

WEIS MARKETS INC
Form DEF 14A
March 04, 2004

**Notice of Annual Meeting of Shareholders
of
WEIS MARKETS, INC.
To Be Held On
APRIL 14, 2004**

TO OUR SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the 2004 Annual Meeting of the Shareholders of Weis Markets, Inc. (the "Company"), will be held on Wednesday, April 14, 2004, at 10:00 a.m., Eastern Standard Time, at the principal office of the Company, 1000 South Second Street, Sunbury, Pennsylvania 17801, for the following purposes:

1. To elect seven directors to serve, subject to provisions of the by-laws, until the next Annual Meeting of Shareholders or until their respective successors have qualified.
2. To approve the appointment of independent public accountants for the current fiscal year.
3. To act upon such other business as may properly come before such meeting, or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on February 20, 2004, as the record date for the meeting. Only holders of shares of stock of record at that time will be entitled to vote at the meeting, or any adjournments or postponements thereof.

To assure your representation at the meeting, please sign and mail promptly the enclosed proxy, which is being solicited on behalf of the Company. Reference is made to the attached Proxy Statement for further information with respect to the business to be transacted at the meeting.

By order of the Board of Directors,

JONATHAN H. WEIS
Secretary of the Company

March 5, 2004
Sunbury, Pennsylvania

WEIS MARKETS, INC. PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 14, 2004

This Proxy Statement is submitted with the Notice of the Annual Meeting of Shareholders of Weis Markets, Inc. (the "Company"), to be held Wednesday, April 14, 2004, at 10:00 a.m., Eastern Standard Time, at the principal office of the Company, 1000 South Second Street, Sunbury, Pennsylvania 17801, and the form of proxy enclosed with such notice.

INFORMATION CONCERNING THE SOLICITATION

The proxy form, which accompanies this statement, is being solicited on behalf of the Company. Subject to the conditions hereinafter set forth, the shares represented by each proxy executed in the accompanying form of proxy will be voted at the meeting, or any adjournments or postponements thereof, in accordance with the specifications therein made. Where there is no contrary choice specified, the proxy will be voted "FOR" each of the proposals as therein specified. Proxy material will be first sent to shareholders on or about March 5, 2004.

A proxy executed in the form enclosed may be revoked by the person signing the same at any time before the authority thereby granted is exercised. The revocation may be exercised at any time before the annual meeting by indicating the revocation in writing. This revocation should be directed to the Judge of Elections, Weis Markets, Inc., 1000 South Second Street, Sunbury, Pennsylvania 17801. The proxy may also be revoked by voting in person at the annual meeting or by voting a later dated proxy.

The Company will provide, without charge, on written request from security holders, copies of the Company's Annual Report on Form 10-K.

Expenses related to the solicitation of the proxies for the meeting and the handling and tabulation of proxies received, estimated at \$24,000 in total, will be paid by the Company. If proxies are not promptly received, officers, directors and regular employees of the Company may solicit proxies personally by telephone or otherwise, for which they will not receive additional compensation. The Company may reimburse charges of banks, brokers, other custodians, nominees and fiduciaries to send proxy material to the beneficial owners and to secure their voting instructions, if necessary. It is estimated that such costs will be nominal.

SHAREHOLDERS' PROPOSALS FOR NEXT ANNUAL MEETING

Shareholders who intend to submit a proposal to be presented at the next annual meeting, which if appropriate, will be included in the Company's next annual Proxy Statement, must submit a concise written text of the proposal and the reasons therefore to the Secretary at the executive offices on or before November 5, 2004.

MATTERS TO BE ACTED UPON AT THE MEETING

As the notice of the meeting indicates, the following are the matters to be acted upon at the meeting:

1. Seven directors will be elected at the meeting to hold office, subject to the Company by-laws, until the next annual meeting of shareholders or until their respective successors have qualified.
2. A request for shareholder approval of the appointment of Ernst & Young LLP as the independent public accountants for the Company and its wholly owned subsidiaries.
3. Transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Company's by-laws specify that any matter to be brought before an annual meeting by a shareholder must be received at the principal executive offices of the Company no later than the close of business on the sixtieth day prior to the anniversary date of the immediately preceding annual meeting of shareholders. Management does not intend to bring any other matters before the meeting, and does not know of any matter that is eligible for action at the meeting.

OUTSTANDING VOTING SECURITIES AND VOTING RIGHTS

The holders of Common Stock of the Company of record at the close of business February 20, 2004 will be entitled to vote on all matters at the meeting. Each holder of Common Stock will be entitled to one vote for each share of stock so held and to cumulative voting rights in the election of directors. Under cumulative voting, a shareholder, or the shareholder's proxies, may vote the number of shares of stock owned by the shareholder for as many persons as there are directors to be elected, or may cumulate such votes and give to one or distribute among two or more nominees as many votes as shall equal the number of directors to be elected multiplied by the number of the shareholder's shares of stock.

Directors are elected by a plurality vote of all votes cast at the meeting. Abstentions and broker non-votes will be treated as present for purposes of determining a quorum, but will not affect the election of directors or other matters submitted to the vote of shareholders.

The number of outstanding shares of Common Stock as of February 20, 2004 is 27,140,300. The presence, in person or by proxy, of at least 13,570,151 shares will constitute a quorum.

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The following persons are known by the Company to be the beneficial owners of more than 5% of its Common Stock, which is its only class of voting securities, on February 20, 2004. Information contained in the table and footnotes below were derived from filings made with the Securities and Exchange Commission by the beneficial owners.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Robert F. Weis c/o Weis Markets, Inc. 1000 South Second Street Sunbury, PA 17801	12,631,996 (1)	46.5
Ellen W. P. Wasserman c/o Weis Markets, Inc. 1000 South Second Street Sunbury, PA 17801	3,104,424 (2)	11.4
Sidney Apfelbaum, Trustee for the Charles B. Degenstein Foundation 43 South Fifth Street Sunbury, PA 17801	2,014,579 (3)	7.4
Private Capital Management Bruce S. Sherman and Gregg J. Powers 8889 Pelican Bay Blvd. Naples, FL 34108	1,453,703 (4)	5.4

Footnotes:

1. Robert F. Weis has sole voting and dispositive power as to all 12,631,996 shares listed. This amount includes 6,649,087 shares held in trust under the Will of Harry Weis, with Mellon Bank Corporation and Robert F. Weis as co-trustees.
2. Ellen W. P. Wasserman has sole voting and investment power as to 3,104,424 shares listed.
3. Sidney Apfelbaum has sole voting and dispositive power as to 1,842,818 shares held in the Charles B. Degenstein Foundation Charitable Deed of Trust at Mellon Bank Corporation. Mr. Apfelbaum shares dispositive power as to 24,147 shares with his wife and shares voting and dispositive power as to 147,614 shares with Mellon Financial Corporation, Mellon Bank, N.A. and Lore Degenstein as co-trustees of the Lore Degenstein Trusts.
4. Bruce S. Sherman is CEO of Private Capital Management (PCM) and Gregg J. Powers is President of PCM. In these capacities, Messrs. Sherman and Powers exercise shared dispositive and shared voting power with respect to shares held by PCM's clients and managed by PCM. Messrs. Sherman and Powers disclaim beneficial ownership for the shares held by PCM's clients and disclaim the existence of a group.

End

Footnotes.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The following is a concise statement of information concerning directors proposed by the Company as nominees, together with certain other information with respect to such nominees:

<u>Name</u>	<u>Age</u>	<u>Period of Directorship</u>	<u>Principal Occupation</u>	<u>Shares of Stock of the Company Beneficially Owned on February 20, 2004</u>	<u>Percent of Class</u>
Robert F. Weis	84	1947 to date	Chairman of the Board	12,631,996	46.5
Jonathan H. Weis	36	1996 to date	Vice Chairman and Secretary	100,585	*
Norman S. Rich	66	1991 to date	President/CEO	24,488	*
William R. Mills	47	1996 to date	Senior Vice President and Treasurer/CFO	4,000	*
Michael M. Apfelbaum	43	1996 to date	Partner, Apfelbaum, Apfelbaum & Apfelbaum Attorneys at Law	26,817	*
Richard E. Shulman	64	1994 to date	President Industry Systems Development Co.	273	*
Steven C. Smith	46	2001 to date	President & CEO K-VA-T Food Stores, Inc.	215	*
All 18 Directors and Officers as a Group				12,809,747	47.2

* Owns less than 1% of class.

Robert F. Weis. The Company has employed Mr. Weis since 1946. Mr. Weis served as Chairman & Treasurer from 1995 until April 2002, at which time he was appointed Chairman of the Board. Robert F. Weis is the father of Director, Jonathan H. Weis, and brother of Ellen W. P. Wasserman who is also a beneficial owner of more than 5% of the Company's Common Stock. Mr. Weis has been a member of the Board of Directors since 1947. Mr. Weis also serves as a member of the Board of Trustees of Sunbury Community Hospital.

Jonathan H. Weis. The Company has employed Mr. Weis since 1989. Mr. Weis served the Company as Vice President Property Management and Development from 1996 until April 2002, at which time he was appointed as Vice President and Secretary. In January of 2004, the Board appointed Mr. Weis as Vice Chairman and Secretary. Jonathan H. Weis is the son of Director, Robert F. Weis. Mr. Weis has been a member of the Board of Directors since 1996.

Norman S. Rich. The Company has employed Mr. Rich since 1964. Mr. Rich served as President from 1994 until April 2002, at which time he was appointed President/CEO of the Company. Mr. Rich has been a member of the Board of Directors since 1991. Mr. Rich serves on the Board of Trustees of Evangelical Community Hospital, as a Director of the Food Marketing Institute, and on the Board of Governors of the Academy of Food Marketing at St. Joseph's University.

William R. Mills. The Company has employed Mr. Mills since 1992. Mr. Mills served as Vice President Finance & Secretary from 1995 until April 2002, at which time he was appointed Senior Vice President and Treasurer/CFO of the Company. Mr. Mills has been a member of the Board of Directors since 1996.

Michael M. Apfelbaum. Mr. Apfelbaum is engaged in the private practice of law as a Partner with the firm of Apfelbaum, Apfelbaum & Apfelbaum. Mr. Apfelbaum serves as Co-Counsel for the Charles B. Degenstein Foundation and as City Solicitor to the City of Sunbury. Mr. Apfelbaum also serves on the Board of Trustees of Evangelical Community Hospital. Mr. Apfelbaum has been a member of the Board of Directors since 1996.

Richard E. Shulman. Mr. Shulman serves as President of Industry Systems Development Co., a consulting firm. He has expertise in the business of supermarket chains, food wholesalers and technology companies. Mr. Shulman has been a member of the Board of Directors since 1994.

Steven C. Smith. Mr. Smith serves as President and Chief Executive Officer of K-VA-T Food Stores, Inc., a regional supermarket chain headquartered in Abingdon, VA. Mr. Smith was appointed Chairman of the National Grocers Association ("NGA") in 2000 and served in that capacity through 2003. Mr. Smith continues to serve on the NGA Board as Immediate Past Chairman. Mr. Smith also serves as Vice Chairman on the Board of Directors of the Food Marketing Institute. Mr. Smith has been a member of the Board of Directors since 2001.

The Company believes that the proposed nominees for election as directors are willing to be elected as such, and it is intended that the person named in the accompanying form of proxy or their substitutes will vote for the election of these nominees, unless specifically instructed to the contrary. However, if any nominee, at the time of the election, is unable or unwilling to serve, or is otherwise unavailable for election, and in consequence other nominees are designated, the persons in the proxy or their substitutes shall have discretion or authority to vote or refrain from voting in accordance with their judgment on the other nominees.

INDEPENDENCE OF DIRECTORS

Companies listed on the New York Stock Exchange ("NYSE") must comply with certain standards regarding corporate governance, as codified in Section 303A of the Listed Company Manual of the NYSE, with some exceptions. A company of which more than 50% of the voting power is held by an individual, a group or another company need not comply with the requirements of Sections 303A.01 Independent Directors, 303A.04 Nominating/Corporate Governance Committee or 303A.05 Compensation Committee. Robert F. Weis, Chairman of the Board, and Ellen W. Wasserman, his sister, control 57.9% of the voting power. The Company does not have a majority of independent Directors. Based upon the stock ownership of the principal shareholders, the Company determined it would be better served by having the full Board review nominating and corporate governance issues rather than establish a separate committee. The Company does have a Compensation Committee and an Audit Committee comprised of all independent Directors.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted a "Code of Business Conduct and Ethics" that applies to all of its directors, officers and employees. Separately, the Company also adopted a "Code of Ethics for CEO and CFO" specific to its chief executive officer, chief financial officer, controller and any person performing similar functions. The Company has made both documents available on its corporate governance website at http://weismarkets.com/governance_info.php.

CONTACTING THE BOARD OF DIRECTORS

Weis Markets, Inc. shareholders may communicate with the Board of Directors by sending a letter to: Weis Markets, Inc. Board of Directors, c/o Corporate Secretary, 1000 South Second Street, Sunbury, PA 17801-0471. Communications will be distributed as appropriate to the Board depending upon the facts and circumstances outlined in the communication. Shareholders wishing to communicate directly with the non-management directors as a group should replace c/o Corporate Secretary with c/o Non-Management Directors on the envelope.

DIRECTORS' FEES

Standard Board Compensation Arrangement. Directors who are not officers of the Company or any of its subsidiaries receive an annual retainer of \$20,000 paid in quarterly installments during the fiscal year and \$1,000 for each meeting attended, including telephonic meetings lasting over one hour. Each member of the Audit Committee or Compensation Committee who is not an employee of the Company or any of its subsidiaries receives \$700 for each committee meeting attended, including telephonic meetings lasting over one hour. The Chairman of each Committee receives an additional \$1,000 annual retainer fee paid in quarterly installments during the fiscal year.

COMMITTEES OF THE BOARD AND MEETING ATTENDANCE

Board of Directors. The Company's Board of Directors held four regular meetings and one special meeting during fiscal 2003. No director attended fewer than 75% of the aggregate meetings of the Board.

The Audit Committee. The Audit Committee is composed of three independent non-employee directors, as required by the New York Stock Exchange listing standards. The Audit Committee acts independently to review the scope and results of the independent auditors' engagement and the adequacy of the Company's internal audit and financial controls. Information regarding the functions performed by the Audit Committee is set forth in the "Report of the Audit Committee," included in this annual proxy statement. The Audit Committee is governed by a written charter approved by the Board of Directors. A copy of this charter is included in Appendix A and is also available on the Company's corporate governance website at http://weismarkets.com/governance_info.php.

The 2003 Audit Committee of the Board of Directors was composed of Messrs. Michael M. Apfelbaum, Richard E. Shulman and Steven C. Smith. Mr. Shulman served as Chairman of the Audit Committee. The Audit Committee held four regular meetings and one special meeting during fiscal 2003. No director, who was a member of the Audit Committee, attended fewer than 75% of the aggregate meetings held.

The Compensation Committee. The Compensation Committee is composed of three independent non-employee directors. The Compensation Committee is responsible for developing policies and programs, and making recommendations about compensation arrangements for senior management. The Compensation Committee is governed by a written charter approved by the Board of Directors, which is available on the Company's corporate governance website at http://weismarkets.com/governance_info.php.

The 2003 Compensation Committee of the Board of Directors was composed of Messrs. Michael M. Apfelbaum, Richard E. Shulman and Steven C. Smith. Mr. Apfelbaum served as Chairman of the Compensation Committee. The Compensation Committee held three regular meetings during fiscal 2003. No director, who was a member of the Compensation Committee, attended fewer than 75% of the aggregate meetings held.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The 2003 Compensation Committee of the Board of Directors was composed of Messrs. Michael M. Apfelbaum, Richard E. Shulman and Steven C. Smith. Messrs. Apfelbaum, Shulman and Smith were not officers or employees of the Company, nor have they had any relationship with the Company requiring disclosure under the Securities and Exchange Commission regulations.

Other Arrangements. Central Properties, Inc., a Pennsylvania corporation ("Central Properties"), owns the land under a Company store and an adjacent parking lot in Lebanon, Pennsylvania. Central Properties leased these properties to the Company for \$87,131 in fiscal 2003. The shareholders of Central Properties include Michael M. Apfelbaum and certain of his family members, Jonathan H. Weis and Robert F. Weis, each of whom is a director of the Company.

AUDIT COMMITTEE FINANCIAL EXPERT

The Board has determined that all Audit Committee members are financially literate under the current listing standards of the NYSE. The Board also determined that the Chairman of the Audit Committee, Mr. Shulman, is an "audit committee financial expert," as defined in Item 401(h) of Regulation S-K, and all members of said committee are "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States and the Security and Exchange Commission disclosure requirements. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under generally accepted auditing standards. In addition, the Audit Committee has discussed with the independent auditors, their independence from management and the Company including the matters in the written disclosures required by the Independence Standards Board and also considered the compatibility of nonaudit services with the auditors' independence.

The Audit Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 27, 2003 for filing with the Securities and Exchange Commission. The Committee recommended to the Board of Directors, the appointment of Ernst & Young LLP as the Company's independent public accountants for fiscal 2004, subject to shareholder ratification.

Respectfully submitted by the Audit Committee,

Richard E. Shulman, Committee Chairman
Michael M. Apfelbaum
Steven C. Smith

EXECUTIVE COMPENSATION

The following table sets forth, with respect to the last three completed fiscal years, the compensation of the Chairman of the Board, President/CEO, and the next three highest compensated executive officers in 2003. The determination as to which executive officers to include in the table is based upon total annual salary and bonus exceeding \$100,000 in the last completed fiscal year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long Term Compensation		All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards Securities Underlying Options / SARs (#)		
Robert F. Weis Chairman of the Board	2003	560,000	--	--	-- /	--	34,032
	2002	560,000	--	--	-- /	--	34,391
	2001	500,000	--	--	-- /	--	4,203
Norman S. Rich President/CEO	2003	555,000	145,157	--	-- /	--	60,327
	2002	555,000	8,325	--	-- /	--	35,722
	2001	555,000	120,825	--	-- /	--	35,527
Steven W. Michaelson Senior Vice President Merchandising and Marketing	2003	328,333	18,325	--	-- /	--	4,513
	2002	106,182	--	--	-- /	--	--
	2001	--	--	--	-- /	--	--
William R. Mills	2003	295,000	51,022	--	-- /	--	15,541

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Senior Vice President	2002	278,750	4,181	--	-- /	--	12,653
and Treasurer/CFO	2001	250,000	53,250	--	-- /	--	12,750
Edward W. Rakoskie, Jr.	2003	175,000	29,375	--	-- /	--	12,738
Vice President	2002	155,000	2,325	--	-- /	--	11,980
Operations	2001	145,000	62,175	--	-- /	--	12,633

Steven W. Michaelson joined the Company as Senior Vice President Merchandising and Marketing in September 2002.

"Other Annual Compensation" consists solely of payments on stock appreciation rights. There are no perquisites to report. "All Other Compensation" consists of vested contributions by the Company to the profit sharing, employee stock bonus, supplemental retirement and retirement benefit savings plans. The current year retirement amounts were estimated by outside actuaries for purposes of this report.

Stock Appreciation Rights. The Company maintains a Stock Appreciation Rights program for certain of its officers and other key executives. Under this program, participants are granted rights equivalent to shares of Company stock. The rights expire in one year, at which time the value of any appreciation from the original date of issue is paid in cash to the participant. No stock is distributed to the participant and there are no plan provisions for reload or tax-reimbursement features.

Stock Options. The Company has an Incentive Stock Option Plan. Under the terms of the plan, options are granted for shares of the Company's common stock based on the market value at the date of grant and may be exercised immediately. There are no plan provisions for reload or tax-reimbursement features. There were no stock options or stock appreciation rights granted to the named executives in the fiscal year ended December 27, 2003.

The following table summarizes stock options and stock appreciation rights exercised during 2003 and presents the value of unexercised options and stock appreciation rights held by the named executives at fiscal year end. The closing price of the stock at the fiscal year end was \$36.85.

**AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION/SAR VALUES**

			Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/	Value of Unexercised In-the-Money Options/SARs at FY-End (\$) Exercisable/
	Shares Acquired	Value		

<u>Name</u>	<u>Type</u>	<u>on Exercise (#)</u>	<u>Realized</u> <u>(\$)</u>	<u>Unexercisable</u>	<u>Unexercisable</u>
Norman S. Rich	Options	2,570	20,946	56,000 /	-- 78,836 / --
William R. Mills	Options	--	--	11,000 /	-- 23,550 / --
Edward W. Rakoskie, Jr.	Options	--	--	2,900 /	-- 4,859 / --

BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors believes that the primary objective of the Company's executive compensation policies should be to attract and retain qualified executives, which is critical to the ongoing success of the Company. The executive compensation program is based upon factors that are subjective in nature and are in the best interests of the Company and ultimately the shareholders. The Committee's primary objective is achieved by providing appropriate compensation and incentives that are competitive with executives at selected peer companies of comparable size and position in the retail business, while keeping compensation in line with the financial objectives of the Company. The Compensation Committee recognizes the fact that the Company is engaged in a highly competitive industry and thus annually examines market compensation levels and trends in the labor market.

The Compensation Committee revised the Company's compensation program in 2001 based upon the recommendations from a consulting firm specializing in executive compensation, and implemented an annual bonus plan to reward certain key employees, including its executive officers. Bonus potentials are established by level within the Company, and actual payouts are based on achievement of sales and operating profit targets.

Based on subjective and qualitative considerations, which include the overall financial and operational success of the Company, the Committee approved the continuation of the Chairman's and the President/CEO's base salary in fiscal 2003. Bonus amounts paid in 2003, as reflected in the "Summary Compensation Table," were earned in 2002. The Chairman and the President/CEO earned 49.3% of their total bonus potential in 2002 and have earned 35.0% in 2003, which will be paid in 2004.

With the Chairman of the Board and President/CEO, the Committee subjectively evaluates the performance of senior management. The Compensation Committee relies upon written and verbal evaluations, provided by the Chairman of the Board and President/CEO, of each executive's performance for the most recent fiscal year. In addition, senior management is orally evaluated by the President/CEO as to their efforts and accomplishments throughout the period from information deemed relevant both internally and in light of the competitive position of the Company in the industry. These evaluations include qualitative factors such as the individuals' decision-making responsibilities, the professional experience required to perform given tasks, and their leadership and team-building skills. Although executive base compensation is not specifically related to corporate performance, the overall performance of the Company is a consideration in determining executive compensation. The Chairman of the Board and President/CEO reported that the executives substantially met their objectives during the most recent fiscal year.

Employment and Severance Agreements. The Compensation Committee notes that the President/CEO has an employment agreement through 2006 and the Senior Vice President and Treasurer/CFO has an employment agreement with the Company through 2007. These agreements specify the terms of employment, including pay factors. The agreements provide that employment shall be at will, but if employment is terminated without cause, or the executive resigns for good reason, the executive shall receive his remaining salary and all benefits payable under the agreement. The agreements include a covenant not to compete clause, which is limited by time and geography.

Respectfully submitted by the Compensation Committee,

Michael M. Apfelbaum, Committee Chairman
Richard E. Shulman
Steven C. Smith

SHAREHOLDER RETURN PERFORMANCE

The following line graph compares the yearly percentage change in the cumulative total shareholder return on the Company's Common Stock against the cumulative total return of the S&P Composite-500 Stock Index and the cumulative total return of a published group index for the Retail Grocery Stores Industry (Peer Group), provided by Value Line, Inc., for the period of five fiscal years. The graph depicts \$100 invested at the close of trading on the last trading day preceding the first day of the fifth preceding fiscal year in Weis Markets, Inc. common stock, S&P 500, and the Peer Group. The cumulative total return assumes reinvestment of dividends.

COMPARATIVE FIVE-YEAR TOTAL RETURNS

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Weis Markets	100.00	115.04	96.53	72.80	83.60	101.08
S&P 500	100.00	119.62	107.49	93.47	71.63	90.53
Peer Group	100.00	89.63	105.28	96.59		