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SENECA FOODS CORP /NY/
Form 10-Q/A
September 05, 2003

Form 10-Q/A

Amendment No. 1

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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

For the Quarter Ended June 28, 2003 Commission File Number 0-1989

Seneca Foods Corporation
(Exact name of Company as specified in its charter)

New York 16-0733425
(State or other jurisdiction of (I. R. S. Employer
incorporation or organization) Identification No.)

3736 South Main Street, Marion, New York 14505
(Address of principal executive offices) (Zip Code)

Company's telephone number, including area code 315/926-8100

Not Applicable
Former name, former address and former fiscal year,
if changed since last report

Check mark indicates whether Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Company is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of each of the issuer's classes of common stock at the latest practical date are:

Class	Shares Outstanding at July 31, 2003
Common Stock Class A, \$.25 Par	3,911,480
Common Stock Class B, \$.25 Par	2,764,005

Explanatory Note on Amendment

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The Company has filed this amendment (i) to reflect changes made under Item 1 to its Condensed Consolidated Statement of Cash Flows for the quarter ended June 28, 2003 and (ii) to restate its basic earnings per common share in order to include the Company's participating convertible preferred stock in the calculation of weighted average number of shares outstanding for basic earnings per share purposes, which reduces previously reported basic earnings per share. Previously reported diluted earnings per share are not affected and remain unchanged. These changes do not impact the Condensed Consolidated Balance Sheets or Condensed Consolidated Statements of Net Earnings except for basic earnings per share. In addition, this amendment includes certain other corrections and clarifications under Items 1 and 2 that were identified in the course of the Company's review of the amended report.

The Company filed its Form 10-Q for the three month period ended June 28, 2003, before the Company's independent accountants had completed their review of such Form 10-Q.

For convenience, the Company is restating its Form 10-Q for the quarterly period ended June 28, 2003 in its entirety.

PART I ITEM 1 FINANCIAL INFORMATION SENECA FOODS CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (In Thousands of Dollars)

ASSETS

Current Assets:

Cash and Cash Equivalents

Accounts Receivable, Net

Inventories:

Finished Goods

Work in Process

Raw Materials

Off-Season Reserve (Note 2)

Deferred Income Tax Asset, Net

Assets Held For Sale

Refundable Income Taxes

Other Current Assets

Total Current Assets

Property, Plant and Equipment, Net

Other Assets

Total Assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Notes Payable

Accounts Payable

\$

\$

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Accrued Expenses
Income Taxes Payable
Current Portion of Long-Term Debt and Capital Lease Obligations
Total Current Liabilities
Long-Term Debt
Capital Lease Obligations
Deferred Income Tax Liability
Other Long-Term Liabilities
Commitments
10% Preferred Stock, Series A, Voting, Cumulative, Convertible, \$.025 Par Value Per Share
10% Preferred Stock, Series B, Voting, Cumulative, Convertible, \$.025 Par Value Per Share
6% Preferred Stock, Voting, Cumulative, \$.25 Par Value Convertible, Participating Preferred Stock, \$12 Stated Value
Convertible, Participating Preferred Stock, \$15.50 Stated Value
Common Stock
Paid in Capital
Accumulated Other Comprehensive Income
Retained Earnings
Stockholders' Equity
Total Liabilities and Stockholders' Equity

SENECA FOODS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS
(Unaudited)
(In Thousands, except Share Data)

	Three Months
	6/28/03

Net Sales	\$ 151,296
Costs and Expenses:	
Cost of Product Sold	135,735
Selling, General, and Administrative	6,130
Interest Expense	3,411

Total Costs and Expenses	145,276
Earnings Before Income Taxes	6,020
Income Taxes	2,348

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Net Earnings	----- \$ 3,672 =====
Basic:	
Earnings Per Common Share (as restated, see Note 7)	\$.35 =====
Diluted:	
Earnings Per Common Share	\$.35 =====

SENECA FOODS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In Thousands)

	Three Months ----- 6/28/03 -----
Cash Flows From Operating Activities:	
Net Earnings	\$ 3,672
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	6,399
Deferred Income Taxes	798
Changes in Working Capital:	
Accounts Receivable	6,603
Inventories	6,059
Off-Season Reserve	(39,225)
Other Current Assets	(1,057)
Refundable Income Taxes	1,410
Accounts Payable, Accrued Expenses, and Other Liabilities	23,693
Net Cash Provided by Operations	----- 8,352
Cash Flows From Investing Activities:	
Acquisition	(110,449)
Proceeds from the Sale of Assets	39,585
Cash Received with Acquisition	2,560
Additions to Property, Plant, and Equipment	(2,913)
Net Cash Used in Investing Activities	----- (71,217)
Cash Flows From Financing Activities:	
Net Borrowings on Notes Payable	35,011
Payments of Long-Term Debt and Capital	

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Lease Obligations	(32,200)
Other	(2,342)
Dividends	(12)

Net Cash Provided by (Used in)	
Financing Activities	457
Net (Decrease) Increase in Cash and Cash	
Equivalents	(62,408)
Cash and Cash Equivalents,	
Beginning of Period	64,984

Cash and Cash Equivalents,	
End of Period	\$ 2,576
	=====

SENECA FOODS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
June 28, 2003

1. Condensed Consolidated Financial Statements

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, which are normal and recurring in nature, necessary to present fairly the financial position of the Company as of June 28, 2003 and results of its operations and its cash flows for the interim periods presented. All significant intercompany transactions and accounts have been eliminated in consolidation. The March 31, 2003 balance sheet was derived from audited financial statements.

The results of operations for the three month period ended June 28, 2003 are not necessarily indicative of the results to be expected for the full year.

The accounting policies followed by the Company are set forth in Note 1 to the Company's Consolidated financial statements in the 2003 Seneca Foods Corporation Annual Report and Form 10-K.

Other footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes included in the Company's 2003 Annual Report and Form 10-K.

2. The seasonal nature of the Company's Food Processing business results in a timing difference between expenses (primarily overhead expenses) incurred and absorbed into product cost. All Off-Season Reserve balances are zero at fiscal year end. Depending on the time of year, Off-Season Reserve is either the excess of absorbed expenses over incurred expenses to date or the excess of incurred expenses over absorbed expenses to date. During the first quarter of each year, incurred expenses exceed absorbed expenses due to timing of production.

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3. Comprehensive income consisted solely of Net Earnings, and net unrealized gains on securities classified as available-for-sale. The following table provides the results for the periods presented:

	Three Months Ended	
	6/28/03	6/29/02
	-----	-----
Net Earnings	\$3,672	\$1,932
Other Comprehensive Earnings, Net of Tax:		
Net Unrealized Gains on Investment	165	349
	-----	-----
Comprehensive Earnings	\$3,837	\$2,281
	=====	=====

4. Recently issued, but not yet effective, accounting standards have been considered by the Company and are not expected to have a material effect on the Company's financial position or results of operations.
5. On May 27, 2003, the Company completed its acquisition of 100% of the membership interest in Chiquita Processed Foods, L.L.C. ("CPF") from Chiquita Brands International, Inc. The primary reason for the acquisition was to acquire additional production capacity in the Canned Vegetable business. The purchase price totaled \$126.1 million plus the assumption of certain liabilities. This acquisition was financed with cash, proceeds from a new \$200 million revolving credit facility, and \$16.1 million of the Company's Participating Convertible Preferred Stock. The Preferred Stock was valued at \$16.60 per share based on the market value of the Class A Common Stock at the time the acquisition was announced.

The new \$200 million revolving credit facility has a five-year term. The Preferred Stock is convertible into the Company's Class A Common Stock on a one-for-one basis. On June 30, 2003 (second quarter), the Company refinanced \$20.0 million of outstanding debt under the revolving credit facility with new term debt from an insurance company. The new term debt from the insurance company of \$20 million, when combined with the refinancing of existing insurance company debt of \$32.5 million, has an interest rate of 8.37%, a fifteen year amortization and a ten year term.

As part of this acquisition, the Company assumed seasonal notes payable from the CPF revolving credit facility of \$25.4 million which was paid off at the time of acquisition with proceeds from the new \$200 million revolving credit facility. The Company also assumed \$35.9 million of CPF long-term debt and capital lease obligations, of which \$26.8 million was paid off at the time of acquisition with proceeds from the new \$200 million revolving credit facility. The remaining long-term debt principally involves two Industrial Revenue Development Bonds totaling \$5.5 million and consisting of a \$3 million Pickett, Wisconsin issue due on June 1, 2005 with an interest rate of 7.75% and a \$2.5 million Walla Walla, Washington issue due on September 1, 2005 with an interest rate of 7.75%. The balance of the debt acquired, totaling \$3.6 million, has interest rates ranging from 1.9% to 9% and is due through 2011.

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The Company's statement of net earnings for the quarter ended June 28, 2003 includes one month of the CPF acquired operations. A pro forma income statement as if the operations were acquired at the beginning of the periods presented follows:

	Three Months Ended	
	6/28/03	6/29/02
Net Sales	\$205,778	\$210,195
Cost of Product Sold	186,665	192,063
Selling, General, and Administrative	10,435	12,390
Interest Expense	4,261	4,860
Other Expense (Income)	1,882	(23)
Total Costs and Expenses	203,243	209,290
Earnings From Continuing Operations		
Before Income Taxes	2,535	905
Income Taxes	989	371
Net Earnings From Continuing Operations	1,546	534
Basic Net Earnings Per Share From Continuing Operations	\$ 0.15	\$ 0.05
Diluted Net Earnings Per Share From Continuing Operations	\$ 0.15	\$ 0.05

The Company sold three former Chiquita Processed Foods plants and related assets to Lakeside Foods, Inc. on June 17, 2003. The Company sold one additional plant of Chiquita Processed Foods and related assets to Lakeside Foods, Inc. on August 6, 2003. The aforementioned sales to Lakeside Foods generated \$47 million in cash proceeds, which was used to pay down debt.

The Company expects to refinance up to an additional \$22.5 million of outstanding debt under the revolving credit facility with new term debt from an insurance company in late August 2003. The refinancing of the additional outstanding debt is subject to the negotiation of definitive documentation. Therefore, there can be no assurance that this transaction will be completed.

The allocation of purchase price is preliminary and is subject to change as additional information regarding the fair value of assets and liabilities acquired is obtained.

6. Earnings per Share:

	Three Months Ended	
	6/28/03	6/29/02
Basic Net Earnings Applicable to Common Stock (In thousands except per share data):		
Net Earnings	\$ 3,672	\$ 1,932
Deduct Preferred Cash Dividends	6	6
Net Earnings Applicable to	-----	-----

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Common Stock	\$	3,666	\$	1,926
=====				
Weighted Average Common Shares Outstanding		6,999		6,589
Weighted Average Participating Preferred Shares		3,482		3,569

Weighted Average Shares Outstanding for Basic Earnings per Share		10,481		10,158
=====				
Basic Earnings Per Share	\$.35	\$.19
=====				
Diluted Net Earnings Applicable to Common Stock (In thousands except per share data):				
Net Earnings Applicable to Common Stock	\$	3,666	\$	1,926
Add Back Preferred Cash Dividends		5		5

Net Earnings Applicable to Common Stock	\$	3,671	\$	1,931
=====				
Weighted Average Shares Outstanding		10,481		10,158
Effect of Convertible Preferred Stock		67		67

Weighted Average Shares Outstanding for Diluted Earnings per Share		10,548		10,225
=====				
Diluted Earnings Per Share	\$.35	\$.19
=====				

7. Subsequent to the issuance of its condensed consolidated financial statements for the quarter ended June 28, 2003, the Company determined that it should have included convertible participating preferred stock in its calculation of basic earnings per share under the if-converted method. The Company also determined that it had not provided appropriate information with respect to the calculation of earnings per share in the notes to condensed consolidated financial statements and identified errors in its statement of cash flows for the three months ended June 28, 2003 with respect to amounts reported for assets held for sale.

As a result, the accompanying condensed consolidated financial statements for the three months ended June 28, 2003 have been restated from the amounts previously reported to include appropriate disclosure of the calculations of earnings per share (see note 6); to reduce basic earnings per share for the three months ended June 28, 2003 and June 29, 2002; and to appropriately classify certain cash flows for the three months ended June 28, 2003.

The following summarizes these restatements (In Thousands except earnings per share data):

	June 28, 2003		June 29, 2002	
	As Previously Reported	As Restated	As Previously Reported	As Restated
	-----	-----	-----	-----
Basic earnings per share	\$.55	\$.35	\$.29	\$.19

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June 28, 2003

	As Previously Reported	As Restated
Net Cash Provided by Operating Activities	\$ 15,300	\$8,352
Net Cash Used in Investing Activities	(80,383)	(71,217)
Net Cash Provided by Financing Activities	2,675	457
Net Decrease in Cash and Cash Equivalents	\$ (62,408)	\$ (62,408)

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION RESULTS AND OF OPERATIONS

June 28, 2003

Results of Operations:

Sales:

Total sales reflect an increase of 22.8% for the first quarter versus 2002. The sales increase, primarily reflects one month of operating activity related to the Chiquita Processed Foods, L.L.C. acquired May 27, 2003.

Costs and Expenses:

The following table shows costs and expenses as a percentage of sales:

	Three Months Ended	
	6/28/03	6/29/02
Cost of Product Sold	89.6%	90.4%
Selling	3.2	3.2
Administrative	0.9	0.7
Interest Expense	2.3	3.0
	96.0%	97.3%

Favorable cost of manufacturing variances were a major contributing factor in improved operating results.

Income Taxes:

The effective tax rate was 39% in 2003 and 41% in 2002.

Financial Condition:

The financial condition of the Company is summarized in the following table and explanatory review (In Thousands):

For the Quarter

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	Ended June		2003
	2003	2002	
Working Capital Balance	\$127,076	\$173,963	\$172,382
Quarter Change	(45,306)	4,500	-
Notes Payable	60,386	-	-
Long-Term Debt	135,766	173,792	133,337
Current Ratio	1.65:1	3.38:1	3.42:1

The change in Working Capital for the June 2003 quarter from the June 2002 quarter is largely due to the acquisition of the membership interest in Chiquita Processed Foods, L.L.C. for \$110 million in cash and \$16.1 million in preferred stock. This was partially offset by higher earnings in the current year quarter than the prior year quarter (\$3,672,000 earnings as compared to \$1,932,000 earnings last year).

See Condensed Consolidated Statements of Cash Flows for further details.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

June 28, 2003

Inventory increased \$45.2 million from the same period last year primarily reflecting an increase of \$82.8 million representing the net effect of the CPF acquisition less the inventory sold to Lakeside Foods, Inc., as discussed in the Notes to the Condensed Consolidated Financial Statements. The \$82.8 million increase was partially offset by the Company's continued emphasis on inventory management and reduced production from last year. Cash and short term investments decreased \$28.5 million again due to the acquisition.

On May 27, 2003, the Company completed its acquisition of 100% of the membership interest in Chiquita Processed Foods, L.L.C. ("CPF") from Chiquita Brands International, Inc. The primary reason for the acquisition was to acquire additional production capacity in the Canned Vegetable business. The purchase price totaled \$126.1 million plus the assumption of certain liabilities. This acquisition was financed with cash, proceeds from a new \$200 million revolving credit facility, and \$16.1 million of the Company's Participating Convertible Preferred Stock. The Preferred Stock was valued at \$16.60 per share based on the market value of the Class A Common Stock at the time the acquisition was announced.

The new \$200 million revolving credit facility has a five-year term. The Preferred Stock is convertible into the Company's Class A Common Stock on a one-for-one basis. On June 30, 2003 (second quarter), the Company refinanced \$20.0 million of outstanding debt under the revolving credit facility with new term debt from an insurance company. The new term debt from the insurance company of \$20 million, when combined with the refinancing of existing insurance company debt of \$32.5 million, has an interest rate of 8.37%, a fifteen year amortization and a ten year term.

As part of this acquisition, the Company assumed seasonal notes payable from the CPF revolving credit facility of \$25.4 million which was paid off at the time of acquisition with proceeds from the new \$200 million revolving credit facility.

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The Company also assumed \$35.9 million of CPF long-term debt and capital lease obligations, of which \$26.8 million was paid off at the time of acquisition with proceeds from the new \$200 million revolving credit facility. The remaining long-term debt principally involves two Industrial Revenue Development Bonds totaling \$5.5 million and consisting of a \$3 million Pickett, Wisconsin issue due on June 1, 2005 with an interest rate of 7.75% and a \$2.5 million Walla Walla, Washington issue due on September 1, 2005 with an interest rate of 7.75%. The balance of the debt acquired, totaling \$3.6 million, has interest rates ranging from 1.9% to 9% and is due through 2011.

The Company's statement of net earnings for the quarter ended June 28, 2003 includes one month of the CPF acquired operations. A pro forma income statement as if the operations were acquired at the beginning of the periods presented follows:

	Three Months Ended June	
	6/28/03	6/29/02
Net Sales	\$205,778	\$210,195
Cost of Product Sold	186,665	192,063
Selling, General, and Administrative	10,435	12,390
Interest Expense	4,261	4,860
Other Expense (Income)	1,882	(23)
Total Costs and Expenses	203,243	209,290
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The Company sold three former Chiquita Processed Foods plants and related assets to Lakeside Foods, Inc. on June 17, 2003. The Company sold one additional plant of Chiquita Processed Foods and related assets to Lakeside Foods, Inc. on August 6, 2003. The aforementioned sales to Lakeside Foods generated \$47 million in cash proceeds, which was used to pay down debt.

The Company expects to refinance up to an additional \$22.5 million of outstanding debt under the revolving credit facility with new term debt from an insurance company in late August 2003. The refinancing of the additional outstanding debt is subject to the negotiation of definitive documentation. Therefore, there can be no assurance that this transaction will be completed.

The allocation of purchase price is preliminary and is subject to change as additional information regarding the fair value of assets and liabilities acquired is obtained.

Subsequent to the issuance of its condensed consolidated financial statements for the quarter ended June 28, 2003, the Company determined that it should have included convertible participating preferred stock in its calculation of basic

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earnings per share under the if-converted method. The Company also determined that it had not provided appropriate information with respect to the calculation of earnings per share in the notes to condensed consolidated financial statements and identified errors in its statement of cash flows for the three months ended June 28, 2003 with respect to amounts reported for assets held for sale.

As a result, the accompanying condensed consolidated financial statements for the three months ended June 28, 2003 have been restated from the amounts previously reported to include appropriate disclosure of the calculations of earnings per share (see note 6); to reduce basic earnings per share for the three months ended June 28, 2003 and June 29, 2002; and to appropriately classify certain cash flows for the three months ended June 28, 2003.

The following summarizes these restatements (In Thousands except earnings per share data):

	June 28, 2003		June 29, 2002	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Basic earnings per share	\$.55	\$.35	\$.29	\$.19

	June 28, 2003	
	As Previously Reported	As Restated
Net Cash Provided by Operating Activities	\$ 15,300	\$8,352
Net Cash Used in Investing Activities	(80,383)	(71,217)
Net Cash Provided by Financing Activities	2,675	457
Net Decrease in Cash and Cash Equivalents	\$(62,408)	\$(62,408)
	=====	

Forward-Looking Statements

Except for the historical information contained herein, the matters discussed in this report are forward-looking statements as defined in the Private Securities Litigation Reform Act (PSLRA) of 1995. The Company wishes to take advantage of the "safe harbor" provisions of the PSLRA by cautioning that numerous important factors which involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and prices, and other factors discussed in the Company's filings with the Securities and Exchange Commission, in the future, could affect the Company's actual results and could cause its actual consolidated results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company.

Critical Accounting Policies

In the three months ended June 28, 2003, the Company sold for cash, on a bill and hold basis, \$23,706,000 of Green Giant finished goods inventory to General

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Mills Operations, Inc. ("GMOI"). At the time of the sale of the Green Giant vegetables to GMOI, title of the specified inventory transferred to GMOI. In addition, the aforementioned finished goods inventory was complete, ready for shipment and segregated from the Company's other finished goods inventory. Further, the Company had performed all of its obligations with respect to the sale of the specified Green Giant finished goods inventory.

The seasonal nature of the Company's Food Processing business results in a timing difference between expenses (primarily overhead expenses) incurred and absorbed into product cost. All Off-Season Reserve balances are zero at fiscal year end. Depending on the time of year, Off-Season Reserve is either the excess of absorbed expenses over incurred expenses to date or the excess of incurred expenses over absorbed expenses to date. During the first quarter of each year, incurred expenses exceed absorbed expenses due to timing of production.

Trade promotions are an important component of the sales and marketing of the Company's branded products, and are critical to the support of the business. Trade promotion costs include amounts paid to encourage retailers to offer temporary price reductions for the sale of our products to consumers, amounts paid to obtain favorable display positions in retailers' stores, and amounts paid to retailers for shelf space in retail stores. Accruals for trade promotions are recorded primarily at the time of sale of product to the retailer based on expected levels of performance and are recorded as a reduction of revenue. Settlement of these liabilities typically occurs in subsequent periods primarily through an authorized process for deductions taken by a retailer from amounts otherwise due to us. As a result, the ultimate cost of a trade promotion program is dependent on the relative success of the events and the actions and level of deductions taken by retailers for amounts they consider due to them. Final determination of the permissible deductions may take extended periods of time.

Recently issued, but not yet effective, accounting standards have been considered by the Company and are not expected to have a material effect on the Company's financial position or results of operations.

ITEM 3 Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

As a result of its regular borrowing activities, the Company's operating results are exposed to fluctuations in interest rates, which it manages primarily through its regular financing activities. In connection with the acquisition of CPF, the Company entered into a new \$200 million revolving credit facility with a five-year term to finance its seasonal working capital requirements. Interest is based on LIBOR plus a spread. Repayment is required at the expiration date of the facility which is May 27, 2008. The Company had \$60.4 million outstanding under this facility as of June 28, 2003. The Company maintains investments in cash equivalents (none at June 28, 2003 and \$60.9 million as of March 31, 2003) and has investments in a modest amount of marketable securities. Long-term debt represents secured and unsecured debentures, certain notes payable to insurance companies used to finance long-term investments such as business acquisitions, and capital lease obligations. Long-term debt bears interest at fixed and variable rates. Refer to the March 31, 2003 report for the table of Interest Rate Sensitivity of Long-Term Debt, Short Term Debt and Short Term Investments.

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ITEM 4 Controls and Procedures

(a) Disclosure controls and procedures. We evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Our disclosure controls and procedures are the controls and other procedures that we designed to ensure that we record, process, summarize and report in a timely manner the information we must disclose in reports that we file with or submit to the SEC. Kraig H. Kayser, our President and Chief Executive Officer, and Philip G. Paras, our Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Kayser and Paras concluded that as of the end of our most recent fiscal quarter, our disclosure controls were effective.

(b) Internal controls. During the period covered by this report, there have not been any significant changes in our internal controls over financial reporting that has materially affected, or is reasonable likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

On May 27, 2003, the Company issued 967,742 shares of Convertible Participating Preferred Stock, May 2003 Series, to Friday Holdings L.L.C. as partial consideration for the acquisition of the membership interest in Chiquita Processed Foods, L.L.C. These shares are exempt from registration pursuant to Section 4(2) of the Securities Act of 1933. Upon issuance, these preferred shares were initially convertible into Seneca Foods Class A Common Stock on a one-for-one basis. Additional conversion provisions, including among other things, adjustments to the one-for-one conversion ratio resulting from stock splits, stock dividends, reorganizations and sales by the Company of Class A Common Stock (or securities convertible into that stock) at a price below current market price of Class A Common Stock are set forth in the Amendment to the Company's Articles of Incorporation filed as an exhibit to the Company's Form 8-K filed on June 10, 2003. The proceeds were valued at \$16.60 per share based on the market value of the Class A Common Stock at the time the acquisition was announced.

Item 3. Defaults on Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 11 Computation of earnings per share (filed herewith)
- 31.1 Certification of Kraig H. Kayser pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 31.2 Certification of Philip G. Paras pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

(b) Reports on Form 8-K

(1) Form 8-K Filed June 10, 2003

A Current Report on Form 8-K was filed related to the acquisition of Chiquita Processed Foods, L.L.C.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Seneca Foods Corporation
(Company)

/s/Kraig H. Kayser

September 5, 2003

Kraig H. Kayser
President and
Chief Executive Officer

/s/Jeffrey L. Van Riper

September 5, 2003

Jeffrey L. Van Riper
Controller and
Chief Accounting Officer