

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

WEYCO GROUP INC
Form DEF 14A
March 24, 2003

OMB APPROVAL

OMB Number: 3235-0059
Expires: August 31, 2004
Estimated average burden
hours per response...14.73

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- Preliminary Proxy Statement.
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY
RULE 14a-6(e)(2)).
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to Section 240.14a-12

Weyco Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the
filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

5) Total fee paid:

[] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

PERSONS WHO POTENTIALLY ARE TO RESPOND TO THE COLLECTION OF INFORMATION CONTAINED IN THIS FORM ARE NOT REQUIRED TO RESPOND UNLESS THE FORM DISPLAYS A CURRENTLY VALID OMB CONTROL NUMBER.

SEC 1913 (02-02)

[WEYCO GROUP, INC. LOGO]

Glendale, Wisconsin

Notice of

ANNUAL MEETING OF SHAREHOLDERS

To be Held April 22, 2003

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, April 22, 2003 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 has fixed March 3, 2003 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(ies) for the meeting. Any proxy may be

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

revoked at any time prior to its exercise.

By order of the Board of Directors,
JOHN F. WITTKOWSKA

Secretary

March 24, 2003

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, April 22, 2003, or any adjournment thereof.

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 attendance at the meeting and electing to vote in person by giving notice of such election to the Secretary of the Company. 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 24, 2003.

The Company has two classes of common stock entitled to vote at the meeting -- Common Stock with one vote per share and Class B Common Stock with ten votes per share. As of March 3, 2003, 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 2,913,714 shares of Common Stock and 877,900 shares of Class B Common Stock.

SECURITY OWNERSHIP OF MANAGEMENT AND OTHERS

The following table sets forth information, as of March 3, 2003, 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 "Management Compensation" herein and by all directors and executive officers as a group.

	COMMON STOCK		CLASS B COMMON
	NO. OF SHARES AND NATURE OF BENEFICIAL OWNERSHIP (1) (2)	PERCENT OF CLASS (3)	NO. OF SHARES AND NATURE OF BENEFICIAL OWNERSHIP (2)
Thomas W. Florsheim..... 333 W. Estabrook Blvd., Glendale, WI 53212	427,613	14.42%	606,420
John W. Florsheim..... 333 W. Estabrook Blvd., Glendale, WI 53212	170,946	5.72%	10,266
Thomas W. Florsheim, Jr..... 333 W. Estabrook Blvd., Glendale, WI 53212	212,245	7.10%	10,542
James F. Gorman.....	42,000	1.43%	--
Peter S. Grossman.....	40,700	1.38%	8,400

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

John F. Wittkowske.....	78,500	2.63%	--
Virgis W. Colbert.....	--	--%	--
Robert Feitler.....	30,000	1.03%	45,000
Leonard J. Goldstein.....	3,000	.10%	--
Frederick P. Stratton, Jr.....	28,000	.96%	18,000
All Directors and Executive Officers as a Group (11 persons including the above-named).....	1,056,204	32.39%	698,628

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: Thomas W. Florsheim -- 50,868; John W. Florsheim -- 75,868; Thomas W. Florsheim, Jr. -- 75,868; James F. Gorman -- 32,000; Peter S. Grossman -- 38,000; John F. Wittkowske -- 72,500; All Directors and Executive Officers as a Group -- 347,604.

1

(2) 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:

	COMMON	CLASS B COMMON
	-----	-----
Thomas W. Florsheim	12,948	12,948
John W. Florsheim	26,003	--
Thomas W. Florsheim, Jr.	48,494	--
Peter S. Grossman	2,700	8,400
All Directors and Executive Officers as a Group	95,623	21,348

(3) Calculated on the basis of outstanding shares plus shares which can be acquired upon exercise of outstanding stock options, by the person or group involved.

The following table sets forth information, as of December 31, 2002, 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. The Company believes there are no other persons who own beneficially more than five percent (5%) of the Class B Common Stock outstanding.

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
-----	-----	-----
Royce & Associates, LLC 1414 Avenue of the Americas New York, New York 10019	433,714	14.9%

NOTE:

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

According to the Schedule 13G statement filed as a group by Royce & Associates, LLC in February 2003, Royce & Associates, LLC has sole voting and dispositive power with respect to 433,714 shares of Common Stock of the Company.

2

ELECTION OF DIRECTORS

A majority of the votes entitled to be cast by outstanding shares of Common Stock and Class B Common Stock (considered together as a single voting group), 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 and Class B Common Stock (voting together as a single voting group) 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 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.

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

NOMINEES FOR TERM EXPIRING 2006	AGE	SERVED AS DIRECTOR SINCE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE
Virgis W. Colbert (1) (2) (3)	63	2000	Executive Vice President of Miller Brewing Co. 1997 to present; also a Director of Miller Brewing Company, Delphi Systems, Inc., Manitowoc Co., Manor Care, Inc.
John W. Florsheim	39	1996	President, Chief Operating Officer and Assistant Secretary of the Company, 2002 to present; Executive Vice President, Chief Operating Officer and Assistant Secretary of the Company, 1999 to 2002; Executive President of the Company, 1996 to 1999; Vice President of the Company, 1994 to 1996.
Frederick P. Stratton, Jr. (1) (2) (3)	63	1976	Chairman Emeritus of Briggs & Stratton Corporation (Manufacturer of Gasoline Engines), 2002 to present; Chairman of the Board of Briggs & Stratton Corporation, 1986 to 2002; Chief Executive Officer of Briggs & Stratton Corporation, 1986 to 2001; also a Director of Banc One Corporation, Briggs & Stratton Corporation, Midwest Express Holdings, Inc., and Wisconsin

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

Corporation and its subsidiaries Wisconsin Electric Power Company and Wisconsin Gas Company.

CONTINUING DIRECTORS
TERM EXPIRES 2005

CONTINUING DIRECTORS TERM EXPIRES 2005	AGE	SERVED AS DIRECTOR SINCE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE
Thomas W. Florsheim, Jr.	45	1996	Chairman and Chief Executive Officer of the Company, 2002 to present; President and Chief Executive Officer of the Company, 1999 to 2002; President and Chief Operating Officer of the Company, 1996 to 1999; President of the Company 1988 to 1996.
Robert Feitler (1) (2)	72	1964	Chairman, Executive Committee of the Company, 2002 to present; Chairman, Corporate Governance & Compensation Committee of the Company, 2002 to present; President and Chief Operating Officer of the Company, 1996 to 1999; also a Director of ABN AMRO Asset Management and Strattec Security Corp. and TC Manufacturing

3

CONTINUING DIRECTORS TERM EXPIRES 2004	AGE	SERVED AS DIRECTOR SINCE	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE
Thomas W. Florsheim (1)	72	1964	Chairman Emeritus of the Company, 2002 to present; Chairman of the Board, 1968 to 2002; Chief Executive Officer of the Company, 1968 to 1999.
Leonard J. Goldstein (1) (2) (3)	76	1992	Retired; Chairman of the Board of Miller Brewing Company, 1991 to 1993; President and Chief Executive Officer of Miller Brewing Company, 1988 to 1991.

NOTES:

- (1) Member of Executive Committee, of which Mr. Feitler is Chairman. No meetings were held in 2002. 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.
- (2) Member of Audit Committee, of which Mr. Stratton is Chairman. Three meetings were held in 2002. The Audit Committee reviews accounting policies and practices of the Company, including the adequacy of the system of internal accounting controls. It also recommends to the Board a firm of independent auditors to perform an audit of the annual financial statements of the Company and reviews with the independent auditors the plan and result of their audit of these financial statements.
- (3) Member of Corporate Governance and Compensation Committee, of which Mr. Feitler is Chairman. One meeting was held in 2002. 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.

The Board of Directors held four meetings in 2002. All Directors attended at least 75% of the meetings of the Board and Committees on which they served

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

during 2002. The Company does not have a standing Nominating Committee of the Board of Directors.

4

AUDIT COMMITTEE

The Board of Directors has adopted and approved a formal written charter for the Audit Committee. The Board of Directors has determined that the members of the Audit Committee are "independent," as defined in the corporate governance standards of the NASD relating to audit committees of companies with securities listed on the NASDAQ National Market, meaning that they have no relationship to the Company that may interfere with the exercise of their independence from management and the Company.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors oversees and monitors the participation of the Company's management and independent auditors throughout the financial reporting process.

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, 2002 with the Company's management;
- discussed with Deloitte & Touche LLP, the Company's independent auditors, those matters required to be discussed by SAS 61, as amended (Codification of Statements on Auditing Standards, AU sec.380); and
- received the written disclosure and the letter from Deloitte & Touche LLP required by Independence Standards Board Statement No. 1 (Independence Discussions with Audit Committee) and has discussed with Deloitte & Touche LLP, 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, 2002.

The Audit Committee also reviewed the fees and scope of services provided to the Company by Deloitte & Touche LLP for the year ended December 31, 2002, as reflected in the following table, and considered whether the provision of the non-audit services described in the table is compatible with maintaining the independence of Deloitte & Touche LLP and has determined that the provision of such services is compatible.

TYPE OF SERVICE -----	AMOUNT -----
Audit fees	\$108,500
Financial information systems design and implementation fees	\$ --
All other fees:	
Audit-related fees(1)	\$ 32,325
Tax compliance consultation(2)	\$ 18,093

Total all other fees	\$ 50,418

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

(1) Audit-related fees include benefit plan audits, acquisition due diligence, and accounting consultation. Of this total, \$11,470 was provided by the Company's previous auditors.

(2) The Company's previous auditors provided \$12,438 of these amounts.

AUDIT COMMITTEE

Frederick P. Stratton, Jr., Chairman
Robert Feitler

Virgis Colbert
Leonard Goldstein

5

MANAGEMENT COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth total compensation of the Chief Executive Officer and the four other most highly compensated executive officers of the Company as of December 31, 2002, for the year 2002, as well as for the two previous years.

NAME AND PRINCIPAL POSITION -----	YEAR	ANNUAL COMPENSATION -----			LONG TERM COMPENSATION -----		
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$ (1))	RESTRICTED STOCK AWARDS (\$)	OPTIONS/ SARS (#) (2) (3)	
Thomas W. Florsheim, Jr. Chairman and Chief Executive Officer	2002	412,000	50,000	--	--	12,500	
	2001	400,000	--	--	--	12,500	
	2000	375,000	40,000	--	--	10,000	
John W. Florsheim President, Chief Operating Officer and Assistant Secretary	2002	320,000	50,000	--	--	12,500	
	2001	310,000	--	--	--	12,500	
	2000	285,000	30,000	--	--	10,000	
James F. Gorman Senior Vice President	2002	247,750	25,000	--	--	6,000	
	2001	240,500	--	--	--	6,000	
	2000	234,000	20,000	--	--	5,000	
Peter S. Grossman Senior Vice President	2002	254,500	25,000	--	--	6,000	
	2001	247,000	--	--	--	6,000	
	2000	242,000	20,000	--	--	5,000	
John F. Wittkowske Senior Vice President, Chief Financial Officer, and Secretary	2002	227,000	50,000	--	--	12,500	
	2001	220,000	--	--	--	12,500	
	2000	195,000	20,000	--	--	10,000	

NOTES:

(1) Other compensation to the named individuals did not exceed the lesser of \$50,000 or 10% of salary.

(2) Options to acquire shares of Common Stock.

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

(3) The Company has granted no stock appreciation rights.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

INDIVIDUAL GRANTS						POTENTIAL
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/ SARS GRANTED (#)	% OF TOTAL OPTIONS/ SARS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SH)	EXPIRATION DATE	5% (\$)	VALUE
						ANNUAL STOCK APPRECIATION OPTION
Thomas W. Florsheim, Jr.	2,517	3	39.72	7/22/07	16,024	
	9,983	10	36.11	7/22/12	226,708	
John W. Florsheim	2,517	3	39.72	7/22/07	16,024	
	9,983	10	36.11	7/22/12	226,708	
James F. Gorman	6,000	6	36.11	7/22/12	136,256	
Peter S. Grossman	6,000	6	36.11	7/22/12	136,256	
John F. Wittkowske	12,500	13	36.11	7/22/12	283,867	

6

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

The following table provides information related to options exercised by the named executive officers during 2002 and the number and value of options held at December 31, 2002. The Company has not granted any stock appreciation rights.

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$ (1))	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SAR'S AT FY-END (#)		VALUE OF
			EXERCISABLE	UNEXERCISABLE	IN-THE- OPTIO AT FY-E
Thomas W. Florsheim, Jr.	4,132	51,030	63,368	12,500	800,124
John W. Florsheim	4,132	51,030	63,368	12,500	800,124
James F. Gorman	--	--	26,000	6,000	284,385
Peter S. Grossman	--	--	32,000	6,000	409,945
John F. Wittkowske	--	--	60,000	12,500	731,225

NOTES:

- (1) Value is calculated based on the difference between the option exercise price and the closing market price of the Common Stock on the date of exercise multiplied by the number of shares to which the exercise relates.
- (2) The fair market value of the Company's Common Stock at December 31, 2002 was \$34.51 (average of high (\$35.04) and low (\$33.98) trade). Value was

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

calculated on the basis of the difference between the option exercise price and \$34.51 multiplied by the number of shares of Common Stock underlying the option.

7

EQUITY COMPENSATION PLAN INFORMATION

PLAN CATEGORY	(A) NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS WARRANTS AND RIGHTS	(B) WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	(C) NUMBER OF SECURITIES REMAINING AVAILABLE FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A))
Equity compensation plans approved by security holders	481,654	\$25.14	133,100
Equity compensation plans not approved by security holders	--	N/A	--
Total	481,654	\$25.14	133,100

PENSION PLANS

The Company maintains a defined benefit pension plan for various employees of the Company, including salaried employees. The Company also maintains an unfunded excess benefits plan so that participants in the defined benefit pension plan may receive pension benefits which they would otherwise be prevented from receiving as a result of certain limitations of the Internal Revenue Code.

The following table shows estimated annual benefits payable at normal retirement under the general plan formula to persons whose normal retirement age is 65 in specified earnings and years-of-service classifications. Amounts in excess of \$118,800 or based on income in excess of \$200,000 are payable pursuant to the excess benefits plan.

HIGHEST FIVE YEAR AVERAGE EARNINGS	YEARS OF SERVICE			
	10	15	20	25
\$100,000	\$14,000	\$ 22,000	\$ 29,000	\$ 36,000
150,000	22,000	34,000	45,000	56,000
200,000	30,000	46,000	61,000	76,000
250,000	38,000	58,000	77,000	96,000
300,000	46,000	70,000	93,000	116,000
350,000	54,000	82,000	109,000	136,000
400,000	62,000	94,000	125,000	156,000
450,000	70,000	100,000	141,000	176,000
500,000	78,000	118,000	157,000	196,000

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

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 as a straight life annuity 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 or other offsets. 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". Years of credited service under the plans for the individuals described in the above Summary Compensation Table are as follows: James Gorman -- 25; Peter Grossman -- 25; Thomas Florsheim, Jr. -- 21; John W. Florsheim -- 9; John Wittkowske -- 9.

The foregoing describes the general formula under the defined benefit plan and related excess benefits plan as revised in 1991. Those salaried employees who were covered in the plans on January 1, 1989 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. Minimum benefit amounts are not subject to any deduction for Social Security benefits. Earnings covered by this formula are the same as those shown in the above Summary Compensation Table as "Salary."

8

The following table shows estimated annual benefits payable under the prior formula upon normal retirement to persons in specified earnings and years-of-service classifications. Amounts in excess of \$118,800 or based on income in excess of \$200,000 are payable pursuant to the excess benefits plan and the deferred compensation plan.

HIGHEST FIVE YEAR AVERAGE EARNINGS	YEARS OF SERVICE			
	10	15	20	25
\$100,000	\$16,000	\$ 23,000	\$ 31,000	\$ 39,000
150,000	24,000	35,000	47,000	59,000
200,000	32,000	48,000	63,000	79,000
250,000	40,000	59,000	79,000	99,000
300,000	48,000	71,000	95,000	119,000
350,000	56,000	84,000	111,000	139,000
400,000	64,000	95,000	127,000	159,000
450,000	72,000	107,000	143,000	179,000
500,000	80,000	120,000	159,000	199,000

COMPENSATION OF DIRECTORS

Directors of the Company who are not also employees of the Company or subsidiaries receive a quarterly retainer of \$1,250. In addition, they receive \$1,000 for each Board or Committee meeting attended, except that for each additional meeting attended on the same day the compensation is \$500. These

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

Directors may defer payment of all or part of their fees under the Deferred Compensation Plan for Directors until they cease to be Directors.

On December 28, 2000, Chairman of the Board, Thomas W. Florsheim, entered into a consulting agreement with the Company under which he would act as advisor to the Company in connection with the Company's acquisition and sales of products and materials. In accordance with this agreement, Thomas W. Florsheim was paid \$14,400 in 2002.

EMPLOYMENT AND DEFERRED COMPENSATION AGREEMENTS AND RELATED PARTY TRANSACTIONS

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, 2003, 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 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 \$225,000 per annum for Thomas W. Florsheim, Jr. and \$161,250 per annum for John Florsheim will be paid until December 31, 2003. 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 January 1, 2003, Thomas W. Florsheim's, Jr. annual salary is \$437,000 and John W. Florsheim's annual salary is \$345,000.

The Company entered into deferred compensation agreements with both Thomas W. Florsheim and Robert Feitler under which each of them, or their designated beneficiaries in the event of their death, would be entitled to a deferred compensation benefit of \$180,000 per year for twenty years upon reaching age 65 while employed by the Company, payable commencing upon retirement from employment by the Company or at death.

On December 1, 1995, the Board of Directors, with Mr. Florsheim and Mr. Feitler abstaining, approved the amendment of the deferred compensation agreements between the Company and Mr. Florsheim and Mr. Feitler. The amended agreements accelerate the payments which would have been made under the previous agreements, under certain circumstances.

On December 5, 2001, the Company made a loan in the amount of \$250,000 to John F. Wittkowske, an officer of the Company. The entire amount of the loan was paid off in 2002.

The Company has entered into change of control agreements with four executives, John Wittkowske, Peter Grossman, James Gorman, and David Couper. These contracts provide that a lump sum equal to slightly less than three times his base amount of compensation (as defined in Section 280G of the Internal Revenue Code), calculated with respect to the 3 taxable year period ending before the date the change of control occurs, will be paid as severance pay in the event of a change

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

of control. The change of control agreements define a change of control as an event in which:

- (1) more than 25% 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) the Company consolidates or merges with another corporation or entity which is not a wholly owned subsidiary of the Company unless such consolidation or merger is approved by the Board of Directors when the majority of the Directors are persons who have been nominated by the Board of Directors or the Florsheims;
- (3) all or substantially all of the operating assets of the Company have been sold;
- (4) the majority of the existing members of the Board of Directors have been replaced by persons not nominated by the Board of Directors or the Florsheims; or
- (5) Section 2 of Article III of the Company's Bylaws is amended to enlarge the number of directors of the Company if the change was not supported by the existing Board of Directors or the Florsheims.

As of January 1, 2003, Mr. Wittkowske's annual salary is \$252,000, Mr. Grossman's annual salary is \$264,500, Mr. Gorman's annual salary is \$255,750 and Mr. Couper's annual salary is \$129,500.

REPORT OF THE CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Corporate Governance and Compensation Committee is composed of four non-employee directors who are responsible for establishing the total compensation of the CEO and other executive officers of the Company.

Salaries of the CEO and other executive officers are reviewed annually and adjusted according to individual performance and ability to fulfill the position's assigned duties and responsibilities, its accountability and its impact on the operations and profitability of the Company.

On December 6, 2002, the Governance and Compensation Committee ("the Committee") met to establish executive officers' salaries for 2003 (effective January 1, 2003). The CEO's salary was set at \$437,000 and the COO's salary was set at \$345,000. They both also received stock options granted in 2002, as the committee recognizes stock ownership provides performance incentives that encourage long-term growth in value for public shareholders.

Stock options were also granted in 2002 to all other executive officers of the Company to link total executive compensation to stock price performance.

This report is submitted by the members of the Governance and Compensation Committee.

Robert Feitler, Chairman
Virgis W. Colbert
Leonard J. Goldstein
Frederick P. Stratton, Jr.

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN FOR THE YEAR ENDED: DECEMBER 31, 2002

[PERFORMANCE GRAPH]

	1998	1999	2000	2001
Weyco Group, Inc. Company	114	117	114	120
NASDAQ Non-Financial Index Stock Index	147	288	168	128
Russell 3000 - Shoes Peer Group Index	82	82	112	104

STOCK PERFORMANCE

The following line graph compares the cumulative total shareholder return on the Company's common stock during the five years ended December 31, 2002 with the cumulative return on the NASDAQ Non-Financial Stock Index and the Russell 3000-Shoes Index. The comparison assumes \$100 was invested on December 31, 1997 in the Company's common stock and in each of the foregoing indices and assumes reinvestment of dividends.

INDEPENDENT AUDITORS

On June 14, 2002, Arthur Andersen LLP was dismissed by the Board of Directors as the Company's independent auditors, and Deloitte & Touche LLP was appointed as the Company's independent auditors. During the year ended December 31, 2001 and the subsequent interim period, there were no disagreements with Arthur Andersen LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures.

It is expected that Deloitte & Touche LLP, the Company's independent auditors for 2002, will be selected for 2003 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 entire 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 interviews; 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.

11

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

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

authority with respect to any other matters that properly may be presented to the meeting.

INCORPORATION BY REFERENCE

The Company's financial statements and the related management's discussion and analysis of financial condition and results of operation are incorporated by reference from the Company's Annual Report to Shareholders.

SHAREHOLDER PROPOSALS

Shareholder proposals must be received by the Company no later than November 23, 2003, 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 8, 2004.

[WEYCO GROUP, INC. LOGO]

March 24, 2003

JOHN F. WITTKOWSKE

Milwaukee, Wisconsin

Secretary

12

ANNUAL MEETING OF SHAREHOLDERS OF

WEYCO GROUP, INC.
CLASS B COMMON STOCK
APRIL 22, 2003

Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.

Please detach and mail in the envelope provided.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.
PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE |X|

1. Election of Directors for their respective terms.

THE SHARES REPRESENTED BY THIS
PROPOSAL 1 IF NO INSTRUCTION TO
IF NO DIRECTION IS GIVEN.

- | | | |
|--|-----------------------|----------------------------|
| | NOMINEES: | |
| FOR ALL NOMINEES | <input type="radio"/> | Virgis W. Colbert |
| | <input type="radio"/> | John W. Florsheim |
| WITHHOLD AUTHORITY
FOR ALL NOMINEES | <input type="radio"/> | Frederick P. Stratton, Jr. |
| | | |
| FOR ALL EXCEPT
(See instructions below) | | |

PLEASE MARK, SIGN, DATE AND RET
ENCLOSED ENVELOPE.

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here: 0

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. | |

Signature of Shareholder _____ Date: _____ Signature of Shareholder _____

NOTE: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, both parties must sign. When signing as executor, administrator, attorney, trustee or guardian, please give full name of the signer. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving title. If signer is a partnership, please sign in partnership name by authorized person.

CLASS B COMMON STOCK
WEYCO GROUP, INC.
PROXY THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Thomas W. Florsheim, Jr. and John W. Florsheim or either of them, proxies with full power of substitution, to vote at the Annual Meeting of Shareholders of Weyco Group, Inc. (the "Company") to be held on April 22, 2003 at 10:00 A.M., local time and at any adjournment thereof, hereby revoking any proxies heretofore given, to vote all shares of Class B Common Stock of the Company held or owned by the undersigned as directed on the reverse, and in their discretion upon such other matters as may come before the meeting.

(TO BE SIGNED ON REVERSE SIDE.)

SEE REVERSE
SIDE

ANNUAL MEETING OF SHAREHOLDERS OF
WEYCO GROUP, INC.
COMMON STOCK
APRIL 22, 2003

Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.

Please detach and mail in the envelope provided.

SEE REVERSE
SIDE