

SANFILIPPO JOHN B & SON INC
Form 10-Q
April 29, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 26, 2015

OR

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

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 No.)

1703 North Randall Road

Elgin, Illinois
(Address of Principal Executive
Offices)

60123-7820
(Zip Code)

(847) 289-1800

(Registrant's Telephone Number, Including Area Code)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of April 20, 2015, 8,539,580 shares of the Registrant's Common Stock, \$0.01 par value per share and 2,597,426 shares of the Registrant's Class A Common Stock, \$0.01 par value per share, were outstanding.

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JOHN B. SANFILIPPO & SON, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 26, 2015

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****JOHN B. SANFILIPPO & SON, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)

(Dollars in thousands, except per share amounts)

	For the Quarter Ended		For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014	March 26, 2015	March 27, 2014
Net sales	\$ 209,396	\$ 174,291	\$ 665,806	\$ 576,102
Cost of sales	179,612	151,492	568,095	486,986
Gross profit	29,784	22,799	97,711	89,116
Operating expenses:				
Selling expenses	11,155	10,283	37,898	35,338
Administrative expenses	7,132	6,378	21,625	20,559
Gain on sale of assets held for sale, net				(1,641)
Total operating expenses	18,287	16,661	59,523	54,256
Income from operations	11,497	6,138	38,188	34,860
Other expense:				
Interest expense including \$277, \$284, \$835 and \$855 to related parties	1,028	1,077	2,895	3,225
Rental and miscellaneous expense, net	372	453	2,830	1,777
Total other expense, net	1,400	1,530	5,725	5,002
Income before income taxes	10,097	4,608	32,463	29,858
Income tax expense	3,579	927	11,627	10,178
Net income	\$ 6,518	\$ 3,681	\$ 20,836	\$ 19,680
Other comprehensive income:				
Amortization of prior service cost and actuarial gain included in net periodic pension cost	239	222	718	667
Income tax expense related to pension adjustments	(95)	(89)	(287)	(267)

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Other comprehensive income, net of tax:	144	133	431	400
Comprehensive income	\$ 6,662	\$ 3,814	\$ 21,267	\$ 20,080
Net income per common share-basic	\$ 0.58	\$ 0.33	\$ 1.87	\$ 1.79
Net income per common share-diluted	\$ 0.58	\$ 0.33	\$ 1.86	\$ 1.77
Cash dividends declared per share	\$	\$	\$ 1.50	\$ 1.50

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

Table of Contents**JOHN B. SANFILIPPO & SON, INC.****CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except per share amounts)

	March 26, 2015	June 26, 2014	March 27, 2014
ASSETS			
CURRENT ASSETS:			
Cash	\$ 2,064	\$ 1,884	\$ 1,197
Accounts receivable, less allowances of \$3,962, \$3,210 and \$3,684	66,654	55,800	52,446
Inventories	228,377	182,830	198,067
Deferred income taxes	3,489	3,484	3,496
Prepaid expenses and other current assets	7,959	5,376	7,069
TOTAL CURRENT ASSETS	308,543	249,374	262,275
PROPERTY, PLANT AND EQUIPMENT:			
Land	9,285	9,285	9,285
Buildings	103,036	102,796	102,796
Machinery and equipment	180,059	170,694	171,271
Furniture and leasehold improvements	4,363	4,363	4,363
Vehicles	397	468	532
Construction in progress	2,725	2,901	2,379
	299,865	290,507	290,626
Less: Accumulated depreciation	189,109	181,684	179,947
	110,756	108,823	110,679
Rental investment property, less accumulated depreciation of \$7,857, \$7,262 and \$7,064	21,037	21,631	21,829
TOTAL PROPERTY, PLANT AND EQUIPMENT	131,793	130,454	132,508
Cash surrender value of officers' life insurance and other assets	10,226	8,811	8,580
Deferred income taxes	932	726	804
Intangible assets, net	3,618	5,246	5,903
TOTAL ASSETS	\$ 455,112	\$ 394,611	\$ 410,070

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

Table of Contents**JOHN B. SANFILIPPO & SON, INC.****CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except per share amounts)

	March 26, 2015	June 26, 2014	March 27, 2014
LIABILITIES & STOCKHOLDERS EQUITY			
CURRENT LIABILITIES:			
Revolving credit facility borrowings	\$ 74,614	\$ 40,542	\$ 55,829
Current maturities of long-term debt, including related party debt of \$369, \$348 and \$341	3,369	3,349	3,345
Accounts payable, including related party payables of \$343, \$232 and \$66	64,562	44,907	54,746
Book overdraft	6,112	2,414	6,886
Accrued payroll and related benefits	9,311	13,099	6,910
Other accrued expenses	8,918	7,920	7,251
TOTAL CURRENT LIABILITIES	166,886	112,231	134,967
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities, including related party debt of \$11,637, \$11,916 and \$12,006	33,137	35,666	36,506
Retirement plan	14,655	14,372	12,844
Other	6,521	5,515	5,220
TOTAL LONG-TERM LIABILITIES	54,313	55,553	54,570
TOTAL LIABILITIES	221,199	167,784	189,537
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, 2,597,426 shares issued and outstanding	26	26	26
Common Stock, non-cumulative voting rights of one vote per share, \$.01 par value; 17,000,000 shares authorized, 8,657,480, 8,569,105 and 8,562,105 shares issued	87	85	85
Capital in excess of par value	110,881	108,305	107,880
Retained earnings	127,195	123,118	116,510
Accumulated other comprehensive loss	(3,072)	(3,503)	(2,764)
Treasury stock, at cost; 117,900 shares of Common Stock	(1,204)	(1,204)	(1,204)
TOTAL STOCKHOLDERS EQUITY	233,913	226,827	220,533

TOTAL LIABILITIES & STOCKHOLDERS EQUITY	\$ 455,112	\$ 394,611	\$ 410,070
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The accompanying unaudited notes are an integral part of these consolidated financial statements.

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(Unaudited)

(Dollars in thousands)

	For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 20,836	\$ 19,680
Depreciation and amortization	12,078	12,136
Loss (gain) on disposition of properties, net	46	(1,520)
Deferred income tax (benefit) expense	(211)	250
Stock-based compensation expense	1,405	833
Change in assets and liabilities:		
Accounts receivable, net	(10,855)	(2,937)
Inventories	(45,547)	(39,361)
Prepaid expenses and other current assets	(2,533)	(1,478)
Accounts payable	18,851	10,204
Accrued expenses	(2,790)	(9,292)
Income taxes payable	(50)	(748)
Other long-term liabilities	1,006	858
Other long-term assets	(1,422)	(148)
Other, net	730	629
Net cash used in operating activities	(8,456)	(10,894)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(11,136)	(8,152)
Proceeds from dispositions of assets, net	90	7,839
Other	7	(28)
Net cash used in investing activities	(11,039)	(341)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving credit facility	267,006	238,252
Repayments of revolving credit borrowings	(232,934)	(214,290)
Principal payments on long-term debt	(2,509)	(2,504)
Increase in book overdraft	3,698	5,834
Dividends paid	(16,759)	(16,599)
Issuance of Common Stock under equity award plans	567	523
Tax benefit of equity award exercises	606	382
Net cash provided by financing activities	19,675	11,598

NET INCREASE IN CASH	180	363
Cash, beginning of period	1,884	834
Cash, end of period	\$ 2,064	\$ 1,197

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

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JOHN B. SANFILIPPO & SON, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Dollars in thousands, except where noted and per share data)

Note 1 Basis of Presentation and Description of Business

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 our wholly-owned subsidiaries, JBSS Real Estate, LLC, JBSS Ventures, LLC and Sanfilippo (Shanghai) Trading Co. Ltd. Our fiscal year ends on the final Thursday of June each year, and typically consists of fifty-two weeks (four thirteen-week quarters). Additional information on the comparability of the periods presented is as follows:

References herein to fiscal 2015 and fiscal 2014 are to the fiscal year ending June 25, 2015 and the fiscal year ended June 26, 2014, respectively.

References herein to the third quarters of fiscal 2015 and fiscal 2014 are to the quarters ended March 26, 2015 and March 27, 2014, respectively.

References herein to the first three quarters or first thirty-nine weeks of fiscal 2015 and fiscal 2014 are to the thirty-nine weeks ended March 26, 2015 and March 27, 2014, respectively.

We are one of the leading processors and distributors of peanuts and tree nuts in the United States. These nuts are sold under a variety of private brands 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, almond butter, candy and confections, snacks and trail mixes, snack bites, sunflower kernels, dried fruit, corn snacks, sesame sticks and other sesame snack products under private brands and brand names. Our products are sold through the major distribution channels to significant buyers of nuts, including food retailers, commercial ingredient users, contract packaging customers and international customers.

The accompanying unaudited financial statements fairly present the consolidated statements of comprehensive income, consolidated balance sheets and consolidated statements of cash flows, and reflect all adjustments, consisting only of normal recurring adjustments which are necessary for the fair statement of the results of the interim periods. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

The interim results of operations are not necessarily indicative of the results to be expected for a full year. The balance sheet data as of June 26, 2014 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). Accordingly, these unaudited financial statements and related notes should be read in conjunction with the audited consolidated financial statements and notes thereto included in our 2014 Annual Report on Form 10-K for the fiscal year ended June 26, 2014.

Note 2 Inventories

Inventories are stated at the lower of cost (first in, first out) or market which approximates actual cost. Raw materials and supplies include costs of nut and nut related products. Work-in-process and finished goods include labor and manufacturing overhead costs. Inventories consist of the following:

	March 26, 2015	June 26, 2014	March 27, 2014
Raw material and supplies	\$ 106,864	\$ 68,196	\$ 110,160
Work-in-process and finished goods	121,513	114,634	87,907
Total	\$ 228,377	\$ 182,830	\$ 198,067

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The previously reported balances of raw material and supplies at June 26, 2014 and March 27, 2014 incorrectly included \$21,221 and \$12,995, respectively, of certain nut meats that should have been classified as work-in-process and finished goods. The current presentation reflects this correction and there is no impact on our consolidated financial statements. The impact to prior periods is not material and the Company will similarly correct this disclosure in future filings.

Note 3 Intangible Assets

Intangible assets subject to amortization consist of the following:

	March 26, 2015	June 26, 2014	March 27, 2014
Customer relationships	\$ 10,600	\$ 10,600	\$ 10,600
Non-compete agreement	5,400	5,400	5,400
Brand names	8,090	8,090	8,090
 Total intangible assets, gross	 24,090	 24,090	 24,090
Less accumulated amortization:			
Customer relationships	(7,339)	(6,203)	(5,824)
Non-compete agreement	(5,048)	(4,582)	(4,312)
Brand names	(8,085)	(8,059)	(8,051)
 Total accumulated amortization	 (20,472)	 (18,844)	 (18,187)
 Net intangible assets	 \$ 3,618	 \$ 5,246	 \$ 5,903

Customer relationships and the non-compete agreement relate wholly to the Orchard Valley Harvest (OVH) acquisition completed in 2010. Customer relationships are being amortized on a straight line basis over seven years. The non-compete agreement is being amortized based upon the expected pattern of cash flow annual benefit over a five year period. The brand names consist primarily of the *Fisher* brand name, which we acquired in a 1995 acquisition. The *Fisher* brand name became fully amortized in fiscal 2011. The remaining brand name relates to the OVH acquisition and is being amortized on a straight line basis over five years.

Note 4 Primary Financing Facilities

On February 7, 2008, we entered into a Credit Agreement with a bank group (the Bank Lenders) providing a \$117,500 revolving loan commitment and letter of credit subfacility. On September 30, 2014, we entered into the Sixth Amendment to Credit Agreement (the Sixth Amendment) which extended the maturity date of the Credit Agreement from July 15, 2016 to July 15, 2019 and reduced the interest rates charged for ordinary course and letter of credit borrowings. The revolving loan commitment amount did not change. In addition, the Sixth Amendment allows the Company to, without obtaining Bank Lender consent, (i) make up to two cash dividends or distributions on our stock each fiscal year, or (ii) purchase, acquire, redeem or retire stock in any fiscal year, in any case, in an amount not to exceed \$25,000, individually or in the aggregate, as long as the excess availability under the Credit Agreement remains over \$30,000 after giving effect to any such dividend, distribution, purchase or redemption. The Sixth Amendment also increased the amount of permitted acquisitions to \$100,000 from \$50,000 and removed the annual

limit on capital expenditures. At March 26, 2015, we had \$39,036 of available credit under the Credit Facility which reflects borrowings of \$74,614 and reduced availability as a result of \$3,850 in outstanding letters of credit. As of March 26, 2015, we were in compliance with all covenants under the Credit Facility. We would still be in compliance with all restrictive covenants under the Credit Facility if the entire available amount were borrowed.

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 \$36,000 (Tranche A) and the other in the amount of \$9,000 (Tranche B), for an aggregate amount of \$45,000 (the Mortgage Facility). As of March 26, 2015, we were in compliance with all covenants under the Mortgage Facility. We have classified \$17,200 under Tranche A and \$4,300 under Tranche B as long-term debt at March 26, 2015, which represent scheduled principal payments due beyond twelve months.

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Our effective tax rate for the third quarter of fiscal 2015 is 35.4% compared to an effective tax rate of 20.1% for the third quarter of fiscal 2014. During the third quarter of fiscal 2014 we recorded discrete tax items which resulted in approximately \$677 of income tax benefit and reduced our effective tax rate. The discrete tax items recorded in the third quarter of fiscal 2014 primarily relate to the tax benefit of losses realized from the divestiture of an equity investment in ARMA Energy, Inc. (ARMA), and the cancellation of a secured promissory note receivable due from ARMA.

On December 19, 2014 the Tax Increase Prevention Act of 2014 was signed into law which extended several expired tax incentives; specifically the Research Tax Credit and bonus depreciation. The impact of this legislation was recorded in the second quarter fiscal 2015 and did not have a material impact on our consolidated financial statements.

At the beginning of fiscal 2015, we had gross state tax net operating losses of approximately \$3,649 that will expire in 2024 if not utilized.

As of March 26, 2015, unrecognized tax benefits and accrued interest and penalties were approximately \$323. During the first three quarters of fiscal 2015, unrecognized tax benefits increased \$28 and accrued interest and penalties increased \$32. We do not anticipate that total unrecognized tax benefits will significantly change in the next twelve months.

We file income tax returns with federal and state tax authorities within the United States of America. Our federal tax returns are open for audit for fiscal 2011 and later. Our Illinois tax return is open for audit for fiscal 2013 and later. Our California tax returns are open for audit for fiscal 2009 and later. No other tax jurisdictions are material to us.

Note 6 Earnings Per Common Share

Basic earnings per common share are calculated using the weighted average number of shares of Common Stock and Class A Common Stock outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue Common Stock (i) were exercised or converted into Common Stock or (ii) resulted in the issuance of Common Stock. The following table presents the reconciliation of the weighted average shares outstanding used in computing basic and diluted earnings per share:

	For the Quarter Ended		For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014	March 26, 2015	March 27, 2014
Weighted average number of shares outstanding basic	11,183,505	11,073,669	11,137,260	11,016,926
Effect of dilutive securities:				
Stock options and restricted stock units	91,277	82,560	94,178	99,565
Weighted average number of shares outstanding diluted	11,274,782	11,156,229	11,231,438	11,116,491

The following table presents a summary of anti-dilutive awards excluded from the computation of diluted earnings per share:

	For the Quarter Ended		For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014	March 26, 2015	March 27, 2014
Weighted average number of anti-dilutive shares:				20,203
Weighted average exercise price:	\$	\$	\$	\$ 25.36

Table of Contents**Note 7 Stock-Based Compensation Plans**

At our annual meeting of stockholders on October 29, 2014, our stockholders approved a new equity incentive plan (the 2014 Omnibus Plan) under which awards of options and stock-based awards may be made to employees, officers, non-employee directors or third-party consultants to our Company. A total of 1,000,000 shares of Common Stock are authorized for grants of awards thereunder, which may be in the form of options, restricted stock, restricted stock units (RSUs), stock appreciation rights (SARs), performance shares, performance units or Common Stock.

The total number of shares of Common Stock with respect to which options or SARs may be granted in any calendar year to any participant may not exceed 500,000 shares (this limit applies separately with respect to each type of award). Additionally, for awards of restricted stock, RSUs, performance shares or other stock-based awards that are intended to qualify as performance-based compensation: (i) the total number of shares of Common Stock that may be granted in any calendar year to any participant may not exceed 250,000 shares (this limit applies separately to each type of award) and (ii) the maximum amount that may be paid to any participant for awards that are payable in cash or property other than Common Stock in any calendar year is \$5,000.

The following is a summary of stock option activity for the first three quarters of fiscal 2015:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at June 26, 2014	63,500	\$ 13.98		
Activity:				
Granted				
Exercised	(32,500)	17.44		
Forfeited				
Outstanding at March 26, 2015	31,000	\$ 10.36	2.40	\$ 950
Exercisable at March 26, 2015	30,125	\$ 10.21	2.25	\$ 928

For the thirty-nine weeks ended March 26, 2015, the total intrinsic value of options exercised was \$550 and the total cash received was \$567. The change in non-vested stock option activity was insignificant during the first three quarters of fiscal 2015.

The following is a summary of restricted stock unit activity for the first three quarters of fiscal 2015:

Restricted Stock Units	Shares	Weighted Average Grant Date Fair Value
Outstanding at June 26, 2014	201,308	\$ 16.23

Activity:			
Granted	83,505		33.95
Vested	(55,875)		11.00
Forfeited	(270)		32.52
Outstanding at March 26, 2015	228,668	\$	23.96

Included in the table above at March 26, 2015 there are 51,439 RSUs outstanding that are vested but deferred. Non-vested RSUs will vest over a weighted average period of 1.5 years.

The following table summarizes compensation cost charged to earnings for all equity compensation plans for the periods presented:

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	For the Quarter Ended		For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014	March 26, 2015	March 27, 2014
Stock-based compensation cost	\$ 526	\$ 272	\$ 1,405	\$ 833

As of March 26, 2015, there was \$2,875 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements granted under our stock-based compensation plans, including the 2014 Omnibus Plan. We expect to recognize that cost over a weighted average period of 1.5 years.

Note 8 Special Cash Dividend

On October 28, 2014 our Board of Directors, after considering the financial position of our Company, declared a special cash dividend of \$1.50 per share on all issued and outstanding shares of Common Stock and Class A Common Stock of the Company (the Special Dividend). The Special Dividend was paid on December 12, 2014, to stockholders of record at the close of business on December 3, 2014. The total amount of cash paid to stockholders under the Special Dividend was \$16,759.

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 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:

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	For the Quarter Ended		For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014	March 26, 2015	March 27, 2014
	Service cost	\$ 96	\$ 81	\$ 289
Interest cost	161	159	482	476
Amortization of prior service cost	239	239	718	718
Amortization of gain		(17)		(51)
Net periodic benefit cost	\$ 496	\$ 462	\$ 1,489	\$ 1,385

Note 10 Accumulated Other Comprehensive Loss

The table below sets forth the changes to accumulated other comprehensive loss (AOCL) for the thirty-nine weeks ended March 26, 2015 and March 27, 2014. These changes are all related to our defined benefit pension plan.

Changes to AOCL ^(a)	For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014
Balance at beginning of period	\$ (3,503)	\$ (3,164)
Other comprehensive income before reclassifications		
Amounts reclassified from accumulated other comprehensive loss	718	667
Tax effect	(287)	(267)
Net current-period other comprehensive income	431	400
Balance at end of period	\$ (3,072)	\$ (2,764)

^(a) Amounts in parenthesis indicate debits/expense.

The reclassifications out of accumulated other comprehensive loss for the quarter and thirty-nine weeks ended March 26, 2015 and March 27, 2014 were as follows:

Reclassifications from AOCL to earnings ^(b)	For the Quarter Ended	For the Thirty-nine Weeks Ended	Affected line item in
	March 26, 2015	March 27, 2014	the Consolidated Statements of Comprehensive Income
Amortization of defined benefit pension items:			

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Unrecognized prior service cost	\$ (239)	\$ (239)	\$ (718)	\$ (718)	Administrative expenses
Unrecognized net gain		17		51	Administrative expenses
Total before tax	(239)	(222)	(718)	(667)	
Tax effect	95	89	287	267	Income tax expense
Amortization of defined pension items, net of tax	\$ (144)	\$ (133)	\$ (431)	\$ (400)	

(b) Amounts in parenthesis indicate debits to expense. See Note 9 Retirement Plan above for additional details.

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In December 2013, we completed the sale of land and a building that was originally purchased for our facility consolidation project (the Old Elgin Site). The sales price was \$8,000 and resulted in a gain of \$1,037, net of \$604 income tax expense, for the thirty-nine weeks ended March 27, 2014.

Note 12 Distribution Channel and Product Type Sales Mix

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

The following table summarizes net sales by distribution channel:

Distribution Channel	For the Quarter Ended		For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014	March 26, 2015	March 27, 2014
Consumer ⁽¹⁾	\$ 123,155	\$ 98,588	\$ 409,110	\$ 337,460
Commercial Ingredients	47,988	45,273	147,035	140,961
Contract Packaging	27,517	21,867	82,868	71,823
Export ⁽²⁾	10,736	8,563	26,793	25,858
Total	\$ 209,396	\$ 174,291	\$ 665,806	\$ 576,102

(1) Sales of branded products, primarily all *Fisher* brand, were approximately 25% and 27% of total consumer sales during the third quarter of fiscal 2015 and fiscal 2014, respectively. Sales of branded products, primarily all *Fisher* brand, were approximately 32% and 33% of total consumer sales during the first thirty-nine weeks of fiscal 2015 and fiscal 2014, respectively.

(2) Export sales consist primarily of bulk products and consumer branded and private brand products. Consumer branded and private brand products accounted for approximately 55% and 50% of total sales in the export channel during the third quarter of fiscal 2015 and fiscal 2014, respectively. Consumer branded and private brand products accounted for approximately 66% and 55% of total sales in the export channel during the first thirty-nine weeks of fiscal 2015 and 2014, respectively.

The following table 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.

Product Type	For the Quarter Ended	For the Thirty-nine Weeks Ended
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	March 26, 2015	March 27, 2014	March 26, 2015	March 27, 2014
Peanuts	13.7%	15.8%	13.5%	14.7%
Pecans	8.8	10.6	13.4	14.8
Cashews & Mixed Nuts	23.1	20.7	21.9	19.1
Walnuts	10.7	11.6	11.5	12.2
Almonds	25.0	24.2	22.6	21.7
Trail & Snack Mixes	13.5	10.9	11.8	11.0
Other	5.2	6.2	5.3	6.5
Total	100.0%	100.0%	100.0%	100.0%

Table of Contents**Note 13 Commitments and Contingent Liabilities**

We are currently a party to various legal proceedings in the ordinary course of business. While management presently believes that the ultimate outcomes of these proceedings, individually and in the aggregate, will not materially affect our Company's financial position, results of operations or cash flows, legal proceedings are subject to inherent uncertainties, and unfavorable outcomes could occur. Unfavorable outcomes could include substantial monetary damages in excess of any appropriate accruals which management has established. Were such unfavorable final outcomes to occur, there exists the possibility of a material adverse effect on our financial position, results of operations and cash flows.

Note 14 Fair Value of Financial Instruments

Authoritative guidance issued by the Financial Accounting Standards Board (FASB) defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

- Level 1 Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2 Observable inputs other than quoted prices in active markets. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 Unobservable inputs for which there is little or no market data available.
- The carrying values of cash, trade accounts receivable and accounts payable approximate their fair values at each balance sheet date because of the short-term maturities and nature of these balances.

The carrying value of our revolving credit facility borrowings approximates fair value at each balance sheet date because interest rates on this instrument approximate current market rates (Level 2 criteria), the short-term maturity and nature of this balance. In addition, there has been no significant change in our inherent credit risk.

The following table summarizes the carrying value and fair value estimate of our long term debt, including current maturities:

	March 26, 2015	June 26, 2014	March 27, 2014
Carrying value of long-term debt:	\$ 36,506	\$ 39,015	\$ 39,851
Fair value of long-term debt:	40,520	43,091	43,724

The estimated fair value of our long-term debt was determined using a market approach based upon Level 2 observable inputs, which estimates fair value based on interest rates currently offered on loans with similar terms to borrowers of similar credit quality or broker quotes. In addition, there have been no significant changes in the underlying assets securing our long-term debt.

Note 15 Recent Accounting Pronouncements

In April 2015, the FASB issued ASU No. 2015-05 *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. Existing GAAP does not include explicit guidance about a customer's accounting for fees paid in a cloud computing arrangement.

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which has resulted in some diversity in practice. This update provides guidance to customers about whether a cloud computing arrangement includes a software license or service contract. This update will be effective for annual periods, including interim periods within those annual periods beginning after December 15, 2015. This update will be effective for the Company beginning in fiscal year 2017. Early adoption is permitted. The Company is currently evaluating this guidance, but does not anticipate it will have a material impact to its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03 *Interest-Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs*. This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct reduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. This new guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. This update will be effective for the Company beginning in fiscal year 2017. Early adoption is permitted. The Company is currently evaluating this guidance, but does not anticipate it will have a material impact to its consolidated balance sheets.

In February 2015, the FASB issued ASU No. 2015-02 *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. This update focuses on a reporting company's consolidation evaluation to determine whether it should consolidate certain legal entities. This guidance is effective for annual periods beginning after December 15, 2015. This update will be effective for the Company beginning in fiscal year 2017. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating this guidance, but does not anticipate it will have a material impact to its consolidated financial statements.

In January 2015, the FASB issued ASU No. 2015-01 *Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. This update eliminates the concept of extraordinary items from GAAP. Currently, if an event or transaction is both unusual in nature and infrequent in occurrence an entity is required to segregate the extraordinary item from the results of ordinary operations and show the item separately in the income statement, net of tax, after continuing operations. Applicable income taxes and earnings-per-share data is also required to be disclosed. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. This update will be effective for the Company beginning in fiscal year 2017. This update can be adopted either retrospectively to each prior reporting period presented, or prospectively. Early adoption is permitted. The Company does not expect the adoption of this update to have a material impact on our consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15 *Presentation of Financial Statements - Going Concern (Topic 205-40)*. The guidance requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The new guidance applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not expect the adoption of this guidance in fiscal 2017 to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* and created a new ASC Topic 606, *Revenue from Contracts with Customers*, and added ASC Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*. The guidance in this update supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the industry topics of the codification. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective for the Company beginning in fiscal year 2018.

In April 2015 the FASB proposed a one-year delay of the effective date for this new standard which would shift the effective date to fiscal 2019. This guidance can be adopted either retrospectively to each prior reporting period presented, or retrospectively with a cumulative-effect adjustment recognized as of the date of adoption. The Company is currently assessing the impact of this new guidance on our financial position and results of operations.

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

OVERVIEW

The following discussion and analysis should be read in conjunction with the unaudited Consolidated Financial Statements and the Notes to Consolidated Financial Statements.

Our fiscal year ends on the final Thursday of June each year, and typically consists of fifty-two weeks (four thirteen week quarters). Additional information on the comparability of the periods presented is as follows:

References herein to fiscal 2015 and fiscal 2014 are to the fiscal year ending June 25, 2015 and the fiscal year ended June 26, 2014, respectively.

References herein to the third quarters of fiscal 2015 and fiscal 2014 are to the quarters ended March 26, 2015 and March 27, 2014, respectively.

References herein to the first three quarters or first thirty-nine weeks of fiscal 2015 and fiscal 2014 are to the thirty-nine weeks ended March 26, 2015 and March 27, 2014, respectively.

As used herein, unless the context otherwise indicates, the terms Company, we, us, our or our Company collectively refer to John B. Sanfilippo & Son, Inc. and our wholly-owned subsidiaries, JBSS Real Estate, LLC, JBSS Ventures, LLC and Sanfilippo (Shanghai) Trading Co. Ltd. Our Company's Credit Facility and Mortgage Facility, as defined below, are sometimes collectively referred to as our financing arrangements.

We are one of the leading processors and distributors of peanuts, pecans, cashews, walnuts, almonds and other nuts in the United States. These nuts are sold under a variety of private brands 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, almond butter, candy and confections, snacks and trail mixes, snack bites, sunflower kernels, dried fruit, corn snacks, sesame sticks and other sesame snack products under private brands and brand names. We distribute our products in the consumer, commercial ingredients, contract packaging and export distribution channels.

The Company's long-term objective to drive profitable growth, as identified in our strategic plan (the Strategic Plan), includes the following goals:

- i. Growing *Fisher* and *Orchard Valley Harvest* into leading nut brands by focusing on consumers demanding quality nuts in the snacking, recipe and produce categories,
- ii. Expanding globally and building our Company into a leading international branded and private brand snack nut company, and

- iii. Providing integrated nut solutions to grow non-branded business at existing key customers in each distribution channel.

We continue to execute this strategy during fiscal 2015. In the third quarter of fiscal 2015, we experienced distribution gains for our *Orchard Valley Harvest* brand. The improved distribution drove a 56% increase in sales volume compared to the third quarter of 2014 for *Orchard Valley Harvest*. We are also in the process of introducing an innovative snack bite product, *Fisher Nut Exactly*, to a number of retailers in the third and fourth quarters of fiscal 2015.

We face a number of challenges in the future which include, among others: high tree nut commodity costs (due to the continued high export demand for pecans and walnuts, primarily in China) and intensified competition for market share from both private brand and name brand nut products. We will continue to focus on seeking profitable business opportunities to further utilize our additional production capacity at our primary manufacturing, processing and distribution facility located in Elgin, Illinois (the Elgin Site). We expect to maintain our recent level of promotional and advertising activity for our *Fisher* and *Orchard Valley Harvest* brands, and to develop new products for all product lines such as our new *Fisher Nut Exactly* brand snack bite product line. 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 of this report for additional information about our risks, challenges and uncertainties.

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QUARTERLY HIGHLIGHTS

Our net sales of \$209.4 million for the third quarter of fiscal 2015 increased 20.1% from our net sales of \$174.3 million for the third quarter of fiscal 2014. Net sales for the first thirty-nine weeks of fiscal 2015 increased by \$89.7 million, or 15.6%, to \$665.8 million from net sales of \$576.1 million for the first thirty-nine weeks of fiscal 2014.

Sales volume, measured as pounds sold to customers, increased 5.0 million pounds, or 9.1%, compared to the third quarter of fiscal 2014. Sales volume increased 12.4 million pounds, or 7.0%, compared to the first thirty-nine weeks of fiscal 2014. We continue to see considerable growth in sales volume for *Orchard Valley Harvest* produce products with a 56% increase in sales volume in the quarterly comparison.

Gross profit increased by \$7.0 million and our gross profit margin, as a percentage of net sales, increased to 14.2% for the third quarter of fiscal 2015 compared to 13.1% for the third quarter of fiscal 2014. Gross profit increased by \$8.6 million year to date; however our gross profit margin, as a percentage of net sales, decreased to 14.7% from 15.5% for the first thirty-nine weeks of fiscal 2015 compared to the first thirty-nine weeks of fiscal 2014.

Total operating expenses for the third quarter of fiscal 2015 increased by \$1.6 million, or 9.8%, compared to the third quarter of fiscal 2014. However, as a percentage of net sales, total operating expenses in the third quarter of fiscal 2015 fell to 8.7% compared to 9.6% for the third quarter of fiscal 2014. For the first three quarters of fiscal 2015, total operating expenses increased by \$5.3 million to 8.9% of net sales compared to 9.4% of net sales for the first three quarters of fiscal 2014. Operating expenses during the thirty-nine weeks ended March 27, 2014 were favorably impacted by a \$1.6 million pretax gain from the sale of the Old Elgin Site.

The total value of inventories on hand at the end of the third quarter of fiscal 2015 increased by \$30.3 million, or 15.3%, in comparison to the total value of inventories on hand at the end of the third quarter of fiscal 2014.

With the exception of walnuts, we have seen acquisition costs for domestic tree nuts increase in the 2014 crop year (which falls into our current 2015 fiscal year). We completed procurement of inshell walnuts during the first half of fiscal 2015, and the total payments due to our walnut growers were determined in the current quarter. The final prices paid, and remaining to be paid to the walnut growers was based upon current market prices and other factors, such as crop size and export demand. A large majority of payments to walnut growers were completed in the third quarter of fiscal 2015. Remaining amounts to be paid to walnut growers as of March 26, 2015 are final and are not subject to revision. We reduced our walnut grower liability by approximately \$4.0 million during the third quarter of fiscal 2015, as the final payments to walnut growers were slightly less than the amounts estimated at the end of last quarter. This decrease is insignificant compared to our total inshell walnut procurement costs for the year and the adjustment to cost of sales was immaterial to our results of operations.

Table of Contents**RESULTS OF OPERATIONS***Net Sales*

Our net sales increased 20.1% to \$209.4 million in the third quarter of fiscal 2015 compared to net sales of \$174.3 million for the third quarter of fiscal 2014. Sales volume, which is defined as pounds sold to customers, increased by 9.1%, and sales volume increased for all major product types except pecans in the quarterly comparison. The increase in net sales was attributable to a 10.1% increase in the weighted average sales price per pound, driven mainly by selling price increases for most major nut types due to higher commodity acquisition costs, and the aforementioned sales volume increase.

Our net sales were \$665.8 million, an increase of \$89.7 million, or 15.6%, for the first thirty-nine weeks of fiscal 2015 compared to the same period of fiscal 2014. The increase in net sales was primarily attributable to an 8.0% increase in the weighted average sales price per pound and a 7.0% increase in sales volume, both due to the reasons discussed in the quarterly comparison above.

The following table 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.

Product Type	For the Quarter Ended		For the Thirty-nine Weeks Ended	
	March 26, 2015	March 27, 2014	March 26, 2015	March 27, 2014
Peanuts	13.7%	15.8%	13.5%	14.7%
Pecans	8.8	10.6	13.4	14.8
Cashews & Mixed Nuts	23.1	20.7	21.9	19.1
Walnuts	10.7	11.6	11.5	12.2
Almonds	25.0	24.2	22.6	21.7
Trail & Snack Mixes	13.5	10.9	11.8	11.0
Other	5.2	6.2	5.3	6.5
Total	100.0%	100.0%	100.0%	100.0%

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

Distribution Channel	For the Quarter Ended			Percent Change
	March 26, 2015	March 27, 2014	Change	
Consumer ⁽¹⁾	\$ 123,155	\$ 98,588	\$ 24,567	24.9%
Commercial Ingredients	47,988	45,273	2,715	6.0
Contract Packaging	27,517	21,867	5,650	25.8
Export ⁽²⁾	10,736	8,563	2,173	25.4

Total	\$ 209,396	\$ 174,291	\$ 35,105	20.1%
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- (1) Sales of branded products, primarily all *Fisher* brand, were approximately 25% and 27% of total consumer sales during the third quarter of fiscal 2015 and fiscal 2014, respectively.
- (2) Export sales consist primarily of bulk products and consumer branded and private brand products. Consumer branded and private brand products accounted for approximately 55% and 50% of total sales in the export channel during the third quarter of fiscal 2015 and fiscal 2014, respectively.

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

Distribution Channel	For the Thirty-nine Weeks Ended			Percent Change
	March 26, 2015	March 27, 2014	Change	
Consumer ⁽¹⁾	\$ 409,110	\$ 337,460	\$ 71,650	21.2%
Commercial Ingredients	147,035	140,961	6,074	4.3
Contract Packaging	82,868	71,823	11,045	15.4
Export ⁽²⁾	26,793	25,858	935	3.6
Total	\$ 665,806	\$ 576,102	\$ 89,704	15.6%

(1) Sales of branded products, primarily all *Fisher* brand, were approximately 32% and 33% of total consumer sales during the first thirty-nine weeks of fiscal 2015 and fiscal 2014, respectively.

(2) Export sales consist primarily of bulk products and consumer branded and private brand products. Consumer branded and private brand products accounted for approximately 66% and 55% of total sales in the export channel during the first thirty-nine weeks of fiscal 2015 and fiscal 2014, respectively.

Net sales in the consumer distribution channel increased by 24.9% in dollars and 10.2% in sales volume in the third quarter of fiscal 2015 compared to the third quarter of fiscal 2014. Private brand consumer sales volume increased 12.3%, primarily due to a significant increase in sales of snack nut and trail mix products at two significant customers. *Fisher* snack nut sales volume decreased 10.0% due to a change in the timing of merchandising activity at a major customer where that merchandising activity occurred in the second quarter of fiscal 2015 as opposed to the third quarter of fiscal 2014. *Fisher* recipe nut sales volume in the third quarter of fiscal 2015 decreased 4.8% compared to the third quarter of last year, primarily due to reduced merchandising activity at a major customer. Increased sales of *Orchard Valley Harvest* brand products also contributed to the volume increase.

In the first thirty-nine weeks of fiscal 2015, net sales in the consumer distribution channel increased by 21.2% in dollars and 12.4% in sales volume compared to the same period of fiscal 2014. Private brand consumer sales volume increased by 12.9% in the first thirty-nine weeks of fiscal 2015 compared to the same period of fiscal 2014 due to significant increase in sales of snack nut and trail mix products at two significant customers. *Fisher* brand snack nut sales volume increased 22.9% due largely to the distribution of inshell peanuts we regained at a major *Fisher* snack customer. *Fisher* brand recipe nut sales volume increased by 2.6% in the first thirty-nine weeks of fiscal 2015 compared to the first thirty-nine weeks of fiscal 2014. Increased sales volume of *Orchard Valley Harvest* brand products, driven by distribution gains, also contributed to the volume increase in the year to date comparison.

Net sales in the commercial ingredients distribution channel increased by 6.0% in dollars, though sales volume decreased 3.0%, in the third quarter of fiscal 2015 compared to the third quarter of fiscal 2014. In the first thirty-nine weeks of fiscal 2015, net sales in the commercial ingredients distribution channel increased by 4.3% in dollars, though sales volume decreased 1.4%, compared to the same period of fiscal 2014. The sales volume decrease for the quarterly and thirty-nine week period was primarily due to lower bulk pecan sales as a result of a smaller pecan crop and lower sales of bulk macadamia nuts due to lost business with customers using these nuts in their products.

Net sales in the contract packaging distribution channel increased by 25.8% in dollars and 22.8% in sales volume in the third quarter of fiscal 2015 compared to the third quarter of fiscal 2014. In the first thirty-nine weeks of fiscal 2015, net sales in the contract packaging distribution channel increased by 15.4% in dollars and sales volume increased 6.4% compared to the same period of fiscal 2014. The sales volume increase for the quarterly period was due to new product introductions executed by several key existing customers. The sales volume increase for the thirty-nine week period primarily resulted from increased sales of peanut, cashew and mixed nut products to existing customers.

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Net sales in the export distribution channel increased by 25.4% in dollars and 13.1% in sales volume in the third quarter of fiscal 2015 compared to the third quarter of fiscal 2014. Net sales in the export distribution channel in the first thirty-nine weeks of fiscal 2015 increased by 3.6% in dollars; however, sales volume decreased 10.5% compared to the first thirty-nine weeks of fiscal 2014. The sales volume increase for the quarterly period comparison was primarily due to increased sales of *Fisher* snack nut and bulk peanuts, in addition to new item introductions made by an existing customer. The sales volume decrease for the thirty-nine week period comparison was primarily due to a significantly lower supply of inshell walnuts for the export market.

Gross Profit

Gross profit increased by \$7.0 million, or 30.6%, to \$29.8 million for the third quarter of fiscal 2015 compared to the third quarter of fiscal 2014. Our gross profit margin, as a percentage of net sales, increased to 14.2% for the third quarter of fiscal 2015 compared to 13.1% for the third quarter of fiscal 2014. The gross profit margin and gross profit increases were mainly attributable to faster implementation of selling price increases resulting from increased commodity acquisition costs compared to the timing of selling price increases in last year's third quarter. The volume increase coupled with lower acquisition costs for walnuts also contributed to the increase in gross profit margin and gross profit.

Gross profit increased by \$8.6 million, or 9.6%, to \$97.7 million for the first thirty-nine weeks of fiscal 2015 from \$89.1 million for the first thirty-nine weeks of fiscal 2014. Our gross profit margin, as a percentage of net sales, decreased to 14.7% for the first thirty-nine weeks of fiscal 2015 compared to 15.5% for the first thirty-nine weeks of fiscal 2014. The decrease in gross profit margin in the year to date comparison was primarily due to higher acquisition costs for pecans and almonds in the first quarter of fiscal 2015 combined with the unfavorable impact on selling prices that resulted from increased trade spending in the second quarter of fiscal 2015. The decline in gross profit margin in the year to date comparison was offset in part by improved gross margins in the current third quarter. The increase in gross profit was mainly due to increased sales volume.

Operating Expenses

Total operating expenses for the third quarter of fiscal 2015 increased by \$1.6 million to \$18.3 million. Operating expenses for the third quarter of fiscal 2015 decreased to 8.7% of net sales from 9.6% of net sales for the third quarter of fiscal 2014 primarily due to a higher net sales base.

Selling expenses for the third quarter of fiscal 2015 were \$11.2 million, an increase of \$0.9 million, or 8.5%, from the third quarter of fiscal 2014. The increase was driven primarily by increased advertising expense of \$0.8 million to support increasing sales volume for our branded products and due to the earlier Easter holiday this year. Compensation related expenses also increased \$0.6 million. These increases were partially offset by a \$0.6 million reduction of freight expenses driven in part by lower fuel prices combined with a major customer switching from delivery to pick up of their products.

Administrative expenses for the third quarter of fiscal 2015 were \$7.1 million, an increase of \$0.8 million, or 11.8%, from the third quarter of fiscal 2014. The increase was driven primarily by a \$0.8 million increase in incentive compensation expense.

Total operating expenses for the first thirty-nine weeks of fiscal 2015 increased by \$5.3 million to \$59.5 million due partially to the prior year's \$1.6 million pretax gain on the sale of the Old Elgin Site which did not recur this fiscal year. Operating expenses for the first three quarters of fiscal 2015 decreased to 8.9% of net sales from 9.4% of net sales for the first thirty-nine weeks of fiscal 2014 primarily due to a higher net sales base.

Selling expenses for the first thirty-nine weeks of fiscal 2015 were \$37.9 million, an increase of \$2.6 million, or 7.2%, from the amount recorded for the first thirty-nine weeks of fiscal 2014. The increase was driven primarily by a \$1.2 million increase in advertising expense for the reasons discussed in the quarterly comparison above. Also contributing to the increase in selling expense was a \$1.1 million increase in compensation related expenses, largely driven by incentive compensation expense.

Administrative expenses for the first thirty-nine weeks of fiscal 2015 were \$21.6 million, an increase of \$1.1 million, or 5.2%, compared to the same period of fiscal 2014. Changes in administrative expense include a \$1.2 million

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increase in compensation related expenses and \$0.6 million more share-based compensation expense. These expenses were partially offset by a \$0.4 million decrease in professional expense and \$0.3 million lower amortization expense.

Income from Operations

Due to the factors discussed above, income from operations increased to \$11.5 million, or 5.5% of net sales, for the third quarter of fiscal 2015 from \$6.1 million, or 3.5% of net sales, for the third quarter of fiscal 2014.

Due to the factors discussed above, income from operations increased to \$38.2 million, or 5.7% of net sales, for the first thirty-nine weeks of fiscal 2015 from \$34.9 million, or 6.1% of net sales, for the first thirty-nine weeks of fiscal 2014.

Interest Expense

Interest expense was \$1.0 million for the third quarter of fiscal 2015 compared to \$1.1 million in the third quarter of fiscal 2014. Interest expense decreased 10.2% to \$2.9 million for the first thirty-nine weeks of fiscal 2015 compared to the same period of fiscal 2014. The decrease in interest expense was due primarily to lower interest rates for the short-term credit facility.

Rental and Miscellaneous Expense, Net

Net rental and miscellaneous expense was \$0.4 million for the third quarter of fiscal 2015 compared to \$0.5 million for fiscal 2014. Net rental and miscellaneous expense was \$2.8 million for the first thirty-nine weeks of fiscal 2015 compared to \$1.8 million for the first thirty-nine weeks of fiscal 2014. The increase in the thirty-nine week period was primarily due to increased maintenance expense on the exterior of the office building located on our Elgin, Illinois campus which we incurred in the first quarter of fiscal 2015. This project was completed during the second quarter of fiscal 2015.

Income Tax Expense

Income tax expense was \$3.6 million, or 35.4% of income before income taxes (the effective tax rate) for the third quarter of fiscal 2015 compared to \$0.9 million, or 20.1% of income before income taxes, for the third quarter of fiscal 2014. For the first thirty-nine weeks of fiscal 2015, income tax expense was \$11.6 million, or 35.8% of income before income taxes, compared to \$10.2 million, or 34.1% of income before income taxes, for the comparable period last year. The increase in the effective tax rate, for both the quarterly and thirty-nine week periods of fiscal 2015, is mainly due to the tax benefit of losses realized when the Company divested its equity investment in ARMA and cancelled a secured promissory note due from ARMA, in the third quarter of fiscal 2014, which did not recur this fiscal year.

Net Income

Net income was \$6.5 million, or \$0.58 per common share (basic and diluted), for the third quarter of fiscal 2015, compared to \$3.7 million, or \$0.33 per common share (basic and diluted), for the third quarter of fiscal 2014.

Net income was \$20.8 million, or \$1.87 per common share (basic) and \$1.86 per common share (diluted), for the first thirty-nine weeks of fiscal 2015, compared to net income of \$19.7 million, or \$1.79 per common share (basic) and \$1.77 per common share (diluted), for the first thirty-nine weeks of fiscal 2014.

LIQUIDITY AND CAPITAL RESOURCES

General

The primary uses of cash are to fund our current operations, fulfill contractual obligations, pursue our Strategic Plan and repay indebtedness. Also, various uncertainties could result in additional uses of cash. The primary sources of cash are results of operations and availability under our Credit Agreement, dated February 7, 2008 and subsequently amended in March 2010, July 2011, October 2011, January 2013, December 2013 and September 2014 (as amended, the Credit Facility), that provides a revolving loan commitment and letter of credit subfacility. We

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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. Increases in our available credit under our Credit Facility, due to our improved financial performance in the past, have allowed us to consummate business acquisitions, devote more funds to promote our products, (especially our *Fisher* and *Orchard Valley Harvest* brands), develop new products, pay special cash dividends for the past three years, and explore other growth strategies outlined in our Strategic Plan, which includes expansion into existing markets and international markets such as China.

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 and nut products we buy and sell. Current market trends in nut prices and crop estimates also impact nut procurement.

The following table sets forth certain cash flow information for the first three quarters of fiscal 2015 and 2014, respectively (dollars in thousands):

	March 26, 2015	March 27, 2014	\$ Change
Operating activities	\$ (8,456)	\$ (10,894)	\$ 2,438
Investing activities	(11,039)	(341)	(10,698)
Financing activities	19,675	11,598	8,077
Total cash flow	\$ 180	\$ 363	\$ (183)

Operating Activities Net cash used in operating activities was \$8.5 million for the first thirty-nine weeks of fiscal 2015 compared to \$10.9 million for the first thirty-nine weeks of fiscal 2014. This decrease in cash outflows was due primarily to increased net income and the impact of the gain on sale of assets in the comparative period. The impact on cash flows from net changes in working capital was comparable to the prior year. Our nut commodity purchases were \$70.8 million higher during the first three quarters of fiscal 2015 than the same period of fiscal 2014, primarily due to the procurement of larger quantities of cashews and pecans combined with increasing pecan and almond acquisition costs.

Total inventories were \$228.4 million at March 26, 2015, an increase of \$45.5 million, or 24.9%, from the inventory balance at June 26, 2014, and an increase of \$30.3 million, or 15.3%, from the inventory balance at March 27, 2014. The increase at March 26, 2015 compared to June 26, 2014 was primarily driven by receipt of the current year crop of inshell walnuts and pecans. The increase at March 26, 2015 compared to March 27, 2014 is primarily due to higher commodity acquisition costs for pecans and almonds and increased quantities of walnuts, work-in-process and finished goods.

Raw nut and dried fruit input stocks increased by 3.1 million pounds, or 4.8%, at March 26, 2015 compared to March 27, 2014. The increase was attributable mainly to increased quantities of peanuts and walnuts. The weighted average cost per pound of raw nut input stocks on hand at the end of the third quarter of fiscal 2015 increased 3.7% as compared to the third quarter of fiscal 2014 mainly driven by higher acquisition costs for pecans and almonds.

Accounts payable were \$64.6 million at March 26, 2015, an increase of \$19.7 million, or 43.8%, from the balance at June 26, 2014, and an increase of \$9.8 million, or 17.9%, from the balance at March 27, 2014. The increase in accounts payable from June 26, 2014 to March 26, 2015 is due primarily to the receipt of the new walnut crop and

increased payables for inshell pecans. The increase in accounts payable at March 26, 2015 compared to March 27, 2014 is due to increased amounts due for almond and cashew purchases, mainly because of higher acquisition costs.

Investing Activities Cash used in investing activities was \$11.0 million during the first thirty-nine weeks of fiscal 2015 compared \$0.3 million for the same period last year. The increase was primarily due to the \$7.8 million net proceeds from the sale of assets at the Old Elgin Site last year which did not recur this year. We also spent \$3.0 million more on capital expenditures in the first three quarters of fiscal 2015 compared to the first three quarters of fiscal 2014. This increase in capital expenditures was primarily for a new production line for the manufacture of our new *Fisher Nut Exactly* snack bite products. We expect total capital expenditures for new equipment and facility upgrades, and food safety enhancements for fiscal 2015 to be approximately \$14 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 the cash requirements for planned capital expenditures.

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Financing Activities Cash provided by financing activities was \$19.7 million during the first thirty-nine weeks of fiscal 2015 compared to \$11.6 million for the same period last year. We paid \$16.8 million in dividends during the second quarter of fiscal 2015 compared to \$16.6 million during the same quarter last year. Net short term borrowings under our Credit Facility increased \$10.1 million during the first three quarters of fiscal 2015 compared to the first three quarters of fiscal 2014, primarily due to the procurement of larger quantities of certain commodities and increasing commodity acquisition costs.

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 are currently attempting to find additional tenants for the available space in the office building at the Elgin Site. Until additional tenant(s) are found, we will not receive the benefit of rental income associated with such space. Approximately 71% 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.

Financing Arrangements

On February 7, 2008, we entered into the Credit Facility with a bank group (the *Bank Lenders*) providing a \$117.5 million revolving loan commitment and letter of credit subfacility. 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, as most recently amended in September 2014, is secured by substantially all our assets other than machinery and equipment, 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*).

Credit Facility

On September 30, 2014 we entered into a Sixth Amendment to Credit Agreement (the *Sixth Amendment*) which extended the maturity date of the Credit Agreement to July 15, 2019 from July 15, 2016 and reduced the interest rates charged for ordinary course and letter of credit borrowings. The revolving loan commitment amount did not change. In addition, the Sixth Amendment allows us to, without obtaining Bank Lender Consent, (i) make up to two cash dividends or distributions on our stock each fiscal year, or (ii) purchase, acquire, redeem or retire stock in any fiscal year, in any case, in an amount not to exceed \$25.0 million, individually or in the aggregate, as long as the excess availability under the Credit Agreement remains over \$30.0 million after giving effect to any such dividend, distribution, purchase or redemption. The Sixth Amendment also increased the amount of permitted acquisitions to \$100.0 million from \$50.0 million and removed the annual limit on capital expenditures. At our election, borrowings under the Credit Facility currently 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 0.50% to 1.00% or (ii) a rate based upon the London interbank offered rate (*LIBOR*) plus an applicable margin based upon the borrowing base calculation, ranging from 1.50% to 2.00%.

At March 26, 2015, the weighted average interest rate for the Credit Facility was 1.74%. The terms of the Credit Facility contain covenants that, among other things, require us to restrict investments, indebtedness, acquisitions and certain sales of assets and limit annual cash dividends or distributions, transactions with affiliates, 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, until loan availability equals or exceeds \$25.0 million

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for three consecutive months. All cash received from customers is required to be applied against the Credit Facility. The Bank Lenders have the option to accelerate and demand 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 the Company, non-compliance with the financial covenants or upon the occurrence of other defaults by us under the Credit Facility (including a default under the Mortgage Facility). As of March 26, 2015, 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. At March 26, 2015, we had \$39.0 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.

Mortgage Facility

We are subject to interest rate resets for each of Tranche A and Tranche B. Specifically, on March 1, 2018 (the Tranche A Reset Date) and March 1, 2016 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, 2014, at a floating rate of the greater of (i) one month LIBOR plus 3.75% per annum or (ii) 4.50%, payable monthly (the Floating Rate). 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 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 March 26, 2015, 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 \$17.2 million of Tranche A and \$4.3 million of Tranche B have been classified as long-term debt which represent scheduled principal payments that are due at least twelve months beyond March 26, 2015.

Selma Property

In September 2006, we sold our Selma, Texas properties (the Selma 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 Properties has a ten-year term at a fair market value rent with three five-year renewal options. Also, we currently have an option to purchase the Selma

Properties from the partnerships at 95% (100% in certain circumstances) of the then fair market value, but not less than the original \$14.3 million purchase price. The provisions of the arrangement are not eligible for sale-leaseback accounting and the \$14.3 million was recorded as a debt obligation. No gain or loss was recorded on the Selma Properties transaction. As of March 26, 2015, \$12.0 million of the debt obligation was outstanding.

Critical Accounting Policies and Estimates

For information regarding our Critical Accounting Policies and Estimates, see the Critical Accounting Policies and Estimates section of Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the fiscal year ended June 26, 2014.

Table of Contents***Recent Accounting Pronouncements***

Refer to Note 15 Recent Accounting Pronouncements of the Notes to Consolidated Financial Statements, contained in Part I, Item 1 of this form 10-Q, for a discussion of recently issued accounting pronouncements.

FORWARD LOOKING STATEMENTS

The statements contained in this report that are not historical (including statements concerning our 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, believes, should and are based on our current expectations or beliefs concerning future events and involve risks and uncertainties. We caution that such statements are qualified by important factors, including the factors referred to in Part II, Item 1A

Risk Factors, and other factors, risks and uncertainties that are beyond our 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, such as a decline in sales to one or more key customers, a decline in sales of private brand products or changing consumer preferences; (iii) changes in the availability and costs of raw materials and the impact of fixed price commitments with customers; (iv) the ability to pass on price increases to customers if commodity costs rise and the potential for a negative impact on demand for, and sales of, our products from price increases; (v) the ability to measure and estimate bulk inventory and 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; (vi) our ability to appropriately respond to, or lessen the negative impact of, competitive and pricing pressures; (vii) losses associated with product recalls, product contamination, food labeling or other food safety issues, 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; (viii) our ability to retain key personnel; (ix) the effect of the actions and decisions of the group that has the majority of the voting power with regard to our outstanding common equity (which may make a takeover or change in control more difficult), including the effect of any agreements pursuant to which such group has pledged a substantial amount of its securities of the Company; (x) the potential negative impact of government regulations and laws and regulations pertaining to food safety, such as the Food Safety Modernization Act; (xi) our ability to do business in emerging markets while protecting our intellectual property in such markets; (xii) uncertainty in economic conditions, including the potential for economic downturn; (xiii) our ability to obtain additional capital, if needed; (xiv) the timing and occurrence (or nonoccurrence) of other transactions and events which may be subject to circumstances beyond our control; (xv) the adverse effect of labor unrest or disputes, litigation and/or legal settlements, including potential unfavorable outcomes exceeding any amounts accrued; (xvi) losses due to significant disruptions at any of our production or processing facilities; (xvii) the inability to implement our Strategic Plan or realize efficiency measures including controlling medical and personnel costs; (xviii) technology disruptions or failures; (xix) the inability to protect our intellectual property or avoid intellectual property disputes; (xx) our ability to manage successfully the price gap between our private brand products and those of our branded competitors; and (xxi) potential increased industry-specific regulation pending the U.S. Food and Drug Administration assessment of the risk of Salmonella contamination associated with tree nuts.

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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 Part I Item 7A Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the fiscal year ended June 26, 2014.

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 March 26, 2015. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 26, 2015, the Company's disclosure controls and procedures were effective.

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 March 26, 2015 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

For a discussion of legal proceedings, see Note 13 Commitments and Contingent Liabilities in Part I, Item 1 of this Form 10-Q.

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, risks and uncertainties 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 26, 2014. There were no significant changes to the risk factors identified on the Form 10-K for the fiscal year ended June 26, 2014 during the third quarter of fiscal 2015.

See Part I, Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in this Form 10-Q, and see Part II, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in the Company's Annual Report on Form 10-K for the fiscal year ended June 26, 2014.

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 April 29, 2015.

JOHN B. SANFILIPPO & SON, INC.

By /s/ MICHAEL J. VALENTINE
Michael J. Valentine
Chief Financial Officer, Group President
and Secretary

Table of Contents**EXHIBIT INDEX**

(Pursuant to Item 601 of Regulation S-K)

Exhibit Number	Description
1-2	Not applicable
3.1	Restated Certificate of Incorporation of John B. Sanfilippo & Son, Inc. (the Registrant or the Company ⁽¹²⁾)
3.2	Amended and Restated Bylaws of Registrant ⁽¹¹⁾
4.1	Specimen Common Stock Certificate ⁽³⁾
4.2	Specimen Class A Common Stock Certificate ⁽³⁾
5-9	Not applicable
10.1	Tax Indemnification Agreement between Registrant and certain Stockholders of Registrant prior to its initial public offering ⁽²⁾
10.2	Indemnification Agreement between Registrant and certain Stockholders of Registrant prior to its initial public offering ⁽²⁾
*10.3	The Registrant's 1998 Equity Incentive Plan ⁽⁴⁾
*10.4	First Amendment to the Registrant's 1998 Equity Incentive Plan ⁽⁵⁾
*10.5	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⁾
*10.6	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⁾
*10.7	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⁾
*10.8	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⁾
*10.9	The Registrant's Restated Supplemental Retirement Plan ⁽⁹⁾
*10.10	Form of Option Grant Agreement under 1998 Equity Incentive Plan ⁽⁸⁾
*10.11	Amended and Restated Sanfilippo Value Added Plan, dated August 27, 2014 ⁽²⁵⁾
10.12	

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⁽¹⁰⁾

- 10.13 Security Agreement, dated as of February 7, 2008, by the Company in favor of WFF, as administrative agent for the lenders⁽¹⁰⁾
- 10.14 Loan Agreement, dated as of February 7, 2008, by and between the Company and Transamerica Financial Life Insurance Company (TFLIC⁽¹⁰⁾)
- 10.15 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⁽¹⁰⁾

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Exhibit Number	Description
10.16	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 ⁽¹⁰⁾
10.17	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 ⁽¹⁰⁾
10.18	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 ⁽¹⁰⁾
10.19	Promissory Note (Tranche A), dated February 7, 2008, in the principal amount of \$36.0 million executed by the Company in favor of TFLIC ⁽¹⁰⁾
10.20	Promissory Note (Tranche B) dated February 7, 2008, in the principal amount of \$9.0 million executed by the Company in favor of TFLIC ⁽¹⁰⁾
*10.21	The Registrant's 2008 Equity Incentive Plan, as amended ^(d)
*10.22	First Amendment to the Registrant's 2008 Equity Incentive Plan ⁽³⁾
*10.23	The Registrant's Employee Restricted Stock Unit Award Agreement under 2008 Equity Incentive Plan ⁽¹⁴⁾
*10.24	The Registrant's First Form of Non-Employee Director Restricted Stock Unit Award Agreement under 2008 Equity Incentive Plan ⁽¹⁴⁾
*10.25	The Registrant's Second Form of Non-Employee Director Restricted Stock Unit Award Agreement under 2008 Equity Incentive Plan ⁽¹⁷⁾
10.26	Form of Indemnification Agreement ⁽¹⁵⁾
**10.27	First Amendment to Credit Agreement, dated as of March 8, 2010, by and among the Registrant, 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 ⁽¹⁶⁾
10.28	Form of Change-of-Control Employment Security Agreement and Non-Compete ⁽¹⁸⁾
10.29	Second Amendment to Credit Agreement, dated as of July 15, 2011, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA for itself and as agent/nominee for Southwest Georgia Farm Credit, FLCA, as a lender ⁽¹⁹⁾
10.30	Third Amendment to Credit Agreement, dated as of October 31, 2011, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA, for itself and as agent/nominee for Southwest Georgia Farm Credit, FLCA, as a lender ⁽²¹⁾
10.31	Consent and Fourth Amendment to Credit Agreement, dated as of January 22, 2013, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA, for itself and as agent/nominee for Southwest Georgia Farm Credit, FLCA, as a lender ⁽²²⁾

- 10.32 Consent and Fifth Amendment to Credit Agreement, dated as of December 16, 2013, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA, for itself and as agent/nominee for Southwest Georgia Farm Credit, FLCA, as a lender⁽²³⁾
- 10.33 Sixth Amendment to Credit Agreement, dated as of September 30, 2014, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA, as lender. ⁽²⁴⁾
- 10.34 The Registrant's 2014 Omnibus Incentive Plan⁽²⁰⁾

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Exhibit Number	Description
10.35	The Registrant's Form of Non-Employee Director Restricted Stock Unit Award Agreement (non-deferral) under 2014 Omnibus Plan ⁽²⁵⁾
10.36	The Registrant's Form of Non-Employee Director Restricted Stock Unit Award Agreement (deferral) under 2014 Omnibus Plan ⁽²⁵⁾
10.37	The Registrant's Form of Employee Restricted Stock Unit Award Agreement under 2014 Omnibus Plan ⁽²⁵⁾
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, as amended, 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, as amended, filed herewith
33-100	Not applicable
101.INS	XBRL Instance Document, filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document, filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document, filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document, filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document, filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document, filed herewith

* Indicates a management contract or compensatory plan or arrangement.

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

(1) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 28, 2012 (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).

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- (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 30, 2005 (Commission File No. 0-19681).
- (9) 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).
- (10) Incorporated by reference to the Registrant's Current Report on Form 8-K dated February 8, 2008 (Commission File No. 0-19681).
- (11) Incorporated by reference to the Registrant's Current Report on Form 8-K dated February 3, 2014 (Commission File No. 0-19681).
- (12) 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).
- (13) 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).
- (14) Incorporated by reference to the Registrant's Current Report on Form 8-K dated November 12, 2009 (Commission File No. 0-19681).
- (15) Incorporated by reference to the Registrant's Current Report on Form 8-K dated May 5, 2009 (Commission File No. 0-19681).
- (16) Incorporated by reference to the Registrant's Current Report on Form 8-K dated March 12, 2010 (Commission File No. 0-19681).
- (17) Incorporated by reference to the Registrant's Current Report on Form 8-K dated November 8, 2010 (Commission File No. 0-19681).
- (18) Incorporated by reference to the Registrant's Current Report on Form 8-K dated January 31, 2011 (Commission File No. 0-19681).
- (19) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 18, 2011 (Commission File No. 0-19681).
- (20) Incorporated by reference to the Registrant's Registration Statement on Form S-8, filed with the Commission on October 28, 2014 (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 29, 2011 (Commission File No. 0-19681).
- (22) Incorporated by reference to the Registrant's Current Report on Form 8-K dated February 1, 2013 (Commission File No. 0-19681).
- (23) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 17, 2013 (Commission File No. 0-19681).
- (24) Incorporated by reference to the Registrant's Current Report on Form 8-K dated October 3, 2014 (Commission File No. 0-19681).
- (25) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the first quarter ended September 25, 2014 (Commission File No. 0-19681).