

# SECURITIES AND EXCHANGE COMMISSION

## FORM 5

Annual statement of changes in beneficial ownership of securities

Filing Date: **2004-02-12** | Period of Report: **2003-12-31**  
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### ISSUER

#### **AAIPHARMA INC**

CIK: **1013243** | IRS No.: **042687849** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
SIC: **8734** Testing laboratories

#### Mailing Address

*2320 SCIENTIFIC PARK DRIVE  
WILMINGTON NC 28405*

#### Business Address

*2320 SCIENTIFIC PARK DRIVE  
WILMINGTON NC 28405  
9102547000*

### REPORTING OWNER

#### **WATERS JAMES L**

CIK: **1024630** | State of Incorporation: **NC** | Fiscal Year End: **1231**  
Type: **5** | Act: **34** | File No.: **000-21185** | Film No.: **04592626**

#### Mailing Address

*47 NEW YORK AVE  
FRAMINGHAM MA 01701*

#### Business Address

*47 NEW YORK AVE  
FRAMINGHAM MA 01701  
5088792503*

# FORM 5

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Form 3 Holdings Reported

Form 4 Transactions Reported

### ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person <b>WATERS JAMES L</b>			2. Issuer Name and Ticker or Trading Symbol <b>AAIPHARMA INC [AAII]</b>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title) <input type="checkbox"/> Other (specify below)		
(Last)	(First)	(Middle)	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) <b>12/31/2003</b>			6. Individual or Joint/Group Reporting (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
47 NEW YORK AVE			4. If Amendment, Date Original Filed(Month/Day/Year)					
(Street)								
FRAMINGHAM, MA 01701								
(City)	(State)	(Zip)						

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	05/08/2003		<u>G</u> (1)	1,300	D	\$ 0	3,410,109	D	
Common Stock	05/08/2003		<u>G</u> (1)	2,400	D	\$ 0	3,407,709	D	
Common Stock	05/08/2003		<u>G</u> (1)	11,000	D	\$ 0	3,396,709	D	
Common Stock	05/08/2003		<u>G</u> (1)	2,500	D	\$ 0	3,394,209	D	
Common Stock	05/08/2003		<u>G</u> (1)	2,000	D	\$ 0	3,392,209	D	
Common Stock	05/08/2003		<u>G</u> (1)	5,000	D	\$ 0	3,387,209	D	
Common Stock	05/08/2003		<u>G</u> (1)	7,500	D	\$ 0	3,379,709	D	
Common Stock	05/08/2003		<u>G</u> (1)	13,400	D	\$ 0	3,366,309	D	
Common Stock	12/03/2003		<u>G</u> (1)	2,300	D	\$ 0	3,364,009	D	
Common Stock	12/03/2003		<u>G</u> (1)	4,500	D	\$ 0	3,359,509	D	
Common Stock	12/03/2003		<u>G</u> (1)	3,300	D	\$ 0	3,356,209	D	
Common Stock	12/03/2003		<u>G</u> (1)	15,500	D	\$ 0	3,340,709	D	
Common Stock	12/03/2003		<u>G</u> (1)	4,300	D	\$ 0	3,336,409	D	
Common Stock	12/03/2003		<u>G</u> (1)	3,200	D	\$ 0	3,333,209	D	
Common Stock	12/03/2003		<u>G</u> (1)	9,600	D	\$ 0	3,323,609	D	
Common Stock	12/03/2003		<u>G</u> (1)	10,500	D	\$ 0	3,313,109	D	
Common Stock	12/03/2003		<u>G</u> (1)	20,600	D	\$ 0	3,292,509	D	

Common Stock	12/03/2003		<u>G</u> (1)	700	D	\$ 0	3,291,809	D	
Common Stock	12/16/2003		<u>G</u> (1)	4,300	D	\$ 0	3,287,509	I	Spouse
Common Stock	12/19/2003		<u>G</u> (1)	1,600	D	\$ 0	3,285,909	D	
Common Stock	12/23/2003		<u>G</u> (1)	850	D	\$ 0	3,285,059	D	
Common Stock	12/24/2003		<u>G</u> (1)	1,050	D	\$ 0	3,284,009	D	
Common Stock	12/24/2003		<u>G</u> (1)	625	D	\$ 0	3,283,384	D	
Common Stock	12/24/2003		<u>G</u> (1)	4,200	D	\$ 0	3,279,184	D	
Common Stock	12/26/2003		<u>G</u> (1)	4,200	D	\$ 0	3,274,984	I	Spouse

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date					

**Explanation of Responses:**

1. Contribution to charitable organization.

**Signatures**

//Albert N. Cavagnaro//Attorney-In-Fact

\*\* Signature of Reporting Person

02/12/2004

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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