

INGLES MARKETS INC
Form 10-Q
August 06, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 29, 2013

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

For the transition period from to

Commission file number 0-14706.

INGLES MARKETS, INCORPORATED

(Exact name of registrant as specified in its charter)

North Carolina (State or other jurisdiction of incorporation or organization)	56-0846267 (I.R.S. Employer Identification No.)
P.O. Box 6676, Asheville NC (Address of principal executive offices)	28816 (Zip Code)

(828) 669-2941

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No .

As of August 2, 2013, the Registrant had 13,317,225 shares of Class A Common Stock, \$0.05 par value per share, outstanding and 9,442,551 shares of Class B Common Stock, \$0.05 par value per share, outstanding.

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INGLES MARKETS, INCORPORATED

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Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 29, 2013	September 29, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,552,575	\$ 4,683,410
Receivables - net	59,963,880	61,519,081
Inventories	334,544,538	329,614,925
Other current assets	40,380,010	30,386,453
Total Current Assets	439,441,003	426,203,869
Property and Equipment – Net	1,198,292,011	1,197,137,643
Other Assets	21,940,561	18,767,092
Total Assets	\$ 1,659,673,575	\$ 1,642,108,604
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 20,788,445	\$ 49,928,264
Accounts payable - trade	155,421,709	163,541,226
Accrued expenses and current portion of other long-term liabilities	58,981,406	92,682,243
Total Current Liabilities	235,191,560	306,151,733
Deferred Income Taxes	85,761,000	84,120,000
Long-Term Debt	913,723,060	785,240,249
Other Long-Term Liabilities	26,309,364	9,183,153
Total Liabilities	1,260,984,984	1,184,695,135
Stockholders' Equity		
Preferred stock, \$0.05 par value; 10,000,000 shares authorized; no shares issued	—	—
Common stocks:		
Class A, \$0.05 par value; 150,000,000 shares authorized; 13,007,225 shares issued and outstanding June 29, 2013; 12,953,635 shares issued and outstanding at September 29, 2012	650,362	647,682

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Class B, convertible to Class A, \$0.05 par value; 100,000,000 shares authorized; 9,752,551 shares issued and outstanding June 29, 2013; 11,306,141 shares issued and outstanding at September 29, 2012	487,627	565,307
Paid-in capital in excess of par value	77,186,249	114,236,249
Retained earnings	320,364,353	341,964,231
Total Stockholders' Equity	398,688,591	457,413,469
Total Liabilities and Stockholders' Equity	\$ 1,659,673,575	\$ 1,642,108,604

See notes to unaudited condensed consolidated financial statements.

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INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended	
	June 29, 2013	June 23, 2012
Net sales	\$ 931,911,991	\$ 917,755,732
Cost of goods sold	721,584,536	711,803,418
Gross profit	210,327,455	205,952,314
Operating and administrative expenses	177,812,125	172,254,539
Rental income, net	325,455	515,114
Gain from sale or disposal of assets	62,172	514,421
Income from operations	32,902,957	34,727,310
Other income, net	778,323	890,738
Interest expense	16,001,255	14,896,442
Loss on early extinguishment of debt	43,089,248	—
Income (loss) before income taxes	(25,409,223)	20,721,606
Income tax expense (benefit)	(10,985,000)	7,663,000
Net income (loss)	\$ (14,424,223)	\$ 13,058,606
Per share amounts:		
Class A Common Stock		
Basic earnings (loss) per common share	\$ (0.62)	\$ 0.56
Diluted earnings (loss) per common share	\$ (0.62)	\$ 0.54
Class B Common Stock		
Basic earnings (loss) per common share	\$ (0.56)	\$ 0.51
Diluted earnings (loss) per common share	\$ (0.56)	\$ 0.51
Cash dividends per common share		
Class A Common Stock	\$ 0.165	\$ 0.165
Class B Common Stock	\$ 0.150	\$ 0.150

See notes to unaudited condensed consolidated financial statements.

INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Nine Months Ended	
	June 29, 2013	June 23, 2012
Net sales	\$ 2,783,341,549	\$ 2,717,660,689
Cost of goods sold	2,166,797,410	2,117,544,746
Gross profit	616,544,139	600,115,943
Operating and administrative expenses	527,635,772	513,176,510
Rental income, net	959,583	1,311,188
Gain from sale or disposal of assets	4,237,814	680,293
Income from operations	94,105,764	88,930,914
Other income, net	2,082,217	2,696,127
Interest expense	47,281,153	44,850,144
Loss on early extinguishment of debt	43,089,248	—
Income before income taxes	5,817,580	46,776,897
Income tax expense	584,000	16,609,000
Net income	\$ 5,233,580	\$ 30,167,897
Per share amounts:		
Class A Common Stock		
Basic earnings per common share	\$ 0.23	\$ 1.29
Diluted earnings per common share	\$ 0.21	\$ 1.24
Class B Common Stock		
Basic earnings per common share	\$ 0.21	\$ 1.18
Diluted earnings per common share	\$ 0.21	\$ 1.18
Cash dividends per common share		
Class A Common Stock	\$ 1.155	\$ 0.495
Class B Common Stock	\$ 1.050	\$ 0.450

See notes to unaudited condensed consolidated financial statements.

INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

NINE MONTHS ENDED JUNE 29, 2013 AND JUNE 23, 2012

	Class A Common Stock		Class B Common Stock		Paid-in Capital in Excess of Par Value	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance, September 24, 2011	12,939,533	\$ 646,977	11,489,726	\$ 574,486	\$ 116,844,842	\$ 313,879,289	\$ 431,945,594
Net income	—	—	—	—	—	30,167,897	30,167,897
Cash dividends	—	—	—	—	—	(11,526,355)	(11,526,355)
Common stock conversions	14,575	729	(14,575)	(729)	—	—	—
Stock repurchases, at cost	(15,473)	(774)	(154,010)	(7,700)	(2,608,594)	—	(2,617,068)
Balance, June 23, 2012	12,938,635	\$ 646,932	11,321,141	\$ 566,057	\$ 114,236,248	\$ 332,520,831	\$ 447,970,068
Balance, September 29, 2012	12,953,635	\$ 647,682	11,306,141	\$ 565,307	\$ 114,236,249	\$ 341,964,231	\$ 457,413,469
Net income	—	—	—	—	—	5,233,580	5,233,580
Cash dividends	—	—	—	—	—	(26,833,458)	(26,833,458)
Common stock conversions	53,590	2,680	(53,590)	(2,680)	—	—	—
Stock repurchases, at cost	—	—	(1,500,000)	(75,000)	(37,050,000)	—	(37,125,000)

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Balance, June 29, 2013	13,007,225	\$ 650,362	9,752,551	\$ 487,627	\$ 77,186,249	\$ 320,364,353	\$ 398,688,591
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See notes to unaudited condensed consolidated financial statements.

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INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended	
	June 29, 2013	June 23, 2012
Cash Flows from Operating Activities:		
Net income	\$ 5,233,580	\$ 30,167,897
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	71,082,750	66,875,056
Loss on early extinguishment of debt	43,089,248	—
Gain on disposals of property and equipment	(4,237,814)	(680,293)
Receipt of advance payments on purchases contracts	3,215,720	2,976,551
Recognition of advance payments on purchases contracts	(2,632,535)	(2,388,095)
Deferred income taxes	479,000	550,000
Changes in operating assets and liabilities:		
Receivables	1,555,201	21,904
Inventory	(4,929,613)	(13,173,458)
Other assets	(10,915,150)	(5,190,711)
Accounts payable and accrued expenses	(19,884,732)	5,739,212
Net Cash Provided by Operating Activities	82,055,655	84,898,063
Cash Flows from Investing Activities:		
Proceeds from sales of restricted investments	—	75,730,905
Proceeds from sales of property and equipment	7,732,616	1,337,030
Capital expenditures	(76,776,219)	(144,886,976)
Net Cash Used by Investing Activities	(69,043,603)	(67,819,041)
Cash Flows from Financing Activities:		
Proceeds from short-term borrowings	566,231,646	610,609,424
Payments on short-term borrowings	(602,877,000)	(590,609,424)
Proceeds from issuance of bonds	700,000,000	—
Bond issuance costs	(9,318,363)	—
Proceeds from other long-term borrowings	8,000,000	3,250,000
Principal payments on long-term borrowings	(583,461,082)	(32,299,368)
Prepayment penalties on debt extinguishment	(27,759,630)	—
Stock repurchases	(37,125,000)	(2,617,068)
Dividends paid	(26,833,458)	(11,526,355)
Net Cash Used by Financing Activities	(13,142,887)	(23,192,791)
Net Decrease in Cash and Cash Equivalents	(130,835)	(6,113,769)
Cash and cash equivalents at beginning of period	4,683,410	12,421,250
Cash and Cash Equivalents at End of Period	\$ 4,552,575	\$ 6,307,481

See notes to unaudited condensed consolidated financial statements.

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INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

Nine Months Ended June 29, 2013 and June 23, 2012

A. BASIS OF PREPARATION

In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments necessary to present fairly the financial position of Ingles Markets, Incorporated and Subsidiaries (the "Company") as of June 29, 2013, the results of operations for the three-month and nine-month periods ended June 29, 2013 and June 23, 2012, and the changes in stockholders' equity and cash flows for the nine-month periods ended June 29, 2013 and June 23, 2012. The adjustments made are of a normal recurring nature. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. It is suggested that these unaudited interim financial statements be read in conjunction with the audited financial statements and the notes thereto included in the Annual Report on Form 10-K for the year ended September 29, 2012 filed by the Company under the Securities Exchange Act of 1934 on December 26, 2012.

The results of operations for the three-month and nine-month periods ended June 29, 2013 are not necessarily indicative of the results to be expected for the full fiscal year.

B. NEW ACCOUNTING PRONOUNCEMENTS

There were no accounting standards adopted in the nine-month period ended June 29, 2013.

C. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Receivables are presented net of an allowance for doubtful accounts of \$742,000 at both June 29, 2013 and September 29, 2012.

D. INCOME TAXES

The Company's continuing practice is to recognize interest and penalties related to uncertain tax positions and related matters in income tax expense. As of June 29, 2013, the Company had approximately \$50,000 accrued for interest and penalties.

The Company's effective tax rate differs from the federal statutory rate primarily as a result of state income taxes and tax credits. As of June 29, 2013, the Company had gross unrecognized tax benefits of approximately \$140,000, all of which, if recognized, would affect the effective tax rate. The Company does not expect that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

The Company files income tax returns with federal and various state jurisdictions. With few exceptions, the Company is no longer subject to state income tax examinations by tax authorities for the years before 2009. Additionally, the Internal Revenue Service has completed its examination of the Company's U.S. Federal income tax returns filed through fiscal 2008.

The Company had approximately \$18.9 million and \$14.2 million of refundable income taxes included in the caption "Other current assets" in the Condensed Consolidated Balance Sheets at June 29, 2013 and June 23, 2012, respectively.

E. ACCRUED EXPENSES AND CURRENT PORTION OF OTHER LONG-TERM LIABILITIES

Accrued expenses and current portion of other long-term liabilities consist of the following:

	June 29, 2013	September 29, 2012
Property, payroll and other taxes payable	\$ 15,833,485	\$ 18,191,260
Salaries, wages and bonuses payable	23,547,365	25,350,513
Self-insurance liabilities	13,152,660	26,695,291
Interest payable	2,918,049	19,132,734
Other	3,529,847	3,312,445
	\$ 58,981,406	\$ 92,682,243

Self-insurance liabilities are established for general liability claims, workers' compensation and employee group medical and dental benefits based on claims filed and estimates of claims incurred but not reported. The Company is insured for covered costs in excess of \$750,000 per occurrence for workers' compensation, \$500,000 for general liability and \$325,000 per covered person for medical care benefits for a policy year. At June 29, 2013 the Company's self-insurance reserves totaled \$28.8 million. Of this amount, \$13.2 million is accounted for as a current liability and \$15.6 million as a long-term liability. Employee insurance expense, including workers' compensation and medical care benefits, net of employee contributions, totaled \$6.7 million and \$7.9 million for each of the three-month periods ended June 29, 2013 and June 23, 2012, respectively. For the nine-month periods ended June 29, 2013 and June 23, 2012, employee insurance expense, net of employee contributions, totaled \$24.5 million and \$22.6 million, respectively.

F. LONG-TERM DEBT

In June 2013, the Company issued \$700.0 million aggregate principal amount of senior notes due in 2023 (the "Notes") in a private placement. The Notes bear an interest rate of 5.750% per annum and were issued at par. Note proceeds were used to repay \$575.0 million aggregate principal amount of senior notes maturing in 2017, \$52.0 million of indebtedness outstanding under the Company's line of credit, and to pay costs related to the offering of the Notes. Remaining Note proceeds will be used for general corporate purposes, including future capital expenditures. Of the \$575.0 million principal amount repaid, \$448.3 million was repaid via a tender offer and \$126.7 million was legally defeased. In connection with the repayment of the \$575.0 million senior notes, the Company paid \$27.8 million in debt extinguishment costs and expensed \$15.3 million of unamortized loan costs. These amounts comprise the line item "Loss on early extinguishment of debt" on the Condensed Consolidated Statements of Income for the three

and nine months ended June 29, 2013.

The Company expects to file a registration statement with the Securities and Exchange Commission to exchange the private placement notes with registered notes.

The Company may redeem all or a portion of the Notes at any time on or after June 15, 2018 at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning June 15 of the years indicated below:

Year	
2018	102.875%
2019	101.917%
2020	100.958%
2021 and thereafter	100.000%

In connection with the offering of the Notes, the Company extended the maturity date of its \$175.0 million line of credit from December 29, 2015 to June 12, 2018 and modified certain interest rate options and covenants. At June 29, 2013, the Company had \$3.5 million of borrowings outstanding under the line of credit.

The line of credit provides the Company with various interest rate options based on the prime rate, the Federal Funds Rate, or the London Interbank Offering Rate. The line allows the Company to issue up to \$30.0 million in unused letters of credit, of which \$9.0 million of unused letters of credit were issued at June 29, 2013. The Company is not required to maintain compensating balances in connection with the line of credit.

On December 29, 2010, the Company completed the funding of \$99.7 million of Recovery Zone Facility Bonds (the “Bonds”) for: (A) acquisition, construction and equipping of an approximately 830,000 square foot new warehouse and distribution center to be located in Buncombe County, North Carolina (the “Project”), and (B) the payment of certain expenses incurred in connection with the issuance of the Bonds. The final maturity date of the Bonds is January 1, 2036.

Bond proceeds were invested in a trust account with the Bond trustee. The Company received disbursements from the account as it submitted requisitions to the trustee for incurred Project costs. Disbursements from the trust account are listed in the line item “Proceeds from sales of restricted investments” on the Condensed Consolidated Statements of Cash Flows for the nine months ended June 23, 2012. All funds had been disbursed from the trust account as of September 29, 2012.

The Bonds were issued by the Buncombe County Industrial Facilities and Pollution Control Financing Authority and were purchased by certain financial institutions. Under a Continuing Covenant and Collateral Agency Agreement (the “Covenant Agreement”) between the financial institutions and the Company, the financial institutions would hold the Bonds until January 2, 2018, subject to certain events. Mandatory redemption of the Bonds by the Company in the annual amount of \$4,530,000 begins on January 1, 2014.

In connection with the offering of the Notes, the Company extended the maturity date of the Covenant Agreement from January 2, 2018 to June 30, 2021 and modified certain interest rate options and covenants. The Company may redeem the Bonds without penalty or premium at any time prior to June 30, 2021.

Interest earned by bondholders on the Bonds is exempt from Federal and North Carolina income taxation. The interest rate on the Bonds is equal to one month LIBOR (adjusted monthly) plus a credit spread, adjusted to reflect the income tax exemption.

The Company’s obligation to repay the Bonds is collateralized by the Project. Additional collateral was required in order to meet certain loan to value criteria in the Covenant Agreement. The Covenant Agreement incorporates substantially all financial covenants included in the line of credit.

The Notes, the Bonds and the line of credit contain provisions that under certain circumstances would permit lending institutions to terminate or withdraw their respective extensions of credit to the Company. Included among the triggering factors permitting the termination or withdrawal of the line of credit to the Company are certain events of default, including both monetary and non-monetary defaults, the initiation of bankruptcy or insolvency proceedings, and the failure of the Company to meet certain financial covenants designated in its respective loan documents. The Company was in compliance with all financial covenants related to the line of credit at June 29, 2013.

The Company's long-term debt agreements generally have cross-default provisions which could result in the acceleration of payments due under the Company's line of credit, Bond and Notes indenture in the event of default under any one instrument.

At June 29, 2013 the Company classified \$25.8 million of notes maturing in July 2013 as long-term on the Condensed Consolidated Balance Sheet, reflecting its intent and ability to refinance this debt on a long-term basis.

G. DIVIDENDS

The Company paid cash dividends of \$0.165 for each share of Class A Common Stock and \$0.15 for each share of Class B Common Stock on October 25, 2012 to stockholders of record on October 11, 2012. On December 7, 2012, the Company declared a special dividend of \$0.66 per share of Class A Common Stock and \$0.60 per share of Class B Common Stock payable on December 31, 2012 to stockholders of record on December 21, 2012. The Company paid cash dividends of \$0.165 for each share of Class A Common Stock and \$0.15 for each share of Class B Common Stock on December 31, 2012 to stockholders of record on December 21, 2012. This dividend normally would have been declared and paid in January 2013.

The Company paid cash dividends of \$0.165 for each share of Class A Common Stock and \$0.15 for each share of Class B Common Stock on April 25, 2013 to stockholders of record on April 11, 2013.

For additional information regarding the dividend rights of the Class A Common Stock and Class B Common Stock, please see Note 8, "Stockholders' Equity" to the Consolidated Financial Statements of the Annual Report on Form 10-K filed by the Company under the Securities Exchange Act of 1934 on December 26, 2012.

H. EARNINGS PER COMMON SHARE

The Company has two classes of common stock: Class A which is publicly traded, and Class B, which has no public market. The Class B Common Stock has restrictions on transfer; however, each share is convertible into one share of Class A Common Stock at any time. Each share of Class A Common Stock has one vote per share and each share of Class B Common Stock has ten votes per

share. Each share of Class A Common Stock is entitled to receive cash dividends equal to 110% of any cash dividend paid on Class B Common Stock.

The Company calculates earnings per share for its Class A Common Stock and Class B Common Stock in accordance with FASB ASC Topic 260.

The two-class method of computing basic earnings per share for each period reflects the cash dividends paid per share for each class of stock, plus the amount of allocated undistributed earnings per share computed using the participation percentage which reflects the dividend rights of each class of stock. Diluted earnings per share is calculated assuming conversion of all shares of Class B Common Stock to shares of Class A Common Stock on a share-for-share basis unless the conversion is anti-dilutive. For the three months ended June 29, 2013, 11,227,553 shares of convertible Class B Common Stock were not included in the diluted earnings per share calculation. The tables below reconcile the numerators and denominators of basic and diluted earnings per share for current and prior periods.

	Three Months Ended June 29, 2013		Nine Months Ended June 29, 2013	
	Class A	Class B	Class A	Class B
Numerator: Allocated net income				
Net income (loss) allocated, basic	\$ (8,081,085)	\$ (6,343,138)	\$ 2,904,941	\$ 2,328,639
Conversion of Class B to Class A shares	—	—	2,328,639	—
Net income (loss) allocated, diluted	\$ (8,081,085)	\$ (6,343,138)	\$ 5,233,580	\$ 2,328,639
Denominator: Weighted average shares outstanding				
Weighted average shares outstanding, basic	12,982,792	11,227,533	12,966,377	11,276,916
Conversion of Class B to Class A shares	—	—	11,276,916	—
Weighted average shares outstanding, diluted	12,982,792	11,227,533	24,243,293	11,276,916
Earnings (loss) per share				
Basic	\$ (0.62)	\$ (0.56)	\$ 0.23	\$ 0.21
Diluted	\$ (0.62)	\$ (0.56)	\$ 0.21	\$ 0.21

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The per share amounts for the third quarter of fiscal 2012 and the nine months ended June 23, 2012 are based on the following amounts:

	Three Months Ended June 23, 2012		Nine Months Ended June 23, 2012	
	Class A	Class B	Class A	Class B
Numerator: Allocated net income				
Net income allocated, basic	\$ 7,273,195	\$ 5,785,411	\$ 16,759,202	\$ 13,408,695
Conversion of Class B to Class A shares	5,785,411	—	13,408,695	—
Net income allocated, diluted	\$ 13,058,606	\$ 5,785,411	\$ 30,167,897	\$ 13,408,695
Denominator: Weighted average shares outstanding				
Weighted average shares outstanding, basic	12,938,635	11,321,141	12,934,803	11,381,651
Conversion of Class B to Class A shares	11,321,141	—	11,381,651	—
Weighted average shares outstanding, diluted	24,259,776	11,321,141	24,316,454	11,381,651
Earnings per share				
Basic	\$ 0.56	\$ 0.51	\$ 1.29	\$ 1.18
Diluted	\$ 0.54	\$ 0.51	\$ 1.24	\$ 1.18

I. SEGMENT INFORMATION

The Company operates three lines of business: retail grocery sales, shopping center rentals, and a fluid dairy processing plant. All of the Company's operations are domestic. Information about the Company's operations by lines of business (in thousands) is as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2013	June 23, 2012	June 29, 2013	June 23, 2012
Revenues from unaffiliated customers:				
Grocery sales	\$ 899,535	\$ 886,016	\$ 2,685,705	\$ 2,619,545
Shopping center rentals	2,103	2,329	6,346	6,758
Fluid dairy	32,377	31,740	97,637	98,116
Total revenues from unaffiliated customers	\$ 934,015	\$ 920,085	\$ 2,789,688	\$ 2,724,419
Income from operations:				
Grocery sales	\$ 29,960	\$ 31,496	\$ 85,215	\$ 79,405
Shopping center rentals	325	515	960	1,311
Fluid dairy	2,618	2,716	7,931	8,215
Total income from operations	\$ 32,903	\$ 34,727	\$ 94,106	\$ 88,931