

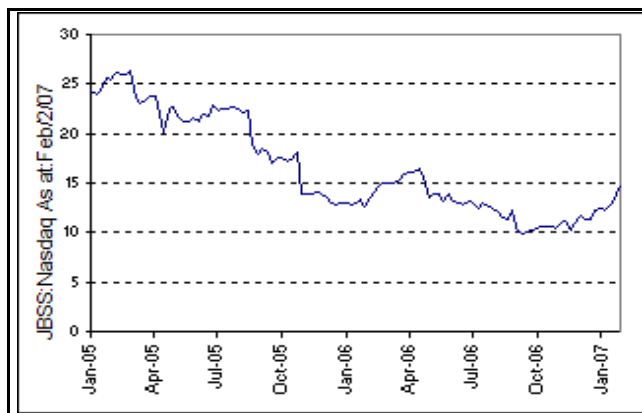
THE COMPANY

John B. Sanfilippo & Sons (JBSS) is one of the leading processors and marketers of tree nuts and peanuts in the United States. Based in Elk Grove, Illinois, the company sells all major nut types consumed in the U.S. including peanuts, pecans, cashews, walnuts and almonds. Channels of distribution include consumer (mass merchant, grocery and drug chains), industrial (bakeries, dairy), food service (airlines, schools,) and export. JBSS can trace its history to 1922 when Italian immigrants Gaspare Sanfilippo and his son John started a pecan shelling company in Chicago in a small storefront operation. By 1959 they had diversified into other nut types and new products including oil roasting nuts for the ice cream industry. Through various acquisitions including the purchase of the H.H. Evon Nut Company in 1974 and Fisher Nut in 1994, JBSS has grown to be the second largest nut company in the United States. It is estimated that JBSS has a market share of 10% in a very fragmented market.

FINANCIAL DATA

	2003	2004	2005
Earnings per Share (\$)	1.61	2.32	1.35
Price to Earnings (times)	8.4	5.8	10.0
Dividend (\$)	-	-	-
Dividend Yield (%)	-	-	-
Book Value (\$)	12.74	17.18	18.54
Price to Book Value (times)	1.10	0.79	0.73

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT JBSS

JBSS remained a private company until 1992, when it issued stock to the public at \$12 a share. Post IPO, JBSS shares failed to gain traction. The stock price languished below \$10 for most of the 1990s, often trading at a fraction of its book value. During this time however, JBSS impressively increased sales and grew its book value per share. It wasn't until 2002 that investors began to take notice. Due to the widely successful marketing of high protein/low carbohydrate diets such as Atkins and South Beach, Americans began consuming peanuts, cashews and almonds like never before. In 2003, JBSS earned \$1.61 per share, which was twice the amount it earned in 2002. In 2004, earnings subsequently reached \$2.32 per share. Investors were watching as JBSS's stock rocketed though \$50 a share, reaching an all time high of \$54.90 in December 2003. By the end of 2004 however, it had become apparent that interest in Atkins and South Beach had waned. To make matters worse, tree nut prices, the company's largest cost, were soaring. Earnings fell to just \$1.35 in 2005 and shares of JBSS eventually fell below \$20 a share. For the first quarter of fiscal 2006, JBSS reported its first loss since 1999. With that announcement in late October 2005, JBSS's stock plummeted 22% or over \$4 that day, closing at \$13.44 per share.

Today, with its shares trading at \$13.75, JBSS appears to be a bargain. The stock is trading at a 27% discount to its book value of \$18.42 and at approximately eight times next year's estimated earnings of \$1.65 per share. Book value is likely understated given that JBSS owns quite a bit of real estate, most of which was purchased in the 1980's and early 1990s. The company is planning to consolidate its operations by building a new larger central facility. Given the expected short payback of the project, the cost savings could be materially accretive to earnings in a couple of years. As far as tree costs are concerned, management expects prices to fall as newly planted crops are harvested in the coming years. Finally, given the company's low stock price, the costs and time required complying with Sarbanes Oxley, and the favourable prospects for the company, the Sanfilippo family could take the company private. If it did, we feel it would be worth considerably more than what the stock is trading for in the market.

ABC Funds
 November 11, 2005

UPDATE

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ABC Funds

February 24, 2006

On September 7, 2006 John B. Sanfilippo (JBSS) reported fiscal fourth quarter and year end results. Net loss for the current quarter was approximately \$7.3 million, or \$.69 per share diluted, compared to net income of approximately \$3.5 million, or \$.32 per share diluted, for the fourth quarter of fiscal 2005. For the year, the net loss was approximately \$14.4 million, or \$1.36 per share, compared to net income of approximately \$14.5 million, or \$1.35 per share diluted, for 2005.

It is important to note that JBSS's results do not yet fully reflect current lower tree nut prices. In other words, JBSS is still cycling through inventory which was purchased at a time when nut prices were at record highs. Since purchases of raw materials are typically done once a year to coincide with the tree nut harvest, it will probably take another quarter or two before the effect of lower cost inventory begins to positively affect the bottom line. As patient investors, we feel a more useful approach is to look at JBSS's earnings in an environment of normal tree nut prices. In effect, we are taking the Wayne Gretzky approach, referring to when he famously remarked "I skate to where the puck is going to be, not to where it has been."

In the meantime, shares of JBSS have traded down to about \$10 since the company reported its quarterly results. At this price, we feel the shares are simply dirt cheap. The stock sells for just 53% of its \$18.54 book value, a figure which likely understates the value of the company's real estate and does not account for the value of the Fisher brand. Further, if JBSS can return its net margins to its five year average of around 2.5% it could earn as much as \$1.35 per share based on fiscal 2006 sales. We believe that sales will probably improve in 2007. Increased promotional activity from retailers, and the introduction of new products such as Fisher Fusion, a line of flavored almonds, could push sales through \$600 million in 2007. If JBSS can increase sales, and improve its margins back to historic levels, we believe that JBSS should strengthen significantly.

ABC Funds

September 8, 2006

On December 15th, 2006 John B. Sanfilippo (JBSS) reported fiscal 2007 first quarter results which included a loss of approximately \$4.8 million, or \$0.41 per share. It is important to note, however, that JBSS's past year's results reflect the impact of higher tree nut prices, particularly almonds, which resulted in lower than normal gross margins. Fortunately, we are now in a new crop year. Tree nut prices have declined considerably and inventories have returned to more reasonable levels.

The Company has also announced that it will no longer purchase almonds directly from growers and will discontinue its almond handling operations in Gustine, California. We feel this was a good management decision as it will reduce the commodity risk that had a significant negative impact on fiscal 2006 results. Moreover, it will also reduce labour costs and free up working capital requirements. In turn, the Company can use this increased liquidity to pay down debt, repurchase shares, purchase other nut types or increase its spending on product research and development.

In the meantime, shares of JBSS have rallied from their September low of \$9.78 and now trade at around \$13.20 per share. Nevertheless, we think the shares still offer meaningful upside. For instance, JBSS currently trades at a 20% discount to its \$16.56 book value, a figure that likely understates the value of its real estate and does not account for the value of its Fisher brand. In addition, its shares sell at an attractive multiple to our estimate of future earnings.

UPDATE (cont'd)

We calculate that if JBSS can return its net margin to its five year average of around 2.5% it could eventually earn as much as \$1.35 per share based on fiscal 2006 sales. In addition, we believe that gross sales should improve in 2007 through increased promotional activity from retailers, as well as the introduction of new products such as Fisher Fusion, a line of flavored almonds. We believe these improvements could push sales through \$600 million and restore JBSS's net margin to historic levels. Ultimately this could be the necessary catalyst to propel JBSS shares to previous cycle highs.

ABC Funds
January 27, 2006

This morning, February 2nd 2006, John B. Sanfilippo (JBSS) reported much improved second quarter results. For the quarter, the Company reported a profit of \$1.2 million or \$0.12 per share versus a loss a year ago. Although net sales decreased from \$191.1 million to \$177.7 million, gross profit margin increased from 8.4% to 10.8% as a result of lower nut acquisition costs. According to CEO Jeffrey T. Sanfilippo, "The Company has cycled through its negative margin almond contracts, and gross profit margin on December almond sales improved significantly in comparison to gross profit margin on almonds sales made earlier in the second quarter".

During the high tree nut price environment of the last two years, JBSS had to adopt a somewhat defensive strategy. The Company had to keep a careful watch on its operating costs as well as debt and cash flow levels. For instance, in addition to overseeing the building of the Company's new \$100 million headquarters in Eglin, Indiana, JBSS executives spent a significant amount of time working with their bankers and auditors in compliance with Sarbanes Oxley regulation. However, with many of the administrative and regulatory hurdles now mostly behind it, management can now focus its attention on growing the top line.

Although shares of JBSS have rallied over 50% from their September low of \$9.81, we feel there is still room for the shares to improve. At around \$15 a share, JBSS still trades at a 10% discount to its \$16.56 book value. In addition, JBSS could show meaningful earnings improvement in fiscal 2007 and 2008. We calculate that if JBSS can return its net margin to its five year average of 2.5% it could eventually earn as much as \$1.35 per share. More importantly, the company plans to introduce another six to nine new products in the next 12 months which could propel sales through \$600 million by fiscal 2008.

ABC Funds
February 2, 2007