basis, cumulative voting rights of ten votes per share, \$.01 par value; 10,000,000 shares authorized, 3,667,426 and 3,687,426 shares issued and outstanding	37	
Common Stock, noncumulative voting rights of one vote per share, \$.01 par value; 10,000,000 shares authorized, 5,775,564 and 5,583,939 shares issued and outstanding	58	
Capital in excess of par value	58,911	
Retained earnings	60,979	
Treasury stock, at cost; 117,900 shares	(1,204)	
	-----	
TOTAL STOCKHOLDERS' EQUITY	118,781	
	-----	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 223,727	\$
	=====	=====

The accompanying notes are an integral part of these financial statements.

15

JOHN B. SANFILIPPO & SON, INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
For the years ended June 26, 2003, June 27, 2002 and June 28, 2001  
(dollars in thousands)

	CLASS A COMMON STOCK	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	RETA EARN
	-----	-----	-----	-----
Balance, June 29, 2000	\$ 37	\$ 56	\$57,196	\$ 30
Net income and comprehensive income				7
Balance, June 28, 2001	37	56	57,196	38
Net income and comprehensive income				7
Stock options exercised			23	
Balance, June 27, 2002	37	56	57,219	45
Net income and comprehensive income				15
Stock options exercised		2	1,173	
Tax benefit of stock options exercised			519	
Balance, June 26, 2003	\$ 37	\$ 58	\$58,911	\$ 60

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

The accompanying notes are an integral part of these financial statements.

16

JOHN B. SANFILIPPO & SON, INC.  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the years ended June 26, 2003, June 27, 2002 and June 28, 2001  
 (dollars in thousands)

	YEAR ENDED JUNE 26, 2003	YEAR ENDED JUNE 27, 2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 15,027	\$ 7,691
Adjustments:		
Depreciation and amortization	11,248	10,428
(Gain) loss on disposition of properties	(14)	(13)
Deferred income taxes	(378)	(123)
Tax benefit of option exercises	519	--
Change in current assets and current liabilities:		
Accounts receivable, net	(5,009)	2,524
Inventories	(12,531)	(918)
Prepaid expenses and other current assets	840	(1,101)
Accounts payable	(4,083)	6,312
Drafts payable	1,458	(895)
Accrued expenses	2,601	1,958
Income taxes receivable/payable	(767)	1,178
Other	(1,508)	(2,675)
Net cash provided by operating activities	7,403	24,366
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of properties	(7,926)	(4,559)
Proceeds from disposition of properties	29	51
Net cash used in investing activities	(7,897)	(4,508)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) on notes payable	6,183	(14,013)
Principal payments on long-term debt	(5,688)	(5,671)
Issuance of Common Stock	1,175	--
Net cash provided by (used in) financing activities	1,670	(19,684)
NET INCREASE (DECREASE) IN CASH	1,176	174
CASH:		
Beginning of period	1,272	1,098
End of period	\$ 2,448	\$ 1,272
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ 4,579	\$ 5,846
Income taxes paid	10,287	4,062

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

The accompanying notes are an integral part of these financial statements.

17

JOHN B. SANFILIPPO & SON, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollars in thousands, except per share data)

### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

#### Basis of consolidation

The consolidated financial statements include the accounts of John B. Sanfilippo & Son, Inc. and its wholly owned subsidiary (collectively, "JBSS" or the "Company"). Intercompany balances and transactions have been eliminated. Certain prior years' amounts have been reclassified to conform with the current year's presentation. The Company's fiscal year ends on the last Thursday of June each year and typically consists of fifty-two weeks (four thirteen week quarters). All years presented consist of fifty-two week periods.

#### Nature of business

The Company processes and sells shelled and inshell nuts and other snack foods in both retail and wholesale markets. The Company has plants located throughout the United States. Revenues are generated from sales to a variety of customers, including several major retailers and the U.S. government. The related accounts receivable from sales are unsecured.

#### Revenue recognition

The Company records revenue when a persuasive arrangement exists, title has transferred (based upon terms of shipment), price is fixed, delivery occurs and collection is reasonably assured. While customers do have the right to return products, past experience has demonstrated that product returns have been insignificant. The Company offers annual volume rebates to certain customers and estimates the amount of these rebates based upon projected volumes for the year. Provisions for returns and rebates are reflected as a reduction in net sales.

#### Accounts Receivable

Accounts receivable are stated at the amounts charged to customers, less: (i) an allowance for doubtful accounts; (ii) a reserve for estimated cash discounts; and (iii) a reserve for customer deductions. The allowance for doubtful accounts is calculated by specifically identifying customers that are credit risks. The reserve for estimated cash discounts is estimated using historical payment patterns. The reserve for customer deductions represents an estimate of future credit memos that will be issued to customers and is based on historical experience.

#### Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market. Inventory costs are reviewed each quarter. Fluctuations in the market price of peanuts, pecans, walnuts, almonds and other nuts may affect the value of inventory and gross profit and gross profit margin. If expected market sales prices were to move below cost, the Company would record adjustments to write down the carrying values of inventories to fair market value. The results of the Company's shelling process can also result in changes to its inventory costs.

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

### Introductory Funds

The ability to sell to certain retail customers often requires upfront payments by the Company. Such payments are made pursuant to contracts that usually stipulate the term of the agreement, the quantity and type of products to be sold and any exclusivity requirements. The cost of these payments is initially recorded as an asset and is amortized on a straight-line basis over the term of the contract. Total customer incentives included in the Miscellaneous assets and Prepaid expenses and other current assets captions are \$2,329 at June 26, 2003 and \$3,399 at June 27, 2002. Amortization expense, which is recorded as a reduction in sales, was \$2,262, \$1,865 and \$1,528 for the years ended June 26, 2003, June 27, 2002 and June 28, 2001, respectively.

### Shipping and Handling Costs

Shipping and handling costs which include freight and other expenses to prepare finished goods for shipment are included in selling expenses. For the years ended June 26, 2003, June 27, 2002 and June 28, 2001, shipping and handling costs totalled \$14,047, \$12,352, and \$9,979, respectively.

### Properties

Properties are stated at cost. Cost is depreciated using the straight-line method over the following estimated useful lives: buildings -- 30 to 40 years, machinery and equipment -- 5 to 10 years, furniture and leasehold improvements -- 5 to 10 years and vehicles -- 3 to 5 years.

The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any gain or loss is recognized currently. Maintenance and repairs are charged to operations as incurred.

18

Certain lease transactions relating to the financing of buildings are accounted for as capital leases, whereby the present value of future rental payments, discounted at the interest rate implicit in the lease, is recorded as a liability. A corresponding amount is capitalized as the cost of the assets and is amortized on a straight-line basis over the estimated lives of the assets or over the lease terms which range from 20 to 30 years, whichever is shorter. See also Note 7.

### Income taxes

The Company accounts for income taxes using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been reported in the Company's financial statements or tax returns. In estimating future tax consequences, the Company considers all expected future events other than changes in tax law or rates.

### Fair value of financial instruments

Based on borrowing rates presently available to the Company under similar borrowing arrangements, the Company believes the recorded amount of its long-term debt obligations approximates fair market value. The carrying amount of the Company's other financial instruments approximates their estimated fair value based on market prices for the same or similar type of financial instruments.

### Significant customers

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

The highly competitive nature of the Company's business provides an environment for the loss of customers and the opportunity for new customers. Net sales to Wal-Mart Stores, Inc. represented approximately 17% and 16% of the Company's net sales for the years ended June 26, 2003 and June 27, 2002, respectively.

### Segment reporting

The Company operates in a single reportable operating segment by selling various nut products procured and processed in a vertically integrated manner through multiple distribution channels.

### Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include reserves for customer deductions, allowance for doubtful accounts and the costing of inventory. Actual results could differ from those estimates.

### Goodwill and other long-lived assets

The Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", effective June 28, 2002. SFAS 142 requires, among other things, the discontinuance of goodwill amortization. In addition, SFAS 142 includes provisions for the reclassification of certain existing recognized intangible assets as goodwill, reassessment of the useful lives of existing recognized intangible assets, reclassification of certain intangible assets out of previously reported goodwill and the identification of reporting units for purposes of assessing potential future impairments of goodwill. The Company's recorded assets at June 28, 2002 included both an intangible asset and goodwill.

The intangible asset consists of the Fisher brand name that was acquired in 1995. The Company determined that the brand name is of a finite life and is being amortized over a fifteen-year period. Amortization expense for the next five fiscal years is expected to be approximately \$427 annually.

The goodwill represents the excess of the purchase price over the fair value of the net assets in the Company's acquisition of Sunshine Nut Co., Inc. in 1992. The Company determined that it has no separate reporting units; therefore, the goodwill impairment test was performed using the fair value of the entire Company.

Based upon the results of management's impairment testing, which included an independent valuation, no adjustment to the carrying amount of goodwill and the intangible asset is required. As required under SFAS 142, amortization of goodwill has been discontinued.

The Company reviews the carrying value of goodwill and other long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If an impairment was determined to exist, any related impairment loss would be calculated based on fair value. Impairment losses, if any, on assets to be disposed of would be based on the estimated proceeds to be received, less costs of disposal.

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

The following table details goodwill and other intangible assets as of June 26, 2003:

	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
Goodwill	\$2,504	\$1,262	\$1,242
Finite-lived amortized intangible assets	6,368	3,240	3,128
Total	\$8,872	\$4,502	\$4,370

As required under SFAS 142, the results for the years ended June 27, 2002 and June 28, 2001 have not been restated. The tables below present the effect on net income and earnings per share as if SFAS 142 had been in effect for those years:

	YEAR ENDED JUNE 26, 2003	YEAR ENDED JUNE 27, 2002	YEAR JUNE
Reported net income	\$ 15,027	\$ 7,691	\$
Add back:			
Goodwill amortization (net of tax)	--	75	--
Adjusted net income	\$ 15,027	\$ 7,766	\$
Basic and diluted earnings per share:			
Reported earnings per common share (basic)	\$ 1.63	\$ 0.84	\$
Adjusted earnings per common share (basic)	\$ 1.63	\$ 0.85	\$
Reported earnings per common share (diluted)	\$ 1.61	\$ 0.84	\$
Adjusted earnings per common share (diluted)	\$ 1.61	\$ 0.84	\$

### Recent accounting pronouncements

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations". This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS 143 became effective in the first quarter of fiscal 2003. The implementation of SFAS 143 did not have an effect on the Company's cash flows, financial position or results of operations.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement provides a single, comprehensive accounting model for impairment and disposal of long-lived assets and discontinued operations. SFAS 144 became effective in the first quarter of fiscal 2003. The adoption of SFAS 144 had no impact on the Company's cash flows, financial position or results of operations.

In June 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities". This statement addresses financial accounting and reporting for costs associated with exit or disposal activities. SFAS 146 became



## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

effective in the third quarter of fiscal 2003. The adoption of SFAS 146 had no impact on the Company's cash flows, financial position or results of operations.

20

In November 2002, the FASB issued Interpretation 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". Interpretation 45 requires a guarantor to include disclosure of certain obligations and, if applicable, at the inception of the guarantee, recognize a liability for the fair value of other certain obligations undertaken in issuing a guarantee. The recognition requirement became effective for guarantees issued or modified after December 31, 2002 and did not have an impact on the Company. The Company adopted the disclosure requirements of Interpretation 45 effective December 2002. The Company has no obligations from guarantees that require disclosure at June 26, 2003.

In December 2002, the FASB issued SFAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure". SFAS 148 amends certain provisions of SFAS 123 and is effective for fiscal years beginning after December 15, 2002. The Company is currently evaluating the reporting alternatives of SFAS 148.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51". FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 will become effective during the first quarter of fiscal 2004. The Company enters into various transactions with certain related parties including the rental of buildings under capital leases and purchases from entities owned either directly or indirectly by certain directors, officers and stockholders of the Company. Based on management's initial analysis, it is at least reasonably possible that the Company may be required to consolidate or disclose information for one or more of these entities once the provisions of FIN 46 become effective during the first quarter of 2004. These related party transactions are more fully described in Notes 7 and 9 of the Notes to Consolidated Financial Statements.

In April 2003, the FASB issued SFAS 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies financial accounting and reporting for certain derivative instruments. The Company does not anticipate the adoption of this statement to have a material impact on its consolidated financial statements, as the Company is not currently a party to derivative financial instruments included in this standard.

In May 2003, the FASB issued SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The Company does not anticipate the adoption of this statement to have a material impact on its consolidated financial statements, as the Company is not currently a party to such instruments included in this standard.

### NOTE 2 - EARNINGS PER SHARE

Earnings per common share is calculated using the weighted average number of shares of Common Stock and Class A Common Stock outstanding during the period.

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

The following table presents the required earnings per share disclosures:

	YEAR ENDED JUNE 26, 2003 -----	YEAR ENDED JUNE 27, 2002 -----	YEAR ENDED JUNE 28, 2001 -----
Net income	\$ 15,027	\$ 7,691	\$ 7,595
Weighted average shares outstanding	9,198,957	9,149,672	9,148,565
Basic earnings per common share	\$ 1.63	\$ 0.84	\$ 0.83
Effect of dilutive securities:			
Stock options	133,932	45,279	1,767
Weighted average shares outstanding	9,332,889	9,194,951	9,150,332
Diluted earnings per common share	\$ 1.61	\$ 0.84	\$ 0.83

21

The following table summarizes the weighted average number of options which were outstanding for the periods presented but were not included in the computation of diluted earnings per share because the exercise prices of the options were greater than the average market price of the Common Stock:

	NUMBER OF OPTIONS -----	WEIGHTED AVERAGE EXERCISE PRICE -----
Year ended June 26, 2003	51,666	\$ 10.38
Year ended June 27, 2002	166,256	\$ 10.07
Year ended June 28, 2001	450,735	\$ 8.16

NOTE 3 - COMMON STOCK

Each share of the Company's Common Stock, \$.01 par value (the "Common Stock") has noncumulative voting rights of one vote per share. The Company's Class A Common Stock, \$.01 par value (the "Class A Stock"), has cumulative voting rights with respect to the election of those directors which the holders of Class A Stock are entitled to elect, and 10 votes per share on all other matters on which holders of the Company's Class A Stock and Common Stock are entitled to vote. In addition, each share of Class A Stock is convertible at the option of the holder at any time into one share of Common Stock and automatically converts into one share of Common Stock upon any sale or transfer other than to related individuals. The Class A Stock and the Common Stock are entitled to share equally, on a share-for-share basis, in any cash dividends declared by the Board of Directors, and the holders of the Common Stock are entitled to elect 25% of the members comprising the Board of Directors.

NOTE 4 - INCOME TAXES

The provision for income taxes for the years ended June 26, 2003, June 27, 2002 and June 28, 2001 are as follows:

JUNE 26, 2003	JUNE 27, 2002	JUNE 2001
------------------	------------------	--------------

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

	-----	-----	-----
Current:			
Federal	\$ 8,263	\$ 4,183	\$ 3,
State	1,722	984	
Deferred	(378)	(123)	
	-----	-----	-----
Total provision for income taxes	\$ 9,607	\$ 5,044	\$ 5,
	=====	=====	=====

The differences between income taxes at the statutory federal income tax rate and income taxes reported in the statements of operations for the years ended June 26, 2003, June 27, 2002 and June 28, 2001 are as follows:

	JUNE 26,	JUNE 27,
	2003	2002
	-----	-----
Federal statutory income tax rate	35.0%	35.0%
State income taxes, net of federal benefit	4.8	5.0
Surtax exemption	--	(0.8)
Nondeductible items	--	0.6
Other	(0.8)	(0.2)
	----	----
Effective tax rate	39.0%	39.6%
	=====	=====

22

The deferred tax assets and liabilities are comprised of the following:

	JUNE 26, 2003		JUNE 27, 2002	
	-----		-----	
	ASSET	LIABILITY	ASSET	LIABILITY
	-----	-----	-----	-----
Current:				
Allowance for doubtful accounts	\$ 236	\$ --	\$ 204	\$ --
Employee compensation	754	--	560	--
Inventory	47	--	--	19
Accounts receivable	--	--	--	--
Other	220	--	116	--
	-----	-----	-----	-----
Total current	\$1,257	\$ --	\$ 880	\$ 19
	-----	-----	-----	-----
Long-term:				
Depreciation	\$ --	\$5,054	\$ --	\$5,070
Capitalized leases	1,503	--	1,524	--
Other	587	--	600	--
	-----	-----	-----	-----
Total long-term	\$2,090	\$5,054	\$2,124	\$5,070
	-----	-----	-----	-----
Total	\$3,347	\$5,054	\$3,004	\$5,089
	=====	=====	=====	=====

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

NOTE 5 - INVENTORIES

Inventories consist of the following:

	JUNE 26, 2003 -----	JUNE 27, 2002 -----
Raw material and supplies	\$ 36,852	\$ 45,229
Work-in-process and finished goods	75,164	54,256
	-----	-----
Total	\$112,016 =====	\$ 99,485 =====

NOTE 6 - NOTES PAYABLE

Notes payable consist of the following:

	JUNE 26, 2003 -----	JUNE 27, 2002 -----
Revolving bank loan	\$29,702 =====	\$23,519 =====

On March 31, 1998, the Company entered into a new unsecured credit facility, with certain banks, totaling \$70,000 (the "Bank Credit Facility"). On May 30, 2003, the Bank Credit Facility was amended to, among other things, increase the total amount available under the facility to \$80,000. The Bank Credit Facility, as amended, is comprised of (i) a working capital revolving loan, which provides for working capital financing of up to approximately \$73,104, in the aggregate, and matures on May 31, 2006, and (ii) a \$6,896 standby letter of credit, which matures on June 1, 2006. Borrowings under the working capital revolving loan accrue interest at a rate (the weighted average of which was 2.76% at June 26, 2003) determined pursuant to a formula based on the agent bank's quoted rate and the Eurodollar Interbank Rate. The standby letter of credit replaced a prior letter of credit securing certain industrial development bonds that financed the original acquisition, construction, and equipping of the Company's Bainbridge, Georgia facility.

The Bank Credit Facility, as amended, includes certain restrictive covenants that, among other things: (i) require the Company to maintain a minimum tangible net worth; (ii) comply with specified ratios; (iii) limit annual capital expenditures to \$12,000; (iv) restrict dividends to the lesser of 25% of net income for the previous fiscal year or \$5,000; (v) prohibit the Company from redeeming shares of capital stock; and (vi) require that certain officers and stockholders of the Company, together with their respective family members and certain trusts created for the benefits of their respective children, continue to own shares representing the right to elect a majority of the directors of the Company. As of June 26, 2003, the Company was in compliance with all restrictive covenants, as amended, under the Bank Credit Facility.

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

	JUNE 26, 2003 -----
Industrial development bonds, secured by building, machinery and equipment with a cost aggregating \$8,000	\$ 6,750
Capitalized lease obligations	5,786
Series A note payable, interest payable quarterly at 8.72%, principal payable in semi-annual installments of \$200	600
Series B note payable, interest payable quarterly at 9.07%, principal payable in semi-annual installments of \$300	900
Series C note payable, interest payable quarterly at 9.07%, principal payable in semi-annual installments of \$200	600
Series D note payable, interest payable quarterly at 9.18%, principal payable in semi-annual installments of \$150	450
Series E note payable, interest payable quarterly at 7.34%, principal payable in semi-annual installments of \$400	1,200
Series F notes payable, interest payable quarterly at 9.16%, principal payable in semi-annual installments of \$475	2,850
Note payable, interest payable semi-annually at 8.30%, principal payable in annual installments of approximately \$1,429	4,286
Note payable, subordinated, interest payable semi-annually at 9.38%, principal payable in annual installments of \$5,000 beginning on September 1, 2003	15,000
Arlington Heights facility, first mortgage, principal and interest payable at 8.875%, in monthly installments of \$22 through October 1, 2015	1,994
Current maturities	(10,776)
	-----
Total long-term debt	\$ 29,640 =====

JBSS financed the construction of a peanut shelling plant with industrial development bonds in 1987. On June 1, 1997, the Company remarketed the bonds, resetting the interest rate at 5.375% through May 2002, and at a market rate to be determined thereafter. On June 1, 2002, the Company remarketed the bonds, resetting the interest rate at 4% through May 2006, and at a market rate to be determined thereafter. On June 1, 2006, and on each subsequent interest reset date for the bonds, the Company is required to redeem the bonds at face value plus any accrued and unpaid interest, unless a bondholder elects to retain his or her bonds. Any bonds redeemed by the Company at the demand of a bondholder on the reset date are required to be remarketed by the underwriter of the bonds on a "best efforts" basis. The agreement requires the Company to redeem the bonds in varying annual installments, ranging from \$250 to \$780 annually through 2017. The Company is also required to redeem the bonds in certain other circumstances, for example, within 180 days after any determination that interest on the bonds is taxable. The Company has the option at any time, however, subject to certain conditions, to redeem the bonds at face value plus accrued interest, if any.

On September 29, 1992, the Company entered into a long-term financing facility with a major insurance company (the "Long-Term Financing Facility") which provided financing to the Company evidenced by promissory notes in the aggregate principal amount of \$14,000 (the "Initial Financing"). The Initial Financing was comprised of (i) a \$4,000 7.87% Senior Secured Term Note due 2004 (the "Series A

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

Note"), (ii) a \$6,000 8.22% Senior Secured Term Note due 2004 (the "Series B Note"), and (iii) a \$4,000 8.22% Senior Secured Term Note due 2004 (the "Series C Note"). In addition, the Long-Term Financing Facility included a shelf facility providing for the issuance by the Company of additional promissory notes with an aggregate original principal amount of up to \$11,000 (the "Shelf Facility"). On January 15, 1993, the Company borrowed \$3,000 under the Shelf Facility evidenced by an 8.33% Senior Secured Term Note due 2004 (the "Series D Note"). On September 15, 1993, the Company borrowed the remaining \$8,000 available under the Shelf Facility evidenced by a 6.49% Senior Secured Term Note due 2004 (the "Series E Note").

24

On October 19, 1993, the Long-Term Financing Facility was amended to provide for an additional shelf facility providing for the issuance by the Company of additional promissory notes with an aggregate original principal amount of \$10,000 and to terminate and release all liens and security interests in Company properties. On June 23, 1994, the Company borrowed \$10,000 under the additional shelf facility evidenced by an \$8,000 8.31% Series F Senior Note due May 15, 2006 (the "Series F-1 Note") and a \$2,000 8.31% Series F Senior Note due May 15, 2006 (the "Series F-2 Note").

Effective January 1, 1997, the interest rates on each promissory note comprising the Long-Term Financing Facility were increased by 0.85%, due to the Company not meeting the required ratio of (a) net income plus interest expense to (b) senior funded debt for the year ended December 31, 1996.

The Long-Term Financing Facility includes certain restrictive covenants that, among other things: (i) require the Company to maintain specified financial ratios; (ii) require the Company to maintain a minimum tangible net worth; (iii) restrict dividends to a maximum of 25% of cumulative net income from and after January 1, 1995 to the date the dividend is declared; and (iv) require that certain officers and stockholders of the Company, together with their respective family members and certain trusts created for the benefits of their respective children, continue to own shares representing the right to elect a majority of the directors of the Company. As of June 26, 2003, the Company was in compliance with all restrictive covenants, as amended, under the Long-Term Financing Facility.

On September 12, 1995, the Company borrowed an additional \$25,000 under an unsecured long-term financing arrangement (the "Additional Long-Term Financing"). The Additional Long-Term Financing has a maturity date of September 1, 2005 and (i) as to \$10,000 of the principal amount thereof, bears interest at an annual rate of 8.30% and requires annual principal payments of approximately \$1,429 through maturity, and (ii) as to the other \$15,000 of the principal amount thereof (which is subordinated to the Company's other debt facilities), bears interest at an annual rate of 9.38% and requires annual principal payments of \$5,000 beginning on September 1, 2003 through maturity.

The Additional Long-Term Financing includes certain restrictive covenants that, among other things: (i) require the Company to maintain specified financial ratios; (ii) require the Company to maintain a minimum tangible net worth; and (iii) limit cumulative dividends to the sum of (a) 50% of the Company's cumulative net income (or minus 100% of a cumulative net loss) from and after January 1, 1995 to the date the dividend is declared, (b) the cumulative amount of the net proceeds received by the Company during the same period from any sale of its capital stock, and (c) \$5,000. As of June 26, 2003, the Company was in compliance with all restrictive covenants, as amended, under the Additional Long-Term Financing.

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

Aggregate maturities of long-term debt, excluding capitalized lease obligations, are as follows for the years ending:

June 24, 2004	\$10,243
June 30, 2005	9,027
June 29, 2006	13,676
June 28, 2007	123
June 26, 2008	135
Subsequent years	1,426
	-----
Total	\$34,630
	=====

The accompanying financial statements include the following amounts related to assets under capital leases:

	JUNE 26, 2003	JUNE 27, 2002
	-----	-----
Buildings	\$9,520	\$9,520
Less: Accumulated amortization	7,444	7,032
	-----	-----
Total	\$2,076	\$2,488
	=====	=====

As discussed in Note 1, these assets are being amortized over the terms of the leases. Amortization expense aggregated \$412 for the years ended June 26, 2003 and June 27, 2002, and \$411 for the year ended June 28, 2001.

25

Buildings under capital leases are rented from entities that are owned by certain directors, officers and stockholders of JBSS. Future minimum payments under the leases, together with the related present value, are summarized as follows for the years ending:

June 24, 2004	\$1,308
June 30, 2005	1,308
June 29, 2006	1,308
June 28, 2007	1,308
June 26, 2008	1,308
Subsequent years	2,578
	-----
Total minimum lease payments	9,118
Less: Amount representing interest	3,332
	-----
Present value of minimum lease payments	\$5,786
	=====

JBSS also leases buildings and certain equipment pursuant to agreements

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

accounted for as operating leases. Rent expense under these operating leases aggregated \$730, \$598 and \$724 for the years ended June 26, 2003, June 27, 2002 and June 28, 2001, respectively. Aggregate noncancelable lease commitments under these operating leases are as follows for the years ending:

June 24, 2004	\$1,252
June 30, 2005	1,355
June 29, 2006	1,000
June 28, 2007	214
June 26, 2008	133
Subsequent years	10
	-----
	\$3,964
	=====

### NOTE 8 - EMPLOYEE BENEFIT PLANS

JBSS maintains a contributory plan established pursuant to the provisions of section 401(k) of the Internal Revenue Code. The plan provides retirement benefits for all nonunion employees meeting minimum age and service requirements. The Company contributes 50% of the amount contributed by each employee up to certain maximums specified in the plan. Total Company contributions to the 401(k) plan were \$535, \$451 and \$453 for the years ended June 26, 2003, June 27, 2002 and June 28, 2001, respectively.

JBSS contributed \$99, \$90 and \$98 for the years ended June 26, 2003, June 27, 2002 and June 28, 2001, respectively, to multi-employer union-sponsored pension plans. JBSS is presently unable to determine its respective share of either accumulated plan benefits or net assets available for benefits under the union plans.

### NOTE 9 - TRANSACTIONS WITH RELATED PARTIES

In addition to the related party transactions described in Note 7, JBSS also entered into transactions with the following related parties:

#### Purchases

JBSS purchases materials and manufacturing equipment from a company that is 7.8% owned by the Company's Chairman of the Board and Chief Executive Officer. The five children of the Company's Chairman of the Board and Chief Executive Officer own the balance of the entity either directly or as equal beneficiaries of a trust. Two of the children are officers of the Company, and one of the two is also on the Company's

Board of Directors. Purchases aggregated \$7,170, \$6,491 and \$5,512 for the years ended June 26, 2003, June 27, 2002 and June 28, 2001, respectively. Accounts payable aggregated \$516 and \$302 at June 26, 2003 and June 27, 2002, respectively. In addition, JBSS previously leased office and warehouse space to the entity. Rental income from the entity aggregated \$79 and \$154 for the years



## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

ended June 27, 2002 and June 28, 2001, respectively. Accounts receivable aggregated \$2 at June 27, 2002.

JBSS purchases materials from a company that is 33% owned by an individual related to the Company's Chairman of the Board and Chief Executive Officer. Material purchases aggregated \$473, \$402 and \$228 for the years ended June 26, 2003, June 27, 2002 and June 28, 2001, respectively. Accounts payable aggregated \$7 and \$3 at June 26, 2003 and June 27, 2002, respectively.

JBSS purchases supplies from a company that is 33% owned by an individual related to the Company's Chairman of the Board and Chief Executive Officer. Material purchases aggregated \$472, \$408 and \$290 for the years ended June 26, 2003, June 27, 2002 and June 28, 2001, respectively. Accounts payable aggregated \$27 and \$32 at June 26, 2003 and June 27, 2002, respectively.

### Product purchases and sales

JBSS previously purchased materials from and sells products to a company that is owned 33% by the Company's Chairman of the Board and Chief Executive Officer. Material purchases aggregated \$526 and \$408 for the years ended June 27, 2002 and June 28, 2001, respectively. The Company sold products to the same company aggregating \$831 and \$1,414 for the years ended June 27, 2002 and June 28, 2001, respectively. Accounts receivable aggregated \$3 at June 27, 2002.

### Legal services

A lawyer, who is related to an outside director of the Company, provides services to JBSS. This lawyer was a partner in a firm that previously provided services to JBSS. Legal services aggregated \$24, \$17 and \$72 for the years ended June 26, 2003, June 27, 2002 and June 28, 2001, respectively.

### NOTE 10 - STOCK OPTION PLANS

The Company applies Accounting Principles Board Opinion No. 25 and related Interpretations in accounting for its stock-based compensation plans. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under the plans with the alternative method of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, the effect on the Company's net income for the years ended June 26, 2003, June 27, 2002 and June 28, 2001 would not have been significant.

In October 1991, JBSS adopted a stock option plan (the "1991 Stock Option Plan") which became effective on December 10, 1991 and was terminated early by the Board of Directors on February 28, 1995. Pursuant to the terms of the 1991 Stock Option Plan, options to purchase up to 350,000 shares of Common Stock could be awarded to certain executives and key employees of JBSS and its subsidiaries. The exercise price of the options was determined as set forth in the 1991 Stock Option Plan by the Board of Directors. The exercise price for the stock options was at least fair market value with the exception of nonqualified stock options which had an exercise price equal to at least 33% of the fair market value of the Common Stock on the date of grant. Except as set forth in the 1991 Stock Option Plan, options expire upon termination of employment. All of the options granted were intended to qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code (the "Code").

The termination of the 1991 Stock Option Plan, effective February 28, 1995, did not affect options granted under the 1991 Stock Option Plan which remained outstanding as of the effective date of termination. Accordingly, the unexercised options outstanding under the 1991 Stock Option Plan at June 26, 2003 will continue to be governed by the terms of the 1991 Stock Option Plan.

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

27

The following is a summary of activity under the 1991 Stock Option Plan:

	Number of Shares	Weighted Average Exercise Price
	-----	-----
Outstanding at June 29, 2000	61,300	\$ 12.12
Canceled	(6,400)	\$ 12.09
	-----	
Outstanding at June 28, 2001	154,900	\$ 12.12
Exercised	(550)	\$ 6.00
Canceled	(110,000)	\$ 12.16
	-----	
Outstanding at June 27, 2002	44,350	\$ 11.55
Exercised	(33,650)	\$ 11.32
Canceled	(5,500)	\$ 15.00
	-----	
Outstanding at June 26, 2003	5,200	\$ 9.43
	=====	
Options exercisable at June 26, 2003	5,200	\$ 9.43
Options exercisable at June 27, 2002	44,350	\$ 11.55
Options exercisable at June 28, 2001	154,900	\$ 12.12

Exercise prices for options outstanding as of June 26, 2003 ranged from \$6.00 to \$13.75. The weighted average remaining contractual life of those options is 0.9 years. The options outstanding at June 26, 2003 may be segregated into two ranges, as is shown in the following:

	Option Price Per Share \$6.00	Option Price Per Share \$13.75
	-----	-----
Number of options	2,900	2,300
Weighted-average exercise price	\$ 6.00	\$ 13.75
Weighted-average remaining life (years)	1.5	0.1
Number of options exercisable	2,900	2,300
Weighted average exercise price for exercisable options	\$ 6.00	\$ 13.75

At the Company's annual meeting of stockholders on May 2, 1995, the Company's stockholders approved, and the Company adopted, effective as of March 1, 1995, a new stock option plan (the "1995 Equity Incentive Plan") to replace the 1991 Stock Option Plan. The 1995 Equity Incentive Plan was terminated early by the Board of Directors on August 27, 1998. Pursuant to the terms of the 1995 Equity Incentive Plan, options to purchase up to 200,000 shares of Common Stock could be awarded to certain key employees and "outside directors" (i.e. directors who are not employees of the Company or any of its subsidiaries). The exercise price of the options was determined as set forth in the 1995 Equity Incentive Plan by

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

the Board of Directors. The exercise price for the stock options was at least the fair market value of the Common Stock on the date of grant, with the exception of nonqualified stock options which had an exercise price equal to at least 50% of the fair market value of the Common Stock on the date of grant. Except as set forth in the 1995 Equity Incentive Plan, options expire upon termination of employment or directorship. The options granted under the 1995 Equity Incentive Plan are exercisable 25% annually commencing on the first anniversary date of grant and become fully exercisable on the fourth anniversary date of grant. All of the options granted, except those granted to outside directors, were intended to qualify as incentive stock options within the meaning of Section 422 of the Code.

The termination of the 1995 Equity Incentive Plan, effective August 27, 1998, did not affect options granted under the 1995 Equity Incentive Plan which remained outstanding as of the effective date of termination. Accordingly, the unexercised options outstanding under the 1995 Equity Incentive Plan at June 26, 2003 will

28

continue to be governed by the terms of the 1995 Equity Incentive Plan.

The following is a summary of activity under the 1995 Equity Incentive Plan:

	Number of Shares -----	Weighted Average Exercise Price -----
Outstanding at June 29, 2000	124,200	\$ 7.75
Canceled	(16,600)	\$ 9.04
	-----	
Outstanding at June 28, 2001	107,600	\$ 7.58
Exercised	(600)	\$ 6.25
Canceled	(20,700)	\$ 7.51
	-----	
Outstanding at June 27, 2002	86,300	\$ 7.61
Exercised	(57,200)	\$ 7.41
Canceled	(7,000)	\$ 8.48
	-----	
Outstanding at June 26, 2003	22,100	\$ 7.86
	=====	
Options exercisable at June 26, 2003	22,100	\$ 7.86
Options exercisable at June 27, 2002	86,300	\$ 7.61
Options exercisable at June 28, 2001	107,600	\$ 7.58

Exercise prices for options outstanding as of June 26, 2003 ranged from \$6.00 to \$10.50. The weighted average remaining contractual life of those options is 3.0 years. The options outstanding at June 26, 2003 may be segregated into two ranges, as is shown in the following:

Option Price Per Share Range	Option Price Per Share Range
---------------------------------	---------------------------------

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

	\$6.00-\$6.63	\$9.38-\$10.50
	-----	-----
Number of options	11,100	11,000
Weighted-average exercise price	\$ 6.26	\$ 9.48
Weighted-average remaining life (years)	3.8	2.2
Number of options exercisable	11,100	11,000
Weighted average exercise price for exercisable options	\$ 6.26	\$ 9.48

At the Company's annual meeting of stockholders on October 28, 1998, the Company's stockholders approved, and the Company adopted, effective as of September 1, 1998, a new stock option plan (the 1998 Equity Incentive Plan") to replace the 1995 Equity Incentive Plan. Pursuant to the terms of the 1998 Equity Incentive Plan, options to purchase up to 700,000 shares of Common Stock could be awarded to certain key employees and "outside directors" (i.e. directors who are not employees of the Company or any of its subsidiaries). The exercise price of the options will be determined as set forth in the 1998 Equity Incentive Plan by the Board of Directors. The exercise price for the stock options must be at least the fair market value of the Common Stock on the date of grant, with the exception of nonqualified stock options which have an exercise price equal to at least 50% of the fair market value of the Common Stock on the date of grant. Except as set forth in the 1998 Equity Incentive Plan options expire upon termination of employment or directorship. The options granted under the 1998 Equity Incentive Plan are exercisable 25% annually commencing on the first anniversary date of grant and become fully exercisable on the fourth anniversary date of grant. All of the options granted, except those granted to outside directors, were intended to qualify as incentive stock options within the meaning of Section 422 of the Code.

29

The following is a summary of activity under the 1998 Equity Incentive Plan:

	Number of Shares	Weighted Average Exercise Price
	-----	-----
Outstanding at June 29, 2000	195,500	\$ 4.38
Granted	3,000	\$ 4.06
Canceled	(28,750)	\$ 4.35
	-----	
Outstanding at June 28, 2001	169,750	\$ 4.38
Granted	8,000	\$ 5.68
Exercised	(3,750)	\$ 4.50
Canceled	(10,000)	\$ 4.33
	-----	
Outstanding at June 27, 2002	164,000	\$ 4.35
Granted	144,500	\$ 7.08
Exercised	(82,975)	\$ 4.33
Canceled	(1,250)	\$ 4.50
	-----	
Outstanding at June 26, 2003	224,275	\$ 6.11
	=====	
Options exercisable at June 26, 2003	42,775	\$ 4.36

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

Options exercisable at June 27, 2002	84,125	\$ 4.34
Options exercisable at June 28, 2001	50,750	\$ 4.31

Exercise prices for options outstanding as of June 26, 2003 ranged from \$3.44 to \$17.51. The weighted average remaining contractual life of those options is 8.3 years. The options outstanding at June 26, 2003 may be segregated into two ranges, as is shown in the following:

	Option Price Per Share Range \$3.44-\$7.80 -----	Option Price Share \$17.51 -----
Number of options	222,775	1,500
Weighted-average exercise price	\$ 6.03	\$ 17.51
Weighted-average remaining life (years)	8.3	10.0
Number of options exercisable	42,775	--
Weighted average exercise price for exercisable options	\$ 4.36	--

NOTE 11 - COMMITMENTS AND CONTINGENCIES

On June 17, 2003, the Company received a subpoena for the production of documents and records from the Antitrust Division of the U.S. Department of Justice in connection with an antitrust investigation of the peanut shelling industry. The Company expects to cooperate fully in the investigation. There can be no assurances as to the impact of the investigation on the peanut shelling industry or that the investigation will not have a material adverse effect on the Company.

The Company is also party to various lawsuits, proceedings and other matters arising out of the conduct of its business. It is management's opinion that the ultimate resolution of these matters will not have a significant effect upon the business, financial condition or results of operations of the Company.

NOTE 12 - NET SALES AND SELLING EXPENSES RESTATEMENT

The Company has restated its financial statements to change the classification of freight costs, which had previously been reported as a reduction in net sales rather than selling expenses, in accordance with the guidance of Emerging Issues Task Force No. 00-10, "Accounting for Shipping and Handling Fees and Costs." The Company has included a disclosure of its accounting policy related to shipping and handling costs (Note 1) and has made the appropriate modifications to the consolidated statements of operations to give effect to the change in classification of freight costs. The effect of this change in classification is to increase net sales and selling expenses by corresponding amounts for all periods presented, as indicated below. The change in classification has no effect on income from operations or net income, nor any effect on the Company's consolidated balance sheet, changes in stockholders' equity and cash flows. The table below summarizes the effect of the change in classification.

As Reported	As Restated
-----	-----

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

Net Sales		
Fiscal		
2003	\$408,534	\$419,676
2002	343,245	352,799
2001	334,878	342,357
Twenty-six weeks ended		
December 26, 2002 (unaudited)	227,305	233,434
Gross Profit		
Fiscal		
2003	61,493	72,635
2002	48,314	57,868
2001	51,600	59,079
Twenty-six weeks ended		
December 26, 2002 (unaudited)	33,600	39,729
Selling Expenses		
Fiscal		
2003	22,071	33,213
2002	21,047	30,601
2001	22,251	29,730
Twenty-six weeks ended		
December 26, 2002 (unaudited)	10,682	16,811
Total Selling and Administrative Expenses		
Fiscal		
2003	32,664	43,806
2002	30,412	39,966
2001	31,199	38,678
Twenty-six weeks ended		
December 26, 2002 (unaudited)	15,299	21,428

NOTE 13 - UNAUDITED SUPPLEMENTARY QUARTERLY DATA

The following unaudited quarterly consolidated financial data are presented for fiscal 2003 and 2002.

	First Quarter -----	Second Quarter -----	Third Quarter -----
Year Ended June 26, 2003:			
Net sales--			
As previously reported	\$ 93,069	\$134,236	\$ 84,284
As restated	95,327	138,107	86,951
Gross profit--			
As previously reported	11,042	22,558	13,072
As restated	13,300	26,429	15,739
Income from operations	3,818	14,483	3,652
Net income	1,678	8,243	1,573
Basic earnings per common share	\$ 0.18	\$ 0.90	\$ 0.17
Diluted earnings per common share	\$ 0.18	\$ 0.89	\$ 0.17

Year Ended June 27, 2002:

Net sales--

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

As previously reported	\$ 84,759	\$112,755	\$ 67,114
As restated	87,509	115,348	68,897
Gross profit--			
As previously reported	11,192	17,331	8,633
As restated	13,942	19,924	10,416
Income from operations	3,284	9,205	1,732
Net income	1,079	4,773	268
Basic and diluted earnings per common share	\$ 0.12	\$ 0.52	\$ 0.03

As described in Note 12, the Company has revised its previously updated net sales and gross profit to reflect a change in the classification of freight costs. The change had no effect on income from operations or net income.

30

PART IV

ITEM 15 -- EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) FINANCIAL STATEMENTS

The following financial statements of the Company are included in Part II, Item 8 of this Report:

Report of Independent Accountants  
 Consolidated Statements of Operations for the Year Ended June 26, 2003,  
 the Year Ended June 27, 2002 and the Year Ended June 28, 2001  
 Consolidated Balance Sheets as of June 26, 2003 and June 27, 2002  
 Consolidated Statements of Stockholders' Equity for the Year Ended  
 June 26, 2003, the Year Ended June 27, 2002 and the Year Ended  
 June 28, 2001  
 Consolidated Statements of Cash Flows for the Year Ended June 26, 2003,  
 the Year Ended June 27, 2002 and the Year Ended June 28, 2001  
 Notes to Consolidated Financial Statements

(2) FINANCIAL STATEMENT SCHEDULES

The following information included in this Report is filed as a part hereof:

Report of Independent Accountants on Financial Statement Schedule  
 Schedule II -- Valuation and Qualifying Accounts and Reserves

All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

(3) EXHIBITS

The exhibits required by Item 601 of Regulation S-K and filed herewith are listed in the Exhibit Index which follows the signature page and

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

immediately precedes the exhibits filed.

31

(b) REPORTS ON FORM 8-K

On April 29, 2003, the Company filed a Current Report on Form 8-K, dated April 23, 2003, announcing quarterly financial results.

(c) EXHIBITS

See Item 15(a)(3) above.

(d) FINANCIAL STATEMENT SCHEDULES

See Item 15(a)(2) above.

32

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JOHN B. SANFILIPPO & SON, INC.

Date: January 26, 2004

By: /s/ Jasper B. Sanfilippo

-----  
Jasper B. Sanfilippo  
Chairman of the Board  
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name -----	Title -----
/s/ Jasper B. Sanfilippo ----- Jasper B. Sanfilippo	Chairman of the Board and Chief Executive Officer and Director (Principal Executive Officer)
/s/ Michael J. Valentine ----- Michael J. Valentine	Executive Vice President Finance, Chief Financial Officer and Secretary and Director (Principal Financial Officer)
/s/ William R. Pokrajac ----- William R. Pokrajac	Vice President of Finance (Principal Accounting Officer)
/s/ Mathias A. Valentine ----- Mathias A. Valentine	Director



Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

----- Jim Edgar	Director
----- John W.A. Buyers	Director
----- Timothy R. Donovan	Director
/s/ Jeffrey T. Sanfilippo ----- Jeffrey T. Sanfilippo	Executive Vice President Sales and Marketing and Director
/s/ Jasper B. Sanfilippo, Jr. ----- Jasper B. Sanfilippo, Jr.	Executive Vice President Operations and Director

33

Report of Independent Auditors on  
Financial Statement Schedule

To the Board of Directors  
of John B. Sanfilippo & Son, Inc.

Our audits of the consolidated financial statements of John B. Sanfilippo & Son, Inc. referred to in our report dated August 18, 2003, except for Note 12, as to which the date is January 23, 2004, appearing on page 12 of this 2003 Annual Report on Form 10-K/A also included an audit of the Financial Statement Schedule listed in Item 15(a)(2). In our opinion, the Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP  
-----

PricewaterhouseCoopers LLP

August 18, 2003, except for Note 12,  
as to which the date is January 23, 2004

Chicago, Illinois

34

JOHN B. SANFILIPPO & SON, INC.  
SCHEDULE II  
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

For the year ended June 26, 2003, the year ended June 27, 2002  
and the year ended June 28, 2001  
(Dollars in thousands)

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	DEDUCTIONS	BALA END OF
JUNE 26, 2003				
Allowance for doubtful accounts	\$ 511	\$ 314	\$ (234)	\$
Reserve for cash discounts	109	4,516	(4,485)	
Reserve for customer deductions	786	7,355	(7,320)	
Total	\$ 1,406	\$ 12,185	\$ (12,039)	\$
JUNE 27, 2002				
Allowance for doubtful accounts	\$ 390	\$ 155	\$ (34)	\$
Reserve for cash discounts	109	3,928	(3,928)	
Reserve for customer deductions	894	5,169	(5,277)	
Total	\$ 1,393	\$ 9,252	\$ (9,239)	\$
JUNE 28, 2001				
Allowance for doubtful accounts	\$ 769	\$ 13	\$ (392)	\$
Reserve for cash discounts	109	3,610	(3,610)	
Reserve for customer deductions	2,299	3,959	(5,364)	
Total	\$ 3,177	\$ 7,582	\$ (9,366)	\$

35

JOHN B. SANFILIPPO & SON, INC.  
EXHIBIT INDEX  
(Pursuant to Item 601 of Regulation S-K)

Exhibit Number	Description
1	Not applicable
2	Not applicable
3.1	Restated Certificate of Incorporation of Registrant (2)
3.2	Certificate of Correction to Restated Certificate (2)
3.3	Bylaws of Registrant (1)
4.1	Specimen Common Stock Certificate (3)
4.2	Specimen Class A Common Stock Certificate (3)
4.3	Second Amended and Restated Note Agreement by and between the Registrant and The Prudential Insurance Company of America ("Prudential") dated January 24, 1997 (the "Long-Term Financing Facility") (17)
4.4	7.87% Series A Senior Note dated September 29, 1992 in the original principal amount of \$4.0 million due August 15, 2004 executed by the

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

Registrant in favor of Prudential(5)

- 4.5 8.22% Series B Senior Note dated September 29, 1992 in the original principal amount of \$6.0 million due August 15, 2004 executed by the Registrant in favor of Prudential(5)
- 4.6 8.22% Series C Senior Note dated September 29, 1992 in the original principal amount of \$4.0 million due August 15, 2004 executed by the Registrant in favor of Prudential(5)
- 4.7 8.33% Series D Senior Note dated January 15, 1993 in the original principal amount of \$3.0 million due August 15, 2004 executed by the Registrant in favor of Prudential(6)
- 4.8 6.49% Series E Senior Note dated September 15, 1993 in the original principal amount of \$8.0 million due August 15, 2004 executed by the Registrant in favor of Prudential(9)
- 4.9 8.31% Series F Senior Note dated June 23, 1994 in the original principal amount of \$8.0 million due May 15, 2006 executed by the Registrant in favor of Prudential(10)
- 4.10 8.31% Series F Senior Note dated June 23, 1994 in the original principal amount of \$2.0 million due May 15, 2006 executed by the Registrant in favor of Prudential(10)
- 4.11 Amended and Restated Guaranty Agreement dated as of October 19, 1993 by Sunshine in favor of Prudential(8)
- 4.12 Amendment to the Second Amended and Restated Note Agreement dated May 21, 1997 by and among Prudential, Sunshine and the Registrant(18)
- 4.13 Amendment to the Second Amended and Restated Note Agreement dated March 31, 1998 by and among Prudential, the Registrant, Sunshine, and Quantz Acquisition Co., Inc. ("Quantz")(19)
- 4.14 Guaranty Agreement dated as of March 31, 1998 by JBS International, Inc. ("JBSI") in favor of Prudential(19)
- 4.15 Amendment and Waiver to the Second Amended and Restated Note Agreement dated February 5, 1999 by and among Prudential, the Registrant, Sunshine, JBSI and Quantz(22)
- 4.16 Amendment to the Second Amended and Restated Note Agreement dated May 30, 2003 by and among Prudential, the Registrant and JBSI(27)

36

Exhibit Number	Description
4.17	Guaranty Agreement dated as of May 30, 2003 by JBSI in favor of Prudential(27)
4.18	Note Purchase Agreement dated as of August 30, 1995 between the Registrant and Teachers Insurance and Annuity Association of America

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

("Teachers") (14)

- 4.19 8.30% Senior Note due 2005 in the original principal amount of \$10.0 million, dated September 12, 1995 and executed by the Registrant in favor of Teachers(14)
- 4.20 9.38% Senior Subordinated Note due 2005 in the original principal amount of \$15.0 million, dated September 12, 1995 and executed by the Registrant in favor of Teachers(14)
- 4.21 Guaranty Agreement dated as of August 30, 1995 by Sunshine in favor of Teachers (Senior Notes) (14)
- 4.22 Guaranty Agreement dated as of August 30, 1995 by Sunshine in favor of Teachers (Senior Subordinated Notes) (14)
- 4.23 Amendment, Consent and Waiver, dated as of March 27, 1996, by and among Teachers, Sunshine and the Registrant(16)
- 4.24 Amendment No. 2 to Note Purchase Agreement dated as of January 24, 1997 by and among Teachers, Sunshine and the Registrant(17)
- 4.25 Amendment to Note Purchase Agreement dated May 19, 1997 by and among Teachers, Sunshine and the Registrant(19)
- 4.26 Amendment No. 3 to Note Purchase Agreement dated as of March 31, 1998 by and among Teachers, Sunshine, Quantz and the Registrant(19)
- 4.27 Guaranty Agreement dated as of March 31, 1998 by JBSI in favor of Teachers (Senior Notes) (19)
- 4.28 Guaranty Agreement dated as of March 31, 1998 by JBSI in favor of Teachers (Senior Subordinated Notes) (19)
- 4.29 Amendment and Waiver to Note Purchase Agreement dated February 5, 1999 by and among Teachers, Sunshine, Quantz, JBSI and the Registrant(22)
- 4.30 Amendment and waiver to Note Purchase Agreement dated October 26, 1999 between Teachers and the Registrant(23)
- 5-9 Not applicable
- 10.1 Certain documents relating to \$8.0 million Decatur County-Bainbridge Industrial Development Authority Industrial Development Revenue Bonds (John B. Sanfilippo & Son, Inc. Project) Series 1987 dated as of June 1, 1987(1)
- 10.2 Industrial Building Lease (the "Touhy Avenue Lease") dated November 1, 1985 between the Registrant and LNB, as Trustee under Trust Agreement dated September 20, 1966 and known as Trust No. 34837(11)
- 10.3 First Amendment to the Touhy Avenue Lease dated June 1, 1987(11)
- 10.4 Second Amendment to the Touhy Avenue Lease dated December 14, 1990(11)
- 10.5 Third Amendment to the Touhy Avenue Lease dated September 1, 1991(15)
- 10.6 Mortgage, Assignment of Rents and Security Agreement made on September 29, 1992 by LaSalle Trust, not personally but as Successor

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

Trustee under Trust Agreement dated February 7, 1979 and known as Trust Number 100628 in favor of the Registrant relating to the properties commonly known as 2299 Busse Road and 1717 Arthur Avenue, Elk Grove Village, Illinois(5)

- 10.7 Industrial Building Lease dated June 1, 1985 between Registrant and LNB, as Trustee under Trust Agreement dated February 7, 1979 and known as Trust No. 100628(1)

37

Exhibit Number	Description
10.8	First Amendment to Industrial Building Lease dated September 29, 1992 by and between the Registrant and LaSalle Trust, not personally but as Successor Trustee under Trust Agreement dated February 7, 1979 and known as Trust Number 100628(5)
10.9	Second Amendment to Industrial Building Lease dated March 3, 1995 by and between the Registrant and LaSalle Trust, not personally but as Successor Trustee under Trust Agreement dated February 7, 1979 and known as Trust Number 100628(12)
10.10	Third Amendment to Industrial Building Lease dated August 15, 1998 by and between the Registrant and LaSalle Trust, not personally but as Successor Trustee under Trust Agreement dated February 7, 1979 and known as Trust Number 100628(20)
10.11	Ground Lease dated January 1, 1995 between the Registrant and LaSalle Trust, not personally but as Successor Trustee under Trust Agreement dated February 7, 1979 and known as Trust Number 100628(12)
10.12	Party Wall Agreement, dated March 3, 1995 between the Registrant, LaSalle Trust, not personally but as Successor Trustee under Trust Agreement dated February 7, 1979 and known as Trust Number 100628, and the Arthur/Busse Limited Partnership(12)
10.13	Tax Indemnification Agreement between Registrant and certain Stockholders of Registrant prior to its initial public offering(2)
*10.14	Indemnification Agreement between Registrant and certain Stockholders of Registrant prior to its initial public offering(2)
*10.15	The Registrant's 1991 Stock Option Plan(1)
*10.16	First Amendment to the Registrant's 1991 Stock Option Plan(4)
*10.17	John B. Sanfilippo & Son, Inc. Split-Dollar Insurance Agreement Number One among John E. Sanfilippo, as trustee of the Jasper and Marian Sanfilippo Irrevocable Trust, dated September 23, 1990, Jasper B. Sanfilippo, Marian R. Sanfilippo and Registrant, and Collateral Assignment from John E. Sanfilippo as trustee of the Jasper and Marian Sanfilippo Irrevocable Trust, dated September 23, 1990, as assignor, to Registrant, as assignee(7)

Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

- \*10.18 John B. Sanfilippo & Son, Inc. Split-Dollar Insurance Agreement Number Two among Michael J. Valentine, as trustee of the Valentine Life Insurance Trust, dated May 15, 1991, Mathias Valentine, Mary Valentine and Registrant, and Collateral Assignment from Michael J. Valentine, as trustee of the Valentine Life Insurance Trust, dated May 15, 1991, as assignor, and Registrant, as assignee(7)
- 10.19 Outsource Agreement between the Registrant and Preferred Products, Inc. dated January 19, 1995 [CONFIDENTIAL TREATMENT REQUESTED] (12)
- 10.20 Letter Agreement between the Registrant and Preferred Products, Inc. dated February 24, 1995, amending the Outsource Agreement dated January 19, 1994 [CONFIDENTIAL TREATMENT REQUESTED] (12)
- \*10.21 The Registrant's 1995 Equity Incentive Plan(13)
- 10.22 Promissory Note (the "ILIC Promissory Note") in the original principal amount of \$2.5 million, dated September 27, 1995 and executed by the Registrant in favor of Indianapolis Life Insurance Company ("ILIC") (15)
- 10.23 First Mortgage and Security Agreement (the "ILIC Mortgage") by and between the Registrant, as mortgagor, and ILIC, as mortgagee, dated September 27, 1995, and securing the ILIC Promissory Note and relating to the property commonly known as 3001 Malmo Drive, Arlington Heights, Illinois(15)

38

Exhibit Number	Description
10.24	Assignment of Rents, Leases, Income and Profits dated September 27, 1995, executed by the Registrant in favor of ILIC and relating to the ILIC Promissory Note, the ILIC Mortgage and the Arlington Heights facility(15)
10.25	Environmental Risk Agreement dated September 27, 1995, executed by the Registrant in favor of ILIC and relating to the ILIC Promissory Note, the ILIC Mortgage and the Arlington Heights facility(15)
10.26	Credit Agreement dated as of March 31, 1998 among the Registrant, Sunshine, Quantz, JBSI, U.S. Bancorp Ag Credit, Inc. ("USB") as Agent, Keybank National Association ("KNA"), and LNB(19)
*10.27	The Registrant's 1998 Equity Incentive Plan(22)
*10.28	First Amendment to the Registrant's 1998 Equity Incentive Plan(25)
10.29	Second Amendment to Credit Agreement dated May 10, 2000 by and among the Registrant, JBSI, USB as Agent, LNB and SunTrust Bank, N.A. ("STB") (replacing KNA) (24)
10.30	Third Amendment to Credit Agreement dated May 20, 2002 by and among the Registrant, JBSI, USB as Agent, LNB and STB) (26)
10.31	Fourth Amendment to Credit Agreement dated May 30, 2003 by and among

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

the Registrant, JBSI, USB as Agent, LNB and STB(27)

- 10.32 Revolving Credit Note in the principal amount of \$40.0 million executed by the Registrant and JBSI in favor of USB, dated as of May 30, 2003(27)
- 10.33 Revolving Credit Note in the principal amount of approximately \$22.9 million executed by the Registrant and JBSI in favor of STB, dated as of May 30, 2003(27)
- 10.34 Revolving Credit Note in the principal amount of approximately \$17.1 million executed by the Registrant and JBSI in favor of LSB, dated as of May 30, 2003(27)
- 10.35 Industrial Building Lease between the Registrant and Cabot Acquisition, LLC dated April 18, 2003(27)
- 11-20 Not applicable
- 21 Subsidiaries of the Registrant(27)
- 22 Not applicable
- 23 Consent of PricewaterhouseCoopers LLP, filed herewith
- 24-31 Not applicable
- 31.1 Certification of Jasper B. Sanfilippo pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended, filed herewith
- 31.2 Certification of Michael J. Valentine pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended, filed herewith
- 32.1 Certification of Jasper B. Sanfilippo pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
- 32.2 Certification of Michael J. Valentine pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
- 33-99 Not applicable

-----

- (1) Incorporated by reference to the Registrant's Registration Statement on Form S-1,

39

Registration No. 33-43353, as filed with the Commission on October 15, 1991 (Commission File No. 0-19681).

- (2) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 (Commission File No. 0-19681).
- (3) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (Amendment No. 3), Registration No. 33-43353, as filed with the Commission on November 25, 1991

## Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

(Commission File No. 0-19681).

- (4) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the second quarter ended June 25, 1992 (Commission File No. 0-19681).
- (5) Incorporated by reference to the Registrant's Current Report on Form 8-K dated September 29, 1992 (Commission File No. 0-19681).
- (6) Incorporated by reference to the Registrant's Current Report on Form 8-K dated January 15, 1993 (Commission File No. 0-19681).
- (7) Incorporated by reference to the Registrant's Registration Statement on Form S-1, Registration No. 33-59366, as filed with the Commission on March 11, 1993 (Commission File No. 0-19681).
- (8) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the third quarter ended September 30, 1993 (Commission File No. 0-19681).
- (9) Incorporated by reference to the Registrant's Current Report on Form 8-K dated September 15, 1993 (Commission File No. 0-19681).
- (10) Incorporated by reference to the Registrant's Current Report and Form 8-K dated June 23, 1994 (Commission File No. 0-19681).
- (11) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (Commission File No. 0-19681).
- (12) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 (Commission File No. 0-19681).
- (13) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the first quarter ended March 30, 1995 (Commission File No. 0-19681).
- (14) Incorporated by reference to the Registrant's Current Report on Form 8-K dated September 12, 1995 (Commission File No. 0-19681).
- (15) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the third quarter ended September 28, 1995 (Commission File No. 0-19681).
- (16) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Commission File No. 0-19681).
- (17) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 (Commission File No. 0-19681).
- (18) Incorporated by reference to the Registrant's Current Report on Form 8-K dated May 21, 1997 (Commission File No. 0-19681).



Edgar Filing: SANFILIPPO JOHN B & SON INC - Form 10-K/A

- (19) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the third

40

quarter ended March 26, 1998 (Commission File No. 0-19681).

- (20) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 25, 1998 (Commission File No. 0-19681).

- (21) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the first quarter ended September 24, 1998 (Commission File No. 0-19681).

- (22) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the second quarter ended December 24, 1998 (Commission File No. 0-19681).

- (23) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the first quarter ended September 23, 1999 (Commission File No. 0-19681).

- (24) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2000 (Commission File No. 0-19681).

- (25) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the second quarter ended December 28, 2000 (Commission File No. 0-19681).

- (26) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 27, 2002 (Commission File No. 0-19681).

- (27) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 26, 2003 (Commission File No. 0-19681).

- \* Indicates a management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 14(c).

41