

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

FOODARAMA SUPERMARKETS INC
Form 10-Q
June 14, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ended May 1, 2004

Commission file number 1-5745-1

FOODARAMA SUPERMARKETS, INC.
(Exact name of Registrant as specified in its charter)

New Jersey

21-0717108

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

Building 6, Suite 1, 922 Highway 33, Freehold, N.J. 07728
(Address of principal executive offices)

Telephone #732-462-4700
(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 and (2) has been subject to such filing
requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant is an accelerated filer (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 close of the latest practicable date.

CLASS	OUTSTANDING AT June 11, 2004
-----	-----
Common Stock, \$1 par value	986,867 shares

FOODARAMA SUPERMARKETS, INC.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Unaudited Consolidated Condensed Balance Sheets
May 1, 2004 and November 1, 2003

Unaudited Consolidated Condensed Statements
of Operations for the thirteen weeks ended
May 1, 2004 and May 3, 2003

Unaudited Consolidated Condensed Statements
of Operations for the twenty six weeks ended
May 1, 2004 and May 3, 2003

Unaudited Consolidated Condensed Statements
of Cash Flows for the twenty six weeks ended
May 1, 2004 and May 3, 2003

Notes to the Unaudited Consolidated Condensed
Financial Statements

- Item 2. Management's Discussion and Analysis of
Financial Condition and Results of Operations
- Item 3. Quantitative and Qualitative Disclosures About
Market Risk
- Item 4. Controls and Procedures

PART II. OTHER INFORMATION

- Item 6. Exhibits and Reports on Form 8-K

Disclosure Concerning Forward-Looking Statements

All statements, other than statements of historical fact, included in this Form 10-Q, including without limitation the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations", are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Foodarama Supermarkets, Inc. (the "Company", which may be referred to as we, us or our) to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements contained in this Form 10-Q. Such potential risks and uncertainties, include without limitation, competitive pressures from other supermarket operators, warehouse club stores and general merchandise stores, economic conditions in the Company's primary markets, consumer spending patterns, availability of capital, cost of labor, cost of goods sold including increased costs from the Company's cooperative supplier, Wakefern Food Corporation ("Wakefern"), and other risk factors detailed herein and in other of the Company's Securities and Exchange Commission filings. The forward-looking statements are made as of the date of this Form 10-Q and the Company assumes no obligation to update the forward-looking statements or to update the reasons actual results could differ from those projected in such forward-looking statements.

2

PART I. FINANCIAL INFORMATION

- Item 1. Financial Statements

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Consolidated Condensed Balance Sheets
(In thousands)

	May 1, 2004 (Unaudited)	November 1, 2003 (1)
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,370	\$ 5,252
Merchandise inventories	50,602	49,224
Receivables and other current assets	11,545	12,043
Prepaid and refundable income taxes	3,036	3,404
Related party receivables - Wakefern	7,841	13,684
	-----	-----
	77,394	83,607
	-----	-----
Property and equipment:		
Land	308	308
Buildings and improvements	1,220	1,220
Leasehold improvements	57,599	49,039
Equipment	154,461	142,021
Property under capital leases	141,920	130,420
Construction in progress	5,199	6,846
	-----	-----
	360,707	329,854
	-----	-----
Less accumulated depreciation and amortization	131,638	122,339
	-----	-----
	229,069	207,515
	-----	-----
Other assets:		
Investments in related parties	16,885	16,173
Goodwill	1,715	1,715
Intangible assets, net	1,046	1,098
Other	3,457	3,264
Related party receivables - Wakefern	1,950	1,874
	-----	-----
	25,053	24,124
	-----	-----
	\$331,516	\$315,246
	=====	=====

(continued)

(1) Derived from the Audited Consolidated Financial Statements for the year ended November 1, 2003.

See accompanying notes to consolidated condensed financial statements.

3

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
(In thousands except share data)

	May 1, 2004 (Unaudited)	November 1, 2003 (1)
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Current liabilities:		
Current portion of long-term debt	\$ 7,864	\$ 7,916
Current portion of long-term debt, related party	915	920
Current portion of obligations under capital leases	1,513	1,622
Current income taxes payable	687	1,415
Deferred income taxes	2,162	2,162
Accounts payable:		
Related party-Wakefern	37,780	37,506
Others	17,780	14,622
Accrued expenses	14,566	13,485
	-----	-----
	83,267	79,648
	-----	-----
Long-term debt	54,521	55,335
Long-term debt, related party	3,271	3,055
Obligations under capital leases	132,934	122,159
Deferred income taxes	2,583	2,749
Other long-term liabilities	13,536	13,278
	-----	-----
	206,845	196,576
	-----	-----
Commitments and Contingencies (Note 7)		
Shareholders' equity:		
Common stock, \$1.00 par; authorized 2,500,000 shares; issued 1,621,767 shares; outstanding 986,867 shares	1,622	1,622
Capital in excess of par	4,168	4,168
Deferred compensation	(766)	(952)
Retained earnings	51,735	49,539
Accumulated other comprehensive income:		
Minimum pension liability	(3,164)	(3,164)
	53,595	51,213
Less 634,900 shares, held in treasury, at cost	12,191	12,191
	-----	-----
	41,404	39,022
	-----	-----
	\$ 331,516	\$ 315,246
	=====	=====

(1) Derived from the Audited Consolidated Financial Statements for the year ended November 1, 2003.

See accompanying notes to consolidated condensed financial statements.

4

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations - Unaudited
(In thousands - except share data)

	13 Weeks Ended	
	May 1, 2004	May 3, 2003
	-----	-----
Sales	\$ 279,043	\$ 254,578

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Cost of goods sold	204,632	187,995
	-----	-----
Gross profit	74,411	66,583
Selling, general and administrative expenses	69,051	63,400
	-----	-----
Earnings from operations	5,360	3,183
	-----	-----
Other income (expense):		
Interest expense	(3,854)	(3,010)
Interest income	37	40
	-----	-----
	(3,817)	(2,970)
	-----	-----
Earnings before income tax provision	1,543	213
Income tax provision	(587)	(85)
	-----	-----
Net income	\$ 956	\$ 128
	=====	=====
Per share information:		
Net income per common share:		
Basic	\$.97	\$.13
	=====	=====
Diluted	\$.93	\$.13
	=====	=====
Weighted average shares outstanding:		
Basic	986,867	986,867
	=====	=====
Diluted	1,026,595	1,011,948
	=====	=====
Dividends per common share	-0-	-0-
	=====	=====

See accompanying notes to consolidated condensed financial statements.

5

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations - Unaudited
(In thousands - except share data)

	26 Weeks Ended	
	May 1, 2004	May 3, 2003
	-----	-----
Sales	\$ 573,758	\$ 511,669
Cost of goods sold	422,247	380,329
	-----	-----

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Gross profit	151,511	131,340
Selling, general and administrative expenses	140,394	125,291
Earnings from operations	11,117	6,049
Other income (expense):		
Interest expense	(7,638)	(5,331)
Interest income	64	77
	(7,574)	(5,254)
Earnings before income tax provision	3,543	795
Income tax provision	(1,347)	(318)
Net income	\$ 2,196	\$ 477
Per share information:		
Net income per common share:		
Basic	\$ 2.23	\$.48
Diluted	\$ 2.15	\$.47
Weighted average shares outstanding:		
Basic	986,867	986,710
Diluted	1,020,607	1,014,500
Dividends per common share	-0-	-0-

See accompanying notes to consolidated condensed financial statements.

6

FOODARAMA SUPERMARKETS, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows - Unaudited
(In thousands)

	26 Weeks Ended	
	May 1, 2004	May 3, 2003
Cash flows from operating activities:		
Net income	\$ 2,196	\$ 477
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,566	8,121
Amortization, intangibles	52	105
Amortization, deferred financing costs	325	234

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Amortization, deferred rent escalation	(150)	(153)
Provision to value inventory at LIFO	525	391
Deferred income taxes	(166)	190
Amortization of deferred compensation	204	165
(Increase) decrease in		
Merchandise inventories	(1,903)	(4,328)
Receivables and other current assets	409	(158)
Prepaid and refundable income taxes	368	(1,011)
Other assets	(436)	(26)
Related party receivables-Wakefern	5,767	3,182
Increase (decrease) in		
Accounts payable	3,432	(3,777)
Income taxes payable	(728)	944
Other liabilities	1,471	418
	-----	-----
	20,932	4,774
	-----	-----
Cash flows from investing activities:		
Decrease in construction advance due from landlords	9,905	2,343
Increase in construction advance due from landlords	(9,816)	(1,738)
Cash paid for the purchase of property and equipment	(15,745)	(10,791)
Cash paid for construction in progress	(3,875)	(7,414)
	-----	-----
	(19,531)	(17,600)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of debt	7,123	17,885
Principal payments under long-term debt	(7,989)	(3,734)
Principal payments under capital lease obligations	(834)	(771)
Principal payments under long-term debt, related party	(501)	(372)
Deferred financing and other costs	(82)	(84)
Proceeds from exercise of stock options	--	10
	-----	-----
	(2,283)	12,934
	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(882)	108
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,252	4,280
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 4,370	\$ 4,388
	=====	=====

See accompanying notes to consolidated condensed financial statements.

7

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

Note 1 Basis of Presentation

The unaudited Consolidated Condensed Financial Statements as of, or for the period ended, May 1, 2004, have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and rule 10-01. The balance sheet at November 1, 2003 has been derived from the audited financial statements at that date. In the opinion of the management of the Company, all adjustments (consisting only of normal recurring accruals) which are considered necessary for a fair presentation of the results of operations for the period have been made. Certain financial information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The reader is referred to the consolidated financial statements and notes thereto included in the Company's annual report

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

on Form 10-K for the year ended November 1, 2003.

At both May 1, 2004 and November 1, 2003, approximately 81% of merchandise inventories are valued by the Last-In-First-Out ("LIFO") method of inventory valuation while the balance of inventories are valued by the First-In-First-Out ("FIFO") method. If the FIFO method had been used for the entire inventory, inventories would have been \$3,260,000 and \$2,735,000 higher than reported at May 1, 2004 and November 1, 2003, respectively.

Certain reclassifications have been made to prior year financial statements in order to conform to the current year presentation.

These results are not necessarily indicative of the results for the entire fiscal year.

Note 2 Adoption of New Accounting Standards

In December 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits - an amendment of FASB Statements No. 87, 88, and 106" ("SFAS 132"). The revised Statement retains the disclosure requirements contained in SFAS 132 before the amendment but requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. The annual disclosure requirements under this Statement are effective for the Company's fiscal year ending October 30, 2004, and the quarterly disclosure requirements are effective for the Company's interim periods beginning with the second quarter ending May 1, 2004. The implementation of SFAS 132, as revised in 2003, did not have a material impact on the Company's consolidated financial statements (See Note 6).

In May 2004, the staff of the FASB issued FASB Staff Position ("FSP") No. FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," which superseded FSP No. FAS 106-1. This FSP provides guidance on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") for employers that sponsor postretirement health care plans that provide prescription drug benefits. This FSP also requires those employers to provide certain disclosures regarding the effect of the federal subsidy provided by the Act (the "Subsidy"). The guidance in this FSP related to the accounting for the Subsidy applies only to the sponsor of a single-employer defined benefit postretirement health care plan for which (a) the employer has concluded that prescription drug benefits available under the plan to some or all participants for some or all future years are "actuarially equivalent" to Medicare Part D and thus qualify for the Subsidy under the Act and (b) the expected Subsidy will offset or reduce the employer's share of the cost of the underlying postretirement prescription drug coverage on which the Subsidy is based. This FSP also provides guidance for the disclosures about the effects of the Subsidy

8

for an employer that sponsors a postretirement health care benefit plan that provides prescription drug coverage but for which the employer has not yet been able to determine actuarial equivalency. This FSP is effective for the first interim period beginning after June 15, 2004. We are currently investigating the impact of FSP No. FAS 106-2's initial recognition, measurement and disclosure provisions on our financial statements.

Note 3 Stock-Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB 25") and related interpretations in accounting for its employee stock options. Under this method,

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

compensation cost is measured as the amount by which the market price of the underlying stock exceeds the exercise price of the stock option at the date at which both the number of options granted and the exercise price are known.

In accordance with SFAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation is as follows:

	Thirteen Weeks Ended		Twenty Six Weeks Ended	
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
	May 1, 2004	May 3, 2003	May 1, 2004	May 3, 2003
Net income - as reported	\$ 956	\$ 128	\$ 2,196	\$ 477
Add:				
Stock-based employee compensation expense, determined under the intrinsic value method, included in reported net income, net of related tax effects	54	56	108	112
Deduct:				
Adjustment to total stock-based employee compensation expense determined under the fair value based method, net of related tax effects	(74)	(76)	(148)	(152)
Pro forma net income	\$ 936	108	2,156	\$ 437
Earnings per share:				
Basic, as reported	\$.97	\$.13	\$ 2.23	.48
Basic, pro forma	\$.95	\$.11	\$ 2.18	\$.44
Diluted, as reported	\$.93	\$.13	\$ 2.15	\$.47
Diluted, pro forma	\$.91	\$.11	\$ 2.11	\$.43

9

Note 4 Goodwill and Other Intangible Assets

The Company completed its annual impairment test prescribed by SFAS 142 and concluded that no impairment of goodwill existed as of November 2, 2003. The gross carrying amount and accumulated amortization of the Company's other intangible assets as of May 1, 2004 and November 1, 2003 are as follows:

May 1, 2004	November 1, 2003
-------------	------------------

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

	(In thousands)			
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized Intangible Assets				
Bargain Leases	\$3,918	\$ 3,092	\$3,918	\$ 3,040
Unamortized Intangible Assets				
Liquor Licenses	220	-	220	-
Total	\$4,138	\$ 3,092	\$4,138	\$ 3,040

Amortization expense recorded on the intangible assets for the thirteen weeks ended May 1, 2004 and May 3, 2003 was \$26,000 and \$53,000, respectively and was \$52,000 and \$105,000 for the twenty six weeks ended May 1, 2004 and May 3, 2003, respectively. The estimated amortization expense for the Company's other intangible assets for the current and four succeeding fiscal years is as follows:

Fiscal Year	(In thousands)
2004	\$106
2005	106
2006	106
2007	106
2008	106
Thereafter	348

Note 5 Long-term Debt

On January 30, 2004 the Company completed the financing for the purchase of \$1,100,000 of equipment for the expanded and renovated store location in East Brunswick, New Jersey. The note bears interest at 6.20% and is payable in monthly installments over its five year term.

As of April 15, 2004 the Third Amended and Restated Revolving Credit and Term Loan Agreement was amended to allow the Company to borrow under the revolving credit facility, on any Tuesday or Wednesday, up to \$5,000,000 in excess of the availability under the borrowing base limitation of 65% of eligible inventory as long as a like amount of cash and cash equivalents are on hand at store level or in transit to the Company's banks. This amount is reduced to \$4,000,000 on June 16, 2004 and \$3,000,000 on July 16, 2004 with the provision expiring on August 16, 2004. Additionally, the amendment realigned the annual limits on Adjusted Indebtedness, Indebtedness attributable to Capitalized Lease Obligations, Adjusted Capex and Store Project Capex to more closely follow the timing of the Company's new store and store remodeling program. The lending group also consented to the purchase of a store location from Wakefern for \$1,000,000.

10

Note 6 Employee Benefit Plans

The following tables summarize the components of the net periodic pension expense for the Company sponsored defined benefit pension plans (both funded and unfunded postretirement plans) for the 13 and 26 weeks ended May 1, 2004 and May 3, 2003 (in thousands):

Components of Net Periodic Benefit Cost:

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Pension Plans	13 Weeks Ended		26 Weeks Ended	
	May 1, 2004	May 3, 2003	May 1, 2004	May 3, 2003
Service cost	\$ 85	\$ 29	\$ 169	\$ 59
Interest cost	138	132	276	264
Expected return on plan assets	(118)	(97)	(235)	(194)
Settlement (gain) loss recognized	-	273	-	273
Amortization of prior service cost	11	12	22	24
Recognized net actuarial loss	99	98	198	196
Net periodic benefit cost	\$ 215	\$ 447	\$ 430	\$ 622

Other Postretirement Plan	13 Weeks Ended		26 Weeks Ended	
	May 1, 2004	May 3, 2003	May 1, 2004	May 3, 2003
Service cost	\$ 42	\$ 31	\$ 85	\$ 63
Interest cost	79	68	157	135
Amortization of prior service cost	19	6	40	11
Recognized net actuarial loss	51	34	102	69
Net periodic benefit cost	\$ 191	\$ 139	\$ 384	\$ 278

As previously disclosed in the Notes to the Consolidated Financial Statements in the Company's 2003 Annual Report on Form 10-K filed with the SEC on January 29, 2004, the Company's current funding policy for its qualified pension plans is to contribute annually the amount required by regulatory authorities to meet minimum funding requirements. The Company presently anticipates contributing approximately \$892,000 to its pension plans during fiscal 2004. This amount is based on preliminary information and the actual amount contributed will be determined based on the final actuarial calculations, plan asset performance, possible changes in law and other factors. The Company has contributed \$237,000 in the first 26 weeks of fiscal 2004, and anticipates contributing approximately \$655,000 more for expected future benefit payments during the remainder of fiscal 2004.

Since the Company's Other Post Retirement Plan is unfunded, the contributions to this plan are equal to the benefit payments made during the year. There were no benefit payments made during the twenty six weeks ended May 1, 2004.

Note 7 Commitments and Contingencies

The Company previously reported, in Item 3. Legal Proceedings and Note 14 of Notes to Consolidated Financial Statements in its Annual Report on Form 10-K for its fiscal year ended November 1, 2003, on the settlement of a shareholders derivative action commenced by Melvin Jules Bukiet et. al. (together the "Plaintiffs") against the Company, as nominal defendant, and against all five

11

members of the Board of Directors, Joseph J. Saker, Richard J. Saker, Charles T. Parton, Albert A. Zager and Robert H. Hutchins (together, the "Defendants"), in their capacities as directors and/or officers of the Company. The Plaintiffs' have applied for an award of legal fees of \$975,000 in connection with the

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

settlement of the derivative action. We believe that the amount of the award of attorneys fees sought by the Plaintiffs is unreasonable based upon the outcome of the litigation, and are vigorously contesting the Plaintiffs' fee application. The Company's directors and officers liability insurance carrier has reserved its rights under the Company's directors and officers liability insurance policy with respect to the claims made in the derivative action, including claims for the Plaintiffs' attorneys' fees and costs of the defense, and has preliminarily advised us that certain of the claims made in the derivative action and related legal expenses are not, in the insurance carrier's view, covered by the policy. The Company is awaiting the Court's decision on the application for legal fees. It is not possible, at this juncture, to predict the amount of fees that may be awarded or whether or to what extent any such fees and the Company's legal expenses for defending the derivative action will be covered by its directors and officers liability insurance policy. The Company has not accrued in its financial statements for legal fees and expenses which may be incurred in connection with this legal proceeding. Net income and EBITDA in fiscal 2004 may be adversely affected to the extent that the Company's defense costs and any legal fees that may be awarded are not covered by directors and officers liability insurance.

Part I - Item 2 Management's Discussion and Analysis of Financial Condition and

Results of Operations

Critical Accounting Policies and Estimates

Critical accounting policies are those accounting policies that management believes are important to the portrayal of the Company's financial condition and results and 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. The Company's critical accounting policies relating to the impairment of goodwill, patronage dividends earned as a stockholder of Wakefern, pension plans and workers' compensation insurance are described in the Company's Annual Report on Form 10-K for the year ended November 1, 2003. As of May 1, 2004 there have been no material changes to any of the critical accounting policies contained therein.

Financial Condition and Liquidity

The Company is a party to a Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Credit Agreement") with four financial institutions. The Credit Agreement is secured by substantially all of the Company's assets and provided for a total commitment of up to \$80,000,000, including a revolving credit facility (the "Revolving Note") of up to \$35,000,000, a term loan ("the Term Loan") in the amount of \$25,000,000 and a capital expenditures facility (the "Capex Facility") of up to \$20,000,000. As of May 1, 2004 the Company owed \$17,500,000 on the Term Loan and \$16,763,723 under the Capex Facility.

As of April 15, 2004 the Credit Agreement was amended to allow the Company to borrow under the revolving credit facility, on any Tuesday or Wednesday, up to \$5,000,000 in excess of the availability under the borrowing base limitation of 65% of eligible inventory as long as a like amount of cash and cash equivalents

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

are on hand at store level or in transit to the Company's banks. This amount is reduced to \$4,000,000 on June 16, 2004 and \$3,000,000 on July 16, 2004 with the provision expiring on August 16, 2004. Additionally, the amendment realigned the

12

annual limits on Adjusted Indebtedness, Indebtedness attributable to Capitalized Lease Obligations, Adjusted Capex and Store Project Capex to more closely follow the timing of the Company's new store and store remodeling program. The lending group also consented to the purchase of a store location from Wakefern for \$1,000,000.

The Company's compliance with the major financial covenants under the Credit Agreement was as follows as of May 1, 2004:

Financial Covenant	Credit Agreement	Actual (As defined in the Credit Agreement)
Adjusted EBITDA (1)	Greater than \$24,000,000	\$ 27,762,000
Leverage Ratio (1) (2)	Less than 3.0 to 1.00	2.40 to 1.00
Debt Service Coverage Ratio (3)	Greater than 1.10 to 1.00	2.13 to 1.00
Adjusted Capex (4)	Less than \$2,595,000 (5)	\$ 1,611,000 (6)
Store Project Capex	Less than \$24,500,000 (5)	\$ 18,009,000 (6)

- (1) Excludes obligations under capitalized leases, interest expense and depreciation expense attributable to capitalized leases and changes in the LIFO reserve.
- (2) The Leverage Ratio is calculated by dividing the current and non-current portions of Long-Term Debt and Long-Term Debt Related Party by Adjusted EBITDA.
- (3) The Debt Service Coverage Ratio is calculated by dividing Operating Cash Flow by the sum of adjusted net interest expense, which excludes interest on capitalized leases, the current provision for income taxes and regularly scheduled principal payments, which exclude principal payments on capitalized leases. Operating Cash Flow is calculated by subtracting amounts expended for property and equipment which are not used for projects in excess of \$500,000 (\$1,144,000 for the twenty six weeks ended May 1, 2004) from Adjusted EBITDA.
- (4) Adjusted Capex is all capital expenditures other than Store Project Capex.
- (5) Represents limitations on capital expenditures for fiscal 2004.
- (6) Represents capital expenditures for fiscal 2004.

No cash dividends have been paid on the Common Stock since 1979, and the Company has no present intentions or ability to pay any dividends in the near future on its Common Stock. The Credit Agreement does not permit the payment of any cash dividends on our Common Stock.

Working Capital

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

 At May 1, 2004, the Company had a working capital deficiency of \$5,873,000 compared to working capital of \$3,959,000 at November 1, 2003 and \$2,030,000 at May 3, 2003. Since the end of fiscal 2003, working capital declined and a deficiency was created as a result of the collection of related party receivables from Wakefern related to the fiscal 2003 patronage dividend and the increase in accounts payable to others resulting from the cost of construction and equipment for the new locations opened in April and May 2004. Funds used to pay these accounts payable will come from the revolving credit facility thereby increasing the Revolving Note which is classified as long-term borrowings. This will result in a corresponding increase in working capital.

During fiscal year 2002, the Business Tax Reform Act was passed in the State

13

of New Jersey. This legislation is effective for tax years beginning on or after January 1, 2002 (fiscal 2003). Corporate taxpayers are subject to an Alternative Minimum Assessment ("AMA"), which is based upon either New Jersey Gross Receipts or New Jersey Gross Profits, if the AMA exceeds the tax based on net income. We have included in our current tax provision the effect of the AMA. The AMA increased our cumulative State current tax liability, net of Federal tax benefit, by \$1,873,000. This liability was funded prior to May 1, 2004. Additionally, in March 2002 and May 2003 The Job Creation and Worker Assistance Act of 2002 and The Jobs and Growth Tax Relief Reconciliation Act of 2003 ("Tax Acts") were passed by the United States Congress. The accumulated Federal tax benefit for accelerated depreciation resulting from the Tax Acts is approximately \$3,266,000 for fiscal 2003 and the first six months of fiscal 2004 and is reflected in our prepaid and refundable income taxes.

The Company normally requires small amounts of working capital since inventory is generally sold at approximately the same time that payments to Wakefern and other suppliers are due and most sales are for cash or cash equivalents.

Working capital ratios were as follows:

May 1, 2004	.93 to 1.0
November 1, 2003	1.05 to 1.0
May 3, 2003	1.03 to 1.0

Cash flows (in millions) were as follows:

	Twenty Six Weeks Ended	
	May 1, 2004	May 3, 2003
Operating activities	\$ 20.9	\$ 4.8
Investing activities	(19.5)	(17.6)
Financing activities	(2.3)	12.9
	-----	-----
Totals	\$ (.9)	\$.1
	=====	=====

The Company had \$7,740,000 of available credit, at May 1, 2004, under its revolving credit facility. The Company has capital commitments (net of landlord contributions of \$8,019,000) of \$2,023,000 for leasehold improvements and \$2,420,000 for equipment related to two stores which were under construction, one of which opened on April 28, 2004 and the other on May 19, 2004. One of these stores is a replacement store and one is a new store. Both of these projects are in central New Jersey and are World Class stores. The amounts available under the Credit Agreement will adequately meet our operating needs,

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

scheduled capital expenditures and debt service for fiscal 2004.

For the 26 weeks ended May 1, 2004, depreciation was \$9,566,000 while capital expenditures, excluding capitalized leases, totaled \$19,620,000, compared to \$8,121,000 and \$19,034,000, respectively, in the prior year period. The increase in depreciation was the result of a full twenty six weeks of depreciation for the equipment and leasehold improvements for the four new locations opened in fiscal 2003, the new bakery facility and the expansion and remodeling of the East Brunswick store substantially completed in the quarter ended January 31, 2004 and the new location opened in April 2004, as well as seven additional capitalized real estate leases. Capital expenditures in the first six months of fiscal 2004, consisting of the acquisition of equipment and leasehold improvements for the two locations opened in April and May 2004 and the East Brunswick store, increased slightly as compared to capital expenditures in the first six months of fiscal 2003 when two new locations opened and the bakery commissary and two additional stores were under construction.

14

The table below summarizes our contractual obligations at May 1, 2004, and the effect such obligations are expected to have on liquidity and cash flow in future periods.

		Payments Due By Period			
		Less Than	2-3	4-5	After 5
Contractual Obligations	Total	1 Year	Years	Years	Years

(Dollars In Thousands)					
Long-term debt	\$ 62,385	\$ 7,864	\$17,105	\$ 37,416	\$ -
Related party debt	4,186	915	1,735	1,165	371
Capital lease obligations	325,837	14,451	29,656	29,319	252,411
Operating leases	66,491	10,144	17,403	13,162	25,782
Purchase obligations - leaseholds and equipment	4,443	4,443	-	-	-
Lease commitments - stores under construction (1)	31,525	199	2,884	2,884	25,558
	-----	-----	-----	-----	-----
Total	\$ 494,867	\$38,016	\$68,783	\$ 83,946	\$304,122
	=====	=====	=====	=====	=====

(1) Represents contractual obligations which we expect to satisfy in the periods presented based upon the actual openings of stores in fiscal 2004

Results of Operations (13 weeks ended May 1, 2004 compared to 13 weeks ended

May 3, 2003)

Sales:

Sales for the current period totaled \$279.0 million as compared to \$254.6 million in the prior year period. This represents an increase of 9.6 %. Sales for the current quarter included the operations of the new locations opened in May 2003, October 2003 and April 2004 in North Brunswick, Hamilton and

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Lawrenceville, New Jersey, respectfully. The location in North Brunswick replaced an older, smaller store.

Same store sales from the twenty two stores in operation in both periods increased 2.7%. This increase in comparable store sales was partially offset by decreased sales in certain of the Company's stores affected by competitive store openings and the impact from the opening of several of our new locations.

Gross Profit:

Gross profit as a percent of sales increased to 26.7% of sales compared to 26.2% in the prior year period. Patronage dividends, applied as a reduction of the cost of merchandise sold, were \$2.3 million in the current period compared to \$1.8 million in the prior year period. The improvement in gross profit was the result of improved product mix, the contribution of the new locations opened in fiscal 2003, increased patronage dividends and a reduction in Wakefern assessment as a percentage of sales. These increases were partially offset by programs implemented in certain of the Company's stores to address competitive store openings.

15

Operating Expenses:

Selling, general and administrative expenses as a percent of sales were 24.7% versus 24.9% in the prior year period. The decrease in selling, general and administrative expenses as a percent of sales was primarily due to decreases in certain expense categories as a percentage of sales. As a percentage of sales, labor and related fringe benefits decreased .14%, administrative expense decreased .34% and supply expense decreased .04%. These decreases were partially offset by increases in occupancy expense of .14%, depreciation, including depreciation on capitalized leases, of .07%, selling expense of .06% and pre-opening costs of .12%. The decrease in labor and related fringe benefits resulted from the addition of personnel for new stores opened in the prior year period, partially offset by contractual increases in fringe benefits. The decrease in administrative expense was primarily the result of an increase in the reserve for closed store expense in the prior year period, a decrease in certain fringe benefit costs for administrative personnel and the decrease of other administrative costs as a percentage of sales. The increase in occupancy was related to increased cost of utilities and snow removal. Pre-opening costs were for the new Lawrenceville, New Jersey store opened on April 28, 2004 and the new Aberdeen, New Jersey store opened May 19, 2004.

Interest Expense:

Interest expense increased to \$3,854,000 from \$3,010,000, while interest income was \$37,000 compared to \$40,000 for the prior period. The increase in interest expense for the current year period was due to an increase in average outstanding debt, including increased capitalized lease obligations, and an increase in the average interest rate paid on debt.

Income Taxes:

An income tax rate of 38% has been used in the current period as compared to 40% in the prior year period. The tax rate used is based on the expected effective tax rates.

Net Income:

Net income was \$956,000 in the current year period compared to \$128,000 in the prior year period. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the current period were \$10,341,000 as compared to

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

\$7,570,000 in the prior year period. Net income per common share on a diluted basis was \$.93 in the current period compared to \$.13 in the prior year period. Per share calculations are based on 1,026,595 shares outstanding in the current year period and 1,011,948 shares outstanding in the prior year period.

EBITDA is presented because management believes that EBITDA is a useful supplement to net income and other measurements under accounting principles generally accepted in the United States since it is a meaningful measure of a company's performance and ability to meet its future debt service requirements, fund capital expenditures and meet working capital requirements. EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States and should not be considered as an alternative to (i) net income (or any other measure of performance under generally accepted accounting principles) as a measure of performance or (ii) cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. The following table reconciles reported net income to EBITDA:

16

	Thirteen Weeks Ended	
	May 1, 2004	May 3, 2003
Net income	\$ 956,000	\$ 128,000
Add:		
Interest expense, net	3,817,000	2,970,000
Income tax provision	587,000	85,000
Depreciation	4,881,000	4,289,000
Amortization	100,000	98,000
	\$ 10,341,000	\$ 7,570,000
EBITDA	\$ 10,341,000	\$ 7,570,000

Results of Operations (26 weeks ended May 1, 2004 compared to 26 weeks ended
----- May 3, 2003)

Sales:

Sales for the current twenty six week period totaled \$573.8 million as compared to \$511.7 million in the prior year period. This represents an increase of 12.1%. Sales for the current twenty six week period included the operations of five new locations opened in December 2002, January 2003, May 2003, October 2003 and April 2004 in Woodbridge, Ewing, North Brunswick, Hamilton and Lawrenceville New Jersey, respectfully. The locations in Woodbridge and North Brunswick replaced older, smaller stores.

Same store sales from the twenty stores in operation in both periods increased 3.0%. This increase in comparable store sales was partially offset by decreased sales in certain of the Company's stores affected by competitive store openings and the impact from the opening of several of our new locations.

Gross Profit:

Gross profit as a percent of sales increased to 26.4% of sales compared to 25.7% in the prior year period. Patronage dividends, applied as a reduction of the cost of merchandise sold, were \$4.7 million in the current period compared to \$3.7 million in the prior year period. The improvement in gross profit was the result of improved product mix, the contribution of the new locations opened in fiscal 2003, increased patronage dividends and a reduction in Wakefern

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

assessment as a percentage of sales. This increase was offset in part by the costs associated with programs implemented in certain of the Company's stores to address competitive store openings.

Operating Expenses:

Selling, general and administrative expenses as a percent of sales were 24.5% in both the current and prior year periods. Increases in certain selling, general and administrative expenses as a percent of sales in the current year period were offset by decreases in other expense categories as a percentage of sales. As a percentage of sales, administrative expense decreased .12% and pre-opening costs decreased .09%. These decreases were offset by increases in selling expense of .09% and depreciation, including depreciation on capitalized leases, of .08%,. The decrease in administrative expense was the result of the decrease of administrative costs as a percentage of sales and an increase in the reserve for closed store expense in the prior year period. Pre-opening costs were for the Lawrenceville store opened in April 2004 and some costs for the Aberdeen store opened in May 2004 as compared to three locations opened in fiscal 2003.

17

Interest Expense:

Interest expense increased to \$7,638,000 from \$5,331,000, while interest income was \$64,000 compared to \$77,000 for the prior year period. The increase in interest expense for the current year period was due to an increase in average outstanding debt, including increased capitalized lease obligations, and an increase in the average interest rate paid on debt.

Income Taxes:

An income tax rate of 38% has been used in the current period as compared to 40% in the prior year period. The tax rate used is based on the expected effective tax rates.

Net Income:

Net income was \$2,196,000 in the current year period compared to \$477,000 in the prior year period. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the current period were \$20,910,000 as compared to \$14,356,000 in the prior year period. Net income per common share on a diluted basis was \$2.15 in the current period compared to \$.47 in the prior year period. Per share calculations are based on 1,020,607 shares outstanding in the current period and 1,014,500 shares outstanding in the prior year period.

EBITDA is presented because management believes that EBITDA is a useful supplement to net income and other measurements under accounting principles generally accepted in the United States since it is a meaningful measure of a company's performance and ability to meet its future debt service requirements, fund capital expenditures and meet working capital requirements. EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States and should not be considered as an alternative to (i) net income (or any other measure of performance under generally accepted accounting principles) as a measure of performance or (ii) cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. The following table reconciles reported net income to EBITDA:

Twenty Six Weeks Ended	

May 1, 2004	May 3, 2003
-----	-----

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Net income	\$ 2,196,000	\$ 477,000
Add:		
Interest expense, net	7,574,000	5,254,000
Income tax provision	1,347,000	318,000
Depreciation	9,566,000	8,121,000
Amortization	227,000	186,000
	-----	-----
 EBITDA	 \$20,910,000	 \$14,356,000
	=====	=====

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Except for indebtedness under the Credit Agreement which is variable rate financing, the balance of our indebtedness is fixed rate financing. We believe that our exposure to market risk relating to interest rate risk is not material. The Company believes that its business operations are not exposed to market risk relating to foreign currency exchange risk, commodity price risk or equity price risk.

18

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, as of the end of the period covered by this quarterly report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer along with the Company's Chief Financial Officer, who concluded that the Company's disclosure controls and procedures are effective. The Company's Vice President - Internal Audit and Principal Accounting Officer also participated in this evaluation. During the Company's last fiscal quarter, there has been no significant change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 10.32 Amendment No.4 to the Amended and Restated Revolving Credit and Term Loan Agreement

Exhibit 31.1 Section 302 Certification of Chief Executive Officer

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

- Exhibit 31.2 Section 302 Certification of Chief Financial Officer
- Exhibit 32.1 Certification of Chief Executive Officer pursuant to
18 U.S.C. Section 1350
- Exhibit 32.2 Certification of Chief Financial Officer pursuant to
18 U.S.C. Section 1350

(b) Reports on Form 8-K:

On March 15, 2004, the Company filed a current report on Form 8-K with the SEC, pursuant to Item 12 thereof, reporting the Company's consolidated financial results for its first quarter ended January 31, 2004.

On April 21, 2004, the Company filed a current report on Form 8-K with the SEC, pursuant to Item 5 thereof, reporting that the Board of Directors of the Company unanimously adopted and approved Amended and Restated By-Laws.

19

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.

FOODARAMA SUPERMARKETS, INC.

(Registrant)

Date: June 14, 2004

/S/ MICHAEL SHAPIRO

(Signature)

Michael Shapiro
Senior Vice President
Chief Financial Officer

Date: June 14, 2004

/S/ THOMAS H. FLYNN

(Signature)

Thomas H. Flynn
Director of Accounting
Principal Accounting Officer

20

EXHIBIT 10.32

CONSENT AND AMENDMENT NO. 4
TO
THIRD AMENDED AND RESTATED CREDIT AND TERM LOAN AGREEMENT

THIS CONSENT AND AMENDMENT NO. 4 (this "Amendment") is entered into as of April 15, 2004 by and among NEW LINDEN PRICE RITE, INC., a New Jersey corporation ("New Linden"), FOODARAMA SUPERMARKETS, INC., a New Jersey corporation ("Parent" and, together with New Linden, each a "Borrower" and collectively, the "Borrowers"), the Guarantors signatory hereto, the lenders set forth on the signature pages hereto (such lenders with their respective permitted successors and assigns, each a "Lender" and collectively, the "Lenders") and GMAC COMMERCIAL FINANCE LLC (successor by merger to GMAC Business Credit, LLC) as agent for Lenders (in such capacity together with any successor thereto in such capacity, the "Agent").

BACKGROUND

Borrowers, Guarantors, Agent and Lenders are parties to a Third Amended and Restated Revolving Credit and Term Loan Agreement dated as of September 26, 2002 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") pursuant to which Agent and Lenders provide Borrowers with certain financial accommodations.

Borrowers have advised Agent and Lenders of Borrowers' intent to receive an assignment from Wakefern of its rights as lessee under its current lease for certain premises located at 622 Route 206, Bordentown, New Jersey 08565 (the "Assignment") and to purchase certain pharmaceutical prescriptions and equipment located at such premises from Wakefern for an aggregate cash amount of not greater than \$1,000,000 (the "Purchase").

Borrowers have requested that Agent and Lenders consent to the Purchase and make certain amendments to the Loan Agreement, and Agent and Lenders are willing to do so on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of any loan or advance or grant of credit heretofore or hereafter made to or for the account of Borrowers by Agent and Lenders, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

Consent. Subject to satisfaction of the conditions precedent set forth in Section 4 below, Agent and Lenders consent to the Assignment and the Purchase, provided that the Assignment and the Purchase shall each be effectuated on terms and conditions, and pursuant to documentation, satisfactory in form and substance to Agent and its counsel.

Amendment to Loan Agreement. Subject to satisfaction of the conditions precedent set forth in Section 4 below, the Loan Agreement is hereby amended as follows:

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

Section I of the Loan Agreement is amended by adding the following defined terms in their appropriate alphabetical order to provide as follows:

"Amendment No. 4" shall mean Amendment No. 4 to this Agreement dated as of April 15, 2004 by and among the Borrowers, Guarantors, Agent and Lenders.

"Amendment No. 4 Effective Date" shall mean April 15, 2004.

"Amendment No. 4 Fee" shall mean a \$50,000 fee payable in immediately available funds by Borrowers to Agent, for the ratable benefit of Lenders, as consideration for entering into Amendment No. 4, which shall be deemed earned in full by Agent and Lenders on the Amendment No. 4 Effective Date.

21

Section I of the Loan Agreement is amended by amending the following defined term in its entirety to provide as follows:

"In-Transit Cash Borrowing Base Inclusion" shall mean an amount equal to (a) on each Tuesday and Wednesday during the period beginning on April 15, 2004 and ending on June 15, 2004, the lesser of (i) \$5,000,000 and (ii) Cash on Hand of Borrowers, (b) on each Tuesday and Wednesday during the period beginning on June 16, 2004 and ending on July 15, 2004, the lesser of (i) \$4,000,000 and (ii) Cash on Hand of Borrowers, (c) on each Tuesday and Wednesday during the period beginning on July 16, 2004 and ending on August 15, 2004, the lesser of (i) \$3,000,000 and (ii) Cash on Hand of Borrowers and (d) at all other times, \$0.

Section 7.03 of the Loan Agreement is amended in its entirety to provide as follows:

"SECTION 7.03. Indebtedness. Incur, create, assume or permit to exist any Indebtedness other than

(i) Indebtedness secured by Liens permitted under Section 7.01; provided, however, that

(x) Adjusted Indebtedness shall not exceed the sum of

(1) Adjusted Indebtedness for the acquisition of equipment at a single New/Replacement Store Project (the "Alternative Capex Financing") incurred at any time during the Capital Expenditure Facility Availability Period; provided, however, that (a) the Alternative Capex Financing shall be limited to the lesser of \$4,000,000 and the unused principal amount of the Total Capital Expenditure Facility Commitment; (b) such Alternative Capex Financing shall be incurred pursuant to documents reasonably satisfactory to Agent; (c) no portion of such Alternative Capex Financing shall be guaranteed by Wakefern; (d) the Agent shall be notified in writing prior to the incurrence of any such Alternative Capex Financing, which notice shall designate such borrowing as the "Alternative Capex Financing" and indicate the date on which such borrowing shall occur; (e) the Borrowers shall be permitted to incur only one borrowing with the Alternative Capex Financing; and (f) simultaneously with the incurrence of such Alternative Capex Financing, the Total Capital Expenditure Facility Commitment shall be immediately and permanently reduced by \$4,000,000 and

(2) (a) \$550,000 in new Adjusted Indebtedness incurred during Fiscal Year 1999; (b) \$1,250,000 in new Adjusted Indebtedness incurred during Fiscal Year 2000; (c) \$250,000 in new Adjusted Indebtedness incurred during Fiscal

Year 2001; (d) \$0 in new Adjusted Indebtedness incurred during Fiscal Year 2002 (provided, however, that such Indebtedness shall be incurred in connection with no more than two store locations and the amount of Indebtedness incurred with respect to each individual store shall not exceed \$4,000,000); (e) \$7,000,000 in new Adjusted Indebtedness incurred during Fiscal Year 2003; (f) \$1,100,000 in new Adjusted Indebtedness incurred during Fiscal Year 2004; (g) \$19,000,000 in new Adjusted Indebtedness incurred during Fiscal Year 2005; (h) \$4,000,000 in new Adjusted Indebtedness incurred during Fiscal Year 2006; and (i) \$8,000,000 in new Adjusted Indebtedness incurred during Fiscal Year 2007, in each case for the Parent and its Subsidiaries, and provided, further, that to the extent the full amount of permitted Indebtedness as set forth in clauses (a) through (i) above is not incurred in any particular Fiscal Year, such unused amount may be "carried over" and utilized in the immediately succeeding Fiscal Year only (but not in any subsequent Fiscal Year), provided, however, that any Indebtedness incurred in such immediately

22

succeeding Fiscal Year shall first be applied to the reduction of the regularly scheduled amount of permitted Indebtedness as set forth in the foregoing clauses (a) through (i), as the case may be and secondly to any such carryover amount; and provided, further, that the Adjusted Indebtedness described in the foregoing clause (2) shall be incurred pursuant to documents reasonably satisfactory to Agent and

(y) Indebtedness attributable to Capitalized Lease Obligations in connection with real estate leases shall not exceed an aggregate amount of (a) \$5,865,000 in new Indebtedness incurred during Fiscal Year 1999; (b) \$21,691,000 in new Indebtedness incurred during Fiscal Year 2000; (c) \$0 in new Indebtedness incurred during Fiscal Year 2001; (d) \$9,958,000 in new Indebtedness incurred during Fiscal Year 2002; (e) \$67,523,000 in new Indebtedness incurred during Fiscal Year 2003; (f) \$34,949,000 in new Indebtedness incurred during Fiscal Year 2004; (g) \$53,205,000 in new Indebtedness incurred during Fiscal Year 2005; (h) \$10,570,000 in new Indebtedness incurred during Fiscal Year 2006 and (i) \$21,139,000 in new Indebtedness incurred during Fiscal Year 2007, in each case for the Parent and its Subsidiaries and provided, further, that to the extent the full amount of permitted Indebtedness as set forth in clauses (a) through (i) above is not incurred in any particular Fiscal Year, such unused amount may be "carried over" and utilized in the immediately succeeding Fiscal Year only (but not in any subsequent Fiscal Year), provided, however, that any Indebtedness incurred in such immediately succeeding Fiscal Year shall first be applied to the reduction of the regularly scheduled amount of permitted Indebtedness as set forth in the foregoing clauses (a) through (i), as the case may be and secondly to any such carryover amount,

(ii) Indebtedness (including, without limitation, Guarantees) existing on the date hereof and listed in Schedule 7.03 annexed hereto, but not the increase, extension, renewal or refunding thereof if, pursuant to such increase, extension, renewal or refunding, (x) the amount of the relevant Indebtedness is increased, (y) the terms thereof and the related interest rate do not fairly reflect market conditions for companies in businesses and with credit standing similar

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

to the Parent or (z) such Indebtedness is more senior in rank than that being so extended, renewed or refunded,

(iii) Indebtedness incurred hereunder and under the other Loan Documents,

(iv) Indebtedness of the Parent to Wakefern and affiliates of Wakefern required to be incurred under the Wakefern Shareholder Agreement, the Certificate of Incorporation of Wakefern and/or the bylaws of Wakefern,

(v) Guarantees constituting the endorsement of negotiable instruments for deposit or collection in the ordinary course of business,

(vi) Guarantees of the Obligations,

(vii) Subordinated Indebtedness, but not the increase, extension, renewal or refunding thereof except as consented to by Agent in writing,

(viii) Indebtedness to banks with whom Borrowers regularly bank with respect to uncollected funds in accordance with past practices;

(ix) Intercompany Indebtedness to the extent permitted under Section 7.06 and

(x) Indebtedness of Borrowers as a result of Borrowers' acquisition of certain equipment required by Wakefern, the amount of which shall be satisfactory to Agent in its reasonable discretion and Agent shall not unreasonably withhold its consent to such financing."

23

Section 7.10 of the Loan Agreement is amended in its entirety to provide as follows:

"SECTION 7.10. Capital Expenditures. Contract for, purchase or make any expenditure or commitments for

(a) Adjusted Capex in any Fiscal Year in an aggregate amount in excess of the following amounts for the Parent and its Subsidiaries on a Consolidated basis:

Fiscal Year	Adjusted Capex
Fiscal Year 2000	\$7,446,000
Fiscal Year 2001	\$12,039,000
Fiscal Year 2002	\$7,800,000
Fiscal Year 2003	\$5,740,000
Fiscal Year 2004	\$2,595,000
Fiscal Year 2005	\$6,500,000
Fiscal Year 2006 and each Fiscal Year thereafter	\$6,900,000

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

(b) Capital Expenditures relating to New/Replacement Store Projects (excluding Capital Expenditures for real estate assets acquired pursuant to Capitalized Lease Obligations, hereinafter referred to as "Store Project Capex") in any Fiscal Year in an aggregate amount in excess of the following amounts for the Parent and its Subsidiaries on a Consolidated basis:

Fiscal Year	Store Project Capex
Fiscal Year 2000	\$9,303,922
Fiscal Year 2001	\$5,008,000
Fiscal Year 2002	\$24,000,000
Fiscal Year 2003	\$23,175,000
Fiscal Year 2004	\$24,500,000
Fiscal Year 2005	\$26,018,000
Fiscal Year 2006	\$14,000,000
Fiscal Year 2007 and each Fiscal Year thereafter	\$7,000,000

provided, however, that to the extent the full amount of permitted Store Project Capex is not utilized in any particular Fiscal Year, such unused amount may be "carried over" and utilized in the immediately succeeding Fiscal Year only (but not in any subsequent Fiscal Year), provided, further, that any such Store Project Capex utilized in such immediately succeeding Fiscal Year shall first be applied to the reduction of the amount of permitted Store Project Capex for the fiscal year in which such Store Project Capex is made and secondly to any such carryover amount."

24

Schedule 4.06(a) to the Loan Agreement is amended in its entirety and replaced with Schedule 4.06(a) hereto.

Conditions of Effectiveness. This Amendment shall become effective upon the receipt by Agent and Lenders of (a) five (5) originals of this Amendment, duly executed by each Borrower and consented to by each Guarantor, (b) the Amendment No. 4 Fee, which may be charged to Borrowers' account and (c) such other certificates, instruments, documents, agreements and opinions of counsel as may be required by Agent or its counsel, each of which shall be in form and substance satisfactory to Agent and its counsel.

Representations and Warranties. Each Borrower and Guarantor hereby represents and warrants as follows:

This Amendment and the Loan Agreement, as amended hereby, constitute the legal, valid and binding obligations of Borrowers and Guarantors and are enforceable against Borrowers and Guarantors in accordance with their respective terms.

Upon the effectiveness of this Amendment, each Borrower and Guarantor hereby reaffirms all covenants, representations and warranties made in the Loan Agreement to the extent the same are not amended hereby and agrees that all such

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment.

After giving effect to this Amendment, no Event of Default or Default has occurred (other than the Designated Defaults, as defined in each of Consent, Waiver and Amendment No. 2 to Loan Agreement dated January 21, 2003 and that certain waiver letter agreement dated January 15, 2004, each among Agent, Lenders, Borrowers and Guarantors) and is continuing or would exist.

No Borrower or Guarantor has any defense, counterclaim or offset with respect to the Loan Agreement.

Effect on the Loan Agreement.

Upon the effectiveness of Section 3 hereof, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

Except as specifically amended herein, the Loan Agreement, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Agent or Lenders, nor constitute a waiver of any provision of the Loan Agreement, or any other documents, instruments or agreements executed and/or delivered under or in connection therewith.

Governing Law. This Amendment shall be binding upon and inure to the benefit of

the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of New York.

Headings. Section headings in this Amendment are included herein for convenience

of reference only and shall not constitute a part of this Amendment for any other purpose.

Counterparts; Facsimile. This Amendment may be executed by the parties hereto in

one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

25

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

26

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

NEW LINDEN PRICE RITE, INC.,
as Borrower and as Guarantor

By:

Name:
Title:

FOODARAMA SUPERMARKETS, INC.,
as Borrower and as Guarantor

By: _____

Name:
Title:

GMAC COMMERCIAL FINANCE LLC
(successor by merger to GMAC Business Credit
, LLC), as Agent

By: _____

Name:
Title:

GMAC COMMERCIAL FINANCE LLC
(successor by merger to GMAC Business
Credit, LLC), as Lender

By: _____

Name:
Title:

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

27

[CONTINUED SIGNATURES TO AMENDMENT NO. 4]

THE BANK OF NEW YORK,
as Lender

By: _____

Name:
Title:

CITIZENS BUSINESS CREDIT COMPANY,
as Lender

By: _____

Name:
Title:

NATIONAL CONSUMER COOPERATIVE BANK

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

(d/b/a National Cooperative Bank), as Lender

By: _____
Name:
Title:

CONSENTED AND AGREED TO:

SHOP RITE OF READING, INC.,
as Guarantor

By: _____
Name:
Title:

SHOP RITE OF MALVERNE, INC.,
as Guarantor

By: _____
Name:
Title:

28

Schedule 4.06(a)

Litigation

Litigation schedule intentionally left blank.

32

EXHIBIT 31.1

CERTIFICATION

I, Richard J. Saker, certify that:

1. I have reviewed this report on Form 10-Q of Foodarama Supermarkets, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 11, 2004

/s/ RICHARD J. SAKER

(Signature)

Richard J. Saker

Chief Executive Officer

33

EXHIBIT 31.2

CERTIFICATION

I, Michael Shapiro, certify that:

1. I have reviewed this report on Form 10-Q of Foodarama Supermarkets, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 11, 2004

/s/ MICHAEL SHAPIRO

(Signature)

Michael Shapiro

Chief Financial Officer

Edgar Filing: FOODARAMA SUPERMARKETS INC - Form 10-Q

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Foodarama Supermarkets, Inc. (the "Company") on Form 10-Q for the period ended May 1, 2004 (the "Report"), I, Richard J. Saker, Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C.ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of ss.13(a) or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C.ss.78m(a) or 78o(d), and,
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 11, 2004

/s/ RICHARD J. SAKER

(Signature)

Richard J. Saker
Chief Executive Officer

35

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Foodarama Supermarkets, Inc. (the "Company") on Form 10-Q for the period ended May 1, 2004 (the "Report"), I, Michael Shapiro, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C.ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of ss.13(a) or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C.ss.78m(a) or 78o(d), and,
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 11, 2004

/s/ MICHAEL SHAPIRO

(Signature)

Michael Shapiro
Chief Financial Officer

