

WEIS MARKETS INC  
Form 10-Q  
August 10, 2006

---

Table of Contents

**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 **July 1, 2006**

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)

1000 S. Second Street  
P. O. Box 471

Sunbury, Pennsylvania

(Address of principal executive offices)

24-0755415

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

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.)

Edgar Filing: WEIS MARKETS INC - Form 10-Q

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 10, 2006, there were issued and outstanding 27,022,259 shares of the registrant's common stock.

---

Table of Contents

**WEIS MARKETS, INC.**

**TABLE OF CONTENTS**

<u>FORM 10-Q</u>	<u>Page</u>
<u>Part I. Financial Information</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Balance Sheets</u>	1
<u>Consolidated Statements of Income</u>	2
<u>Consolidated Statements of Cash Flows</u>	3
<u>Notes to Consolidated Financial Statements</u>	4
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	5
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	8
<u>Item 4. Controls and Procedures</u>	8
<u>Part II. Other Information</u>	
<u>Item 6. Exhibits</u>	9
<u>Signatures</u>	9
<u>Exhibit 31.1 Rule 13a-14(a) Certification- CEO</u>	
<u>Exhibit 31.2 Rule 13a-14(a) Certification- CFO</u>	
<u>Exhibit 32 Certification Pursuant to 18 U.S.C. Section 1350</u>	

---

Table of Contents

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

	<u>July 1, 2006</u>	<u>December 31, 2005</u>
	(unaudited)	
<b><u>Assets</u></b>		
Current:		
Cash and cash equivalents	\$ 62,908	\$ 69,300
Marketable securities	23,399	23,210
Accounts receivable, net	38,921	38,376
Inventories	175,762	179,382
Prepaid expenses	4,368	6,076
Deferred income taxes	<u>4,043</u>	<u>4,359</u>
<b>Total current assets</b>	<b><u>309,401</u></b>	<b><u>320,703</u></b>
Property and equipment, net	472,162	446,517
Goodwill	15,731	15,731
Intangible and other assets, net	<u>5,201</u>	<u>5,536</u>
	\$ <u>802,495</u>	\$ <u>788,487</u>
<b><u>Liabilities</u></b>		
Current:		
Accounts payable	\$ 98,672	\$ 100,895
Accrued expenses	23,635	20,079
Accrued self-insurance	22,563	21,553
Payable to employee benefit plans	12,702	12,487
Income taxes payable	<u>648</u>	<u>2,020</u>
<b>Total current liabilities</b>	<b><u>158,220</u></b>	<b><u>157,034</u></b>
Deferred income taxes	<u>25,191</u>	<u>27,596</u>
<b><u>Shareholders' Equity</u></b>		
Common stock, no par value, 100,800,000 shares authorized,		
33,007,746 and 33,002,357 shares issued, respectively	8,554	8,371
Retained earnings	750,620	735,865
Accumulated other comprehensive income		
(Net of deferred taxes of \$3,381 in 2006 and \$3,047 in 2005)	<u>4,768</u>	<u>4,296</u>
	763,942	748,532
Treasury stock at cost, 5,986,609 and 5,982,461 shares, respectively	<u>(144,858)</u>	<u>(144,675)</u>
<b>Total shareholders' equity</b>	<b><u>619,084</u></b>	<b><u>603,857</u></b>
	\$ <u>802,495</u>	\$ <u>788,487</u>

See accompanying notes to consolidated financial statements.

Table of Contents

**WEIS MARKETS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)

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

	13 Weeks Ended		26 Weeks Ended	
	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
Net sales	\$ 561,944	\$ 535,704	\$ 1,085,446	\$ 1,085,446
Cost of sales, including warehousing and distribution expenses	<u>410,892</u>	<u>392,803</u>	<u>797,008</u>	<u>797,008</u>
Gross profit on sales	151,052	142,901	288,438	288,438
Operating, general and administrative expenses	<u>132,133</u>	<u>125,263</u>	<u>247,068</u>	<u>247,068</u>
Income from operations	18,919	17,638	41,370	41,370
Investment income	1,145	821	1,284	1,284
Other income, net	<u>3,998</u>	<u>4,158</u>	<u>7,368</u>	<u>7,368</u>
Income before provision for income taxes	24,062	22,617	50,022	50,022
Provision for income taxes	<u>8,571</u>	<u>8,516</u>	<u>18,632</u>	<u>18,632</u>
Net income	\$ <u>15,491</u>	\$ <u>14,101</u>	\$ <u>31,390</u>	\$ <u>31,390</u>
Weighted-average shares outstanding, basic	27,020,978	27,027,725	27,033,066	27,033,066
Weighted-average shares outstanding, diluted	27,032,278	27,033,668	27,038,194	27,038,194
Cash dividends per share	\$ 0.29	\$ 0.28	\$ 0.56	\$ 0.56
Basic and diluted earnings per share	\$ 0.57	\$ 0.54	\$ 1.16	\$ 1.16

See accompanying notes to consolidated financial statements.

**Page 2 of 9 (Form 10-Q)**

Table of Contents

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

	<b>26 Weeks Ended</b>	
	<b><u>July 1, 2006</u></b>	<b><u>June 25, 2005</u></b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 30,427	\$ 31,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	21,428	21,384
Amortization	2,962	3,250
Loss on disposition of fixed assets	114	527
Gain on sale of marketable securities	(431)	---
Changes in operating assets and liabilities:		
Inventories	3,620	(4,278)
Accounts receivable and prepaid expenses	1,163	224
Income taxes recoverable	---	(1,227)
Accounts payable and other liabilities	2,558	6,617
Income taxes payable	(1,372)	---
Deferred income taxes	(2,423)	(1,252)
Other	<u>38</u>	<u>(33)</u>
Net cash provided by operating activities	<u>58,084</u>	<u>56,602</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(49,920)	(20,801)
Proceeds from the sale of property and equipment	106	259
Purchase of marketable securities	(11,998)	(3,478)
Proceeds from maturities of marketable securities	11,998	---
Proceeds from sale of marketable securities	<u>1,010</u>	<u>---</u>
Net cash used in investing activities	<u>(48,804)</u>	<u>(24,020)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock	183	33
Dividends paid	(15,672)	(15,138)
Purchase of treasury stock	<u>(183)</u>	<u>(21)</u>
Net cash used in financing activities	<u>(15,672)</u>	<u>(15,126)</u>
Net (decrease) increase in cash and cash equivalents	(6,392)	17,456
Cash and cash equivalents at beginning of year	<u>69,300</u>	<u>58,234</u>
Cash and cash equivalents at end of period	\$ <u>62,908</u>	\$ <u>75,690</u>

*See accompanying notes to consolidated financial statements.*



Table of Contents

**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. For further information, refer to the consolidated financial statements and footnotes thereto included in the company's latest Annual Report on Form 10-K.

In October 2005, the FASB issued FASB Staff Position ("FSP") FAS 13-1, "Accounting for Rental Costs Incurred during a Construction Period" ("FSP FAS 13-1"). FSP FAS 13-1 requires rental costs associated with operating leases incurred during a construction period to be recognized as rental expense effective for the first reporting period after December 15, 2005. In addition, FSP FAS 13-1 requires lessees to cease capitalizing rental costs for operating lease agreements entered into prior to the effective date. Early adoption is permitted. Retrospective application of the FSP is permitted but not required. Management has changed its accounting policy to recognize rental expense during construction as of the beginning of this fiscal year. The company did not previously capitalize rental costs for operating lease agreements. The adoption of FSP FAS 13-1 did not have a material effect on the company's consolidated financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes--an Interpretation of FASB Statement 109" ("FIN 48"). FIN 48 clarifies the accounting for the income tax effects of uncertain tax positions in financial statements. FIN 48 prescribes that the income tax effects should be recognized if it is determined it is more likely than not that the tax position will be sustained on examination by taxing authorities. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The effective date for this interpretation is for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of retained earnings. Management is currently evaluating the impact of adopting FIN 48 on the consolidated financial statements.

**(2) Comprehensive Income**

The components of comprehensive income, net of related tax, for the periods ended July 1, 2006 and June 25, 2005 are as follows:

<i>(dollars in thousands)</i>	<u>13 Weeks Ended</u>		<u>26 Weeks Ended</u>	
	<u>July 1, 2006</u>	<u>June 25, 2005</u>	<u>July 1, 2006</u>	<u>June 25, 2005</u>
Net income	\$ 15,491	\$ 14,625	\$ 30,427	\$ 31,390
Other comprehensive income by component, net of tax:				
Unrealized holding gains (losses) arising during period (Net of deferred taxes of \$123 and \$311 respectively for the 13 Weeks Ended and \$513 and \$92 respectively for the 26 Weeks Ended)	173	439	724	(131)
Reclassification adjustment for gains included in net income (Net of taxes of \$179	---	---	(252)	---



and \$0, respectively for the 26 Weeks Ended)

Comprehensive income, net of tax	\$	<u>15,664</u>	\$	<u>15,064</u>	\$	<u>30,899</u>	\$	<u>31,259</u>
----------------------------------	----	---------------	----	---------------	----	---------------	----	---------------

(3) Subsequent Event

On July 18, 2006, a landlord of an open store facility was notified of a July 13, 2006 decision that the Company intended not to exercise a successive renewal lease option beginning in October 2006. In 1999, the Company had constructed a major portion of the property, which was recorded as leasehold improvements, in exchange for a discount in the lease rate. Until the decision not to renew, the fair market value of the lease exceeded the carrying value of the leasehold improvement. In accordance with SFAS No. 144, the company will record a pre-tax charge for the impairment of long-lived assets of approximately \$1.2 million in the third quarter of 2006. These charges will be included as a component of other income and eliminate the carrying value of the store.

Table of Contents

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

**OVERVIEW**

Founded in 1912, Weis Markets, Inc. currently ranks among the top 50 food and drug retailers in the United States in terms of revenues generated. At the end of the second quarter of 2006, the company was operating 158 retail food stores in Pennsylvania and four surrounding states: Maryland, New Jersey, West Virginia and New York. Company revenues, income and cash flows are generated in the retail food stores from the sale of a wide variety of consumer products including groceries, dairy products, frozen foods, meats, seafood, fresh produce, floral, prescriptions, deli/bakery products, prepared foods, fuel, general merchandise, health and beauty care and household products. The company supports its retail operations through a centrally located distribution facility, transportation fleet, four manufacturing facilities and its administrative offices. The company also operates 31 SuperPetz pet supply stores.

The following analysis should be read in conjunction with the Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q, the 2005 Annual Report on Form 10-K, filed with the U. S. Securities and Exchange Commission, as well as the cautionary statement captioned "Forward-Looking Statements" immediately following this analysis.

**OPERATING RESULTS**

Total sales for the second quarter ended July 1, 2006 increased 4.9% to \$561.9 million compared to sales of \$535.7 million in the same quarter of 2005. The company's second quarter revenues included sales from the Easter holiday period, which fell in the first quarter a year ago. Management estimates the holiday sales impact was approximately \$5 million, which if considered, sales would have increased 4.0% between the 2006 and 2005 periods. Comparable store sales in the second quarter increased 3.8% compared to a 2.5% increase in 2005. Comparable store sales adjusted for the Easter holiday period would have resulted in a 2.9% increase for the second quarter 2006.

Sales for the first half of this year increased 2.2% to \$1.11 billion compared to \$1.09 billion in 2005. Through the first half of the year, the company experienced a 1.4% increase in comparable store sales compared to a 4.2% increase for the same period a year ago. The company's sales were adversely affected by a very mild winter, particularly in Pennsylvania, where it operates 129 retail food stores.

Although the company experienced some product cost inflation, management does not feel it can accurately measure the full impact of product 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.

Cost of sales consists of direct product costs (net of discounts and allowances), warehouse costs, transportation costs and manufacturing facility costs. In the past several years, many vendors have converted promotional incentives to reimbursements based upon sales movement data recorded at the point of sale rather than for cases purchased. Management expects this to be a continuing trend that will have no impact on the company's overall gross profit results.

Gross profit of \$151.1 million at 26.9% of sales, increased \$7.7 million or 5.4% versus the same quarter last year and the gross profit rate increased 0.1%. The year-to-date gross profit at 26.9% of sales increased \$10.2 million or 3.5%, while the gross profit rate increased 0.3%. An improvement of \$3.0 million in store inventory losses ("shrink") in the first half of 2006 compared to the same period in 2005 accounts for all of the increase in the year-to-date gross profit rate.

The company continues to implement operational initiatives to reduce shrink in its retail facilities and began installation of a new exception reporting and performance management application in the first quarter of 2006 to further improve its gross profit results.

The company continues to self distribute from its 1.1 million square foot distribution center located in Milton, Pennsylvania. As a result of a large capital investment into the distribution facility in 2004 and 2005, the company substantially improved safety conditions, order selection accuracy and associate productivity. In turn, these same improvements also contributed to higher gross profits at store level because of improved in-stock positions. The company continues to research new technology initiatives for its distribution center to further improve expense controls.

**Page 5 of 9 (Form 10-Q)**

---

Table of Contents

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

**OPERATING RESULTS (continued)**

Diesel fuel costs increased 24.1% in the quarter and 26.0% year-to-date compared to the same periods in 2005. At this time, management is unaware of any other events or trends that may cause a material change to the overall financial operation due to shifts in product cost.

The second quarter operating, general and administrative expenses of \$132.1 million at 23.5% of sales, increased \$7.0 million or 5.6% compared to the same quarter in 2005. As a percentage of sales, operating expenses were .1% higher than the second quarter last year. The company experienced a 6.5% increase in labor expenses for the quarter that was partially offset by a 22.0% reduction in associate medical benefit costs. Year-to-date, operating, general and administrative expenses increased \$14.8 million compared to the first half of last year, these expenses increased to 23.6% of sales from 22.8% in 2005. Year-to-date, the company experienced significant increases in labor costs, energy costs and credit/debit card interchange fees. Labor costs increased 5.9%, while the cost for utilities increased 9.3%.

Interchange fees for accepting credit/debit cards increased 8.3% in the quarter compared to the same period in 2005. The company is extremely concerned about the continuing rise in interchange fees for accepting credit/debit card transactions. This one line item expense increased 700.2% from 1995 to 2005 while customer utilization increased 560.6%. Since transaction volume is up and fraud is down, it is only logical that transaction costs should decrease. Consequently, the company is working with a wide variety of corporations and associations to reduce interchange rates, including legislation and regulation initiatives.

In the second quarter, the company's investment income totaled \$1.1 million at 0.2% of sales, an increase of \$324,000 or 39.5% compared to the same period a year ago. Year-to-date, the company's investment income increased \$1.2 million or 91.1% to \$2.5 million. The company realized a long-term gain of \$431,000 on the sale of equities from its investment portfolio during the first quarter of 2006. The remaining increase is the result of rising federal interest rates and the fact that the majority of the company's portfolio is in money market funds. The money market funds are classified on the Consolidated Balance Sheets as "Cash and Cash Equivalents."

The company's other income is primarily generated from net rental income, coupon-handling fees, store service commissions, cardboard salvage, gain or loss on the disposition of fixed assets and interest expense. Other income of \$4.0 million at 0.7% of sales decreased \$155,000 or 3.7% compared to the same quarter last year. Year-to-date other income of \$8.1 million at 0.7% of sales increased \$749,000 or 10.2% versus a year ago.

The effective tax rate for the second quarter of 2006 and 2005 was 35.6% and 36.8%, respectively. Year-to-date, the effective tax rate was 35.8% for 2006 compared to 37.2% for the first half of last year. The effective income tax rate differs from the federal statutory rate of 35% primarily due to the effect of state taxes.

For the three-month period ending July 1, 2006, net income of \$15.5 million increased 5.9% compared to the same period last year. Basic and diluted earnings per share of \$.57 for the quarter increased \$.03 or 5.6% compared to 2005. Year-to-date earnings decreased 3.1% from \$31.4 million to \$30.4 million. Basic and diluted earnings per share in the first half of 2006 decreased 2.6% to \$1.13 compared to \$1.16 generated in the first half of last year.

**LIQUIDITY AND CAPITAL RESOURCES**

During the first twenty-six weeks of 2006, the company generated \$58.1 million in cash flows from operating activities compared to \$56.6 million for the same period in 2005. Working capital decreased \$12.5 million or 7.6% since the beginning of the year. Net cash provided by operating activities increased \$1.5 million compared to the same period last year. First half 2006 cash flows from operating activities benefited from a \$2.3 million reimbursement for prepaid associate medical benefits because of contract changes.

**Page 6 of 9 (Form 10-Q)**

---

Table of Contents

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

**LIQUIDITY AND CAPITAL RESOURCES (continued)**

Net cash used in investing activities in the first half of 2006 amounted to \$48.8 million compared to the \$24.0 million used in 2005. Capital expenditures for the first half of the year totaled \$49.9 million compared to \$20.8 million in 2005. The company estimated that its capital expenditure plans would require an investment of \$90.6 million in 2006. This plan includes 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 company processing and distribution facilities.

Net cash used in financing activities during the first twenty-six weeks of 2006 was \$15.7 million compared to \$15.1 million in 2005. In 2006, treasury stock purchases amounted to \$183,000 in the period compared to \$21,000 in the first half last year. The Board of Directors' 2004 resolution authorizing the purchase of one million shares of treasury stock has a remaining balance of 887,896 shares.

Cash dividends of \$15.7 million were paid to shareholders in the first half of 2006 versus \$15.1 million a year ago. At its regular meeting held in July, the Board of Directors unanimously approved a quarterly dividend of \$.29 per share, payable on August 18, 2006 to shareholders of record on August 4, 2006.

The company has no other commitment of capital resources as of July 1, 2006, other than the lease commitments on its store facilities under operating leases that expire at various dates through 2026. The company anticipates funding its working capital requirements and its \$90.6 million capital expansion program through internally generated cash flows from operations.

**Critical Accounting Policies**

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 2005 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 year ended December 31, 2005.

**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.



Table of Contents

**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 six months ended July 1, 2006. Quantitative information is set forth in Item 7a on the company's annual report on Form 10-K under the caption "Quantitative Disclosures About Market Risk," which was filed for the fiscal year ended December 31, 2005 and is incorporated herein by reference.

Qualitative Disclosure - This information is set forth in Item 7a of 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 31, 2005 and is incorporated herein by reference.

**ITEM 4. CONTROLS AND PROCEDURES**

The Chief Executive Officer and the Chief Financial Officer of the company (its principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of a date within 90 days prior to the date of the filing of this Report, that the company's disclosure controls and procedures are effective 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, is 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 is 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.

There were no significant changes in the company's internal controls or in other factors that could significantly affect these controls subsequent to the date of such evaluation.



Table of Contents

**WEIS MARKETS, INC.**

**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 8/10/2006

/S/Norman S. Rich

Norman S. Rich

President / Chief Executive Officer

Date 8/10/2006

/S/William R. Mills

William R. Mills

Senior Vice President and Treasurer /

Chief Financial Officer / Chief

Accounting Officer

Table of Contents

**EXHIBIT 31.1**

**WEIS MARKETS, INC.**

**CERTIFICATION- CHIEF EXECUTIVE OFFICER  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Norman S. Rich, President/CEO of Weis Markets, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Weis Markets, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2006

/S/ Norman S. Rich  
Norman S. Rich  
President/CEO



Table of Contents

**EXHIBIT 31.2**

**WEIS MARKETS, INC.**

**CERTIFICATION- CHIEF FINANCIAL OFFICER  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, William R. Mills, Senior Vice President and Treasurer/CFO of Weis Markets, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Weis Markets, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2006

/S/ William R. Mills  
William R. Mills  
Senior Vice President



Table of Contents

**EXHIBIT 32**

**WEIS MARKETS, INC.**

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

In connection with the quarterly report of Weis Markets, Inc. (the "company") on Form 10-Q for the quarter ending July 1, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), We, Norman S. Rich, President / Chief Executive Officer, and William R. Mills, Senior Vice President and Treasurer / Chief Financial Officer, of the company, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) to my knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

/S/ Norman S. Rich

Norman S. Rich  
President / CEO  
8/10/2006

/S/ William R. Mills

William R. Mills  
Senior Vice President and Treasurer / CFO  
8/10/2006

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to Weis Markets, Inc. and will be retained by Weis Markets, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

---