

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended **December 30, 2017**

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

Registrant's web address: www.weismarkets.com

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock, no par value

Name of each exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of Common Stock held by non-affiliates of the Registrant is approximately \$464,000,000 as of July 1, 2017 the last business day of the most recently completed second fiscal quarter.

Shares of common stock outstanding as of March 15, 2018 - 26,898,443.

DOCUMENTS INCORPORATED BY REFERENCE: Selected portions of the Weis Markets, Inc. definitive proxy statement dated March 15, 2018 are incorporated by reference in Part III of this Form 10-K.

WEIS MARKETS, INC.

TABLE OF CONTENTS

FORM 10-K	Page
<u>Part I</u>	
<u>Item 1. Business</u>	1
<u>Item 1a. Risk Factors</u>	3
<u>Item 1b. Unresolved Staff Comments</u>	5
<u>Item 2. Properties</u>	6
<u>Item 3. Legal Proceedings</u>	6
<u>Executive Officers of the Registrant</u>	7
<u>Part II</u>	
<u>Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	8
<u>Item 6. Selected Financial Data</u>	9
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
<u>Item 7a. Quantitative and Qualitative Disclosures about Market Risk</u>	19
<u>Item 8. Financial Statements and Supplementary Data</u>	20
<u>Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	45
<u>Item 9a. Controls and Procedures</u>	45
<u>Item 9b. Other Information</u>	45
<u>Part III</u>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	46
<u>Item 11. Executive Compensation</u>	46
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	46
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	46
<u>Item 14. Principal Accountant Fees and Services</u>	46
<u>Part IV</u>	
<u>Item 15. Exhibits, Financial Statement Schedules</u>	47
<u>Item 15(c)(3). Schedule II - Valuation and Qualifying Accounts</u>	49
<u>Item 16. Form 10-K Summary</u>	49
<u>Signatures</u>	50
<u>Exhibit 21 Subsidiaries of the Registrant</u>	
<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>	

PART I**Item 1. Business:**

Weis Markets, Inc. is a Pennsylvania business founded by Harry and Sigmund Weis in 1912 and incorporated in 1924. The Company is engaged principally in the retail sale of food in Pennsylvania and surrounding states. There was no material change in the nature of the Company's business during fiscal 2017. The Company's stock has been traded on the New York Stock Exchange since 1965 under the symbol "WMK." The Weis family currently owns approximately 65% of the outstanding shares. Jonathan H. Weis serves as Chairman of the Board of Directors, President and Chief Executive Officer.

The Company's retail food stores sell 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 store product selection includes national, local and private brands including natural, gluten-free and organic varieties. The Company advertises its products and promotes its brand through weekly newspaper circulars; radio ads; e-mail blasts; and on-line via its web site, social media and mobile applications. Printed circulars are used extensively on a weekly basis to advertise featured items. The Company promotes by using Everyday Lower Price, Low Price Guarantee and utilizes a loyalty marketing program, "Weis Club Preferred Shopper," which enables customers to receive discounts, promotions and fuel rewards. The Company currently owns and operates 205 retail food stores many of which have on-line order and pick up customer service. The Company's operations are reported as a single reportable segment. The majority of the Company's revenues are generally not seasonal in nature. However, revenues tend to be higher during the major holidays throughout the year. Additionally, significant inclement weather systems, particularly winter storms, tend to affect sales trends.

The following table provides additional detail on the percentage of consolidated net sales contributed by product category for fiscal years 2017, 2016 and 2015, respectively:

	2017	2016	2015
Center Store (1)	57.2 %	57.0 %	57.5 %
Fresh (2)	30.5	30.3	29.7
Pharmacy Services	8.9	9.5	9.4
Fuel	3.2	3.0	3.2
Other	0.2	0.2	0.2
Consolidated net sales	100.0 %	100.0 %	100.0 %

(1) Consists primarily of groceries, dairy products, frozen foods, beer and wine, and general merchandise items, such as health and beauty care and household products.

(2) Consists primarily of meats, seafood, fresh produce, floral, deli products, prepared foods and bakery products.

In 2016, Weis Markets acquired five Mars Super Market locations in Baltimore County, MD, 38 Food Lion stores throughout Maryland, Virginia and Delaware, and a Nell's Family Market in East Berlin, PA. The completion of these individual acquisitions expanded the Company's footprint into Virginia and Delaware, and increased its store count by 25 percent. Beginning August 1, 2016, the Company converted the 44 stores to Weis Markets stores in 96 days ending in November, during which it interviewed and hired more than 2,000 associates who were previously employed at the acquired locations. In 2017, the acquired store group is providing a positive cash flow for the Company as management continues to develop the stores using its business model. Although there are no pending acquisitions, the Company continues to investigate acquisition opportunities as well as grow its existing store base organically.

On March 9, 2017, the Company opened its new 65,000 square-foot prototype store next to a major competitor in Enola, PA. Designated the "Community Market" format, the store features a brand new store layout and unique features to elevate the shopping experience including a pub, grill and ice cream parlor, featuring the Company's own ice cream. The store contains a Pennsylvania foods section and more than 1,900 organic and gluten-free products, along with a mix-and-match pick K-cup 12-packs section and a Chobani Yogurt Bar. The Company plans to review the success of the new features and utilize them where appropriate in other stores.

At the end of 2017, Weis Markets, Inc. operated 4 stores in Delaware, 51 stores in Maryland, 5 stores in New Jersey, 9 stores in New York, 121 stores in Pennsylvania, 13 stores in Virginia and 2 stores in West Virginia, for a total of 205 retail food stores operating under the Weis Markets trade name.

[Table of Contents](#)**Item 1. Business: (continued)**

All retail food store locations operate as conventional supermarkets. The retail food stores range in size from 8,000 to 70,000 square feet, with an average size of approximately 48,000 square feet. The Company's store fleet includes a variety of sizes with a few locations in operation since the 1950's; all stores are branded Weis Markets and provide the same basic offerings scaled to the size of each store. The new Weis prototype averages approximately 65,000 square feet. The following summarizes the number of stores by size categories as of year-end:

Square feet	2017		2016	
	Number of stores	% of Total	Number of stores	% of Total
55,000 to 70,000	60	29%	58	28%
45,000 to 54,999	70	34%	70	34%
35,000 to 44,999	53	26%	53	26%
25,000 to 34,999	17	8%	18	9%
Under 25,000	5	3%	5	3%
Total	205	100%	204	100%

The Company believes that new stores and remodeling current stores are vital for future Company growth. The location and appearance of its stores are important components of attracting new and retaining current customers. On an average basis, the Company has five to eight new stores in the process of being developed and dedicates a quarter of its capital budget to new stores annually, excluding acquisitions. Generally, another fifteen to twenty percent of the capital budget is dedicated to store remodels while the remainder is attributable to smaller in-store sales-driven projects, store maintenance and store support function expenditures. See the "Liquidity and Capital Resources" section included in "Item 7. Management's Discussion and Analysis of the Financial Condition and Results of Operations" for more details regarding the Company's capital expenditures.

The following schedule shows the changes in the number of retail food stores, total square footage and store additions/remodels as of year-end:

	2017	2016	2015	2014	2013
Beginning store count	204	163	163	165	163
New stores (1)	2	44	---	1	4
Opened/relocated stores	---	---	1	1	---
Closed stores	(1)	(3)	---	(3)	(2)
Closed/relocated stores	---	---	(1)	(1)	---
Ending store count	205	204	163	163	165
Total square feet ('000's), at year-end	9,867	9,777	8,215	8,202	8,211
Additions/major remodels	4	9	16	8	12

(1) In the second half of 2016, Weis Markets acquired five former Mars Super Market stores located in Baltimore County, Maryland; 38 former Food Lion Supermarket stores located in Maryland, Virginia and Delaware; and one former Nell's Family Market store located in East Berlin, Pennsylvania.

Utilizing its own centrally located distribution center and transportation fleet, Weis Markets self distributes approximately 67% of product with the remaining being supplied by direct store vendors. In addition, the Company has three manufacturing facilities which process milk, ice cream and fresh meat products. The corporate offices are located in Sunbury, PA.

The Company strives to be good stewards of the environment and makes this an important part of its overall mission. Its sustainability strategy operates under four key pillars: green design, natural resource conservation, food and agricultural impact and social responsibility. The goal of the sustainability strategy is to reduce the Company's overall carbon footprint by reducing greenhouse gas emissions and reducing the impact on climate change. The Company set a goal in 2008 to reduce its carbon footprint by 20% by the year 2020. In 2016, the company exceeded this goal with a carbon reduction of 22%. The Company continues to be a member of the EPA GreenChill program for advancing environmentally beneficial refrigerant management systems and has ten stores registered under this program. Additional corporate sustainability goals are: reducing energy usage by 2% each year, replacing 50% of the truck fleet with fuel efficient tractors within three years and increasing recycling 5% each year. In 2017, the Company recycled 73,000 tons of materials, representing a corporate wide recycling rate of 66%.

[Table of Contents](#)**Item 1. Business: (continued)**

The Company operates in a highly competitive market place. The number and the variety of competitors vary by market. The Company's principal competition consists of international, national, regional and local food chains, as well as independent food stores. The Company also faces substantial competition from convenience stores, membership warehouse clubs, specialty retailers, supercenters and large-scale drug and pharmaceutical chains. The Company continues to effectively compete by offering a strong combination of value, quality and service.

The Company currently employs approximately 23,000 full-time and part-time associates.

Trade Names and Trademarks. The Company has invested significantly in the development and protection of "Weis Markets" both as a trade name and a trademark and considers it to be an important asset. The Company is the exclusive licensee of nearly 100 trademarks registered and/or pending in the United States Patent and Trademark Office from WMK Holdings, Inc., including trademarks for its product lines and promotions such as Weis, Weis 2 Go, Weis Wonder Chicken, Weis Great Meals Start Here, Weis Gas-n-Go and Weis Nutri-Facts. Each trademark registration is for an initial period of 10 years and may be renewed so long as it is in continued use in commerce.

The Company considers its trademarks to be of material importance to its business and actively defends and enforces its rights.

The Company maintains a corporate web site at www.weismarkets.com. The Company makes available, free of charge, on the "Financial" page of the "Corporate Information" section of its web site, its Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after the Company electronically files such material or furnishes it to the U.S. Securities and Exchange Commission (SEC) by clicking on the "SEC Information" link.

The Company's Corporate Governance materials can be found on the "Governance" page of the "Corporate Information" section of its web site. These materials include the Corporate Governance Guidelines; the Charters of the Audit, Compensation and Disclosure Committees; and both the Code of Business Conduct and Ethics and the Code of Ethics for the CEO and CFO. A copy of the foregoing corporate governance materials is available upon written request to the Company's principal executive offices.

Item 1a. Risk Factors:

In addition to risks and uncertainties in the ordinary course of business common to all businesses, important factors are listed below specific to the Company and its industry, which could materially impact its future performance.

The Company's industry is highly competitive. If the Company is unable to compete effectively, the Company's financial condition and results of operations could be materially affected.

The retail food industry is intensely price competitive, and the competition the Company encounters may have a negative impact on product retail prices. The operating environment continues to be characterized by aggressive expansion, entry of non-traditional competitors, market consolidation and increasing fragmentation of retail and online formats. The financial results may be adversely impacted by a competitive environment that could cause the Company to reduce retail prices without a reduction in its product cost to maintain market share; thus reducing sales and gross profit margins.

The trade area of the Company is located within a region and is subject to the economic, social and climate variables of that region.

The majority of the Company's stores are concentrated in central and northeast Pennsylvania, central Maryland, suburban Washington, DC and Baltimore regions and New York's Southern Tier. Changes in economic and social conditions in the Company's operating regions, including fluctuations in the inflation rate along with changes in population and employment and job growth rates, affect customer shopping habits. These changes may negatively impact sales and earnings. Business disruptions due to weather and catastrophic events historically have been few. The Company's geographic regions could receive an extreme variance in the amount of annual snowfall that may materially affect sales and expense results.

The Company may be unable to retain key management personnel.

The Company's success depends to a significant degree upon the continued contributions of senior management. The loss of any key member of management may prevent the Company from implementing its business plans in a timely manner. In addition, employment conditions specifically may affect the Company's ability to hire and train qualified associates.

[Table of Contents](#)**Item 1a. Risk Factors: (continued)****Food safety issues could result in the loss of consumer confidence in the Company.**

Customers count on the Company to provide them with safe and wholesome food products. Concerns regarding the safety of food products sold in its stores could cause shoppers to avoid purchasing certain products from the Company, or to seek alternative sources of supply for all of their food needs, even if the basis for the concern is outside of the Company's control. A loss in confidence on the part of its customers would be difficult and costly to reestablish. As such, any issue regarding the safety of any food items sold by the Company, regardless of the cause, could have a substantial and adverse effect on operations.

The failure to execute expansion plans could have a material adverse effect on the Company's business and results of its operations.

Circumstances outside the Company's control could negatively impact anticipated capital investments in store, distribution and manufacturing projects, information technology and equipment. The Company cannot determine with certainty whether its new or acquired stores will meet expected benefits including, among other things, operating efficiencies, procurement savings, innovation, sharing of best practices and increased market share that may allow for future growth. Achieving the anticipated benefits may be subject to a number of significant challenges and uncertainties, including, without limitation, the possibility of imprecise assumptions underlying expectations regarding potential synergies and the integration process, unforeseen expenses and delays diverting management's time and attention and competitive factors in the marketplace.

Disruptions or security breaches in the Company's information technology systems could adversely affect results.

The Company's business is highly dependent on complex information technology systems that are vital to its continuing operations. If the Company was to experience difficulties maintaining existing systems or implementing new systems, significant losses could be incurred due to disruptions in its operations. Additionally, these systems contain valuable proprietary data as well as receipt and storage of personal information about its associates and customers, in particular electronic payment data and personal health information that, if breached, would have an adverse effect on the Company. Such an occurrence could adversely affect the Company's reputation with its customers, associates, and vendors, as well as the Company's operations, results of operations, financial condition and liquidity, and could result in litigation against the Company or the imposition of penalties.

The Company is affected by certain operating costs which could increase or fluctuate considerably.

Associate expenses contribute to the majority of the Company's operating costs. The Company's financial performance is potentially affected by increasing wage and benefit costs, a competitive labor market, regulatory wage increases and the risk of unionized labor disruptions of its non-union workforce. The Company's profit is particularly sensitive to the cost of oil. Oil prices directly affect the Company's product transportation costs, as well as its utility and petroleum-based supply costs. It also affects the costs of its suppliers, which impacts its cost of goods.

Various aspects of the Company's business are subject to federal, state and local laws and regulations.

The Company is subject to various federal, state and local laws, regulations and administrative practices that affect the Company's business. The Company must comply with numerous provisions regulating health and sanitation standards, food labeling, equal employment opportunity, minimum wages and licensing for the sale of food, drugs and alcoholic beverages. The Company's compliance with these regulations may require additional capital expenditures and could adversely affect the Company's ability to conduct the Company's business as planned. Management cannot predict either the nature of future laws, regulations, interpretations or applications, or the effect either additional government regulations or administrative orders, when and if promulgated, or disparate federal, state, and local regulatory schemes would have on the Company's future business. They could, however, require the reformulation of certain products to meet new standards, the recall or discontinuance of certain products not able to be reformulated, additional record keeping, expanded documentation of the properties of certain products, expanded or different labeling and/or scientific substantiation. Any or all of such requirements could have an adverse effect on the Company's results of operations and financial condition.

Item 1a. Risk Factors: (continued)**Unexpected factors affecting self-insurance claims and reserve estimates could adversely affect the Company.**

The Company uses a combination of insurance and self-insurance to provide for potential liabilities for workers' compensation, general liability, vehicle accident, property and associate medical benefit claims. Management estimates the liabilities associated with the risks retained by the Company, in part, by considering historical claims experience, demographic and severity factors and other actuarial assumptions which, by their nature, are subject to a high degree of variability. Any projection of losses concerning workers' compensation and general liability is subject to a high degree of variability. Among the causes of this variability are unpredictable external factors affecting future inflation rates, discount rates, litigation trends, legal interpretations, benefit level changes and claim settlement patterns.

Changes in tax laws may result in higher income tax.

The Company's future effective tax rate may increase from current rates due to changes in laws and the status of pending items with various taxing authorities. Currently, the Company benefits from a combination of its corporate structure and certain state tax laws.

The Company's investment portfolio may suffer losses from changes in market interest rates and changes in market conditions which could adversely affect results of income or liquidity.

The Company's marketable securities consist of municipal bonds and equity securities. The municipal bond investments are subject to general credit, liquidity, market and interest rate risks. Substantially all of these securities are subject to interest rate and credit risk and will decline in value if interest rates increase or one of the issuers' credit ratings is reduced. As a result, the Company may experience a reduction in value or loss of liquidity from investments, which may have a negative impact on the Company's results of operations, liquidity and financial condition.

The Company is a controlled Company due to the common stock holdings of the Weis family.

The Weis family's share ownership represents approximately 65% of the combined voting power of the Company's common stock as of December 30, 2017. As a result, the Weis family has the power to elect a majority of the Company's directors and approve any action requiring the approval of the shareholders of the Company, including adopting certain amendments to the Company's charter and approving mergers or sales of substantially all of the Company's assets. Currently, one of the Company's five directors is a member of the Weis family.

Changes in vendor promotions or allowances, including the way vendors target their promotional spending, and the Company's ability to effectively manage these programs could significantly impact margins and profitability.

The Company cooperatively engages in a variety of promotional programs with its vendors. As the parties assess the results of specific promotions and plan for future promotions, the nature of these programs and the allocation of dollars among them changes over time. The Company manages these programs to maintain or improve margins while at the same time increasing sales. A reduction in overall promotional spending or a shift by vendors in promotional spending away from certain types of promotions that the Company and its customers have historically utilized could have a significant impact on profitability.

Item 1b. Unresolved Staff Comments:

There are no unresolved staff comments.

[Table of Contents](#)

Item 2. Properties:

As of December 30, 2017, the Company owned and operated 94 of its retail food stores and leased and operated 111 stores under operating leases that expire at various dates through 2033. The Company owns all trade fixtures and equipment in its stores and several parcels of vacant land, which are available as locations for possible future stores or other expansion.

The Company owns and operates one distribution center in Milton, Pennsylvania of approximately 1.3 million square feet, and one in Northumberland, Pennsylvania totaling approximately 76,000 square feet. The Company also owns one warehouse complex in Sunbury, Pennsylvania totaling approximately 541,000 square feet. The Company utilizes 258,000 square feet of its Sunbury location to operate its ice cream plant, meat processing plant and milk processing plant.

Item 3. Legal Proceedings:

Neither the Company nor any subsidiary is presently a party to, nor is any of their property subject to, any pending legal proceedings, other than routine litigation incidental to the business that would not have a material adverse effect on the financial results. The Company estimates any exposure to these legal proceedings and establishes accruals for the estimated liabilities, where it is reasonably possible to estimate and where an adverse outcome is probable.

[Table of Contents](#)**Executive Officers of the Registrant**

The following sets forth the names and ages of the Company's executive officers as of March 15, 2018, indicating all positions held during the past five years:

Name	Age	Title
Jonathan H. Weis (a)	50	Chairman of the Board, President and Chief Executive Officer
Kurt A. Schertle (b)	46	Chief Operating Officer
Wayne S. Bailey (c)	59	Senior Vice President of Supply Chain and Logistics
Scott F. Frost (d)	55	Senior Vice President, Chief Financial Officer and Treasurer
David W. Gose II (e)	51	Senior Vice President of Operations
Harold G. Graber (f)	62	Senior Vice President of Real Estate and Development, Secretary
Richard A. Gunn (g)	53	Senior Vice President of Merchandising and Marketing
James E. Marcil (h)	59	Senior Vice President of Human Resources

- (a) **Jonathan H. Weis.** The Company has employed Mr. Weis since 1989. Mr. Weis served the Company as Vice President of 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. Mr. Weis became the Company's interim President and Chief Executive Officer in September 2013 and was appointed as President and Chief Executive Officer in February 2014. The Board elected Mr. Weis as Chairman of the Board in April 2015.
- (b) **Kurt A. Schertle.** The Company hired Mr. Schertle on March 1, 2009 as its Vice President of Sales and Merchandising, which included the responsibility of overseeing the Marketing Department. In February 2010, Mr. Schertle was promoted to Senior Vice President of Sales and Merchandising. In July 2012, Mr. Schertle was promoted to Executive Vice President of Sales and Merchandising at which time, he assumed the additional responsibility of overseeing the Company's Supply Chain. In September 2013, Mr. Schertle assumed the additional responsibility of overseeing Store Operations and Mr. Schertle was promoted to Chief Operating Officer in March 2014.
- (c) **Wayne S. Bailey.** Mr. Bailey joined the Company full-time in 1979 and he has held several positions since then, including but not limited to, Grocery Manager, Store Manager, District Manager, Director of Merchandising and Sales and Vice President of Operational Administration. In January 2011, Mr. Bailey became a Regional Vice President and in January 2013 he assumed the role of Vice President of Supply Chain and Logistics. In June 2016, Mr. Bailey was promoted to Senior Vice President of Supply Chain and Logistics.
- (d) **Scott F. Frost.** Mr. Frost joined the Company full-time in 1984 and he has held various positions since then, including but not limited to, Controller, Assistant Secretary, Assistant Treasurer and Acting Chief Financial Officer. The Company appointed Mr. Frost as Vice President, Chief Financial Officer and Treasurer in October 2009. In January 2011, Mr. Frost was promoted to Senior Vice President, Chief Financial Officer and Treasurer.
- (e) **David W. Gose II.** Mr. Gose joined the Company in May 2014 as Senior Vice President of Operations. Prior to joining the Company, Mr. Gose was Senior Director and Regional General Manager of Walmart Ohio, a retail store SuperCenter, from February 2010 until May 2014. Walmart Ohio consisted of 92 stores that geographically included all stores South of Toledo, Cleveland, Akron and Youngstown.
- (f) **Harold G. Graber.** Mr. Graber joined the Company in October 1989 as the Director of Real Estate. Mr. Graber, who served the Company as Vice President for Real Estate since 1996, was promoted to Senior Vice President of Real Estate and Development in February 2010. Mr. Graber was appointed as Secretary of the Company in February 2014.
- (g) **Richard A. Gunn.** Mr. Gunn joined the Company in May 2015 as the Senior Vice President of Merchandising and Marketing. Prior to joining the Company, Mr. Gunn was employed by K-VA-T Food Stores, Inc. from May 1999 through April 2015 and most recently served as Executive Vice President of Merchandising and Marketing. K-VA-T Food Stores, Inc. is a regional supermarket chain and distribution center operating in Virginia, Kentucky and Tennessee.
- (h) **James E. Marcil.** Mr. Marcil joined the Company in September 2002 as Vice President of Human Resources. In February 2010, Mr. Marcil was promoted to Senior Vice President of Human Resources.

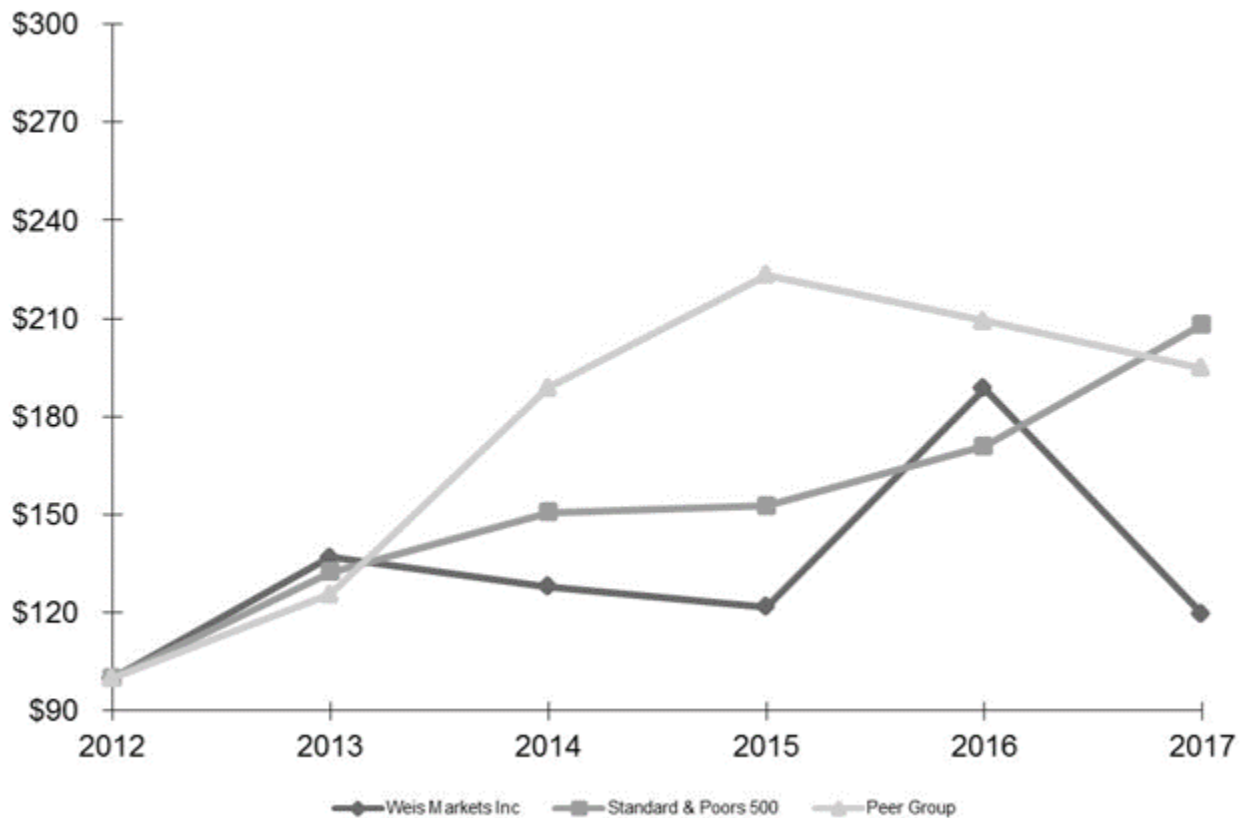
PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities:

The Company's stock is traded on the New York Stock Exchange (ticker symbol WMK). The approximate number of shareholders, including individual participants in security position listings on March 14, 2018 was 6,493. High and low stock prices and dividends paid per share for the last two fiscal years were:

Quarter	2017			2016		
	Stock Price		Dividend	Stock Price		Dividend
	High	Low	Per Share	High	Low	Per Share
First	\$ 68.88	\$ 55.34	\$ 0.30	\$ 46.64	\$ 37.14	\$ 0.30
Second	62.88	46.05	0.30	53.59	42.77	0.30
Third	49.44	41.30	0.30	55.49	48.01	0.30
Fourth	45.68	31.26	0.30	68.40	51.56	0.30

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 years. The graph depicts \$100 invested at the close of trading on the last trading day preceding the first day of the fifth preceding 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

	2012	2013	2014	2015	2016	2017
Weis Markets, Inc.	100.00	136.95	127.95	121.81	188.49	119.53
S&P 500	100.00	132.39	150.51	152.60	170.85	208.15
Peer Group	100.00	125.60	188.67	223.35	209.14	194.77

[Table of Contents](#)**Item 6. Selected Financial Data:**

The following selected historical financial information has been derived from the Company's audited Consolidated Financial Statements. This information should be read in connection with the Company's Consolidated Financial Statements and the Notes thereto, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7.

Five Year Review of Operations

<i>(dollars in thousands, except shares, per share amounts and store information)</i>	52 Weeks Ended Dec. 30, 2017	53 Weeks Ended Dec. 31, 2016	52 Weeks Ended Dec. 26, 2015	52 Weeks Ended Dec. 27, 2014	52 Weeks Ended Dec. 28, 2013
Net sales	\$ 3,466,807	\$ 3,136,720	\$ 2,876,748	\$ 2,776,683	\$ 2,692,588
Costs and expenses	3,390,382	3,038,395	2,785,969	2,695,308	2,578,916
Income from operations	76,425	98,325	90,779	81,375	113,672
Investment income and interest expense	2,598	2,457	1,552	2,287	4,684
Gain on bargain purchase	0	23,879	-	-	-
Income before provision for income taxes	79,023	124,661	92,331	83,662	118,356
Provision for income taxes	(19,391)	37,499	33,001	29,281	45,170
Net income	98,414	87,162	59,330	54,381	73,186
Retained earnings, beginning of year	1,062,778	1,007,894	980,842	958,739	917,831
	1,161,192	1,095,056	1,040,172	1,013,120	991,017
Other comprehensive income tax reform adjustment	1,042	-	-	-	-
Cash dividends	32,278	32,278	32,278	32,278	32,278
Retained earnings, end of year	\$ 1,127,872	\$ 1,062,778	\$ 1,007,894	\$ 980,842	\$ 958,739
Weighted-average shares outstanding, diluted	26,898,443	26,898,443	26,898,443	26,898,443	26,898,443
Cash dividends per share	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20
Basic and diluted earnings per share	\$ 3.66	\$ 3.24	\$ 2.21	\$ 2.02	\$ 2.72
Working capital	\$ 208,972	\$ 207,700	\$ 232,722	\$ 229,595	\$ 215,802
Total assets	\$ 1,441,739	\$ 1,431,304	\$ 1,235,959	\$ 1,191,119	\$ 1,148,242
Shareholders' equity	\$ 992,844	\$ 926,722	\$ 871,747	\$ 844,763	\$ 821,770
Number of grocery stores	205	204	163	163	165

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations:**Overview**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand Weis Markets, Inc., its operations and its present business environment. The MD&A is provided as a supplement to and should be read in conjunction with the Consolidated Financial Statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report. The following analysis should also be read in conjunction with the Financial Statements included in the Quarterly Reports on Form 10-Q and the 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. This overview summarizes the MD&A, which includes the following sections:

- Company Overview - a general description of the Company's business and strategic imperatives.
- Results of Operations - an analysis of the Company's consolidated results of operations for the three years presented in the Company's Consolidated Financial Statements.
- Liquidity and Capital Resources - an analysis of cash flows, aggregate contractual obligations, and off-balance sheet arrangements.
- Critical Accounting Policies and Estimates - a discussion of accounting policies that require critical judgments and estimates.

Company Overview**General**

Weis Markets is a conventional supermarket chain that operates 205 retail stores with over 23,000 associates located in Pennsylvania and six surrounding states: Delaware, Maryland, New Jersey, New York, Virginia, and West Virginia. Its products sold include 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 store product selection includes national, local and private brands and the Company promotes by using Everyday Lower Price, Low Price Guarantee and Loyalty programs. The Loyalty program includes fuel rewards that may be redeemed at the Company's fuel stations or one of its third-party fuel station partners.

Utilizing its own centrally located distribution center and transportation fleet, Weis Markets self distributes approximately 67% of product with the remaining being supplied by direct store vendors. In addition, the Company has three manufacturing facilities which process milk, ice cream and fresh meat products. The corporate offices are located in Sunbury, PA where the Company was founded in 1912. The Company's operations are reported as a single reportable segment.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: (continued)**Company Overview, (continued)****Strategic Imperatives**

The following strategic imperatives continue to be focused upon by the Company to attempt to ensure the success of the Company in the coming years:

- **Establish a Sales Driven Culture** – The Company continues to focus on sales and profits growth, improved operating practices, increased productivity and positive cash flow. The Company believes disciplined growth will increase its market share and operating profits, resulting in enhanced shareholder value. The Company's method of driving sales includes focused preparation and execution of sales programs, investing in new stores and remodels, and strategic acquisitions. Communicating clear executable standards and aligning performance measures across the organization will help to instill a sales-driven operating environment.
- **Build and Support Human Resources** – The Company is committed to creating a sustainable competitive advantage through the selection, development and promotion of the best people. The Company believes that establishing a learning culture will both support its commitment to be an employer of choice and will drive customer engagement with its associates. Improvements in the Company's human capital communication and support structures will facilitate internal career opportunities which will improve retention of top talent. The Company continues to grow leaders at every level throughout the organization by creating a culture of mentoring, coaching and leveraging on-the-job assignments for continued development. The Company believes that a strong employment brand is necessary to build associate engagement and directly impacts its ability to compete and execute strategic plans. The Company will continue to assess and upgrade underlying technologies to support human capital development as a strategic imperative for future growth.
- **Become More Relevant to Consumers** – Understanding the consumer is crucial to the Company's strategic plan. The Company will develop and cultivate a culture where it's continually "on trend" with its consumers at the current time and where they are going next. The Company researches and studies the wants and needs of core consumers and casual consumers. It measures customer satisfaction and shares insights across the organization to improve communication between management and its consumers. The Company uses consumer data to measure the value of programs offered and support consumer attraction and retention. The Company believes that private brand products exceed consumer expectations and will focus on the value and attribute messaging to drive organic growth.
- **Create Meaningful Differentiation** – The Company recognizes the need to offer a compelling reason for customers to choose them over other channels. The Company has identified product pricing and promotion, customer shopping experience, and merchandising strategies as critical components of future success. The Company recognizes that the core of the strategy will focus on alignment of merchandising programs that foster customer engagement supported by a shopping experience that delivers the customer's needs. As part of this strategy, management is committed to offering its customers a strong combination of quality, service and value.
- **Develop and Align Organizational Capabilities** – The Company will elevate organizational capacity to support decision effectiveness and deliver consistent execution. To support this strategy the Company will assess organizational capacity to support the Company's strategic direction. The Company will align business functions and processes to enhance key capabilities and to support scalability of operations. Continued investments in information technology systems to improve associate engagement, increase productivity, and provide valuable insight into customer behavior/shopping trends will remain a focus of the Company. The Company believes these systems will continue to play a key role in the measurement of the Company's strategic decisions and financial returns.
- **Focus on Sustainability Strategies** – The Company strives to be good stewards of the environment and makes this an important part of its overall mission. Its sustainability strategy operates under four key pillars: green design, natural resource conservation, food and agricultural impact and social responsibility. The goal of the sustainability strategy is to reduce the Company's overall carbon footprint by reducing greenhouse gas emissions and reducing the impact on climate change.

[Table of Contents](#)**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: (continued)****Results of Operations****Analysis of Consolidated Statements of Income***(dollars in thousands except per share amounts)**For the Fiscal Years Ended December 30, 2017,
December 31, 2016 and December 26, 2015*

	2017	2016	2015	Percentage Changes	
	(52 Weeks)	(53 Weeks)	(52 Weeks)	2017 vs.	2016 vs.
				2016	2015
Net sales	\$ 3,466,807	\$ 3,136,720	\$ 2,876,748	10.5 %	9.0 %
Cost of sales, including warehousing and distribution expenses	2,540,348	2,264,565	2,090,016	12.2	8.4
Gross profit on sales	926,459	872,155	786,732	6.2	10.9
Gross profit margin	26.7 %	27.8 %	27.3 %		
Operating, general and administrative expenses	850,034	773,830	695,953	9.8	11.2
O, G & A, percent of net sales	24.5 %	24.7 %	24.2 %		
Income from operations	76,425	98,325	90,779	(22.3)	8.3
Operating margin	2.2 %	3.1 %	3.2 %		
Investment income and interest expense	2,598	2,457	1,552	5.7	58.3
Investment income and interest expense, percent of net sales	0.1 %	0.1 %	0.1 %		
Gain on bargain purchase	-	23,879	-	(100.0)	100.0
Gain on bargain purchase, percent of net sales	-	0.8 %	-		
Income before provision for income taxes	79,023	124,661	92,331	(36.6)	35.0
Income before provision for income taxes, percent of net sales	2.3 %	4.0 %	3.2 %		
Provision for income taxes	(19,391)	37,499	33,001	(151.7)	13.6
Effective income tax rate	(24.5)%	30.1 %	35.7 %		
Net income	\$ 98,414	\$ 87,162	\$ 59,330	12.9 %	46.9 %
Net income, percent of net sales	2.8 %	2.8 %	2.1 %		
Basic and diluted earnings per share	\$ 3.66	\$ 3.24	\$ 2.21	13.0 %	46.6 %

Net Sales*(dollars in thousands except per share amounts)**For the Fiscal Years Ended December 30, 2017,
December 31, 2016 and December 26, 2015*

	Percentage Changes	
	2017 vs 2016	2016 vs 2015
Net sales	10.5 %	9.0 %
Net sales, excluding fuel sales	10.4	9.3
Net sales, adjusted for the additional week in 2016	12.8	6.9
Net sales, adjusted for the additional week in 2016, excluding fuel sales	12.6	7.0
Comparable store sales, adjusted for the additional week in 2016	1.6	2.9
Comparable store sales, adjusting for the additional week in 2016, excluding fuel sales	1.2 %	2.9 %

(1) The 2017 and 2015 years were comprised of 52 weeks where the 2016 year was comprised of 53 weeks. Due to the Company's 2016 fiscal year being comprised of 53 weeks, the first quarter of 2017 did not include a New Year holiday sales week. Management estimates the incremental holiday sales impact was approximately \$3.0 million in 2016. The \$3.0 million holiday impact has been removed from the 2016 comparable sales numbers above.

When calculating the percentage change in comparable store sales, the Company defines a new store to be comparable when it has been in operation for five full quarters. Relocated stores and stores with expanded square footage are included in comparable store sales since these units are located in existing markets and are open during construction. Planned store dispositions are excluded from the calculation. The Company only includes retail food stores in the calculation.

[Table of Contents](#)**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: (continued)****Results of Operations (continued)***Net Sales (continued)*

According to the latest U.S. Bureau of Labor Statistics' report, the annual Seasonally Adjusted Food-at-Home Consumer Price Index decreased 0.2% and 1.3% in 2017 and 2016 respectively but increased 1.1% in 2015. Even though the U.S. Bureau of Labor Statistics' index rates may be reflective of a trend, it will not necessarily be indicative of the Company's actual results. According to the U.S. Department of Energy, the 52-week average price of gasoline in the Central Atlantic States increased 13.1%, or \$0.31 per gallon, in 2017 compared to the 53-week average in 2016. The 53-week average price of gasoline in the Central Atlantic States, according to the U.S. Department of Energy, decreased 10.1%, or \$0.26 per gallon, in 2016 compared to the 52-week average in 2015.

The Company attributes the increased net sales primarily to the acquisition of 44 locations in the second half of 2016. Comparable store sales increased for all years presented. The Company was able to achieve this through targeted, tactical marketing programs in key regional markets along with its chain wide sales-driving promotional programs such as its loyalty card. In conjunction with its marketing initiatives the Company continues to add additional product offerings and customer conveniences such as "Click and Collect." "Click and Collect" allows the customer to order on-line and then pick their order up at a drive thru location at the store. With the aforementioned offerings and programs, the Company was able to offset substantial deflationary pressures in its fresh departments most notably meat and produce. Pharmacy sales volume increased as a result of the Affordable Care Act and increased immunizations. Fuel sales benefited from inflation as comparable fuel sales rose 12.2% during 2017.

Although the Company experienced retail inflation and deflation in various commodities for the years presented, management cannot accurately measure the full impact of inflation or 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. 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), distribution center and transportation costs, as well as manufacturing facility operations. Almost all of the increase in cost of sales in 2017 as compares to 2016 is due to the increased sales volume in 2017. Both direct product cost and distribution cost increase when sales volume increases.

Gross profit rate was 26.7% in 2017, 27.8% in 2016 and 27.3% in 2015. The decline in gross profit margin in 2017 can be attributed to lower than average winter sales volume due to lack of winter weather events in the first quarter of 2017. Decreased sales volume negatively impacts the gross profit margin by increasing inventory shrinkage and fixed distribution costs comparative rates. In the third quarter of 2017 retail deflation combined with cost inflation, decreased sales volume, competitive pricing and inventory management challenges in some of the recently acquired stores significantly reduced profits as a percent of sales for the produce, deli/food service, bakery, seafood and floral departments. The 2016 increase in gross profit rate as compared to 2015 was driven by a shift in sales mix from fuel to grocery sales which carry a higher profit margin.

The Company experienced non-cash LIFO inventory valuation adjustment income of \$1.1 million and \$2.2 million for 2017 and 2016, respectively, and adjustment expense of \$1.4 million for 2015.

Although the Company experienced product cost inflation and deflation in various commodities in 2017, 2016 and 2015, management cannot accurately measure the full impact of inflation or 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.

[Table of Contents](#)**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: (continued)****Results of Operations (continued)**Operating, General and Administrative Expenses

The majority of the expenses were driven by increased sales volume.

Employee-related costs such as wages, employer paid taxes, health care benefits and retirement plans, comprise approximately 60% of the total "Operating, general and administrative expenses." As a percent of sales, direct store labor decreased 0.2% in 2017 compared to 2016 and increased 0.2% in 2016 compared to 2015. The percent of sales increase in 2016 is due to the labor involved in opening the 44 acquisition stores in the second half of 2016. State and local minimum wage laws continue to be a challenge for the Company however, management continues to monitor store labor efficiencies and develop labor standards to reduce costs while maintaining the Company's customer service expectations to offset their impact.

The Company's self-insured health care benefit expenses increased by 4.2% in 2017 compared to 2016 and increased by 15.4% in 2016 compared to 2015 and as a percent of sales were 0.9%, 1.0% and 0.9% for 2017, 2016 and 2015, respectively. The increase in 2017 from 2016 is mainly attributed to the increase in participants for a full year from the acquired stores. The increase in 2016 from 2015 is mainly attributed to an increase in participants from the acquired locations as well as overall group health costs. The Company remains concerned about the impact that The Patient Protection and Affordable Care Act (ACA) will have on its future operating expenses.

Depreciation and amortization expense charged to "Operating, general and administrative expenses" was \$77.4 million, or 2.2% of net sales, for 2017 compared to \$69.8 million, or 2.2% of net sales, for 2016 and \$63.3 million, or 2.2% of net sales, for 2015. The decrease in depreciation and amortization expense in 2017 compared to 2016 and increase in 2016 compared to 2015 was the impact of opening the 44 acquisition stores in the second half of 2016. See the Liquidity and Capital Resources section for further information regarding the Company's capital expansion program.

In 2016, the Company determined that the asset value of one property was impaired. As a result, the Company recognized a pre-tax impairment loss of \$894,000. See Note 1(I) to the Consolidated Financial Statements included in this Annual Report on Form 10-K for more information on the Company's impairment charges. The Company recognized pre-tax gains of \$751,000 in 2015 from the sale of two properties.

A breakdown of the material increases (decreases) as a percent of sales in "Operating, general and administrative expenses" is as follows:

<i>(dollars in thousands)</i>	2017 vs. 2016	
	Increase (Decrease)	Increase (Decrease) as a % of sales
Employee-related expenses	\$ 38,808	(0.3)%
Rent expense	7,152	0.1

The dollar amount increase in rent is primarily driven by the acquisition of five former Mars Super Market stores, 38 former Food Lion stores and a former Nell's Family Market store in the second half of 2016. The Company expects the percent of sales to decrease over time as it develops the acquisition stores' sales.

<i>(dollars in thousands)</i>	2016 vs. 2015	
	Increase (Decrease)	Increase (Decrease) as a % of sales
Employee-related expenses	\$ 41,174	0.1 %
Acquisition-related expenses	\$ 14,166	0.5 %

Employee related expenses increased in 2016 for the reasons noted above and due to a 25% increase in associates related the acquisition of five former Mars stores, 38 former Food Lion stores and a former Nell's Family Market store. This increase in associates contributed to increased wages, benefits and retirement expenses.

Acquisition-related expenses, excluding the expenses mentioned above, primarily consisted of store operating expenses, travel expenses and contracted labor for store resets.

[Table of Contents](#)**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: (continued)****Results of Operations (continued)***Provision for Income Taxes*

The effective income tax rate was (24.5)%, 30.1% and 35.7% in 2017, 2016 and 2015, respectively. On December 22, 2017, the U.S. Government enacted the Tax Cuts and Jobs Act (the "Tax Reform"). The Tax Reform significantly impacted the Company's effective income tax rate by reducing the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018 and allowing immediate expensing of qualified assets placed into service after September 27, 2017. Other elements of the Tax Reform have minor impacts, however the above mentioned decreased deferred income tax by \$49.3 million. The effective income tax rate decreased in 2016 due to the impact of the bargain purchase gain on the 38 locations being included in the overall gain calculation and not in income tax expense. The effective tax rate excluding the bargain purchase gain was 37.2%.

Liquidity and Capital Resources

The primary sources of cash are cash flows generated from operations and borrowings under the revolving credit agreement the Company entered into on September 1, 2016 with Wells Fargo Bank, NA. The Company's revolving credit agreement has a principal amount of \$100.0 million with an additional discretionary availability of \$50.0 million. As of December 30, 2017, the Company's unused availability under the revolving credit agreement was \$46.8 million with \$35.0 million of borrowings outstanding and \$18.2 million of letters of credit outstanding. The letters of credit are maintained primarily to support performance, payment, deposit or surety obligations of the Company. The Company does not anticipate drawing on any of them.

The Company's investment portfolio consists of high grade municipal bonds with maturity dates between one and 10 years and large capitalized public company equity securities. The portfolio totaled \$63.7 million as of December 30, 2017. Management anticipates maintaining the investment portfolio, but has the ability to liquidate if needed. See "Item 7a. Quantitative and Qualitative Disclosures about Market Risk" for more details regarding the Company's market risk.

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 distribution facilities and transportation fleet. Management currently plans to invest approximately \$85.5 million in its capital expansion program in 2018.

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 752,468 shares.

Quarterly Cash Dividends

Total cash dividend payments on common stock, on a per share basis, amounted to \$1.20 in 2017, 2016 and 2015. The Company expects to continue paying regular cash dividends on a quarterly basis. However, the Board of Directors reconsiders the declaration of dividends quarterly. The Company pays these dividends at the discretion of the Board of Directors and the continuation of these payments and the amount of the dividends depends upon the results of operations, the financial condition of the Company and other factors which the Board of Directors deems relevant.

[Table of Contents](#)**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: (continued)****Liquidity and Capital Resources (Continued)**Cash Flow Information*(dollars in thousands)**For the Fiscal Years Ended December 30, 2017,
December 31, 2016 and December 26, 2015*

	2017	2016	2015	2017 vs.	2016 vs.
	(52 Weeks)	(53 weeks)	(52 weeks)	2016	2015
Net cash provided by (used in):					
Operating activities	\$ 165,814	\$ 151,593	\$ 136,733	\$ 14,221	\$ 14,860
Investing activities	(97,396)	(186,734)	(109,845)	89,338	(76,889)
Financing activities	(61,766)	32,198	(32,278)	(93,964)	64,476

Operating

Cash flows from operating activities increased in 2017 as compared to 2016 and in 2016 as compared to 2015 primarily related to the Company's recent acquisitions. The acquisitions are summarized in Note 9 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K. In addition, in 2017 the negative impact of first quarter long-term incentive payments of \$11.8 million were offset by a reduction of \$17.1 million of cash paid for income taxes during the year.

Investing

Property and equipment purchases totaled \$95.9 million in 2017, compared to \$142.1 million in 2016 and \$90.2 million in 2015. In the second half of 2016, the Company paid \$24.6 million for the purchase of five former Mars Super Market locations in the Baltimore County, MD region; \$29.4 million for the purchase of 38 former Food Lion Supermarket locations throughout Virginia, Maryland and Delaware and \$9.6 million for the purchase of a former Nell's Family Market location in East Berlin, PA. The Company paid \$7.9 million for the property and equipment related to the purchase of a store in Hanover, PA in the third quarter of 2015. As a percentage of sales, capital expenditures, including the 2016 acquisitions, were 2.8% in 2017, 7.0% in 2016, and 3.1% in 2015. In 2016, the Company sold \$42.5 million of marketable securities as it prepared to finance future acquisitions. In 2017, the Company plans to maintain its marketable securities portfolio at its current level.

Financing

The Company paid dividends of \$32.3 million in 2017, 2016 and 2015. In 2017, payments on the revolving credit agreement increased net cash used in financing activities by \$29.5 million. In 2016, the funds provided by the revolving credit agreement increased net cash flow provided by financing activities by \$64.5 million. The Company anticipates payments on the revolving credit agreement to continue throughout 2018.

Contractual Obligations

The following table represents scheduled maturities of the Company's long-term contractual obligations as of December 30, 2017.

<i>(dollars in thousands)</i>	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases	\$ 245,494	\$ 43,820	\$ 73,765	\$ 48,017	\$ 79,892
Long-term Debt	34,988	-	34,988	-	-
Total	\$ 280,482	\$ 43,820	\$ 108,753	\$ 48,017	\$ 79,892

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: (continued)**Off-Balance Sheet Arrangements**

The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, results of operations or cash flows, except for the Company's lease commitments to be recognized on the balance sheet related to operating leases for its store facilities and transportation equipment, which will be required for annual periods beginning after December 15, 2018 per the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. See Note 1(v) Summary of Significant Accounting Policies, to the Consolidated Financial Statements included in this Annual Report on Form 10-K for more information on ASU 2016-02.

Critical Accounting Policies and 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that the Company makes estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. The Company evaluates these estimates and assumptions on an ongoing basis and may retain outside consultants, lawyers and actuaries to assist in its evaluation. The Company believes the following accounting policies are the most critical because they involve the most significant judgments and estimates used in preparation of its Consolidated Financial Statements.

Inventories

Inventories are valued at the lower of cost or net realizable value, using both the last-in, first-out (LIFO) for center store and pharmacy inventories and average cost methods for fresh inventories. Under the LIFO method, inventory is stated at cost, which is determined by applying a cost-to-retail to each similar merchandise category's ending retail value. The Company's fresh inventories are valued using average cost. The Company evaluates inventory shortages throughout the year based on actual physical counts in its facilities. Allowances for inventory shortages are recorded based on the results of these counts and to provide for estimated shortages from the last physical count to the financial statement date.

Vendor Allowances

Vendor allowances related to the Company's buying and merchandising activities are recorded as a reduction of cost of sales as they are earned, in accordance with the underlying agreement. Off-invoice and bill-back allowances are used to reduce direct product costs upon the receipt of goods. Promotional rebates and credits are accounted for as a reduction in the cost of inventory and recognized when the related inventory is sold. Volume incentive discounts are realized as a reduction of cost of sales at the time it is deemed probable and reasonably estimable that the incentive target will be reached. Long-term contract incentives, which require an exclusive vendor relationship, are allocated over the life of the contract. Promotional allowance funds for specific vendor-sponsored programs are recognized as a reduction of cost of sales as the program occurs and the funds are earned per the agreement. Cash discounts for prompt payment of invoices are realized in cost of sales as invoices are paid. Warehouse and back-haul allowances provided by suppliers for distributing their product through the Company's distribution system are recorded in cost of sales as the required performance is completed. Warehouse rack and slotting allowances are recorded in cost of sales when new items are initially set up in the Company's distribution system, which is when the related expenses are incurred and performance under the agreement is complete. Swell allowances for damaged goods are realized in cost of sales as provided by the supplier, helping to offset product shrink losses also recorded in cost of sales.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: (continued)**Critical Accounting Policies and Estimates (continued)****Store Closing Costs**

The Company provides for closed store liabilities relating to the estimated post-closing lease liabilities and related other exit costs associated with the store closing commitments. As of December 30, 2017, the remaining closed store has a lease term of approximately eight months, and the liabilities associated with the closed store lease are paid over the term of the lease. Closed store lease liabilities totaled \$39,000 and \$105,000 as of December 30, 2017 and December 31, 2016, respectively. The Company estimates the lease liabilities, net of estimated sublease income, using the undiscounted rent payments of closed stores. Other exit costs include estimated real estate taxes, common area maintenance, insurance and utility costs to be incurred after the store closes over the remaining lease term. Store closings are generally completed within one year after the decision to close. Adjustments to closed store liabilities and other exit costs primarily relate to changes in sublease income and actual exit costs differing from original estimates. Adjustments are made for changes in estimates in the period in which the changes become known. Any excess store closing liability remaining upon settlement of the obligation is reversed to income in the period that such settlement is determined. Store closing liabilities are reviewed quarterly to ensure that any accrued amount that is not a sufficient estimate of future costs, or that is no longer needed for its originally intended purpose, is adjusted to income in the proper period. Inventory write-downs, if any, in connection with store closings, are classified in cost of sales. Costs to transfer inventory and equipment from closed stores are expensed as incurred.

Self-Insurance

The Company is self-insured for a majority of its workers' compensation, general liability, vehicle accident and associate medical benefit claims. The self-insurance liability for most of the medical benefit claims is determined based on historical data and an estimate of claims incurred but not reported. The other self-insurance liabilities including workers' compensation are determined actuarially, based on claims filed and an estimate of claims incurred but not yet reported. The Company was liable for associate health claims up to an annual maximum of \$2,000,000 per member prior to March 1, 2014 and an unlimited amount per member as of March 1, 2014. As of March 1, 2014, the Company purchased stop loss insurance which carries a \$500,000 specific deductible with a \$250,000 aggregating deductible. The Company is liable for workers' compensation claims up to \$2,000,000 per claim. Property and casualty insurance coverage is maintained with outside carriers at deductible or retention levels ranging from \$100,000 to \$1,000,000. Significant assumptions used in the development of the actuarial estimates include reliance on the Company's historical claims data including average monthly claims and average lag time between incurrence and reporting of the claim.

Forward-Looking Statements

In addition to historical information, this Annual Report may contain forward-looking statements, which are included pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. 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](#)**Item 7a. Quantitative and Qualitative Disclosures about Market Risk:**

<i>(dollars in thousands)</i>	Expected Maturity Dates							Fair Value
<i>December 30, 2017</i>	2018	2019	2020	2021	2022	Thereafter	Total	Dec. 30, 2017
Rate sensitive assets:								
Fixed interest rate securities	\$ 13,341	\$ 5,774	\$ 4,519	\$ 7,475	\$ 6,024	\$ 19,407	\$ 56,540	\$ 54,833
Average interest rate	2.04	1.63	2.15	2.09	2.51	2.37	2.16	

Other Relevant Market Risks

The Company's equity securities at December 30, 2017 had a cost basis of \$1,198,000 and a fair value of \$8,832,000. The dividend yield realized on these equity investments was 4.86% in 2017. By their nature, both the fixed interest rate securities and the equity investments inherently expose the holders to market risk. The extent of the Company's interest rate and other market risk is not quantifiable or predictable with precision due to the variability of future interest rates and other changes in market conditions. However, the Company believes that its exposure in this area is not material.

The Company's revolving credit agreement is exposed to interest rate fluctuations to the extent of changes in the LIBOR rate. The Company believes this exposure is not material due to availability of liquid assets to eliminate the outstanding credit facility

Item 8. Financial Statements and Supplementary Data:

WEIS MARKETS, INC.
CONSOLIDATED BALANCE SHEETS

*(dollars in thousands)**December 30, 2017 and December 31, 2016*

	2017	2016
Assets		
Current:		
Cash and cash equivalents	\$ 21,305	\$ 14,653
Marketable securities	63,665	67,171
SERP investment	14,476	11,154
Accounts receivable, net	82,877	96,170
Inventories	279,509	276,783
Prepaid expenses and other current assets	19,435	16,310
Income taxes recoverable	2,047	1,625
Total current assets	483,314	483,866
Property and equipment, net	886,243	878,195
Goodwill	52,330	52,330
Intangible and other assets, net	19,852	16,913
Total assets	\$ 1,441,739	\$ 1,431,304
Liabilities		
Current:		
Accounts payable	\$ 216,252	\$ 199,159
Accrued expenses	33,403	50,947
Accrued self-insurance	17,470	19,330
Deferred revenue, net	7,217	6,730
Total current liabilities	274,342	276,166
Long-term debt	34,988	64,476
Postretirement benefit obligations	18,409	15,277
Accrued self-insurance	20,140	21,353
Deferred income taxes	87,422	119,445
Other	13,594	7,865
Total liabilities	448,895	504,582
Shareholders' Equity		
Common stock, no par value, 100,800,000 shares authorized, 33,047,807 shares issued, 26,898,443 shares outstanding	9,949	9,949
Retained earnings	1,127,872	1,062,778
Accumulated other comprehensive income, net	5,880	4,852
	1,143,701	1,077,579
Treasury stock at cost, 6,149,364 shares	(150,857)	(150,857)
Total shareholders' equity	992,844	926,722
Total liabilities and shareholders' equity	\$ 1,441,739	\$ 1,431,304

See accompanying notes to Consolidated Financial Statements.

WEIS MARKETS, INC.
CONSOLIDATED STATEMENTS OF INCOME

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

For the Fiscal Years Ended December 30, 2017,

December 31, 2016 and December 26, 2015

	2017	2016	2015
	(52 weeks)	(53 weeks)	(52 weeks)
Net sales	\$ 3,466,807	\$ 3,136,720	\$ 2,876,748
Cost of sales, including warehousing and distribution expenses	2,540,348	2,264,565	2,090,016
Gross profit on sales	926,459	872,155	786,732
Operating, general and administrative expenses	850,034	773,830	695,953
Income from operations	76,425	98,325	90,779
Investment income and interest expense	2,598	2,457	1,552
Gain on bargain purchase	-	23,879	-
Income before provision for income taxes	79,023	124,661	92,331
Provision for income taxes	(19,391)	37,499	33,001
Net income	\$ 98,414	\$ 87,162	\$ 59,330
Weighted-average shares outstanding, basic and diluted	26,898,443	26,898,443	26,898,443
Cash dividends per share	\$ 1.20	\$ 1.20	\$ 1.20
Basic and diluted earnings per share	\$ 3.66	\$ 3.24	\$ 2.21

WEIS MARKETS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)

For the Fiscal Years Ended December 30, 2017,

December 31, 2016 and December 26, 2015

	2017	2016	2015
	(52 weeks)	(53 weeks)	(52 weeks)
Net income	\$ 98,414	\$ 87,162	\$ 59,330
Other comprehensive income (loss) by component, net of tax:			
Available-for-sale marketable securities			
Unrealized holding gains (losses) arising during period			
(Net of deferred taxes of \$19, \$239 and \$37, respectively)	(43)	348	(52)
Accumulated change in effective tax rate	1,042	-	-
Reclassification adjustment for (gains) losses included in net income			
(Net of deferred taxes of \$11, \$180 and \$11, respectively)	29	(257)	(16)
Other comprehensive income (loss), net of tax	1,028	91	(68)
Comprehensive income, net of tax	\$ 99,442	\$ 87,253	\$ 59,262

WEIS MARKETS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(dollars in thousands, except shares) For the Fiscal Years Ended December 30, 2017, December 31, 2016 and December 26, 2015	Common Stock		Retained Earnings	Accumulated Other Comprehensive	Treasury Stock		Total Shareholders' Equity
	Shares	Amount		Income (Loss)	Shares	Amount	
Balance at December 27, 2014	33,047,807	\$ 9,949	\$ 980,842	\$ 4,829	6,149,364	\$ (150,857)	\$ 844,763
Net income	—	—	59,330	—	—	—	59,330
Other comprehensive loss, net of reclassification adjustments and tax	—	—	—	(68)	—	—	(68)
Dividends paid	—	—	(32,278)	—	—	—	(32,278)
Balance at December 26, 2015	33,047,807	9,949	1,007,894	4,761	6,149,364	(150,857)	871,747
Net income	—	—	87,162	—	—	—	87,162
Other comprehensive income, net of reclassification adjustments and tax	—	—	—	91	—	—	91
Dividends paid	—	—	(32,278)	—	—	—	(32,278)
Balance at December 31, 2016	33,047,807	9,949	1,062,778	4,852	6,149,364	(150,857)	926,722
Net income	—	—	98,414	—	—	—	98,414
Other comprehensive income, net of reclassification adjustments and tax	—	—	—	(14)	—	—	(14)
Other comprehensive income tax reform adjustment	—	—	(1,042)	1,042	—	—	-
Dividends paid	—	—	(32,278)	—	—	—	(32,278)
Balance at December 30, 2017	33,047,807	\$ 9,949	\$ 1,127,872	\$ 5,880	6,149,364	\$ (150,857)	\$ 992,844

See accompanying notes to Consolidated Financial Statements.

WEIS MARKETS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

For the Fiscal Years Ended December 30, 2017,
December 31, 2016 and December 26, 2015

	2017 (52 weeks)	2016 (53 weeks)	2015 (52 weeks)
Cash flows from operating activities:			
Net income	\$ 98,414	\$ 87,162	\$ 59,330
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	85,415	76,862	70,114
(Gain) loss on disposition of fixed assets	(700)	1,353	(54)
Impairment of fixed assets	-	894	-
(Gain) loss on sale of marketable securities	40	(437)	(27)
Gain on sale of intangible assets	-	(200)	-
Gain on acquisition of business	-	(23,879)	-
Deferred income taxes	(31,993)	5,703	(212)
Changes in operating assets and liabilities:			
Inventories	(2,726)	(38,102)	10,242
Accounts receivable and prepaid expenses	9,598	(5,096)	(17,127)
Accounts payable and other liabilities	7,742	46,131	14,403
Income taxes	(422)	41	(1,054)
Other	446	1,161	1,118
Net cash provided by operating activities	165,814	151,593	136,733
Cash flows from investing activities:			
Purchase of property and equipment	(95,857)	(142,144)	(90,210)
Proceeds from the sale of property and equipment	2,246	442	1,929
Purchase of marketable securities	(12,612)	(40,858)	(31,329)
Proceeds from maturities of marketable securities	8,442	1,335	3,201
Proceeds from the sale of marketable securities	7,272	62,566	9,171
Acquisition of business	-	(63,632)	-
Purchase of intangible assets	(3,565)	(2,568)	(2,649)
Proceeds from sale of intangible assets	-	200	-
Change in SERP investment	(3,322)	(2,075)	42
Net cash used in investing activities	(97,396)	(186,734)	(109,845)
Cash flows from financing activities:			
Proceeds from (payments on) long-term debt	(29,488)	64,476	-
Dividends paid	(32,278)	(32,278)	(32,278)
Net cash (used in) provided by financing activities	(61,766)	32,198	(32,278)
Net increase (decrease) in cash and cash equivalents	6,652	(2,943)	(5,390)
Cash and cash equivalents at beginning of year	14,653	17,596	22,986
Cash and cash equivalents at end of year	\$ 21,305	\$ 14,653	\$ 17,596

See accompanying notes to Consolidated Financial Statements. Cash paid for income taxes was \$13.0 million, \$31.0 million and \$30.2 million in 2017, 2016 and 2015, respectively. Cash paid for interest related to long-term debt was \$973,000 and \$141,000 in 2017 and 2016, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Note 1 Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in preparing the Company's Consolidated Financial Statements:

(a) Description of Business

Weis Markets, Inc. is a Pennsylvania business corporation formed in 1924. The Company is engaged principally in the retail sale of food in Pennsylvania and surrounding states. The Company's operations are reported as a single reportable segment. There was no material change in the nature of the Company's business during fiscal 2017.

(b) Definition of Fiscal Year

The Company's fiscal year ends on the last Saturday in December. Fiscal 2017 was comprised of 52 weeks, ending on December 30, 2017. Fiscal 2016 was comprised of 53 weeks, ending on December 31, 2016. Fiscal 2015 was comprised of 52 weeks, ending on December 26, 2015. References to years in this Annual Report relate to fiscal years.

(c) Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

(d) Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

The Company maintains its cash balances in the form of core checking accounts and money market accounts. The Company maintains cash deposits with banks that at times exceed applicable insurance limits. The Company reduces its exposure to credit risk by maintaining such deposits with high quality financial institutions that management believes are creditworthy.

The Company considers investments with an original maturity of three months or less to be cash equivalents. Investment amounts classified as cash equivalents as of December 30, 2017 and December 31, 2016 totaled \$341,000 and \$714,000, respectively.

(f) Marketable Securities

Marketable securities consist of municipal bonds and equity securities. The Company invests primarily in high-grade marketable debt securities. The Company classifies all of its marketable securities as available-for-sale.

Available-for-sale securities are recorded at fair value as determined by quoted market price based on national markets. Unrealized holding gains and losses, net of the related tax effect, are excluded from earnings and are reported as a separate component of shareholders' equity until realized. A decline in the fair value below cost that is deemed other than temporary results in a charge to earnings and the establishment of a new cost basis for the security. Dividend and interest income is recognized when earned. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities.

(g) Accounts Receivable

Accounts receivable are stated net of an allowance for uncollectible accounts of \$1,946,000 and \$1,455,000 as of December 30, 2017 and December 31, 2016, respectively. The reserve balance relates to amounts due from pharmacy third party providers, retail customer returned checks, manufacturing customers, vendors and tenants. The Company maintains an allowance for the amount of receivables deemed to be uncollectible and calculates this amount based upon historical collection activity adjusted for current conditions. Customer electronic payments accepted at the point of sale are classified as accounts receivable until collected.

Note 1 Summary of Significant Accounting Policies (continued)**(h) Inventories**

Inventories are valued at the lower of cost or net realizable value, using both the last-in, first-out (LIFO) and average cost methods. The Company's center store and pharmacy inventories are valued using LIFO. Under this method, inventory is stated at cost, which is determined by applying a cost-to-retail to each similar merchandise category's ending retail value. The Company's fresh inventories are valued using average cost. The Company evaluates inventory shortages throughout the year based on actual physical counts in its facilities. Allowances for inventory shortages are recorded based on the results of these counts and to provide for estimated shortages from the last physical count to the financial statement date.

(i) Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on the cost of buildings and improvements and equipment using the straight-line method.

Leasehold improvements are amortized using the straight-line method over the terms of the leases or the useful lives of the assets, whichever is shorter.

Maintenance and repairs are expensed and renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the assets and accumulated depreciation are removed from the respective accounts and any profit or loss on the disposition is credited or charged to "Operating, general and administrative expenses."

(j) Goodwill and Intangible Assets

Goodwill is not amortized but tested for impairment on an annual basis and between annual tests when indicators of impairment are identified. Intangible assets with an indefinite useful life are not amortized until their useful life is determined to be no longer indefinite and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The Company's intangible assets and related accumulated amortization at December 30, 2017 and December 31, 2016 consisted of the following:

<i>(dollars in thousands)</i>	December 30, 2017			December 31, 2016		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Liquor Licenses	\$ 11,121	\$ -	\$ 11,121	\$ 8,423	\$ -	\$ 8,423
Lease Acquisitions	10,960	3,902	7,058	10,960	2,984	7,976
Customer Lists	1,162	175	987	295	21	274
Total	\$ 23,243	\$ 4,077	\$ 19,166	\$ 19,678	\$ 3,005	\$ 16,673

Intangible assets with a definite useful life are generally amortized on a straight-line basis over periods up to 30 years for lease acquisitions and up to 10 years for customer lists. Estimated amortization expense for the next five fiscal years is approximately \$1.0 million in 2018, \$1.0 million in 2019, \$1.0 million in 2020, \$975,000 in 2021 and \$732,000 in 2022. As of December 30, 2017, the Company's intangible assets with indefinite lives consisted of goodwill and Pennsylvania liquor licenses.

Note 1 Summary of Significant Accounting Policies (continued)**(k) Impairment of Long-Lived Assets**

The Company periodically evaluates the period of depreciation or amortization for long-lived assets to determine whether current circumstances warrant revised estimates of useful lives. The Company completes an impairment test annually. The Company also reviews its property and equipment for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the net undiscounted cash flows expected to be generated by the asset. An impairment loss would be recorded for the excess of net book value over the fair value of the asset impaired. The fair value is estimated based on current market values or expected discounted future cash flows.

With respect to owned property and equipment associated with closed stores, the value of the property and equipment would be adjusted to reflect recoverable values if current economic conditions and estimated fair values of the property was less than the net book value.

In accordance with Accounting Standards Codification No. 360, *Property, Plant and Equipment*, the Company recorded a pre-tax charge of \$894,000 in the fourth quarter of 2016 for the impairment of long-lived assets, including equipment and leasehold improvements. The charge was a result of management determining that the net book value of a property was less than the recoverable value. This charge was included as a component of "Operating, general and administrative expenses."

The results of impairment tests are subject to management's estimates and assumptions of projected cash flows and operating results. The Company believes that, based on current conditions, materially different reported results are not likely to result from long-lived asset impairments. However, a change in assumptions or market conditions could result in a change in estimated future cash flows and the likelihood of materially different reported results.

(l) Store Closing Costs

The Company provides for closed store liabilities relating to the estimated post-closing lease liabilities and related other exit costs associated with the store closing commitments. As of December 30, 2017, the remaining closed store has a lease term of approximately eight months, and the liabilities associated with the closed store lease are paid over the term of the lease. Closed store lease liabilities totaled \$39,000 and \$105,000 as of December 30, 2017 and December 31, 2016, respectively. The Company estimates the lease liabilities, net of estimated sublease income, using the undiscounted rent payments of closed stores. Other exit costs include estimated real estate taxes, common area maintenance, insurance and utility costs to be incurred after the store closes over the remaining lease term. Store closings are generally completed within one year after the decision to close. Adjustments to closed store liabilities and other exit costs primarily relate to changes in sublease income and actual exit costs differing from original estimates. Adjustments are made for changes in estimates in the period in which the changes become known. Any excess store closing liability remaining upon settlement of the obligation is reversed to income in the period that such settlement is determined. Store closing liabilities are reviewed quarterly to ensure that any accrued amount that is not a sufficient estimate of future costs, or that is no longer needed for its originally intended purpose, is adjusted to income in the proper period. Inventory write-downs, if any, in connection with store closings are classified in cost of sales. Costs to transfer inventory and equipment from closed stores are expensed as incurred.

The following table summarizes accrual activity for future lease obligations of stores that were closed in the normal course of business:

<i>(dollars in thousands)</i>	Closed Store Obligations	
Balance at December 26, 2015	\$	212
Additions		0
Payments		(33)
Adjustments		(74)
Balance at December 31, 2016		105
Additions		0
Payments		0
Adjustments		(66)
Balance at December 30, 2017	\$	39

Note 1 Summary of Significant Accounting Policies (continued)**(m) Self-Insurance**

The Company is self-insured for a majority of its workers' compensation, general liability, vehicle accident and associate medical benefit claims. The self-insurance liability for most of the medical benefit claims is determined based on historical data and an estimate of claims incurred but not reported. The other self-insurance liabilities including workers' compensation are determined actuarially, based on claims filed and an estimate of claims incurred but not yet reported. The Company was liable for associate health claims up to an annual maximum of \$2,000,000 per member prior to March 1, 2014 and an unlimited amount per member as of and after March 1, 2014. As of March 1, 2014, the Company purchased stop loss insurance which carries a \$500,000 specific deductible with a \$250,000 aggregating deductible. The Company is liable for workers' compensation claims up to \$2,000,000 per claim. Property and casualty insurance coverage is maintained with outside carriers at deductible or retention levels ranging from \$100,000 to \$1,000,000. Significant assumptions used in the development of the actuarial estimates include reliance on the Company's historical claims data including average monthly claims and average lag time between incurrence and reporting of the claim.

(n) Income Taxes

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company reviews the tax positions taken or expected to be taken on tax returns to determine whether and to what extent a benefit can be recognized in the Consolidated Financial Statements. Refer to Note 8 to the Consolidated Financial Statements for the amount of unrecognized tax benefits and other disclosures related to uncertain tax positions. To the extent interest and penalties would be assessed by taxing authorities on any underpayment of income tax, such amounts are accrued and classified as a component of income tax expense.

(o) Earnings Per Share

Earnings per share are based on the weighted-average number of common shares outstanding.

(p) Revenue Recognition

Revenue from the sale of products to the Company's customers is recognized at the point of sale. Discounts provided to customers at the point of sale through the Weis Club Preferred Shopper loyalty program are recognized as a reduction in sales as products are sold. Periodically, the Company will run a point based sales incentive program that rewards customers with future sales discounts. The Company makes reasonable and reliable estimates of the amount of future discounts based upon historical experience and its customer data tracking software. Sales are reduced by these estimates over the life of the program. Discounts to customers at the point of sale provided by vendors, usually in the form of paper coupons, are not recognized as a reduction in sales provided the discounts are redeemable at any retailer that accepts those discounts. The Company records "Deferred revenue" for the sale of gift cards and revenue is recognized in "Net sales" at the time of customer redemption for products. Gift card breakage income is recognized in "Operating, general and administrative expenses" based upon historical redemption patterns and represents the balance of gift cards for which the Company believes the likelihood of redemption by the customer is remote. Sales tax is excluded from "Net sales." The Company charges sales tax on all taxable customer purchases and remits these taxes monthly to the appropriate taxing jurisdiction. Merchandise return activity is immaterial to revenues due to products being returned quickly and the relatively low unit cost.

(q) Cost of Sales, Including Warehousing and Distribution Expenses

"Cost of sales, including warehousing and distribution expenses" consists of direct product costs (net of discounts and allowances), distribution center and transportation costs, as well as manufacturing facility operations.

(r) Vendor Allowances

Vendor allowances related to the Company's buying and merchandising activities are recorded as a reduction of cost of sales as they are earned, in accordance with the underlying agreement. Off-invoice and bill-back allowances are used to reduce direct product costs upon the receipt of goods. Promotional rebates and credits are accounted for as a reduction in the cost of inventory and recognized when the related inventory is sold. Volume incentive discounts are realized as a reduction of cost of sales at the time it is deemed probable and reasonably estimable that the incentive target will be reached. Long-term contract incentives, which require an exclusive vendor relationship, are allocated over the life of the contract. Promotional allowance funds for specific vendor-sponsored programs are recognized as a reduction of cost of sales as the program occurs and the funds are earned per the agreement. Cash discounts for prompt payment of invoices are realized in cost of sales as invoices are paid. Warehouse and back-haul allowances provided by suppliers for distributing their product through the Company's distribution system are recorded in cost of sales offsetting costs incurred. Warehouse rack and slotting allowances are recorded in cost of sales when new items are initially set up in the Company's distribution system, which is when the related expenses are incurred and performance under the agreement is complete. Swell allowances for damaged goods are realized in cost of sales as provided by the supplier, helping to offset product shrink losses also recorded in cost of sales.

Note 1 Summary of Significant Accounting Policies (continued)**(r) Vendor Allowances (continued)**

Vendor allowances recorded as credits in cost of sales totaled \$114.1 million in 2017, \$123.9 million in 2016 and \$97.0 million in 2015. Vendor paid cooperative advertising credits totaled \$19.2 million in 2017, \$19.1 million in 2016 and \$17.1 million in 2015. These credits were netted against advertising costs within “Operating, general and administrative expenses.” The Company had accounts receivable due from vendors of \$1.0 million and \$852,000 for earned advertising credits and \$13.1 million and \$10.7 million for earned promotional discounts as of December 30, 2017 and December 31, 2016, respectively. The Company had \$9.8 million and \$4.0 million in unearned income included in accrued liabilities for unearned vendor programs under long-term contracts for display and shelf space allocation as of December 30, 2017 and December 31, 2016, respectively.

(s) Operating, General and Administrative Expenses

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

(t) Advertising Costs

The Company expenses advertising costs as incurred. The Company recorded advertising expense, before vendor paid cooperative advertising credits, of \$31.0 million in 2017, \$26.3 million in 2016 and \$23.1 million in 2015 in “Operating, general and administrative expenses.”

(u) Rental and Commission Income

The Company leases or subleases space to tenants in owned, vacated and open store facilities. Rental income is recorded when earned as a component of “Operating, general and administrative expenses.” All leases are operating leases, as disclosed in Note 5.

The Company provides a variety of services to its customers, including but not limited to lottery, money orders, third-party gift cards, and third-party bill pay services. Commission income earned from these services are recorded when earned as a component of “Operating, general and administrative expenses.”

(v) Current Relevant Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended by several subsequent ASU’s, which establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. In August 2015, the FASB issued a one-year deferral of the effective date of this new guidance resulting in it now being effective for the Company beginning in fiscal year 2018. The Company has evaluated the impact of adoption of the ASU. The Company’s assessment of the new guidance has identified customer loyalty programs and gift cards affected by the new guidance. The effects related to these transactions will not effect the Company’s Consolidated Financial Statements as any effect as a result of the adoption is not material. The Company has determined that the adoption of the ASU will not have a significant impact on the Company’s point of sale product sales. The Company will adopt the new standard using the modified retrospective method beginning December 31, 2017.

In January 2016, the FASB issued ASU 2016-01 *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 generally requires that equity investments (excluding equity method investments) be measured at fair value with changes in fair value recognized in net income. The Company expects that the adoption of ASU 2016-01 will likely have an impact on the net income reported in the Company’s Consolidated Statements of Income, but will not impact the Company’s comprehensive income or shareholders’ equity. The amendment is effective for fiscal years beginning after December 15, 2017, with the cumulative effect of the adoption made to the balance sheet as of the date of adoption. Adoption will result in a reclassification of the related accumulated unrealized appreciation, net of applicable deferred income taxes, currently included in accumulated other comprehensive income to retained earnings, resulting in no impact on the Company’s shareholders’ equity.

In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize assets and liabilities for the rights and obligations created by their leases with lease terms more than 12 months. ASU 2016-02 will become effective for annual periods beginning after December 15, 2018 and for interim periods within those fiscal years. The Company is currently in the process of evaluating the impact of adoption of the ASU and expects the adoption to have a significant impact on the Company’s Consolidated Balance Sheets.

Note 1 Summary of Significant Accounting Policies (continued)**(v) Current Relevant Accounting Standards (continued)**

In March 2016, the FASB issued ASU 2016-04 *Liabilities – Extinguishments of Liabilities (Subtopic 405-20) Recognition of Breakage for Certain Prepaid Stored-Value Products*. ASU 2016-04 requires that an entity must disclose the methodology and specific judgements made in applying the breakage recognized. ASU 2016-04 will become effective for the financial statements issued for the fiscal years beginning after December 15, 2017. The Company has evaluated the effect of the adoption of the ASU and determined there will not be a significant impact on the Company's Consolidated Financial Statements. The Company plans to adopt ASU 2016-04 beginning December 31, 2017.

In February 2018, the FASB issued ASU 2018-02 *Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. ASU 2018-02 clarifies the treatment of the deferred tax adjustments on temporary differences that arose from items of income or loss that were originally recorded in accumulated other comprehensive income (AOCI) by reclassifying the stranded tax effect to retained earnings. The Company early adopted this ASU for the fiscal year ending December 30, 2017.

Note 2 Marketable Securities

The Company's marketable securities are all classified as available-for-sale within "Current Assets" in the Company's Consolidated Balance Sheets. FASB has established three levels of inputs that may be used to measure fair value:

- Level 1 Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2 Observable inputs, other than Level 1 inputs in active markets, that are observable either directly or indirectly; and
- Level 3 Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company's marketable securities valued using Level 1 inputs include highly liquid equity securities, for which quoted market prices are available. The Company's bond portfolio is valued using Level 2 inputs. The Company's municipal bonds are valued using a combination of pricing for similar securities, recently executed transactions, cash flow models with yield curves and other pricing models utilizing observable inputs, which are considered Level 2 inputs.

For Level 2 investment valuation, the Company utilizes standard pricing procedures of its investment advisory firm(s), which include various third party pricing services. These procedures also require specific price monitoring practices as well as pricing review reports, valuation oversight and pricing challenge procedures to maintain the most accurate representation of investment fair market value.

The Company accrues interest on its bond portfolio throughout the life of each bond held. Dividends from the equity securities are recognized as received. Both interest and dividends are recognized in "Investment income and interest expense" on the Company's Consolidated Statements of Income.

WEIS MARKETS, INC.

[Table of Contents](#)

Note 2 Marketable Securities (continued)

Marketable securities, as of December 30, 2017 and December 31, 2016, consisted of:

<i>(dollars in thousands)</i> December 30, 2017	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale:				
<i>Level 1</i>				
Equity securities	\$ 1,198	\$ 7,634	\$ -	\$ 8,832
<i>Level 2</i>				
Municipal bonds	54,278	671	(116)	54,833
	\$ 55,476	\$ 8,305	\$ (116)	\$ 63,665

<i>(dollars in thousands)</i> December 31, 2016	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale:				
<i>Level 1</i>				
Equity securities	\$ 1,198	\$ 8,162	\$ -	\$ 9,360
<i>Level 2</i>				
Municipal bonds	57,739	531	(459)	57,811
	\$ 58,937	\$ 8,693	\$ (459)	\$ 67,171

Maturities of marketable securities classified as available-for-sale at December 30, 2017, were as follows:

<i>(dollars in thousands)</i>	Amortized Cost	Fair Value
Available-for-sale:		
Due within one year	\$ 12,535	\$ 12,585
Due after one year through five years	22,421	22,655
Due after five years through ten years	19,322	19,593
Equity securities	1,198	8,832
	\$ 55,476	\$ 63,665

SERP Investments

The Company also maintains a non-qualified supplemental executive retirement plan and a non-qualified pharmacist deferred compensation plan for certain of its associates which allows them to defer income to future periods. Participants in the plans earn a return on their deferrals based on mutual fund investments. The Company chooses to invest in the underlying mutual fund investments to offset the liability associated with the non-qualified deferred compensation plans. Such investments are reported on the Company's Consolidated Balance Sheets as "SERP investment," are classified as trading securities and are measured at fair value using Level 1 inputs with gains and losses included in "Investment income and interest expense" on the Company's Consolidated Statements of Income. The changes in the underlying liability to the associates are recorded in "Operating, general and administrative expenses."

[Table of Contents](#)**Note 3 Inventories**

Merchandise inventories, as of December 30, 2017 and December 31, 2016, were valued as follows:

<i>(dollars in thousands)</i>	2017	2016
LIFO	\$ 221,777	\$ 223,294
Average cost	57,732	53,489
	\$ 279,509	\$ 276,783

Management believes the use of the LIFO method for valuing certain inventories represents the most appropriate matching of costs and revenues in the Company's circumstances. If all inventories were valued on the average cost method, which approximates current cost, total inventories would have been \$78,005,000 and \$79,128,000 higher than as reported on the above methods as of December 30, 2017 and December 31, 2016, respectively.

Note 4 Property and Equipment

Property and equipment, as of December 30, 2017 and December 31, 2016, consisted of:

<i>(dollars in thousands)</i>	Useful Life (in years)	2017	2016
Land		\$ 129,878	\$ 134,813
Buildings and improvements	10-60	693,898	655,487
Equipment	3-12	1,054,986	1,033,967
Leasehold improvements	5-20	212,109	205,506
Total, at cost		2,090,871	2,029,773
Less accumulated depreciation and amortization		1,204,628	1,151,578
		\$ 886,243	\$ 878,195

[Table of Contents](#)**Note 5 Lease Commitments**

At December 30, 2017, the Company leased approximately 54% of its open store facilities under operating leases that expire at various dates through 2033. These leases generally provide for fixed annual rentals; however, several provide for minimum annual rentals plus contingent rentals as a percentage of annual sales and a number of leases require the Company to pay for all or a portion of insurance, real estate taxes, water and sewer rentals, and repairs, the cost of which is charged to the related expense category rather than being accounted for as rent expense. Most of the leases contain multiple renewal options, under which the Company may extend the lease terms from 5 to 20 years. Rents on operating leases, including agreements with step rents, are charged to expense on a straight-line basis over the minimum lease term. Additionally, the Company has operating leases for certain transportation and other equipment.

Rent expense and income on all leases consisted of:

<i>(dollars in thousands)</i>	2017	2016	2015
Minimum annual rentals	\$ 46,804	\$ 38,632	\$ 34,794
Contingent rentals	432	431	452
Lease or sublease income	(7,612)	(7,212)	(7,069)
	\$ 39,624	\$ 31,851	\$ 28,177

The following is a schedule by years of future minimum rental payments required under operating leases and total minimum sublease and lease rental income to be received that have initial or remaining non-cancelable lease terms in excess of one year as of December 30, 2017.

<i>(dollars in thousands)</i>	Leases	Subleases
2018	\$ 43,820	\$ (3,278)
2019	40,665	(3,075)
2020	33,100	(2,800)
2021	26,893	(2,397)
2022	21,124	(2,054)
Thereafter	79,892	(8,693)
	\$ 245,494	\$ (22,297)

The Company did not have a liability accrued as of December 31, 2017 and as of December 31, 2016, for future minimum rental payments due on previously closed stores, reduced by the estimated sublease income to be received. The future minimum rental payments required under operating leases and estimated sublease income for these locations are included in the above schedule.

[Table of Contents](#)**Note 6 Retirement Plans**

The Company has a qualified retirement savings plan, the Weis Markets, Inc. Retirement Savings Plan, covering substantially all full-time associates. The plan has a contributory component as well as a noncontributory profit-sharing component for certain associates. The noncontributory component covers eligible associates which included certain salaried associates, store management and administrative support personnel. The Company also has three non-qualified supplemental retirement plans covering highly compensated employees of the Company. The Company's policy is to fund retirement plan costs as accrued, with the exception of the deferred compensation plan. Employer contributions to the qualified retirement plan are made at the sole discretion of the Company.

Retirement plan costs:

<i>(dollars in thousands)</i>	2017	2016	2015
Retirement savings plan	3,343	3,593	3,161
Deferred compensation plan	813	788	(318)
Supplemental executive retirement plan	1,920	909	484
Deferred compensation plan for pharmacists	705	284	(165)
	\$ 6,781	\$ 5,574	\$ 3,162

The Company maintains a non-qualified deferred compensation plan for the payment of specific amounts of annual retirement benefits to certain officers or their beneficiaries over an actuarially computed normal life expectancy. Currently, there are no active officers in the plan. The expected payments under the plan provisions were determined through actuarial calculations dependent on the age of the recipient, using an assumed discount rate. The plan is unfunded and accounted for on an accrual basis. The recorded liability at December 30, 2017 is \$4,914,000, which is based on expected payments to be made over the remaining lives of the beneficiaries. This amount is included in "Accrued expenses" and "Postretirement benefit obligations" in the Consolidated Balance Sheets. The expected payment amounts are approximately \$1,013,000 for 2018 and for the years thereafter dependent on the lives of the beneficiaries.

The Company also maintains a non-qualified supplemental executive retirement plan and a non-qualified pharmacist deferred compensation plan for certain of its associates. These plans are designed to provide retirement benefits and salary deferral opportunities because of limitations imposed by the Internal Revenue Code and the Regulations implemented by the Internal Revenue Service. These plans are unfunded and accounted for on an accrual basis. Participants in these plans are excluded from participation in the profit sharing portion of the Weis Markets, Inc. Retirement Savings Plan once their yearly earnings exceed the IRS highly compensated threshold. The Board of Directors annually determines the amount of the allocation to the plans at its sole discretion. The allocation among the various plan participants is made in both flat dollar amounts and in relationship to their compensation. Plan participants are 100% vested in their accounts after six years of service with the Company. Benefits are distributed among participants upon reaching the applicable retirement age. Substantial risk of benefit forfeiture does exist for participants in these plans. The present value of accumulated benefits amounted to \$14,508,000 and \$11,176,000 at December 30, 2017 and December 31, 2016, respectively, and is included in "Postretirement benefit obligations" in the Consolidated Balance Sheets.

The Company has no other postretirement benefit plans.

[Table of Contents](#)**Note 7 Accumulated Other Comprehensive Income**

All balances in accumulated other comprehensive income are related to available-for-sale marketable securities. The following table sets forth the balance of the Company's accumulated other comprehensive income, net of tax.

<i>(dollars in thousands)</i>		Unrealized Gains on Available-for-Sale Marketable Securities
Accumulated other comprehensive income balance as of December 26, 2015	\$	4,761
Other comprehensive income before reclassifications		348
Amounts reclassified from accumulated other comprehensive income		(257)
Net current period other comprehensive loss		91
Accumulated other comprehensive income balance as of December 31, 2016	\$	4,852
Other comprehensive loss before reclassifications		(43)
Accumulated change in effective tax rate		1,042
Amounts reclassified from accumulated other comprehensive income		29
Net current period other comprehensive income		1,028
Accumulated other comprehensive income balance as of December 30, 2017	\$	5,880

The following table sets forth the effects on net income of the amounts reclassified out of accumulated other comprehensive income for the periods ended December 30, 2017, December 31, 2016 and December 26, 2015.

<i>(dollars in thousands)</i>	Location	Amounts Reclassified from Accumulated Other Comprehensive Income to the Consolidated Statements of Income		
		2017	2016	2015
Unrealized gains (losses) on available-for-sale marketable securities				
	Investment income and interest expense	\$ (40)	\$ 437	\$ 27
	Provision for income taxes	11	(180)	(11)
Total amount reclassified, net of tax		\$ (29)	\$ 257	\$ 16

[Table of Contents](#)**Note 8 Income Taxes**

The provision (benefit) for income taxes consists of:

<i>(dollars in thousands)</i>	2017	2016	2015
Current:			
Federal	\$ 10,630	\$ 25,908	\$ 29,888
State	1,972	5,888	3,325
Deferred:			
Federal	(34,659)	6,020	(188)
State	2,666	(317)	(24)
	\$ (19,391)	\$ 37,499	\$ 33,001

The reconciliation of income taxes computed at the federal statutory rate 35% in 2017, 2016 and 2015 respectively. Ending deferred tax liability has been computed at the federal statutory rate of 21% due to the Tax Reform.

<i>(dollars in thousands)</i>	2017	2016	2015
Income taxes at federal statutory rate	\$ 27,658	\$ 43,631	\$ 32,316
State income taxes, net of federal income tax benefit	1,306	2,413	1,112
Deferred tax on gain on bargain purchase	-	(8,358)	-
Nondeductible employee-related expenses	1,828	-	-
2017 tax reform	(49,336)	-	-
Other	(847)	(187)	(427)
Provision for income taxes (effective tax rate (24.5)%, 30.1% and 35.7%, respectively)	\$ (19,391)	\$ 37,499	\$ 33,001

The effective income tax rate was (24.5)%, 30.1% and 35.7% in 2017, 2016 and 2015, respectively. On December 22, 2017, the U.S. Government enacted the Tax Cuts and Jobs Act (the "Tax Reform"). The Tax Reform significantly impacted the Company's effective income tax rate by reducing the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018 and allowing immediate expensing of qualified assets placed into service after September 27, 2017. Other elements of the Tax Reform have minor impacts, however the above mentioned decreased deferred income tax by \$49.3 million. The effective income tax rate decreased in 2016 due to the impact of the bargain purchase gain on the 38 locations being included in the overall gain calculation and not in income tax expense. The effective tax rate excluding the bargain purchase gain was 37.2%

Cash paid for federal income taxes was \$12.0 million, \$27.3 million and \$28.0 million in 2017, 2016 and 2015 respectively. Cash paid for state income taxes was \$1.0 million, \$3.7 million and \$2.2 million in 2017, 2016 and 2015 respectively.

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities at December 30, 2017 and December 31, 2016, are:

<i>(dollars in thousands)</i>	2017	2016
Deferred tax assets:		
Accounts receivable	\$ 542	\$ 586
Compensated absences	848	1,076
Employment incentives	388	9,826
Employee benefit plans	5,581	9,243
General liability insurance	2,991	4,359
Postretirement benefit obligations	5,365	6,484
Net operating loss carryforwards	7,745	5,600
Other	4,373	2,224
Total deferred tax assets	27,833	39,398
Deferred tax liabilities:		
Inventories	(8,026)	(7,619)
Unrealized gains on marketable securities	(2,310)	(3,382)
Nondeductible accruals and other	(5,160)	(7,517)
Depreciation	(99,759)	(140,325)
Total deferred tax liabilities	(115,255)	(158,843)
Net deferred tax liability	\$ (87,422)	\$ (119,445)

[Table of Contents](#)**Note 8 Income Taxes (continued)**

The following table summarizes the activity related to the Company's unrecognized tax benefits:

<i>(dollars in thousands)</i>	2017	2016
Unrecognized tax benefits at beginning of year	\$ 3,124	\$ 1,264
Increases based on tax positions related to the current year	1,567	1,563
Additions for tax positions of prior year	-	297
Reductions for tax positions of prior years	-	-
Settlements	-	-
Expiration of the statute of limitations for assessment of taxes	-	-
Unrecognized tax benefits at end of year	\$ 4,691	\$ 3,124

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$1,567,000 in 2017, \$1,860,000 in 2016 and \$1,264,000 in 2015.

The Company's U.S. Federal income tax filings have been examined by the Internal Revenue Service through 2008. The Company or one of its subsidiaries files tax returns in various states. The tax years subject to examination in Pennsylvania, where the majority of the Company's revenues are generated, are 2014 to 2017.

The Company has net operating loss carryforwards of \$98.1 million available for state income tax purposes. The net operating losses will begin to expire starting in 2027. The Company expects to fully utilize these net operating loss carryforwards.

[Table of Contents](#)**Note 9 Acquisition of Business***Fiscal 2017 Acquisitions*

There were no acquisitions for fiscal 2017.

Fiscal 2016 Acquisitions

On August 1, 2016, the Company purchased five Mars Super Market stores located in Maryland. Weis Markets, Inc. acquired these locations and their operations in an effort to expand its presence in the Baltimore County region. The results of operations of the former Mars Super Market acquisition are included in the accompanying Consolidated Financial Statements from the date of acquisition. The five former Mars Super Market stores contributed \$91.5 million and \$38.0 million to sales in 2017 and 2016, respectively. The cash purchase price paid was \$24.6 million for the property, equipment, inventories, prepaid expenses and goodwill related to this purchase. The Company accounted for this transaction as a business combination in accordance with the acquisition method. The fair value of intangibles was determined based on the discounted cash flow model and property and equipment were determined based on external appraisals. Weis Markets, Inc. assumed two lease obligations in the acquisition of the former Mars Super Market stores and entered into two new lease agreements. Goodwill of \$13.3 million has been recorded, based upon the expected benefits to be derived from new management business strategy and cost synergies. The \$13.3 million of goodwill is deductible for tax purposes. The purchase price has been allocated to the acquired assets as follows.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition. The fair values of the acquired assets and assumed liabilities are reported below.

<i>(dollars in thousands)</i>	5 Mars Super Market Stores August 1, 2016	
Inventories	\$	1,267
Accounts receivable and prepaid expenses		248
Property and equipment		7,305
Goodwill		13,255
Intangibles - favorable leasehold interest, net		2,495
Total fair value of assets acquired	\$	24,570

[Table of Contents](#)**Note 9 Acquisition of Business (continued)***Fiscal 2016 Acquisitions (continued)*

In September 2016, the Company began its acquisition of 38 former Food Lion, LLC stores. Within eight weeks, ending in October 2016, Weis Markets acquired 21 Maryland, 13 Virginia and 4 Delaware former Food Lion, LLC stores. The results of operations of the 38 former Food Lion, LLC stores are included in the accompanying Consolidated Financial Statements from the date of acquisition. The Company accounted for this transaction as a business combination in accordance with the acquisition method. The fair value of intangibles was determined based on the discounted cash flow model and property and equipment were determined based on external appraisals. The acquired locations were part of a FTC forced divestiture in the approval process of the merger of Ahold and Delhaize Group, which resulted in a below fair value purchase price consideration. The cash purchase price paid was \$29.4 million for the property, equipment, inventories, prepaid expenses and liabilities. Weis Markets, Inc. assumed thirty lease obligations and ownership of eight locations. The Company recognized a gain of \$23.9 million on the purchase of the 38 former Food Lion, LLC stores. The 38 acquired Food Lion, LLC locations contributed \$369.2 million and \$92.5 million to sales in 2017 and 2016, respectively.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition. The fair values of the acquired assets and assumed liabilities are reported below.

<i>(dollars in thousands)</i>	38 Food Lion, LLC Stores Sept. 11 - Oct. 30, 2016	
Assets	\$	
Current:		
Accounts receivable, net		146
Inventories		7,614
Prepaid expenses and other current assets		1,044
Total current assets		8,804
Property and equipment, net		60,735
Intangibles - favorable leasehold interest		4,583
Total assets		74,122
Liabilities		
Current:		
Accrued expenses		(428)
Total current liabilities		(428)
Other - unfavorable leasehold interest		(3,738)
Deferred tax liability		(16,663)
Total liabilities		(20,829)
Total fair value of assets acquired and liabilities assumed	\$	53,293
Gain on bargain purchase	\$	23,879

[Table of Contents](#)**Note 9 Acquisition of Business (continued)***Fiscal 2016 Acquisitions (continued)*

On October 30, 2016, Weis Markets acquired a former Nell's Family Market store located in East Berlin, PA from C&S Wholesale Grocers. The results of operations of the former Nell's Family Market acquisition are included in the accompanying Consolidated Financial Statements from the date of acquisition. The purchase price was \$13.0 million, of which \$3.4 million is payable over a 4 year term for the property, equipment, inventory, prepaid expenses and liabilities. The Company accounted for this transaction as a business combination in accordance with the acquisition method. The fair value of intangibles was determined based on the discounted cash flow model and property and equipment were determined based on external appraisals. The former Nell's Family Market contributed \$17.6 million and \$3.0 million to sales in 2017 and 2016, respectively. Goodwill of \$3.9 million has been recorded, based upon the expected benefits to be derived from new management business strategy and cost synergies. The \$3.9 million of goodwill is deductible for tax purposes.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition. The fair values of the acquired assets and assumed liabilities are reported below.

<i>(dollars in thousands)</i>	Nell's Family Market Store October 30, 2016	
Assets	\$	
Current:		
Inventories		401
Prepaid expenses and other current assets		39
Total current assets		440
Property and equipment, net		8,625
Goodwill		3,913
Intangible and other assets, net		23
Total assets		13,001
Liabilities		
Current:		
Accrued expenses		(3)
Total current liabilities		(3)
Total fair value of assets acquired and liabilities assumed	\$	12,998

The pro forma information includes historical results of operations of the 38 former Food Lion Supermarket and 5 former Mars Super Market stores but does not include efficiencies, cost reductions, synergies or investments in lower prices for the Company's customers expected to result from the acquisitions. The unaudited pro forma financial information is not necessarily indicative of the results that actually would have occurred had the 38 former Food Lion Supermarket and the 5 former Mars Super Market stores been acquired at the beginning of 2015. Pro forma results of sales, assuming the acquisitions had taken place at the beginning of 2015, are included in the following table. The Company does not have reliable information to provide additional pro forma disclosures.

(dollars in thousands)

For the Fiscal Years Ended December 30, 2017,
December 31, 2016 and December 26, 2015

	2017	2016	2015
	(52 weeks)	(53 weeks)	(52 weeks)
Store sales	\$ 3,460,484	\$ 3,563,145	\$ 3,424,414

Fiscal 2015 Acquisitions

The Company paid \$7.9 million for the property and equipment related to the purchase of a store in Hanover, Pennsylvania on August 31, 2015 from C&S Wholesale Grocers to expand current market share. The purchase price was allocated between land, building and equipment of \$1.9 million, \$5.9 million and \$112,000, respectively, in accordance with the Company's accounting policies for business combinations. No Goodwill was recognized.

[Table of Contents](#)**Note 10 Summary of Quarterly Results (Unaudited)**

Quarterly financial data for 2017 and 2016 are as follows:

(dollars in thousands, except per share amounts)

	Thirteen Weeks Ended			
	April 1, 2017	July 1, 2017	September 30, 2017	December 30, 2017
Net sales	\$ 852,229	\$ 876,569	\$ 854,261	\$ 883,748
Gross profit on sales	229,796	239,879	222,839	233,945
Net income	11,836	18,475	4,449	63,654 *
Basic and diluted earnings per share	\$.44	\$.69	\$.16	\$ 2.37

*The quarter ended December 30, 2017 includes the tax benefit of \$49.3 million as a result of revaluing the Company's net deferred tax liability using the enacted Federal tax rate of 21% under the Tax Reform.

	Thirteen Weeks Ended			Fourteen Weeks Ended
	March 26, 2016	June 25, 2016	September 24, 2016	December 31, 2016
Net sales	\$ 738,204	\$ 730,433	\$ 742,986	\$ 925,097
Gross profit on sales	207,112	201,938	204,864	258,241
Gain on bargain purchase	-	-	-	23,879
Net income	20,129	15,265	10,628	41,140
Basic and diluted earnings per share	\$.75	\$.57	\$.40	\$ 1.52

Note 11 Fair Value Information

The carrying amounts for cash, accounts receivable and accounts payable approximate fair value because of the short maturities of these instruments. The fair values of the Company's marketable securities, as disclosed in Note 2, are based on quoted market prices and institutional pricing guidelines for those securities not classified as Level 1 securities. The Company's SERP investments are classified as trading securities and are carried at fair value using Level 1 inputs. The carrying amount of long-term debt approximates fair value as interest rates on this debt agreement approximates current market rates.

Note 12 Commitments and Contingencies

The Company is involved in various legal actions arising out of the normal course of business. The Company also accrues for tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated, based on experience. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Note 13 Long-Term Debt

On September 1, 2016 Weis Markets entered into a revolving credit agreement with Wells Fargo Bank, National Association (the Credit Agreement). The Credit Agreement provides for an unsecured revolving credit facility with an aggregate principal amount not to exceed \$100.0 million with an additional discretionary amount available of \$50.0 million. As of December 30, 2017, \$35.0 million of the available \$100.0 million was borrowed from the credit facility. The loan will bear interest on the outstanding principal amount at the one month LIBOR rate plus the applicable margin rate of 0.65% until its Maturity on September 1, 2019. The loan was used to fund the recent acquisitions and the Company's working capital requirements. The only financial covenant in the credit facility requires the Company's minimum EBITDA to be at least \$75.0 million. The Credit Agreement is also being utilized by the Company for letters of credit. As of December 30, 2017, the Company had \$18.2 million, of the available \$100.0 million from the credit facility, committed to outstanding letters of credit. The letters of credit are maintained primarily to support performance, payment, deposit or surety obligations of the Company. The Company does not anticipate drawing on any of them.

Interest expense related to long-term debt was \$946,000 and \$242,000 for 2017 and 2016, respectively.

Note 14 Subsequent Related Party Transactions

On January 16, 2018, the Company purchased a parcel of land from Central Properties, Inc in which Jonathan H. Weis and his immediate family members have beneficial ownership interest. The purchase price of \$1.1 million was approved by the Company's Executive Committee in accordance with Company policy and regulatory guidelines.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Weis Markets, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Weis Markets, Inc. and its subsidiaries (the Company) as of December 30, 2017 and December 31, 2016, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the 52 week period ended December 30, 2017 and the 53 week period ended December 31, 2016, and the related notes to the consolidated financial statements and the financial statement schedule listed in the accompanying index (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 30, 2017 and December 31, 2016, and the results of its operations and its cash flows for the 52 week period ended December 30, 2017 and the 53 week period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 30, 2017, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 15, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company's auditor since 2016.

Philadelphia, Pennsylvania
March 15, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Weis Markets, Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited Weis Markets, Inc.'s (the Company) internal control over financial reporting as of December 30, 2017, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 30, 2017, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 30, 2017 and December 31, 2016, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the 52 week period ended December 30, 2017 and the 53 week period ended December 31, 2016 and the related notes to the consolidated financial statements and the financial statement schedule listed in the accompanying index, and our report dated March 15, 2018 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Philadelphia, Pennsylvania
March 15, 2018

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Weis Markets, Inc.

We have audited the accompanying consolidated statements of income, comprehensive income, shareholders' equity and cash flows of Weis Markets, Inc. for the 52 week period ended December 26, 2015. Our audit also included the financial statement schedule for the 52 week period ended December 26, 2015 at Item 15(c)(3). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Weis Markets, Inc. for the 52 week period ended December 26, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule for the 52 week period ended December 26, 2015, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
March 18, 2016

[Table of Contents](#)**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure:**

None.

Item 9a. Controls and Procedures:**Management's Report on Disclosure 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 the close of the period covered by 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.

Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act). Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 framework). The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Based on the Company's evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 30, 2017.

RSM US LLP, an independent registered public accounting firm, has audited the Consolidated Financial Statements included in this Annual Report on Form 10-K and, as part of their audit, has issued their attestation report on the Company's internal control over financial reporting as of December 30, 2017. The report can be found in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

Except as noted in the preceding paragraphs, there were no changes in the Company's internal control over financial reporting during the fiscal year ended December 30, 2017, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9b. Other Information:

There was no information required on Form 8-K during this quarter that was not reported.

PART III

Item 10. Directors, Executive Officers and Corporate Governance:

In addition to the information reported in Part I of this Form 10-K under the caption “Executive Officers of the Registrant,” “Election of Directors,” “Board Committees and Meeting Attendance, Audit Committee,” “Corporate Governance Matters,” “Compensation Tables” and “Stock Ownership, Section 16(a) Beneficial Ownership Reporting Compliance” of the Weis Markets, Inc. definitive proxy statement dated March 15, 2018 are incorporated herein by reference.

Item 11. Executive Compensation:

“Board Committees and Meeting Attendance, Compensation Committee,” “Executive Compensation, Compensation Discussion and Analysis,” “Compensation Committee Report,” “Compensation Tables” and “Other Information Concerning the Board of Directors, Compensation Committee Interlocks and Insider Participation” of the Weis Markets, Inc. definitive proxy statement dated March 15, 2018 are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters:

“Stock Ownership” of the Weis Markets, Inc. definitive proxy statement dated March 15, 2018 is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence:

“Other Information Concerning the Board of Directors, Review and Approval of Related Party Transactions” and “Independence of Directors” of the Weis Markets, Inc. definitive proxy statement dated March 15, 2018 are incorporated herein by reference.

Item 14. Principal Accounting Fees and Services:

“Ratification Of Appointment Of Independent Registered Public Accounting Firm” of the Weis Markets, Inc. definitive proxy statement dated March 15, 2018 is incorporated herein by reference.

PART IV**Item 15. Exhibits, Financial Statement Schedules:**

(a)(1) The Company's 2017 Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm are included in Item 8 of Part II.

Financial Statements	Page
Consolidated Balance Sheets	20
Consolidated Statements of Income	21
Consolidated Statements of Comprehensive Income	22
Consolidated Statements of Shareholders' Equity	23
Consolidated Statements of Cash Flows	24
Notes to Consolidated Financial Statements	25
Report of Independent Registered Public Accounting Firm	42

(a)(2) Financial statement schedules required to be filed by Item 8 of this form, and by Item 15(c)(3) below:
 Schedule II - Valuation and Qualifying Accounts, page 49 of this Annual Report on Form 10-K

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

[Table of Contents](#)**Item 15. Exhibits, Financial Statement Schedules: (continued)**

(a)(3) A listing of exhibits filed or incorporated by reference is as follows:

Exhibit No. Exhibits

3-A	Articles of Incorporation , filed as exhibit 4.1 in Form S-8 on September 13, 2002 and incorporated herein by reference.
3-B	By-Laws , filed as exhibit under Part IV, Item 14(c) in the Annual Report on Form 10-K for the fiscal year ended December 29, 2001 and incorporated herein by reference.
10-A	Retirement Savings Plan , amended November 20, 2017 and filed with this Annual Report on Form 10-K.
10-B	Supplemental Executive Retirement Plan , filed as exhibit under Part IV, Item 15(a)(3) in the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and incorporated herein by reference. *
10-C	Deferred Compensation Plan for Pharmacists , filed as exhibit under Part IV, Item 15(a)(3) in the Annual Report on Form 10-K for the fiscal year ended December 26, 2009 and incorporated herein by reference.
10-D	Executive Benefits Agreement between the Company and Robert F. Weis, Chairman of the Board, signed on March 24, 2006, commencing immediately and continuing thereafter through December 31, 2023, filed on Form 8-K March 24, 2006 and incorporated herein by reference. *
10-E	Deferred Compensation Agreement between the Company and Mr. Robert F. Weis, filed as exhibit under Part IV, Item 15(a)(3) in the Annual Report on Form 10-K for the fiscal year ended December 26, 2009 and incorporated herein by reference. *
10-F	Executive Employment Agreement between the Company and Jonathan H. Weis, Vice Chairman, President and Chief Executive Officer, signed on July 14, 2014, with retroactive effect to January 1, 2014 and continuing thereafter through December 31, 2016, filed as Exhibit 10.1 to Form 8-K July 18, 2014 and incorporated herein by reference. *
10-G	Executive Employment Agreement between the Company and Jonathan H. Weis, Vice Chairman, President and Chief Executive Officer, signed on April 4, 2017, with retroactive effect to January 1, 2017 and continuing thereafter through December 31, 2019, filed as Exhibit 10.1 to Form 8-K April 7, 2017 and incorporated herein by reference. *
10-H	Chief Executive Office Incentive Award Plan between the Company and Jonathan H. Weis, Chairman, President and Chief Executive Officer, effective July 1, 2011, amended and restated effective as of January 1, 2014 and January 1, 2017 and continuing thereafter through December 31, 2019, filed as Exhibit 10.2 to Form 8-K April 7, 2017 and incorporated herein by reference. *
10-I	Confidential Separation Agreement and General Release between the Company and David J. Hepfinger, Former President and Chief Executive Officer, signed on September 21, 2013, filed as Exhibit 10.1 to Form 10-Q November 7, 2013 and incorporated herein by reference. *
21	Subsidiaries of the Registrant , filed with this Annual Report on Form 10-K
31.1	Rule 13a-14(a) Certification - CEO , filed with this Annual Report on Form 10-K
31.2	Rule 13a-14(a) Certification - CFO , filed with this Annual Report on Form 10-K
32	Certification Pursuant to 18 U.S.C. Section 1350 , filed with this Annual Report on Form 10-K

* Management contract or compensatory plan arrangement.

The Company will provide a copy of any exhibit upon receipt of a written request for the particular exhibit or exhibits desired. All requests should be addressed to the Company's principal executive offices.

(b) The Company files as exhibits to this Annual Report on Form 10-K, those exhibits listed in Item 15(a)(3) above.

[Table of Contents](#)**Item 15(c)(3). Financial Statement Schedules:****Schedule II - Valuation and Qualifying Accounts:**

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
WEIS MARKETS, INC.
(dollars in thousands)

<u>Col. A</u>	<u>Col. B</u>	<u>Col. C</u> Additions		<u>Col. D</u>	<u>Col. E</u>
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Accounts Describe	Deductions Describe (1)	Balance at End of Period
Fiscal Year ended December 30, 2017:					
Deducted from asset accounts:					
Allowance for uncollectible accounts	\$ 1,455	\$ 2,176	\$ ---	\$ 1,685	\$ 1,946
Fiscal Year ended December 31, 2016:					
Deducted from asset accounts:					
Allowance for uncollectible accounts	\$ 1,967	\$ 1,145	\$ ---	\$ 1,657	\$ 1,455
Fiscal Year ended December 26, 2015:					
Deducted from asset accounts:					
Allowance for uncollectible accounts	\$ 1,578	\$ 1,438	\$ ---	\$ 1,049	\$ 1,967

(1) Deductions are uncollectible accounts written off, net of recoveries.

Item 16. Form 10-K Summary:

None.

WEIS MARKETS, INC.

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: 3/15/2018

/S/Jonathan H. Weis
Jonathan H. Weis
Chairman,
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date 3/15/2018

/S/Jonathan H. Weis
Jonathan H. Weis
Chairman,
President and Chief Executive Officer
and Director
(principal executive officer)

Date 3/15/2018

/S/Scott F. Frost
Scott F. Frost
Senior Vice President, Chief Financial Officer
and Treasurer
(principal financial officer)

Date 3/15/2018

/S/Harold G. Graber
Harold G. Graber
Senior Vice President of Real Estate and Development
and Secretary
and Director

Date 3/15/2018

/S/Dennis G. Hatchell
Dennis G. Hatchell
Director

Date 3/15/2018

/S/Edward J. Lauth III
Edward J. Lauth III
Director

Date 3/15/2018

/S/Gerrald B. Silverman
Gerrald B. Silverman
Director

Date 3/15/2018

/S/Jeanette R. Rogers
Jeanette R. Rogers
Vice President, Corporate Controller
(principal accounting officer)

WEIS MARKETS, INC.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

	<u>State of Incorporation</u>	<u>Percent Owned By Registrant</u>
Dutch Valley Food Company, Inc.	Pennsylvania	100%
Weis Transportation, Inc.	Pennsylvania	100%
WMK Financing, Inc.	Delaware	100%

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries.

WEIS MARKETS, INC.

Exhibit 31.1

CERTIFICATION- CEO

I, Jonathan H. Weis, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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: March 15, 2018

/S/Jonathan H. Weis
Jonathan H. Weis
Chairman,
President and Chief Executive Officer

CERTIFICATION- CFO

I, Scott F. Frost, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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: March 15, 2018

/S/Scott F. Frost
Scott F. Frost
Senior Vice President, Chief Financial Officer
and Treasurer

**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 Annual Report of Weis Markets, Inc. (the "Company") on Form 10-K for the fiscal year ending December 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Jonathan H. Weis, Chairman, President and Chief Executive Officer, and Scott F. Frost, Senior Vice President, Chief Financial Officer and Treasurer, 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/Jonathan H. Weis

Jonathan H. Weis
Chairman, President and Chief Executive Officer
3/15/2018

/S/Scott F. Frost

Scott F. Frost
Senior Vice President, Chief Financial Officer and Treasurer
3/15/2018

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.