VILLAGE SUPER MARKET INC
Form 10-Q
June 02, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

| | |
|---|---|
| [x] | QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. |
| | For the quarterly period ended: April 24, 2010 |
| | OR |
| [ ] | TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. |

Commission File No. 0-33360

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

| | |
|---|---|
| NEW JERSEY | 22-1576170 |
| (State of other jurisdiction of incorporation or organization) | (I. R. S. Employer Identification No.) |
| 733 MOUNTAIN AVENUE, SPRINGFIELD, NEW JERSEY | 07081 |
| (Address of principal executive offices) | (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 x No o

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 o No o

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

| | | |
|---|---|---|
| Large accelerated filer | o | Accelerated filer x |
| Non-accelerated filer company) | o (Do not check if a smaller reporting | Smaller reporting company o |

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

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

| | June 1, 2010 |
|---|---|
| Class A Common Stock, No Par Value | 7,015,694 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)

| | April 24, 2010 | July 25, 2009 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $65,434 | $54,966 |
| Merchandise inventories | 36,296 | 34,273 |
| Patronage dividend receivable | 5,971 | 7,446 |
| Note receivable from Wakefern | --- | 15,684 |
| Other current assets | 12,085 | 12,189 |
| Total current assets | 119,786 | 124,558 |
| | | |
| Note receivable from Wakefern | 17,892 | 16,983 |
| Property, equipment and fixtures, net | 166,770 | 162,261 |
| Investment in Wakefern | 20,263 | 19,673 |
| Goodwill | 10,605 | 10,605 |
| Other assets | 4,157 | 4,730 |
| | | |
| TOTAL ASSETS | $339,473 | $338,810 |
| | | |
| LIABILITIES AND SHAREHOLDERS’ EQUITY | | |
| Current liabilities | | |
| Current portion of long-term debt | $--- | $4,555 |
| Current portion of notes payable to Wakefern | 332 | 269 |
| Accounts payable to Wakefern | 45,819 | 53,487 |
| Accounts payable and accrued expenses | 24,368 | 26,039 |
| Income taxes payable | 11,973 | 9,352 |
| Total current liabilities | 82,492 | 93,702 |
| | | |
| Long-term debt | 30,729 | 30,752 |
| Notes payable to Wakefern | 1,573 | 1,829 |
| Other liabilities | 25,510 | 25,129 |
| | | |
| Commitment and contingencies | | |
| | | |
| Shareholders' equity | | |
| Class A common stock - no par value, issued 7,541 shares at April 24, 2010 and 7,538 shares at July 25, 2009 | 31,545 | 28,982 |
| Class B common stock - no par value, 6,376 shares issued and outstanding | 1,035 | 1,035 |
| Retained earnings | 179,684 | 171,229 |
| Accumulated other comprehensive loss | (9,956 ) | (10,535 ) |
| Less cost of Class A treasury shares (525 at April 24, 2010 and 555 at July 25, 2009) | (3,139 ) | (3,313 ) |

| | | |
|---|---|---|
| Total shareholders’ equity | 199,169 | 187,398 |
| TOTAL LIABILITIES & SHAREHOLDERS’ EQUITY | $339,473 | $338,810 |

See accompanying Notes to Consolidated Condensed Financial Statements.

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

| | 13 Wks. Ended Apr. 24, 2010 | 13 Wks. Ended Apr. 25, 2009 | 39 Wks. Ended Apr. 24, 2010 | 39 Wks. Ended Apr. 25, 2009 |
|---|---|---|---|---|
| Sales | $ 300,991 | $ 293,474 | $ 919,085 | $ 897,172 |
| Cost of sales | 218,578 | 213,404 | 669,948 | 652,569 |
| Gross profit | 82,413 | 80,070 | 249,137 | 244,603 |
| Operating and administrative expense | 68,759 | 65,428 | 207,301 | 197,688 |
| Depreciation and amortization expense | 4,363 | 3,720 | 12,396 | 11,042 |
| Operating income | 9,291 | 10,922 | 29,440 | 35,873 |
| Interest expense | (901 ) | (695 ) | (2,755 ) | (2,130 ) |
| Interest income | 507 | 497 | 1,493 | 1,554 |
| Income before income taxes | 8,897 | 10,724 | 28,178 | 35,297 |
| Income taxes | 3,692 | 4,472 | __ 11,694 | 14,722 |
| Net income | $ 5,205 | $ 6,252 | $ 16,484 | $ 20,575 |
| Net income per share: | | | | |
| Class A common stock: | | | | |
| Basic | $ .47 | $ .56 | $ 1.48 | $ 1.86 |
| Diluted | $ .39 | $ .46 | $ 1.22 | $ 1.53 |
| Class B common stock: | | | | |
| Basic | $ .30 | $ .37 | $ .96 | $ 1.21 |
| Diluted | $ .30 | $ .36 | $ .96 | $ 1.20 |

See accompanying Notes to Consolidated Condensed Financial Statements.

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

| | 39 Weeks Ended April 24, 2010 | 39 Weeks Ended April 25, 2009 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 16,484 | $ 20,575 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,396 | 11,042 |
| Deferred taxes | (2,300) | (674) |
| Provision to value inventories at LIFO | 150 | 750 |
| Non-cash share-based compensation | 2,242 | 1,908 |
| Changes in assets and liabilities: | | |
| Merchandise inventories | (2,173) | (1,485) |
| Patronage dividend receivable | 1,475 | 1,728 |
| Accounts payable to Wakefern | (7,668) | (11,089) |
| Accounts payable and accrued expenses | (1,671) | 3,076 |
| Income taxes payable | 2,621 | 870 |
| Other assets and liabilities | 3,937 | 4,222 |
| Net cash provided by operating activities | 25,493 | 30,923 |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (16,905) | (20,170) |
| Maturity of (investment in) note receivable from Wakefern | 14,775 | (1,177) |
| Net cash used in investing activities | ( 2,130) | (21,347) |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from exercise of stock options | 277 | 809 |
| Tax benefit related to share-based compensation | 218 | 474 |
| Principal payments of long-term debt and notes payable | (5,361) | (5,400) |
| Dividends | (8,029) | (6,080) |
| Net cash used in financing activities | (12,895) | (10,197) |
| | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 10,468 | (621) |
| | | |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 54,966 | 47,889 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 65,434 | $ 47,268 |
| | | |
| SUPPLEMENTAL DISCLOSURE OF CASH PAYMENTS FOR: | | |
| Interest | $ 2,865 | $ 2,337 |
| Income taxes | $ 10,929 | $ 14,541 |
| NON-CASH SUPPLEMENTAL DISCLOSURE: | | |
| Investment in Wakefern | $ 590 | $ 658 |
| Financing lease obligation | $ --- | $ 8,700 |

See accompanying Notes to Consolidated Condensed Financial Statements.

VILLAGE SUPER MARKET, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(in Thousands, except per share amounts) (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 April 24, 2010 and the consolidated results of operations and cash flows for the thirteen and thirty-nine week periods ended April 24, 2010 and April 25, 2009 of Village Super Market, Inc. (the “Company” or “Village”).

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 periods ended April 24, 2010 are not necessarily indicative of the expected results for the full year.

3. At both April 24, 2010 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 April 24, 2010 and July 25, 2009, respectively.

4. 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 has been adjusted to reflect the new standard. Net income per share amounts for the prior year periods as previously reported were as follows:

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|---|---|---|---|
| | April 25, 2009 | | | |
| | Class A | Class B | Class A | Class B |
| Basic | $ .58 | $ .38 | $ 1.91 | $ 1.24 |
| Diluted | $ .47 | $ .37 | $ 1.55 | $ 1.22 |

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

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|---|---|---|---|
| | April 24, 2010 | | | |
| | Class A | Class B | Class A | Class B |
| Numerator: | | | | |
| Net income allocated, basic | $ 3,152 | $ 1,933 | $ 9,963 | $ 6,131 |
| Conversion of Class B to Class A shares | 1,933 | ---- | 6,131 | ---- |
| Effect of share-based compensation on allocated net income | 10 | (8 ) | _ 34 | (35 ) |
| Net income allocated, diluted | $ 5,095 | $ 1,925 | $ 16,128 | $ 6,096 |
| Denominator: | | | | |
| Weighted average shares outstanding, basic | 6,750 | 6,376 | 6,732 | 6,376 |
| Conversion of Class B to Class A shares | 6,376 | --- | 6,376 | ---- |
| Dilutive effect of share-based compensation | 106 | --- | 126 | ---- |
| Weighted average shares outstanding, diluted | 13,232 | 6,376 | 13,234 | 6,376 |

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|---|---|---|---|
| | April 25, 2009 | | | |
| | Class A | Class B | Class A | Class B |
| Numerator: | | | | |
| Net income allocated, basic | $ 3,772 | $ 2,338 | $ 12,392 | $ 7,715 |
| Conversion of Class B to Class A shares | 2,338 | ---- | 7,715 | ---- |
| Effect of share-based compensation on allocated net income | 16 | (20 ) | 59 | (73 ) |
| Net income allocated, diluted | $ 6,126 | $ 2,318 | $ 20,166 | $ 7,642 |
| Denominator: | | | | |

| | | | | |
|---|---|---|---|---|
| Weighted average shares outstanding, basic | 6,677 | 6,376 | 6,650 | 6,376 |
| Conversion of Class B to Class A shares | 6,376 | ---- | 6,376 | ---- |
| Dilutive effect of share-based compensation | 150 | ---- | 151 | ---- |
| Weighted average shares outstanding, diluted | 13,203 | 6,376 | 13,177 | 6,376 |

Outstanding stock options to purchase Class A shares of 206 and 4 were excluded from the calculation of diluted net income per share at April 24, 2010 and April 25, 2009, respectively, as a result of their anti-dilutive effect. In addition, 256 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 April 24, 2010 and April 25, 2009, respectively, due to their anti-dilutive effect.

5. Comprehensive income was $5,398 and $17,063 for the thirteen and thirty-nine week periods ended April 24, 2010, and $6,333 and $20,818 for the thirteen and thirty-nine week periods ended April 25, 2009. 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 include the following components:

| | 13 Weeks Ended 4/24/10 | 13 Weeks Ended 4/25/09 | 39 Weeks Ended 4/24/10 | 39 Weeks Ended 4/25/09 |
|---|---|---|---|---|
| Service cost | $ 572 | $ 603 | $ 1,716 | $ 1,809 |
| Interest cost on projected benefit obligations | 583 | 520 | 1,749 | 1,560 |
| Expected return on plan assets | (426) | (434) | (1,278) | (1,302) |
| Amortization of gains and losses | 320 | 133 | 960 | 399 |
| Amortization of prior service costs | 2 | 2 | 6 | 6 |
| Net periodic pension cost | $ 1,051 | $ 824 | $ 3,153 | $ 2,472 |

As of April 24, 2010, the Company has contributed $43 to its pension plans in fiscal 2010. The Company expects to contribute an additional $2,957 in the fourth quarter 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.

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 opened a replacement store in Washington, NJ on February 21, 2010. Village is the second largest member of Wakefern Food Corporation ("Wakefern"), the nation's largest retailer-owned food cooperative and owner of the Shop Rite name. As further described in the Company's Form 10-K, this ownership interest in Wakefern provides Village many of the economies of scale in purchasing, distribution, advanced retail technology and advertising associated with larger chains.

The Company's stores, five of which are owned, average 57,000 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.

During fiscal 2009 and the first three quarters 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. The deflationary trend in food prices that began during the second half of fiscal 2009 continued in fiscal 2010. As a result of these trends, same store sales decreased 1.5% in the third quarter of fiscal 2010. This compares to a same store sales increase in the third quarter of the prior year of 7.3%.

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.

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 | | 39 Weeks Ended | |
|---|---|---|---|---|
| | 4/24/10 | 4/25/09 | 4/24/10 | 4/25/09 |
| Sales | 100.00 % | 100.00 % | 100.00 % | 100.00 % |
| Cost of sales | 72.62 | 72.72 | 72.89 | 72.74 |
| Gross profit | 27.38 | 27.28 | 27.11 | 27.26 |
| Operating and administrative expense | 22.84 | 22.29 | 22.56 | 22.03 |
| Depreciation and amortization expense | 1.45 | 1.27 | 1.35 | 1.23 |
| Operating income | 3.09 | 3.72 | 3.20 | 4.00 |
| Interest expense | (0.30 ) | (0.24 ) | (0.30 ) | (0.24 ) |
| Interest income | 0.17 | 0.17 | 0.16 | 0.17 |
| Income before taxes | 2.96 | 3.65 | 3.06 | 3.93 |
| Income taxes | 1.23 | 1.52 | 1.27 | 1.64 |
| Net income | 1.73 % | 2.13 % | 1.79 % | 2.29 % |

Sales. Sales were $300,991 in the third quarter of fiscal 2010, an increase of 2.6% from the third quarter of the prior year. Sales increased due to the opening of the Marmora store on May 31, 2009 and the opening of the Washington replacement store on February 21, 2010. Same store sales declined 1.5%. This compares to a same store sales increase in the third quarter of the prior year of 7.3%. Same store sales declined primarily due to cannibalization from the opening of the Marmora store and reduced sales in two stores due to competitive store openings. The deflationary trend that began in late fiscal 2009 began to diminish in the third quarter of fiscal 2010. Sales continue to be impacted by 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 range from -1% to 0%, excluding the impact of the fifty-third week in fiscal 2010. 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.

Sales were $919,085 in the nine-month period of fiscal 2010, an increase of 2.4% from the prior year. Sales increased due to the opening of the Marmora and Washington stores. Same store sales decreased .9% due to cannibalization from the opening of the Marmora store, reduced sales in three stores due to competitive store openings and deflation.

Gross Profit. Gross profit as a percentage of sales increased .10% in the third quarter of fiscal 2010 compared to the third quarter of the prior year primarily due to improved product mix (.11%), higher patronage dividends (.07%) and lower LIFO charges (.05%). These improvements were partially offset by decreased departmental gross margin percentages (.10%) and increased warehouse assessment charges from Wakefern (.05%).

Gross profit as a percentage of sales decreased .15% in the nine-month period of fiscal 2010 compared to the corresponding period of the prior year primarily due to decreased departmental gross margin percentages (.18%), higher promotional spending (.13%) and increased warehouse assessment charges from Wakefern (.05%). These decreases were partially offset by higher patronage dividends (.14%) and lower LIFO charges (.07%).

Operating and Administrative Expense. Operating and administrative expense as a percentage of sales increased .55% in the third quarter of fiscal 2010 compared to the third quarter of the prior year primarily due to increased fringe benefit (.28%) and snow removal costs (.15%), and the loss of operating leverage from the 1.5% same store sales decline from the prior year. Fringe benefit costs increased primarily due to increased medical, worker's compensation insurance and pension costs.

Operating and administrative expense as a percentage of sales increased .53% in the nine-month period of fiscal 2010 compared to the corresponding period of the prior year primarily due to increased fringe benefit (.34%) and snow removal costs (.05%), and the loss of operating leverage from the .9% same store sales decline in the current year. Fringe benefit cost increased primarily due to increased medical, worker's compensation insurance and pension costs.

Depreciation and Amortization.  Depreciation and amortization expense increased in the third quarter and nine-month periods of fiscal 2010 compared to the corresponding periods of the prior year due to depreciation related to fixed asset additions, including the two new stores.

Interest Expense.  Interest expense increased in the third quarter and nine-month periods of fiscal 2010 compared to the corresponding periods 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 was similar in the third quarter and nine-month periods of fiscal 2010 compared to the corresponding periods of the prior year as higher amounts invested were offset by lower interest rates received.

Income Taxes.  The effective income tax rate was 41.5% in both the third quarter and nine-month periods of fiscal 2010 compared to 41.7% in the corresponding periods 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 April 24, 2010, 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 provided by operating activities was $25,493 in the nine-month period ended April 24, 2010 compared with $30,923 in the corresponding period of the prior year. This decrease is primarily attributable to lower net income in fiscal 2010.

During the first nine months of fiscal 2010, Village used cash to fund capital expenditures of $16,905, debt payments of $5,361 and dividends of $8,029. Debt payments include the final installment of $4,286 on Village's unsecured Senior Notes.

Village has budgeted approximately $23,000 for capital expenditure in fiscal 2010. Expenditures include the completed construction and equipment for the replacement store in Washington, installation of a solar energy system at the Garwood store, the purchase of land for future development, and several smaller 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.

Working capital was $37,294 at April 24, 2010 compared to $30,856 at July 25, 2009. The working capital ratio was 1.5 to 1 at April 24, 2010 compared to 1.3 to 1 at July 25, 2009. On December 8, 2009, a $15,822 note receivable from Wakefern matured and is currently invested in overnight deposits at Wakefern. The Company's working capital needs are reduced since inventories are generally sold by the time payments to Wakefern and other suppliers are due.

There have been no substantial changes as of April 24, 2010 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 common 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," "belie 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 to range from -1% to 0% in fiscal 2010, excluding the impact of the 53rd week in fiscal 2010.

- During fiscal 2009 and the first three quarters 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.

- We expect either slight retail price inflation or slight deflation in fiscal 2010. The first 9 months of fiscal 2010 were primarily deflationary.

- We have budgeted $23,000 for capital expenditures in fiscal 2010, which includes the completed Washington replacement store, installation of a solar energy system at the Garwood store, the purchase of land for future development and several small remodels.

- 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 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.

- 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 the transactions with related parties during the nine months of fiscal 2010, except for additional required investments in Wakefern stock of $590.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At April 24, 2010, the Company had demand deposits of $49,631 at Wakefern earning interest at overnight money market rates, which are exposed to the impact of interest rate changes.

At April 24, 2010, the Company had a $17,892 15-month note receivable due from Wakefern earning a fixed interest 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 June 1, 2011.

## 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 third 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 June 2, 2010

Exhibit 99.2 - Second Quarter Report to Shareholders dated March 19, 2010

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: June 2, 2010

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

Date: June 2, 2010

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