SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended September 28, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to

Commission File No. 0-14616

J & J SNACK FOODS CORP.
(Exact name of registrant as specified in its charter)

New Jersey	22-1935537
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)

6000 Central Highway Pennsauken, New Jersey	08109
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number
including area code: (856-665-9533)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value: None	None
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

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 and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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

As of December 9, 2002, the latest practicable date, 8,904,680 shares of the Registrant's common stock were issued and outstanding. The aggregate market value of shares held by non-affiliates of the Registrant on such date was $244,563,300 based on the last price on that date of $37.50 per share, which is an average of bid and asked prices.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's 2002 Annual Report to Shareholders for the fiscal year ended September 28, 2002 and Proxy Statement for its Annual Meeting of Shareholders to be held on February 6, 2003 are incorporated herein by reference into Parts I, II, III and IV as set forth herein.

J & J SNACK FOODS CORP.
2002 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

Item 1. Business

General

J & J Snack Foods Corp. (the ''Company'' or ''J & J'') manufactures nutritional snack foods and distributes frozen beverages which it markets nationally to the food service and retail supermarket industries. Its principal snack food products are soft pretzels marketed primarily under the brand name SUPERPRETZEL and frozen juice treats and desserts marketed primarily under the LUIGI'S, ICEE and MINUTE MAID* brand names. J & J believes it is the largest manufacturer of soft pretzels in the United States, Mexico and Canada. Other snack food products include churros (an Hispanic pastry), funnel cake, popcorn and bakery products. The Company's principal frozen beverage product is ICEE brand frozen carbonated beverage.

The Company's Food Service and Frozen Beverages sales are made primarily to food service customers including snack bar and food stand locations in leading chain, department, discount, warehouse club and convenience stores; malls and shopping centers; fast food outlets; stadiums and sports arenas; leisure and theme parks; movie theatres; independent retailers; and schools, colleges and other institutions. The Company's retail supermarket customers are primarily supermarket chains. The Company's restaurant group sells direct to the public through its chains of specialty snack food retail outlets, BAVARIAN PRETZEL BAKERY and PRETZEL GOURMET, located primarily in the Mid-Atlantic States.

The Company was incorporated in 1971 under the laws of the State of New Jersey.

The Company operates in four business segments: Food Service, Retail Supermarkets, The Restaurant Group and Frozen Beverages. These segments are described below.

The Chief Operating Decision Maker for Food Service, Retail Supermarkets and The Restaurant Group and the Chief Operating Decision Maker for Frozen Beverages monthly review and evaluate operating income and sales in order to assess performance and allocate resources to each individual segment. In addition, the Chief Operating Decision Makers review and evaluate depreciation, capital spending and assets of each segment on a quarterly basis to monitor cash flow and asset needs of each segment.

*Minute Maid is a registered trademark of The Coca-Cola Company

Food Service

The primary products sold by the food service segment are soft pretzels, frozen juice treats and desserts, churros and baked goods. Our customers in the food service industry include snack bars and food stands in chain, department and discount stores; malls and shopping centers; fast food outlets; stadiums and sports arenas; leisure and theme parks; convenience stores; movie theatres; warehouse club stores; schools, colleges and other institutions. Within the food service industry, our products are purchased by the consumer primarily for consumption at the point-of-sale.

Retail Supermarkets

The primary products sold to the retail supermarket industry are soft pretzel products - including SUPERPRETZEL - LUIGI's Real Italian Ice, MINUTE MAID Juice Bars and Soft Frozen Lemonade, ICEE Squeeze Up Tubes and TIO PEPE'S Churros. Within the retail supermarket industry, our frozen and prepackaged products are purchased by the consumer for consumption at home.

The Restaurant Group

We sell direct to the public through our Restaurant Group, which operates BAVARIAN PRETZEL BAKERY and PRETZEL GOURMET, our chain of specialty snack food retail outlets.

Frozen Beverages

We sell frozen beverages to the food service industry primarily under the names ICEE and ARCTIC BLAST in the United States, Mexico and Canada.

Products

Soft Pretzels

The Company's soft pretzels are sold under many brand names; some of which are: SUPERPRETZEL, PRETZEL FILLERS, GOURMET TWISTS, MR. TWISTER, SOFT PRETZEL BITES, SOFTSTIX, SOFT PRETZEL BUNS, HOT KNOTS, DUTCH TWIST, TEXAS TWIST and SANDWICH TWIST and; to a lesser extent, under private labels. Soft pretzels are sold in the Food Service, Retail Supermarket and The Restaurant Group segments. Soft pretzel sales amounted to 28% of the Company's revenue in fiscals 2002 and 2001.

The Company's soft pretzels qualify under USDA regulations as the nutritional equivalent of bread for purposes of the USDA school lunch program, thereby enabling

a participating school to obtain partial reimbursement of the cost of the Company's soft pretzels from the USDA.

The Company's soft pretzels are manufactured according to a proprietary formula. Soft pretzels, ranging in size from one to ten ounces in weight, are shaped and formed by the Company's proprietary twister machines. These soft pretzel tying machines are automated, high speed machines for twisting dough into the traditional pretzel shape. Additionally, we make soft pretzels which are extruded or shaped by hand. Soft pretzels, after processing, are primarily quick-frozen in either raw or baked form and packaged for delivery.

The Company's principle marketing program in the Food Service segment includes supplying ovens, mobile merchandisers, display cases, warmers and similar merchandising equipment to the retailer to prepare and promote the sale of soft pretzels. Some of this equipment is proprietary, including combination warmer and display cases that reconstitute frozen soft pretzels while displaying them, thus eliminating the need for an oven. The Company retains ownership of the equipment placed in customer locations and, as a result, customers are not required to make an investment in equipment.

Frozen Juice Treats and Desserts

The Company's frozen juice treats and desserts are marketed under the LUIGI'S, ICEE, MINUTE MAID, SHAPE-UPS, CHILL and MAMA TISH'S brand names. Frozen juice treats and desserts are sold in the Food Service and Retail Supermarkets segments. Frozen juice treat and dessert sales were 18% and 17% of the Company's revenue in fiscal years 2002 and 2001, respectively.

The Company's SHAPE-UPS and MINUTE MAID frozen juice and fruit bars are manufactured from an apple juice base to which water, sweeteners, coloring (in some cases) and flavorings are added. The juice bars contain two to three ounces of apple or pear juice and the minimum daily requirement of vitamin C, and qualify as reimbursable items under the USDA school lunch program. The juice bars are produced in various flavors and are packaged in a sealed push-up paper container referred to as the Milliken M-pak, which the Company believes has certain sanitary and safety advantages.

LUIGI'S Real Italian Ice and MAMA TISH'S Italian Ice and Sorbets are manufactured from water, sweeteners and

fruit juice concentrates in various flavors and are packaged in plastic cups and in squeeze up tubes.

ICEE Squeeze Tubes are designed to capture the carbonated frozen taste of a traditional ICEE drink. They are packaged in three and four ounce squeeze up tubes.

MINUTE MAID soft frozen lemonade and fruit and cream swirl are packaged in squeeze up tubes and cups.

Churros

The Company's frozen churros are sold primarily under the TIO PEPE'S brand name. Churros are sold to the Food Service and Retail Supermarkets segments. Churro sales were 4% of the Company's sales in both fiscals 2002 and 2001, respectively. Churros are Hispanic donuts in stick form which the Company produces in several sizes according to a proprietary formula. The churros are deep fried, frozen and packaged. At food service point-of-sale they are reheated and topped with a cinnamon sugar mixture. The Company also sells fruit and creme filled churros. The Company supplies churro merchandising equipment similar to that used for its soft pretzels.

Bakery Products

The Company's bakery products are marketed under the MRS. GOODCOOKIE, CAMDEN CREEK BAKERY and PRETZEL COOKIE brane names, and under private labels. Bakery products include primarily cookies, muffins and donuts. Bakery products are sold to the Food Service segment. Bakery products sales amounted to 18% of the Company's sales in fiscals 2002 and 2001.

Frozen Beverages

The Company markets frozen beverages primarily under the names ICEE and ARCTIC BLAST in the United States, Mexico and Canada. Additional frozen beverages are SMOOTHEE by ICEE, JAVA FREEZE and CALIFORNIA NATURAL. Frozen beverages are sold in the Food Service, The Restaurant Group and Frozen Beverages segments. Frozen beverage sales amounted to 26% of revenue in fiscal 2002 and 28% of revenue in fiscal 2001.

Under the Company's principle marketing program, it installs frozen beverage dispensers at customer locations and thereafter services the machines, arranges to supply customers with ingredients required for production of the frozen beverages, and supports customer retail sales efforts

with in-store promotions and point-of-sale materials. In most cases, the Company retains ownership of its dispensers and, as a result, customers are not required to make an investment in equipment or arrange for the ingredients and supplies necessary to produce and market the frozen beverages. In fiscal 1999 the Company began providing installation and maintenance service only to a large quick service restaurant and others, which resulted in the increase of Customer Owned beverage dispensers beginning in 1999. The Company also provides managed service and sells equipment in its Frozen Beverages segment.

Each new customer location requires a frozen beverage dispenser supplied by the Company or by the customer. Company supplied frozen carbonated dispensers are purchased from outside vendors, built new or rebuilt by the Company at an approximate cost of $6,000 each.

The Company provides managed service and/or products to approximately 37,000 Company owned and customer owned dispensers.

The Company has the rights to market and distribute frozen beverages under the name ICEE to all the Continental United States, except for portions of eleven states.

Other Products

Other products sold by the Company include soft drinks, funnel cakes sold under the FUNNEL CAKE FACTORY brand name, popcorn sold under the AIRPOPT brand name and smaller amounts of various other food products. These products are sold in the Food Service, The Restaurant Group and Frozen Beverages segments.

Customers

The Company sells its products to two principal customer groups: food service and retail supermarkets. The primary products sold to the food service group are soft pretzels, frozen beverages, frozen juice treats and desserts, churros and baked goods. The primary products sold to the retail supermarket industry are soft pretzels and frozen juice treats and desserts. Additionally, the Company sells soft pretzels, frozen beverages and various other food products direct to the public through its restaurant group, which operates BAVARIAN PRETZEL BAKERY and
PRETZEL GOURMET, our chain of specialty snack food retail outlets.

The Food Service, The Restaurant Group and the Frozen Beverages segments sell primarily to the food service

industry. The Retail Supermarkets segment sells to the retail supermarket industry.

The Company's customers in the food service industry include snack bars and food stands in chain, department and mass merchandising stores such as Kmart, Wal-Mart and Target; malls and shopping centers; fast food outlets; stadiums and sports arenas; leisure and them parks such as Disneyland, Walt Disney World, Universal Studios, Sea World, Six Flags, Hershey Park and Busch Gardens; convenience stores such as 7-Eleven, Circle K, AM/PM and Wawa; movie theatres; warehouse club stores such as Sam's Club, Costco and B.J.'s; schools, colleges and other institutions; and independent retailers such as Mrs. Fields. Food service concessionaires purchasing soft pretzels and other products from the Company for use in sports arenas and for institutional meal services include ARAMARK, Sodexho and Delaware North. Machines and machine parts are sold to other food and beverage companies. Within the food service industry, the Company's products are purchased by the consumer primarily for consumption at the point-of-sale.

Sales to certain of our chain, department and mass merchandising customers decreased in 2002 and are expected to decline further in 2003 as a result of store closings and other factors affecting their operations.

The Company sells its products to over 90% of supermarkets in the United States. Products sold to retail supermarket customers are primarily soft pretzel products, including SUPERPRETZEL, LUIGI'S Real Italian Ice, MINUTE MAID Juice Bars and Soft Frozen Lemonade, ICEE Squeeze Up Tubes and TIO PEPE'S churros. Within the retail supermarket industry, the Company's frozen and prepackaged products are purchased by the consumer for consumption at home.

Marketing and Distribution

The Company has developed a national marketing program for its products. For Food Service and Frozen Beverages segments' customers, this marketing program includes providing ovens, mobile merchandisers, display cases, warmers, frozen beverage dispensers and other merchandising equipment for the individual customer's requirements and point-of-sale materials as well as participating in trade shows and in-store demonstrations. The Company's ongoing advertising and promotional campaigns for its Retail Supermarket segment's products include trade shows, newspaper advertisements with coupons, in-store demonstrations, billboards and, periodically, television advertisements.

The Company develops and introduces new products on a routine basis. The Company evaluates the success of new product introductions on the basis of sales levels, which are reviewed no less frequently than monthly by the Company's Chief Operating Decision Makers.

The Company's products are sold through a network of about 150 food brokers and over 1,000 independent sales distributors and the

Company's own direct sales force. For its snack food products, the Company maintains warehouse and distribution facilities in Pennsauken, Bellmawr and Bridgeport, New Jersey; Vernon (Los Angeles), California; Scranton, Pittsburgh, Hatfield and Lancaster, Pennsylvania; Carrollton (Dallas), Texas; and Solon, Ohio. Frozen beverages are distributed from 94 Company managed warehouse and distribution facilities located in 41 states, Mexico and Canada which allow the Company to directly service its customers in the surrounding areas. The Company's products are shipped in refrigerated and other vehicles from the Company's manufacturing and warehouse facilities on a fleet of Company operated tractor-trailers, trucks and vans, as well as by independent carriers.

Seasonality

The Company's sales are seasonal because frozen beverage sales and frozen juice treats and desserts sales are generally higher during the warmer months and sales of the Company's retail stores are generally higher in the Company's first quarter during the holiday shopping season.

Trademarks and Patents

The Company has numerous trademarks, the most important of which are SUPERPRETZEL, DUTCH TWIST, TEXAS TWIST, MR. TWISTER, SOFT PRETZEL BITES and SOFTSTIX for its pretzels products; FROSTAR, SHAPE-UPS, MAZZONE'S, MAMA TISH'S and LUIGI'S for its frozen juice treats and desserts; TIO PEPE'S for its churros; ARCTIC BLAST for its frozen beverages; FUNNEL CAKE FACTORY for its funnel cake products, and MRS. GOODCOOKIE and CAMDEN CREEK for its bakery products. The trademarks, when renewed and continuously used, have an indefinite term and are considered important to the Company as a means of identifying its products.

The Company markets frozen beverages under the trademark ICEE in all of the continental United States, except for portions of eleven states, and in Mexico and Canada. Additionally, the Company has the international rights to the trademark ICEE.

The Company has numerous patents related to the manufacturing and marketing of its product.

Supplies

The Company's manufactured products are produced from raw materials which are readily available from numerous sources. With the exception of the Company's soft pretzel twisting equipment and funnel cake production equipment, which are made for J & J by independent third parties, and certain specialized packaging equipment, the Company's manufacturing equipment is readily available from various sources. Syrup for frozen beverages is purchased from The Coca-Cola Company, the Pepsi Cola Company, and Western Syrup Company. Cups, straws and lids are readily available from various suppliers. Parts for frozen beverage dispensing machines are manufactured internally and purchased from other sources. Frozen beverage dispensers are purchased primarily from IMI Cornelius, Inc.

Competition

Snack food and bakery products markets are highly competitive. The Company's principal products compete against similar and different food products manufactured and sold by numerous other companies, some of which are substantially larger and have greater resources than the Company. As the soft pretzel, frozen juice treat and dessert, bakery products and related markets grow, additional competitors and new competing products may enter the markets. Competitive factors in these markets include product quality, customer service, taste, price, identity and brand name awareness, method of distribution and sales promotions.

The Company believes it is the only national distributor of soft pretzels. However, there are numerous regional and local manufacturers of food service and retail supermarket soft pretzels. Competition is also increasing in that there are several chains of retail pretzel stores that have aggressively expanded over the past several years. These chains compete with the Company's products.

In Frozen Beverages the Company competes directly with other frozen beverage companies. These include several companies which have the right to use the ICEE name in portions of eleven states. There are many other regional frozen beverage competitors throughout the country and one large retail chain which uses its own frozen beverage brand.

The Company competes with large soft drink manufacturers for counter and floor space for its frozen beverage dispensing machines at retail locations and with products which are more widely known than the ICEE and ARCTIC BLAST frozen beverages.

The Company competes with a number of other companies in the frozen juice treat and dessert and bakery products markets.

Employees

The Company has approximately 2,300 full and part time employees as of September 28, 2002. Certain production and distribution employees at the Pennsauken, New Jersey plant are covered by a collective bargaining agreement which expires in September 2005. The Company considers its employee relations to be good.

Item 2. Properties

The Company's primary east coast manufacturing facility is located in Pennsauken, New Jersey in a 70,000 square foot building on a two acre lot. Soft pretzels are manufactured at this Company-owned facility which also serves as the Company's corporate headquarters. This facility operates at approximately 80% of capacity. The Company leases a 101,200 square foot building adjacent to its manufacturing facility in Pennsauken, New Jersey through March 2012. The Company has constructed a large freezer within this facility for warehousing and distribution purposes. The warehouse has a utilization rate of 80-90% depending on product demand. The Company also leases, through September 2011, 16,000 square feet of office and warehouse space located next to the Pennsauken, New Jersey plant.

The Company owns a 150,000 square foot building on eight acres in Bellmawr, New Jersey. Approximately 30% of the facility is leased to a third party. The remainder is used by the Company to manufacture some of its products including funnel cake, pretzels, churros and cookies.

The Company's primary west coast manufacturing facility is located in Vernon (Los Angeles), California. It consists of a 137,000 square foot facility in which soft pretzels, churros and various lines of baked goods are produced and warehoused. Included in the 137,000 square foot facility is a 30,000 square foot freezer used for warehousing and distribution purposes which was constructed in 1996. The facility is leased through November 2017. The Company leases an additional 45,000 square feet of office and warehouse space, adjacent to its manufacturing facility, through November 2017. The manufacturing facility operates at approximately 60% of capacity.

The Company owns a 52,700 square foot building located on five acres in Chicago Heights, Illinois which is presently for sale or lease.

The Company owns a 46,000 square foot frozen juice treat and dessert manufacturing facility located on three acres in Scranton, Pennsylvania. The facility, which was expanded from 26,000 square feet in 1998, operates at approximately 60% of capacity.

The Company leases a 29,635 square foot soft pretzel manufacturing facility located in Hatfield, Pennsylvania.
The lease runs through June 2017. The facility operates at approximately 70% of capacity.

The Company leases a 19,200 square foot soft pretzel manufacturing facility located in Carrollton, Texas. The lease runs through April 2004. The facility operates at less than 50% of capacity.

The Company's fresh bakery products manufacturing facility offices are located in Bridgeport, New Jersey in two buildings totaling 94,320 square feet. The buildings are leased through December 2011. The manufacturing facility operates at approximately 50% of capacity.

The Company's Bavarian Pretzel Bakery headquarters and warehouse and distribution facilities are located in a 11,000 square foot owned building in Lancaster, Pennsylvania.

The Company also leases approximately 100 warehouse and distribution facilities in 41 states, Mexico and Canada.

Item 3. Legal Proceedings

The Company has no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is a party or of which any of their property is subject.

Item 4. Submission Of Matters To A Vote Of Security Holders

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list of the executive officers of the Company and their principal past occupations or employment. All such persons serve at the pleasure of the Board of Directors and have been elected to serve until the Annual Meeting of Shareholders on February 6, 2003 or until their successors are duly elected.

Name	Age	Position
Gerald B. Shreiber	61	Chairman of the Board, President, Chief Executive Officer and Director
Dennis G. Moore	47	Senior Vice President, Chief Financial Officer, Secretary, Treasurer and Director
Robert M. Radano	53	Senior Vice President, Sales, Chief Operating Officer and Director
Dan Fachner	42	President of The ICEE Company Subsidiary
Michael Karaban	56	Senior Vice President, Marketing

Gerald B. Shreiber is the founder of the Company and has served as its Chairman of the Board, President, and Chief Executive Officer since its inception in 1971. His term as a director expires in 2005.

Dennis G. Moore joined the Company in 1984. He served in various controllership functions prior to becoming the Chief Financial Officer in June 1992. His term as a director expires in 2007.

Robert M. Radano joined the Company in 1972 and in May 1996 was named Chief Operating Officer of the Company. Prior to becoming Chief Operating Officer, he was Senior Vice President, Sales responsible for national food service sales of J & J. His term as a director expires in 2006.

Dan Fachner has been an employee of ICEE-USA Corp., which was acquired by the Company in May 1987, since 1979 He was named Senior Vice President of The ICEE Company in April 1994 and became President in May 1997.

Michael Karaban has been an employee of the Company in charge of its marketing department since 1992 and in February 2002 was elected Senior Vice President, Marketing.

PART II

Item 5. Market For Registrant's Common Equity And Related Stockholder Matters

The Company's common stock is traded on the over-the-counter market on the NASDAQ National Market System under the symbol JJSF. The following table sets forth the high and low final sale price quotations as reported by NASDAQ for the common stock for each quarter of the years ended September 28, 2002 and September 29, 2001.

	High	Low
Fiscal 2001		
First quarter	$18.50	$12.50
Second quarter	17.88	15.00
Third quarter	23.79	16.50
Fourth quarter	24.10	14.82
Fiscal 2002		
First quarter	$26.25	$18.10
Second quarter	40.40	23.22
Third quarter	45.15	32.42
Fourth quarter	44.97	34.85

On December 9, 2002, there were 8,904,680 shares of common stock outstanding. Those shares were held by approximately 2,200 beneficial shareholders and shareholders of record.

The Company has never paid a cash dividend on its common stock and does not anticipate paying cash dividends in the foreseeable future.

Item 6. Selected Financial Data

The information set forth under the caption ''Financial Highlights'' of the 2002 Annual Report to Shareholders is incorporated herein by reference.

Item 7. Management's Discussion And Analysis Of Financial Condition And Results Of Operations

The information set forth under the caption ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' of the 2002 Annual Report to Shareholders is incorporated herein by reference.

Item 7a. Quantitative And Qualitative Disclosures About Market Risk

The following is the Company's quantitative and qualitative analysis of its financial market risk:

Interest Rate Sensitivity

The table below provides information about the Company's derivative financial instruments and other financial instruments as of September 28, 2002 that are sensitive to changes in interest rates. These instruments include interest rate swaps. At September 28, 2002, the Company had no long-term debt obligations. For interest rate swaps, the table presents notional amounts and weighted-average interest rates by expected (contractual) maturity dates. The notional amounts are used to calculate the contractual payments to be exchanged under the swap contract. Weighted-average variable rates are based on implied forward rates in the yield curve at the reporting date.

Expected Maturity Date
(in thousands)

	2003	2004	2005	2006	2007	There after	Total	Fair Value
Interest Rate Swaps								
Receive variable/pay fixed	$2,000	$ -	$ -	$ -	$ -	$ -	$2,000	$ -
Average pay rate	1.81%	-	-	-	-	-	1.81%	
Average receive rate	6.11%	-	-	-	-	-	6.11%	

Interest Rate Risk

At September 28, 2002, the Company had no long-term debt obligations. Additionally, the interest rate swap described above expired on December 8, 2002.

The Company's most significant raw material requirements include flour, shortening, corn syrup, chocolate, and macadamia nuts. The Company attempts to minimize the effect of future price fluctuations related to the purchase of raw materials primarily through forward purchasing to cover future manufacturing requirements, generally for periods from 1 to 24 months. Futures contracts are not used in combination with forward purchasing of these raw materials. The Company's procurement practices are intended to reduce the risk of future price increases, but also may potentially limit the ability to benefit from possible price decreases.

Foreign Exchange Rate Risk

The Company has not entered into any forward exchange contracts to hedge its foreign currency rate risk as of

September 28, 2002 because it does not believe its foreign exchange exposure is significant.

Item 8. Financial Statements And Supplementary Data

The following consolidated financial statements of the Company set forth in the 2002 Annual Report to Shareholders are incorporated herein by reference:

Consolidated Balance Sheets as of September 28, 2002 and September 29, 2001
Consolidated Statements of Earnings for the fiscal years ended September 28, 2002, September 29, 2001 and September 30, 2000
Consolidated Statement of Stockholders' Equity for the

three fiscal years ended September 28, 2002
Consolidated Statements of Cash Flows for the fiscal years ended September 28, 2002, September 29, 2001 and September 30, 2000
Notes to Consolidated Financial Statements
Report of Independent Certified Public Accounts

Item 9. Changes In And Disagreements With Accountants On Accounting And Financial Disclosure

None.

PART III

Item 10. Directors And Executive Officers Of The Registrant

Information concerning directors, appearing under the captions ''Information Concerning Nominee For Election To Board'' and ''Information Concerning Continuing Directors And Executive Officers'' in the Company's Proxy Statement filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held on February 6, 2003, is incorporated herein by reference. Information concerning the executive officers is included on page 11 following Item 4 in Part I hereof.

Item 11. Executive Compensation

Information concerning executive compensation appearing in the Company's Proxy Statement under the caption ''Management Remuneraton'' is incorporated herein by reference.

Item 12. Security Ownership Of Certain Beneficial Owners And Management

Information concerning the security ownership of certain beneficial owners and management appearing in the Company's Proxy Statement under the caption ''Principal Shareholders'' is incorporated herein by reference.

Item 13. Certain Relationships And Related Transactions

Not applicable.

Item 14. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

The management of the Company, including the Chief Executive Officer and the Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-14 under the Securities Exchange Act of 1934 as of a date (the ''Evaluation Date'') within 90 days prior to the filing date of this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective in ensuring that all material information relating to the Company, including our consolidated subsidiaries, required to be filed in this annual report has been made known to them in a timely manner.

(b) Changes in internal controls.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the Evaluation Date.

PART IV

Item 15. Exhibits, Financial Statement Schedules And Reports On Form 8-K

(a) Financial Statements

The following are incorporated by reference in Part II of this report:

Report of Independent Certified Public Accounts
Consolidated Balance Sheets as of September 28, 2002 and September 29, 2001
Consolidated Statements of Earnings for the fiscal years ended September 28, 2002, September 29, 2001 and September 30, 2000
Consolidated Statement of Stockholders' Equity for the three fiscal years ended September 28, 2002
Consolidated Statements of Cash Flows for the fiscal years ended September 28, 2002, September 29, 2001 and September 30, 2000
Notes to Consolidated Financial Statements

Financial Statement Schedule

The following are included in Part IV of this report:

All other schedules are omitted either because they are not applicable or because the information required is contained in the financial statements or notes thereto.

Exhibits

3.1 Amended and Restated Certificate of Incorporation filed February 28, 1990. (Incorporated by reference from the Company's Form 10-Q dated May 4, 1990.)

3.2 Amended and Restated Bylaws adopted May 15, 1990. (Incorporated by reference from the Company's Form 10-Q dated August 3, 1990.)

4.3 Loan Agreement dated as of December 4, 2001 by and among J & J Snack Foods Corp. and Certain of its Subsidiaries and Citizens Bank of Pennsylvania, as Agent. (Incorporated by reference from the Company's Form 10-K dated December 21, 2001.)

10.1 Proprietary Exclusive Manufacturing Agreement dated July 17, 1984 between J & J Snack Foods Corp. and Wisco Industries, Inc. (Incorporated by reference from the Company's Form S-1 dated February 4, 1986, file no. 33-2296).

10.2* J & J Snack Foods Corp. Stock Option Plan. (Incorporated by reference from the Company's Form S-8 dated July 24, 1992, file no. 33-50036.)

10.3* J & J Snack Foods Corp. 401(k) Profit Sharing Plan, As Amended, Effective January 1, 1989. (Incorporated by reference from the Company's 10-K dated December 18, 1992.)

10.4* First, Second and Third Amendments to the J & J Snack Foods Corp. 401(k) Profit Sharing Plan. (Incorporated by reference from the Company's 10-K dated December 19, 1996.)

10.6 Lease dated September 24, 1991 between J & J Snack Foods Corp. of New Jersey and A & H Bloom Construction Co. for the 101,200 square foot building next to the Company's manufacturing facility in Pennsauken, New Jersey. (Incorporated by reference form the Company's Form 10-K dated December 17, 1991.)

10.7 Lease dated August 29, 1995 between J & J Snack Foods Corp. and 5353 Downey Associated Ltd. for the lease of the Vernon, CA facility. (Incorporated by reference from the Company's Form 10-K dated December 21, 1995.)

10.8* J & J Snack Foods Corp. Employee Stock Purchase plan (Incorporated by reference from the Company's Form S-8 dated May 16, 1996).

10.9* Amendments to the J & J Snack Foods Corp. Stock Option Plan and the J & J Snack Foods Corp. Non-Statutory Stock Option Plan for Non-Employee Directors and Chief Executive Officer. (Incorporated by reference from the Company's Definitive Proxy Statement dated December 15, 1999.)

10.10 Certifications Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act of 2002. (Pages 28-29.)

10.11 Amendment No. 1 to Lease dated August 29, 1995 between J & J Snack Foods Corp. and 5353 Downey

Associated Ltd. for the lease of the Vernon, CA facility.

(Pages 30-34.)

10.12* Fourth and Fifth Amendments to the J & J Snack Foods Corp. 401(k) Profit Sharing Plan. (Pages 35-37.)

13.1 Company's 2002 Annual Report to Shareholders (except for the captions and information thereof expressly incorporated by reference in this Form 10-K, the Annual Report to Shareholders is provided solely for the information of the Securities and Exchange Commission and is not deemed ''filed'' as part of the Form 10-K.) (Page 38.)

22.1 Subsidiaries of J & J Snack Foods Corp. (Page 70.).

24.1 Consent of Independent Certified Public Accountants.(Page 71.)

*Compensatory Plan

(b) Reports on Form 8-K

No reports on Form 8-K have been filed by the Company during the last quarter of the period covered by this report.

SIGNATURES

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

J & J SNACK FOODS CORP.

December 18, 2002 By /s/ Gerald B. Shreiber
Gerald B. Shreiber,
Chairman of the Board,
President, Chief Executive
Officer and Director

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

December 18, 2002 /s/ Robert M. Radano
Robert M. Radano, Senior Vice
President, Sales, Chief
Operating Officer and Director

December 18, 2002 /s/ Dennis G. Moore
Dennis G. Moore, Senior Vice President, Chief Financial Officer and Director

December 18, 2002 /s/ Stephen N. Frankel
Stephen N. Frankel, Director

December 18, 2002 /s/ Peter G. Stanley
Peter G. Stanley, Director

December 18, 2002 /s/ Leonard M. Lodish
Leonard M. Lodish, Director

CERTIFICATIONS

I, Dennis G. Moore, certify that:

1. I have reviewed this annual report on Form 10-K of J & J Snack Foods Corp.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the

registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and

material weaknesses.

Date: December 18, 2002

/s/ Dennis G. Moore
Dennis G. Moore
Chief Financial Officer

CERTIFICATIONS

I, Gerald B. Shreiber, certify that:

1. I have reviewed this annual report on Form 10-K of J & J Snack Foods Corp.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the

registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 18, 2002

/s/ Gerald B. Shreiber
Gerald B. Shreiber
Chief Executive Officer

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SCHEDULE

Board of Directors
J & J Snack Foods Corp.

In connection with our audit of the consolidated financial statements of J & J Snack Foods Corp. and Subsidiaries referred to in our report dated November 6, 2002 which is included in the Annual Report to Shareholders and incorporated by reference in Part II of this form, we have also audited Schedule II for each of the three fiscal years in the period ended September 28, 2002 (52 weeks, 52 weeks and 53 weeks, respectively). In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

/s/ GRANT THORNTON LLP

Philadelphia, Pennsylvania
November 5, 2002

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Year	Description	Opening Balance	Charged to expense	Deductions	
2002	Allowance for doubtful accounts	$1,672,000	$ 372,000	$205,000(1)	$1,839,000
2001	Allowance for doubtful accounts	1,573,000	438,000	339,000(1)	1,672,000
2000	Allowance for doubtful accounts	806,000	1,384,000	617,000(1)	1,573,000

____

(1) Write-off uncollectible accounts receivable.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of J & J Snack Foods Corp. (the "Company") on Form 10-K for the year ended September 28, 2002 filed with the Securities and Exchange Commission (the "Report"), I, Dennis G. Moore, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

Dated: December 18, 2002

/s/ Dennis G. Moore
Dennis G. Moore
Chief Financial Officer

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and has not been filed as part of the Report or as a separate disclosure document.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of J & J Snack Foods Corp. (the "Company") on Form 10-K for the year ended September 28, 2002 filed with the Securities and Exchange Commission (the "Report"), I, Gerald B. Shreiber, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

Dated: December 18, 2002

/s/ Gerald B. Shreiber
Gerald B. Shreiber
Chief Executive Officer

This certification has been furnished solely pursuant to Section

906 of the Sarbanes-Oxley Act of 2002 and has not been filed as part of the Report or as a separate disclosure document.

AMENDMENT NO. 1

TO STANDARD INDUSTRIAL LEASE - NET DATED AUGUST 29, 1995 ("LEASE")

by and between

5353 DOWNEY ASSOCIATES LTD., a California limited partnership (hereinafter referred to as "Lessor") and J & J SNACK FOODS CORP. and J & J SNACK FOODS CORP. OF CALIFORNIA (hereinafter collectively, referred to as "Lessee")

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessor and Lessee agree to amend the Lease as follows:

1. Paragraph 2 of the Lease is deleted in its entirety and is replaced with the following:

"2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles, State of California, commonly known as 5353 (Unit A), 5499 (Unit B), 5477 (Unit C) and 5401 (Unit E) Downey Road, Vernon, California, as more particularly described on Exhibit "A" attached hereto and made a part hereof:

"(a) The portion of the Premises at 5353 Downey Road is composed of a portion of a larger parcel (s) of land improved with a building (s) in which the demised space shown as Unit "A", Unit "B", Unit "C" and Unit "E" on Exhibit "A" contains approximately 182,832 square feet of ground floor area.

"(b) The remaining land area of the larger parcels of which the Premises is composed not presently utilized for permanent improvements is hereby designated as "common areas" and is cross-hatched on Exhibit "A" attached hereto. Lessee is granted the non-exclusive right to use the common areas, in common with other tenants of the buildings located on the parcels of land on which the buildings are located.

"Said real property including the land and all improvements therein, is herein called the "Premises"."

2. Paragraph 3 of the Lease is deleted in its entirety and is replaced with the following:

"3. Term. The term of this Lease shall be for twenty-two (22) years commencing on December 1, 1995 and terminating on November 30, 2017."

3. Paragraph 4 of the Lease is deleted in its entirety and is replaced with the following:

"4. Rent. Commencing December 1, 1995 and continuing throughout the remainder of the lease term, Lessee shall pay to Lessor rent for the Premises, monthly payments as set forth below, in advance, without deduction or offset, on the first day of each month of the term hereof:

Lease Period	Sq Ft	Rent Per S.F./Mo.	Total Rent PerMonth	Total Rent Per Year
12/1/95 - 11/30/96	136,564	0.2650	36,190	434,280
12/1/96 - 11/30/97	136,564	0.2700	36,872	442,464
12/1/97 - 11/30/98	136,564	0.2750	37,555	450,660
12/1/98 - 11/30/99	136,564	0.2800	38,238	458,856
12/1/99 - 11/30/00	136,564	0.2850	38,921	467,052
12/1/00 - 11/30/01	136,564	0.2900	39,604	475,248
12/1/01 - 9/30/02	136,564	0.2950	40,286	483,437
10/1/02 - 11/30/03	182,832	0.3051	55,782	669,385
12/1/03 - 11/30/04	182,832	0.3157	57,720	692,641
12/1/04 - 11/30/05	182,832	0.3213	58,744	704,927
12/1/05 - 11/30/06	182,832	0.3263	59,658	715,897
12/1/06 - 11/30/07	182,832	0.3325	60,792	729,500
12/1/07 - 11/30/08	182,832	0.3357	61,377	736,520
12/1/08 - 11/30/09	182,832	0.3400	62,163	745,955
12/1/09 - 11/30/10	182,832	0.3450	63,077	756,924
12/1/10 - 11/30/11	182,832	0.3500	63,991	767,894
12/1/11 - 11/30/12	182,832	0.3550	64,905	778,864
12/1/12 - 11/30/13	182,832	0.3600	65,820	789,834

12/1/13 - 11/30/14	182,832	0.3650	66,734	800,804
12/1/14 - 11/30/15	182,832	0.3700	67,648	811,774
12/1/15 - 11/30/16	182,832	0.3750	68,562	822,744
12/1/16 - 11/30/17	182,832	0.3800	69,476	833,714

"Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing."

4. In Paragraph 7.1 (b), the last sentence is amended and modified to read as follows:

"Lessor and Lessee have agreed that Lessee's proportionate share is 84.152 percent."

5. The Site Plan attached to this First Amendment as Exhibit "A" supersedes and replaces the Site Plan attached to the Lease as Exhibit "A".

6. Notwithstanding Paragraph 6.3(a) of the Lease to the contrary, Lessee accepts Unit E (5401 Downey Road), in its As-Is condition, and Lessor has no obligation to improve, repair or maintain Unit E, and Lessor makes no representations or warranties, either express or implied, as to the condition of Unit E, or its suitability for Lessee's intended use.

7. Except as modified by this First Amendment, all other terms and conditions of the Lease shall remain in full force and effect.

8. The parties acknowledge and agree that this First Amendment shall be void and of no further force and effect should the existing Tenant in Unit E, Duo Industries, affirm or its existing Lease with the Bankruptcy Court in connection with Duo Industries bankruptcy. This is a condition subsequent to the effectiveness of this First Amendment.

The parties have executed this First Amendment at the place on the dates specified immediately adjacent to their respective signatures.

LESSOR:

5353 DOWNEY ASSOCIATES LTD., a California limited Partnership

Executed at Beverly Hills, CA

on September ______, 2002

Address: 9595 Wilshire Blvd.
Suite 511
Beverly Hills, CA 90212

By:
Michael L. Schwab,
General Partner

SIGNATURES CONTINUED ON THE NEXT PAGE

LESSEE:

Executed at

J & J SNACK FOODS CORP. OF CALIFORNIA

on September ________, 2002

Address: __________________________

By:

_____________________________ ________________________
(Type Name)

_____________________________ Its:

(Title)

By:

____
(Type Name)

Its:

(Title)

[Corporate Seal]

Executed at

on September ________, 2002

Address: ______________________________

____

____

J & J SNACK FOODS CORP. OF CALIFORNIA

By:

____
(Type Name)

Its:

(Title)

By:

____
(Type Name)

Its:

(Title)

[Corporate Seal]

FOURTH AMENDMENT
TO THE
J&J SNACK FOODS CORP.
401(k) PROFIT SHARING PLAN

THIS FOURTH AMENDMENT to the J&J Snack Foods Corp. 401(k) Profit Sharing Plan ("Plan"), which Plan was amended and restated effective January 1, 1989, amends and modifies the Plan pursuant to the right to amend reserved in Section 7.1 of the Plan, as follows:

A.

Section 1.14 is hereby deleted in its entirety and the following inserted in lieu thereof:

1.14 "Employee" means any person who is employed by the Employer or Affiliated Employer, but excludes the following:

(a) any person who is an independent contractor, and

(b) any person whose employment becomes the subject matter of a collective bargaining agreement between employee representatives and the Employer or Affiliated Employer unless, through good faith bargaining, such employees are included as Employees.

Employee shall include Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) unless such Leased Employees are covered by a Plan described in Code Section 414(n)(5) and such Leased Employees do not constitute more than 20% of the recipient's non-highly compensated workforce.

B.

The second sentence of the second paragraph of Section 6.4(a) is hereby deleted in its entirety and the following inserted in lieu thereof:

. . . However, at the election of the Terminated Participant, the Administrator shall direct the Trustee to cause the entire vested portion of the Terminated Participant's Combined Account to be payable to such Terminated Participant as soon as administratively feasible after the month in which the Participant terminates employment with the Employer or Affiliated Employer.

C.

The effective date of the provisions of this Fourth Amendment to the Plan shall be January 1, 1997.

D.

Except as specifically amended above, the Plan shall remain unchanged and, as amended herein, shall continue in full force and effect.

WITNESS the signature of the undersigned who is an authorized officer of J&J Snack Foods Corporation as of this 31st day of December, 1997.

J&J SNACK FOODS CORPORATION

By /S/Dennis G. Moore

Title Senior Vice President

FIFTH AMENDMENT
TO THE
J & J SNACK FOODS CORPORATION
401(k) PROFIT SHARING PLAN

THIS FIFTH AMENDMENT to the J & J Snack Foods Corporation 401(k) Profit Sharing Plan ("Plan"), which Plan was amended and restated effective January 1, 1989, amends and modifies the Plan pursuant to the right to amend reserved in Section 7.1 of the Plan, as follows:

A.

The last sentence of section 1.62 is hereby deleted in its entirety and the following is inserted in lieu thereof:

All Years of Service with an Affiliated Employer, including service prior to the time the company became an Affiliated Employer, shall be recognized for eligibility and, unless determined otherwise from time to time by the Board of Directors of the company, for vesting.

B.

Article III is hereby amended by adding the following to the end thereof:

3.9 ELIGIBILITY OF REHIRED EMPLOYEE

An Employee who is rehired by the Employer shall be eligible to begin participating in the Plan as of his date of rehire, provided he had met the eligibility rules outlined in Section 3.1, above, prior to his original termination of employment with the Employer. All other rehired Employees shall become eligible to begin participating in the Plan as outlined in Section 3.1, above.

C.

The effective date of the provisions of this Fifth Amendment to the Plan shall be January 1, 1998.

D.

Except as specifically amended above, the Plan shall remain unchanged and, as amended herein shall continue in full force and effect.

WITNESS the signature of the undersigned who is an authorized officer of J & J Snack Foods Corporation as of this 14th day of July, 1998.

J & J SNACK FOODS CORPORATION

By /S/Dennis G. Moore

Title Senior Vice President

J&J Snack Foods
6000 Central Highway
Pennsauken, NJ 08109
(856) 665-9533
www.jjsnack.com

2002 ANNUAL REPORT

The fabulous family of brands from J&J Snack Foods wages a never-ending battle against the forces of boring snacks...

Financial Highlights

	Fiscal year ended in September				
	2002	2001	2000	1999	1998
	(In thousands except per share data)				
Net Sales*	$353,187	$328,335	$296,832	$270,835	$246,233
Net Earnings	$18,113	$11,876	$9,968	$14,264	$11,850
Total Assets	$220,036	$224,481	$220,039	$213,680	$213,261
Long-Term Debt	$ -	$28,368	$42,481	$34,660	$48,199
Stockholders' Equity	$168,709	$146,143	$133,274	$131,169	$119,681
Common Share Data					
Earnings Per Diluted Share	$1.99	$1.36	$1.10	$1.50	$1.26
Earnings Per Basic Share	$2.07	$1.40	$1.13	$1.58	$1.32
Book Value Per Share	$18.95	$16.92	$15.64	$14.57	$13.25
Common Shares Outstanding At Year End	8,903	8,636	8,522	9,000	9,036

Contents...

*Previous years' net sales have been reduced as a result of our adoption of EITF Issue No. 01-9, "Accounting for Consideration Given By a Vendor to a Customer or a Reseller of the Vendor's Products." These reclassifications had no impact on reported net earnings or earnings per share.

2002 in review

Every day the battle rages on, pitting the agents of good and evil against each other in a never-ending fight to satisfy hunger and thirst. But fear not, J&J Snack Foods Corp. saved the day once again in 2002 as we continued to provide new and exciting snack food alternatives.

Over the course of our 31-year history, our arsenal of products has grown to include soft pretzels; frozen beverages; frozen juice bars and desserts; churros (a cinnamon pastry); funnel cakes; cookies and bakery goods; as well as other snack foods and drinks that are sold to the food service and retail supermarket industries.

Our four business groups, Food Service, Retail Supermarket, The Restaurant Group and Frozen Beverages, stood tall to allow us to achieve record sales in fiscal 2002 of $353 million, marking our 31st consecutive year of record sales.

* Our Food Service group, the backbone of the company, posted an impressive 8% sales growth. The sales gains were driven by soft pretzel product introductions and strong showings from frozen desserts and cookies.

* Our Retail Supermarket business responded in kind with a 6% sales increase, due primarily to the expansion and growth of the frozen desserts business, including our LUIGI'S and MINUTE MAID brand licensed dessert products.

* Our Frozen Beverage business, led by the ever-popular ICEE brand, generated a sales increase of 9% with a significant growth in service revenue.

Though our troops have gained momentum in fiscal 2002, hunger and thirst are mighty adversaries that never sleep. J&J pledges to remain vigilant in our duties to protect the population from snacking boredom. Wherever there is hunger that demands to be satisfied - or thirst begging to be quenched - you can count on J&J to come to the rescue!

President's Letter

Faster than a speeding bullet!. . .that's how fast this fiscal year seems to have shot by. Our fiscal year 2002, which crept in like a hesitant, slow-moving shadow burdened by the sadness of last year's 9/11 tragedy, gathered momentum and flew by in a flash. And giving credit where credit is due, our J&J Snack Foods team prevailed with another record year, soaring to new heights.

SOARING TO NEW HEIGHTS

For the 31st consecutive year we set sales records exceeding that of the previous year. Unusual. . .yes. How many other companies can proclaim the same? Extraordinary may be the only proper way to describe this kind of continued growth and success. A summary glance of fiscal year '02 includes:

* Net sales grew by 8% to a record $353 million
* Net earnings soared 53% to $18 million
* Earnings per share rocketed 46% to $1.99 per share, the highest in our history
* Book value rose to $18.95 per share

TRUTH, JUSTICE AND THE J&J WAY

Our forever strategy and basic philosophy continues:

* Find a niche and develop it;
* Be a low-cost producer;
* Establish leadership in sales, marketing and distribution;

And along the way, be a model of corporate citizenship and integrity, setting standards to be admired and respected by friend and foe alike.

This past year we enhanced and further developed our skills and niches. New products were introduced in several of our business categories. The success of our ''first-of-its-kind'' PRETZEL FILLERS, a line of filled and topped soft pretzels, introduced in fiscal year '01, was further expanded into our growing food service distribution channels. This year we introduced GOURMET TWISTS, topped soft pretzels that offer consumers old-world, hearth-baked favorites with a variety of toppings, both sweet and savory. For the second straight year our soft pretzel products received numerous awards and accolades, including the Award of Excellence from The American Tasting Institute.

Our frozen juice bar and dessert products again grew across all channels. Bolstered by new creations - like LUIGI'S SWIRL - and continued momentum from sales of MINUTE MAID* licensed products, we had another record year in frozen desserts. Additionally, BARQ'S** Frozen Root Beer Float, licensed from The Coca-Cola Company, was test marketed in late summer with positive results. We expect to see continued sales growth across all channels with these products in fiscal year '03.

Cookie sales, led by MRS. GOODCOOKIE and CAMDEN CREEK BAKERY brands, were up sharply for the year. And despite soft attendance at leisure and theme parks, we nevertheless grew our churro sales. New product development and continued improvements of our fresh bakery products also contributed to our record year.

The ICEE Company flies higher and higher - setting records in sales revenues and contribution to earnings. Besides growing its ICEE beverage sales, ICEE further enhanced and expanded its niche as a managed service provider by offering a level of service that is faster than a speeding bullet and stronger than a locomotive. Continuing its infrastructure partnership with The Coca-Cola Company, ICEE is now providing managed service to over 35,000 beverage dispensing machines throughout the U.S., Mexico and Canada. Celebrating its 35th year as a super beverage, ICEE is indeed defying gravity and soaring to new heights.

LOOK UP IN THE SKY - IT'S A BIRD, IT'S A PLANE, IT'S. . .

J&J Snack Foods continuing our profitable growth. We don't have any pie-in-the-sky concepts or foolishness about the business environment. We are old-fashioned that way. Find a niche and develop it. Protect it and maintain it. Grow the category and expand it. Invest in our products and our people. Enhance shareholder value. Work hard. . .real hard, and have fun doing it.

This past year our company, in addition to its record-setting performance, achieved another milestone - we are debt free. We have zero debt, excellent cash flow and surplus cash for our everyday needs. Putting that money to work and paying close attention to its well-being is what we do best. Our capable and dedicated management team will see that we continue to do the same in fiscal year '03. At J&J Snack Foods, we have spent the past 31 years growing our business and setting a standard of excellence. We are eager to continue this trend. That's the truth, justice and the J&J way.

God Bless America.

Sincerely,

Gerald B. Shreiber
President and Chairman
December 2, 2002

*MINUTE MAID is a registered trademark of The Coca-Cola Company.
**BARQ'S is a registered trademark of Barq's, Inc.

Soft Pretzels...

Citizens rejoice! J&J Snack Foods expanded its position as the world's largest manufacturer of soft pretzels with seven manufacturing facilities across the United States and millions and millions of units produced each year. And our flagship brand, SUPERPRETZEL Soft Pretzels, remains America's Favorite Soft Pretzel after three decades.

Breaking the Boring Snack Barrier

When it comes to soft pretzels, one thing is clear... it's not just a pretzel anymore! PRETZEL FILLERS, hand-twisted soft pretzels with scrumptious fillings and toppings, helped increase food service soft pretzel sales 8% this year. This new generation of soft pretzels was successfully launched last year and is available in four taste-bud-tempting flavors: Twisted Pizza, Hollerin' Jalape-o, Cinnamon Apple Harvest and Sweet Dream Cream Cheese. Only X-ray vision could detect the explosion of flavor inside!

GOURMET TWISTS, which made their delectable debut in 2002, also contributed to food service soft pretzel sales. Available in two flavors: Original Twist and Sweet Doughlicious, these old-world, hearth-baked soft pretzels come packaged with sweet and savory toppings including butter, cinnamon-sugar and salt.

As citizens everywhere strive to do even more in less time, these two lines of value-added gourmet soft pretzels are being gobbled up in sports arenas, leisure and theme parks, movie theaters, business and industry cafeterias and even mass merchandisers. These offerings satisfy today's consumers' desire for good-tasting, on-the-go mini meals. And now, the recent addition of a smaller-size PRETZEL FILLER, including an individually wrapped version, should help us conquer even more distribution channels going forward.

Eureka! They're Everywhere

Across this great country of ours, SUPERPRETZEL Soft Pretzels are enjoyed by consumers at tens-of-thousands of high-traffic locations. They can be found in similar locations where our gourmet soft pretzels are sold, as well as malls and shopping centers; chain, convenience and warehouse club stores; schools and colleges and fast food outlets. So fear not, wherever you go, you can count on SUPERPRETZEL Soft Pretzels to defeat and satisfy your hunger.

Have No Fear... SUPERPRETZELS Are Here

In school cafeterias across the country, kids crave the great taste of SUPERPRETZEL Soft Pretzels... emphasizing the relevance of this all-important distribution channel. School Food Service Directors commend their nutritional value, as they meet bread components under the Child Nutrition Program. Our new peanut butter and jelly-filled PBJ CRUISERS provide both bread and protein components. And, our ever-expanding line of themed and shaped SUPERPRETZEL Soft Pretzels - which includes shamrocks, pumpkins, hearts and stars-ensures holiday and special event menus are never dull... a brilliant plan!

SUPERPRETZEL Sales at the Supermarket Continue to Fly High

We're triumphing over our competitors with a solid market share and a presence in freezer cases in more than 29,000 supermarkets. The SUPERPRETZEL brand continues to be the clear category leader, posting increases in sales in this important business segment for the fourth consecutive year. Our successful retail lineup also includes SOFT PRETZEL BITES and SOFTSTIX Cheese-Filled Soft Pretzel Sticks, which are co-branded with KRAFT.*

The Restaurant Group - which operates BAVARIAN PRETZEL BAKERY and PRETZEL GOURMET retail stores in the Mid-Atlantic region - experienced a decline in sales consistent with its strategy of closing under-performing stores together with the impact of decreased mall traffic. But, alas, all is not lost. The Group continues to provide benefits as an invaluable market research and product testing ground for other J&J products.

* KRAFT and the KRAFT logo are registered trademarks owned and licensed by Kraft Foods Holdings, Inc.

Frozen Beverages

In the heat of the day and the dark of the night, ICEE to the rescue! Thanks to the tireless efforts of ICEE Bear and his esteemed colleagues, sales for The ICEE Company, our frozen beverage division and the world's largest distributor of frozen beverages, increased a sharp 9% in fiscal 2002. While beverage sales alone increased, managed service revenue grew sharply at a 64% clip. The ICEE brand is sold throughout the United States, Canada and Mexico, while other brands such as ARCTIC BLAST are also available in selected geographic locations.

Knocking Out Thirst Everywhere ... POW!

ICEE frozen beverages are thirst-quenching treats served from our proprietary dispensing equipment and can be enjoyed by sipping through a straw or eating with a spoon. And now, more folks than ever can cool off - because in fiscal 2002 we installed even more dispensing machines - giving ICEE and our other frozen beverages a presence in more than 25,000 food service outlets across the country. Many of these locations also offer SUPERPRETZEL Soft Pretzels and other J&J snack food products, creating the ultimate dynamic duo against hunger and thirst.

Joining Forces With a Powerful Ally

J&J's long-term marketing partnership with The Coca-Cola Company is proof of the power of partnerships of two world-class brands. This strategic union meshes the operational and service system expertise of The ICEE Company with the unsurpassed marketing power and brand recognition of Coca-Cola.* One aspect of this alliance is that The ICEE Company provides the ongoing managed services in Burger King** locations, while The Coca-Cola Company provides the syrup. Now that's a force to be reckoned with!

Providing Heroic Levels of Service

"Service Excellence" has long been a key factor in ICEE's success. Our second-to-none service team consists of a nationwide network of branches and trained technicians backed by our centralized, state-of-the-art Customer Service Center. Their fearless mission is to continue to provide top-notch service to our existing customers, while attracting new customers and expanding our network to include other beverage and related food equipment providers and users. Score one for the good guys!

Leapin' Longevity - ICEE Turns 35!

For 35 years the ICEE brand has delivered a cool, refreshing beverage alternative... time sure flies when you're having fun! Promotional and merchandising programs have always been terrific vehicles to help build awareness and stimulate sales - and to commemorate ICEE's 35th anniversary, we added a sweepstakes and a series of collector's cups to our promotional machine. We also continue our ongoing major movie, video/DVD and video game release tie-ins, on-cup offers and NFL*** and NASCAR**** cup promotions. Plus, increased emphasis on flavor-rotation promotions ensure an account's menu offerings are never dull.

A Triple Treat in the Fight Against Thirst

Sold by The ICEE Company through multiple food service channels, all who try our frozen uncarbonated beverages surrender to their taste. SMOOTHEE by ICEE, made with real fruit juice in a variety of flavors, is a favorite with schoolchildren and School Food Service Directors. JAVA FREEZE, a coffee-flavored beverage, is fast becoming a staple of the college and university scene. CALIFORNIA NATURAL, served with or without alcohol, has found its niche in entertainment and sporting venues.

*   Coca-Cola is a registered trademark of The Coca-Cola Company.
**   Burger King is a registered trademark of Burger King Corporation.
*** NFL is a registered trademark of The National Football League.
**** NASCAR is a registered trademark of The National Association for Stock Car Auto Racing, Inc.

Frozen Juice Bars & Desserts

Fiscal 2002 was a super year for frozen juice bars and desserts - posting a double-digit sales spike of 10% in food service sales. The growth was due to increased sales of MINUTE MAID* Juice Bars to schools, increased sales of MINUTE MAID Soft Frozen Lemonade to club stores and strong performances from other brands including LUIGI'S, ICEE, CHILL, SHAPE UPS and MAMA TISH'S. Super indeed!

Together, We Will Prevail

When we joined forces with The Minute Maid Company in 1999, we knew we were on to something big. J&J's expertise in frozen desserts coupled with the strong consumer awareness of the MINUTE MAID brand continue to produce impressive results. This partnership provides J&J with exclusive rights to manufacture, sell and distribute licensed frozen juice products under the MINUTE MAID brand. This past summer, our MINUTE MAID Soft Frozen Lemonade even made its way to the McDonald's** Dollar Menu in key Mid-Atlantic regions. Humans of all ages can't help but succumb to their cool taste.

We Protect and Serve Our Kids

J&J Snack Foods has always been committed to providing delicious and nutritious snacks to America's schoolchildren. As a Patron Member of the American School Food Service Association we constantly work to ensure the best nutrition for students. Our good work has paid dividends... MINUTE MAID Juice Bars - made with 90% real fruit juice - stand tall as the #1 menued frozen juice bar with more than 80 million served this year! They proudly carry the Child Nutrition (CN) Label and satisfy the fruit components for the National School Lunch/Breakfast Program, as do our SHAPE UPS Frozen Juice Cups. These juice-based frozen desserts come with holiday themed lids, making them the ideal choice for festive snacking. These two frozen treats, along with our SUPERPRETZEL Soft Pretzel Fun Shapes and CAMDEN CREEK Themed Cookies help J&J rule in school.

Sending In Food Service Reinforcements

When it comes to MINUTE MAID Juice Bars, it's okay to be blue... blue raspberry, that is! Introduced to school food service, this expands our flavor offerings to eight. We expanded the CHILL brand with the addition of CHILL Cotton Candy Meltdown in squeeze tubes, which was introduced in leisure and theme parks. And our partnership with The Coca-Cola Company has produced yet another promising result, BARQ'S*** Frozen Root Beer & Vanilla Ice Cream Float for a mid-season test in club stores. Onward and upward!

Conquering the Freezer Case

J&J's ongoing battle in the retail supermarket during fiscal 2002 was worth the effort. We experienced a 7% sales increase... no surprise considering the caliber of our ammunition. LUIGI'S Real Italian Ice - the #1 selling Italian ice - - led the charge with a double-digit sales gain, benefiting from increased sales of existing varieties and the national rollout of LUIGI'S SWIRL, a twisted mixing of two mouth-watering flavors in one delicious treat.

Our MINUTE MAID retail brand experienced growth as well. This line is comprised of MINUTE MAID Juice Bars, MINUTE MAID Soft Frozen Lemonade and MINUTE MAID Fruit & Cream Swirl, an orange sorbet and vanilla ice cream combo introduced in 2002. What a super lineup!

*MINUTE MAID is a registered trademark of The Coca-Cola Company.
**McDonald's is a registered trademark of McDonald's Corporation.
***Barq's is a registered trademark of Barq's Inc.

More Snacks

J&J also wages battle against hunger and humdrum snacks with our dynamic lineup of niche snack foods and bakery items that include cookies, churros and funnel cakes. The competition takes notice as we face the snacking world head-on and make our presence known.

Food Service Cookies... Moving at Warp Speed

Sales of our food service branded cookies continue to gain momentum, finishing 2002 with an 18% increase. Our products include frozen cookie dough, pre-baked cookies and packaged cookies bearing the brand names MRS. GOODCOOKIE, CAMDEN CREEK and others.

To ensure the citizens of our great country are served the very best, we researched and reformulated our MRS. GOODCOOKIE product to invent an even better taste and a more aesthetically pleasing look and feel. And, to capitalize on the equity and consumer recognition of the ICEE brand, we added ICEE Cookies to our lineup. These shaped cookies are red and blue and depict ICEE brand images... what a cool weapon against boring snacks! These, plus our successful efforts to increase distribution into the growing fundraising channel for our cookie brands mean it's full speed ahead for food service.

An Arsenal of Options

Our other bakery products, which include frozen cookie dough, commercial specialty baking products, contract private label products and organically certified baked goods, posted a slight sales increase in 2002. And our fresh bakery products, which include bagels, donuts, muffins, cookies and fresh-baked soft pretzels added reinforcements to our food service arsenal as well.

TIO PEPE'S Expands On All Fronts

The expansion of TIO PEPE'S Churros (crispy, cinnamon donut-like snacks) continues, as the product further infiltrates the United States and abroad - especially the Asia-Pacific region. Sales of churros continue to grow in both the food service and retail supermarket sectors. In school food service, our fruit-filled churros are being enjoyed by the children who love them, and by School Food Service Directors who appreciate that they satisfy both bread and fruit requirements for the U.S.D.A. National School Lunch/Breakfast Program.

Funnel Cakes Poised to Strike Back

Fiscal 2002 was an excellent year for J&J Snack Foods. However, our funnel cakes, sold under THE FUNNEL CAKE FACTORY brand name through our food service division experienced a modest decline in 2002. As families traveled less, attendance at leisure and theme parks, the main distribution channel for funnel cakes, declined. But have no fear... as citizens everywhere get back to doing the things they love, THE FUNNEL CAKE FACTORY Funnel Cakes will be ready. And they will continue as yet another menu item in schools that satisfy bread requirements for the U.S.D.A. National School Lunch/Breakfast Program.

The forces of hunger and thirst are relentless. J&J Snack Foods remains undaunted in our task to win this never-ending battle. So be brave citizens, and remember, J&J is a force to be reckoned with... we will prevail!

J&J Snack Foods Corp.
FAMILY OF BRANDS

Management's Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, this discussion and analysis contains forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Important factors that might cause such a difference include, but are not limited to, those discussed in the "Management's Discussion and Analysis of Financial Condition and Results of Operations." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We undertake no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances that arise after the date hereof.

Critical Accounting Policies, Judgments and Estimates

An understanding of our accounting policies is necessary for a complete analysis of our results, financial position, liquidity and trends. We focus your attention on the following:

Principles of Consolidation - Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America. Our consolidated financial statements include the accounts of the Company, and all its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

Revenue Recognition - We recognize revenue from snack food and frozen beverage products at the time the products are shipped to third parties. When we perform services under our service contracts for frozen beverage dispenser machines, revenue is recognized upon the completion of the services on specified machines. We provide an allowance for doubtful receivables after taking into consideration historical experience and other factors.

Our product cost includes amounts for shipping and handling; therefore, we charge our customers shipping and handling fees at the time the products are shipped or when our services are performed. The cost of shipping products to the customer is recognized at the time the products are shipped to the customer and is included in distribution expenses.

We also sell service contracts covering frozen beverage machines. The terms of coverage range between 12 and 60 months. We record deferred income on service contracts, which is amortized by the straight-line method over the term of the contracts.

Use of Estimates - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Asset Impairment - We completed documentation of our transitional goodwill impairment tests during the quarter ended March 30, 2002 and did not record any transitional goodwill impairment loss as a result of our adoption of SFAS No. 142. There were no changes in the carrying amount of goodwill for the fiscal year ended September 28, 2002.

Licenses and rights are being amortized by the straight-line method over periods ranging from 4 to 20 years and amortization expense is reflected throughout operating expenses. There were no changes in the gross carrying amount of intangible assets for the fiscal year ended September 28, 2002. Additionally, we did not record any transition intangible asset impairment loss upon adoption of SFAS No.142.

Income Taxes - We account for our income taxes under the liability method. Under the liability method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax expense is the result of changes in deferred tax assets and liabilities

Interest Rate Risk Management - As part of our risk management activities, we use interest rate swaps to modify the interest rate characteristics of certain long-term obligations. We hold no other derivatives or similar instruments. The derivatives contracts are designated as hedges when acquired. They are expected to be effective economic hedges and have high correlation with the items being hedged at inception and throughout the hedge period. The variable interest rate of swap contracts are referenced to the same index as the variable interest rate of the debt being hedged.

Interest rate swaps are accounted for using the accrual method, with an adjustment to interest expense in the income statement. Interest receivable or payable under the swap contracts is included in receivables or accounts payable. Unrealized gains and losses on the swaps are not recognized in the balance sheet. Realized gains and losses from disposition or settlement of swap contracts are deferred on the balance sheet and amortized to interest expense over the appropriate period.

Commodity Price Risk Management - Our most significant raw material requirements include flour, shortening, corn syrup, chocolate and macadamia nuts. We attempt to minimize the effect of future price fluctuations related to the purchase of raw materials primarily through forward purchasing to cover future manufacturing requirements, generally for periods from 1 to 24 months. Futures contracts are not used in combination with forward purchasing of these raw materials. Our procurement practices are intended to reduce the risk of future price increases, but also may potentially limit the ability to benefit from possible price decreases.

Commitments and Contingencies - We are a party to litigation that we currently believe will not have a material adverse effect on our financial condition or results of operations. We recognize liabilities for contingencies and commitments when a loss is probable and estimable. Our contractual and other commercial obligations primarily relate to the procurement of goods and services in the normal course of business.

Refer to Note A to the consolidated financial statements for additional information on our accounting policies.

RESULTS OF OPERATIONS

Fiscal 2002 (52 weeks) Compared to Fiscal 2001 (52 weeks)
Net sales increased $24,852,000 or 8% to $353,187,000 in fiscal 2002 from $328,335,000 in fiscal 2001.

We have four reportable segments, as disclosed in the notes to the consolidated financial statements: Food Service, Retail Supermarkets, The Restaurant Group and Frozen Beverages.

The Chief Operating Decision Maker for Food Service, Retail Supermarkets and The Restaurant Group and the Chief Operating Decision Maker for Frozen Beverages monthly review and evaluate operating income and sales in order to assess performance and allocate resources to each individual segment. In addition, the Chief Operating Decision Makers review and evaluate depreciation, capital spending and assets of each segment on a quarterly basis to monitor cash flow and asset needs of each segment.

Food Service
Sales to food service customers increased $13,846,000 or 8% to $185,219,000 in fiscal 2002. Soft pretzel sales to the food service market increased 8% to $65,902,000 for the 2002 year. Sales of bakery products increased $5,814,000 or 10% to $63,771,000 in fiscal 2002 due to increased unit sales across our customer base due in part to our acquisition of Uptown Bakery in November 2000. Churro sales increased 7% to $12,530,000. Frozen juice bars and ices sales increased 10% to $36,798,000. All of the increases in sales throughout the food service segment were primarily the result of changes in unit volume.

Retail Supermarkets
Sales of products to retail supermarkets increased $2,290,000 or 6% to $41,366,000 in fiscal 2002. Total soft pretzel sales to retail supermarkets were $16,794,000, an increase of 4% from fiscal 2001. Sales of our flagship SUPERPRETZEL brand soft pretzels increased 5% to $15,497,000. Sales of frozen juice bars and ices increased $1,745,000 or 7% to $25,458,000 in 2002 from $23,713,000 in 2001 due to increased volume of LUIGI'S Real Italian Ice and the Company's MINUTE MAID* brand licensed products.

The Restaurant Group
Sales of our Restaurant Group, which operates BAVARIAN PRETZEL BAKERY and PRETZEL GOURMET retail stores in the Mid-Atlantic region, declined by 11%, primarily due to reduced mall traffic and closings of unprofitable stores.

Frozen Beverages
Frozen beverage and related product sales increased $10,035,000 or 9% to $115,878,000 in fiscal 2002. Beverage sales alone increased 2% to $91,366,000 for the year. Service revenue increased $5,625,000, or 64% to $14,443,000 for the year.

Sales to certain of our mass merchandising customers decreased in 2002 and are expected to further decline in 2003 as a result of store closings and other factors affecting their operations.

Consolidated
Gross profit increased to 34% of sales in 2002 from 33% of sales in 2001 primarily due to efficiencies resulting from higher volume. Gross profit was impacted by higher property and casualty insurance costs of approximately $900,000 for the year. The higher costs were due to market conditions and our own claims experience.

Total operating expenses increased $3,640,000 to $91,191,000 in fiscal 2002 but as a percentage of sales decreased to 26% in 2002 from 27% in 2001. The percentage decrease was mainly attributable to our adoption of SFAS No.142 which eliminated the amortization of goodwill. Marketing expenses increased less than 1/4 of 1 percent to 15% of sales in fiscal 2002 from 14% in 2001. Distribution expenses decreased less than 1/2 of 1 percent of sales to 7% from 8% last year because of lower fuel prices early in the year and efficiencies related to higher volume. Administrative expenses were 4% in both years. Other general income declined to $19,000 in 2002 compared to other general income of $620,000 in 2001. Other general income in 2001 included gains from insurance proceeds.

Operating income increased $7,097,000 or 34% to $28,266,000 in fiscal 2002.

Interest expense decreased $2,662,000 to $521,000 in fiscal 2002 due to the paydown of debt and lower interest rates. As of September 28, 2002, we have repaid all of our long-term debt.

The effective income tax rate was 35% in fiscal 2002 and 36% in fiscal 2001.

Net earnings increased $6,237,000 or 53% in fiscal 2002 to $18,113,000 or $1.99 per fully diluted share.

* MINUTE MAID is a registered trademark of The Coca-Cola Company.

RESULTS OF OPERATIONS

Fiscal 2001 (52 weeks) Compared to Fiscal 2000 (53 weeks)
Net sales increased $31,503,000 or 11% to $328,335,000 in fiscal 2001 from $296,832,000 in fiscal 2000. Excluding sales resulting from acquisitions, sales increased 5% for the 52 weeks compared to the 53 weeks in fiscal 2000.

We have four reportable segments, as disclosed in the notes to the consolidated financial statements: Food Service, Retail Supermarkets, The Restaurant Group and Frozen Beverages.

Food Service
Sales to food service customers increased $23,780,000 or 16% to $171,373,000 in fiscal 2001. Excluding sales resulting from acquisitions, sales would have

increased approximately 4% for the year. Soft pretzel sales to the food service market increased 2% to $61,520,000 for the 2001 year. Excluding sales resulting from acquisitions, food service soft pretzel sales would have decreased approximately 3%. Sales of bakery products increased $16,952,000 or 41% to $57,957,000 in fiscal 2001 due to increased unit sales across our customer base and the acquisition of Uptown Bakery. Churro sales increased 3% to $11,478,000. Frozen juice bars and ices sales increased 16% to $33,558,000. Approximately 40% of the frozen juice bars and ices sales increase resulted from acquisitions. Sales of cookies to food service customers increased $2,346,000, or 20%, to $13,943,000 for the year. All of the increases and decreases in sales throughout the food service segment were primarily the result of changes in unit volume.

Retail Supermarkets

Sales of products to retail supermarkets increased $6,830,000 or 21% to $39,076,000 in fiscal 2001. Total soft pretzel sales to retail supermarkets were $16,197,000, an increase of 4% from fiscal 2000. Sales of our flagship SUPERPRETZEL brand soft pretzels increased 3% to $14,817,000. Sales of frozen juice bars and ices increased $6,472,000 or 38% to $23,713,000 in 2001 from $17,241,000 in 2000 due to increased volume of LUIGI'S Real Italian Ice and the Company's MINUTE MAID* brand licensed products.

The Restaurant Group

Sales of our Restaurant Group, which operates BAVARIAN PRETZEL BAKERY and PRETZEL GOURMET retail stores in the Mid-Atlantic region, declined by 6%, primarily due to reduced mall traffic and closings of unprofitable stores.

Frozen Beverages

Frozen beverage and related product sales increased $1,672,000 or 2% to $105,843,000 in fiscal 2001. Beverage sales alone increased 2% to $89,930,000 for the year although gross profit on beverage sales was essentially unchanged for the year. Service revenue increased $1,433,000, or 13% to $12,396,000 for the year.

Consolidated

Gross profit decreased to 33% of sales in 2001 from 35% of sales in 2000. Approximately 85% of the decrease is due to the inclusion of Uptown Bakeries since the acquisition in November 2000 which had a low gross profit percentage relative to the balance of our business. Gross profit was impacted by higher property and casualty insurance costs of approximately $1,500,000 for the year. The higher costs were due to market conditions and our own claims experience.

Total operating expenses increased $2,247,000 to $87,551,000 in fiscal 2001 and as a percentage of sales decreased to 27% in 2001 from 29% in 2000. Marketing expenses decreased to 14% of sales in fiscal 2001 from 15% in 2000 because of the inclusion of Uptown Bakeries which had no significant marketing expenses. Distribution and administrative expenses were 8% and 4%, respectively, in both years.

Operating income increased $3,063,000 or 17% to $21,169,000 in fiscal 2001.

Interest expense increased $428,000 to $3,183,000 in fiscal 2001 due to debt incurred to fund acquisitions and a $213,000 charge to writedown a swap agreement to fair value.

Other general income increased $1,326,000 to $620,000 in 2001 compared to other general expense of $706,000 in 2000, primarily due to insurance gains in 2001 compared to the writedown to its net realizable value of property held for sale in 2000.

The effective income tax rate was 36% in fiscal 2001 and 37% in fiscal 2000.

Net earnings increased $1,908,000 or 19% in fiscal 2001 to $11,876,000 or $1.36 per fully diluted share.

*MINUTE MAID is a registered trademark of The Coca-Cola Company.

ACQUISITIONS, LIQUIDITY AND CAPITAL RESOURCES

In November 2000, we acquired the assets of Uptown Bakeries for cash. Uptown Bakeries, located in Bridgeport, NJ, sells bakery items to the food service industry with approximate annual sales of $17,000,000.

This acquisition was accounted for under the purchase method of accounting, and its operations are included in the consolidated financial statements from the acquisition date.

Our future expected operating cash flow along with our borrowing capacity are our primary sources of liquidity and we believe that these sources are sufficient to fund future growth and expansion.

Fluctuations in the value of the Mexican peso and the resulting revaluation of the net assets of our Mexican frozen beverage subsidiary caused decreases of $151,000, $25,000 and $15,000 in accumulated other comprehensive loss in the 2002, 2001 and 2000 fiscal years, respectively. In 2002, sales of the Mexican subsidiary were $3,819,000 as compared to $3,248,000 in 2001.

In fiscal year 2001, we purchased and retired 111,000 shares of our common stock at a cost of $1,431,000. In fiscal year 2000, we purchased and retired 614,000 shares of our common stock at a cost of $9,834,000.

Under a buyback authorization approved by the Board of Directors in 1999, 275,000 shares remain to be purchased at September 28, 2002.
In December 2001, we refinanced our general-purpose bank credit line. There were no outstanding balances under this facility at September 28, 2002. This agreement provides for a $50,000,000 revolving credit facility. The new agreement contains restrictive covenants and requires commitment fees in accordance with standard banking practice.

In December 2001, we borrowed $5,000,000 on our general-purpose bank credit line to pay off early our $5,000,000 7.25% redeemable economic development revenue bond originally payable December 2005.

The following table presents our contractual cash flow commitments on long-term debt and operating leases. See Notes H and K to the consolidated financial statements for additional information on our long-term debt and operating leases.

	Payments Due by Period (in thousands)				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt, including current maturities	$ -	$ -	$ -	$ -	$ -
Operating leases	42,565	8,734	11,641	6,548	15,642
Total	$42,565	$8,734	$11,641	$6,548	$15,642

As of September 28, 2002, we were committed to purchasing approximately $11,000,000 of ingredients and packaging in fiscal year 2003. These commitments do not exceed our projected requirements over the related terms and are in the normal course of business.

Effective December 30, 2001, we adopted the provisions of Emerging Issues Task Force (EITF) Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products." EITF Issue No. 01-9 addressed various issues related to the income statement classification of certain promotional payments, including consideration from a vendor to a reseller or another party that purchases the vendor's products.

Upon adoption, we reduced both net sales and marketing expenses by $23,361,000 and $21,658,000 for the years ended 2001 and 2000, respectively. EITF Issue No. 01-9 requires certain marketing expenses incurred by the Company, not previously reclassified, to be classified as deductions from revenue. These reclassifications have no impact on reported operating income or net earnings or earnings per share.

On December 30, 2001, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," (SFAS No. 144). SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," but it retains many of the fundamental provisions of that Statement. The adoption did not have a material effect on our financial statements.

On October 1, 2001, we adopted SFAS No. 133, as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." Based on our minimal use of derivatives, the adoption of this standard did not have a significant impact on our earnings or financial position.

On September 30, 2001, we adopted SFAS No. 142 "Goodwill and Intangible Assets" (SFAS No. 142). SFAS No. 142 includes requirements to annually test goodwill and indefinite lived intangible assets for impairment rather than amortize them; accordingly, we no longer amortize goodwill, thereby eliminating an annual amortization charge of approximately $2,600,000. We have completed documentation of our transitional goodwill impairment tests and have not recorded any transitional goodwill impairment loss as a result of our adoption of SFAS No. 142. Additionally, we did not record any transitional intangible asset impairment loss upon adoption of SFAS No. 142.

Fiscal 2002 Compared to Fiscal 2001

Cash increased 90% to $14,158,000 from a year ago because we generated cash from operations in excess of the amount needed to pay off our long-term debt.

Trade receivables increased $1,421,000 or 4% to $36,922,000 and inventories increased $450,000 or 2% to $22,199,000 in 2002 due to increased levels of business.

Property, plant and equipment decreased $10,346,000 to $94,410,000 because expenditures for dispensers required for the expansion of our frozen beverage business, for ovens and portable merchandisers required for the expansion of our food service business and for the expansion and upgrading of production capability at our manufacturing facilities was approximately $10,000,000 less than depreciation of existing assets.

Other intangible assets, less accumulated amortization decreased $309,000 to $1,539,000 due to amortization.

Accounts payable and accrued liabilities decreased $318,000 in 2002 from $40,562,000 in 2001.

Current maturities of long-term debt decreased by $115,000 to $0 and long-term debt, less current maturities decreased by $28,368,000 to $0 due to our repayment of long-term debt.

Deferred income taxes increased by $1,578,000 to $10,806,000 which related primarily to depreciation of property, plant and equipment.

Common stock increased $4,604,000 to $34,025,000 in 2002 because of the exercise of incentive stock options and stock issued under our stock purchase plan for employees.

Net cash provided by operating activities increased $1,629,000 to $51,083,000 in 2002 primarily due to increased net earnings and deferred income taxes and a smaller increase in accounts receivable, which was partially offset by a lower increase in accounts payable and accrued liabilities.

Net cash used in investing activities decreased $8,600,000 to $19,488,000 in 2002 primarily because in 2001 we paid $11,330,000 to purchase companies and had no acquisitions in 2002.

Net cash used in financing activities increased $9,566,000 in 2002 to $24,874,000 from $15,308,000 in 2001. The increase of $9,566,000 was the result of our repayment of approximately $12,000,000 of additional long-term debt compared to 2001.

Fiscal 2001 Compared to Fiscal 2000

Trade receivables increased $2,533,000 or 7% to $35,501,000 in 2001 due primarily to the receivables of Uptown Bakeries, which we acquired in November 2000. Inventories increased $276,000 or 1% to $21,749,000 in 2001.

Property, plant and equipment decreased $4,413,000 to $104,756,000 because expenditures for dispensers required for the expansion of our frozen beverage business, for ovens and portable merchandisers required for the expansion of our food service business and for the expansion and upgrading of production capability at our manufacturing facilities was approximately $13,000,000 less than depreciation of existing assets which was partially offset by the property, plant and equipment acquired in the Uptown Bakeries' acquisition.

Goodwill, trademarks and rights, net of accumulated amortization decreased $1,070,000 to $47,698,000 due to amortization net of the acquisition of the CHILL brand fruit ice license agreement.

Accounts payable and accrued liabilities increased $5,039,000 in 2001 from $33,641,000 in 2000 due primarily to an increase in income taxes payable resulting from a change in the due date of the September 15 federal estimated tax payment to October 1.

Current maturities of long-term debt decreased by $2,071,000 to $115,000 and long-term debt, less current maturities decreased by $14,113,000 to $28,368,000 primarily due to the paydown of debt.

Deferred income taxes increased by $888,000 to $9,228,000 which related primarily to disposals and depreciation of property, plant and equipment.

Common stock increased $1,018,000 to $29,421,000 in 2001 because of the exercise of incentive stock options and stock issued under our stock purchase plan for employees.

Net cash provided by operating activities increased $12,248,000 to $49,454,000 in 2001 primarily due to increased net earnings, depreciation and amortization of fixed assets, deferred income taxes and accounts payable and accrued liabilities.

Net cash used in investing activities decreased $6,995,000 to $28,088,000 in 2001 primarily due to decreased purchases of property, plant and equipment.

Net cash used in financing activities increased $8,619,000 in 2001 to $15,308,000 from $6,689,000 in 2000. The increase of $8,619,000 was the result of net paydown in borrowings in 2001 of $16,184,000 compared to an increase in borrowings of $1,793,000 in 2000 offset by a decrease of $8,403,000 in payments to repurchase common stock.

CONSOLIDATED STATEMENTS OF EARNINGS

	Fiscal year ended		
	September 28, 2002 (52 weeks)	September 29, 2001 (52 weeks)	September 30, 2000 (53 weeks)
	(in thousands, except per share information)		
Net Sales	$353,187	$328,335	$296,832
Cost of goods sold	233,730	219,615	193,422
Gross profit	119,457	108,720	103,410
Operating expenses			
Marketing	51,466	47,124	45,245
Distribution	26,041	25,594	25,032
Administrative	13,703	12,840	11,699
Amortization of goodwill	-	2,613	2,622
Other general (income) expense	(19)	(620)	706
	91,191	87,551	85,304
Operating income	28,266	21,169	18,106
Other income (expenses)			
Investment income	268	356	409
Interest expense	(521)	(3,183)	(2,755)
Other	-	213	63
	(253)	(2,614)	(2,283)
Earnings before income taxes	28,013	18,555	15,823
Income taxes	9,900	6,679	5,855
NET EARNINGS	$ 18,113	$ 11,876	$ 9,968
Earnings per diluted share	$1.99	$1.36	$1.10
Weighted-average number of diluted shares	9,093	8,754	9,063
Earnings per basic share	$2.07	$1.40	$1.13
Weighted-average number of basic shares	8,770	8,502	8,819

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

	September 28, 2002	September 29, 2001
	(in thousands, except share amounts)	
Assets		
Current Assets		
Cash and cash equivalents	$14,158	$7,437
Receivables		
Trade, less allowances of $1,839 and $1,672, respectively	36,922	35,501
Other	1,016	1,517
Inventories	22,199	21,749
Prepaid expenses and other	1,072	1,197
Total current assets	75,367	67,401
Property, Plant and Equipment, at cost	290,340	279,423
Less accumulated depreciation and amortization	195,930	174,667
	94,410	104,756
Other Assets		
Goodwill	45,850	45,850
Other intangible assets, net	1,539	1,848

Long-term investment securities held to maturity	675	1,515
Other	2,195	3,111
	50,259	52,324
	$220,036	$224,481

Liabilities and Stockholders' Equity

Current Liabilities		
Current maturities of long-term debt	$ -	$ 115
Accounts payable	27,683	24,515
Accrued liabilities	12,561	16,047
Total current liabilities	40,244	40,677
Long-Term Debt, less current maturities	-	28,368
Deferred Income Taxes	10,806	9,228
Other long-term liabilities	277	65
Stockholders' Equity		
Preferred stock, $1 par value; authorized, 5,000,000 shares; none issued	-	-
Common stock, no par value; authorized, 25,000,000 shares; issued and outstanding, 8,903,000 and 8,636,000 respectively	34,025	29,421
Accumulated other comprehensive loss	(1,792)	(1,641)
Retained earnings	136,476	118,363
	168,709	146,143
	$220,036	$224,481

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Stockholders' Equity

	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings	Total	Comprehensive Income
	(in thousands)					
Balance at September 26, 1999	9,000	$36,251	$(1,601)	$96,519	$131,169	
Issuance of common stock upon exercise of stock options	118	1,688	-	-	1,688	
Issuance of common stock for employee stock purchase plan	18	298	-	-	298	
Foreign currency translation adjustment	-	-	(15)	-	(15)	$(15)
Repurchase of common stock	(614)	(9,834)	-	-	(9,834)	
Net earnings	-	-	-	9,968	9,968	9,968
Comprehensive income	-	-	-	-	-	$9,953
Balance at September 30, 2000	8,522	$28,403	$(1,616)	$106,487	$133,274	
Issuance of common stock upon exercise of stock options	207	2,194	-	-	2,194	
Issuance of common stock for employee stock purchase plan	18	255	-	-	255	
Foreign currency translation adjustment	-	-	(25)	-	(25)	$(25)
Repurchase of common stock	(111)	(1,431)	-	-	(1,431)	
Net earnings	-	-	-	11,876	11,876	11,876
Comprehensive income	-	-	-	-	-	$11,851
Balance at September 29, 2001	8,636	$29,421	$(1,641)	$118,363	$146,143	
Issuance of common stock upon exercise of stock options	254	4,336	-	-	4,336	
Issuance of common stock for employee stock purchase plan	13	268	-	-	268	
Foreign currency translation adjustment	-	-	(151)	-	(151)	$(151)
Net earnings	-	-	-	18,113	18,113	18,113
Comprehensive income	-	-	-	-	-	$17,962

Balance at September 28, 2002	8,903	$34,025	$(1,792)	$136,476	$168,709

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

	Fiscal year ended Sept. 28, 2002 (52 weeks)	Sept. 29, 2001 (52 weeks)	Sept. 30, 2000 (53 weeks)
	(in thousands)		
Operating activities:			
Net earnings	$18,113	$11,876	$9,968
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization of fixed assets	30,252	30,170	26,947
Amortization of intangibles and deferred costs	734	3,346	3,435
Losses (gains) from disposals and write-downs of property & equipment	255	(330)	830
Increase in deferred income taxes	1,578	888	638
Changes in assets and liabilities, net of effects from purchase of companies:			
Increase in accounts receivable	(1,068)	(3,411)	(1,783)
Increase in inventories	(207)	(361)	(4,997)
Decrease (increase) in prepaid expenses and other	125	221	(288)
Increase in accounts payable and accrued liabilities	1,301	7,055	2,456
Net cash provided by operating activities	51,083	49,454	37,206
Investing activities:			
Purchases of property, plant and equipment	(20,479)	(17,127)	(34,928)
Payments for purchase of companies, net of cash acquired and debt assumed	-	(11,330)	(1,280)
Proceeds from investments held to maturity	840	105	1,229
Proceeds from disposal of property and equipment	167	824	428
Other	(16)	(560)	(532)
Net cash used in investing activities	(19,488)	(28,088)	(35,083)
Financing activities:			
Proceeds from borrowings	24,000	13,000	11,000
Proceeds from issuance of common stock	3,195	2,307	1,352
Payments to repurchase common stock	-	(1,431)	(9,834)
Payments of long-term debt	(52,069)	(29,184)	(9,207)
Net cash used in financing activities	(24,874)	(15,308)	(6,689)
Net increase (decrease) in cash and cash equivalents	6,721	6,058	(4,566)
Cash and cash equivalents at beginning of year	7,437	1,379	5,945
Cash and cash equivalents at end of year	$14,158	$7,437	$1,379

The accompanying notes are an integral part of these statements.

Notes to consolidated financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J&J Snack Foods Corp. and Subsidiaries (the Company) manufactures, markets and distributes a variety of nutritional snack foods and beverages to the food service and retail supermarket industries. A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. Principles of Consolidation
The consolidated financial statements include the accounts of J&J Snack Foods Corp. and its wholly owned subsidiaries. Intercompany balances and transactions have been eliminated in the consolidated financial statements.

2. Revenue Recognition
We recognize revenue from Food Service, Retail Supermarkets, The Restaurant Group and Frozen Beverage products at the time the products are shipped to third parties. When we perform services under service contracts for frozen beverage dispenser machines, revenue is recognized upon the completion of the services on specified machines. We provide an allowance for doubtful receivables after taking into consideration historical experience and other factors.

Effective December 30, 2001, we adopted the provisions of Emerging Issues Task Force (EITF) Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products." EITF Issue No. 01-9 addressed various issues related to the income statement classification of certain promotional payments, including consideration from a vendor to a reseller or another party that purchases the vendor's products.

Upon adoption, we reduced both net sales and marketing expenses by $23,361,000 and $21,658,000 for the years ended 2001 and 2000, respectively. EITF Issue No. 01-9 requires certain marketing expenses incurred by us, not previously reclassified, to be classified as deductions from revenue. These reclassifications have no impact on reported operating income or net earnings or earnings per share.

In September 2000, the EITF reached a consensus on Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs" (Issue No. 00-10). Issue No. 00-10 requires that all amounts billed to customers related to shipping and handling should be classified as revenues. Our product costs include amounts for shipping and handling, therefore, we charge our customers shipping and handling fees at the time the products are shipped or when services are performed. The cost of shipping products to the customer is recognized at the time the products are shipped to the customer and is included in distribution expenses. Accordingly, this consensus opinion had no effect on our current and previous classifications.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101) which addresses certain criteria for revenue recognition. SAB 101 outlines the criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. We implemented the provisions of SAB 101 on October 1, 2000. Our revenue recognition policies complied with the guidance contained in SAB 101 and, therefore, our results of operations were not materially affected.

We also sell service contracts covering frozen beverage machines. The terms of coverage range between 12 and 60 months. We record deferred income on service contracts which is amortized by the straight-line method over the term of the contracts.

During the years ended September 28, 2002 and September 29, 2001, we sold $2,281,000 and $1,329,000, respectively, of service contracts related to our frozen beverage machines. At September 28, 2002 and September 29, 2001, deferred income on service contracts was $1,345,000 and $533,000, respectively, of which $278,000 is included in other long-term liabilities as of September 28, 2002 and the balance is reflected as short-term and included in accrued liabilities on the consolidated balance sheet. Service contract income of $1,468,000, $948,000 and $1,143,000 was recognized for the fiscal years ended 2002, 2001 and 2000, respectively.

3. Foreign Currency
Assets and liabilities in foreign currencies are translated into U.S. dollars at the rate of exchange prevailing at the balance sheet date. Revenues and expenses are translated at the average rate of exchange for the period. The cumulative translation adjustment is recorded as a separate component of stockholders' equity.

4. Use of Estimates
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash Equivalents
Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

6. Concentrations of Credit Risk
Concentrations of credit risk with respect to trade receivables are limited due to the dispersion of our customers over different industries and geographies.

7. Inventories
Inventories are valued at the lower of cost (determined by the first-in, first-out method) or market.

8. Investment Securities
We classify our investments in securities in one of two categories: held to maturity and available for sale. Debt securities that we have the positive intent and ability to hold to maturity are classified as held to maturity and are reported at amortized cost. The balance of our debt securities and any equity securities are classified as available for sale.

Net unrealized gains and losses, if significant, on such securities, net of income tax, are reported as a separate component of stockholders' equity and excluded from the determination of net income.

9. Depreciation and Amortization
Depreciation of equipment and buildings is provided for by the straight-line method over the assets' estimated useful lives. Amortization of improvements is provided for by the straight-line method over the term of the lease or the assets' estimated useful lives, whichever is shorter. Licenses and rights arising from acquisitions are amortized by the straight-line method over periods ranging from 4 to 20 years.

On December 30, 2001, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," (SFAS No. 144). SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," but it retains many of the fundamental provisions of that Statement. The adoption did not have a material effect on our financial statements.

10. Fair Value of Financial Instruments
The carrying value of our short-term financial instruments, such as receivables and accounts payable, approximate their fair values, based on the short-term maturities of these instruments. The carrying value of long-term debt obligations, consisting primarily of an unsecured term note and an unsecured general purpose credit line with interest rates based on current short-term market rates, approximated the fair value at September 29, 2001. We had no long-term debt at September 28, 2002.

11. Income Taxes
We account for our income taxes under the liability method. Under the liability method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax expense is the result of changes in deferred tax assets and liabilities.

12. Earnings Per Common Share
We follow SFAS No. 128, "Earnings Per Share" (EPS). Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted average common shares outstanding during the period. Diluted EPS takes into consideration the potential dilution that could occur if securities (stock options) or other contracts to issue common stock were exercised and converted into common stock.

13. Accounting for Stock-Based Compensation
We follow SFAS No. 123, "Accounting for Stock-Based Compensation," which contains a fair value-based method for valuing stock-based compensation that entities may use, which measures compensation cost at the grant date based on the fair value of the award. Compensation is then recognized over the service period, which is usually the vesting period. We have chosen an alternative, permitted by the standard, to continue accounting for employee stock options and similar equity instruments under APB Opinion No. 25, "Accounting for Stock Issued to Employees."

14. Advertising Costs
Advertising costs are expensed as incurred. Total advertising expense was $1,619,000, $1,765,000, and $1,730,000 for the fiscal years 2002, 2001 and 2000, respectively.

15. Interest Rate Risk Management
As part of our risk management activities, we use interest rate swaps to modify the interest rate characteristics of certain long-term obligations. We hold no other derivatives or similar instruments. The derivatives contracts are designated as hedges when acquired.

They are expected to be effective economic hedges and have high correlation with the items being hedged at inception and throughout the hedge period. The variable interest rate of a swap contract is referenced to the same index as the variable interest rate of the debt being hedged.

Interest rate swaps are accounted for using the accrual method, with an adjustment to interest expense in the income statement. The effects of swap positions are included in financing activities in the Statement of Cash Flows. Interest receivable or payable under the swap contracts is included in Receivables or Accounts Payable. Unrealized gains and losses on the swaps are not recognized in the balance sheet. Realized gains and losses from disposition or settlement of swap contracts are deferred on the balance sheet and amortized to interest expense over the appropriate period.

If the hedged item is settled or terminated, deferred and/or unrecognized gains or losses on the hedging instrument on that date are recognized as an adjustment to the gain or loss on disposition or termination of the related hedged item. Future accruals on the swap and subsequent gains and losses on the swap or forward contract are included in income in the period they occur.

We follow SFAS No. 133, as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." Based on our minimal use of derivatives, this standard does not have a significant impact on our earnings or financial position.

16. Commodity Price Risk Management
Our most significant raw material requirements include flour, shortening, corn syrup, chocolate and macadamia nuts. We attempt to minimize the effect of future price fluctuations related to the purchase of raw materials primarily through forward purchasing to cover future manufacturing requirements, generally for periods from 1 to 24 months. As of September 28, 2002, we have approximately $11,000,000 of such commitments. Futures contracts are not used in combination with forward purchasing of these raw materials. Our procurement practices are intended to reduce the risk of future price increases, but also may potentially limit the ability to benefit from possible price decreases.

17. Comprehensive Income
We follow SFAS No. 130, "Reporting Comprehensive Income." This standard established new standards for reporting comprehensive income, which includes net income as well as certain other items which result in a change to equity during the period.

18. Segment Reporting
We follow SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of our reportable segments.

19. Recent Accounting Pronouncements
Effective December 30, 2001, we adopted the provisions of EITF Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products."

EITF Issue No. 01-9 addressed various issues related to the income statement classification of certain promotional payments, including consideration from a vendor to a reseller or another party that purchases the vendor's products. Upon adoption, we reduced both net sales and marketing expenses by approximately $23,361,000 and $21,658,000 for the years ended 2001 and 2000, respectively. EITF Issue No. 01-9 requires certain marketing expenses incurred by the Company, not previously reclassified, to be classified as deductions from revenue. These reclassifications have no impact on reported operating income or net earnings or earnings per share.

On September 30, 2001, we adopted SFAS No. 142 "Goodwill and Intangible Assets" (SFAS No. 142). SFAS No. 142 includes requirements to test goodwill and indefinite lived intangible assets for impairment rather than amortize them; accordingly, we no longer amortize goodwill, thereby eliminating an annual amortization charge of approximately $2,600,000. We have completed documentation of our transitional goodwill impairment tests and have not recorded any transitional goodwill impairment loss as a result of our adoption of SFAS No. 142. Additionally, we did not record any transition intangible asset impairment loss upon adoption of SFAS No. 142.

20. Reclassifications
Certain prior year financial statement amounts have been reclassified to be consistent with the presentation for the current year.

NOTE B - ACQUISITIONS

On November 20, 2000, we acquired the assets of Uptown Bakeries for cash. Uptown

Bakeries, located in Bridgeport, NJ, sells fresh bakery products to the food service industry with approximate annual sales of $17 million.
This acquisition was accounted for under the purchase method of accounting, and its operations are included in the consolidated financial statement from the acquisition date.

NOTE C - INVESTMENT SECURITIES

The amortized cost, gross unrealized gains and losses, and fair values of our long-term investment securities held to maturity at September 28, 2002 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Municipal government securities	$675	$40	$ -	$715

The amortized cost, gross unrealized gains and losses, and fair values of our long-term investment securities held to maturity at September 29, 2001 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Municipal government securities	$1,015	$30	$ -	1,045
Other debt securities	500	-	-	500
	$1,515	$30	$ -	$1,545

The following table lists the maturities of long-term investment securities classified as held to maturity at September 28, 2002:

	Amortized Cost	Fair Value
	(in thousands)	
Due after one year through five years	$675	$715

There were no proceeds from sales of securities in the past three years. We use the specific identification method to determine the cost of securities sold.

NOTE D - INVENTORIES

Inventories consist of the following:

	September 28, 2002	September 29, 2001
	(in thousands)	
Finished goods	$10,001	$9,965
Raw materials	2,846	2,509
Packaging materials	2,914	3,146
Equipment parts and other	6,438	6,129
	$22,199	$21,749

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	September 28, 2002	September 29, 2001	Estimated Useful Lives
	(in thousands)		
Land	$756	$756	-
Buildings	5,456	5,456	15-39.5 years
Plant machinery and equipment	88,908	85,312	5-10 years
Marketing equipment	171,429	164,381	5 years
Transportation equipment	828	796	5 years
Office equipment	6,832	7,420	3-5 years
Improvements	15,885	15,182	5-20 years
Construction in progress	246	120	-
	$290,340	$279,423	

NOTE F - GOODWILL AND INTANGIBLE ASSETS

On September 30, 2001, we adopted SFAS No. 142 "Goodwill and Intangible Assets" (SFAS No. 142). SFAS No. 142 includes requirements to test goodwill and indefinite lived intangible assets for impairment rather than amortize them; accordingly, we no longer amortize goodwill, thereby eliminating an annual amortization charge of approximately $2,600,000.

Our four reporting units, which are also reportable segments, are Food Service, Retail Supermarket, The Restaurant Group and Frozen Beverages.

The carrying amount of acquired intangible assets for the reportable segments are as follows:

	September 28, 2002 Gross Carrying Amount	September 28, 2002 Accumulated Amortization	September 29, 2001 Gross Carrying Amount	September 29, 2001 Accumulated Amortization
	(in thousands)			
Food Service				
Amortized intangible assets				
Licenses and rights	$2,066	$619	$2,066	$330
Retail Supermarket				
Amortized intangible assets				
Licenses and rights	$ -	$ -	$ -	$ -
The Restaurant Group				
Amortized intangible assets				
Licenses and rights	$20	$19	$20	$15
Frozen Beverages				
Amortized intangible assets				
Licenses and rights	$201	$110	$201	$94

Licenses and rights are being amortized by the straight-line method over periods ranging from 4 to 20 years and amortization expense is reflected throughout operating expenses. There were no changes in the gross carrying amount of intangible assets for fiscal year 2002 and an increase of $1,816,000 for fiscal year 2001. Additionally, we did not record any transitional intangible asset impairment loss upon adoption of SFAS No. 142. Aggregate amortization expense of intangible assets for the fiscal years 2002, 2001 and 2000 was $309,000, $271,000 and $223,000.

Estimated amortization expense for the next five fiscal years is approximately $300,000 in 2003 and 2004, $200,000 in 2005, and $150,000 in 2006 and 2007.

Goodwill
The carrying amounts of goodwill for the reportable segments are as follows:

	Food Service	Retail Supermarkets	Restaurant Group	Frozen Beverages	Total
		(in thousands)			
Balance at September 28, 2002	$14,241	$ -	$438	$31,171	$45,850
Balance at September 29, 2001	$14,241	$ -	$438	$31,171	$45,850

There were no changes in the carrying amount of goodwill for the year ended September 28, 2002. For the year ended September 29, 2001, the carrying amount of goodwill decreased $2,615,000 as a result of amortization prior to adopting SFAS No. 142.

We have completed documentation of our transitional goodwill impairment tests and have not recorded any transitional goodwill impairment loss as a result of our adoption of SFAS No. 142.

Reported net income, exclusive of amortization expense that is related to goodwill that is no longer being amortized, would have been:

Fiscal year ended	September 2002	September 2001	September 2000
Reported net earnings	$18,113	$11,876	$9,968
Goodwill amortization	-	1,674	1,652
Adjusted net earnings	$18,113	$13,550	$11,620
Basic earnings per share:			
Reported net earnings	$2.07	$1.40	$1.13
Goodwill amortization	-	.19	.19
Adjusted net earnings	$2.07	$1.59	$1.32
Diluted earnings per share:			
Reported net earnings	$1.99	$1.36	$1.10
Goodwill amortization	-	.19	.18
Adjusted net earnings	$1.99	$1.55	$1.28

NOTE G - Accrued liabilities

Included in accrued liabilities is accrued compensation of $6,121,000 and $4,922,000 as of September 28, 2002 and September 29, 2001, respectively.

NOTE H - LONG-TERM DEBT

In December 2001, we refinanced our general-purpose bank credit line. There were no outstanding balances under this facility at September 28, 2002 and the Company has no outstanding long-term debt as of September 28, 2002. The agreement provides for a $50,000,000 revolving credit facility repayable in three years, with the availability of repayments without penalty. The agreement contains restrictive covenants and requires commitment fees in accordance with standard banking practice.

Long-term debt consists of the following:

	September 28, 2002	September 29, 2001
	(in thousands)	
Bank debt refinanced in 2002	$ -	$23,000
$50,000,000 unsecured general-purpose bank credit line, with interest rate tied to LIBOR with interest payments due monthly (subject to financial covenants), subsequently refinanced as long-term, discussed above	-	-
7.25% redeemable economic development revenue bonds payable December 2005; interest payable semi-annually (subject to financial covenants); paid off December 2001	-	5,000
Other	-	483
	-	28,483
Less current maturities	-	115
	$ -	$28,368

NOTE I - INCOME TAXES

Income tax expense is as follows:

	Fiscal year ended September 28, 2002	September 29, 2001	September 30, 2000
	(in thousands)		
Current			
U.S. Federal	$7,510	$5,042	$4,697
Foreign	43	96	41
State	769	653	479
	$8,322	$5,791	$5,217
Deferred			
U.S. Federal	$1,450	$816	$606
State	128	72	32
	1,578	888	638
	$9,900	$6,679	$5,855

The provisions for income taxes differ from the amounts computed by applying the federal income tax rate of approximately 34% to earnings before income taxes for the following reasons:

	Fiscal year ended September 28, 2002	September 29, 2001	September 30, 2000
	(in thousands)		
Income taxes at statutory rates	$9,753	$6,309	$5,341
Increase (decrease) in taxes resulting from:			
State income taxes, net of federal income tax benefit	552	360	337
Nontaxable income	(14)	(11)	(28)
Other, net	(391)	21	205
	$9,900	$6,679	$5,855

Deferred tax assets and liabilities consist of the following:

	September 28, 2002	September 29, 2001
	(in thousands)	
Deferred tax assets		
Vacation accrual	$531	$483
Insurance accrual	1,068	899

Allowances	1,310	1,201
Other, net	465	407
	3,374	2,990
Deferred tax liabilities		
Depreciation of property and equipment	14,072	12,087
Other, net	108	131
	14,180	12,218
	$10,806	$9,228

NOTE J - EARNINGS PER SHARE

The Company's calculation of EPS is as follows:

	Fiscal year ended September 28, 2002		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except per share amounts)		
Earnings Per Basic Share			
Net Income available to common stockholders	$18,113	8,770	$2.07
Effect of Dilutive Securities			
Options	-	323	(.08)
Earnings Per Diluted Share			
Net Income available to common stockholders plus assumed conversions	$18,113	9,093	$1.99

110,000 anti-dilutive weighted shares have been excluded in the computation of 2002 diluted EPS because the options' exercise price is greater than the average market price of the common stock.

	Fiscal year ended September 29, 2001		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except per share amounts)		
Earnings Per Basic Share			
Net Income available to common stockholders	$11,876	8,502	$1.40
Effect of Dilutive Securities			
Options	-	252	(.04)
Earnings Per Diluted Share			
Net Income available to common stockholders plus assumed conversions	$11,876	8,754	$1.36

294,167 anti-dilutive weighted shares have been excluded in the computation of 2001 diluted EPS because the options' exercise price is greater than the average market price of the common stock.

	Fiscal year ended September 30, 2000		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except per share amounts)		
Earnings Per Basic Share			
Net Income available to common stockholders	$9,968	8,819	$1.13
Effect of Dilutive Securities			
Options	-	244	(.03)
Earnings Per Diluted Share			
Net Income available to common stockholders plus assumed conversions	$9,968	9,063	$1.10

241,363 anti-dilutive weighted shares have been excluded in the computation of 2000 diluted EPS because the options' exercise price is greater than the average market price of the common stock.

NOTE K - COMMITMENTS

1. Lease Commitments

The following is a summary of approximate future minimum rental commitments for noncancelable operating leases with terms of more than one year as of September 28, 2002:

	Offices	Plants and Equipment	Total
	(in thousands)		
2003	$4,882	$3,852	$8,734
2004	4,215	2,768	6,983
2005	3,597	1,061	4,658

2006	3,193	294	3,487
2007 and thereafter	18,684	19	18,703
	$34,571	$7,994	$42,565

Total rent expense was $10,017,000, $10,537,000 and $9,330,000 for fiscal years 2002, 2001 and 2000, respectively.

2. Other Commitments
We are a party to litigation which management currently believes will not have a material adverse effect on our financial condition or results of operations.

We self-insure, up to loss limits, certain insurable risks such as worker's compensation and automobile liability claims. Accruals for claims under our self-insurance program are recorded on a claim-incurred basis. Under this program, the estimated liability for claims incurred but unpaid in fiscal year 2002 and 2001 was $1,025,000 and $2,168,000, respectively. In connection with certain self-insurance agreements, we customarily enter into letters of credit arrangements with our insurers. At September 28, 2002 and September 29, 2001, we had outstanding letters of credit totaling approximately $4,800,000 and $3,000,000, respectively.

NOTE L - CAPITAL STOCK

Under our current share repurchase program authorized by the Board of Directors, 275,000 shares remain to be repurchased as of September 28, 2002. In fiscal year 2001, we purchased and retired 111,000 shares of our common stock at a cost of $1,431,000. In fiscal year 2000, we purchased and retired 614,000 shares of our common stock at a cost of $9,834,000.

NOTE M - STOCK OPTIONS

We have a Stock Option Plan (the "Plan"). Pursuant to the Plan, stock options may be granted to officers and our key employees which qualify as incentive stock options as well as stock options which are nonqualified. The exercise price of incentive stock options is at least the fair market value of the common stock on the date of grant. The exercise price for nonqualified options is determined by a committee of the Board of Directors. The options are generally exercisable after three years and expire no later than ten years from date of grant. There were 2,000,000 shares reserved under the Plan; options for 0 shares remain unissued as of September 28, 2002.

We have a nonqualified stock option plan for nonemployee directors and our Chief Executive Officer whereby a total of 440,000 shares of common stock may be issued. Under this plan, each nonemployee director is granted options to purchase 3,000 shares of common stock, and the Chief Executive Officer is granted options to purchase 25,000 shares annually. The option price is equal to the fair market value of the common stock at the date of grant, and the options expire ten years after date of grant. Other nonqualified options have been issued to the Chief Executive Officer, directors and certain employees.

We have adopted only the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." It applies APB No. 25 and related interpretations in accounting for its plans and does not recognize compensation expense for its stock-based compensation plans. Had compensation cost for the plans been determined based on the fair value of the options at the grant date consistent with SFAS No. 123, our net earnings and earnings per common share would have been reduced to the pro forma amounts indicated below:

Fiscal year ended	September 28, 2002	September 29, 2001	September 30, 2000
	(in thousands, except per share amounts)		
Net Earnings:			
As reported	$18,113	$11,876	$9,968
Pro forma	$16,760	$10,225	$8,609
Earnings Per Diluted Share:			
As reported	$1.99	$1.36	$1.10
Pro forma	$1.84	$1.17	$.95

These pro forma amounts may not be representative of future disclosures because they do not take into effect pro forma compensation expense related to grants before October 1, 1995. The fair value of these options is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for grants in fiscal 2002, 2001 and 2000, respectively; expected volatility of 40% for fiscal year 2002, 38% for year 2001 and 30% for year 2000; risk-free interest rates of 3.58%, 4.69% and 6.35%; and expected lives ranging between 5 and 10 years for all years.

A summary of the status of our option plans as of fiscal years 2002, 2001 and

2000 and the changes during the years ended on those dates is represented below:

	Incentive Stock Options Stock Options Outstanding	Weighted-Average Exercise Price	Nonqualified Stock Options Stock Options Outstanding	Weighted-Average Exercise Price
Balance, September 26, 1999	950,659	$14.67	332,500	$13.56
Granted	186,334	13.68	34,000	15.94
Exercised	(113,253)	10.43	(10,500)	7.00
Cancelled	(108,446)	15.55	-	-
Balance, September 30, 2000	915,294	14.92	356,000	13.99
Granted	182,333	21.24	34,000	20.60
Exercised	(195,800)	10.80	(34,000)	12.00
Cancelled	(21,000)	15.10	-	-
Balance, September 29, 2001	880,827	17.08	356,000	14.75
Granted	81,333	38.21	34,000	39.53
Exercised	(239,583)	14.19	(34,000)	10.75
Cancelled	(25,386)	19.96	-	-
Balance, September 28, 2002	697,191	$20.40	356,000	$17.55
Exercisable Options, September 28, 2002	263,827		322,000	

The weighted-average fair value of incentive options granted during fiscal years ended September 28, 2002, September 29, 2001 and September 30, 2000 was $15.39, $8.19 and $4.93, respectively. The weighted-average fair value of nonqualified stock options granted during fiscal years ended September 28, 2002, September 29, 2001 and September 30, 2000 was $23.93, $12.22 and $8.95, respectively.

The following table summarizes information about incentive stock options outstanding at September 28, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at September 28, 2002	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at September 28, 2002	Weighted-Average Exercise Price
$12.75-$19.00	281,214	5.39 years	$14.24	101,464	$15.81
$19.38-$24.16	339,977	5.43 years	$21.45	162,363	$21.72
$38.48	76,000	5.00 years	$38.48	-	
	697,191			263,827	

The following table summarizes information about nonqualified stock options outstanding at September 28, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at September 28, 2002	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at September 28, 2002	Weighted-Average Exercise Price
$11.00-$15.94	220,000	3.31 years	$12.77	220,000	$12.77
$19.25-$21.75	102,000	6.92 years	$20.53	102,000	$20.53
$39.53	34,000	9.59 years	$39.53	-	
	356,000			322,000	

NOTE N - 401(k) PROFIT-SHARING PLAN

We maintain a 401(k) profit-sharing plan for our employees. Under this plan, we may make discretionary profit-sharing and matching 401(k) contributions. Contributions of $1,051,000, $866,000 and $819,000 were made in fiscal years 2002, 2001 and 2000, respectively.

NOTE O - CASH FLOW INFORMATION

The following is supplemental cash flow information:

	Fiscal year ended September 28, 2002	September 29, 2001	September 30, 2000
	(in thousands)		
Cash paid for:			
Interest	$1,068	$2,966	$2,649
Income taxes	10,429	344	3,474

NOTE P - SEGMENT REPORTING

We principally sell our products to the food service and retail supermarket industries. We also distribute our products directly to the consumer through our chain of retail stores referred to as The Restaurant Group. Sales and results of our frozen beverages business are monitored separately from the balance of our food service business and restaurant group because of different distribution and capital requirements. We maintain separate and discrete financial information for the four operating segments mentioned above which is available to our Chief Operating Decision Makers. We have applied no aggregation criteria to any of these operating segments in order to determine reportable segments. Our four reportable segments are Food Service, Retail Supermarkets, The Restaurant Group and Frozen Beverages. All inter-segment net sales and expenses have been eliminated in computing net sales and operating income (loss). These segments are described below.

Food Service
The primary products sold to the food service group are soft pretzels, frozen juice treats and desserts, churros and baked goods. Our customers in the food service industry include snack bars and food stands in chain, department and discount stores; malls and shopping centers; fast food outlets; stadiums and sports arenas; leisure and theme parks; convenience stores; movie theatres; warehouse club stores; schools, colleges and other institutions. Within the food service industry, our products are purchased by the consumer primarily for consumption at the point-of-sale.

Retail Supermarkets
The primary products sold to the retail supermarket industry are soft pretzel products-including SUPERPRETZEL-LUIGI'S Real Italian Ice, MINUTE MAID Juice Bars and Soft Frozen Lemonade, ICEE Squeeze Up Tubes and TIO PEPE'S Churros. Within the retail supermarket industry, our frozen and prepackaged products are purchased by the consumer for consumption at home.

The Restaurant Group
We sell direct to the consumer through our Restaurant Group, which operates BAVARIAN PRETZEL BAKERY and PRETZEL GOURMET, our chain of specialty snack food retail outlets.

Frozen Beverages
We sell frozen beverages to the food service industry, including our Restaurant Group, primarily under the names ICEE and ARCTIC BLAST in the United States, Mexico and Canada.

The Chief Operating Decision Maker for Food Service, Retail Supermarkets and The Restaurant Group and the Chief Operating Decision Maker for Frozen Beverages monthly review and evaluate operating income and sales in order to assess performance and allocate resources to each individual segment. In addition, the Chief Operating Decision Makers review and evaluate depreciation, capital spending and assets of each segment on a quarterly basis to monitor cash flow and asset needs of each segment. Information regarding the operations in these four reportable segments is as follows:

Fiscal year ended	September 28, 2002	September 29, 2001	September 30, 2000
	(in thousands)		
Sales to external customers:			
Food Service	$185,219	$171,373	$147,593
Retail Supermarket	41,366	39,076	32,246
The Restaurant Group	10,724	12,043	12,822
Frozen Beverages	115,878	105,843	104,171
	$353,187	$328,335	$296,832
Depreciation and Amortization(1):			
Food Service	$13,547	$13,832	$11,974
Retail Supermarket	-	-	-
The Restaurant Group	682	854	781
Frozen Beverages	16,757	16,217	15,005
	$30,986	$30,903	$27,760
Operating Income (Loss)(1):			
Food Service	$17,382	$15,103	$13,146
Retail Supermarket	1,936	1,770	246
The Restaurant Group	(915)	(1,450)	(764)
Frozen Beverages	9,863	8,359	8,100
	$28,266	$23,782	$20,728
Capital Expenditures:			
Food Service	$11,418	$6,673	$16,295
Retail Supermarket	-	-	-
The Restaurant Group	159	268	1,411
Frozen Beverages	8,902	10,186	17,222
	$20,479	$17,127	$34,928
Assets:			

Food Service	$129,702	$124,951	$112,248
Retail Supermarket	-	-	-
The Restaurant Group	2,921	4,032	4,996
Frozen Beverages	87,413	95,498	102,795
	$220,036	$224,481	$220,039

NOTE Q - QUARTERLY FINANCIAL DATA (UNAUDITED)

	Fiscal year ended September 28, 2002			
	Net Sales	Gross Profit	Net Earnings	Net Earnings Per Diluted Share(2)
	(in thousands, except per share information)			
1st Quarter	$74,797	$22,044	$822	$.09
2nd Quarter	77,712	25,156	2,336	.25
3rd Quarter	100,628	36,430	7,518	.80
4th Quarter	100,050	35,827	7,437	.81
Total	$353,187	$119,457	$18,113	$1.95

	Fiscal year ended September 29, 2001			
	Net Sales	Gross Profit	Net Earnings	Net Earnings/ Loss Per Diluted Share(2)
	(in thousands, except per share information)			
1st Quarter	$65,550	$19,928	$(693)	$(0.08)
2nd Quarter	71,357	21,859	367	0.04
3rd Quarter	93,989	32,720	5,778	0.65
4th Quarter	97,439	34,213	6,424	0.72
Total	$328,335	$108,720	$11,876	$1.33

(1) 2001 and 2000 depreciation and amortization expense excludes amortization expense associated with goodwill.

(2) Total of quarterly amounts do not necessarily agree to the annual report amounts due to separate quarterly calculations of weighted-average shares outstanding.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Shareholders and Board of Directors

J&J Snack Foods Corp.

We have audited the accompanying consolidated balance sheets of J&J Snack Foods Corp. and Subsidiaries as of September 28, 2002 and September 29, 2001, and the related consolidated statements of earnings, changes in stockholders' equity and cash flows for each of the fiscal years in the three-year period ended September 28, 2002 (52 weeks, 52 weeks and 53 weeks, respectively). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of J&J Snack Foods Corp. and Subsidiaries as of September 28, 2002 and September 29, 2001, and the consolidated results of their operations and their consolidated cash flows for each of the fiscal years in the three-year period ended September 28, 2002 in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Philadelphia, Pennsylvania
November 6, 2001

Corporate Information

Directors

Gerald B. Shreiber
Chairman of the Board, President and Chief Executive Officer

Dennis G. Moore Senior Vice President,
Chief Financial Officer, Secretary and Treasurer

Robert M. Radano
Senior Vice President and Chief Operating Officer

Stephen N. Frankel (1), (2)
President, Stephen N. Frankel Realtor, Inc.

Peter G. Stanley (1), (2)
Vice President,
Emerging Growth Equities, Ltd.

Leonard M. Lodish, Ph.D. (1), (2)
Samuel R. Harrell Professor, Marketing Department of the Wharton School,
University of Pennsylvania

Officers

Gerald B. Shreiber
Chairman of the Board, President and Chief Executive Officer

Dennis G. Moore
Senior Vice President, Chief Financial Officer, Secretary and Treasurer

Robert M. Radano
Senior Vice President and Chief Operating Officer

Michael Karaban
Senior Vice President, Marketing

Paul L. Hirschman
Vice President, Information Systems

Officers of Subsidiary Companies

J&J SNACK FOODS Sales CORP.

John Duckett
Vice President, Service & Assembly

Anthony P. Harrison II
Vice President, Quality Control and Research & Development

H. Robert Long
Vice President, Distribution

Harry A. McLaughlin
Vice President, Controller

Robert J. Pape
Vice President, Sales-Retail

Milton L. Segal
Vice President, Purchasing

Steven J. Taylor
Vice President, Sales - Food Service

Thomas Weber
Vice President, Operations

MIA PRODUCTS

T.J. Couzens
Vice President/General Manager

THE ICEE COMPANY

Dan Fachner
President

Kent Galloway
Vice President and Chief Financial Officer

Joe Boulanger
Vice President/General Manager Western Zone

Lou Fiorentino
Vice President/General Manager Eastern Zone

Rick Naylor
Vice President/General Manager Central Zone

Rod Sexton
Vice President of Service Operations

Susan Woods
Vice President, Marketing

ICEE DE MEXICO, S.A. DE C.V.
Andres Gonzalez
Vice President

PRETZELS, INC.
Gary Powell
President

(1) Audit Committee Member

(2) Compensation Committee Member

Quarterly Common Stock Data

	Market Price	
Fiscal 2002	High	Low
1st Quarter	$26.25	$18.10
2nd Quarter	40.40	23.22
3rd Quarter	45.15	32.42
4th Quarter	44.97	34.85

Fiscal 2001	High	Low
1st Quarter	$18.50	$12.50
2nd Quarter	17.88	15.00
3rd Quarter	23.79	16.50
4th Quarter	24.10	14.82

Stock Listing
The common stock of J&J Snack Foods Corp. is traded on the NASDAQ National Market System with the symbol JJSF.

Transfer Agent and Registrar
American Stock Transfer Trust Company
New York, NY

Independent Accountants
Grant Thornton LLP
Philadelphia, PA

Counsel
Blank, Rome, Comisky & McCauley LLP
Cherry Hill, NJ

Annual Meeting
Meeting of Shareholders is scheduled for Thursday, February 6, 2003 at 10:00 a.m. at the Hilton at Cherry Hill, 2349 W. Marlton Pike, Cherry Hill, NJ.

Form 10-K
Copies of the Company's Annual Report to the Securities and Exchange Commission on Form 10-K may be obtained without charge by writing to:

J&J Snack Foods Corp.
6000 Central Highway
Pennsauken, NJ 08109

Attention: Dennis G. Moore

website
www.jjsnack.com

Snackers of the world--go forth--secure in the knowledge that J&J Snack Foods will defend great snacking...Today,tomorrow and beyond!

SUBSIDIARIES OF J & J SNACK FOODS CORP.

	Place of Incorporation
J & J Snack Foods Investment Corp.	Delaware
The ICEE Company	Delaware
J & J Snack Foods Corp. of California	California
J & J Snack Foods Corp./Midwest	Illinois
J & J Snack Foods Corp./Mia	Pennsylvania
J & J Snack Foods Corp. of Pennsylvania	Pennsylvania
J & J Snack Foods Sales Corp.	New Jersey
J & J Snack Foods Sales Corp. of Texas	Texas
J & J Snack Foods Transport Corp.	New Jersey
ICEE-Canada, Inc.	Canada
ICEE de Mexico, S.A. De C.V.	Mexico
J & J Restaurant Group, Inc.	Pennsylvania
Bakers Best Snack Food Corp.	Pennsylvania
Pretzels, Inc.	Texas
Federal PBC Company	Pennsylvania

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated November 5, 2002 accompanying the consolidated financial statements and schedule incorporated by reference or included in the Annual Report of J & J Snack Foods Corp. and Subsidiaries on Form 10-K for the year ended September 28, 2002. We hereby consent to the incorporation by reference of said reports in the Registration Statement of J & J Snack Foods Corp. and Subsidiaries on Forms S-8 (File No. 333-94795, effective January 18, 2000, File No. 333-03833, effective May 16, 1996, File No. 33-87532, effective December 16, 1994 and File No. 33-50036, effective July 24, 1992).

/s/ GRANT THORNTON LLP

Philadelphia, Pennsylvania
December 18, 2002