

Edgar Filing: PRICESMART INC - Form 10-K/A

PRICESMART INC  
Form 10-K/A  
November 20, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-K/A

Amendment No. 1

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934.

(Mark One) /X/ Annual report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934 for the fiscal year ended August 31, 2000.

/ / Transitional report pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934 for the transition period from  
\_\_\_\_\_ to \_\_\_\_\_.

COMMISSION FILE NUMBER: 0-22793

PRICESMART, INC.

(Exact name of small business issuer in its charter)

DELAWARE

33-0628530

(State of other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification Number)

4649 MORENA BLVD., SAN DIEGO, CA 92117

(Address of principal executive offices, Zip Code)

Registrant's telephone number, including area code: (858) 581-4530  
Securities registered pursuant to Section 12(b) of the Act: NONE  
Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, \$.0001 PAR VALUE  
(Title of Class)

Indicate by check mark whether the issuer (1) has filed all reports required to  
be filed by Section 13 or 15(d) of the Securities Exchange Act 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. / /

The aggregate market value of the voting stock held by non-affiliates of the  
Registrant as of November 10, 2000 was \$106,673,003, based on the last reported  
sale of \$35.58 per share on November 10, 2000.

As of November 10, 2000, a total of 6,264,430 shares of Common Stock were  
outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

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Portions of the Company's Annual Report for fiscal year ending August 31, 2000 are incorporated by reference into Part II of this Form 10-K.

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on January 24, 2001 are incorporated by reference into Part III of this Form 10-K.

The following items of PriceSmart, Inc.'s Annual Report on Form 10-K for the fiscal year ended August 31, 2000 are hereby amended. Each such item is set forth in its entirety, as amended.

### PART I

#### ITEM 1. BUSINESS

This Form 10-K contains forward-looking statements concerning the Company's anticipated future revenues and earnings, adequacy of future cash flow and related matters. These forward-looking statements include, but are not limited to, statements containing the words "expect", "believe", "will", "may", "should", "project", "estimate", "scheduled" and like expressions, and the negative thereof. These statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements, including foreign exchange risks, political or economic instability of host countries, and competition as well as those risks described in the Company's SEC reports, including the risk factors referenced in this Form 10-K. See "Factors That May Affect Future Performance."

PriceSmart, Inc.'s ("PriceSmart" or the "Company") business consists of international membership shopping stores similar to, but smaller in size than, warehouse clubs in the United States. As of August 31, 2000, the Company had sixteen warehouse stores in operation (four in Panama, three in Costa Rica, two each in the Dominican Republic, El Salvador, Honduras, and Guatemala and one in Trinidad) of which the Company owns at least a majority interest. The Company increased its ownership from 51% to 100% in the operations in Panama on March 27, 2000 and increased its ownership from 60% to 100% in the operations in Costa Rica, Dominican Republic, El Salvador and Honduras on July 7, 2000. In addition, there were six warehouse stores in operation (five in China and one in Saipan) licensed to and operated by local business people as of August 31, 2000. Additionally, until March 1, 2000, the Company operated a domestic travel program and until April 1, 1999, the Company operated a domestic auto referral business.

In June 1997, the Price Enterprises, Inc. ("PEI") Board of Directors approved a plan to separate PEI's core real estate business from the merchandising businesses it operated through a number of subsidiaries. To effect such separation, PEI first transferred to the Company, through a series of preliminary transactions, the assets listed below. PEI then distributed on August 29, 1997 all of the Company's common stock pro rata to PEI's existing stockholders through a special dividend (the "Distribution").

Assets transferred to PriceSmart were comprised of: (i) the merchandising business segment of PEI; (ii) certain real estate properties held for sale (the "Properties"); (iii) notes receivable from buyers of properties; (iv) cash and cash equivalents of approximately \$58.4 million; and (v) all other assets and

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liabilities not specifically associated with PEI's portfolio of investment properties, except for current corporate income tax assets and liabilities.

### BUSINESS STRATEGY

The Company's strategy is to focus on development of the international merchandising business and to invest in, acquire or create new merchandising businesses that leverage existing capabilities and provide appropriate returns for its stockholders. Specifically, key elements of the Company's business strategy include:

**PROVIDE LOWER PRICES IN THE MARKET PLACE.** The Company's principal business philosophy is to bring quality products and services at low prices to the consumer. Future development of the Company's business will be directed to markets in which the Company can compete effectively by lowering the costs of goods and services to consumers.

**INCREASE MARKET SHARE IN DEVELOPING MARKETS.** The Company believes that it is well positioned to profit from the growth in developing markets due to its capital resources and experience with membership warehouses in Central America, the Caribbean and Asia. The Company intends to continue to satisfy the growing demand for U.S. consumer goods in such markets by opening additional membership warehouses, principally in Latin America, the Caribbean and the Philippines.

### INTERNATIONAL MERCHANDISING BUSINESSES

The Company owns and operates U.S.-style membership shopping warehouses through majority or wholly owned ventures operating in Central America and the Caribbean using the trade name "PriceSmart". In fiscal 2000, the Company opened eleven new U.S.-style membership shopping warehouses operating in Central America and the Caribbean, two in Honduras (September 1999 and May 2000), two in Panama (November 1999 and June 2000), two in the Dominican Republic (both in December 1999), two in Costa Rica (May and June 2000), one in El Salvador (April 2000), one in Guatemala (August 2000), and one in Trinidad (August 2000) bringing the total number of warehouses in operation to sixteen operating in seven countries as of August 31, 2000. Subsequent to fiscal 2000, the Company opened an additional location in Santo Domingo, Dominican Republic in October 2000. Also, there were six warehouse stores in operation (five in China and one in Saipan, Micronesia) licensed to and operated by local business people at the end of fiscal 2000, through which the Company sells product (export sales discontinued in early fiscal 2000) and earns royalties and other fees in connection with certain licensing and technology transfer agreements.

The warehouses sell basic consumer goods with an emphasis on quality, low prices and efficient operations. By offering low prices on brand name and private label merchandise, the warehouses seek to generate sufficient sales volumes to operate profitably at relatively low gross margins. The typical no-frills warehouse-type buildings range in size from 40,000 to 55,000 square feet and are located in urban areas to take advantage of dense populations and relatively higher levels of disposable income. Product selection includes perishable foods and basic consumer products. Ancillary services include food services, bakery departments, tire centers, photo centers, pharmacy and optical services. The target customers are consumers and small businesses. The shopping format includes an annual membership fee that varies by market from \$20 to \$30.

Typically, when entering a new market the Company enters into licensing and technology transfer agreements with a joint venture company (whose majority stockholder is the Company and whose minority stockholders are local business people) pursuant to which the Company provides the Company's know-how

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package, which includes training and management support, as well as access to the Company's computer software systems. The license also includes the right to use the "PriceSmart" mark and certain other trademarks. The Company and its licensees also enter into product sourcing agreements. The Company receives a license fee based upon a percentage of the actual licensee sales. The Company believes that the local business people have been interested in entering into such joint ventures and obtaining such licenses for a variety of reasons, including the track record of the Company's management team, the opportunity to purchase U.S.-sourced products, the benefits of the Company's modern distribution techniques and the opportunity to obtain exclusive rights to use the Company's trademarks in the region.

### MEMBERSHIP POLICY

PriceSmart's membership format fee structure is opposite of the traditional warehouse club. The format was specifically designed to appeal to a greater consumer base and allow pricing flexibility from country to country. Membership price points are attractive to our target consumer base. The value of Membership reinforces Member-Customer loyalty and membership fees provide a continuing source of revenue. PriceSmart has two primary types of Members: Business and Diamond (individual).

Business owners and key managers generally qualify for Business Membership. PriceSmart promotes Business Membership through its merchandise selection and its marketing programs primarily targeting wholesalers, institutional buyers and retailers. Business Members pay annual membership fees which average \$28 for a primary and spouse membership card and \$12 for additional add-on membership cards.

Individual memberships are available to business employees, financial institutions, corporations, educational institutions and other selected organizations. Individuals pay an annual membership fee, which averages \$24. One add-on membership card is available for an additional \$12.

The Company recognizes membership fee revenues over the term of the membership, which is 12 months. Deferred revenue is presented separately on the face of the balance sheet and totaled \$3.9 million and \$2.0 million as of August 31, 2000 and August 31, 1999, respectively.

PriceSmart's membership agreements contain an explicit right to a full refund if our customers are dissatisfied with their membership. The Company's historical rate of membership fee refunds has been less than 0.5% of membership income, or approximately \$26,000 for the year ended August 31, 2000 and \$8,000 for year ended August 31, 1999.

### EXPANSION PLANS

The Company's expansion plans focus on opening new stores in foreign markets, through majority or wholly owned ventures, primarily in Central America, the

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Caribbean, Mexico, certain countries in the northern rim of South America and the Philippines. The Company believes such foreign markets offer significant opportunities for growth because they are often characterized by (i) significant geographic and logistical barriers to entry, (ii) existing higher-priced local competitors with minimal experience with modern operating processes in purchasing, distribution, merchandising and information technologies, and (iii) a demand for U.S. brand-name products that are not currently widely available in such markets.

In late fiscal 2000, the Company entered into two new joint venture agreements to open PriceSmart membership shopping warehouses in Aruba (one warehouse) and the Philippines (to open between five to ten warehouses). The total cost of the two ventures, based on five new warehouse openings in the Philippines and one in Aruba, is projected at \$44.4 million, of which \$24.4 million is to be contributed in cash by the shareholders (including the Company) based on the respective ownership of the ventures and \$20.0 million is to be borrowed by the ventures. The Company has a 60% interest in both joint venture agreements.

Subsequent to August 31, 2000, the Company entered into a new joint venture agreement with investors from Barbados to open at least one PriceSmart membership shopping warehouse in Barbados. The total cost of the project is projected at \$4.4 million of which the entire amount will be contributed by the shareholders (including the Company) based on the respective ownership of the venture. The Company owns a 60% interest in this joint venture agreement.

The Company anticipates opening six new warehouses in fiscal 2001. Specifically, the anticipated six new warehouses are comprised of opening one warehouse in each of the following locations: The Dominican Republic (opened October 2000), Guatemala, U.S. Virgin Islands, Philippines, Aruba and Barbados. As a result of this growth, the Company is positioned to achieve approximately \$500 million in revenues in fiscal 2001. Also, based upon demographics, the gross domestic product and retail sales in markets relative to the Company's performance in the seven countries it currently operates, the Company has identified additional locations to operate and exceed \$1.0 billion in revenues on an annualized basis by fiscal 2003.

### ACQUISITION OF MINORITY INTERESTS

In March 2000, the Company entered into an agreement to acquire the remaining interest in the PriceSmart Panama majority owned subsidiary, which previously had been 51% owned by the Company and 49% owned by BB&M International Trading Group ("BB&M"), whose principals are several Panamanian businessmen, including Rafael Barcenas, a director of PriceSmart. In exchange for BB&M's 49% interest, PriceSmart issued to BB&M's principals 306,748 shares of PriceSmart common stock. As a result of this acquisition, PriceSmart, Inc. has increased its guarantee for the outstanding loans related to the Panama operations to 100%.

Under the Stock Purchase Agreement relating to the acquisition of BB&M's interest, as subsequently amended by a July 11, 2000 letter agreement, the Company has agreed to redeem the shares of the Company's common stock issued to BB&M or otherwise provide additional consideration to BB&M under certain circumstances. If the closing price of the Company's common stock is less than \$46.86 on the first anniversary of the closing of the Company's acquisition of BB&M's 49% interest, the BB&M shareholders may request that the Company redeem the shares of the Company's common stock issued to them in the transaction. If the shareholders make such a request, the Company may satisfy its redemption obligation in either of two ways. First, the Company may elect to redeem the shares for cash at a price of \$46.86 per share. Alternatively, the Company may request that the shareholders sell shares on the open market within a 30-day period. With respect to shares actually sold

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by the shareholders, if the average sales price the shareholders receive is less than \$46.86 per share, the Company would make up the difference between \$46.86 and the price actually received in cash or by issuing additional shares of the Company's common stock, valued at the average closing price over the last ten trading days during the 30-day sale period.

In July 2000, the Company acquired the 40% interest in PSMT Caribe, Inc. not held by the Company. PSMT Caribe is the holding company formed by PriceSmart and PSC, S.A. (a Panamanian company with shareholders representing five Central American and Caribbean countries, including Edgar Zurcher, a director of PriceSmart as of November 2000), to hold their respective interests in the PriceSmart membership warehouse clubs operating in Costa Rica, El Salvador, Honduras and the Dominican Republic. As consideration for the acquisition of the 40% interest, PriceSmart issued to PSC, S.A. 679,500 shares of PriceSmart common stock, half of which are restricted from sale for one year (subject to certain conditions). As a result of this acquisition, PriceSmart, Inc. has increased its guarantee for the outstanding loans related to the warehouses operating in Costa Rica, El Salvador, Honduras and the Dominican Republic to 100%.

Results from operations of the acquired minority interests have been included, based on sole ownership, in the financial results of the Company from the closing date of the transactions, which occurred on March 27, 2000 and July 7, 2000 for Panama and PSMT Caribe, Inc., respectively.

### RELATIONSHIP WITH COSTCO

PEI, Costco Companies, Inc. ("Costco") and certain of their respective subsidiaries, including the Company, entered into an Agreement Concerning Transfer of Certain Assets (the "Asset Transfer Agreement") in connection with the settlement of litigation arising

from the spin-off of PEI from Costco and the prior merger between The Price Company and Costco.

PEI and Costco agreed in the Asset Transfer Agreement to eliminate all noncompete and operating agreements and to terminate all trademark and license agreements between the parties, subject to certain exceptions. Costco agreed to refrain from conducting membership store businesses in the Northern Mariana Islands, Guam and Panama through October 31, 1999. The Company has an exclusive royalty-free right (including against Costco), in the Northern Mariana Islands and Guam to use "Price Club" and "PriceCostco" marks, and in Panama to use the "PriceCostco" mark, in connection with the development, operation, advertising and promotion of the Company's business activities in such areas, subject to certain restrictions. The Asset Transfer Agreement, however, requires the Company to use diligent and reasonable efforts to negotiate with its licensee in the Northern Mariana Islands, Guam and Panama to terminate such right to use the "Price Club" and "PriceCostco" names and marks at the earliest possible date before December 12, 2009 for the Northern Mariana Islands and Guam and December 21, 2015 for Panama.

Costco has agreed in the Asset Transfer Agreement that PEI and its downstream affiliates may use the name "Price" in a "PriceSmart" mark, but PEI and its downstream affiliates may not use a "PriceSmart" mark in connection with a club business or other membership activity named "PriceSmart" in the United States, Canada or Mexico; provided that the limitations on the Company's rights to use the "PriceSmart" name in the United States, Canada and Mexico terminate 24 months after Costco and its downstream affiliates discontinue their use of the names "PriceCostco" and "Price Club."

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### CITY NOTES RECEIVABLE

The City Notes, with interest rates ranging from 8% to 10%, represent amounts loaned to U.S. municipalities and agencies to facilitate real property acquisition and improvements. Repayment of the majority of these notes is generally based on that municipality's allocation of sales tax revenues generated by retail businesses located on the particular property associated with such City Note. City Note repayments are calculated in accordance with specific revenue sharing agreements, and, under the terms of most City Notes, the unpaid balance of the note is forgiven on its maturity date.

On April 5, 2000, the Company sold its City Notes for \$22.5 million to the Price Family Charitable Trust ("Trust"), a California trust, and recognized a gain of approximately \$3.9 million arising from this transaction (see "Notes to Consolidated Financial Statements").

### INTELLECTUAL PROPERTY RIGHTS

It is the Company's policy to obtain appropriate proprietary rights protection for trademarks and significant new technologies acquired or developed by the Company. In addition, the Company relies on copyright and trade secret laws to protect its proprietary rights. The Company attempts to protect its trade secrets and other proprietary information through agreements with its joint ventures, employees, consultants and suppliers, and other similar measures. There can be no assurance, however, that the Company will be successful in protecting its proprietary rights. While management believes that the Company's trademarks, copyrights and other proprietary know-how have significant value, changing technology and the competitive marketplace make the Company's future success dependent principally upon its employees' technical competence and creative skills for continuing innovation.

There can be no assurance that third parties will not assert claims against the Company with respect to existing and future trademarks, trade names and sales techniques. In the event of litigation to determine the validity of any third party's claims, such litigation could result in significant expense to the Company and divert the efforts of the Company's management, whether or not such litigation is determined in favor of the Company.

The Company has filed applications to register under various classifications the mark "PriceSmart" in the U.S. Patent and Trademark Office, and in certain foreign countries;

however, because of objections by one or more parties, there can be no assurance that the Company will obtain all such registrations or that the Company has proprietary rights to the mark.

In August 1999, the Company and Associated Wholesale Grocers, Inc. ("AWG") entered into an agreement regarding the trademark "PriceSmart" and related marks containing the name "PriceSmart". The Company has agreed not to use the "PriceSmart" mark or any related marks containing the name "PriceSmart" in connection with the sale or offer for sale of any goods or services within AWG's territory of operations, including the following ten states: Kansas, Missouri, Arkansas, Oklahoma, Nebraska, Iowa, Texas, Illinois, Tennessee and Kentucky. The Company, however, may use the mark "PriceSmart" or any mark containing the name "PriceSmart" on the internet or any other global computer network whether within or outside said territory, and in any national advertising campaign that cannot reasonably exclude the territory, and the Company may use the mark in connection with various travel services. AWG has agreed not to oppose any trademark applications filed by the Company for registration of the mark "PriceSmart" or related marks containing the name "PriceSmart", and AWG has further agreed not

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to bring any action for trademark infringement against the Company based upon the Company's use outside the territory (or with respect to the permitted uses inside the territory) of the mark "PriceSmart" or related marks containing the name "PriceSmart."

### EMPLOYEES

As of August 31, 2000, the Company or its subsidiaries, had a total of 2,535 employees. Approximately 94% of the Company's employees were employed outside of the United States.

### SEASONALITY

Historically, the Company's merchandising businesses have experienced moderate holiday retail seasonality in their markets. In addition to seasonal fluctuations, the Company's operating results fluctuate quarter-to-quarter as a result of economic and political events in markets served by the Company, the timing of holidays, weather, timing of shipments, product mix, and currency effects on the cost of U.S.-sourced products which may make these products more expensive in local currencies and less affordable. Because of such fluctuations, the results of operations of any quarter are not indicative of the results that may be achieved for a full fiscal year or any future quarter. In addition, there can be no assurance that the Company's future results will be consistent with past results or the projections of securities analysts.

### FACTORS THAT MAY AFFECT FUTURE PERFORMANCE

THE COMPANY'S FINANCIAL PERFORMANCE IS DEPENDENT ON INTERNATIONAL OPERATIONS, WHICH EXPOSES IT TO VARIOUS RISKS. The Company's international operations account for nearly all of the Company's total sales. The Company's financial performance is subject to risks inherent in operating and expanding the Company's international membership concept which include: (i) changes in tariffs and taxes, (ii) the imposition of governmental controls, (iii) trade restrictions, (iv) greater difficulty and costs associated with international sales and the administration of an international merchandising business, (v) limitations on U.S. company ownership in foreign countries, (vi) permitting and regulatory compliance, (vii) the financial and other capabilities of the Company's business partners and licensees, and (viii) general political as well as economic and business conditions.

THE SUCCESS OF THE COMPANY'S BUSINESS REQUIRES EFFECTIVE ASSISTANCE FROM LOCAL BUSINESS PEOPLE WITH WHOM THE COMPANY HAS ESTABLISHED STRATEGIC RELATIONSHIPS. Several of the risks associated with the Company's international merchandising business may be within the control (in whole or in part) of local business people with whom it has established formal and informal strategic relationships or may be affected by the acts or omissions of these local business people. In many cases, these local business people previously held minority interests in joint venture arrangements with the Company and now hold shares of the Company's common stock. No assurances can be provided that the Company's membership store concept will be implemented effectively or that these local business people will effectively help the Company penetrate their respective markets. In the event one or more of these local business people are displeased with their relationship with the Company, these local

business people could seek to terminate their relationships with the Company. The failure of these local business people to assist the Company in their local



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markets could harm the Company's business, financial condition and results of operations.

ANY FAILURE BY THE COMPANY TO MANAGE ITS GROWTH COULD ADVERSELY AFFECT ITS BUSINESS. The Company began an aggressive growth strategy in April 1999 in Central America and the Caribbean. The Company has opened eleven new warehouses in fiscal 2000 and intends to open six additional new warehouses in fiscal 2001 (one of which was opened in October 2000). The success of the Company's growth strategy will depend to a significant degree on the Company's ability to: (i) expand the Company's operations through the opening of new warehouses, (ii) operate new warehouses on a profitable basis and (iii) maintain positive comparable warehouse sales in the applicable markets. These markets may present operational, competitive, regulatory and merchandising challenges that are similar to, or different from those previously encountered by the Company. Also, the Company might not be able to adapt the Company's operations to support these expansion plans, and these new warehouses may not achieve the profitability necessary for the Company to receive an acceptable return on investment.

The Company's ability to open new warehouses on a timely basis will also depend on a number of factors, some of which may be beyond the Company's control, including the Company's ability to: (i) locate suitable warehouse sites, (ii) negotiate acceptable lease or acquisition terms, (iii) construct sites timely, and (iv) obtain financing in a timely manner and with satisfactory terms. The growth strategy also will require the Company to hire, train and retain skilled managers and personnel to support its planned growth, and may experience difficulties hiring employees who possess the training and experience necessary to operate the Company's new warehouses, particularly in foreign markets where language, education and cultural factors may impose particular challenges. Further, the Company may encounter substantial delays, increased expenses or loss of potential sites due to the complexities, cultural differences, and local political issues associated with the regulatory and permitting processes in the international markets in which the Company intends to locate new warehouses. The Company might not be able to open the planned number of new warehouses according to its schedule or continue to attract, develop and retain the personnel necessary to pursue the Company's growth strategy. Failure to do so could have a material adverse affect on the Company's business financial condition and results of operations.

In addition, the Company will need to continually evaluate the adequacy of the Company's existing systems and procedures, including warehouse management, financial and inventory control and distribution systems. Moreover, as the Company grows, it will need to continually analyze the sufficiency of the Company's inventory distribution methods and may require additional facilities in order to support the Company's planned growth. The Company may not adequately anticipate all the changing demands that its expanding operations will impose on these systems. The Company's failure to update the Company's internal systems or procedures as required could have a material adverse affect on the Company's business financial condition and results of operations.

THE COMPANY FACES SIGNIFICANT COMPETITION. The Company's international merchandising businesses compete with exporters, wholesalers, other membership merchandisers, local retailers and trading companies in various international markets. Some of the Company's competitors may have greater resources, buying power and name recognition. While the Company expects that the size of many of the markets in which it operates or expects to enter will delay or deter entry by many of the Company's larger competitors, the Company cannot assure that the Company's larger competitors will not decide to enter

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these markets or that the Company's smaller competitors will not compete more effectively. The Company may be required to implement price reductions in order to remain competitive should any of the Company's competitors reduce prices in any of the Company's markets. Moreover, the Company's ability to expand into and operate profitably in new markets, particularly small markets, may be adversely affected by the existence or entry of competing warehouse clubs or discount retailers.

THE COMPANY MAY ENCOUNTER DIFFICULTIES IN THE SHIPMENT OF GOODS TO ITS WAREHOUSES. The Company is required to transport products over great distances, typically over water, which results in: (i) substantial lags between the procurement and delivery of product, thus complicating merchandising and inventory control methods, (ii) the possible loss of product due to potential damage to, or destruction of, ships or containers delivering goods, (iii) tariff, customs and shipping regulation issues, and (iv) substantial ocean freight and duty costs.

Moreover, only a limited number of transportation companies service the Company's regions, none of which has entered into a long-term contract with the Company. The inability or failure of one or more key transportation companies to provide transportation services to the Company, any collusion among the transportation companies regarding shipping prices or terms, changes in the regulations that govern shipping tariffs or any other disruption in the Company's ability to transport the Company's merchandise could have a material adverse effect on the Company's business, financial condition and operating results. In addition, many of the countries in which the Company operates require registration of imported products, which often results in additional significant delays in the Company's deliveries of products to its warehouses.

THE COMPANY IS EXPOSED TO WEATHER AND OTHER RISKS ASSOCIATED WITH INTERNATIONAL OPERATIONS. The Company's operations are subject to the volatile weather conditions and natural disasters often encountered in the regions in which the Company's warehouse stores are or are planned to be located, which could result in delays in construction or result in significant damage to, or destruction of, the Company's warehouse stores. In addition, the Company's international operations involve uncertainties arising from: (i) local business practices, language and cultural considerations, including the capacity or willingness of local business and government officials to provide necessary services and (ii) local economic conditions. Losses from business interruption may not be adequately compensated by insurance.

DECLINES IN THE ECONOMIES OF THE COUNTRIES IN WHICH THE COMPANY OPERATES ITS WAREHOUSE STORES WOULD HARM ITS BUSINESS. The success of the Company's operations depends to a significant extent on a number of factors relating to discretionary consumer spending, including employment rates, business conditions, consumer spending patterns and customer preferences and other economic factors in each of the Company's foreign markets. Consumer spending in the Company's markets may be adversely affected by these factors, thereby affecting the Company's growth, sales and profitability. A decline in the national or regional economies of any foreign countries in which the Company currently operates or will operate in the future could have a material adverse effect on the Company's business, financial condition and operating results.

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A FEW OF THE COMPANY'S STOCKHOLDERS HAVE SUBSTANTIAL CONTROL OVER THE COMPANY'S VOTING STOCK, WHICH MAY MAKE IT DIFFICULT TO COMPLETE SOME CORPORATE TRANSACTIONS WITHOUT THEIR SUPPORT AND MAY PREVENT A CHANGE IN CONTROL. As of November 10, 2000, Robert E. Price, who is the Chairman of the Company's Board, and Sol Price, a significant stockholder of the Company and father of Robert E. Price, beneficially owned approximately 37.7% of the Company's outstanding common stock. As a result, these stockholders will effectively control the outcome of all matters submitted to the Company's stockholders for approval, including the election of directors. In addition, this ownership could discourage the acquisition of the Company's common stock by potential investors, and could have an anti-takeover effect, possibly depressing the trading price of the Company's common stock.

THE LOSS OF KEY PERSONNEL COULD HARM THE COMPANY'S BUSINESS. The Company is dependent to a large extent on the performance of its senior management team and other key employees for strategic business direction. The loss of services of any members of the Company's senior management or other key employees, could have a material adverse affect on the Company's business, financial condition and operating results.

THE COMPANY IS SUBJECT TO VOLATILITY IN FOREIGN CURRENCY EXCHANGE. The Company, through its majority or wholly owned subsidiaries, conducts foreign operations primarily in Central America and the Caribbean, and as such is subject to both economic and political instabilities that cause volatility in foreign currency exchange rates or weak economic conditions. At the end of fiscal 2000, the Company had a total of sixteen warehouses (adding a seventeenth in October 2000) operating in seven foreign countries. For fiscal 2000, 75% of the Company's net warehouse sales were in foreign currencies, and is expected to increase in fiscal 2001 to approximately 80% (Panamanian and U.S. Virgin Islands operations being U.S. dollar

denominated). The Company's expansion plans call for the Company to enter into additional foreign countries in the future, which may involve similar economic and political risks as well as challenges that are different from those currently encountered by the Company. The Company believes that because its present operations and expansion plans involve numerous countries and currencies, the effect from any one-currency devaluation may not significantly impact the overall financial or operating results of the Company. Nonetheless, there can be no assurance that the Company will not experience a materially adverse effect on the Company's financial condition as a result of the economic and political risks of conducting an international merchandising business.

Foreign currencies in most of the countries where the Company operates have historically devalued against the U.S. dollar and are expected to continue to devalue. Managing foreign exchange is critical for operating successfully in these markets and the Company manages its risks through a combination of hedging currencies through Non Deliverable Forward Exchange Contracts (NDFs) and internal hedging procedures. As of August 31, 2000, the Company had no NDFs outstanding. However, the Company may purchase NDFs in the future to mitigate foreign exchange losses, but due to the volatility and lack of derivative

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financial instruments in the countries the Company operates, significant risk from unexpected devaluation of local currencies exist. Foreign exchange transaction losses realized, which are included as a part of the costs of goods sold in the consolidated statements of operations, for fiscal 2000 and fiscal 1999 (including the cost of the NDFs) were \$1.3 million and \$538,000, respectively. The Company had no foreign exchange transactions prior to fiscal 1999.

YEAR 2000 PROBLEMS COULD DISRUPT THE COMPANY'S BUSINESS. The year 2000 issue results from computer programs and hardware being written with two digits rather than four digits to define the applicable year. There is a risk that date sensitive software may recognize a date using "00" as the year 1900, rather than the year 2000, potentially resulting in system failure or miscalculations causing disruptions of operations, including a temporary inability to process transactions or engage in normal business activities.

The Company has experienced no year 2000 adverse effects on its internal systems or any involved in its supply chain, including purchasing, distribution, sales and accounting. Also, no errors were found related to date processing before or after January 1, 2000, including treatment of year 2000 as a leap year. The Company will continue to monitor its hardware, software, and imbedded systems as they are added or modified.

A significant part of the Company's business is derived from its activities in Central America and Asia. The Company's business could be adversely impacted in the event business activities in Central America and Asia are disrupted due to year 2000 issues, with the extent of such impact dependent upon the extent of such disruption, which may vary from country to country. The Company's business could also be adversely impacted by supply chain disruption due to vendor and supplier business interruption. To date there has been no year 2000 adverse effects in the Company's foreign operations.

### ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is subject to legal proceedings and claims in the ordinary course of business. The Company currently is not aware of any such legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition, operating results, cash flow or liquidity.

## PART II

### ITEM 5. MARKET FOR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The information required by Item 5 is incorporated herein by reference to PriceSmart's Annual Report for the fiscal year ended August 31, 2000 under the heading "Market for Common Stock and Related Stockholder Matters."

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### ITEM 6. SELECTED FINANCIAL DATA

The information required by Item 6 is incorporated herein by reference to PriceSmart's Annual Report for the fiscal year ended August 31, 2000 under the heading "Selected Financial Data."

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by Item 7 is incorporated herein by reference to PriceSmart's Annual Report for the fiscal year ended August 31, 2000 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by Item 7A is incorporated herein by reference to PriceSmart's Annual Report for the fiscal year ended August 31, 2000 under the heading "Quantitative and Qualitative Disclosures About Market Risk."

### ITEM 8. FINANCIAL STATEMENTS

The information required by Item 8 is incorporated herein by reference to PriceSmart's Annual Report for the fiscal year ended August 31, 2000 under the heading "Financial Statements."

## PART III

### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on January 24, 2001 under the headings "Election of Directors," "Information Regarding Directors," "Executive Officers of the Company" and "Compliance with Section 16(a) of the Exchange Act."

### ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on January 24, 2001 under the headings "Information Regarding the Board," "Executive Compensation and Other Information" and "Performance Graph."

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### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on January 24, 2001 under the heading "Securities Ownership of Certain Beneficial Owners and Management."

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on January 24, 2001 under the heading "Certain Transactions."

## PART IV

### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

- (a) The following financial statements are incorporated by reference into Part II, Item 8 of this Form 10-K from the annual report:

Report of Independent Auditors

Consolidated Balance Sheets as of August 31, 2000 and 1999

Consolidated Statements of Operations for the three years ended August 31, 2000

Consolidated Statements of Stockholders' Equity for the three years ended August 31, 2000

Consolidated Statements of Cash Flows for the three years ended August 31, 2000

Notes to Consolidated Financial Statements

- (b) Reports on Form 8-K:

On June 19, 2000, the Company filed a Form 8-K under Item 5 announcing the Company has entered into a stock purchase agreement to acquire the 40% interest in PSMT Caribe, Inc. held by PSC, S.A., giving the Company sole ownership of PSMT Caribe, Inc.

- (c) See Exhibit Index and Exhibits attached to this report

- (d) Financial Statement Schedules

See "Schedule II: Valuation and Qualifying Accounts" attached to this report

## SCHEDULE II

PRICESMART, INC.

VALUATION AND QUALIFYING ACCOUNTS (IN THOUSANDS)

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	Balance at Beginning of Period -----	Charged to Costs and Expenses -----	Deductions -----
PROVISIONS FOR ASSET IMPAIRMENTS			
Year ended August 31, 1998	\$ 4,795	\$ -	\$ (4,570) (1)
Year ended August 31, 1999	225	-	(225)
Year ended August 31, 2000	-	-	-
ALLOWANCE FOR DOUBTFUL ACCOUNTS			
Year ended August 31, 1998	\$ 1,000	\$ 116	\$ (702) (2)
Year ended August 31, 1999	414	305	(275)
Year ended August 31, 2000	444	239	(642)

- (1) Deductions from asset impairments related to the sale of six properties.
- (2) Deductions from allowance for doubtful accounts primarily related to the recovery of prior year write down on accounts receivable.

SIGNATURES

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

Dated: November 20, 2001

PRICESMART, INC.

By: /s/ GILBERT A. PARTIDA  
-----

Title President and Chief  
-----

Executive Officer  
-----

PRICESMART, INC.  
EXHIBIT INDEX AND EXHIBITS

Exhibit Number -----	Description -----
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- 3.1(2) Amended and Restated Certificate of Incorporation of PriceSmart, Inc.
- 3.2(2) Amended and Restated Bylaws of PriceSmart, Inc.
- 10.1(2) 1997 Stock Option Plan of PriceSmart, Inc.
- 10.2(3) Agreement Concerning Transfer of Certain Assets dated as of November 1996 by and among Price Enterprises, Inc., Costco Companies, Inc. and certain of their respective subsidiaries
- 10.3(a)(4) Employment Agreement dated September 20, 1994 between Price Enterprises, Inc. and Robert M. Gans
- 10.3(b)(5) Third Amendment to Employment Agreement dated April 28, 1997 between Price Enterprises, Inc. and Robert M. Gans
- 10.3(c)(2) Fourth Amendment to Employment Agreement dated as of September 2, 1997 between the Company and Robert M. Gans
- 10.3(d)(12) Fifth Amendment to Employment Agreement dated as of March 31, 1999 between the Company and Robert M. Gans
- 10.3(e)(18) Sixth Amendment to Employment Agreement dated as of November 22, 1999 between the Company and Robert M. Gans
- 10.3(f)(18) Seventh Amendment to Employment Agreement dated as of July 18, 2000 between the Company and Robert M. Gans
- 10.4(1) Employee Benefits and Other Employment Matters Allocation Agreement dated as of August 26, 1997 between the Company and Price Enterprises, Inc.
- 10.5(1) Tax Sharing Agreement dated as of August 26, 1997 between the Company and Price Enterprises, Inc.
- 10.6(1) Asset Management and Disposition Agreement dated as of August 26, 1997 between the Company and Price Enterprises, Inc.
- 10.7(6) Form of Indemnity Agreement
- 10.8(1) Transitional Services Agreement dated as of August 26, 1997 between the Company and Price Enterprises, Inc.
- 10.9(2) Assignment and Assumption of Employment Agreement dated August 29, 1997 between the Company and Price Enterprises, Inc.
- 10.10(a)(2) Employment Agreement dated as of September 29, 1997 between the Company and Karen C. Ratcliff
- 10.10(b)(13) First Amendment of Employment Agreement between the Company and Karen J. Ratcliff, dated March 31, 1999
- 10.10(c)(15) Second Amendment of Employment Agreement between the Company and Karen J. Ratcliff, dated September 1, 1999
- 10.11(a)(7) Employment Agreement dated December 15, 1997 between the Company and Gilbert A. Partida
- 10.11(b)(18) First Amendment of Employment Agreement between PriceSmart, Inc. and Gilbert A. Partida, dated November 22, 1999



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- 10.11(c) (16) Second Amendment of Employment Agreement between PriceSmart, Inc. and Gilbert A. Partida, dated January 10, 2000.
- 10.12(a) (8) Employment Agreement dated March 31, 1998 between the Company and Thomas D. Martin
- 10.12(b) (14) First Amendment to Employment Agreement between the Company and Thomas D. Martin, dated March 31, 1999
- 10.12(c) (18) Second Amendment of Employment Agreement between the Company and Thomas D. Martin, dated November 22, 1999
- 10.12(d) (16) Third Amendment of Employment Agreement between PriceSmart, Inc. and Thomas Martin dated January 11, 2000.
- 10.13(8) Employment Agreement dated August 19, 1998 between the Company and Kurt A. May
- 10.13(a) (18) First Amendment of Employment Agreement between the Company and Kurt A. May dated November 22, 1999.
- 10.13(b) (18) Second Amendment of Employment Agreement between the Company and Kurt A. May dated July 18, 2000.
- 10.14(8) Members' Agreement dated September 14, 1998 between the Company and PSMT Caribe, Inc.
- 10.15(8) Auto Referral Purchase Agreement dated August 18, 1998 between the Company and Affinity Development Group Incorporated
- 10.16(a) (9) Promissory Note (Includes schedule showing certain borrowers, dates of Notes, amounts of Notes and dates of Pledge Agreements)
- 10.16(b) (15) First Amendment to Promissory Note between the Company and Kevin C. Breen, dated June 1, 1999
- 10.16(c) (15) First Amendment to Promissory Note between the Company and Ron deHarte, dated June 1, 1999
- 10.16(d) (15) First Amendment to Promissory Note between the Company and Brud Drachman, dated June 1, 1999
- 10.16(e) (15) First Amendment to Promissory Note between the Company and Thomas D. Martin, dated June 1, 1999
- 10.16(f) (15) First Amendment to Promissory Note between the Company and Kurt A. May, dated June 1, 1999
- 10.16(g) (15) First Amendment to Promissory Note between the Company and Bill Naylor, dated June 1, 1999
- 10.16(h) (15) First Amendment to Promissory Note between the Company and Ed Oats, dated June 1, 1999
- 10.16(i) (15) First Amendment to Promissory Note between the Company and Karen J. Ratcliff, dated June 1, 1999
- 10.16(j) (15) Promissory Note between the Company and Allan C. Youngberg, dated July 27, 1999

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- 10.17(a) (10) Pledge Agreement (Includes schedule showing certain borrowers, dates of Notes, amounts of Notes and number of pledged shares)
- 10.17(b) (15) Pledge Agreement between the Company and Allan C. Youngberg, dated July 27, 1999
- 10.18(11) 1998 Equity Participation Plan of PriceSmart, Inc.

PRICESMART, INC.  
EXHIBIT INDEX AND EXHIBITS

Exhibit Number -----	Description -----
10.19(a) (15)	Employment Agreement dated as of July 23, 1999 between the Company and Allan C. Youngberg
10.19(b) (15)	First Amendment of Employment Agreement between the Company and Allan C. Youngberg, dated July 26, 1999
10.20(a) (15)	Employment Agreement dated as of March 31, 1998 between the Company and K.C. Breen
10.20(b) (15)	First Amendment of Employment Agreement between the Company and K.C. Breen, dated March 31, 1999
10.20(c) (15)	Second Amendment of Employment Agreement between the Company and K.C. Breen, dated October 1, 1999
10.20(d) (15)	Third Amendment of Employment Agreement between the Company and K.C. Breen, dated January 11, 2000
10.21 (15)	Trademark Agreement between the Company and Associated Wholesale Grocers, Inc., dated August 1, 1999
10.22 (16)	Loan agreement by and between CitiBank and PRICSMARLANDCO, S.A., Prisma de Costa Rica. S.A., PSMT Caribe, Inc., Pricesmart, Inc., P.S.C., S.A., and Venture Services, Inc. dated October 12, 1999 for \$5.9 million.
10.23 (16)	Line of credit between Bank of America and PriceSmart, Inc. dated January 10, 2000 for \$8.0 million.
10.24 (16)	Loan agreement by and between CitiBank, N.A. and Inmobiliaria PriceSmart, S.A. de C.V., PriceSmart El Salvador, S.A. de C.V., PSMT Caribe, Inc., PriceSmart, Inc., P.S.C., S.A., and Venture Services, Inc. dated December 21, 1999 for \$5.0 million.
10.25(a) (16)	Loan agreement by and between The Chase Manhattan Bank and PriceSmart, Inc. and PB Real Estate, S.A. dated December 20, 1999 for \$11.3 million (in Spanish).
10.25(b) (16)	Loan agreement by and between The Chase Manhattan Bank and PriceSmart, Inc. and PB Real Estate, S.A. dated December 20, 1999 for \$11.3 million (in English).

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- 10.26(a) (16) Line of Credit for 180 days between Banco Nacional de Credito, S.A. and PriceSmart Dominicana, S.A. January 11, 2000 for \$1.0 million (in Spanish).
- 10.26(b) (16) Line of Credit for 180 days between Banco Nacional de Credito, S.A. and PriceSmart Dominicana, S.A. dated January 11, 2000 for \$1.0 million (in English).
- 10.26(c) (16) Line of Credit for 180 days between Banco Nacional de Credito, S.A. and PriceSmart Dominicana, S.A. dated January 11, 2000 for \$1.0 million (in Spanish).
- 10.26(d) (16) Line of Credit for 180 days between Banco Nacional de Credito, S.A. and PriceSmart Dominicana, S.A. dated January 11, 2000 for \$1.0 million (in English).
- 10.27(a) (16) Line of Credit for 180 days between Banco Del Progreso, S.A. and PriceSmart Dominicana, S.A. dated December 23, 1999 for \$2.0 million (in Spanish).
- 10.27(b) (16) Line of Credit for 180 days between Banco Del Progreso and PriceSmart Dominicana, S.A. dated December 23, 1999 for \$2.0 million (in English).
- 10.28(a) (16) Loan agreement by and between Commercial International Bank & Trust Co. Ltd. And PRICMARLANDCO, S.A. (Costa Rica) dated February 4, 2000 for \$3.9 million (in Spanish).
- 10.28(b) (16) Loan agreement by and between Commercial International Bank & Trust Co. Ltd. And PRICMARLANDCO, S.A. (Costa Rica) dated February 4, 2000 for \$3.9 million (in English).
- 10.29(a) (16) Loan agreement by and between Banco Nacional de Credito, S.A. and PriceSmart Dominicana, S.A. dated February 22, 2000 for \$4.2 million (in Spanish).
- 10.29(b) (16) Loan agreement by and between Banco Nacional de Credito, S.A. and PriceSmart Dominicana, S.A. dated February 22, 2000 for \$4.2 million (in English).
- 10.30 (16) Loan agreement by and between CitiBank, N.A. and Inmobiliaria PriceSmart Honduras dated February 25, 2000 for \$3.5 million.
- 10.31 (16) Loan agreement by and between Banco Dominicano del Progreso, S.A., Inmobiliaria PriceSmart, S.A. and PriceSmart Dominicana, S.A. dated March 10, 2000 for \$7.0 million.
- 10.32 (16) Travel Business Purchase Agreement dated March 1, 2000 between the Company and Club-4U.
- 10.33(a) (16) Agreement to acquire sole ownership of the Panama PriceSmart business dated March 22, 2000 between the Company and BB&M International Trading Group.
- 10.33(b) (18) Registration Rights Agreement dated as of March 15, 2000 by and among PriceSmart, Inc. and BB&M International Trading Group.
- 10.34 (16) Loan agreement by and between Banco Bilbao Vizcaya, S.A. and PRICSMARLANDCO, S.A. dated May 27, 1999 for \$3.75 million.
- 10.35(a) (17) City Note Purchase Agreement dated April 5, 2000, between the

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Price Family Charitable Trust and PriceSmart, Inc.

- 10.35(b) (17) Amendment to City Note City Note Purchase Agreement dated April 18, 2000, between the Price Family Charitable Trust and PriceSmart, Inc.
- 10.36(a) (17) Promissory Note with Banco Bilbao Vizcaya, S.A. and Inmobiliaria PriceSmart S.A. DE C.V. (El Salvador) dated April 26, 2000 for \$3.750 million.
- 10.36(a) (18) Stock Purchase Agreement dated as of June 5, 2000 by and among PriceSmart, Inc., PSC, S.A. and the Shareholders of PSC, S.A.
- 10.36(b) (18) Registration Rights Agreement dated as of June 5, 2000 by and among PriceSmart, Inc and the Shareholders of PSC, S.A.
- 10.38(18) Promissory Note between the Company and John Hildebrandt, dated April 18, 2000
- 10.39(18) Loan agreement by and between Royal Merchant Bank and Finance Company Limited and PSMT Trinidad/Tobago Limited dated June 21, 2000 for \$3.5 million.

### PRICESMART, INC. EXHIBIT INDEX AND EXHIBITS

Exhibit Number -----	Description -----
11.1(18)	Computation of Net Loss Per Common Share (Basic and Diluted)
13.1(19)	Portions of the Company's Annual Report to Stockholders for the year ended August 31, 2000
21.1(18)	Subsidiaries of PriceSmart, Inc.
23.1(19)	Consent of Ernst & Young LLP, Independent Auditors
27.1(18)	Financial Data Schedule

#### Incorporated by reference sources:

- (1) Incorporated by reference to the Current Report on Form 8-K filed September 12, 1997 by Price Enterprises, Inc.
- (2) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 1997 filed with the Commission on November 26, 1997.
- (3) Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form 10 filed July 3, 1997.
- (4) Incorporated by reference to Exhibit 10.14 to Amendment No. 1 to the

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Registration Statement on Form S-4 of Price Enterprises, Inc. filed with the Commission on November 3, 1994.

- (5) Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Price Enterprises, Inc. for the quarter ended June 8, 1997 filed with the Commission on July 17, 1997.
- (6) Incorporated by reference to Exhibit 10.8 to Amendment No. 1 to the Company's Registration Statement on Form 10 filed with the Commission on August 1, 1997.
- (7) Incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 1998 filed with the Commission on April 14, 1998.
- (8) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 1998 filed with the Commission on November 25, 1998.
- (9) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 1998 filed with the Commission on January 14, 1999.
- (10) Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 1998 filed with the Commission on January 14, 1999.
- (11) Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 1999 filed with the Commission on April 14, 1999.
- (12) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 filed with the Commission on July 15, 1999.
- (13) Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 filed with the Commission on July 15, 1999.
- (14) Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 filed with the Commission on July 15, 1999.
- (15) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 1999 filed with the Commission on November 29, 1999.
- (16) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 29, 2000 filed with the Commission on April 11, 2000.
- (17) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2000 filed with the Commission on July 17, 2000.
- (18) Previously Filed.
- (19) Filed herewith.