VILLAGE SUPER MARKET INC
Form DEF 14A
October 31, 2007

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SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]
Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))

þ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to Section 240.14a-12

Village Super Market, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

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VILLAGE SUPER MARKET, INC.

733 Mountain Avenue

Springfield, New Jersey 07081

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

December 7, 2007

The Annual Meeting of the shareholders of Village Super Market, Inc. will be held at the offices of the Company, 733 Mountain Avenue, Springfield, New Jersey 07081 on Friday, December 7, 2007 at 10:00 A.M. for the following purposes:

(1) To elect eight directors for the ensuing year;

(2) To ratify the appointment of KPMG LLP as our independent registered public accounting firm (independent auditors) for the 2008 fiscal year; and

(3) To transact any other business which may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on October 5, 2007 as the record date for the determination of the shareholders entitled to notice of and to vote at the meeting and any adjournment thereof.

By order of the Board of Directors,

Robert Sumas,
Secretary

November 2, 2007

VILLAGE SUPER MARKET, INC.
733 Mountain Avenue
Springfield, New Jersey 07081

PROXY STATEMENT

December 7, 2007

Annual Meeting of Shareholders

This Proxy Statement and the accompanying form of proxy are being mailed to shareholders of Village Super Market, Inc. (the Company) in connection with the solicitation by and on behalf of the Board of Directors of the Company (the Board) of proxies to be voted at the Annual Meeting of Shareholders (the Annual Meeting) to be held at the offices of the Company, 733 Mountain Avenue, Springfield, New Jersey on December 7, 2007 at 10:00 a.m. and at all postponements or adjournments thereof.

At the close of business on October 5, 2007, the Company had outstanding and entitled to vote 3,323,886 shares of Class A common stock, no par value (Class A Stock), and 3,188,152 shares of Class B common stock, no par value (Class B Stock). The holders of the outstanding shares of Class A Stock are entitled to one vote per share and the holders of Class B Stock are entitled to ten votes per share. Shareholders of record at the close of business on October 5, 2007 are entitled to vote at this meeting.

All shares of Common Stock represented by properly executed proxies will be voted at the Annual Meeting, unless such proxies previously have been revoked. Unless the proxies indicate otherwise, the shares of Common Stock represented by such proxies will be voted for the election of the Board of Directors nominees for directors and to ratify the selection of KPMG LLP as independent auditors. Management does not know of any other matter to be brought before the Annual Meeting.

Directors are elected by a plurality of the number of votes cast. With respect to each other matter to be voted upon, a vote of a majority of the number of votes cast is required for approval. Abstentions and proxies submitted by brokers with a not voted direction will not be counted as votes cast with respect to each matter.

The Company s address is 733 Mountain Avenue, Springfield, New Jersey and its telephone number is (973) 467-2200. This notice, proxy statement and enclosed form of proxy are being mailed to shareholders on or about November 2, 2007.

Any shareholder who executes and delivers a proxy may revoke it at any time prior to its use by: (a) delivering written notice of such revocation to the Secretary of the Company at its office; (b) delivering to the Secretary of the Company a duly executed proxy bearing a later date; or (c) appearing at the Meeting and requesting the return of his or her proxy.

YOU ARE REQUESTED TO COMPLETE AND SIGN THE ACCOMPANYING PROXY AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED FOR THAT PURPOSE.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of the Company s capital stock by: (i) persons known by the Company to own beneficially more than 5% of its Class A Stock or Class B Stock; (ii) each director of the Company; and (iii) all directors and executive officers of the Company collectively:

	Class A Stock(1)		Class B Stock(1)	
Name	**Shares Owned**	**Percentage of Class(3)**	**Shares Owned**	**Percentage of Class(4)**
Perry Sumas(2)	168,936(6)(11)(12)	5.1	1,021,792(7)(12)(18)	32.0
James Sumas(2)	46,881(5)(6)(14)	1.4	588,524(7)(8)	18.5
Robert Sumas(2)	43,751(5)(6)	1.3	289,291(9)	9.1
William Sumas(2)	176,861(5)(11)	5.3	328,022(18)	10.3
John P. Sumas(2)	186,354(10)(11)	5.6	302,614(18)	9.5
Kevin Begley	27,000	.8		
John J. McDermott	5,300	.2		
Steven Crystal	59,000(17)	1.8	1,600	.1
David C. Judge	15,360	.5		
All directors and executive officers as a group (9 persons)	398,769(13)	12.0	2,270,751	71.2
Sumas Family Group(2)	292,717	8.8	2,269,151	71.2
River Road Asset Management	377,666(15)	11.4		
Franklin Resources, Inc.	222,000(16)	6.7		
Norman Crystal	443,600(19)	13.3	218,560(19)	6.9

(1) Except as noted, each person has sole investment power and sole voting power with respect to the shares beneficially owned.
(2) These five persons comprise the Sumas Family Group. The Sumas Family Group beneficially owns 292,717 shares of Class A Stock and 2,269,151 shares of Class B Stock, or 65.3% of the combined voting power. By virtue of the existence of this group , the Company is a controlled company under the corporate governance rules of NASDAQ. The address of each of these five persons is in care of the Company, 733 Mountain Avenue, Springfield, New Jersey 07081.
(3) Based upon 3,323,886 shares of Class A Stock outstanding.
(4) Based upon 3,188,152 shares of Class B Stock outstanding.
(5) Includes 21,015 shares held by the Company s pension trust of which William Sumas, James Sumas and Robert Sumas are trustees.
(6) Includes 3,988 shares held by a charitable trust of which Perry Sumas, James Sumas and Robert Sumas are trustees.
(7) Includes 126,344 shares as to which Perry Sumas and James Sumas have agreed to share the power to vote pursuant to a Voting Agreement dated March 4, 1987.
(8) Includes 5,880 shares owned jointly by Mr. and Mrs. James Sumas; 19,910 shares owned by Mrs. James Sumas; 6,560 shares held by Mr. and Mrs. James Sumas as custodians for their children.
(9) Includes 99,286 shares owned by Mrs. Robert Sumas.
(10) Includes 200 shares owned by Mrs. John Sumas.

(11) Includes 140,334 shares held in the name of Perry Sumas, William Sumas and John Sumas as Co-Trustees of a Trust for the benefit of the grandchildren of Perry Sumas.
(12) Includes 18,168 Class A shares and 6,736 Class B shares owned by a child living with Perry Sumas.
(13) Includes 10,000 shares represented by options exercisable by all officers and directors under the Company s Stock Option Plan.
(14) Includes 4,444 shares owned by Mrs. James Sumas.
(15) As reported in a Schedule 13G dated December 12, 2006, River Road Asset Management, LLC may be deemed to be the beneficial owner of 377,666 shares of the Company. River Roads address is 462 S. 4th St., Ste. 1600, Louisville, KY 40202.
(16) As reported in a Schedule 13G dated December 31, 2006, Franklin Resources, Inc. may be deemed to be the beneficial owner of 222,000 shares of the Company. Franklin s address is One Franklin Parkway, San Mateo, California 94404.
(17) Includes 10,000 shares represented by options exercisable by him under the Company s Stock Option Plan.
(18) Includes 67,374 shares held in the name of Perry Sumas, William Sumas and John Sumas as Co-Trustees of a Trust for the benefit of the grandchildren of Perry Sumas.
(19) Norman Crystal, a former director of the Company, is the son of Steven Crystal, Norman Crystal s address is P.O. Box 71119, Reno, NV 89570.

The aggregate number of shares of Class B Stock owned by Perry Sumas and his sons, William Sumas and John Sumas, exceeds the aggregate number of shares of Class B Stock owned by James Sumas and Robert Sumas (the Excess Shares). Perry Sumas and James Sumas have entered into an agreement whereby the Excess Shares will be voted pursuant to the mutual agreement of James Sumas and Perry Sumas. The voting agreement will be automatically cancelled if Perry Sumas either: (i) converts the Excess Shares into shares of Class A Stock; or (ii) exchanges 50% of the Excess Shares for shares of Class A Stock owned by James Sumas.

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ELECTION OF DIRECTORS

The following eight persons will be nominated by the Board of Directors of the Company for election as directors at the Annual Meeting. If elected, they will serve until their successors are duly elected and qualified. Directors shall be elected by a plurality of the votes cast. All of the nominees are now directors of the Company.

Certain information is given below with respect to each nominee for election as a director. The table below and the following paragraphs list their respective ages, positions and offices held with the Company, the period served as a director and business experience during the past 5 years. Perry Sumas is the father of William Sumas and John P. Sumas. Perry Sumas is the uncle of James Sumas and Robert Sumas, who are brothers. The other nominees are not related.

NOMINEES

The following table sets forth information concerning the nominees for director:

Name	Age	Position with the Company
James Sumas	74	Chief Executive Officer, Chief Operating Officer and Chairman of the Board of Directors
Perry Sumas	92	President and Director
Robert Sumas	66	Executive Vice President, Secretary and Director
William Sumas	60	Executive Vice President and Director
John P. Sumas	58	Executive Vice President and Director
John J. McDermott	82	Director
Steven Crystal	51	Director
David C. Judge	46	Director

James Sumas was elected Chairman of the Board in 1989. He was named Chief Executive Officer in 2002. He also serves as the Company s Chief Operating Officer. He has served as variously Vice President, Treasurer and a Director of the Company since its incorporation in 1955. James Sumas is Vice Chairman of Wakefern Food Corporation and is a member of its Board of Directors. Mr. Sumas also is the Chairman of Wakefern s Grocery Committee and its Advertising Committee. In addition, he is Vice Chairman of Wakefern s Sales and Merchandising Committee and of ShopRite Supermarkets, Inc., Wakefern s supermarket operating subsidiary. Mr. Sumas also is a member of Wakefern s Finance, Trade Name and Trademark, Strategic Planning and Customer Satisfaction Committees.

Perry Sumas, together with Nicholas Sumas, founded the Company in 1937. He has served as a Director of the Company since its incorporation in 1954 and has served as President since 1973.

Robert Sumas has served as Vice President, Secretary and a Director of the Company since 1969. Since 1989, he has served as an Executive Vice President. He has responsibility for finance and administration matters, construction of new stores and remodels and retail automation. Robert Sumas is Chairman of Wakefern s Health and Beauty Aids Committee and is a member of Wakefern s Communications, Sales and Merchandising, Property Management and Nonfoods Committees.

William Sumas has served as Vice President and a Director of the Company since 1980. Since 1989, he has served as an Executive Vice President. He has responsibility for real estate development. William Sumas is a member of Wakefern s Loss Prevention Policy, Environmental and Sanitation, Safety and Appearance Committees. He also serves as Chairman of the New Jersey Food Council.

John P. Sumas has served as Vice President and a Director of the Company since 1982. Since 1989, he has served as an Executive Vice President. He has responsibility for the Company s frozen food, dairy, appetizing and fresh bakery operations. John P. Sumas is a member of Wakefern s Frozen Food, Dairy/Deli and Fresh Bakery Committees.

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John J. McDermott has served as a Director of the Company since 1982. Mr. McDermott is the President of John J. McDermott Enterprises, a bank consulting firm. Prior to his retirement in 1989, Mr. McDermott served as President of the commercial lending subsidiaries of three bank holding companies. Mr. McDermott previously served as General Counsel to the Company from 1982 to 1983.

Steven Crystal has served on the Board since 2001. Mr. Crystal owns and manages five auto parts stores in the Northern Nevada area and is the Regional Distributor for AC Delco. Mr. Crystal also owns three multi-line motorcycle dealerships in Reno, NV, Salt Lake City, UT and Boise, ID. In addition, Mr. Crystal also owns a 65,000 sq. ft. Ace Hardware and Furniture store in Northern Nevada. Since 1980, Mr. Crystal has been a member of The New York Commodity Exchange and The New York Mercantile Exchange and actively trades commodities off the floor. Since 2005, Mr. Crystal, as commodity trading advisor and a commodity pool operator, managed a hedge fund Crystal Investment Partners, L.P. registered with the National Futures Association. In addition, Mr. Crystal owns and manages multiple commercial real estate properties. Mr. Crystal is the son of Norman Crystal, a major shareholder of Village Super Market, Inc.

David C. Judge has served as a Director of the Company since June 2003. Mr. Judge is an Executive Vice President for The Bank of New York Mellon. He is Head of Securities Industry Banking, with responsibility for all investment bank, commercial bank and broker/dealer client relationships. Mr. Judge has previously held a diversity of assignments in corporate banking during his 21-year career at The Bank of New York Mellon, including managing the Retailing Industry Division and the Corporate Credit Analysis & Monitoring Group. He also serves as a Director for Contemporary Guidance Services, where he is Chairman of the Audit Committee.

The Certificate of Incorporation includes a provision that no director shall be personally liable for monetary damages to the Company or its shareholders for a breach of any fiduciary duty except for: (i) breach of a director s duty of loyalty; (ii) acts and omissions not in good faith or which involve intentional misconduct or a knowing violation of law; and (iii) any transaction from which a director derived an improper personal benefit.

EXECUTIVE OFFICERS

In addition to the information above regarding directors who are executive officers, the following is provided for executive officers who are not directors.

Kevin Begley, age 49, has served as Chief Financial Officer since 1987. In addition, he has served as Treasurer since 2002. Mr. Begley is a Certified Public Accountant.

INFORMATION REGARDING THE BOARD AND ITS COMMITTEES

The Company is a controlled company under the corporate governance rules of NASDAQ. Therefore the Company is not required to and does not have (1) a majority of independent directors; (2) a nominating committee comprised solely of independent directors to identify and recommend nominees to the Board of Directors; and (3) a compensation committee comprised solely of independent directors. The Company qualifies as a controlled company due to the ownership by the Sumas Family Group of shares allowing it to cast more than 50% of the votes eligible to be cast for the election of directors. The Board of Directors has determined that each nonmanagement director is independent as defined by the listing standards of NASDAQ.

The Board held four meetings in fiscal 2007. All directors attended at least 75% of the meetings of the Board, and meetings of Board committees on which the director served, during the time such director served on the Board or committee.

The Executive Committee, which consists of Perry Sumas, James Sumas, Robert Sumas, William Sumas and John P. Sumas, meets on call and is authorized to act on all matters pertaining to corporate policies and overall Company performance.

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The Compensation Committee

The Compensation Committee, which consists of James Sumas, John P. Sumas and John J. McDermott, has the primary responsibility for establishing the compensation paid to executive officers of the Company. This includes base salary, bonus awards, employment agreements and supplemental retirement plans. The full Board of Directors reviews and approves restricted share awards and stock option grants. During fiscal 2007, the Compensation Committee met three times. The Compensation Committee does not utilize a charter.

The Audit Committee

The Audit Committee is comprised of three directors, John J. McDermott, Steven Crystal and David C. Judge, each of whom is independent as defined by the listing standards of NASDAQ. The Audit Committee: (1) monitors the integrity of the Company s financial reporting process and systems of internal controls regarding financial, accounting, regulatory and legal compliance; (2) retains and monitors the independence and performance of the Company s independent auditors; (3) provides an avenue of communication among the independent auditors, management and the Board of Directors; and (4) approves in advance the fees paid to the independent auditing firm for all services provided. The Audit Committee operates under a charter adopted by the Board of Directors, which is attached to this proxy statement as Appendix A. During fiscal 2007, the Audit Committee met eight times.

The Securities and Exchange Commission has adopted rules implementing Section 407 of the Sarbanes Oxley Act of 2002 requiring public companies to disclose information about Audit Committee financial experts. The Board of Directors of the Company has concluded that none of the three independent audit committee members meet the SEC definition of Audit Committee financial expert as none have served as a principal accounting officer or public accountant, or have been responsible for actively supervising a principal accounting officer. SEC rules do not require Audit Committees to have a financial expert. However, the Board of Directors has determined that all three independent members of the Audit Committee meet the NASDAQ requirements for audit committee members. NASDAQ requires Audit Committee members be able to read and understand financial statements. In addition, NASDAQ rules require one member of the Audit Committee to have employment experience in finance or accounting, or other comparable experience which results in financial sophistication, including as a senior officer with financial oversight responsibilities.

The current members of the Audit Committee include two individuals who have diverse and extensive experience in the finance industry, including responsibilities for analysis of financial statements in connection with corporate lending to the supermarket industry. A third member of the Audit Committee is CEO of several operating companies, including three retail companies. The Board of Directors believes all three members of the Audit Committee have the ability to read and understand financial statements and an understanding of the retail industry appropriate to perform their Audit Committee duties. The Company may consider the addition of an Audit Committee member in the future meeting the financial expert definition adopted by the SEC.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is comprised of three independent directors, as defined by the listing standards of NASDAQ, and operates under a charter adopted by the Board of Directors. The members of the Committee are John J. McDermott (Chair), Steven Crystal and David C. Judge. The Committee appoints the Company s independent auditors.

Management is responsible for the Company s internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. In addition, the independent auditors are responsible for expressing an opinion on the effectiveness of the Company s internal control over financial reporting. The Audit Committee s responsibility is to monitor and oversee these processes.

In the performance of its oversight function, the Audit Committee has reviewed and discussed with management and the independent auditors the audited financial statements for the year ended July 28, 2007, management s assessment of the effectiveness of the Company s internal control over financial reporting as of July 28, 2007, and the independent auditor s evaluation of the Company s internal control over financial reporting as of that date. The Audit Committee discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Company s independent auditors also provided to the Audit Committee the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with the independent auditors that firm s independence.

Based upon the Audit Committee s discussions with management and the independent auditors and the Audit Committee s review of the representations of management and the report of the independent auditors, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company s Annual Report on Form 10-K for the year ended July 28, 2007 filed with the Securities and Exchange Commission.

The following table presents fees for professional services rendered by KPMG LLP for the audit of the Company s annual consolidated financial statements for fiscal 2007 and 2006, and fees billed for other services rendered by KPMG LLP:

	2007	**2006**
Audit fees(1)	$ 656,000	$ 190,000
Audit-related fees(2)	48,000	33,000
Tax fees(3)	45,000	43,000
All other fees		
Total fees	$ 749,000	$ 266,000

(1) Audit fees consist of audits of the annual consolidated financial statements, quarterly reviews and services provided in connection with statutory and regulatory filing engagements, including issuance of consents.

(2) Audit related fees consist of audits of financial statements of employee benefit plans.

(3) Tax fees consist of fees for tax compliance and consultation services.

The Audit Committee has considered whether the providing of non-audit services is compatible with maintaining the auditors independence. The Audit Committee pre-approves all services provided by the principal auditors.

Audit Committee

John J. McDermott
Steven Crystal
David C. Judge

NOMINATION OF CANDIDATES TO THE BOARD OF DIRECTORS

The full Board of Directors acts on all matters concerning the identification, evaluation and nomination of director candidates. The Board does not utilize a charter in performing this function. As a matter of policy, the Board will consider nominations of director candidates submitted by any shareholder upon the submission of the names and biographical data of the candidates (including any relationship to the proposing shareholder) in writing to the Board of Directors at 733 Mountain Avenue, Springfield, New Jersey, 07081. Information regarding director candidates for election to the Board in 2008 must be submitted by July 1, 2008.

The Board s process for evaluating candidates recommended by any shareholder is the same as for candidates recommended by the Board, management or others. In searching for appropriate candidates, the Board adheres to criteria established for the consideration and selection of candidates. The Board views the candidate s qualifications in light of the needs of the Board and the Company at that time given the then current mix of director attributes. Among other criteria, the Board may consider the following skills, attributes and competencies of a new member:
(i) possessing the highest ethical standards and integrity; (ii) a willingness to act on and be accountable for Board decisions; (iii) an ability to provide prudent, informed and thoughtful counsel to top management on a broad range of issues; (iv) relevant industry or business knowledge; (v) senior management experience and demonstrated leadership; (vi) financial literacy; (vii) individual backgrounds that provide a portfolio of experience and knowledge

commensurate with the Company s needs. Each director will be considered without regard to gender, race, religion, national origin or sexual orientation.

COMMUNICATION WITH THE BOARD OF DIRECTORS

Shareholders and other interested parties may communicate with the Board of Directors by sending written communication to the directors c/o the Company s Secretary, 733 Mountain Avenue, Springfield, New Jersey 07081. All such communications will be reviewed by the Secretary to determine which communications will be forwarded to the directors. All communications will be forwarded except those that are related to Company products, are solicitations, or otherwise relate to improper or irrelevant topics, as determined in the sole discretion of the Secretary. The Secretary shall report to the Board of Directors on the number and nature of communications that were determined not to be forwarded.

The Company has a policy of requiring all directors standing for election at the annual meeting of shareholders to attend such meeting, unless unforeseen circumstances arise. All eight directors attended the 2006 annual meeting of shareholders held on December 8, 2006.

CODE OF ETHICS

The Company has a written Code of Ethics that applies to, among others, the Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. During fiscal 2007, there were no changes to, or waivers of, the Code of Ethics. The Company will furnish a copy of the Code of Ethics, without charge, to each person who forwards a written request to Mr. Robert Sumas, Secretary, Village Super Market, Inc., 733 Mountain Avenue, Springfield, New Jersey 07081. The Code of Ethics is also available at sec.gov as an Exhibit to the 2007 Form 10-K.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee of the Board has the primary responsibility for establishing the compensation paid to the executive officers of the Company, including the named executive officers who are identified in the Summary Compensation Table below. This includes base salary, bonus awards, employment agreements and supplemental retirement plans. The full Board of Directors reviews and approves restricted share awards and stock option grants. The Compensation Committee consists of James Sumas, Chairman of the Board of Directors, Chief Executive Officer and Chief Operating Officer; John P. Sumas, Executive Vice President; and John J. McDermott, an independent director.

The primary objective of the Company s executive compensation program is to attract, motivate and retain executive officers of outstanding ability and to align the interests of these executive officers with the interests of shareholders. Most of the named executive officers own a substantial amount of the Company s common stock and thus have a direct and substantial interest in the long-term growth of shareholder s wealth. In light of this ownership, there is less need to directly relate compensation for the named executive officers to long-term Company performance.

Neither management nor the Compensation Committee currently engages any consultant related to executive or director compensation matters. In setting compensation levels the committee considers the overall level of responsibility and performance of the individual executive, compensation levels of executive officers obtained through commercially available survey data, compensation of executive officers obtained through reviews of annual proxy statements, compensation paid to corporate executives of Wakefern and other ShopRite members, the financial performance of the Company and other achievements during the most recently completed fiscal year, overall economic conditions, and competitive operating conditions. The Compensation Committee subjectively utilizes the above factors in setting compensation for the named executive officers.

The Company s executive compensation for the named executive officers includes the following components: base salary, annual bonus plan, restricted stock awards, retirement benefits and other benefits.

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Salary

Named executive officers are paid a base salary with annual increases at the discretion of the Compensation Committee. In addition to the competitive data outlined above and Company performance, individual factors are also considered in setting base salaries, including the executive s experience, achievements, leadership and value to the Company. Based on subjective and qualitative considerations, including the Company s improved performance in fiscal 2007, the Compensation Committee granted raises to each of the named executive officers of approximately 8% in fiscal 2007.

Annual Bonus

The Company s executive compensation program includes an annual non-equity incentive cash bonus designed to reward executive officers for overall Company success and individual performance. The actual bonus amounts earned by the named executive officers are reflected in the Summary Compensation Table in the fiscal year earned, even though these bonus amounts are paid in the subsequent year. These amounts are awarded subjectively by the Compensation Committee based on the criteria outlined above. The bonuses awarded in fiscal 2007 by the Committee were based on the Company s improved levels of net income, EBITDA and sales. Although the annual bonus award is not targeted as a specific percentage of the named executive officer s base salary, the bonus awards in fiscal 2007 range from 25% to 37% of base salary. In addition, an employment agreement with Mr. Begley dated January 4, 2004 requires the Company to pay a retention bonus of a minimum of $75,000 per year, payable one year after such bonus is earned, conditioned on Mr. Begley s continued employment with the Company.

Equity

Awards based on the Company s common stock have been granted periodically to the named executive officers and approximately sixty other employees. The Compensation Committee believes these equity awards align the interest of employees with the interest of shareholders. The Company has utilized both restricted share grants and option grants. The last grant of stock options to named executive officers occurred in 1997. The only grant of restricted shares to named executive officers was in April 2005. No equity based awards were granted to any of the named executive officers in fiscal 2007. The Compensation Committee considers several factors in determining the amounts of stock based awards granted to the named executive officers, including the officer s level in the organization, individual performance and comparison to compensation levels at similar companies.

The Company has historically set the exercise price for stock options as the closing price of the Company s Class A common stock on the date of grant. Options have generally been granted at the Board of Director s meeting held in December, which is shortly after the release of first quarter earnings.

The Company does not have specific equity ownership guidelines, although as noted above, most of the named executive officers own a substantial amount of the Company s common stock.

Retirement Benefits

The Company maintains a defined benefit and a defined contribution plan for its non-union employees. The named executive officers participate in both of these plans, as well as a supplemental executive retirement plan. Additional details regarding retirement benefits available to the named executive officers can be found in the 2007 Pension Benefits Table and the accompanying narrative description that follows this discussion and analysis.

Village also maintains a deferred compensation plan in which the named executive officers, as well as other supervisory employees, are eligible to participate. One named executive officer participates in this plan. This plan is a non-qualified plan under which participants may elect to defer the receipt of a portion of their salary or bonus otherwise payable to them. Compensation deferred bears interest at the actual rate of return earned on the contributed assets, which are invested in mutual funds and thus is not a preferential rate of interest. Deferred amounts are paid out only in cash, in accordance with deferral options selected by the participant at the time the deferral election is made.

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Other Benefits

The Company s group health, dental, vision and life insurance plans are available to eligible full-time and part-time employees. These plans do not discriminate in favor of the named executive officers. Non-employee directors of the Company s Board of Directors do not participate in these plans. The Company provides the named executive officers, as well as all supervisory personnel, a Company vehicle. The Company provides the named executive officers with long-term disability insurance. The Company pays golf club membership dues for one named executive officer, John P. Sumas. There are no other benefits provided to the named executive officers.

The Company believes the perquisites described above are necessary and appropriate in providing competitive compensation to our executive officers.

Employment Agreements

The Company entered into an employment agreement with Mr. Begley dated January 1, 2004. The original agreement expired December 31, 2006, but has been extended for one year. Under the agreement, the Company agreed to pay Mr. Begley a base salary and bonus at least equal to that existing on the date of the contract, with increases at least commensurate with the increases granted to the other executive officers of the Company. The Board of Directors may decrease Mr. Begley s compensation in proportion to decreases commensurate with the other executive officers of the Company. In addition, the Company agreed to pay Mr. Begley a retention bonus of a minimum of $75,000 per year payable one year after such bonus is earned, conditioned on Mr. Begley s continued employment with the Company. This agreement contains a covenant not to compete with the Company. The agreement includes payments in the event of the termination of Mr. Begley within five years following a change in control. The change in control and termination payment due is calculated as five years of base salary and bonus using the previous five years average less amounts paid subsequent to the change in control. If the change in control and termination had occurred on July 28, 2007, the amount due would be $2,750,000. There are no other severance payments or change in control agreements with named executive officers.

The Company s equity plans described above provide for accelerated vesting of options and restricted share grants in the event of a change in control of the Company. This potential acceleration applies to all employees receiving grants and does not discriminate in favor of the named executive officers.

Deductibility of Compensation

Section 162(m) of the Internal Revenue Code limits the deductibility of compensation paid to named executive officers to $1,000,000 annually. Compensation that is qualified performance-based compensation generally is not subject to this $1,000,000 deduction limit. The Company s awards of restricted stock that vests solely on the passage of time are not performance based and, as a result, compensation expense for those awards would not be deductible to the extent they exceeded $1,000,000 for any officer. All compensation paid in fiscal 2007 is deductible as no named executive officer compensation under these rules exceeded $1,000,000.

Financial Statement Restatement

The Company does not have a policy relative to making retroactive adjustments to any incentive compensation paid to the named executive officers where payment was based on the achievement of results that were subsequently the subject of restatement. The Company has never restated its financial statements.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed that analysis with management. Based on its review and discussions with management, the Compensation Committee has recommended to the Company s Board of Directors that the Compensation Discussion and Analysis be included in the Company s proxy statement and incorporated by reference into its annual report on Form 10-K. The report is provided by the following directors, who comprise the committee.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

James Sumas, Chairperson
John P. Sumas
John J. McDermott

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SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)(1)	Option awards ($)	Non-equity incentive plan compensation ($)	Change in pension value and non-qualified deferred compensation earnings ($)(2)	All other compensation ($)(3)	Total ($)