

WEIS MARKETS INC  
Form 10-Q  
May 06, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **March 27, 2010**

OR

**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 1-5039

**WEIS MARKETS, INC.**

(Exact name of registrant as specified in its charter)

PENNSYLVANIA

(State or other jurisdiction of incorporation or organization)

24-0755415

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

1000 S. Second Street  
P. O. Box 471

Sunbury, Pennsylvania

(Address of principal executive offices)

17801-0471

(Zip Code)

Registrant's telephone number, including area code: (570) 286-4571  
www.weismarkets.com

Registrant's web address:

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

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

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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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

As of May 6, 2010, there were issued and outstanding 26,898,492 shares of the registrant's common stock.

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**PART I - FINANCIAL INFORMATION**  
**ITEM I - FINANCIAL STATEMENTS**  
**WEIS MARKETS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in thousands)

|   | <u>March 27, 2010</u>    | <u>December 26, 2009</u> |
|---|--------------------------|--------------------------|
|   | (unaudited)              |                          |
| <b><u>Assets</u></b>  |                          |                          |
| Current:  |                          |                          |
| Cash and cash equivalents   | \$ 90,146                | \$ 67,065                |
| Marketable securities   | 16,170                   | 18,079                   |
| Accounts receivable, net  | 44,996                   | 52,215                   |
| Inventories   | 216,510                  | 223,015                  |
| Prepaid expenses  | <u>7,018</u>             | <u>6,254</u>             |
| <b>Total current assets</b>   | <b><u>374,840</u></b>    | <b><u>366,628</u></b>    |
| Property and equipment, net   | 510,264                  | 510,882                  |
| Goodwill  | 35,162                   | 35,162                   |
| Intangible and other assets, net  | <u>3,742</u>             | <u>3,843</u>             |
| <b>Total assets</b>   | <b>\$ <u>924,008</u></b> | <b>\$ <u>916,515</u></b> |
| <b><u>Liabilities</u></b>   |                          |                          |
| Current:  |                          |                          |
| Accounts payable  | \$ 119,276               | \$ 130,685               |
| Accrued expenses  | 33,177                   | 30,227                   |
| Accrued self-insurance  | 21,424                   | 21,998                   |
| Deferred revenue, net   | 4,166                    | 6,731                    |
| Income taxes payable  | 10,349                   | 484                      |
| Deferred income taxes   | <u>3,898</u>             | <u>3,344</u>             |
| <b>Total current liabilities</b>  | <b><u>192,290</u></b>    | <b><u>193,469</u></b>    |
| Postretirement benefit obligations  | 14,038                   | 13,850                   |
| Deferred income taxes   | <u>17,660</u>            | <u>18,432</u>            |
| <b>Total liabilities</b>  | <b><u>223,988</u></b>    | <b><u>225,751</u></b>    |
| <b><u>Shareholders' Equity</u></b>  |                          |                          |
| Common stock, no par value, 100,800,000 shares authorized,<br>33,047,807 shares issued                      | 9,949                    | 9,949                    |
| Retained earnings   | 836,624                  | 827,042                  |
| Accumulated other comprehensive income<br>(Net of deferred taxes of \$3,051 in 2010 and \$3,283 in<br>2009) | <u>4,302</u>             | <u>4,628</u>             |
|   | 850,875                  | 841,619                  |
| Treasury stock at cost, 6,149,315 shares  | <u>(150,855)</u>         | <u>(150,855)</u>         |
| <b>Total shareholders' equity</b>   | <b><u>700,020</u></b>    | <b><u>690,764</u></b>    |
| <b>Total liabilities and shareholders' equity</b>   | <b>\$ <u>924,008</u></b> | <b>\$ <u>916,515</u></b> |

See accompanying notes to consolidated financial statements.



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**WEIS MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

(dollars in thousands, except shares and per share amounts)

|  | <b>13 Weeks Ended</b> |                       |
|--|-----------------------|-----------------------|
|  | <b>March 27, 2010</b> | <b>March 28, 2009</b> |
| Net sales  | \$ 664,256            | \$ 606,239            |
| Cost of sales, including warehousing and distribution expenses | <u>484,325</u>        | <u>442,527</u>        |
| Gross profit on sales  | 179,931               | 163,712               |
| Operating, general and administrative expenses                 | <u>153,251</u>        | <u>138,553</u>        |
| Income from operations   | 26,680                | 25,159                |
| Investment income  | <u>591</u>            | <u>387</u>            |
| Income before provision for income taxes                       | 27,271                | 25,546                |
| Provision for income taxes                                     | <u>9,889</u>          | <u>9,028</u>          |
| Net income   | \$ <u>17,382</u>      | \$ <u>16,518</u>      |
| Weighted-average shares outstanding, basic                     | 26,898,492            | 26,958,519            |
| Weighted-average shares outstanding, diluted                   | 26,898,532            | 26,958,519            |
| Cash dividends per share                                       | \$ 0.29               | \$ 0.29               |
| Basic and diluted earnings per share                           | \$ 0.65               | \$ 0.61               |

*See accompanying notes to consolidated financial statements.*

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**WEIS MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)  
(dollars in thousands)

|   | <b>13 Weeks Ended</b> |                       |
|---|-----------------------|-----------------------|
|   | <u>March 27, 2010</u> | <u>March 28, 2009</u> |
| <b>Cash flows from operating activities:</b>                                      |                       |                       |
| Net income  | \$ 17,382             | \$ 16,518             |
| Adjustments to reconcile net income to net cash provided by operating activities: |                       |                       |
| Depreciation  | 11,648                | 10,953                |
| Amortization  | 1,549                 | 1,565                 |
| Loss on disposition of fixed assets   | ---                   | 45                    |
| Gain on sale of marketable securities   | (223)                 | ---                   |
| Changes in operating assets and liabilities:                                      |                       |                       |
| Inventories   | 6,505                 | (573)                 |
| Accounts receivable and prepaid expenses  | 6,455                 | 5,117                 |
| Accounts payable and other liabilities  | (11,410)              | 16,812                |
| Income taxes payable  | 9,865                 | 6,612                 |
| Deferred income taxes   | 14                    | (2,034)               |
| Other   | <u>23</u>             | <u>(108)</u>          |
| Net cash provided by operating activities   | <u>41,808</u>         | <u>54,907</u>         |
| <b>Cash flows from investing activities:</b>                                      |                       |                       |
| Purchase of property and equipment  | (12,488)              | (8,241)               |
| Proceeds from the sale of property and equipment                                  | 10                    | 216                   |
| Proceeds from maturities of marketable securities                                 | 1,210                 | 2,197                 |
| Proceeds from the sale of marketable securities                                   | <u>341</u>            | <u>---</u>            |
| Net cash used in investing activities   | <u>(10,927)</u>       | <u>(5,828)</u>        |
| <b>Cash flows from financing activities:</b>                                      |                       |                       |
| Dividends paid  | (7,800)               | (7,820)               |
| Purchase of treasury stock  | <u>---</u>            | <u>(837)</u>          |
| Net cash used in financing activities   | <u>(7,800)</u>        | <u>(8,657)</u>        |
| Net increase in cash and cash equivalents   | 23,081                | 40,422                |
| Cash and cash equivalents at beginning of year                                    | <u>67,065</u>         | <u>59,351</u>         |
| Cash and cash equivalents at end of period  | \$ <u>90,146</u>      | \$ <u>99,773</u>      |

See accompanying notes to consolidated financial statements.

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**WEIS MARKETS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**(1) Significant Accounting Policies**

**Basis of Presentation:** The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring deferrals and accruals) considered necessary for a fair presentation have been included. The operating results for the periods presented are not necessarily indicative of the results to be expected for the full year. The company has evaluated subsequent events for disclosure through the date of issuance of the accompanying unaudited consolidated interim financial statements and there were no material subsequent events which require additional disclosure. For further information, refer to the consolidated financial statements and footnotes thereto included in the company's latest Annual Report on Form 10-K.

**(2) Current Relevant Accounting Standards**

In January 2010, the Financial Accounting Standards Board (FASB) issued additional authoritative guidance on fair value measurements. The guidance requires previous fair value hierarchy disclosures to be further disaggregated by class of assets and liabilities. In addition, significant transfers between Levels 1 and 2 of the fair value hierarchy are required to be disclosed. The guidance was effective for interim and annual reporting periods ending after December 15, 2009. The company adopted the guidance effective for the first fiscal quarter ending March 27, 2010. Adoption of the new guidance did not have an impact on the company's consolidated financial position, as this guidance relates only to additional disclosures.

**(3) Comprehensive Income**

The components of comprehensive income, net of related tax, for the periods ended March 27, 2010 and March 28, 2009 are as follows:

| <i>(dollars in thousands)</i>   | <b><u>13 Weeks Ended</u></b> |                    |
|---|------------------------------|--------------------|
|   | <b><u>2010</u></b>           | <b><u>2009</u></b> |
| Net income  | \$ 17,382                    | \$ 16,518          |
| Other comprehensive income by component, net of tax:  |                              |                    |
| Unrealized holding losses arising during period (Net of deferred taxes of \$139 and \$343, respectively)  | (196)                        | (484)              |
| Reclassification adjustment for gains included in net income (Net of taxes of \$93 and \$0, respectively) | (130)                        | ---                |
| Comprehensive income, net of tax  | \$ <u>17,056</u>             | \$ <u>16,034</u>   |

**(4) Reclassification**

The company reclassified certain immaterial amounts in the Consolidated Balance Sheets and Consolidated Statements of Income.



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**WEIS MARKETS, INC.**  
**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of the company's financial condition and results of operations should be read in conjunction with the unaudited financial statements and related notes included in Item 1 of this Quarterly Report on Form 10-Q, the company's audited consolidated financial statements and the related notes included in the company's Annual Report on Form 10-K for the year ended December 26, 2009, filed with the U.S. Securities and Exchange Commission, as well as the cautionary statement captioned "Forward-Looking Statements" immediately following this analysis.

**Overview**

Founded in 1912 by Harry and Sigmund Weis, Weis Markets, Inc., which is based in Sunbury, Pennsylvania, currently ranks among the top 50 food and drug retailers in the United States in revenues generated. As of March 27, 2010, the company operated 164 retail food stores in Pennsylvania and four surrounding states: Maryland, New Jersey, New York and West Virginia.

The company generates its revenues in its retail food stores from the sale of a wide variety of consumer products including groceries, dairy products, frozen foods, meats, seafood, fresh produce, floral, pharmacy services, deli products, prepared foods, bakery products, beer and wine, fuel, and general merchandise items, such as health and beauty care and household products. The company also operates 25 SuperPetz pet supply stores. The company supports its retail operations through a centrally located distribution facility, its own transportation fleet, three manufacturing facilities and its administrative offices. The company's operations are reported as a single reportable segment.

**Results of Operations****Analysis of Consolidated Statements of Income**

(dollars in thousands except per share amounts)

For the 13 Weeks Ended March 27, 2010 and  
 March 28, 2009

|  | <b>2010</b><br><b>(13 weeks)</b> | <b>2009</b><br><b>(13 weeks)</b> | <b>Percent</b><br><b>Changes</b><br><b>2010 vs.</b><br><b>2009</b> |
|--|----------------------------------|----------------------------------|--|
| Net sales  | \$ 664,256                       | \$ 606,239                       | 9.6 %  |
| Cost of sales, including warehousing and distribution expenses | <u>484,325</u>                   | <u>442,527</u>                   | 9.4  |
| Gross profit on sales  | 179,931                          | 163,712                          | 9.9  |
| Gross profit margin  | 27.1 %                           | 27.0 %                           |  |
| Operating, general and administrative expenses                 | 153,251                          | 138,553                          | 10.6   |
| O, G & A, percent of net sales                                 | <u>23.1 %</u>                    | <u>22.9 %</u>                    |  |
| Income from operations   | 26,680                           | 25,159                           | 6.0  |
| Operating margin   | 4.0 %                            | 4.2 %                            |  |
| Investment income  | 591                              | 387                              | 52.7   |
| Investment income, percent of net sales                        | <u>0.1 %</u>                     | <u>0.1 %</u>                     |  |
| Income before provision for income taxes                       | 27,271                           | 25,546                           | 6.8  |
| Provision for income taxes                                     | 9,889                            | 9,028                            | 9.5  |

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|                                      |    |               |    |               |       |
|--------------------------------------|----|---------------|----|---------------|-------|
| Effective tax rate                   |    | <u>36.3 %</u> |    | <u>35.3 %</u> |       |
| Net income                           | \$ | 17,382        | \$ | 16,518        | 5.2 % |
| Net income, percent of net sales     |    | 2.6 %         |    | 2.7 %         |       |
| Basic and diluted earnings per share | \$ | 0.65          | \$ | 0.61          | 6.6 % |

*Net Sales*

The company's revenues are earned and cash is generated as merchandise is sold to customers at the point of sale. Discounts, except those provided by a vendor, are recognized as a reduction in sales as products are sold or over the life of a promotional program if redeemable in the future.

Comparable store sales increased 3.0% in the first quarter of 2010 compared to the same quarter in 2009, while total sales increased 9.6%.

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**WEIS MARKETS, INC.**  
**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
(continued)

**Results of Operations (continued)**

When calculating the percentage change in comparable store sales, the company defines a new store to be comparable the week following one full year of operation. Relocated stores and stores with expanded square footage are included in comparable sales since these units are located in existing markets and are open during construction. When a store is closed, sales generated from that unit in the prior year are subtracted from total company sales starting the same week of closure in the prior year and continuing from that point forward.

The company invested in aggressive promotional programs throughout its marketing area which benefited sales. Continuing its significant investment in its promotional program "Price Freeze", the company began its fourth round of "Price Freeze" on December 31, 2009. This program froze prices of approximately 3,000 staple items for a 90-day period and saved the company's customers over \$7 million. During this period, the company experienced a 1.2% increase in average sales per customer transaction while the number of identical customer store visits remained the same. In addition to the "Price Freeze" program, the company ran a "Weis Rewards" loyalty card program, allowing customers to earn discounts ranging from 5% to 20% on a future purchase and expanded its "Gas Rewards" program.

The "Gas Rewards" program allows Weis Preferred Shoppers Club members to earn gas discounts resulting from their in-store purchases. Customers can redeem these gas discounts at Sheetz convenience stores, located in most of the company's markets, or at any Weis Gas N' Go location. In the first quarter of 2010, the company rolled out its "Gas Rewards" program to an additional 68 stores and the program is now offered at 111 stores.

As the company previously reported, market forces positively affecting prescription growth such as an aging population base, continue to be offset by a soft economy as well as various market forces and competitive pressures. Sales building strategies implemented throughout 2009, coupled with an unusually severe influenza season, continued to positively impact sales in 2010. Pharmacy sales in the first quarter of 2010 increased 2.9% compared to the first quarter in 2009.

Dairy sales increased 2.1% in the first quarter of 2010, compared to the same quarter of 2009 when the company experienced significant product deflation in its dairy category, particularly with eggs and milk. In 2009, dairy sales decreased 2.6% compared to the first quarter of 2008. The 2009 dairy deflation trend has reversed, as anticipated based upon reports from the USDA's Economic Research Service. Management anticipates dairy sales to continue to increase in the future quarters of 2010.

Management remains confident in its ability to generate sales growth in a highly competitive environment, but also understands some competitors have greater financial resources and could use these resources to take measures which could adversely affect the company's competitive position.

*Cost of Sales and Gross Profit*

Cost of sales consists of direct product costs (net of discounts and allowances), warehouse costs, transportation costs and manufacturing facility costs.

According to the latest U.S. Bureau of Labor Statistics' report, seasonally adjusted annual rate food-at-home consumer price index rose 3.7% for the quarter compared to 2009's first quarter decline of 3.6%. The producer price index for finished consumer foods increased at a rate of 3.2% for the first quarter of 2010 compared to a decline of 2.6% for the first quarter of 2009. In 2010 and 2009, the company has been able to maintain a gross profit rate of 27.1% and 27.0%, respectively, despite fluctuating retail and wholesale prices.

The company's profitability is impacted by the cost of oil. Fluctuating fuel prices affect the delivered cost of product and the cost of other petroleum-based supplies such as plastic bags. Cost of sales was impacted by a 2.4% decrease in the cost of diesel fuel used by the company to deliver goods from its distribution center to its stores as compared to the first quarter in 2009. In 2009, the company implemented routing software to improve loading patterns and reduce delivery mileage. The routing software was activated to 100% of the outbound shipments in 2010. As a result, management estimates a 3% reduction in fuel usage this year.

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**WEIS MARKETS, INC.**  
**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
(continued)

**Results of Operations (continued)**

Although the company experienced product cost inflation and deflation in various commodities for both quarters presented, management does not feel it can accurately measure the full impact of inflation and deflation on retail pricing due to changes in the types of merchandise sold between periods, shifts in customer buying patterns and the fluctuation of competitive factors.

*Operating, General and Administrative Expenses*

Business operating costs including expenses generated from administration and purchasing functions, are recorded in "Operating, general and administrative expenses." Business operating costs include items such as wages, benefits, utilities, repairs and maintenance, advertising costs and credits, rent, insurance, equipment depreciation, leasehold amortization and costs for outside provided services.

Employee-related costs such as wages, employer paid taxes, health care benefits and retirement plans, comprise over 60% of the total operating, general and administrative expenses. Employee-related costs increased 8.6% in the first quarter of 2010 compared to the same quarter last year, 5.7% of this increase is attributed to the acquisition of eleven Giant Markets stores completed in the third quarter of 2009. Employee-related costs decreased 0.1% as a percent of sales. In the first quarter of 2010, the company's self-insured health care benefits increased 19.3% from the same period in 2009, 7.3% of this increase is related to the Giant Markets acquisition. Although management continues various programs to reduce this expense, it expects a trend of increasing health care benefit costs of approximately 9% in 2010. As a percent of sales, direct store labor decreased 0.1% compared to the first quarter of 2009 due to improved scheduling disciplines.

Due to above average snowfall in the Mid-Atlantic states, the company's operating region, snow removal costs increased \$843,000 in the quarter compared to the prior year. The company benefited from income from the sale of cardboard salvage which increased \$553,000 in the first quarter in 2010 as market prices significantly increased, compared to the first quarter of 2009.

Retail store profitability is sensitive to rising utility costs due to the amount of electricity and gas required to operate. The company is reacting to these increased operating costs by evaluating technological improvements for improved utility and fuel management. Beginning in 2010, Pennsylvania deregulated electricity pricing and it is anticipated the average electric utility consumer will see a 30% increase. The company's electric utility expense in its Pennsylvania stores increased by 17.2% in the first quarter of 2010, compared to the same quarter of 2009. Through "green initiatives", technology and buying, management continues to expect 2010 costs to increase only by 20% in its Pennsylvania stores.

The company may not be able to recover these rising expenses through increased prices charged to its customers. Any delay in the company's response to unforeseen cost increases or competitive pressures that prevent its ability to raise prices may cause earnings to suffer. Management does not foresee a change in these trends in the near future.

*Investment Income*

The company's investment portfolio consists of short-term money market funds, Pennsylvania tax-free state and municipal bonds and equity securities. The company classifies all of its marketable securities as available-for-sale. The company experienced a \$204,000 increase in investment income compared to the same period a year ago, primarily due to gains recognized on the sale of marketable securities.

*Provision for Income Taxes*

The effective income tax rate differs from the federal statutory rate of 35% primarily due to the effect of state taxes, net of permanent differences relating to tax-free income.

Income is earned by selling merchandise at price levels that produce revenues in excess of cost of merchandise sold and operating and administrative expenses. Although the company may experience short term fluctuations in its earnings due to unforeseen short-term operating cost increases, it historically has been able to increase revenues and maintain stable earnings from year to year.

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**WEIS MARKETS, INC.**  
**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
(continued)

**Liquidity and Capital Resources**

During the first quarter of 2010, the company generated \$41.8 million in cash flows from operating activities compared to \$54.9 million for the same period in 2009. Since the beginning of the fiscal year, working capital increased 5.4% compared to an increase of 7.4% in the first quarter of 2009.

Net cash used in investing activities was \$10.9 million compared to \$5.8 million in the first quarter of 2010 and 2009, respectively. These funds were used primarily for property and equipment purchases in the quarters presented. Property and equipment purchases during the first quarter of 2010 totaled \$12.5 million compared to \$8.2 million in the first quarter of 2009. As a percentage of sales, capital expenditures were 1.9% and 1.4% in 2010 and 2009, respectively.

The company's capital expansion program includes the construction of new superstores, the expansion and remodeling of existing units, the acquisition of sites for future expansion, new technology purchases and the continued upgrade of the company's processing and distribution facilities. Company management estimates that its current development plans will require an investment of approximately \$102.8 million in 2010.

Net cash used in financing activities during the first quarter of 2010 was \$7.8 million compared to \$8.7 million in the same period a year ago. The majority of the financing activities consisted of dividend payments to shareholders. At March 27, 2010, the company had outstanding letters of credit of \$14.9 million. The letters of credit are maintained primarily to support performance, payment, deposit or surety obligations of the company and the company does not anticipate drawing on any of them.

Total cash dividend payments on common stock, on a per share basis, amounted to \$.29 per quarter in 2010 and 2009. At its regular meeting held in April, the Board of Directors unanimously approved a quarterly dividend of \$.29 per share, payable on May 24, 2010 to shareholders of record on May 10, 2010. The company did not purchase any treasury stock in the first quarter of 2010, compared to \$837,000 in purchases for the first quarter of 2009. The Board of Directors' 2004 resolution authorizing the repurchase of up to one million shares of the company's common stock has a remaining balance of 752,517 shares.

The company has no other commitment of capital resources as of March 27, 2010, other than the lease commitments on its store facilities under operating leases that expire at various dates through 2028. The company anticipates funding its working capital requirements and its \$102.8 million capital expansion program through cash and investment reserves and future internally generated cash flows from operations. However, management is currently considering maintaining a credit facility to fund potential acquisitions.

**Critical Accounting Estimates**

The company has chosen accounting policies that it believes are appropriate to accurately and fairly report its operating results and financial position, and the company applies those accounting policies in a consistent manner.

The Significant Accounting Policies are summarized in Note 1 to the Consolidated Financial Statements included in the 2009 Annual Report on Form 10-K. There have been no changes to the Critical Accounting Policies since the company filed its Annual Report on Form 10-K for the fiscal year ended December 26, 2009.

### **Forward-Looking Statements**

In addition to historical information, this 10-Q Report may contain forward-looking statements. Any forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. For example, risks and uncertainties can arise with changes in: general economic conditions, including their impact on capital expenditures; business conditions in the retail industry; the regulatory environment; rapidly changing technology and competitive factors, including increased competition with regional and national retailers; and price pressures. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's analysis only as of the date hereof. The company undertakes no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in other documents the company files periodically with the Securities and Exchange Commission.



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**WEIS MARKETS, INC.**

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

Quantitative Disclosure - There have been no material changes in the company's market risk during the three months ended March 27, 2010. Quantitative information is set forth in Item 7a on the company's annual report on Form 10-K under the caption "Quantitative and Qualitative Disclosures About Market Risk," which was filed for the fiscal year ended December 26, 2009 and is incorporated herein by reference.

Qualitative Disclosure - This information is set forth in the company's annual report on Form 10-K under the caption "Liquidity and Capital Resources," within "Management's Discussion and Analysis of Financial Condition and Results of Operations," which was filed for the fiscal year ended December 26, 2009 and is incorporated herein by reference.

**ITEM 4. CONTROLS AND PROCEDURES**

The Chief Executive Officer and the Chief Financial Officer, together with the company's Disclosure Committee, evaluated the company's disclosure controls and procedures as of the fiscal quarter ended March 27, 2010. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed by the company in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended, was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the company in such reports was accumulated and communicated to the company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the evaluation described above, there was no change in the company's internal control over financial reporting during the fiscal quarter ended March 27, 2010, that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

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**WEIS MARKETS, INC.  
PART II - OTHER INFORMATION**

**ITEM 6. EXHIBITS**

Exhibits

- Exhibit 31.1 Rule 13a-14(a) Certification - CEO
- Exhibit 31.2 Rule 13a-14(a) Certification - CFO
- Exhibit 32 Certification Pursuant to 18 U.S.C. Section 1350

**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.

WEIS MARKETS, INC.

(Registrant)

Date 05/06/2010

/S/David J. Hepfinger

David J. Hepfinger

President and Chief Executive Officer  
(Principal Executive Officer)

Date 05/06/2010

/S/ Scott F. Frost

Scott F. Frost

Vice President, Chief Financial Officer  
and Treasurer  
(Principal Financial Officer)