

## **WEYCO REPORTS RECORD EARNINGS**

(Milwaukee, Wisconsin---February 25, 2008) Weyco Group, Inc. (NASDAQ: WEYS) today announced financial results for the quarter and full year 2007.

### **FOURTH QUARTER**

Net sales were \$62.2 million compared with \$60.6 million in 2006, an increase of 3%. Net earnings were \$7.8 million, up from \$7.7 million during the same period in 2006. Diluted earnings per share were up 3% to \$.66 in 2007 from \$.64 in 2006.

Net sales in the wholesale division, which include wholesale sales and licensing revenues, were \$52.8 million compared with \$51.2 million in 2006. Wholesale sales were \$51.5 million in 2007, up 3% from \$50.0 million in 2006. Licensing revenues were \$1.3 million in 2007 and \$1.2 million in 2006. Sales of the Company's Florsheim and Stacy Adams brands grew 5% and 11%, respectively. Sales of the Company's Nunn Bush brand were down 3%. The increase in Florsheim sales was due entirely to sales in Canada, resulting from the transition in Canada from a licensing business to a wholesale business on January 1, 2007. Florsheim US sales were down 3% for the quarter.

Retail sales were flat in the fourth quarter of 2007, as compared with 2006. Same store sales were down 2%.

Operating earnings were \$11.6 million, down 2% from \$11.9 million in the prior year. Operating earnings as a percent of net sales were 18.7% in 2007 compared with 19.6% in 2006.

### **FULL YEAR 2007**

Net sales of \$232.6 million were up 5% compared with \$221.0 million in the prior year. Net earnings were a record \$22.9 million, up 5% from \$21.9 million in 2006. Diluted earnings per share were \$1.91 in 2007 and \$1.81 last year.

Net sales in the wholesale division, which include wholesale sales and licensing revenues, were \$201.5 million compared with \$191.3 million in 2006. Wholesale sales were \$197.4 million in 2007, up 5% from \$187.2 million in 2006. Licensing revenues were \$4.1 million in 2007 and 2006. Sales of the Company's Florsheim brand increased 14%, and sales of the Stacy Adams brand increased 5%. Sales of the Company's Nunn Bush brand were down 2% in 2007. The increase in Florsheim sales was due principally to the previously discussed change in Canadian distribution. Florsheim US sales were up 4% for the year.

Retail sales increased 5% in 2007 to \$31.1 million, up from \$29.8 million in 2006. Same store sales were up 2%.

Operating earnings of \$34.1 million increased 2% from \$33.4 million in the prior year. Operating earnings as a percent of net sales were 14.7% in 2007 and 15.1% in 2006.

The Company's balance sheet remains strong at December 31, 2007. The Company's cash and marketable securities totaled \$56.8 million at the end of 2007, as compared to \$57.3 million in 2006. The Company's borrowings under its revolving credit agreement were \$550,000 compared with \$11.0 million in 2006. The Company's excess of cash and marketable securities over borrowings was \$56.2 million at December 31, 2007, compared with \$46.3 million at December 31, 2006.

"We are very pleased that 2007 was a record year for Weyco Group in terms of both sales and profits," stated Tom Florsheim, Jr. Chairman and CEO of Weyco Group. "With that said, we started to see a slow down of retail footwear sales at our customers and in our own stores during the second half of the year, particularly in the fourth quarter. We feel that the slow down that we are seeing is caused by general economic factors, and that our brands are well positioned to grow over the long term."

The Company's Board of Directors declared a cash dividend on February 4, 2008 of \$.11 per share to all shareholders of record on February 19, 2008, payable April 1, 2008.

Weyco Group will host a conference call on Tuesday, February 26, 2008 at 11:00 a.m. Eastern Time to discuss the fourth quarter and year end 2007 financial results in more detail. To participate in the call please dial (888) 680-0892 or (617) 213-4858, referencing passcode #47712490, ten minutes before the start of the call. A replay will be available for one week beginning about one hour after the completion of the call by dialing (888) 286-8010 or (617) 801-6888, referencing passcode #23397788. Alternatively, the conference call and replay will be available by visiting the investor relations section of Weyco Group's website at [www.weycogroup.com](http://www.weycogroup.com).

Weyco Group, Inc., designs and markets moderately priced and better-grade men's branded footwear for casual, fashion, and dress lifestyles. The principal brands of shoes sold by the Company are Florsheim, Nunn Bush, and Stacy Adams. The Company also operates a number of retail stores in the U.S. and Europe.

This press release contains certain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Various factors could cause the results of Weyco Group to be materially different from any future results expressed or implied by such forward-looking statements. Such factors include, but are not limited to the Company's ability to: (i) successfully market and sell its products in a highly competitive industry and in view of changing consumer trends, consumer acceptance of products and other factors affecting retail market conditions; (ii) procure its products from independent manufacturers; and (iii) other factors, including those detailed from time to time in Weyco Group's filings made with the SEC. Except as required by law, Weyco Group undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

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**WEYCO GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)**

	<u>For the Quarter Ended December 31,</u>		<u>For the Year Ended December 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
NET SALES .....	\$62,225,011	\$60,563,120	\$232,616,656	\$221,047,487
COST OF SALES .....	<u>36,369,218</u>	<u>34,343,337</u>	<u>143,199,303</u>	<u>135,734,547</u>
Gross earnings .....	25,855,793	26,219,783	89,417,353	85,312,940
SELLING AND ADMINISTRATIVE EXPENSES ..	<u>14,228,019</u>	<u>14,321,282</u>	<u>55,285,340</u>	<u>51,868,545</u>
Earnings from operations .....	11,627,774	11,898,501	34,132,013	33,444,395
INTEREST INCOME .....	530,068	472,598	2,158,983	1,940,976
INTEREST EXPENSE .....	(65,215)	(165,882)	(352,905)	(608,447)
OTHER INCOME AND EXPENSE, net .....	<u>17,527</u>	<u>15,875</u>	<u>24,891</u>	<u>13,627</u>
Earnings before provision for income taxes ..	12,110,154	12,221,092	35,962,982	34,790,551
PROVISION FOR INCOME TAXES .....	<u>4,287,000</u>	<u>4,485,000</u>	<u>13,062,000</u>	<u>12,935,000</u>
Net earnings .....	<u>\$ 7,823,154</u>	<u>\$ 7,736,092</u>	<u>\$ 22,900,982</u>	<u>\$ 21,855,551</u>
BASIC EARNINGS PER SHARE .....	<u>\$ .68</u>	<u>\$ .66</u>	<u>\$ 1.98</u>	<u>\$ 1.88</u>
DILUTED EARNINGS PER SHARE .....	<u>\$ .66</u>	<u>\$ .64</u>	<u>\$ 1.91</u>	<u>\$ 1.81</u>

## CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents . . . . .	\$ 7,858,677	\$ 15,314,140
Marketable securities, at amortized cost . . . . .	5,603,858	1,600,871
Accounts receivable, net . . . . .	35,964,696	30,641,632
Inventories . . . . .	44,632,321	51,000,849
Deferred income tax benefits . . . . .	475,162	949,109
Prepaid expenses and other current assets . . . . .	<u>3,301,054</u>	<u>1,715,859</u>
Total current assets . . . . .	97,835,768	101,222,460
MARKETABLE SECURITIES, at amortized cost . . . . .	43,330,715	40,361,296
OTHER ASSETS . . . . .	9,440,367	8,725,346
PLANT AND EQUIPMENT, net . . . . .	28,676,728	28,445,900
TRADEMARK . . . . .	<u>10,867,969</u>	<u>10,867,969</u>
	<u>\$190,151,547</u>	<u>\$189,622,971</u>
 <b>LIABILITIES AND SHAREHOLDERS' INVESTMENT</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings . . . . .	\$ 550,000	\$ 10,957,518
Accounts payable . . . . .	10,541,233	12,398,740
Dividend payable . . . . .	1,270,207	1,054,354
Accrued liabilities -		
Wages, salaries and commissions . . . . .	2,254,045	1,852,305
Taxes, other than income taxes . . . . .	724,993	858,294
Other . . . . .	5,047,335	5,719,668
Accrued income taxes . . . . .	<u>715,484</u>	<u>72,907</u>
Total current liabilities . . . . .	<u>21,103,297</u>	<u>32,913,786</u>
LONG-TERM PENSION LIABILITY . . . . .	6,042,961	6,620,842
DEFERRED INCOME TAX LIABILITIES . . . . .	2,247,701	1,915,869
<b>SHAREHOLDERS' INVESTMENT:</b>		
Common Stock . . . . .	11,534,059	9,129,256
Class B Common Stock . . . . .	--	2,585,087
Capital in excess of par . . . . .	10,787,927	7,576,096
Reinvested earnings . . . . .	142,774,698	134,264,076
Accumulated other comprehensive income . . . . .	<u>(4,339,096)</u>	<u>(5,382,041)</u>
Total shareholders' investment . . . . .	<u>160,757,588</u>	<u>148,172,474</u>
	<u>\$190,151,547</u>	<u>\$189,622,971</u>

**CONSOLIDATED STATEMENTS  
OF CASH FLOWS (Unaudited)**

For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings. . . . .	\$22,900,982	\$21,855,551
Adjustments to reconcile net earnings to net cash provided by operating activities -		
Depreciation. . . . .	2,484,414	2,205,979
Amortization. . . . .	90,010	75,065
Deferred income taxes. . . . .	79,734	517,973
Long-term incentive compensation. . . . .	316,511	25,213
Pension contribution. . . . .	--	(1,000,000)
Pension expense . . . . .	1,359,123	1,185,822
Gain on sale of assets . . . . .	(14,632)	(728)
Increase in cash surrender value of life insurance . . . . .	(681,356)	(643,291)
Changes in operating assets and liabilities -		
Accounts receivable. . . . .	(5,323,064)	(2,798,584)
Inventories . . . . .	6,368,528	(12,452,247)
Prepays and other assets. . . . .	(1,555,538)	(293,982)
Accounts payable. . . . .	(1,857,507)	175,833
Accrued liabilities and other. . . . .	(685,110)	1,908,906
Accrued income taxes. . . . .	<u>669,577</u>	<u>(1,148,516)</u>
Net cash provided by operating activities. . . . .	<u>24,151,672</u>	<u>9,612,994</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of marketable securities. . . . .	(8,405,737)	(17,813,940)
Proceeds from maturities of marketable securities. . . . .	1,343,321	6,942,114
Purchase of plant and equipment. . . . .	(2,727,362)	(3,185,862)
Proceeds from sales of plant and equipment. . . . .	<u>76,632</u>	<u>1,737</u>
Net cash used for investing activities . . . . .	<u>(9,713,146)</u>	<u>(14,055,951)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash dividends paid. . . . .	(4,655,745)	(3,717,899)
Shares purchased and retired. . . . .	(9,924,502)	(5,197,875)
Proceeds from stock options exercised. . . . .	1,853,250	2,937,888
Net (repayments) borrowings under revolving credit facilities. . . . .	(10,407,518)	1,405,014
Income tax benefits from share-based compensation. . . . .	<u>1,240,526</u>	<u>1,549,056</u>
Net cash used for financing activities. . . . .	<u>(21,893,989)</u>	<u>(3,023,816)</u>
Net decrease in cash and cash equivalents . . . . .	<u>(7,455,463)</u>	<u>(7,466,773)</u>
CASH AND CASH EQUIVALENTS, at beginning of year. . . . .	<u>\$15,314,140</u>	<u>\$22,780,913</u>
CASH AND CASH EQUIVALENTS, at end of year. . . . .	<u>\$ 7,858,677</u>	<u>\$15,314,140</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Income taxes paid, net of refunds. . . . .	\$10,901,122	\$11,796,993
Interest paid. . . . .	\$ 399,770	\$ 576,004