

# **WEYCO** Group, Inc.

Glendale, Wisconsin

**Notice of  
ANNUAL MEETING OF SHAREHOLDERS  
To Be Held May 5, 2009**

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of WEYCO GROUP, INC., a Wisconsin corporation (hereinafter called the "Company"), will be held at the general offices of the Company, 333 West Estabrook Boulevard, Glendale, Wisconsin 53212, on Tuesday, May 5, 2009 at 10:00 A.M. (Central Daylight Time), for the following purposes:

- (1) To elect three members to the Board of Directors; and
- (2) To consider and transact any other business that properly may come before the meeting or any adjournment thereof.

**The Board of Directors recommends that the shareholders vote FOR each of the Board's director nominees.**

**Important Notice Regarding the Internet Availability of Proxy Materials for the  
Shareholder Meeting to Be Held on May 5, 2009**

**The Proxy Statement and Notice of Annual Meeting and the 2008 Annual Report  
are available on the Company's website at  
[http://www.weycogroup.com/sec\\_filing.html](http://www.weycogroup.com/sec_filing.html)**

The Board of Directors has fixed March 2, 2009 as the record date for the determination of the common shareholders entitled to notice of and to vote at this annual meeting or any adjournment thereof.

The Board of Directors requests that you indicate your voting directions, sign and promptly mail the enclosed proxy for the meeting. Any proxy may be revoked at any time prior to its exercise.

If you have questions or comments, please direct them to Weyco Group, Inc., 333 West Estabrook Boulevard, Glendale, Wisconsin 53212, Attention: Secretary. Please also contact the Secretary if you would like directions to the Annual Meeting.

By order of the Board of Directors,

JOHN F. WITTKOWSKE

Secretary

March 30, 2009

## PROXY STATEMENT

### Introduction

The enclosed proxy is solicited by the Board of Directors of Weyco Group, Inc. for exercise at the annual meeting of shareholders to be held at the offices of the Company, 333 West Estabrook Boulevard, Glendale, Wisconsin 53212, at 10:00 A.M. (Central Daylight Time) on Tuesday, May 5, 2009, or any adjournment thereof.

The proxy statement and notice of annual meeting and the 2008 Annual Report are also available on the Company's website at [http://www.weycogroup.com/sec\\_filing.html](http://www.weycogroup.com/sec_filing.html). The annual report, which also accompanies this proxy statement, contains financial statements for the three years ended December 31, 2008 and certain other information concerning the Company. The annual report and financial statements are neither a part of this proxy statement nor incorporated herein by reference.

Any shareholder delivering the form of proxy has the power to revoke it at any time prior to the time of the annual meeting by filing with the Secretary of the Company an instrument of revocation or a duly executed proxy bearing a later date or by attending the meeting and electing to vote in person by giving notice of such election to the Secretary of the Company. Attendance at the meeting will not in itself constitute revocation of a proxy. Proxies properly signed and returned will be voted as specified thereon. The proxy statements and the proxies are being mailed to shareholders on approximately March 30, 2009.

The Company has one class of common stock entitled to vote at the meeting — common stock with one vote per share. As of March 2, 2009, the record date for determination of the common shareholders entitled to notice of and to vote at the meeting or any adjournment thereof, there were outstanding 11,338,310 shares of common stock.

## Security Ownership of Management and Others

The following table sets forth information, as of March 2, 2009, with respect to the beneficial ownership of the Company's common stock by each director and nominee for director, for each of the named executive officers identified in the "Compensation Discussion and Analysis" herein and by all directors and executive officers as a group.

	Number of Shares and Nature of Beneficial Ownership <sup>(1)(2)(3)</sup>	Percent of Class <sup>(4)</sup>
Thomas W. Florsheim 333 W. Estabrook Blvd., Glendale, WI 53212 . . . . .	2,631,372	23.10%
Thomas W. Florsheim, Jr. 333 W. Estabrook Blvd., Glendale, WI 53212 . . . . .	1,019,308 <sup>(5)(6)</sup>	8.87%
John W. Florsheim 333 W. Estabrook Blvd., Glendale, WI 53212 . . . . .	592,240	5.15%
John F. Wittkowske . . . . .	201,050	1.75%
Peter S. Grossman . . . . .	53,350	*
Robert Feitler . . . . .	235,120	2.07%
Frederick P. Stratton, Jr. . . . .	159,360	1.40%
Cory L. Nettles . . . . .	5,620	*
Tina Chang . . . . .	1,620	*
All Directors and Executive Officers as a Group (9 persons including the above-named) . . . . .	4,899,040	41.12%

\* Less than 1%.

Notes:

- (1) Includes the following unissued shares deemed to be "beneficially owned" under Rule 13d-3 which may be acquired upon the exercise of outstanding stock options within 60 days of the record date: Thomas W. Florsheim — 54,962; Thomas W. Florsheim, Jr. — 152,950; John W. Florsheim — 152,950; John F. Wittkowske — 170,750; Peter S. Grossman — 27,000; All Directors and Executive Officers as a Group — 576,612.
- (2) Includes the following shares of restricted stock deemed to be "beneficially owned" under Rule 13d-3 as holders are entitled to voting rights: Thomas W. Florsheim — 1,905; Thomas W. Florsheim, Jr. — 8,250; John W. Florsheim — 8,250; John F. Wittkowske — 8,250; Peter S. Grossman — 4,050; All Directors and Executive Officers as a Group — 37,825.
- (3) The specified persons have sole voting power and sole dispositive power as to all shares indicated above, except for the following shares as to which voting and dispositive power are shared:

Thomas W. Florsheim . . . . .	2,574,505
Thomas W. Florsheim, Jr. . . . .	175,212
John W. Florsheim. . . . .	165,949
Peter S. Grossman . . . . .	22,300
All Directors and Executive Officers as a Group . . . . .	2,937,966
- (4) Calculated on the basis of outstanding shares on the record date plus shares which can be acquired upon the exercise of outstanding stock options within 60 days of the record date, by the person or group involved in accordance with Rule 13d-3.
- (5) These shares include 147,792 shares which he owns as sole trustee of a trust created for Thomas W. Florsheim (his father).
- (6) These shares include 147,792 shares which he owns as sole trustee of a trust created for Nancy P. Florsheim (his mother).

The following table sets forth information, as of December 31, 2008, with respect to the beneficial ownership of the Company's common stock by those persons, other than those reflected in the above table, believed by the Company to own beneficially more than five percent (5%) of the common stock outstanding.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
(1) Royce & Associates, LLC 1414 Avenue of the Americas New York, New York 10019 . . . . .	1,108,674	9.7%

Note:

(1) According to the Schedule 13G statement filed as a group by Royce & Associates, LLC in January 2009, Royce & Associates, LLC has sole voting and dispositive power with respect to 1,108,674 shares of common stock of the Company.

## **Election of Directors**

A majority of the votes entitled to be cast by outstanding shares of common stock, represented in person or by proxy, will constitute a quorum at the annual meeting.

Directors are elected by a plurality of the votes cast by the holders of the Company's common stock at a meeting at which a quorum is present. "Plurality" means that the individuals who receive the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. Consequently, any shares not voted (whether by abstention, broker nonvote or otherwise) have no impact in the election of directors except to the extent the failure to vote for an individual results in another individual receiving a comparatively larger number of votes. Votes "against" a candidate are not given legal effect and are not counted as votes cast in an election of directors. Votes will be tabulated by an inspector at the meeting.

The persons who are nominated as directors and for whom the proxies will be voted and all continuing Directors are listed below. If any of the nominees should decline or be unable to act as a Director, which eventuality is not foreseen, the proxies will be voted with discretionary authority for a substitute nominee designated by the Board of Directors.

Thomas W. Florsheim, Jr. and John W. Florsheim are brothers, and their father is Thomas W. Florsheim. There are no other family relationships between any of the Company's directors and executive officers.

<b>Nominees For Term Expiring 2012</b>	<b>Age</b>	<b>Served as Director Since</b>	<b>Principal Occupation and Business Experience</b>
John W. Florsheim	45	1996	President, Chief Operating Officer and Assistant Secretary of the Company, 2002 to present; also a Director of North Shore Bank.
Frederick P. Stratton, Jr. <sup>(1)(2)(3)</sup>	69	1976	Chairman Emeritus of Briggs & Stratton Corporation (a manufacturer of gasoline engines), 2003 to present; also a Director of Baird Funds, Inc., and Wisconsin Energy Corporation and its subsidiaries, Wisconsin Electric Power Company and Wisconsin Gas LLC.
Cory L. Nettles <sup>(1)(2)(3)</sup>	39	2005	Managing Director, Generation Growth Capital, Inc. (a private equity firm), 2007 to present; Of Counsel, Corporate Services and Government Relations, Quarles & Brady LLP (a law firm), 2007 to present; Partner, Corporate Services and Government Relations, Quarles & Brady LLP, 2005 to 2007; Secretary for The Wisconsin Department of Commerce, 2003 to 2005; also a Director of The Private Bank and Baird Funds, Inc.
<b>Continuing Directors Term Expires 2011</b>			
Thomas W. Florsheim, Jr.	50	1996	Chairman and Chief Executive Officer of the Company, 2002 to present.
Robert Feitler <sup>(1)(2)(3)</sup>	78	1964	Chairman, Executive Committee of the Company, 1996 to present; Chairman, Corporate Governance and Compensation Committee of the Company, 2002 to present; also a Director of Strattec Security Corp. and TC Manufacturing Co.
<b>Continuing Directors Term Expires 2010</b>			
Tina Chang <sup>(1)(2)(3)</sup>	37	2007	Chairman of the Board and Chief Executive Officer of SysLogic, Inc. — IT Services and Software Development (an information systems consulting and services firm), 1996 to present; also a Director of The Private Bank.
Thomas W. Florsheim <sup>(1)</sup>	78	1964	Chairman Emeritus of the Company, 2002 to present.

Notes:

- (1) Member of Executive Committee, of which Mr. Feitler is Chairman.
- (2) Member of Audit Committee, of which Mr. Stratton is Chairman.
- (3) Member of Corporate Governance and Compensation Committee, of which Mr. Feitler is Chairman.

## **Composition of the Board of Directors**

The Board of Directors currently has seven members. The Bylaws of the Company provide that there shall be seven directors, divided into three staggered classes. Directors are elected to three-year terms. The number of directors may be increased or decreased from time to time by amending the applicable provision of the Bylaws, but no decrease shall have the effect of shortening the term of an incumbent director.

## **Meetings**

The Board of Directors held four meetings during 2008. All members of the Board of Directors attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees of the Board on which they served. The Company's policy is that its directors should attend its annual meeting of shareholders. All Board members attended the annual meeting of Weyco shareholders held on April 29, 2008. In accordance with rules of The NASDAQ Stock Market (NASDAQ), at least once each year, Weyco's independent directors have regularly scheduled meetings at which only independent directors are present.

## **Director Independence**

Each year the Board reviews the relationships that each director has with the Company. Only those directors who the Board affirmatively determines have no relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who do not have any of the categorical relationships that preclude a determination of independence under the NASDAQ listing standards, are considered to be independent directors.

In accordance with the applicable NASDAQ rules, the Board has determined that the following directors qualify as independent directors: Tina Chang, Robert Feitler, Cory L. Nettles, and Frederick P. Stratton, Jr. The Board concluded that none of these directors possessed the categorical relationships set forth in the NASDAQ standards that preclude a determination of independence, and that none of them have any other relationship that the Board believes would interfere with the exercise of their independent judgment in carrying out the responsibilities of a director. The Audit Committee and the Corporate Governance and Compensation Committee are comprised solely of directors who have been determined to be independent. Because of their relationships with Weyco, Messrs. Thomas W. Florsheim, Thomas W. Florsheim, Jr. and John Florsheim have been deemed to not be independent directors.

## **Shareholder Communications with the Board**

Shareholders wishing to communicate with the Board of Directors or with a particular Board member should address communications to the Board or to a particular Board member, c/o Secretary, Weyco Group, Inc., 333 West Estabrook Boulevard, Glendale, Wisconsin 53212. All communications addressed to the Board or to a particular director or committee will be relayed to that addressee. From time to time, the Board may change the process through which shareholders communicate with the Board. Please refer to the Company's website at [www.weycogroup.com](http://www.weycogroup.com) for changes in this process.

## **Corporate Governance and Compensation Committee; Nomination of Director Candidates**

The principal functions of the Corporate Governance and Compensation Committee are: (1) to assist the Board by identifying individuals qualified to become members of the Board and its Committees, and to recommend to the Board the director nominees for the next annual meeting of shareholders; (2) to recommend to the Board the corporate governance guidelines applicable to the Company, including changes to those guidelines as appropriate from time to time; (3) to lead the Board in its periodic reviews of the Board's performance; (4) to establish, subject to approval of the full Board, compensation arrangements for the Company's executive officers; (5) to administer the Company's equity incentive and other compensation plans, and approve the granting of equity awards to officers and other key employees of the Company and its subsidiaries; and (6) to communicate to shareholders regarding these policies and activities as required by the Securities and Exchange Commission (SEC) and other regulatory bodies. The Charter of the Corporate Governance and Compensation Committee is available on the Company's website.

In carrying out its responsibilities regarding director nominations, the Corporate Governance and Compensation Committee has set guidelines and criteria to determine eligibility for nominees to the Board of Directors of Weyco Group, Inc., as follows:

- The Committee will review each candidate's qualifications in light of the needs of the Board and the Company, considering the current mix of director attributes and other pertinent factors (specific qualities and skills required will vary depending on the Company's specific needs at any point in time).
- There will be no differences in the manner in which the Committee evaluates candidates recommended by shareholders and candidates identified from other sources.
- Any nominee should be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others.
- Any nominee should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director.
- Any nominee should possess substantial and significant experience which would be of value to Weyco Group in the performance of the duties of a director.
- Any nominee should have sufficient time available to devote to the affairs of Weyco Group in order to carry out the responsibilities of a director.
- To recommend a candidate, shareholders should write to the Corporate Governance and Compensation Committee, Weyco Group, Inc., 333 W. Estabrook Boulevard, Glendale, WI 53212, via certified mail. The written recommendation should include the candidate's name and address, a brief biographical description and statement of qualifications of the candidate and the candidate's signed consent to be named in the proxy statement and to serve as a director if elected.
- To be considered by the Committee for nomination and inclusion in the Company's proxy statement, the Committee must receive shareholder recommendations for directors no later than October 15 of the year prior to the Annual Meeting of Shareholders.

From time to time, the Board may change the process through which shareholders may recommend director candidates to the Corporate Governance and Compensation Committee. The Company has not received any shareholder recommendations for director candidates with regard to the election of directors covered by this Proxy Statement or otherwise.



## **EXECUTIVE COMMITTEE**

The Executive Committee is empowered to exercise the authority of the Board of Directors in the management of the business and affairs of the Company between meetings of the Board, except for declaring dividends, filling vacancies in the Board of Directors or committees thereof, amending the Articles of Incorporation, adopting, amending or repealing Bylaws and certain other matters as provided in the Bylaws. No meetings of the Executive Committee were held in 2008.

## **CORPORATE GOVERNANCE**

The Company is committed to conducting its business with the highest standards of business ethics and in accordance with all applicable laws, rules and regulations, including the rules of the SEC and of The NASDAQ Stock Market on which its common stock is traded. In addition to NASDAQ rules and applicable governmental laws and regulations, the framework for the Company's corporate governance is provided by: (a) the Company's Articles of Incorporation and Bylaws; (b) the charters of its board committees; and (c) the Company's Code of Business Ethics.

The Corporate Governance and Compensation Committee establishes compensation arrangements for senior management and administers the granting of stock options to officers and other key employees of the Company and its subsidiaries. Two meetings of the Corporate Governance and Compensation Committee were held in 2008. The charter of the Corporate Governance and Compensation Committee is available on the Company's website.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of the Board of Directors who served on the Compensation Committee during 2008 were an officer or employee of the Company. No executive officer serves, or in the past has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions) of any other entity that has any of its executive officers serving as a member of the Company's Board of Directors or Compensation Committee.

### **Code of Business Ethics**

The Company's Code of Business Ethics sets forth ethical obligations for all employees, officers and directors, including those that apply specifically to directors and executive officers, such as accounting and financial reporting matters. Any waiver of the Code of Business Ethics requires approval of the Board of Directors or of a committee of the Board. The Company's Code of Business Ethics is available on the Company's website. If any substantive amendment is made to the Code, the nature of the amendment will be disclosed on the Company's website or in a current report on Form 8-K. In addition, if a waiver from the Code is granted to an executive officer or director, the nature of the waiver will be disclosed in a current report on Form 8-K.

## AUDIT COMMITTEE

The Audit Committee of the Board of Directors is responsible for providing independent oversight of the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, and the annual independent audit of the Company's financial statements. The Board of Directors adopted and approved a formal written charter for the Audit Committee in 2000 and amended that charter in March 2004. A copy of the charter of the Audit Committee is available on the Company's website. The Board of Directors has determined that each of the members of the Audit Committee (Frederick P. Stratton, Jr., Tina Chang, Robert Feitler, and Cory L. Nettles) is "independent," as defined in the current listing standards of The NASDAQ Stock Market and the SEC rules relating to audit committees. This means that, except in their roles as members of the Board of Directors and its committees, they are not "affiliates" of the Company, they receive no consulting, advisory or other compensatory fees directly or indirectly from the Company, they have no other relationships with the Company that may interfere with the exercise of their independence from management and the Company, and they have not participated in the preparation of the financial statements of Weyco or any of its current subsidiaries at any time during the past three years. In addition, the Board of Directors has determined that each Audit Committee member satisfies the financial literacy requirements of The NASDAQ Stock Market and that Robert Feitler and Frederick P. Stratton, Jr. qualify as "audit committee financial experts" within the meaning of applicable rules of the SEC.

Management has primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed the Company's audited financial statements with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. The Committee reviewed with the independent registered public accounting firm that is responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under generally accepted auditing standards, including Statement on Auditing Standards No. 61.

In addition, the Committee has discussed with the independent registered public accounting firm their independence from management and the Company and considered the compatibility of non-audit services with the independent registered public accounting firm's independence.

The Committee discussed with the Company's independent registered public accounting firm the overall scope and plan for their audit. The Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of the Company's internal controls, and the overall quality of the Company's financial reporting. The Committee held four meetings during 2008.

### **Pre-Approval Policy**

Consistent with the rules of the SEC regarding the independent registered public accounting firm's independence, the Audit Committee has responsibility for appointing, setting compensation for and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the following provision is included in the Audit Committee's charter: "The Audit Committee shall . . . approve in advance the audit and permitted non-audit services to be provided by, and the fees to be paid to, the independent auditor, subject to the de minimus exceptions to pre-approval permitted by the rules of the SEC and NASDAQ for non-audit services." No fees were paid to the independent registered public accounting firm pursuant to the "de minimus" exception to the foregoing pre-approval policy.

### **Report of Audit Committee**

In connection with its function to oversee and monitor the financial reporting process of the Company, the Audit Committee has done the following (among other things):

- reviewed and discussed the audited financial statements for the year ended December 31, 2008 with the Company's management and Deloitte & Touche LLP (Deloitte), the Company's independent registered public accounting firm;

- discussed with Deloitte those matters required to be discussed by SAS 61, as amended (Codification of Statements on Auditing Standards, AU §380); and
- received the written disclosure and the letter from Deloitte required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the Audit Committee concerning independence, and has discussed with Deloitte, its independence.

Based on the foregoing, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company’s annual report on Form 10-K for the year ended December 31, 2008.

**Audit and Non-Audit Fees**

The Audit Committee also reviewed the fees and scope of services provided to the Company by Deloitte & Touche LLP, independent registered public accounting firm, for the years ended December 31, 2008 and December 31, 2007. Fees billed to the Company by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, “Deloitte Entities”) for the years ended December 31, 2008 and 2007 are reflected in the following table.

	<u>2008</u>	<u>2007</u>
Audit Fees <sup>(a)</sup> . . . . .	\$193,500	\$185,000
Audit-Related Fees <sup>(b)</sup> . . . . .	0	16,000
Tax Fees <sup>(c)</sup> . . . . .	<u>5,500</u>	<u>17,500</u>
Total . . . . .	<u>\$199,000</u>	<u>\$218,500</u>

- (a) Audit fees consisted of fees for professional services for the audit of the Company’s financial statements and review of financial statements included in the Company’s Form 10-Q filings and services that are normally provided in connection with statutory or regulatory filings or engagements. These fees also include the audit of the Company’s internal controls in accordance with Section 404 of the Sarbanes Oxley Act of 2002.
- (b) Audit-related fees consisted of the audit of certain employee benefit plans.
- (c) Tax fees consisted of fees for professional services performed with respect to tax compliance, tax advice and tax planning.

The Audit Committee considered the compatibility of the provision of the foregoing permitted non-audit services by the Deloitte Entities with the maintenance of the Deloitte Entities’ independence and concluded that such services were at all times compatible with maintaining that firm’s independence.

Frederick P. Stratton, Jr., Chairman  
Tina Chang  
Robert Feitler  
Cory L. Nettles

## **Report of Corporate Governance and Compensation Committee on Executive Compensation**

In connection with its function to assist the Board of Directors in fulfilling its responsibilities to assure that the executive officers of the Company are compensated in a manner consistent with the compensation strategy of the Company, internal equity considerations, competitive practice, and the requirements of applicable tax and regulatory bodies, the Corporate Governance and Compensation Committee has (among other things) reviewed and discussed the Compensation Discussion and Analysis with the Company's management. Based on that review and discussion, the Corporate Governance and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Robert Feitler, Chairman  
Tina Chang  
Cory L. Nettles  
Frederick P. Stratton, Jr.

## Compensation Discussion and Analysis

The Corporate Governance and Compensation Committee (the “Committee”) establishes compensation arrangements for senior management and administers the granting of stock-based awards to officers and other key employees of the Company. The Committee is composed entirely of independent, non-employee members of the Board of Directors and has the authority to utilize consultants and advisors as it may deem appropriate. The Committee reports to the Board of Directors on its actions and recommendations and periodically meets in executive session without members of management or management directors present.

A key objective of the Company’s executive compensation program is to provide a fair and competitive compensation package to each of its executive officers. Historically, the Company’s finance department has provided a comparative analysis of executive officer compensation to assist the Committee in making its executive compensation decisions; and outside consultants have been used sparingly or not at all. The analysis compares Weyco Group’s compensation practices both to other shoe companies and to other Milwaukee area companies of similar size. The expertise and knowledge of each executive officer is vital to the success of the Company. Although the substantial stock ownership by the Florsheim family gives them additional incentives to help the Company succeed, the Company believes that a fair and competitive executive compensation program is essential to attract and retain other key executives and is in the Company’s long-term best interests.

The primary elements of the Company’s compensation program are: (1) an annual base salary; (2) a performance-based annual bonus; (3) discretionary long-term stock-based awards, subject to time-based vesting requirements; and (4) pension benefits. The combination of these compensation elements is designed to provide executives competitive compensation that maintains a balance between cash and stock compensation tied to the performance of the Company and long-term shareholder value. To reinforce the importance of balancing long-term and short-term perspectives, the Company’s executives are provided with both (a) annual incentives, of which a portion is at-risk based on achievement of the Company’s annual financial goals and objectives and (b) time-based long-term incentives which are intended to align the interests of executives with the interests of shareholders and encourage officer retention.

Base salaries are set at levels that are competitive with similar positions at other comparable companies and historically have increased modestly year-over-year. A material increase or decrease in an executive’s annual base salary would be considered if functional responsibilities changed substantially.

The annual bonus is principally designed to reward the achievement of Company-wide financial goals established by the Committee, as well as the individual performance of each executive officer throughout the year. The Company has historically set higher financial goals than it achieved in the prior year. For 2007 and 2006, the annual bonus for Mr. Thomas Florsheim, Jr., Mr. John Florsheim and Mr. Wittkowske was awarded at the Committee’s discretion, based largely upon their success in helping the Company achieve what the Committee determined to be an acceptable level of net earnings in light of particular market challenges facing the Company in those years. For 2008, the potential for an annual bonus for Mr. Thomas Florsheim, Jr., Mr. John Florsheim and Mr. Wittkowske was based solely on the achievement of Company-wide financial goals set by the Committee. Specifically, an increase in 2008 net earnings of 6% over 2007 net earnings would result in the maximum bonus being paid. A minimum bonus payment would be paid upon achieving a net earnings level of 94% of 2007 net earnings, and the bonus was to be pro-rated for levels of net earnings between those amounts. See the Grants of Plan-Based Awards For 2008 table for the estimated payouts for the non-equity incentive plan awards. However, in 2008 the minimum level of net earnings was not achieved and accordingly, no bonuses were awarded to these executives.

The annual bonus for Mr. Grossman has two parts: 60% is based upon the achievement of a pre-determined level of gross margin dollars for his functional division, and the other 40% is awarded at the Committee’s discretion based on his individual performance and the performance of the retail division, for which he is also responsible. The portion of his bonus relating to gross margin dollars in 2008 begins at 90% of the 2007 gross margin dollar level and increases to 5% over the 2007 gross margin dollar level. See the Grants of Plan-Based Awards For 2008 table for the estimated payouts for the non-equity incentive plan awards. In 2008, Mr. Grossman was awarded 56% of the eligible bonus based on the gross margin dollars of

his functional division. No bonus was paid to Mr. Grossman relating to the performance of the retail division nor was any discretionary bonus paid to Mr. Grossman in 2008.

The Committee believes that long-term stock-based awards provide performance incentives that encourage long-term growth in value for public shareholders. Accordingly, discretionary long-term stock-based awards are also an integral part of the Company's executive compensation program (see Long-Term Incentive Plan Award Policy below).

The Company has no formal policy for allocating executive compensation between cash and non-cash or between annual and long-term compensation. Historically, the long-term component of the Company's executive compensation has been non-cash and has been approximately 20 – 40% of total compensation; and the Company expects that approximate level to continue going forward.

### **Long-Term Incentive Plan Award Policy**

The Company believes that participation in a long-term incentive program encourages a perspective of ownership with an equity stake in the Company. The Company also believes that participation in a long-term incentive program should increase with higher levels of responsibility, as individuals in leadership roles have the greatest influence on the Company's strategic direction and results over time. In 2006, the Company established a policy of granting restricted stock and/or stock option awards annually each year on or about December 1. On December 1, 2008, shares of restricted stock and/or stock options were awarded to executive officers, non-executive officers and the Board of Directors of the Company. The Company also granted stock option awards to other key employees on December 1, 2008. The stock options were granted at the fair market value on the date of grant, which is defined in the 2005 Equity Incentive Plan as the average of the high and low trade prices on the grant date. The restricted stock and stock options awarded in 2008 vest ratably over four years on the anniversary of the grant date.

These awards were granted on the date the Board of Directors approved them. The stock options granted in 2008 expire in five years. Company "insiders," as defined by the Company, are restricted from selling their shares during four black-out periods surrounding each quarter end.

## Summary Compensation Table

The following table sets forth total compensation of the Chief Executive Officer, the Chief Financial Officer and the other two executive officers of the Company for the years ended December 31, 2008, 2007 and 2006. The Company had only four executive officers throughout 2008, 2007 and 2006.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value (\$) <sup>(10)</sup>	All Other Compensation (\$)	Total (\$)
Thomas W. Florsheim, Jr. Chairman and Chief Executive Officer	2008	\$550,000	\$ 0	\$61,107 <sup>(2)</sup>	\$20,729 <sup>(5)</sup>	\$ 0 <sup>(7)</sup>	\$630,419	\$19,479 <sup>(12)</sup>	\$1,281,734
	2007	\$524,000	\$219,300 <sup>(1)</sup>	\$41,948 <sup>(3)</sup>	\$ 1,623 <sup>(6)</sup>		\$ 0 <sup>(11)</sup>	\$16,116 <sup>(12)</sup>	\$ 802,987
	2006	\$504,000	\$226,800 <sup>(1)</sup>	\$ 3,363 <sup>(4)</sup>	\$ 0		\$598,766	\$11,466 <sup>(12)</sup>	\$1,344,395
John W. Florsheim President, Chief Operating Officer and Assistant Secretary	2008	\$525,000	\$ 0	\$61,107 <sup>(2)</sup>	\$20,729 <sup>(5)</sup>	\$ 0 <sup>(7)</sup>	\$322,832	\$13,826 <sup>(13)</sup>	\$ 943,494
	2007	\$468,000	\$195,900 <sup>(1)</sup>	\$41,948 <sup>(3)</sup>	\$ 1,623 <sup>(6)</sup>		\$ 37,631	\$12,536 <sup>(13)</sup>	\$ 757,638
	2006	\$433,500	\$195,075 <sup>(1)</sup>	\$ 3,363 <sup>(4)</sup>	\$ 0		\$216,958	\$ 7,648 <sup>(13)</sup>	\$ 856,544
Peter S. Grossman Senior Vice President, President, Nunn Bush Brand and Retail Division	2008	\$320,000	\$ 0	\$29,605 <sup>(2)</sup>	\$ 9,506 <sup>(5)</sup>	\$37,500 <sup>(8)</sup>	\$634,281	\$ 9,544 <sup>(14)</sup>	\$1,040,436
	2007	\$308,000	\$ 22,920	\$20,071 <sup>(3)</sup>	\$ 744 <sup>(6)</sup>	\$64,680 <sup>(9)</sup>	\$408,681	\$ 7,129 <sup>(14)</sup>	\$ 832,225
	2006	\$296,000	\$ 41,440	\$ 1,606 <sup>(4)</sup>	\$ 0	\$62,160 <sup>(9)</sup>	\$493,374	\$ 5,147 <sup>(14)</sup>	\$ 899,727
John F. Wittkowske Senior Vice President, Chief Financial Officer and Secretary	2008	\$324,000	\$ 0	\$61,107 <sup>(2)</sup>	\$20,597 <sup>(5)</sup>	\$ 0 <sup>(7)</sup>	\$603,128	\$13,207 <sup>(13)</sup>	\$1,019,755
	2007	\$308,000	\$114,600 <sup>(1)</sup>	\$41,948 <sup>(3)</sup>	\$ 1,611 <sup>(6)</sup>		\$146,855	\$ 9,647 <sup>(14)</sup>	\$ 622,661
	2006	\$293,000	\$117,200 <sup>(1)</sup>	\$ 3,363 <sup>(4)</sup>	\$ 0		\$ 38,022	\$ 5,641 <sup>(14)</sup>	\$ 457,226

### Notes:

- (1) In 2007 and 2006, the Committee had discretion as to whether bonuses were awarded. The amounts shown represent bonuses awarded in those years.
- (2) This amount represents the compensation cost of stock awards over the requisite service period, as described in Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment," (SFAS 123(R)). The Company granted shares of restricted stock on December 1, 2008 which vest ratably over four years. The awards were granted at the grant date fair value of \$27.26 per share. At December 31, 2008, the Company recognized 12 months of compensation cost associated with the restricted stock granted December 1, 2006 (see (4) below), 12 months of compensation cost associated with the restricted stock granted November 30, 2007 (see (3) below) and one month of compensation cost associated with the restricted stock granted December 1, 2008. The Company does not expect that any of these shares will be forfeited and, as such, there were no forfeitures included in the calculation of compensation cost related to restricted stock at December 31, 2008.
- (3) This amount represents the compensation cost of stock awards over the requisite service period, as described in SFAS 123(R). The Company granted shares of restricted stock on November 30, 2007 which vest ratably over four years. The awards were granted at the grant date fair value of \$27.38 per share. At December 31, 2007, the Company recognized 12 months of compensation cost associated with the restricted stock granted December 1, 2006 (see (4) below) and one month of compensation cost associated with the restricted stock granted November 30, 2007. The Company does not expect that any of these shares will be forfeited and, as such, there were no forfeitures included in the calculation of compensation cost related to restricted stock at December 31, 2007.
- (4) This amount represents the compensation cost of stock awards over the requisite service period, as described in SFAS 123(R). The Company granted shares of restricted stock on December 1, 2006 which vest ratably over four years and, accordingly, one month of compensation cost was recognized by the Company for the year ended December 31, 2006. The awards were granted at the grant date fair value of \$24.09 per share. The Company does not expect that any of these shares will be forfeited and, as such, there were no forfeitures included in the calculation of compensation cost at December 31, 2006.
- (5) This amount represents the compensation cost of option awards over the requisite service period, as described in SFAS 123(R). The Company granted stock options on December 1, 2008 which vest ratably over four years. Accordingly 12 months of compensation cost associated with the stock options granted

November 30, 2007 (see (6) below) and one month of compensation cost associated with the stock options granted December 1, 2008 was recognized by the Company for the year ended December 31, 2008. The options were granted at the fair market value of the Company's stock on the date of grant. For a discussion of all assumptions used in calculating the grant date fair value in accordance with SFAS 123(R), see Note 15 to the Company's Consolidated Financial Statements in the 2008 Annual Report to Shareholders.

- (6) This amount represents the compensation cost of option awards over the requisite service period, as described in SFAS 123(R). The Company granted stock options on November 30, 2007 which vest ratably over four years and, accordingly one month of compensation cost was recognized by the Company for the year ended December 31, 2007. The options were granted at the fair market value of the Company's stock on the date of grant. For a discussion of all assumptions used in calculating the grant date fair value in accordance with SFAS 123(R), see Note 15 to the Company's Consolidated Financial Statements in the 2008 Annual Report to Shareholders.
- (7) In 2008, the threshold net earnings level was not met, therefore no compensation was awarded (see the Grants of Plan-Based Awards For 2008 table for estimated payouts for the non-equity incentive plan awards in 2008).
- (8) In 2008, Mr. Grossman achieved 56% of his financial goals and received awards according to his non-equity incentive plan (see the Grants of Plan-Based Awards for 2008 table for estimated payouts for the non-equity incentive plan awards in 2008).
- (9) In 2007 and 2006, Mr. Grossman achieved results above his financial goals and he was awarded the maximum award under the non-equity incentive plan.
- (10) The change in pension value represents the aggregate change in the value of the benefits earned under all of the Company's defined benefit plans. See "Pension Benefits" below for a more in-depth discussion of the plans.
- (11) The aggregate change in the value of the benefits earned by Mr. Thomas Florsheim, Jr. under all of the Company's defined benefit plans was (\$34,725) in 2007.
- (12) All other compensation relates to the use of an automobile, life insurance premiums, 401(K) match contributions, dividends on restricted stock and personal services.
- (13) All other compensation relates to the use of an automobile, life insurance premiums, 401(K) match contributions and dividends on restricted stock.
- (14) All other compensation relates to life insurance premiums, 401(K) match contributions and dividends on restricted stock.



### Grants of Plan-Based Awards For 2008

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			All Other Stock Awards: Number of Shares of Stock or Awards (#) <sup>(3)</sup>	All Other Option Awards: Number of Securities Underlying Options (#) <sup>(4)</sup>	Exercise or Base Price of Option Awards (\$/Sh) <sup>(4)</sup>	Aggregate Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)				
Thomas W. Florsheim, Jr.	12/1/2008	\$82,500	\$165,000 <sup>(2)</sup>	\$247,500	2,800	13,000	\$30.67	\$76,328 <sup>(5)</sup>
	12/1/2008							\$60,450 <sup>(6)</sup>
John W. Florsheim	12/1/2008	\$78,750	\$157,500 <sup>(2)</sup>	\$236,250	2,800	13,000	\$30.67	\$76,328 <sup>(5)</sup>
	12/1/2008							\$60,450 <sup>(6)</sup>
Peter S. Grossman	12/1/2008	\$ 0	\$ 68,560 <sup>(2)</sup>	\$112,000	1,400	6,000	\$30.67	\$38,164 <sup>(5)</sup>
	12/1/2008							\$27,900 <sup>(6)</sup>
John F. Wittkowske	12/1/2008	\$43,200	\$ 86,400 <sup>(2)</sup>	\$129,600	2,800	13,000	\$30.67	\$76,328 <sup>(5)</sup>
	12/1/2008							\$60,450 <sup>(6)</sup>

Notes:

- (1) These awards were authorized by the Committee and relate to the achievement of Company-wide financial goals established by the Committee. A more detailed description of these awards is provided under "Compensation Discussion and Analysis."
- (2) Threshold and maximum performance levels are specified for award purposes, but no target is specified. The amount shown in the "target" column is the amount that would have been earned for 2008 based on performance in 2007.
- (3) The named executive officers were granted shares of restricted stock under the 2005 Equity Incentive Plan ("the Plan") on December 1, 2008. The shares vest ratably over four years. The fair market value of the shares was \$27.26, the closing price of the Company's stock on December 1, 2008.
- (4) The named executive officers were granted stock options under the Plan on December 1, 2008. The options were granted at \$30.67 per option, the fair market value of the Company's stock, as defined in the Plan, which is the average of the high and low trade prices on the grant date. The options vest ratably over four years.
- (5) This amount represents the grant date fair value of the shares of restricted stock granted on December 1, 2008 using the grant date fair value of the Company's stock (\$27.26 per share) on the date of grant.
- (6) This amount represents the grant date fair value of the stock option awards granted on December 1, 2008 using the fair value as calculated under the Black-Scholes option pricing model as described in Note 15 to the Company's Consolidated Financial Statements in the 2008 Annual Report to Shareholders on Form 10-K. The weighted-average fair market value of stock options granted in 2008 was \$4.65 per option.

## **Employment Contracts and Potential Payments Upon Termination or Change of Control**

The Company has entered into employment contracts with Thomas W. Florsheim, Jr. and John W. Florsheim whereby, for services to be rendered, their employment will be continued until December 31, 2010, at salary levels to be determined and reviewed periodically. These contracts provide, among other things, that a lump sum amount equal to slightly less than three times his base amount compensation (as defined in Section 280G of the Internal Revenue Code) will be paid to Thomas W. Florsheim, Jr. and John W. Florsheim, respectively, as severance pay, in the event the Company terminates his employment without cause or he terminates his employment following a change of control of the Company. "Change of Control" is defined in the employment agreements as: a change in control of more than 15% of the shares of the Company; the replacement of two or more directors by persons not nominated by the Board of Directors; any enlargement of the size of the Board of Directors if the change was not supported by the existing Board of Directors; a merger, consolidation or transfer of assets of the Company; or a substantial change in his responsibilities. In the event Thomas W. Florsheim, Jr. or John W. Florsheim is prevented from performing his duties by reason of permanent disability, his normal salary will be discontinued and a disability salary of 75% of his then current salary will be paid until December 31, 2010. Also, in the event Thomas W. Florsheim, Jr. or John W. Florsheim dies prior to the termination of his employment under the contract, a death benefit equal to his salary at the annual rate being paid to him at the date of death will be paid to a designated beneficiary for a three-year period. As of March 1, 2009, the annual salary of Thomas W. Florsheim, Jr. is \$550,000 and John W. Florsheim's annual salary is \$525,000.

The Company has change of control agreements with two executives, John Wittkowske and Peter Grossman. These contracts provide that a lump sum equal to slightly less than three times his annual compensation (as defined in Section 280G of the Internal Revenue Code), calculated with respect to the three taxable year period ending before the date the change of control occurs, will be paid as severance pay in the event of a change of control. The change of control agreements define a change of control as an event in which:

- (1) more than 30% of the voting power of the outstanding stock of the Company is directly or indirectly controlled by a person or group of persons other than the members of the family of Thomas W. Florsheim and their descendents or trusts;
- (2) all or substantially all of the operating assets of the Company have been sold;
- (3) a majority of the Company's Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board of Directors before the date of the appointment or election.

As of March 1, 2009, Mr. Wittkowske's annual salary is \$324,000 and Mr. Grossman's annual salary is \$320,000.

## Outstanding Equity Awards at December 31, 2008

Name	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Thomas W. Florsheim, Jr.	10/5/99	17,462		\$ 7.25	10/05/09		
	11/2/00	19,306		\$ 8.50	11/02/10		
	9/7/01	25,896		\$ 7.84	09/07/11		
	7/22/02	29,948		\$12.04	07/22/12		
	5/19/03	32,088		\$16.79	05/19/13		
	4/26/05	5,042		\$19.83	04/26/10		
	4/26/05	19,958		\$18.03	04/26/15		
	12/1/06					3,350	\$80,702
	11/30/07	830	2,490 <sup>(1)</sup>	\$30.12	11/30/12		
	11/30/07	2,420	7,260 <sup>(1)</sup>	\$27.38	11/30/12	2,100	\$57,498
12/1/08		13,000 <sup>(2)</sup>	\$30.67	12/01/13	2,800	\$76,328	
John W. Florsheim	10/5/99	17,462		\$ 7.25	10/05/09		
	11/2/00	19,306		\$ 8.50	11/02/10		
	9/7/01	25,896		\$ 7.84	09/07/11		
	7/22/02	29,948		\$12.04	07/22/12		
	5/19/03	32,088		\$16.79	05/19/13		
	4/26/05	5,042		\$19.83	04/26/10		
	4/26/05	19,958		\$18.03	04/26/15		
	12/1/06					3,350	\$80,702
	11/30/07	830	2,490 <sup>(1)</sup>	\$30.12	11/30/12		
	11/30/07	2,420	7,260 <sup>(1)</sup>	\$27.38	11/30/12	2,100	\$57,498
12/1/08		13,000 <sup>(2)</sup>	\$30.67	12/01/13	2,800	\$76,328	
Peter S. Grossman	5/19/03	13,000		\$16.79	05/19/13		
	4/26/05	12,500		\$18.03	04/26/15		
	12/1/06					1,600	\$38,544
	11/30/07	1,500	4,500 <sup>(1)</sup>	\$27.38	11/30/12	1,050	\$28,749
	12/1/08		6,000 <sup>(2)</sup>	\$30.67	12/01/13	1,400	\$38,164
John F. Wittkowske	11/2/00	30,000		\$ 8.50	11/02/10		
	9/7/01	37,500		\$ 7.84	09/07/11		
	7/22/02	37,500		\$12.04	07/22/12		
	5/19/03	37,500		\$16.79	05/19/13		
	4/26/05	25,000		\$18.03	04/26/15		
	12/1/06					3,350	\$80,702
	11/30/07	3,250	9,750 <sup>(1)</sup>	\$27.38	11/30/12	2,100	\$57,498
	12/1/08		13,000 <sup>(2)</sup>	\$30.67	12/01/13	2,800	\$76,328

Notes:

- (1) These option awards were granted on November 30, 2007 and vest ratably over four years on or about November 30 each year.
- (2) These option awards were granted on December 1, 2008 and vest ratably over four years on or about December 1 each year.

## Option Exercises and Stock Vested in 2008

The following table provides information related to stock options exercised by the named executive officers during 2008. The Company first granted shares of restricted stock on December 1, 2006. The shares of restricted stock vest ratably over four years and, accordingly, 25% of the restricted stock granted in 2006 and 2007 vested in 2008.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired Upon Exercise (#)	Value Realized Upon Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired Upon Vesting (#)	Value Realized Upon Vesting (\$) <sup>(2)</sup>
Thomas W. Florsheim, Jr. . . . .	24,558	\$ 443,429	2,375	\$64,743
John W. Florsheim . . . . .	24,558	\$ 443,429	2,375	\$64,743
Peter S. Grossman . . . . .	26,000	\$ 512,782	1,150	\$31,349
John F. Wittkowske. . . . .	60,000	\$1,514,174	2,375	\$64,743

### Notes:

- (1) The value realized on exercise is calculated based on the difference between the option exercise price and the market price of the common stock on the date of exercise multiplied by the number of shares exercised.
- (2) The value realized upon vesting is calculated based on the number of shares of restricted stock multiplied by the market price of the underlying shares on the vesting date.

## Pension Benefits

The Company maintains a defined benefit pension plan for various employees of the Company, including salaried employees. The Company also maintains an unfunded supplemental pension plan for key executives so they may receive pension benefits which they would otherwise be prevented from receiving as a result of certain limitations of the Internal Revenue Code. Retirement benefits are provided based on employees' years of credited service and average earnings or stated amounts for years of service. The plans provide for normal retirement at age 65 and provide for reduced benefits for early retirement beginning at age 55. Pension benefits are payable under a variety of options, to be selected by the retiree and are calculated under a formula which is integrated with Social Security, although the amounts determined under the formula are not reduced by Social Security benefits. The normal retirement benefit is based on (i) the highest average earnings for any 5 consecutive years during the 10 calendar years ending with the year of retirement, (ii) length of service up to 25 years and (iii) the highest average covered compensation for Social Security purposes. Earnings covered by the plan are generally defined as wages for purposes of federal income tax withholding and, therefore, include the value realized upon the exercise of non-qualified stock options and other minor items in addition to those included in the above Summary Compensation Table as "salary".

The foregoing describes the general formula under the defined benefit plan and related excess benefits plan as revised in 1997. Those salaried employees who were covered in the plans on January 1, 1989 and all executive officers who are Senior Vice Presidents or above are provided with the higher of the benefits described above or a minimum benefit based on a prior formula through the defined benefit plan, the unfunded excess benefits plan described above and an unfunded deferred compensation plan. The normal retirement benefit under the prior formula is based on the highest average earnings for any 5 consecutive years during the 10 calendar years preceding retirement and length of service up to 25 years. The normal retirement benefit for executive officers who are Senior Vice Presidents or above, is based on the highest average earnings for any 5 years during the 20 calendar years preceding retirement and length of service up to 25 years. There is no early retirement reduction if an executive officer retires at age 59 with at least 25 years of credited service. Minimum benefit amounts are not subject to any deduction for Social Security benefits. Under the excess benefits plan, upon a change in control, a lump sum benefit payment shall be made to each participant.

The following table provides information related to pension benefits earned by each of the named executive officers based on their number of years of credited service as of December 31, 2008.

Name	Plan Name	Number of Years Credited Service (#) <sup>(1)</sup>	Present Value of Accumulated Benefit (\$) <sup>(2)</sup>	Payments During Last Fiscal Year (\$)
Thomas W. Florsheim, Jr.	Qualified Pension Plan	25	\$ 351,158	\$0
	Deferred Compensation Plan		\$ 153,897	\$0
	Excess Benefits Plan		\$1,818,504	\$0
John W. Florsheim	Qualified Pension Plan	15	\$ 150,906	\$0
	Deferred Compensation Plan		\$ 70,239	\$0
	Excess Benefits Plan		\$ 698,319	\$0
Peter S. Grossman	Qualified Pension Plan	25	\$1,156,793	\$0
	Deferred Compensation Plan		\$ 104,187	\$0
	Excess Benefits Plan		\$1,930,118	\$0
John F. Wittkowske	Qualified Pension Plan	15	\$ 194,026	\$0
	Deferred Compensation Plan		\$ 86,770	\$0
	Excess Benefits Plan		\$ 909,512	\$0

Notes:

- (1) The number of years of credited service is computed as of the same pension plan measurement date used for financial statement reporting purposes with respect to the Company's audited financial statements as of December 31, 2008. For Messrs. Thomas W. Florsheim, Jr. and Peter S. Grossman, actual years of service are 28 and 44, respectively. However, under the plans, benefits are based on a length of service up to 25 years.
- (2) The actuarial present value of each named executive officer's accumulated benefit under the plans is computed as of the same pension plan measurement date used for financial statement reporting purposes with respect to the Company's audited financial statements as of December 31, 2008.

## Director Compensation

Directors of the Company who are not also employees of the Company or subsidiaries receive a quarterly retainer of \$1,875. In addition, they receive \$1,000 for each Board or Committee meeting attended, except the compensation is \$500 for each additional meeting attended on the same day. The following table shows director compensation for 2008.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$( <sup>(1)</sup> )	Total (\$)
Thomas W. Florsheim . . . . .	\$10,500	\$12,342	\$22,842
Tina Chang . . . . .	\$13,500	\$ 6,319 <sup>(2)</sup>	\$19,819
Robert Feitler . . . . .	\$13,500	\$12,342	\$25,842
Cory L. Nettles . . . . .	\$12,500	\$12,342	\$24,842
Frederick P. Stratton, Jr. . . . .	\$13,500	\$12,342	\$25,842

### Notes:

- (1) This amount represents the compensation cost related to shares of restricted stock over the requisite service period, as described in SFAS 123(R). Under the 2005 Equity Plan, the Company granted shares of restricted stock on December 1, 2006, November 30, 2007 and December 1, 2008 which vest ratably over four years and, accordingly, 12 months of compensation cost associated with the December 1, 2006 grant, 12 months of compensation cost associated with the November 30, 2007 grant and one month of compensation cost associated with the December 1, 2008 grant has been recognized by the Company for the year ended December 31, 2008. The aggregate grant date fair value of the shares of restricted stock granted to each director on December 1, 2006, November 30, 2007 and December 1, 2008, in accordance with SFAS 123(R), was \$24,009, \$23,547 and \$20,718, respectively. The Company does not expect that any of these shares will be forfeited and, as such, has not included any forfeitures in the calculation of compensation cost related to restricted stock.
- (2) Tina Chang was elected to the Board of Directors May 1, 2007, and accordingly, the amount provided in the "Stock Awards" column does not include any awards granted on December 1, 2006.

On December 28, 2000, Chairman of the Board, Thomas W. Florsheim, entered into a consulting agreement with the Company under which he agreed to act as advisor to the Company in connection with the Company's acquisition and sale of products and materials. In accordance with this agreement, Thomas W. Florsheim was paid \$14,400 in 2008.

## Transactions with Related Persons

The Company's written Code of Business Ethics provides that, except with the prior knowledge and consent of the Company, directors and employees are not permitted to have a financial interest in a supplier, competitor or customer of the Company because of the potential conflicts of interest raised by such transactions. There is a limited exception for ownership of securities of a publicly traded corporation unless the investments are of a size as to have influence or control over the corporation. The Company's policies include no minimum size for this restriction on potential conflict of interest transactions. Actual or potential conflict of interest transactions or relationships are to be reported to the Company's Chief Financial Officer or another officer of the Company. Waivers or exceptions for executive officers or directors may be granted only in advance and under exceptional circumstances and only by the Board of Directors or an appropriate committee.

Transactions with related persons are also subject to the Company's disclosure controls and procedures to ensure compliance with applicable law and requirements of The NASDAQ Stock Market.

There were no transactions since the beginning of 2008, and there are no proposed transactions, in which the Company was or is to be a participant and the amount involved exceeds \$120,000 and in which (a) any director, executive officer, director nominee, or immediate family member of a director, executive officer or nominee, or (b) any holder of 5% or more of the Company's common stock or their immediate family members, had a direct or indirect material interest.

### **Independent Registered Public Accounting Firm**

It is expected that Deloitte & Touche LLP, the Company's independent registered public accounting firm for 2008, will be selected for 2009 by the Board of Directors immediately following the annual meeting of shareholders. A representative of Deloitte & Touche LLP is expected to be present at the annual meeting of shareholders with the opportunity to make a statement if so desired and such representative is expected to be available to respond to appropriate questions.

### **Method of Proxy Solicitation**

The cost of solicitation of proxies will be borne by the Company. The officers of the Company may solicit proxies from some of the larger shareholders, which solicitation may be made by mail, telephone, or personal contacts; these officers will not receive additional compensation for soliciting such proxies. Request will also be made of brokerage houses and other custodians, nominees and fiduciaries to forward, at the expense of the Company, soliciting material to the beneficial owners of shares held of record by such persons.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Under the federal securities laws, the Company's directors, executive officers and any person holding more than 10% of the Company's common stock are required to report their initial ownership of the Company's common stock and any change in that ownership to the SEC. Specific due dates for these reports have been established, and the Company is required to disclose in this proxy statement any failure to file such reports by these dates during the last year.

The Company believes that all of these filing requirements were satisfied on a timely basis for the year ended December 31, 2008. In making these disclosures, the Company has relied solely on written representations of its directors and executive officers and copies of the reports they have filed with the SEC.

### **Other Matters**

The Company has not been informed and is not aware that any other matters will be brought before the meeting. However, proxies will be voted with discretionary authority with respect to any other matters that properly may be presented to the meeting.

### **Shareholder Proposals**

Shareholder proposals must be received by the Company no later than November 30, 2009, in order to be considered for inclusion in next year's annual meeting proxy statement. In addition, a proposal submitted outside of Rule 14a-8 will be considered untimely, and the Company may use discretionary voting authority for any proposal that may be raised at next year's annual meeting unless the proponent notifies us of the proposal not later than February 15, 2010.

**WEYCO** Group, Inc.

March 30, 2009  
Milwaukee, Wisconsin

JOHN F. WITTKOWSKE  
Secretary