

**Wegmans Food Markets, Inc.
Testimony of Craig Hoffman
May 14, 2013**

BACKGROUND

Good afternoon. My name is Craig Hoffman, and I am the Senior Vice President for Wegmans Food Markets, Pennsylvania Division. Wegmans is a family-owned supermarket company founded in 1916 and headquartered in Rochester, New York. Fifteen of our 81 stores are located in Pennsylvania, and we look forward to opening our sixteenth later this year in Montgomery County. As Senior Vice President, I oversee the operations of all of the Wegmans Food Markets and Market Cafes located in Pennsylvania. Thank you for the opportunity to speak to you today.

OUR EMPLOYEES

At Wegmans, we provide our employees with more than just a job – we provide the opportunity to establish a stable career in a fulfilling, people-centered industry. I started with Wegmans when I was 16 years old, and I spent the first 14 years of my career working my way up through various Wegmans stores in New York. Many of our Store Managers and central management team began with Wegmans shortly after high school or college, and have developed their careers with the skills development, training, and educational opportunities provided by Wegmans.

Currently, Wegmans employs more than 8,000 people in Pennsylvania and more than 43,000 people company-wide. Wegmans' business philosophy is to put the needs of our employees first, believing that the employees will, in turn, take care of our customers. That philosophy has proven that happy, well-trained employees will create an enjoyable and unique shopping experience for our customers. In 2005, we were named by FORTUNE Magazine as the #1 company on its list of the '100 Best Companies for Work For.' We have been on the list for 16 consecutive years; in the top 10 of that list for 11 consecutive years; and this year we ranked #5 on that list.

An important part of treating employees well is giving them the tools they need to succeed – including knowledge and training. Our commitment to training, from our cashiers to our culinary chefs, is unsurpassed in the supermarket industry. By way of example, prior to opening the doors to the nearby store in Mechanicsburg in 2007, we invested more than \$1.6 million in the training of the 500 new employees we hired to work there. We are always on the lookout for knowledgeable, enthusiastic people who are interested in learning and growing with our company. Once hired by Wegmans, our employees receive a pay and benefits package that meets or exceeds the standards in our industry. Our commitment to our employees is exemplified by the direct investment of nearly \$4.5 million in college tuition assistance that Wegmans commits to our employees each year.

PENNSYLVANIA PRESENCE

Wegmans has been operating in Pennsylvania for more than 20 years, with our first store opening in Erie in 1993. Our current store locations in Pennsylvania stretch from Erie to Warrington and from Scranton to State College. Our newest store opened in King of Prussia last year, and we have two new stores planned for Southeast Pennsylvania in the coming years. We have a broad and growing presence in the state, and we served tens of millions of customers in Pennsylvania just last year alone.

Not only are we building new stores in Pennsylvania, but we are also expanding our warehousing facilities here. In 2012, we opened a new 500,000-square-foot expansion of our Retail Service Center in Cass Township, Schuylkill County, bringing the total size of the facility to almost 1 million square feet and the total number of employees to more than 500. The \$70 million investment in this new facility will bring our total capital investment in the Commonwealth to over \$600 million.

To the Wegman family, operating in Pennsylvania is not just about providing goods and jobs; it's about supporting other Pennsylvania industries as well. That's why we feature many products from Pennsylvania producers in our stores. Wegmans places a premium on featuring homegrown goods that come from local farms and businesses, such as apples from Adams County orchards or

poultry products from Jaindl Farms in Lehigh County. Last year alone, in our 15 Pennsylvania stores, we sold \$3.6 million in Pennsylvania homegrown produce.

This commitment to Pennsylvania products carries over to the beer selection we provide as well. In our Pennsylvania Market Café Restaurants, Wegmans offers over 275 items from 26 different Pennsylvania breweries, including Troegs, Victory, and Appalachian Brewing Company. We have excellent relationships with local brewers, and some Pennsylvania craft brewers have credited Wegmans with significant boosts in their own business, as their products have received increased exposure in our Market Cafés and customers have tried them as a result. We have even helped some Pennsylvania breweries, such as Yuengling, to expand their businesses into other states. If Wegmans were given the opportunity to sell wine to go, we would absolutely continue this commitment to Pennsylvania products. We know that Pennsylvania has a significant number of quality wineries, and we would love to offer their products to our customers.

CUSTOMER CONVENIENCE

To us, any discussion about changing Pennsylvania's retail liquor system should have at its core a focus on consumer convenience, choice, and selection. In our Market Café Restaurants, customers have the ability to choose from a wide variety of quality malt and brewed beverages at a range of price points while they're already visiting our store to purchase groceries. For many of our customers, the responsible enjoyment of an alcoholic beverage is an important

complement to, and part of, their evening meals. To assist with this customer preference, Wegmans offers educational information about the available beverages; highly-trained, knowledgeable staff that can assist with product selection; and meal and beverage pairing recommendations. Although individuals purchasing beer are required by Pennsylvania law to check out at separate registers for their groceries, our customers have repeatedly thanked us for the selection, quality products, and convenience that our beer display provides.

Over the past several years, our customers in Pennsylvania have repeatedly asked us to provide them with a similar level of selection, choice, and convenience for wine and spirits purchases – In fact, it is the number one request that we receive. Accordingly, we would suggest that any effort to change the system should include, at a minimum, the ability for grocery stores to sell wine and spirits to their customers. In our New Jersey and Virginia stores, we offer customers a wide variety of wines at different price points from all around the world and our enthusiastic, knowledgeable staff assist with wine selection and pairing options. Whether it is displayed in the grocery store aisles or within the licensed premises of our restaurants, we believe that the products should be able to be purchased at the front of the store through designated registers with age-appropriate, RAMP-certified cashiers. This would eliminate the need for multi-point checkout transactions and would greatly increase customer convenience.

One of the main issues we've encountered during the discussion of alcohol sales is the way in which we are able to display our products. Since 2008, Wegmans has operated under the structure currently permitted by Pennsylvania law by selling beer out of our licensed restaurants. Given the ability, we could similarly sell wine and spirits out of the restaurants' licensed premises; however, we are very aware that the licensed premises are by definition a limited space, and any wine or spirits display would be limited to the confines of the available shelf space within the restaurant. Selling wine and spirits from the aisles of a grocery store would provide for greater selection and the ability to cross-merchandise with appropriate products such as cheeses or pasta. This would improve customer convenience and would allow Wegmans to provide our customers with the choices and accessibility that they deserve.

100% PROOFING POLICY

While we believe in making alcoholic beverages accessible and convenient for our customers, we also believe that the sale of alcohol assumes a high level of responsibility for proper enforcement of age and sobriety restrictions. At Wegmans no one is able to buy alcohol in any of our stores without proper ID. That is because our 100% proofing policy is to require proof of age from *every* customer, regardless of their apparent age. At Wegmans, I would be carded if I were buying alcohol, each of you would be carded, our kids would be carded, and even our parents would be carded. The decision of whether or not to ask for ID is never left to a cashier—every single customer purchasing alcohol is asked

for proper ID. While this is not current law, it is our policy and would continue to be our proofing policy regardless of the type of alcohol sold. This is one indication of just how important preventing the underage sale of alcohol is to us.

And our policy works: Since we began selling malt beverages in our Market Café Restaurants in Pennsylvania in 2008, we have conducted 5 million transactions involving alcohol with zero violations. To ensure that no underage violations take place with any increased proliferation of alcohol, we would recommend that all retail outlets similarly adopt a 100% proofing policy.

SUMMARY

Wegmans has a proven history of providing quality products and selection in a customer-friendly environment. We have approached the integration of beer sales in Pennsylvania and wine and spirits sales in other states with the goal of creating a complete and enjoyable food experience centered on product education and responsible consumption. We appreciate the opportunity to provide you with information regarding our company and store operations.

Thank you again for your time, and I would be happy to answer any questions you may have.