

VILLAGE SUPER MARKET INC
Form 10-Q
December 02, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended: October 24, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission File No. 0-2633

VILLAGE SUPER MARKET, INC.
(Exact name of registrant as specified in its charter)

NEW

JERSEY
(State or other jurisdiction of incorporation or organization)

22-1576170
(I. R. S. Employer Identification No.)

733 MOUNTAIN AVENUE, SPRINGFIELD, NEW JERSEY
(Address of principal executive offices)

07081
(Zip Code)

(973) 467-2200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant 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 registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12-b2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

	December 1, 2009
Class A Common Stock, No Par Value	6,984,184 Shares
Class B Common Stock, No Par Value	6,376,304 Shares

VILLAGE SUPER MARKET, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

VILLAGE SUPER MARKET, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in Thousands) (Unaudited)

	October 24, 2009	July 25, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 38,282	\$ 54,966
Merchandise inventories	35,582	34,273
Patronage dividend receivable	10,181	7,446
Note receivable from Wakefern	15,763	15,684
Other current assets	15,272	12,189
Total current assets	115,080	124,558
Note receivable from Wakefern	17,283	16,983
Property, equipment and fixtures, net	161,988	162,261
Investment in Wakefern	20,263	19,673
Goodwill	10,605	10,605
Other assets	4,694	4,730
	\$ 329,913	\$ 338,810
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 130	\$ 4,555
Current portion of notes payable to Wakefern	786	269
Accounts payable to Wakefern	46,297	53,487
Accounts payable and accrued expenses	21,031	26,039
Income taxes payable	13,277	9,352
Total current liabilities	81,521	93,702
Long-term debt	30,751	30,752
Notes payable to Wakefern	1,844	1,829
Other liabilities	25,432	25,129
Commitments and contingencies		
Shareholders' equity		
Class A common stock - no par value, issued 7,538 shares	29,774	28,982
Class B common stock - no par value, 6,376 shares issued and outstanding	1,035	1,035
Retained earnings	173,205	171,229
Accumulated other comprehensive loss	(10,342)	(10,535)
Less cost of Class A treasury shares (554 at October 24, 2009 and 555 at July 25, 2009)	(3,307)	(3,313)
Total shareholders' equity	190,365	187,398

	\$ 329,913	\$ 338,810
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See accompanying Notes to Consolidated Condensed Financial Statements.

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VILLAGE SUPER MARKET, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in Thousands except Per Share Amounts) (Unaudited)

	13 Weeks Ended October 24, 2009	13 Weeks Ended October 25, 2008
Sales	\$ 302,784	\$ 290,984
Cost of sales	222,216	211,513
Gross profit	80,568	79,471
Operating and administrative expense	68,377	64,772
Depreciation and amortization	3,970	3,617
Operating income	8,221	11,082
Interest expense	(948)	(726)
Interest income	496	568
Income before income taxes	7,769	10,924
Income taxes	3,227	4,557
Net income	\$ 4,542	\$ 6,367
Net income per share:		
Class A common stock:		
Basic	\$.41	\$.58
Diluted	\$.34	\$.47
Class B common stock:		
Basic	\$.27	\$.38
Diluted	\$.26	\$.37

See accompanying Notes to Consolidated Condensed Financial Statements.

VILLAGE SUPER MARKET, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in Thousands) (Unaudited)

	13 Wks. Ended Oct. 24, 2009	13 Wks. Ended Oct. 25, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,542	\$ 6,367
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,970	3,617
Deferred taxes	(750)	(240)
Provision to value inventories at LIFO	150	300
Non-cash share-based compensation	781	634
Changes in assets and liabilities:		
Merchandise inventories	(1,459)	(1,499)
Patronage dividend receivable	(2,735)	(2,517)
Accounts payable to Wakefern	(7,190)	(5,255)
Accounts payable and accrued expenses	(5,008)	(46)
Income taxes payable	3,925	4,730
Other assets and liabilities	(1,801)	(31)
Net cash (used in) provided by operating activities	(5,575)	6,060
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in notes receivable from Wakefern	(379)	(424)
Capital expenditures	(3,697)	(5,286)
Net cash used in investing activities	(4,076)	(5,710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	10	10
Excess tax benefit related to share-based compensation	7	6
Principal payments of long-term debt and notes payable	(4,484)	(4,474)
Dividends	(2,566)	(1,820)
Net cash used in financing activities	(7,033)	(6,278)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,684)	(5,928)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	54,966	47,889
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 38,282	\$ 41,961
SUPPLEMENTAL DISCLOSURES OF CASH PAYMENTS MADE FOR		
Interest	\$ 1,059	\$ 933
Income taxes	\$ 45	\$ 89
NONCASH SUPPLEMENTAL DISCLOSURES:		
Investment in Wakefern	\$ 590	\$ 550
Financing lease obligation	\$ -----	\$ 4,000

See accompanying Notes to Consolidated Condensed Financial Statements.

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VILLAGE SUPER MARKET, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(in Thousands) (Unaudited)

1. In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of normal and recurring accruals) necessary to present fairly the consolidated financial position as of October 24, 2009 and the consolidated results of operations and cash flows for the thirteen week periods ended October 24, 2009 and October 25, 2008 of Village Super Market, Inc. (“Village” or the “Company”).

The significant accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements in the July 25, 2009 Village Super Market, Inc. Annual Report on Form 10-K, which should be read in conjunction with these financial statements.

2. The results of operations for the period ended October 24, 2009 are not necessarily indicative of the results to be expected for the full year.

3. At both October 24, 2009 and July 25, 2009, approximately 67% of merchandise inventories are valued by the LIFO method while the balance is valued by FIFO. If the FIFO method had been used for the entire inventory, inventories would have been \$14,397 and \$14,247 higher than reported at October 24, 2009 and July 25, 2009, respectively.

4. On December 5, 2008, the Company's Board of Directors declared a two-for-one stock split of the Class A and Class B common stock. Shares were distributed on January 22, 2009. All share and per share amounts have been adjusted for all periods to reflect the stock split.

The Company computes net income per share using the two-class method, an earnings allocation formula that calculates basic and diluted net income per share for each class of common stock separately based on dividends declared and participation rights in undistributed earnings. Under the two-class method, our Class A common stock is assumed to receive a 54% greater participation in undistributed earnings than our Class B common stock, in accordance with the classes respective dividend rights.

Diluted net income per share for Class A common stock is calculated utilizing the if-converted method, which assumes the conversion of all shares of Class B common stock to shares of Class A common stock on a share-for-share basis, as this method is more dilutive than the two-class method. Diluted net income per share for Class B common stock does not assume conversion of Class B common stock to shares of Class A common stock.

On July 26, 2009, the Company adopted a new accounting standard requiring unvested share-based payment awards that contain nonforfeitable rights to dividends be treated as participating securities and therefore included in computing net income per share using the two-class method. All prior period net income per share data have been adjusted to reflect the new standard. Net income per share as previously reported for the October 2008 quarter were as follows:

	Class A	Class B
Basic	\$.59	\$.38
Diluted	\$.48	\$.38

The tables below reconcile the numerators and denominators of basic and diluted net income per share for all periods presented.

	13 Weeks Ended October 24, 2009	
	Class A	Class B
Numerator:		
Net income allocated, basic	\$ 2,739	\$ 1,692
Conversion of Class B to Class A shares	1,692	-----
Effect of share-based compensation on allocated net income	7	(9)
Net income allocated, diluted	\$ 4,438	\$ 1,683
Denominator:		
Weighted average shares outstanding, basic	6,719	6,376
Conversion of Class B to Class A shares	6,376	----
Dilutive effect of share-based compensation	138	-----
Weighted average shares outstanding, diluted	13,233	6,376

	13 Weeks Ended October 25, 2008	
	Class A	Class B
Numerator:		
Net income allocated, basic	\$ 3,829	\$ 2,393
Conversion of Class B to Class A shares	2,393	-----
Effect of share-based compensation on allocated net income	18	(23)
Net income allocated, diluted	\$ 6,240	\$ 2,370
Denominator:		
Weighted average shares outstanding, basic	6,630	6,376
Conversion of Class B to Class A shares	6,376	-----
Dilutive effect of share-based compensation	149	-----
Weighted average shares outstanding, diluted	13,155	6,376

Outstanding stock options to purchase Class A shares of 6 and 208 were excluded from the calculation of diluted net income per share at October 24, 2009 and October 25, 2008, respectively, as a result of their anti-dilutive effect. In addition, 266 and 251 non-vested restricted Class A shares, which are considered participating securities, and their allocated net income were excluded from the diluted net income per share calculation at October 24, 2009 and October 25, 2008, respectively, due to their anti-dilutive effect.

5. Comprehensive income was \$4,735 and \$6,448 for the quarters ended October 24, 2009 and October 25, 2008, respectively. Comprehensive income consists of net income and amortization of net losses on benefit plans, net of income taxes.

6. The Company sponsors four defined benefit pension plans. Net periodic pension costs for the four plans includes the following components:

	13 Weeks Ended October 24, 2009	13 Weeks Ended October 25, 2008
Service cost	\$ 572	\$ 603
Interest cost on projected benefit obligations	583	520
Expected return on plan assets	(426)	(434)
Amortization of gains and losses	320	133
Amortization of prior service costs	2	2
Net periodic pension cost	\$ 1,051	\$ 824

As of October 24, 2009, the Company has contributed \$24 to its pension plans in fiscal 2010. The Company expects to contribute an additional \$2,976 during the remainder of fiscal 2010 to fund its pension plans.

7. Effective July 26, 2009, the Company adopted a new accounting standard defining fair value and establishing a framework for measurement of fair value for non-financial assets and liabilities that are not remeasured at fair value on a recurring basis. This includes fair value calculated in impairment assessments of goodwill and other long-lived assets. The adoption had no impact on the Company's consolidated financial position or results of operations.

8. The Company's leasehold interest in the current Washington store had been the subject of litigation related to the lease-end date, rent amounts and other matters. On July 30, 2009, the Company settled all litigation with the landlord and purchased the land and building for \$3,100. The Company recorded the purchase of land and building at its appraised value of \$1,600. In fiscal 2009, the Company recorded a pre-tax charge for the balance of \$1,500 related to the litigation. In addition to settling the litigation, the purchase of the current Washington store property eliminated any potential time period between the closing of the current Washington store and the opening of the planned replacement store.

On April 22, 2009, a Court formally invalidated the developer's approval for our Washington replacement store. In September 2009, the Planning Board began consideration of a revised site plan. The Planning Board approved this revised site plan on November 11, 2009. This approval is subject to appeal. The Company restarted construction on November 25, 2009, which is estimated to be completed in three months. The Company's investment in construction and equipment is \$10,803 at October 24, 2009. In the event the Planning Board approval is appealed and overturned, the Company may record an impairment charge for this investment which could be material to the Company's consolidated financial position and results of operations.

9. The Company has evaluated all activity through December 2, 2009, the date the consolidated condensed financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the consolidated condensed financial statements.

ITEM 2.

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

(Dollars in Thousands)

OVERVIEW

The Company operates a chain of 26 ShopRite supermarkets in New Jersey and northeastern Pennsylvania. Village is the second largest member of Wakefern Food Corporation ("Wakefern"), the nation's largest retailer-owned food cooperative and owner of the ShopRite name. As further described in the Company's Form 10-K, this ownership interest in Wakefern provides the Company many of the economies of scale in purchasing, distribution, advanced retail technology and advertising associated with larger chains.

The Company's stores, six of which are owned, average 56,000 total square feet. Larger store sizes enable the Company to offer the specialty departments that customers desire for one-stop shopping, including pharmacies, natural and organic departments, ethnic and international foods, and home meal replacement.

The supermarket industry is highly competitive. The Company competes directly with multiple retail formats, including national, regional and local supermarket chains as well as warehouse clubs, supercenters, drug stores, discount general merchandise stores, fast food chains, dollar stores and convenience stores. Village competes by using low pricing, superior customer service, and a broad range of consistently available quality products, including ShopRite private labeled products. The ShopRite Price Plus card and the co-branded ShopRite credit card also strengthen customer loyalty.

We consider a variety of indicators to evaluate our performance, such as same store sales; percentage of total sales by department (mix); shrink; departmental gross profit percentage; sales per labor hour; and hourly labor rates.

During fiscal 2009 and the first quarter of fiscal 2010, the supermarket industry was impacted by changing consumer behavior due to the weaker economy and increased unemployment. Consumers are increasingly cooking meals at home, trading down to lower priced items, including private label, and concentrating their buying on sale items. These trends amplified in the last six months. The deflationary trend in food prices that began during the second half of fiscal 2009 continued in the first quarter of fiscal 2010. As a result of these trends, same store sales increased only .6% in the first quarter of fiscal 2010 as the average transaction size declined. This compares to a same store sales increase in the first quarter of the prior year of 4.2%. However, our customer counts continued to increase in the first quarter of fiscal 2010. Management believes that generally Village has benefited from these trends compared to its competitors due to ShopRite's position as a price leader in New Jersey.

RESULTS OF OPERATIONS

The following table sets forth the major components of the Consolidated Condensed Statements of Operations as a percentage of sales:

	13 Weeks Ended	
	10/24/09	10/25/08
Sales	100.00 %	100.00 %
Cost of sales	73.39	72.69
Gross profit	26.61	27.31
Operating and administrative expense	22.58	22.26
Depreciation and amortization	1.31	1.24
Operating income	2.72	3.81
Interest expense	(.31)	(.25)
Interest income	.16	.20
Income before taxes	2.57	3.76
Income taxes	1.07	1.57
Net income	1.50 %	2.19 %

Sales. Sales were \$302,784 in the first quarter of fiscal 2010, an increase of 4.1% compared to the first quarter of the prior year. Sales increased primarily due to the opening of the Marmora, New Jersey store on May 31, 2009. Same store sales increased .6% as increased transaction counts at most stores were offset by a decrease in the average transaction size and cannibalization from the opening of the Marmora store. This compares to a same store sales increase in the first quarter of the prior year of 4.2%. The Company believes that the low same store sales growth is due to food price deflation and changing consumer behavior due to economic weakness, which has resulted in increased coupon usage, sale item penetration and trading down. The Company expects same store sales for all of fiscal 2010 to increase by 1% to 2%. New stores and replacement stores are included in same store sales in the quarter after the store has been in operation for four full quarters. Store renovations are included in same store sales immediately.

Gross Profit. Gross profit as a percentage of sales decreased .70% in the first quarter of fiscal 2010 compared to the first quarter of the prior year due to decreased departmental gross margin percentages (.41%), higher promotional spending (.32%) and changed product mix (.10%).

Operating and Administrative Expense. Operating and administrative expense increased .32% as a percentage of sales in the first quarter of fiscal 2010 compared to the first quarter of the prior year primarily due to increased fringe benefit costs (.32%) due to increased medical, worker's compensation insurance and pension costs

Depreciation and Amortization. Depreciation and amortization expense increased in the first quarter of fiscal 2010 compared to the first quarter of the prior year due to depreciation related to fixed asset additions, including the new Marmora store.

Interest Expense. Interest expense increased in the first quarter of fiscal 2010 compared to the first quarter of the prior year due to interest on the Marmora store financing lease, partially offset by lower interest expense due to payments on loans.

Interest Income. Interest income decreased in the first quarter of fiscal 2010 compared to the first quarter of the prior year primarily due to lower interest rates received.

Income Taxes. The effective income tax rate was 41.5% in the first quarter of fiscal 2010 compared to 41.7% in the first quarter of the prior year.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those accounting policies that management believes are important to the portrayal of the Company's financial condition and results of operations. These policies require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company's critical accounting policies relating to the impairment of long-lived assets and goodwill, accounting for patronage dividends earned as a stockholder of Wakefern, accounting for pension plans, accounting for share-based compensation, and accounting for uncertain tax positions, are described in the Company's Annual Report on Form 10-K for the year ended July 25, 2009. As of October 24, 2009, there have been no changes to any of the critical accounting policies contained therein.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$5,575 in the first quarter of fiscal 2010 compared with net cash provided by operating activities of \$6,060 in the corresponding period of the prior year. This decrease is primarily attributable to a larger decrease in payables in fiscal 2010 than in fiscal 2009, and a decline in net income. The changes in payables balances outstanding results from differences in the timing of payments.

During the first quarter of fiscal 2010, Village used cash to fund capital expenditures of \$3,697, debt payments of \$4,484 and dividends of \$2,566. Debt payments include the final installment of \$4,286 on Village's unsecured Senior Notes.

Working capital was \$33,559 at October 24, 2009 compared to \$30,856 at July 25, 2009. The working capital ratio was 1.4 to 1 at October 24, 2009 compared to 1.3 to 1 at July 25, 2009. The Company's working capital needs are reduced, since inventories are generally sold by the time payments to Wakefern and other suppliers are due.

Village has budgeted approximately \$17,000 for capital expenditures in fiscal 2010. Planned expenditures include the completion of construction and equipment for the replacement store in Washington, New Jersey and several small remodels. The Company's primary sources of liquidity in fiscal 2010 are expected to be cash and cash equivalents on hand and operating cash flow generated in fiscal 2010.

There have been no substantial changes as of October 24, 2009 to the contractual obligations and commitments discussed on page 10 of the Company's Annual Report on Form 10-K for the year ended July 25, 2009, except for an additional \$590 required investment in Wakefern stock.

OUTLOOK

This Form 10-Q contains certain forward-looking statements about Village's future performance. These statements are based on management's assumptions and beliefs in light of information currently available. Such statements relate to, for example: economic conditions; expected pension plan contributions; projected capital expenditures; cash flow requirements; and legal matters; and are indicated by words such as "will," "expect," "should," "intend," "anticipates," "believes" and similar words or phrases. The Company cautions the reader that there is no assurance that actual results or business conditions will not differ materially from the results expressed, suggested or implied by such forward-looking statements. The Company undertakes no obligation to update forward-looking statements to reflect developments or information obtained after the date hereof.

- We expect same store sales growth of 1.0%-2.0% in fiscal 2010.
- During fiscal 2009 and the first quarter of fiscal 2010, the supermarket industry was impacted by changing consumer behavior due to the weaker economy and increased unemployment. Consumers are increasingly cooking meals at home, trading down to lower priced items, including private label, and concentrating their buying on sale items. These trends amplified in the last six months. Same store sales increased only .6% in the first quarter of fiscal 2010 as customer counts increased but the average transaction size declined. Management expects these trends to continue for at least the next quarter. Management believes that generally Village has benefited from these trends compared to its competitors due to ShopRite's position as a price leader in New Jersey.
- We expect less retail price inflation in fiscal 2010 than in fiscal 2009 and fiscal 2008, with the first half of fiscal 2010 being primarily deflationary.
- We have budgeted \$17,000 for capital expenditures in fiscal 2010, which includes the completion of the Washington replacement store.
- We believe cash flow from operations and other sources of liquidity will be adequate to meet anticipated requirements for working capital, capital expenditures and debt payments for the foreseeable future.
- We expect our effective income tax rate in fiscal 2010 to be 41-42%.
- We expect operating expenses will be affected by increased costs in certain areas, such as medical and pension costs, and credit card fees.

Various uncertainties and other factors could cause actual results to differ from the forward-looking statements contained in this report. These include:

- The supermarket business is highly competitive and characterized by narrow profit margins. Results of operations may be materially adversely impacted by competitive pricing and promotional programs, industry consolidation and competitor store openings. Village competes with national and regional supermarkets, local supermarkets, warehouse club stores, supercenters, drug stores, convenience stores, dollar stores, discount merchandisers, restaurants and other local retailers. Some of these competitors have greater financial resources, lower merchandise acquisition cost and lower operating expenses than we do.
- The Company's stores are concentrated in New Jersey, with one store in northeastern Pennsylvania. We are vulnerable to economic downturns in New Jersey in addition to those that may affect the country as a whole. Economic conditions such as inflation, deflation, interest rates, energy costs and unemployment rates may adversely affect our sales and profits.
- Village purchases substantially all of its merchandise from Wakefern. In addition, Wakefern provides the Company with support services in numerous areas including supplies, advertising, liability and property insurance, technology support and other store services. Further, Village receives patronage dividends and other product incentives from Wakefern. Any material change in Wakefern's method of operation or a termination or material modification of Village's relationship with Wakefern could have an adverse impact on the conduct of the Company's business and could involve additional expense for Village. The failure of any Wakefern member to fulfill its obligations to Wakefern or a member's insolvency or withdrawal from Wakefern could result in increased costs to the Company. Additionally, an adverse change in Wakefern's results of operations could have an adverse affect on Village's results of operations.
- Approximately 92% of our employees are covered by collective bargaining agreements. Any work stoppages could have an adverse impact on our financial results. If we are unable to control health care and pension costs provided for in the collective bargaining agreements, we may experience increased operating costs.
- Village could be adversely affected if consumers lose confidence in the safety and quality of the food supply chain. The real or perceived sale of contaminated food products by us could result in a loss of consumer confidence and product liability claims, which could have a material adverse effect on our sales and operations.

- We believe a number of the multi-employer plans to which we contribute are underfunded. As a result, we expect that contributions to these plans may increase. Additionally, the benefit levels and related items will be issues in the negotiation of our collective bargaining agreements. Under current law, an employer that withdraws or partially withdraws from a multi-employer pension plan may incur withdrawal liability to the plan, which represents the portion of the plan's underfunding that is allocable to the withdrawing employer under very complex actuarial and allocation rules. The failure of a withdrawing employer to fund these obligations can impact remaining employers. The amount of any increase or decrease in our required contributions to these multi-employer pension plans will depend upon the outcome of collective bargaining, actions taken by trustees who manage the plans, government regulations and the actual return on assets held in the plans, among other factors.
- On April 22, 2009, a Court formally invalidated the developer's approval for our Washington replacement store. In September 2009, the Planning Board began consideration of a revised site plan. The Planning Board approved this revised site plan on November 11, 2009. This approval is subject to appeal. The Company restarted construction on November 25, 2009, which is estimated to be completed in three months. The Company's investment in construction and equipment is \$10,803 at October 24, 2009. In the event the Planning Board approval is appealed and overturned, the Company may record an impairment charge for this investment which could be material to the Company's consolidated financial position and results of operations.
 - Our effective tax rate may be impacted by the results of tax examinations and changes in tax laws.

RELATED PARTY TRANSACTIONS

A description of the Company's transactions with Wakefern, its principal supplier, and with other related parties is included on pages 12, 21 and 24 of the Company's Annual Report on Form 10-K for the year ended July 25, 2009. There have been no significant changes in the Company's relationship or nature of transactions with related parties during the first quarter of fiscal 2010 except for an additional required investment in Wakefern common stock of \$590 described previously herein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At October 24, 2009, the Company had demand deposits of \$23,311 at Wakefern earning interest at overnight money market rates, which are exposed to the impact of interest rate changes.

At October 24, 2009, the Company had a \$17,283 15-month note receivable due from Wakefern earning a fixed rate of 7%. This note is automatically extended for additional, recurring 90-day periods, unless, not later than one year prior to the due date, the Company notifies Wakefern requesting payment on the due date. This note currently is scheduled to mature on December 3, 2010. In addition, the Company had a \$15,763 note receivable due from Wakefern earning interest at prime less 1.25%, which matures December 8, 2009.

ITEM 4. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Exchange Act, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures at the end of the period. This evaluation was carried out under the supervision, and with the participation, of the Company's management, including the Company's Chief Executive Officer along with the Company's Chief Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer, along with the Company's Chief Financial Officer, concluded that the Company's disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

There have been no significant changes in internal controls over financial reporting during the first quarter of fiscal 2010.

PART II - OTHER INFORMATION

Item 6. Exhibits

Exhibit 31.1 Certification

Exhibit 31.2 Certification

Exhibit 32.1 Certification (furnished, not filed)

Exhibit 32.2 Certification (furnished, not filed)

Exhibit 99.1 Press Release dated December 2, 2009

SIGNATURES

Pursuant to the requirements 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.

Village Super Market, Inc.
Registrant

Date: December 2, 2009

/s/ James Sumas
James Sumas
(Chief Executive Officer)

Date: December 2, 2009

/s/ Kevin R. Begley
Kevin R. Begley
(Chief Financial Officer)