GUARANTY FEDERAL BANCSHARES INC
Form 10-Q
November 14, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)
[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2006

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission number 0-23325

Guaranty Federal Bancshares, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**43-1792717**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1341 West Battlefield	
Springfield, Missouri	**65807**
(Address of principal executive offices)	(Zip Code)

Telephone Number: (417) 520-4333

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 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 [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of “accelerated filer” and “large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer [ ] Accelerated filer [ ]
Non-accererated filer [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-2 of the Exchange Act).
Yes [ ] No [X]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding as of November 14, 2006
Common Stock, Par Value $0.10 per share	2,916,560 Shares

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

GUARANTY FEDERAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
SEPTEMBER 30, 2006 (UNAUDITED) AND DECEMBER 31, 2005

ASSETS		9/30/06	12/31/05
Cash	$	15,070,804	17,990,774
Interest-bearing deposits in other financial institutions		4,995,260	2,515,704
Cash and cash equivalents		20,066,064	20,506,478
Available-for-sale securities		9,331,152	6,757,147
Held-to-maturity securities		791,123	944,724
Stock in Federal Home Loan Bank, at cost		6,322,700	4,978,800
Mortgage loans held for sale		2,489,050	2,092,279
Loans receivable, net of allowance for loan losses of September 30, 2006 - $5,618,872 - December 31, 2005 - $5,399,654		465,209,114	433,435,429
Accrued interest receivable:			
Loans		2,495,998	2,040,872
Investments		104,265	48,255
Prepaid expenses and other assets		1,320,999	2,604,425
Foreclosed assets held for sale		502,126	26,775
Premises and equipment		8,019,953	7,452,798
Refundable income taxes		475,469	-
Deferred income taxes		851,194	112,686
	$	517,979,207	481,000,668
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Deposits	$	322,223,850	320,058,951
Federal Home Loan Bank advances		124,000,000	100,000,000
Securities sold under agreements to repurchase		8,923,196	1,594,258
Subordinated debentures		15,465,000	15,465,000
Advances from borrowers for taxes and insurance		815,733	212,320
Accrued expenses and other liabilities		509,536	288,587
Accrued interest payable		1,097,018	508,164
Dividend payable		469,062	459,074
Income taxes payable		-	322,165
		473,503,395	438,908,519
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY			
Common Stock:			
$0.10 par value; authorized 10,000,000 shares;			
issued September 30, 2006 - 6,645,225 shares;			

December 31, 2005 - 6,571,348 shares		664,523	657,135
Additional paid-in capital		55,473,760	53,778,686
Unearned ESOP shares		(1,401,930)	(1,572,930)
Retained earnings, substantially restricted		39,912,147	36,533,338
Accumulated other comprehensive income			
Unrealized appreciation on available-for-sale securities,			
net of income taxes		1,611,096	1,971,925
		96,259,596	91,368,154
Treasury stock, at cost; September 30, 2006 - 3,726,267 shares;			
December 31, 2005 - 3,639,301 shares		(51,783,784)	(49,276,005)
		44,475,812	42,092,149
	$	517,979,207	481,000,668

See Notes to Condensed Consolidated Financial Statements

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GUARANTY FEDERAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005 (UNAUDITED)

	Three months ended			Nine months ended	
	9/30/2006		9/30/2005	9/30/2006	9/30/2005
INTEREST INCOME					
Loans	$	8,870,204	Compensation expense attributable to stock-based compensation during the first quarters of fiscal 2011 and fiscal 2010 was $152 and $87, respectively. As of September 23, 2010, there was $843 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements granted under our stock-based compensation plans. We expect to recognize that cost over a weighted average period of 0.98 years. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: **Quarter Ended September 23, 2010** Weighted average expected stock-price volatility 43.60%		

Average risk-free rate	2.24%
Average dividend yield	0.00%
Weighted average expected option life (in years)	6.25
Forfeiture percentage	5.00%

The 10,000 SARs granted during the first quarter of fiscal 2011 are being accounted for as a liability award whereby the fair value is measured at the end of each reporting period. We are using the Black-Scholes option-pricing model to determine the fair value of the SARs. We recognized $10 of expense during the first quarter of fiscal 2011. The fair value of the SARs was determined using the following assumptions:

	September 23, 2010
Weighted average expected stock-price volatility	49.38%
Average risk-free rate	2.49%
Average dividend yield	0.00%

Weighted average expected remaining life (in years)	9.75
Forfeiture percentage	0.00%

Virtually all of our salaried employees participate in our Sanfilippo Value Added Plan (SVA Plan) which is a non-equity incentive plan (an economic value added based program). We accrue expense related to the SVA Plan in the annual period that the economic performance underlying such performance occurs. This method of expense recognition properly matches the expense associated with improved economic performance with the period the improved performance occurs on a systematic and rational basis. The amount accrued includes amounts that will be paid currently and if current results exceed target, amounts that are payable in future periods, in the manner such payments are permitted by the provisions of the SVA Plan.

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Note 9 Retirement Plan

On August 2, 2007, our Compensation, Nominating and Corporate Governance Committee approved a restated Supplemental Retirement Plan (the SERP) for certain of our named executive officers and key employees, effective as of August 25, 2005. The purpose of the SERP is to provide an unfunded, non-qualified deferred compensation benefit upon retirement, disability or death to certain executive officers and key employees. The monthly benefit is based upon each individual s earnings and his or her number of years of service. Administrative expenses include the following net periodic benefit costs:

	For the Quarter Ended	
	September 23, 2010	**September 24, 2009**
Service cost	$ 54	$ 36
Interest cost	144	146
Amortization of prior service cost	239	239
Amortization of gain	(54)	(83)
Net periodic benefit cost	$ 383	$ 338

Note 10 Distribution Channel and Product Type Sales Mix

We operate in a single reportable segment through which we sell various nut products through multiple distribution channels.

The following summarizes net sales by distribution channel:

	Quarter Ended	
Distribution Channel	**September 23, 2010**	**September 24, 2009**
Consumer	$ 85,942	$ 74,295
Industrial	21,830	17,383
Food Service	17,680	14,668
Contract Packaging	14,522	13,718
Export	6,814	6,748
Total	$ 146,788	$ 126,812

The following summarizes sales by product type as a percentage of total gross sales. The information is based upon gross sales, rather than net sales, because certain adjustments, such as promotional discounts, are not allocable to product type.

	Quarter Ended	
Product Type	**September 23, 2010**	**September 24, 2009**
Peanuts	18.0%	22.0%
Pecans	16.8	17.3
Cashews & Mixed Nuts	19.2	22.1
Walnuts	13.6	11.3
Almonds	13.3	10.8

Other	19.1	16.5
Total	100.0%	100.0%

For both periods presented, the largest component of the Other product type is trail and snack mixes which include nut products.

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Note 11 Comprehensive Income (Loss)

We account for comprehensive income (loss) in accordance with ASC Topic 220, Comprehensive Income . This topic establishes standards for reporting and displaying comprehensive income (loss) and its components in a full set of general-purpose financial statements. The topic requires that all components of comprehensive income (loss) be reported in a financial statement that is displayed with the same prominence as other financial statements.

Note 12 Commitments and Contingencies

We are a party to various lawsuits, proceedings and other matters arising out of the conduct of our business. It is management s opinion that the ultimate resolution of these matters will not have a material effect upon our business, financial condition, results of operations or cash flows.

Note 13 Product Recall

On March 19, 2010, we announced a voluntary recall of certain bulk and packaged snack mix and cashew items containing black pepper as a precautionary measure because the product may be contaminated with salmonella. Our recall was a follow-up to the voluntary recall of black pepper announced by Mincing Overseas Spice Company, a supplier to us through a distributor, on March 5, 2010. As of September 23, 2010 and June 24, 2010, our accrued liability for estimated product recall costs related to black pepper was $180.

During the time period of March 31, 2009 through April 8, 2009, we voluntarily recalled roasted inshell pistachios, raw shelled pistachios and mixed nuts containing raw shelled pistachios. The recall was made as a precautionary measure because such products may be contaminated with salmonella. Our recall was a follow-up to the industry-wide voluntary recall of pistachios announced by Setton Pistachio of Terra Bella, Inc. (Setton), one of our pistachio suppliers. We do not currently anticipate any further recalls related to purchases of pistachios from Setton.

Our total net costs associated with the recall, which were all recorded in fiscal 2009, were approximately $2,400. As of September 23, 2010, June 24, 2010, and September 24, 2009, our accrued liability for estimated product recall costs related to pistachios was $346, $346 and $394, respectively.

We currently intend to pursue the recovery of our recall costs from Setton, Setton s insurance and our own insurance; however, we can provide no assurance as to the likelihood, extent (if any) or timing of any such recovery.

Note 14 Fair Value of Financial Instruments

The fair value of our fixed rate debt as of September 23, 2010, including current maturities, was estimated to approximate the carrying value of $30,400. The fair value of the fixed rate debt was determined using a market approach, which estimates fair value based on companies with similar credit quality and size of debt issuances for similar terms.

The fair value of the contingent consideration to be paid under terms of the OVH purchase agreement was determined using probability factors for specific earnout measurements discounted by our incremental short-term borrowing rate. Due to the relatively short timeframe of the earnout period (through calendar year 2011), the sensitivity of the determination of the fair value of the contingent consideration is almost entirely dependent upon the probability factors. Under the fair value measurement and disclosure provisions of ASC 820 for Level 3 inputs, we are required to re-measure the fair value of the contingent consideration on a quarterly basis and disclose the effect of the measurements on earnings for each quarterly period. See Note 3 for the effect of the remeasurement as of the end of the first quarter of fiscal 2011.

The carrying amounts of our other financial instruments also approximate their estimated fair values.

Note 15 Recent Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R), (SFAS 167) which amended the consolidation guidance applicable to variable interest entities (VIEs). The SFAS 167 amendments are effective as of the first annual reporting period that begins after November 15, 2009, and for interim periods within that first annual reporting period. SFAS 167 replaces Interpretation 46(R) s risks-and-rewards-based quantitative approach to consolidation with a more qualitative approach that requires a reporting entity to have some economic exposure to a VIE along with the power to direct the activities that most significantly impact the economic performance of the entity. The FASB also reminded its constituents that only substantive terms, transactions, and arrangements should affect the accounting conclusions under SFAS 167. The SFAS 167 provisions were included in Accounting Standards Update No. 2009-17, Topic 810 Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities, (ASU 2009-17). The implementation of ASU 2009-17 had no material impact on our results of operations, financial position or cash flows.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Overview

As used herein, unless the context otherwise indicates, the terms Company , we , us , our or our Company collecti refer to John B. Sanfilippo & Son, Inc. and JBSS Properties, LLC, a wholly-owned subsidiary of John B. Sanfilippo & Son, Inc. We were incorporated under the laws of the State of Delaware in 1979 as the successor by merger to an Illinois corporation that was incorporated in 1959. Our 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 2011 are to the fiscal year ending June 30, 2011 and will consist of fifty-three weeks (the fourth quarter consisting of fourteen weeks). References herein to fiscal 2010 are to the fiscal year ended June 24, 2010. References herein to the first quarter of fiscal 2011 are to the quarter ended September 23, 2010. References herein to the first quarter of fiscal 2010 are to the quarter ended September 24, 2009. The following discussion and analyses should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements.

We are one of the leading processors and marketers of peanuts, pecans, cashews, walnuts, almonds and other nuts in the United States. These nuts are sold under a variety of private labels and under the *Fisher, Orchard Valley Harvest,* and *Sunshine Country* brand names. We also market and distribute, and in most cases manufacture or process, a diverse product line of food and snack products, including peanut butter, candy and confections, natural snacks and trail mixes, sunflower seeds, dried fruit, corn snacks, sesame sticks and other sesame snack products. We distribute our products in the consumer, industrial, food service, contract packaging and export distribution channels.

Our business is seasonal. Demand for peanut and tree nut products is highest during the last four months of the calendar year. Pecans and walnuts, two of our principal raw materials, are primarily purchased between August and February and are processed throughout the year until the following harvest. As a result of this seasonality, our personnel requirements rise during the last four months of the calendar year. Our working capital requirements generally peak during the third quarter of our fiscal year.

We developed a five-year strategic plan during fiscal 2009 to help us achieve long-term profitable growth. Our long-term goals include (i) attaining recognition by global retailers, food service providers and consumers as a world class nut partner, (ii) attaining recognition as a high quality, well-run food business that utilizes our vast industry knowledge and innovation to achieve high growth and profitability, (iii) meeting the demands of nut consumers throughout the world, (iv) profitably increasing our market share in private brands by using innovation valued by our customers, (v) substantially increasing our presence in the food service distribution channel, (vi) providing the best total solution to retailers by increasing our presence beyond the traditional nut aisles of stores, (vii) utilizing our Fisher name recognition as a foundation for targeted sustained growth via value-added snack and baking products, and (viii) utilizing acquisitions, joint ventures and/or strategic alliances as they present themselves to grow our business and expand into new target markets. We have executed portions of this strategy during fiscal 2010 and the first quarter of fiscal 2011, including a significant increase in private label business at a customer and consummating the acquisition of certain assets of Orchard Valley Harvest, Inc. (OVH), which gives us a significant presence in the produce section of supermarkets.

We face a number of challenges in the future. Specific challenges, among others, include: substantial increases in commodity costs, including as a result of increased demand for pecans and walnuts in China, intensified competition, integrating the acquired OVH business into our operations and executing our strategic plan. We will focus on seeking additional profitable business to utilize the additional production capacity at our facility in Elgin, Illinois that houses our primary manufacturing operations and corporate headquarters (the Elgin Site). We expect to be able to continue to devote more funds to promote and advertise our Fisher brand in order to attempt to regain market share that has been lost in recent years. However, this effort may be challenging because, among other things, consumer preferences have shifted towards lower-priced private label products from higher-priced branded products as a result of current economic conditions. In addition, private label products generally provide lower margins than branded products. Also, we will continue to face the ongoing challenges specific to our business such as food safety and regulatory issues and the maintenance and growth of our customer base. See the information referenced in Part II, Item 1A Risk Factors .

QUARTERLY HIGHLIGHTS

Our net sales for the first quarter of fiscal 2011 increased by $20.0 million, or 15.8%, to $146.8 million from $126.8 million for the first quarter of fiscal 2010. The increase in net sales came mainly from a 10.5% increase in overall net average selling prices and a 4.8% increase in sales volume, as measured in pounds shipped to customers. The average selling price increase occurred due to higher acquisition costs for all major commodities except peanuts. We had higher net sales for the first quarter of fiscal 2011 as compared to the first quarter of fiscal 2010 in all distribution channels. We experienced sales volume increases for the same time comparison in all distribution channels except export. Approximately 50% of the net sales and sales volume increases in the consumer distribution channel occurred due to sales related to our acquisition of certain assets of OVH during the fourth quarter of fiscal 2010.

Our gross profit margin, as a percentage of net sales, decreased from 18.8% for the first quarter of fiscal 2010 to 14.0% for the first quarter of fiscal 2011, and gross profit decreased by $3.3 million. Gross profit margins declined significantly on sales of walnuts and pecans because of the need to purchase high cost shelled walnuts and pecans in the spot market during the current quarter. The prices for shelled walnuts and pecans during the current quarter were unusually high due to low inventories in the industry. Shelled walnut purchases were made to supply an increase in sales volume with existing customers that in many cases exceeded forecasted volume by a considerable amount. Shelled pecan purchases were made during the current quarter to supply new pecan business that started shipping in the fourth quarter of fiscal 2010 and to supplement a shortfall in inshell pecan purchases from the 2009 crop due to the unprecedented amount of inshell pecans that were exported to China over the last twelve months. Gross profit margin also declined on sales of cashews because of significantly higher acquisition costs. Our gross profit and gross profit margins will continue to be negatively affected by the significant increases in most of our key commodities unless and until we are able to secure adequate sales price increases from our customers. There can be no assurance that we will be able to implement sales price increases or that sales price increases actually obtained will be in an amount sufficient to offset our increased commodity costs. If we are unable to secure adequate sales price increases from our customers, it may have a material adverse effect on our financial position, results of operations and cash flows.

We successfully converted the OVH business operation to our corporate information systems during the first quarter of fiscal 2011. We continue to integrate all OVH activities with the rest of our business to achieve the greatest efficiencies possible. We recorded a $0.6 million charge to operating expenses during the first quarter of fiscal 2011 to increase our estimate of the liability to be paid as additional consideration to the acquisition price if OVH related sales exceed certain targets.

RESULTS OF OPERATIONS

Net Sales

Our net sales increased by 15.8% to $146.8 million for the first quarter of fiscal 2011 from $126.8 million for the first quarter of fiscal 2010. The increase in net sales came mainly from a 10.5% increase in overall net average selling prices and a 4.8% increase in sales volume, as measured in pounds shipped to customers. The average selling price increase occurred due to higher acquisition costs for all major commodities except peanuts. We had higher net sales for the first quarter of fiscal 2011 as compared to the first quarter of fiscal 2010 in all distribution channels. We experienced sales volume increases for the same time comparison in all distribution channels except export. Approximately 50% of the net sales and sales volume increases in the consumer distribution channel occurred due to sales related to our acquisition of certain assets of OVH during the fourth quarter of fiscal 2010.

The following table shows a comparison of sales by distribution channel (dollars in thousands):

	Quarter Ended	
Distribution Channel	**September 23, 2010**	**September 24, 2009**
Consumer	$ 85,942	$ 74,295
Industrial	21,830	17,383
Food Service	17,680	14,668

Contract Packaging	14,522	13,718
Export	6,814	6,748
Total	$ 146,788	$ 126,812

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The following summarizes sales by product type as a percentage of total gross sales. The information is based upon gross sales, rather than net sales, because certain adjustments, such as promotional discounts, are not allocable to product type.

	Quarter Ended	
Product Type	**September 23, 2010**	**September 24, 2009**
Peanuts	18.0%	22.0%
Pecans	16.8	17.3
Cashews & Mixed Nuts	19.2	22.1
Walnuts	13.6	11.3
Almonds	13.3	10.8
Other	19.1	16.5
Total	100.0%	100.0%

Net sales in the consumer distribution channel increased by 15.7% in dollars and 4.4% in volume in the first quarter of fiscal 2011 compared to the first quarter of fiscal 2010. Private label consumer sales volume decreased by 1.4% in the first quarter of fiscal 2011 compared to the first quarter of fiscal 2010, despite contribution from OVH, primarily due to (i) losses of $3.4 million and $3.2 million in business at two former private label customers, and (ii) a $2.4 million reduction in business at a major customer. These decreases were partially offset by a $5.3 million increase in business at a major customer. Fisher brand sales volume was virtually unchanged for the first quarter of fiscal 2011 compared to the first quarter of fiscal 2010. Marginal increases in Fisher snack nut business were offset by decreases in Fisher baking nut business.

Net sales in the industrial distribution channel increased by 25.6% in dollars and 3.3% in sales volume in the first quarter of fiscal 2011 compared to the first quarter of fiscal 2010. The sales volume increase is primarily due to higher almond sales partially offset by lower pecan sales mainly from a limited supply of pecans available for the industrial distribution channel.

Net sales in the food service distribution channel increased by 20.5% in dollars and 13.4% in volume in the first quarter of fiscal 2011 compared to the first quarter of fiscal 2010. The sales volume increase is primarily due to higher peanut butter sales at food service distributors.

Net sales in the contract packaging distribution channel increased by 5.9% in dollars and 3.3% in volume in the first quarter of fiscal 2011 compared to the first quarter of fiscal 2010. The sales volume increase is due to increased business with our major contract packaging customer.

Net sales in the export distribution channel increased by 1.0% in dollars but decreased 2.5% in volume in the first quarter of fiscal 2011 compared to the first quarter of fiscal 2010. The decrease in volume is due primarily to lower almond sales to our industrial export customers.

Gross Profit

Gross profit for the first quarter of fiscal 2011 decreased 14.0% to $20.5 million from $23.9 million for the first quarter of fiscal 2010. Gross profit margin decreased to 14.0% of net sales for the first quarter of fiscal 2011 from 18.8% for the first quarter of fiscal 2010. Gross profit margins declined significantly on sales of walnuts and pecans because of the need to purchase high cost shelled walnuts and pecans in the spot market during the current quarter. The prices for shelled walnuts and pecans during the current quarter were unusually high due to low inventories in the industry. Shelled walnut purchases were made to supply an increase in sales volume with existing customers that in many cases exceeded forecasted volume by a considerable amount. Shelled pecan purchases were made during the current quarter to supply new pecan business that started shipping in the fourth quarter of fiscal 2010 and to supplement a shortfall in inshell pecan purchases from the 2009 crop due to the unprecedented amount of inshell pecans that were exported to China over the last twelve months. Gross profit margin also declined on sales of cashews because of significantly higher acquisition costs. Our gross profit and gross profit margins will continue to be negatively affected by the significant increases in most of our key commodities unless and until we are able to secure adequate sales price increases from our customers. There can be no assurance that we will be able to implement sales price increases or that sales price increases actually obtained will be in a amount sufficient to offset our increased commodity costs. If we are unable to secure adequate sales price increases from our customers, it may have a material adverse effect on our financial position, results of operations and cash flows.

Operating Expenses

Selling and administrative expenses for the first quarter of fiscal 2011 increased to 11.6% of net sales from 11.2% of net sales for the first quarter of fiscal 2010. Selling expenses for the first quarter of fiscal 2011 were $10.2 million, an increase of $1.5 million, or 17.0%, from the first quarter of fiscal 2010. This increase is primarily due to (i) a $0.9 million increase in marketing and advertising expenditures, (ii) a $0.6 million increase in freight costs, and (iii) a $0.3 million increase in compensation expense. These increases in selling expenses were partially offset by a $0.5 million reduction in incentive compensation expense due to less favorable operating results. We accrue expense related to our non-equity incentive plan (an economic value added based program) in the annual period that the economic performance underlying such performance occurs. This method of expense recognition properly matches the expense associated with improved economic performance with the period the improved performance occurs on a systematic and rational basis. The amount accrued includes amounts that will be paid currently and if current results exceed target, amounts that are payable in future periods, in the manner such payments are permitted by the provisions of the plan agreement. In certain circumstances, forfeiture of the amounts that are payable can occur. Administrative expenses for the first quarter of fiscal 2011 were $6.9 million, an increase of $1.4 million, or 25.9%, from the first quarter of fiscal 2010. This increase is primarily due to (i) a $0.6 million increase in the projected earnout payments related to the OVH acquisition, (ii) a $0.5 million in amortization related to OVH intangibles, (iii) a $0.3 million increase in contingency reserves, and (iv) a $0.3 million increase in compensation expense. These increases in administrative expenses were partially offset by a $0.9 million reduction in incentive compensation expense due to less favorable operating results.

Income from Operations

Due to the factors discussed above, income from operations decreased to $3.5 million, or 2.4% of net sales, for the first quarter of fiscal 2011 from $9.7 million, or 7.7% of net sales, for the first quarter of fiscal 2010.

Interest Expense

Interest expense was $1.4 million for both the first quarter of fiscal 2011 and first quarter of fiscal 2010.

Rental and Miscellaneous Expense, Net

Net rental and miscellaneous expense was $0.3 million for the first quarter of fiscal 2011 compared to $0.4 million for the first quarter of fiscal 2010. The reduction in net expense was due to a $0.1 million increase in rental income for space at the office building on the Elgin site.

Income Tax Expense

Income tax expense was $0.7 million, or 37.7% of income before income taxes, for the first quarter of fiscal 2011 compared to $3.1 million, or 39.3% for the first quarter of fiscal 2010.

Net Income

Net income was $1.1 million, or $0.10 per common share (basic and diluted), for the first quarter of fiscal 2011, compared to $4.8 million, or $0.45 per common share (basic and diluted), for the first quarter of fiscal 2010.

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LIQUIDITY AND CAPITAL RESOURCES

General

The primary uses of cash are to fund our current operations, fulfill contractual obligations, pursue our strategic plan, repay indebtedness and potentially pay contingent earn-out liabilities. Also, various uncertainties could result in additional uses of cash. The primary sources of cash are results of operations and availability under our Credit Facility (as defined below). We continue to actively manage our working capital as a result of the current economic situation. We anticipate that expected net cash flow generated from operations and amounts available pursuant to the Credit Facility will be sufficient to fund our operations for the next twelve months. The increase in our available credit under our Credit Facility due to our improved financial performance in fiscal 2009 and fiscal 2010 allowed us to consummate the OVH acquisition, devote more funds to promote our products, especially our Fisher brand, and explore other growth strategies outlined in our strategic plan, including further acquisitions. To be consummated, any future acquisitions would generally require the approval of our lenders under the Credit Facility.

Cash flows from operating activities have historically been driven by net income but are also significantly influenced by inventory requirements, which can change based upon fluctuations in both quantities and market prices of the various nuts we buy and sell. Current market trends in nut prices and crop estimates also impact nut procurement.

Net cash provided by operating activities was $5.7 million for the first quarter of fiscal 2011 compared to $24.0 million for the first quarter of fiscal 2010. This decrease is primarily due to an approximately 47% increase in the weighted average purchase cost for commodities for the first quarter of fiscal 2011 compared to the first quarter of fiscal 2010. We anticipate that increased commodity costs will continue to negatively impact our net cash provided by operating activities throughout the remainder of fiscal 2011.

We repaid $1.0 million of long-term debt during the first quarter of fiscal 2011, $0.8 million of which was related to the Mortgage Facility. The net decrease in our Credit Facility was $3.6 million from June 24, 2010 to September 23, 2010. This decrease was less than the $18.2 million decrease experienced during the first quarter of fiscal 2010 due to the significant increase in our weighted average purchase cost for commodities.

Total inventories were $115.8 million at September 23, 2010, an increase of $1.4 million, or 1.2%, from the balance at June 24, 2010, and an increase of $16.3 million, or 16.4%, from the balance at September 24, 2009. The slight increase from June 24, 2010 to September 23, 2010 is primarily due to significantly higher commodity costs offset by lower quantities on hand due to the timing of crop receipts. The 16.4% increase from September 24, 2009 to September 23, 2010 occurred despite a 16.1% reduction in pounds in inventory again due to significantly higher commodity costs. The reduction in pounds occurred despite the inclusion of OVH inventory as of September 23, 2010.

Net accounts receivable were $47.2 million at September 23, 2010, an increase of $7.3 million, or 18.3%, from the balance at June 24, 2010, and an increase of $13.0 million, or 38.1%, from the balance at September 24, 2009. The increase in net accounts receivable from June 24, 2010 to September 23, 2010 is due primarily to higher sales in the month of September 2010 compared to June 2010 due to the seasonality in our business and higher average selling prices. The increase in net accounts receivable from September 24, 2009 to September 23, 2010 is due to higher sales in September 2010 compared to September 2009 due largely to OVH sales and higher average selling prices.

Accounts receivable allowances were $3.3 million, $2.1 million and $2.9 million at September 23, 2010, June 24, 2010 and September 24, 2009, respectively. The increase in accounts receivable allowances at September 23, 2010 compared to June 24, 2010 and September 23, 2009 basically corresponds to the higher monthly sales in September 2010 compared to June 2010 and September 2009.

Current economic conditions may continue to adversely impact demand for consumer products. These conditions could, among other things, have a material adverse effect on the cash received from our operations. See Part II, Item 1A Risk Factors .

Real Estate Matters

In August 2008, we completed the consolidation of our Chicago-based facilities into the Elgin Site. As part of the facility consolidation project, on April 15, 2005, we closed on the $48.0 million purchase of the Elgin Site. The Elgin Site includes both an office building and a warehouse, and affords us increased production capacity, such that we are currently able to offer our services to existing and new customers on an expanded basis. We leased 41.5% of the office building back to the seller for a three year period which ended in April 2008. The seller did not exercise its option to renew its lease and vacated the office building. Accordingly, we are currently attempting to find replacement tenant(s) for the space that was rented by the seller of the Elgin Site. Until replacement tenant(s) are found, we will not receive the benefit of rental income associated with such space. Approximately 75% of the office building is currently vacant. There can be no assurance that we will be able to lease the unoccupied space and further capital expenditures may be necessary to lease the remaining space, including the space previously rented by the seller of the Elgin Site.

On March 28, 2006, JBSS Properties, LLC acquired title by quitclaim deed to the site that was originally purchased in Elgin, Illinois (the Old Elgin Site) for our facility consolidation project and JBSS Properties, LLC entered into an Assignment and Assumption Agreement (the Agreement) with the City of Elgin (the City). Under the terms of the Agreement, the City assigned to us the City s remaining rights and obligations under a development agreement entered into by and among our Company, certain related party partnerships and the City (the Development Agreement). We subsequently entered into a sales contract with a potential buyer of the Old Elgin Site. The sales contract was terminated as the potential buyer was unable to secure financing. While the Old Elgin Site is available for sale and we are currently actively searching for new potential buyers, we cannot ensure that a sale will occur in the next twelve months. The Mortgage Facility is secured, in part, by the Old Elgin Site. We must obtain the consent of the Mortgage Lender prior to the sale of the Old Elgin Site. A portion of the Old Elgin Site contains an office building (which we began renting during the third quarter of fiscal 2007) that may or may not be included in any future sale. Our total costs under the Development Agreement were $6.8 million as of September 23, 2010, June 24, 2010 and September 24, 2009, (i) $5.6 million of which is recorded as a component of Property, Plant and Equipment , and (ii) $1.2 million of which is recorded as Rental Investment Property . We have reviewed the assets under the Development Agreement that are available for sale for potential impairment and concluded that the current fair value is not less than the carrying value.

Financing Arrangements

On February 7, 2008, we entered into a Credit Agreement with a bank group (the Bank Lenders) providing a $117.5 million revolving loan commitment and letter of credit subfacility (the Credit Facility). Also on February 7, 2008, we entered into a Loan Agreement with an insurance company (the Mortgage Lender) providing us with two term loans, one in the amount of $36.0 million (Tranche A) and the other in the amount of $9.0 million (Tranche B), for an aggregate amount of $45.0 million (the Mortgage Facility). The Credit Facility and Mortgage Facility replaced our prior revolving credit facility (the Prior Credit Facility) and long-term financing facility (the Prior Note Agreement). We currently expect to be in compliance with all financial covenants under the Credit Facility and Mortgage Facility for the foreseeable future and we currently have full access to our new financing.

The Credit Facility is secured by substantially all of our assets other than real property and fixtures. The Mortgage Facility is secured by mortgages on essentially all of our owned real property located in Elgin, Illinois, Gustine, California and Garysburg, North Carolina (the Encumbered Properties). The encumbered Elgin, Illinois real property includes almost all of the Old Elgin Site that was purchased prior to the Elgin Site purchase.

On March 8, 2010, we entered into a First Amendment to the Credit Facility (the First Amendment). The First Amendment modified the Credit Facility to permit us to make acquisitions, subject to restrictions on the amount that can be spent on acquisitions during the term of the Credit Facility and meeting specified other criterion including loan availability levels and pro forma financial covenant compliance. In addition, the First Amendment alters the borrowing base calculation, which is based upon accounts receivable, inventory and machinery and equipment (the Borrowing Base Calculation), to allow us increased availability from inventory under the Credit Facility during January, February, March, October, November and December, which are the months in which our Company purchases most of its inventory.

The Credit Facility, as amended, matures on February 7, 2013. At our election, borrowings under the Credit Facility accrue interest at either (i) a rate determined pursuant to the administrative agent s prime rate plus an applicable margin determined by reference to the amount of loans which may be advanced under the Borrowing Base Calculation, ranging from 0.00% to 0.50% or (ii) a rate based upon the London interbank offered rate (LIBOR) plus an applicable margin based upon the Borrowing Base Calculation, ranging from 2.50% to 3.00%. The face amount of undrawn letters of credit accrues interest at a rate of 2.00% to 2.50%, based upon the Borrowing Base Calculation. The portion of the Borrowing Base Calculation based upon machinery and equipment decreases by $1.5 million per year for the first five years to coincide with amortization of the machinery and equipment collateral. As of September 23, 2010, the weighted average interest rate for the Credit Facility was 2.93%. The terms of the Credit Facility contain covenants that require us to restrict investments, indebtedness, capital expenditures, and certain sales of assets, cash dividends, redemptions of capital stock and prepayment of indebtedness (if such prepayment, among other things, is of a subordinate debt). If loan availability under the Borrowing Base Calculation falls below $25.0 million, we will be required to maintain a specified fixed charge coverage ratio, tested on a monthly basis. All cash received from customers is required to be applied against the Credit Facility. The Bank Lenders are entitled to require immediate repayment of our obligations under the Credit Facility in the event of default on the payments required under the Credit Facility, a change in control in the ownership of our Company, non-compliance with the financial covenants or upon the occurrence of certain other defaults by us under the Credit Facility (including a default under the Mortgage Facility). As of September 23, 2010, we were in compliance with all covenants under the Credit Facility and we currently expect to be in compliance with the financial covenant in the Credit Facility for the foreseeable future. As of September 23, 2010, we had $71.6 million of available credit under the Credit Facility. We would still be in compliance with all restrictive covenants under the Credit Facility if this entire amount were borrowed.

We are subject to interest rate resets for each of Tranche A and Tranche B. Specifically, on the March 1, 2018 (the Tranche A Reset Date) and March 1, 2012 and every two years thereafter (each, a Tranche B Reset Date), the Mortgage Lender may reset the interest rates for each of Tranche A and Tranche B, respectively, in its sole and absolute discretion. If the reset interest rate for either Tranche A or Tranche B is unacceptable to us and we (i) do not have sufficient funds to repay amounts due with respect to Tranche A or Tranche B on the Tranche A Reset Date or Tranche B Reset Date, in each case, as applicable, or (ii) are unable to refinance amounts due with respect to Tranche A or Tranche B on the Tranche A Reset Date or Tranche B Reset Date, in each case, as applicable, on terms more favorable than the reset interest rates, then depending on the extent of the changes in the reset interest rates our interest expense could increase materially.

The Mortgage Facility matures on March 1, 2023. Tranche A under the Mortgage Facility accrues interest at a fixed interest rate of 7.63% per annum, payable monthly. As mentioned above, such interest rate may be reset by the Mortgage Lender on the Tranche A Reset Date. Monthly principal payments in the amount of $0.2 million commenced on June 1, 2008. Tranche B under the Mortgage Facility accrues interest, as reset on March 1, 2010, at a floating rate of the greater of one month LIBOR plus 5.50% per annum or 6.50%, payable monthly. The margin on such floating rate may be reset by the Mortgage Lender on each Tranche B Reset Date; provided, however, that the Mortgage Lender may also change the underlying index on each Tranche B Reset Date occurring on or after March 1, 2016. Monthly principal payments in the amount of $0.1 million commenced on June 1, 2008. We do not currently anticipate that any change in the floating rate or the underlying index will have a material adverse effect upon our business, financial condition or results of operations.

The terms of the Mortgage Facility contain covenants that require us to maintain a specified net worth of $110.0 million and maintain the Encumbered Properties. The Mortgage Facility is secured, in part, by the Old Elgin Site. We must obtain the consent of the Mortgage Lender prior to the sale of the Old Elgin Site. A portion of the Old Elgin Site contains an office building (which we began renting during the third quarter of fiscal 2007) that may or may not be included in any future sale (assuming one were to occur). The Mortgage Lender is entitled to require immediate repayment of our obligations under the Mortgage Facility in the event we default in the payments required under the Mortgage Facility, non-compliance with the covenants or upon the occurrence of certain other defaults by us under the Mortgage Facility. As of September 23, 2010, we were in compliance with all covenants under the Mortgage Facility. We currently believe that we will be in compliance with the financial covenant in the Mortgage Facility for the foreseeable future and therefore $28.0 million has been classified as long-term debt as of September 23, 2010. This $28.0 million represents scheduled principal payments due under Tranche A beyond twelve months of September 23, 2010.

As of September 23, 2010, we had $4.3 million in aggregate principal amount of industrial development bonds (the bonds) outstanding, which was originally used to finance the acquisition, construction and equipping of our Bainbridge, Georgia facility. The bonds bear interest payable semiannually at 4.55% (which was reset on June 1, 2006) through May 2011. On June 1, 2011, and on each subsequent interest reset date for the bonds, we are required to redeem the bonds at face value plus any accrued and unpaid interest, unless a bondholder elects to retain his, her or its bonds. Any of the bonds redeemed by us 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 the 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 us for redemption; (ii) proceeds from the remarketing of the bonds; (iii) proceeds from a drawing under the bonds Letter of Credit held by the Bank Lenders (the IDB Letter of Credit); or (iv) in the event that funds from the foregoing sources are insufficient, a mandatory payment by us. Drawings under the IDB Letter of Credit to redeem the bonds on the demand of any bondholder are payable in full by us upon demand by the Bank Lenders. In addition, we are required to redeem the bonds in varying annual installments, ranging from $0.5 million in fiscal 2011 to $0.8 million in fiscal 2017. We are 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). We have the option, subject to certain conditions, to redeem the bonds at face value plus accrued interest, if any. Since the bonds may be payable at the interest reset date of June 1, 2011, the entire aggregate balance of $4.3 million is classified as a current liability as of September 23, 2010.

In September 2006, we sold our Selma, Texas properties to two related party partnerships for $14.3 million and are leasing them back. The selling price was determined by an independent appraiser to be the fair market value which also approximated our carrying value. The lease for the Selma, Texas properties has a ten-year term at a fair market value rent with three five-year renewal options. Also, we have an option to purchase the properties from the partnerships after five years at 95% (100% in certain circumstances) of the then fair market value, but not less than the $14.3 million purchase price. The provisions of the arrangement are not eligible for sale-leaseback accounting and therefore the financing obligation is being accounted for similarly to the accounting for a capital lease, whereby $14.3 million was recorded as a debt obligation. No gain or loss was recorded on the transaction. As of September 23, 2010, $13.3 million of the debt obligation was outstanding.

Capital Expenditures

We spent $1.4 million on capital expenditures during the first quarter of fiscal 2011 compared to $2.2 million during the first quarter of fiscal 2010. We expect total capital expenditures for equipment upgrades, facility maintenance and food safety enhancements for fiscal 2011 to be under $10.0 million. Absent any material acquisitions or other significant investments, we believe that cash on hand, combined with cash provided by operations and borrowings available under the Credit Facility, will be sufficient to meet cash requirements for capital expenditures.

Recent Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R), (SFAS 167) which amended the consolidation guidance applicable to variable interest entities (VIEs). The SFAS 167 amendments are effective as of the first annual reporting period that begins after November 15, 2009, and for interim periods within that first annual reporting period. SFAS 167 replaces Interpretation 46(R) s risks-and-rewards-based quantitative approach to consolidation with a more qualitative approach that requires a reporting entity to have some economic exposure to a VIE along with the power to direct the activities that most significantly impact the economic performance of the entity. The FASB also reminded its constituents that only substantive terms, transactions, and arrangements should affect the accounting conclusions under SFAS 167. The SFAS 167 provisions were included in Accounting Standards Update No. 2009-17, Topic 810 Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities, (ASU 2009-17). The implementation of ASU 2009-17 had no material impact on our results of operations, financial position or cash flows.

FORWARD LOOKING STATEMENTS

The statements contained in this filing that are not historical (including statements concerning our Company s expectations regarding market risk) are forward looking statements. These forward-looking statements may be generally identified by the use of forward-looking words and phrases such as will , anticipates , intends , may , belie and expects and are based on our current expectations or beliefs concerning future events and involve risks and uncertainties. Our Company cautions that such statements are qualified by important factors, including the factors referred to in Part II, Item 1A Risk Factors , and other factors that are beyond our Company s control. Consequently, our actual results could differ materially. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where expressly required to do so by law. Among the factors that could cause results to differ materially from current expectations are: (i) the risks associated with our vertically integrated model with respect to pecans, peanuts and walnuts; (ii) sales activity for our products, including a decline in sales to one or more key customers; (iii) changes in the availability and costs of raw materials and the impact of fixed price commitments with customers; (iv) the ability to measure and estimate bulk inventory, fluctuations in the value and quantity of our nut inventories due to fluctuations in the market prices of nuts and bulk inventory estimation adjustments, respectively, and decreases in the value of inventory held for other entities, where we are financially responsible for such losses; (v) our ability to lessen the negative impact of competitive and pricing pressures; (vi) losses associated with product recalls or the potential for lost sales or product liability if customers lose confidence in the safety of our products or in nuts or nut products in general, or are harmed as a result of using our products; (vii) our ability to retain key personnel; (viii) the effect of the group that owns the majority of our voting securities (which may make a takeover or change in control more difficult), including the effect of the agreements pursuant to which such group has pledged a substantial amount of our Company s securities that it owns; (ix) the potential negative impact of government regulations, including the Public Health Security and Bioterrorism Preparedness and Response Act and laws and regulations pertaining to food safety; (x) our ability to do business in emerging markets; (xi) uncertainty in economic conditions, including the potential for another economic downturn; (xii) our ability to obtain additional capital, if needed; (xiii) the risk that expected synergies, operational efficiencies and cost savings from the OVH acquisition may not be fully realized or realized within the expected timeframe and the risk that unexpected liabilities may arise from the OVH acquisition; and (xiv) the timing and occurrence (or nonoccurrence) of other transactions and events which may be subject to circumstances beyond our control.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in our assessment of our sensitivity to market risk since our presentation set forth in item 7A Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the fiscal year ended June 24, 2010.

Item 4. Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of September 23, 2010. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 23, 2010, the Company s disclosure controls and procedures were effective at the reasonable assurance level.

In connection with the evaluation by our management, including our Chief Executive Officer and Chief Financial Officer, there were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the quarter ended September 23, 2010 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to various lawsuits, proceedings and other matters arising out of the conduct of our business. Currently, it is our management s opinion that the ultimate resolution of these matters will not have a material adverse effect upon our business, financial condition or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this report on Form 10-Q, you should also consider the factors which could materially affect our Company s business, financial condition or future results as discussed in Part I, Item 1A Risk Factors of our Annual Report on Form 10-K for the fiscal year ended June 24, 2010. There were no significant changes to the risk factors identified on the Form 10-K for the fiscal year ended June 24, 2010 during the first quarter of fiscal 2011 other than the following:

We could be party to litigation that could adversely affect us by increasing our expenses or subjecting us to significant money damages and other remedies.

We may become involved in employment litigation as these types of lawsuits have become more prevalent in the current economic environment. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may not be accurately estimated. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, such litigation may be expensive to defend and may divert time and money away from our operations and hurt our performance. A judgment for significant monetary damages could adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations may also adversely affect our reputation, which in turn could adversely affect our results.

Item 6. Exhibits

The exhibits filed herewith are listed in the exhibit index that follows the signature page and immediately precedes the exhibits filed.

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SIGNATURE

Pursuant to the requirements 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 on October 27, 2010.

JOHN B. SANFILIPPO & SON, INC.

By: /s/ Michael J. Valentine
Michael J. Valentine
Chief Financial Officer and
Group President

EXHIBIT INDEX

(Pursuant to Item 601 of Regulation S-K)

Exhibit Number	Description
1-2	Not applicable
3.1	Restated Certificate of Incorporation of Registrant[13]
3.2	Amended and Restated Bylaws of Registrant[12]
4.1	Specimen Common Stock Certificate[3]
4.2	Specimen Class A Common Stock Certificate[3]
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	Tax Indemnification Agreement between Registrant and certain Stockholders of Registrant prior to its initial public offering[2]
10.3	Indemnification Agreement between Registrant and certain Stockholders of Registrant prior to its initial public offering[2]
10.4	The Registrant s 1998 Equity Incentive Plan[4]
10.5	First Amendment to the Registrant s 1998 Equity Incentive Plan[5]
10.6	Amended and Restated 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, dated December 31, 2003[6]
10.7	Amended and Restated John B. Sanfilippo & Son, Inc. Split-Dollar Insurance Agreement Number Two among Michael J. Valentine, as trustee of the Valentine Life Insurance Trust, Mathias Valentine, Mary Valentine and Registrant, dated December 31, 2003[6]
10.8	Amendment, dated February 12, 2004, to Amended and Restated 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, dated December 31, 2003[7]
10.9	Amendment, dated February 12, 2004, to Amended and Restated John B. Sanfilippo & Son, Inc. Split-Dollar Insurance Agreement Number Two among Michael J. Valentine, as trustee of the Valentine Life Insurance Trust, Mathias Valentine, Mary Valentine and Registrant, dated December 31, 2003[7]

10.10	Development Agreement, dated as of May 26, 2004, by and between the City of Elgin, an Illinois municipal corporation, the Registrant, Arthur/Busse Limited Partnership, an Illinois limited partnership, and 300 East Touhy Avenue Limited Partnership, an Illinois limited partnership(8)
10.11	Agreement For Sale of Real Property, dated as of June 18, 2004, by and between the State of Illinois, acting by and through its Department of Central Management Services, and the City of Elgin(8)
10.12	The Registrant s Restated Supplemental Retirement Plan(10)
10.13	Form of Option Grant Agreement under 1998 Equity Incentive Plan(9)
10.14	Amended and Restated Sanfilippo Value Added Plan, dated April 29, 2010(19)
10.15	Credit Agreement, dated as of February 7, 2008, by and among the Company, the financial institutions named therein as lenders, Wells Fargo Foothill, LLC (WFF), as the arranger and administrative agent for the lenders, and Wachovia Capital Finance Corporation (Central), in its capacity as documentation agent(11)
10.16	Security Agreement, dated as of February 7, 2008, by the Company in favor of WFF, as administrative agent for the lenders(11)
10.17	Loan Agreement, dated as of February 7, 2008, by and between the Company and Transamerica Financial Life Insurance Company (TFLIC)(11)

Exhibit Number	Description
10.18	Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 7, 2008, made by the Company related to its Elgin, Illinois property for the benefit of TFLIC(11)
10.19	Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 7, 2008, made by JBSS Properties, LLC related to its Elgin, Illinois property for the benefit of TFLIC(11)
10.20	Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 7, 2008, made by the Company related to its Gustine, California property for the benefit of TFLIC(11)
10.21	Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 7, 2008, made by the Company related to its Garysburg, North Carolina property for the benefit of TFLIC(11)
10.22	Promissory Note (Tranche A), dated February 7, 2008, in the principal amount of $36.0 million executed by the Company in favor of TFLIC(11)
10.23	Promissory Note (Tranche B) dated February 7, 2008, in the principal amount of $9.0 million executed by the Company in favor of TFLIC(11)
10.24	First Amendment to the Registrant s 2008 Equity Incentive Plan(14)
10.25	The Registrant s 2008 Equity Incentive Plan, as amended(14)
10.26	The Registrant s Employee Restricted Stock Unit Award Agreement(15)
10.27	The Registrant s Non-Employee Director Restricted Stock Unit Award Agreement(15)
10.28	Form of Indemnification Agreement(16)
*10.29	First Amendment to Credit Agreement dated as of March 8, 2010, by and among the Company, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent and Burdale Financial Limited, as a lender(17)
10.30	Purchase Agreement by and between John B. Sanfilippo & Son, Inc. and Orchard Valley Harvest, Inc. dated May 5, 2010, and signed by Stephen J. Kerr, John Potter and Matthew I. Freidrich, solely as the Trustee of the Payton Potter 2007 Irrevocable Trust(18)
11-30	Not applicable
31.1	Certification of Jeffrey T. 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 Jeffrey T. 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

33-100 Not applicable

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

(Commission File No. 0-19681).

(4) 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).

(5) 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).

(6) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the second quarter ended December 25, 2003 (Commission File No. 0-19681).
(7) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the third quarter ended March 25, 2004 (Commission File No. 0-19681).
(8) Incorporated by reference to the Registrant s Annual Report on Form 10-K for the fiscal year ended June 24, 2004 (Commission File No. 0-19681).
(9) Incorporated by reference to the Registrant s Annual Report on Form 10-K for the fiscal year ended June 30, 2005 (Commission File No. 0-19681).
(10) Incorporated by reference to the Registrant s Annual Report on Form 10-K for the year ended June 28, 2007 (Commission File No. 0-19681).
(11) Incorporated by reference to the Registrant s Current Report on Form 8-K dated February 7, 2008 (Commission File No. 0-19681).
(12) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the first quarter ended September 27, 2007 (Commission File No. 0-19681).
(13) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the third quarter ended March 24, 2005 (Commission File No. 0-19681).
(14) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the second quarter ended December 25, 2008 (Commission File No. 0-19681).
(15) Incorporated by reference to the Registrant s Current Report on Form 8-K dated November 10, 2009 (Commission File No. 0-19681).
(16) Incorporated by reference to the Registrant s Current Report on Form 8-K dated April 29, 2009 (Commission File No. 0-19681).
(17) Incorporated by reference to the Registrant s Current Report on Form 8-K dated March 8, 2010 (Commission File No. 0-19681).
(18) Incorporated by reference to the Registrant s Current Report on Form 8-K dated May 5, 2010 (Commission File No. 0-19681).
(19) Incorporated by reference to the Registrant s Annual Report on Form 10-K for the year ended June 24, 2010 (Commission File No. 0-19681).

* Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and submitted separately to the Securities and Exchange Commission.