

WEYCO GROUP INC
Form 10-K
March 12, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

(Mark One)

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for fiscal year ended December 31, 2008, or

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For transition period from _____ to _____

Commission file number 0-9068

Weyco Group, Inc.

(Exact name of registrant as specified in its charter)

Wisconsin
(State or other jurisdiction of incorporation or organization)

39-0702200
(I.R.S. Employer Identification No.)

333 W. Estabrook Boulevard, P. O. Box 1188, Milwaukee, WI 53201

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, include area code (414) 908-1600

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

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock - \$1.00 par value per share | The NASDAQ Stock Market LLC |

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

None

(Title of Class)

(Title of Class)

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

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

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

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

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of the close of business on June 30, 2008 was \$191,406,000. This was based on the closing price of \$26.53 per share as reported by NASDAQ on June 30, 2008, the last business day of the registrant's most recently completed second fiscal quarter.

As of March 2, 2009, there were outstanding 11,338,310 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Corporation's Annual Report to Shareholders for the year ended December 31, 2008, are incorporated by reference in Part II and Part IV of this report.

Portions of the Corporation's Proxy Statement for its Annual Meeting of Shareholders scheduled for May 5, 2009, are incorporated by reference in Part III of this report.

PART I

Item 1. Business

The Company is a Wisconsin corporation incorporated in the year 1906 as Weyenberg Shoe Manufacturing Company. Effective April 25, 1990, the name of the corporation was changed to Weyco Group, Inc.

The Company and its subsidiaries engage in one line of business, the distribution of men's footwear.

The principal brands of shoes sold by the Company are "Florsheim," "Nunn Bush," and "Stacy Adams." The Company also has other brands, including "Brass Boot" and "Nunn Bush NXXT," which are included within Nunn Bush sales figures, and "SAO by Stacy Adams," which is included within Stacy Adams sales. Trademarks maintained by the Company on these names are important to the business. The Company's products consist of both mid-priced quality leather dress shoes which would be worn as a part of more formal and traditional attire and quality casual footwear of man-made materials or leather which would be appropriate for leisure or less formal occasions. The Company's footwear, and that of the industry in general, is available in a broad range of sizes and widths, primarily purchased to meet the needs and desires of the American male population.

The Company purchases finished shoes from outside suppliers, primarily located in China and India. Almost all of these foreign-sourced purchases are denominated in U.S. dollars. Historically, there have been few inflationary pressures in the shoe industry and leather and other component prices have been stable. However, since the latter part of 2006, there have been upward cost pressures from the Company's suppliers. These cost increases were caused by a variety of factors, including higher labor, materials and freight costs and changes in the strength of the U.S. dollar. In certain circumstances, the Company is able to increase prices to offset the effect of these increases in costs.

The Company's business is separated into two segments - wholesale distribution and retail sales of men's footwear. Wholesale distribution sales, which include both wholesale sales and licensing revenues, constituted approximately 87% of total sales in 2008, 2007 and 2006. At wholesale, shoes are marketed nationwide through more than 10,000 shoe, clothing and department stores. Sales are to unaffiliated customers, primarily in North America, with some distribution in Europe. In 2008, 2007 and 2006, sales to the Company's largest customer, JCPenney, were 14%, 12% and 10%, respectively, of total sales. Net sales to foreign customers were \$17.5 million, \$18.1 million, and \$12.8 million in 2008, 2007 and 2006, respectively. The Company employs traveling salespeople who sell the Company's products to retail outlets. Shoes are shipped to these retailers primarily from the Company's distribution center in Glendale, Wisconsin. Although there is no clearly identifiable seasonality in the men's footwear business, new styles are historically developed and shown twice each year, in spring and fall. In accordance with industry practices, the Company is required to carry significant amounts of inventory to meet customer delivery requirements and periodically provides extended payment terms to customers. The Company has licensing agreements with third parties who sell its branded shoes outside of the United States and Canada, as well as licensing agreements with apparel and accessory manufacturers in the United States. Licensing revenues were approximately 2% of total net sales in 2008, 2007 and 2006.

Retail sales constituted approximately 13% of total sales in 2008, 2007 and 2006. The retail division consists of 36 company-operated stores in the United States, two retail stores in major cities in Europe and an Internet business. Sales in retail stores are made directly to the consumer by Company employees. In addition to the sale of the Company's brands of footwear in these retail stores, other branded footwear and accessories are also sold in order to provide the consumer with as complete a selection as practically possible.

As of December 31, 2008, the Company had a backlog of \$22 million of confirmed orders compared with \$30 million as of December 31, 2007. This does not include unconfirmed blanket orders from customers, which accounts for the majority of the Company's orders, particularly from its larger accounts. All orders are expected to be filled within one year.

As of December 31, 2008, the Company employed 418 persons, of which 14 were members of collective bargaining units. Future wage and benefit increases under the collective bargaining contracts are not expected to have a significant impact on the future operations or financial position of the Company.

Price, quality, service and brand recognition are all important competitive factors in the shoe industry and the Company has been recognized as a leader in all of them. The Company does not engage in any specific research and development activities. However, the Company does have a design department that is continually reviewing and updating product designs. Compliance with environmental regulations historically has not had, and is not expected to have, a material adverse effect on the Company's results of operations or cash flows.

The Company makes available, free of charge, copies of its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports upon written or telephone request. Investors can also access these reports through the Company's website, www.weycogroup.com, as soon as reasonably practical after we file or furnish those reports to the SEC. The information on the Company's website is not a part of this filing. Also available on the Company's website are various documents relating to the corporate governance of the Company, including its Code of Ethics.

Item 1A. Risk Factors

There are many factors that affect the Company's business, many of which are beyond the Company's control. The following is a description of some of the significant factors that might materially and adversely affect the Company's business, results of operations and financial condition.

Changes in the U.S. economy may adversely affect the Company.

Spending patterns in the footwear market, particularly those in the moderate- priced market in which a good portion of the Company's products compete, have historically been impacted by consumers' disposable income. As a result, the success of the Company is impacted by changes in the general economic conditions, especially in the United States. Factors affecting discretionary income for the moderate consumer include, among others, general business conditions, gas and energy costs, employment, consumer confidence, interest rates and taxation. Additionally, the economy and consumer behavior can impact the financial strength and buying patterns of retailers, which can also affect the Company's results. In the second half of 2008, as a result of the worldwide recession, the weakness of some companies in the retail industry affected their level of purchases from us and the collectability of amounts owed to us, and in some cases caused us to reduce or cease shipments to certain retailers who no longer met our credit requirements. The continued economic slowdown, or a worsening of economic conditions, could adversely affect the Company's sales volume and overall performance.

The Company is subject to risks related to the retail environment that could adversely impact the Company's business. The Company is subject to risks associated with doing business in the retail environment, primarily in the United States. Recently, the U.S. retail industry has experienced a growing trend toward consolidation of large retailers. The merger of major retailers could result in the Company losing sales volume or increasing its concentration of business with a few large accounts, resulting in reduced bargaining power on the part of the Company, which could increase pricing pressures and lower the Company's margins.

Changes in consumer preferences could negatively impact the Company.

The Company's success is dependent upon its ability to accurately anticipate and respond to rapidly changing fashion trends and consumer preferences. Failure to predict or respond to current trends or preferences could have an adverse impact on the Company's sales volume and overall performance.

The Company relies on independent foreign sources of production and the availability of leather and other raw materials which could have unfavorable effects on the Company's business.

The Company purchases its products entirely from independent foreign manufacturers, primarily in China and India. Although the Company has good working relationships with its manufacturers, the Company does not have long-term contracts with them. Thus, the Company could experience increases in manufacturing costs, disruptions in the timely supply of products or unanticipated reductions in manufacturing capacity, any of which could negatively impact the Company's business, results of operations and financial condition. The Company has the ability to move product to different suppliers; however, the transition may not occur smoothly and/or quickly and the Company could miss customer delivery date requirements and, consequently, could lose orders. Additional risks associated with foreign sourcing that could negatively impact the Company's business include adverse changes in foreign economic conditions, import regulations, restrictions on the transfer of funds, duties, tariffs, quotas and political or labor interruptions, disruptions at U.S. or foreign ports or other transportation facilities, foreign currency fluctuations, expropriation and nationalization.

The Company's use of foreign sources of production results in long production and delivery lead times. Therefore, the Company needs to forecast demand at least five months in advance. If the Company's forecasts are wrong, it could result in the loss of sales if there is not enough product, or in reduced margins if there is excess inventory that needs to be sold at discounted prices.

Additionally, the Company's products depend on the availability of raw materials, especially leather. Any significant shortages of quantities or increases in the cost of leather could have a material adverse effect on the Company's business and results of operations.

The Company operates in a highly competitive environment, which may result in lower prices and reduce its profits. The men's footwear market is extremely competitive. The Company competes with manufacturers, distributors and retailers of men's shoes, certain of which are larger and have substantially greater resources than the Company has. The Company competes with these companies primarily on the basis of price, quality, service and brand recognition, all of which are important competitive factors in the shoe industry. The Company's ability to maintain its competitive edge depends upon these factors, as well as its ability to deliver new products at the best value for the consumer, maintain positive brand recognition, and obtain sufficient retail floor space and effective product presentation at retail. If the Company does not remain competitive, the Company's future results of operations and financial condition could decline.

The Company's business is dependent on information and communication systems, and significant interruptions could disrupt its business.

The Company accepts and fills the majority of its larger customers' orders through the use of Electronic Data Interchange (EDI). It relies on its warehouse management system to efficiently process orders. The corporate office relies on computer systems to efficiently process and record transactions. Significant interruptions in its information and communication systems from power loss, telecommunications failure or computer system failure could significantly disrupt the Company's business and operations.

The Company may not be able to successfully integrate new brands and businesses.

The Company intends to continue to look for new acquisition opportunities. That search could be unsuccessful and costs could be incurred in failed search efforts. If an acquisition does occur, the Company cannot guarantee that it would be able to successfully integrate the brand into its current operations, or that any acquired brand would achieve results in line with the Company's historical performance or its specific expectations for the brand.

Loss of the services of the Company's top executives could adversely affect the business.

Thomas W. Florsheim, Jr., the Company's Chairman and Chief Executive Officer, and John W. Florsheim, the Company's President and Chief Operating Officer, have a strong heritage within the Company and the footwear industry. They possess knowledge, relationships and reputations based on their lifetime exposure to and experience in the Company and the industry. The loss of either one or both of the Company's top executives could have an adverse impact on the Company's performance.

The limited public float and trading volume for the Company's stock may have an adverse impact on the stock price or make it difficult to liquidate.

The Company's common stock is held by a relatively small number of shareholders. The Florsheim family owns over 30% of the stock and one other institutional shareholder holds a significant block. Other officers, directors, and members of management own stock or have the potential to own stock through previously granted stock options. Consequently, the Company has a small float and low average daily trading volume. Future sales of substantial amounts of the Company's common stock in the public market, or the perception that these sales could occur, may adversely impact the market price of the stock and the stock could be difficult to liquidate.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

The following facilities were operated by the Company and its subsidiaries as of December 31, 2008:

| Location | Character | Owned/Leased | Square Footage | % Utilized |
|---------------------|---|--------------|----------------|------------|
| Glendale, Wisconsin | One story office and distribution center | Owned | 780,000 | 90% |
| Montreal, Canada | Multistory office and distribution center | Leased (1) | 42,400 | 100% |
| Florence, Italy | One story office, warehouse and distribution facility | Leased (1) | 15,000 | 100% |

(1) Not material leases.

In addition to the above-described office, distribution and warehouse facilities, the Company operates 36 retail stores throughout the United States and two in Europe under various rental agreements. All of these facilities are suitable and adequate for the Company's current operations. See Note 11 to Consolidated Financial Statements and Item 1. Business, above.

Item 3. Legal Proceedings

Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Executive Officers of the Registrant

| Officer | Age | Office(s) | Served Since | Business Experience |
|--------------------------|-----|--|--------------|--|
| Thomas W. Florsheim, Jr. | 50 | Chairman and Chief Executive Officer | 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; Vice President of the Company — 1988 to 1996 |
| John W. Florsheim | 45 | President, Chief Operating Officer and Assistant Secretary | 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 Vice President of the Company — 1996 to 1999; Vice President of the Company — 1994 to 1996 |
| Peter S. Grossman | 65 | Senior Vice President, Nunn Bush Brand and Retail Division | 1971 | Senior Vice President of the Company — 2002 to present; Vice President of the Company — 1971 to 2002 |
| John F. Wittkowske | 49 | Senior Vice President, Chief Financial Officer and Secretary | 1993 | Senior Vice President, Chief Financial Officer and Secretary of the Company — 2002 to present; Vice President, Chief Financial Officer and Secretary of the Company — 1995 to 2002; Secretary/Treasurer of the Company — 1993 to 1995 |

Thomas W. Florsheim, Jr. and John W. Florsheim are brothers, and Chairman Emeritus Thomas W. Florsheim is their father.

PART II

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

Certain information required by this Item is set forth on pages 1, 31 and 41 of the 2008 Annual Report to Shareholders, and is incorporated herein by reference.

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, 2008 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, 2003 in the Company's common stock and in each of the foregoing indices and assumes reinvestment of dividends.

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|------|------|------|------|------|------|
| Weyco Group, Inc. | 100 | 131 | 116 | 152 | 170 | 208 |
| NASDAQ Non-Financial Stock Index | 100 | 108 | 110 | 121 | 137 | 63 |
| Russell 3000 – Shoes Index | 100 | 131 | 134 | 158 | 179 | 127 |

In April 1998, the Company first authorized a stock repurchase program to purchase 1,500,000 shares of its common stock in open market transactions at prevailing prices. In April 2000 and again in May 2001, the Company's Board of Directors extended the stock repurchase program to cover the repurchase of 1,500,000 additional shares. Therefore, 4,500,000 shares have been authorized for repurchase through December 31, 2008. The table below presents information pursuant to Item 703 of Regulation S-K regarding the repurchase of the Company's Common Stock by the Company in the three-month period ended December 31, 2008.

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of the Publicly Announced Program | Maximum Number of Shares that May Yet Be Purchased Under the Program |
|---------------------|----------------------------------|------------------------------|--|--|
| 10/01/08 - 10/31/08 | 50,079 | \$ 26.72 | 50,079 | 570,646 |
| 11/01/08 - 11/30/08 | 67,064 | \$ 26.59 | 67,064 | 503,582 |
| 12/01/08 - 12/31/08 | - | - | - | 503,582 |
| Total | 117,143 | \$ 26.65 | 117,143 | |

In February 2009, the Company's Board of Directors extended the stock repurchase plan to cover the repurchase of an additional 1,000,000 shares, bringing the total authorized since the inception of the plan to 5,500,000, and the total remaining available for purchase to approximately 1,500,000.

Item 6. Selected Financial Data

Information required by this Item is set forth on page 1 of the 2008 Annual Report to Shareholders, and is incorporated herein by reference.

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

Information required by this Item is set forth on pages 13 through 18 of the 2008 Annual Report to Shareholders, and is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Information required by this Item is set forth on page 18 of the 2008 Annual Report to Shareholders and is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

Information required by this Item is set forth on pages 19 through 37 of the 2008 Annual Report to Shareholders, and is incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures - The Company maintains disclosure controls and procedures designed to ensure that the information the Company must disclose in its filings with the Securities and Exchange Commission is recorded, processed, summarized and reported on a timely basis. The Company's principal executive officer and principal financial officer have reviewed and evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in bringing to their attention on a timely basis information relating to the Company required to be included in the Company's periodic filings under the Exchange Act.

Management's Report on Internal Control Over Financial Reporting – The Company's Management Report on Internal Control Over Financial Reporting is set forth on page 40 of the 2008 Annual Report to Shareholders and is incorporated herein by reference.

Report of Independent Registered Public Accounting Firm - Deloitte and Touche LLP, the Company's independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of its audit, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting. That attestation report is set forth on page 39 of the 2008 Annual Report to Shareholders, and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting – There have not been any changes in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this Item is set forth on page 7 of this Form 10-K and within the Company's proxy statement for the Annual Meeting of Shareholders to be held on May 5, 2009 (the "2009 Proxy Statement"), and is incorporated herein by reference.

Item 11. Executive Compensation

Information required by this Item is set forth in the Company's 2009 Proxy Statement, and is incorporated herein by reference.

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

Information required by this Item is set forth in the Company's 2009 Proxy Statement, and is incorporated herein by reference.

The following table provides information about the Company's equity compensation plans as of December 31, 2008:

| | (a) | (b) | (c) |
|--|---|---|---|
| Plan Category | Number of Securities to be Issued upon Exercise Of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
| Equity compensation plans approved by shareholders | 1,100,012 | \$ 17.14 | 430,360 |
| Equity compensation plans not approved by shareholders | - | - | - |
| Total | 1,100,012 | \$ 17.14 | 430,360 |

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

Information required by this Item is set forth in the Company's 2009 Proxy Statement, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information required by this Item is set forth in the Company's 2009 Proxy Statement, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report:

1. Financial Statements -

Consolidated Statements of Earnings for the years ended
December 31, 2008, 2007 and 2006

Consolidated Balance Sheets -
December 31, 2008 and 2007

Consolidated Statements of Shareholders' Investment
for the years ended December 31, 2008, 2007 and 2006

Consolidated Statements of Cash Flows for the years ended
December 31, 2008, 2007 and 2006

Notes to Consolidated Financial Statements for the years ended
December 31, 2008, 2007 and 2006

Reports of Independent Registered Public Accounting Firm

2. Financial Statement Schedules for the years ended
December 31, 2008, 2007 and 2006 -

Schedule II - Valuation and Qualifying Accounts

Report of Independent Registered Public Accounting Firm

All other schedules have been omitted because of the absence of the conditions under which they are required.

(b) Exhibits and Exhibit Index. See the Exhibit Index included as the last part of this report, which is incorporated herein by reference. Each management contract and compensatory plan or arrangement required to be filed as an exhibit to this report is identified in the Exhibit Index by an asterisk following its exhibit number.

SCHEDULE II

WEYCO GROUP, INC.

VALUATION AND QUALIFYING ACCOUNTS

| | Deducted from Assets | | |
|---|----------------------|---------------------------|--------------|
| | Doubtful Accounts | Returns and Allowances | Total |
| BALANCE, DECEMBER 31, 2005 | \$ 1,472,000 | \$ 2,351,000 | \$ 3,823,000 |
| Add – Additions charged to earnings | 6,692 | 4,209,010 | 4,215,702 |
| Deduct - Charges for purposes for which reserves were established | (85,692) | (4,239,010) | (4,324,702) |
| BALANCE, DECEMBER 31, 2006 | \$ 1,393,000 | \$ 2,321,000 | \$ 3,714,000 |
| Add – (Reductions)/Additions charged to earnings | (16,260) | 3,794,390 | 3,778,130 |
| Deduct - Charges for purposes for which reserves were established | (194,740) | (4,121,390) | (4,316,130) |
| BALANCE, DECEMBER 31, 2007 | \$ 1,182,000 | \$ 1,994,000 | \$ 3,176,000 |
| Add – Additions charged to earnings | 663,016 | 3,648,835 | 4,311,851 |
| Deduct - Charges for purposes for which reserves were established | (545,016) | (3,764,835) | (4,309,851) |
| BALANCE, DECEMBER 31, 2008 | \$ 1,300,000 | \$ 1,878,000 | \$ 3,178,000 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Weyco Group, Inc.:

We have audited the consolidated financial statements of Weyco Group, Inc. and subsidiaries (the "Company") as of December 31, 2008 and 2007, and for each of the three years in the period ended December 31, 2008, and the Company's internal control over financial reporting as of December 31, 2008, and have issued our reports thereon dated March 9, 2009 (which report on the Company's consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph concerning the adoption of Statement of Financial Accounting Standards No. 158, "Employers Accounting for Defined Benefit Pension and Other Postretirement Plans" on December 31, 2006); such reports are incorporated by reference elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. The consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, this consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte and Touche, LLP

Milwaukee, Wisconsin
March 9, 2009

EXHIBIT INDEX

| Exhibit | Description | Incorporated Herein By Reference To | Filed Herewith |
|---------|---|--|-------------------|
| 3.1 | Articles of Incorporation as Restated August 29, 1961, and Last Amended February 16, 2005 | Exhibit 3.1 to Form 10-K for Year Ended December 31, 2004 | |
| 3.2 | Bylaws as Revised January 21, 1991 and Last Amended July 26, 2007 | Exhibit 3 to Form 8-K Dated July 26, 2007 | |
| 10.1 | Subscription Agreement relating to Florsheim Australia Pty Ltd, dated January 23, 2009 by and among Florsheim Australia Pty Ltd, Seraneuse Pty Ltd as trustee for the Byblose Trust, Weyco Group, Inc. and David Mayne Venner | | X |
| 10.2 | Shareholders Agreement relating to Florsheim Australia Pty Ltd, dated January 23, 2009 by and among Florsheim Australia Pty Ltd, Seraneuse Pty Ltd as trustee for the Byblose Trust, Weyco Group, Inc, and David Mayne Venner | | X |
| 10.3 | Loan Agreement dated January 23, 2009 between Weyco Investments, Inc. and Florsheim Australia Pty Ltd. | | X |
| 10.4 | Fixed and Floating Charge Agreement Between Weyco Investments, Inc. and Florsheim Australia Pty Ltd. | | X |
| 10.5* | Consulting Agreement - Thomas W. Florsheim, dated December 28, 2000 | Exhibit 10.1 to Form 10-K for Year Ended December 31, 2001 | |
| 10.6* | Employment Agreement - Thomas W. Florsheim, Jr., dated January 1, 2008 | Exhibit 10.2 to Form 10-K for Year Ended December 31, 2007 | |
| 10.7* | Employment Agreement - John W. Florsheim, dated January 1, 2008 | Exhibit 10.3 to Form 10-K for Year Ended December 31, 2007 | |

EXHIBIT INDEX (cont.)

| Exhibit | Description | Incorporated Herein By Reference To | Filed Herewith |
|---------|--|--|-------------------|
| 10.8* | Excess Benefits Plan - Amended Effective as of July 1, 2004 | Exhibit 10.6 to Form 10-K for Year Ended December 31, 2005 | |
| 10.9* | Pension Plan - Amended and Restated Effective January 1, 2006 | Exhibit 10.7 to Form 10-K for Year Ended December 31, 2006 | |
| 10.10* | Deferred Compensation Plan – Amended Effective as of July 1, 2004 | Exhibit 10.8 to Form 10-K for Year Ended December 31, 2005 | |
| 10.11 | Loan agreement between Weyco Group, Inc. and M&I Marshall & Ilsley Bank dated April 28, 2006 | Exhibit 10.9 to Form 10-Q for the Quarter Ended June 30, 2008 | |
| 10.12 | Amendment to loan agreement dated April 26, 2006 which extends the revolving loan maturity date to April 30, 2009 | Exhibit 10.9a to Form 10-Q for the Quarter Ended June 30, 2008 | |
| 10.13* | 1997 Stock Option Plan | Exhibit 10.13 to Form 10-K for Year Ended December 31, 1997 | |
| 10.14* | Change of Control Agreement John Wittkowske, dated January 26, 1998 and restated December 22, 2008 | | X |
| 10.15* | Change of Control Agreement Peter S. Grossman, dated January 26, 1998 and restated December 22, 2008 | | X |
| 10.16* | Weyco Group, Inc. Director Nonqualified Stock Option Agreement Robert Feitler, dated May 19, 2003 | Exhibit 10.19 to Form 10-K for Year Ended December 31, 2004 | |
| 10.17* | Weyco Group, Inc. Director Nonqualified Stock Option Agreement Thomas W. Florsheim, Sr., dated May 19, 2003 | Exhibit 10.20 to Form 10-K for Year Ended December 31, 2004 | |

EXHIBIT INDEX (cont.)

| Exhibit | Description | Incorporated Herein By Reference To | Filed Herewith |
|--|---|---|-------------------|
| 10.18* | Weyco Group, Inc. Director Nonqualified Stock Option Agreement Frederick P. Stratton, Jr., dated May 19, 2003 | Exhibit 10.22 to Form 10-K for Year Ended December 31, 2004 | |
| 10.19* | Weyco Group, Inc. 2005 Equity Incentive Plan | Appendix C to the Registrant's Proxy Statement Schedule 14A for the Annual Meeting of Shareholders held on April 26, 2005 | |
| 13 | Annual Report to Shareholders | | X |
| 21 | Subsidiaries of the Registrant | | X |
| 23.1 | Independent Registered Public Accounting Firm's Consent Dated March 9, 2009 | | X |
| 31.1 | Certification of Principal Executive Officer | | X |
| 31.2 | Certification of Principal Financial Officer | | X |
| 32.1 | Section 906 Certification of Chief Executive Officer | | X |
| 32.2 | Section 906 Certification of Chief Financial Officer | | X |
| *Management contract or compensatory plan or arrangement | | | |

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WEYCO GROUP, INC.
(Registrant)

By /s/ John F. Wittkowske
John F. Wittkowske, Senior Vice President, Chief Financial Officer and Secretary

March 12, 2009

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas W. Florsheim, Jr., John W. Florsheim, and John F. Wittkowske, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue thereof.

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

| Signatures and Titles | Date |
|---|----------------|
| <u>/s/ Thomas W. Florsheim</u> Thomas W. Florsheim, Chairman Emeritus | March 12, 2009 |
| <u>/s/ Thomas W. Florsheim, Jr.</u> Thomas W. Florsheim, Jr., Chairman of the Board and Chief Executive Officer (Principal Executive Officer) | March 12, 2009 |
| <u>/s/ John W. Florsheim</u> John W. Florsheim, President and Chief Operating Officer, Assistant Secretary and Director | March 12, 2009 |
| <u>/s/ John F. Wittkowske</u> John F. Wittkowske, Senior Vice President, Chief Financial Officer and Secretary (Principal Financial Officer) | March 12, 2009 |
| <u>/s/ Tina Chang</u> Tina Chang, Director | March 12, 2009 |
| <u>/s/ Robert Feitler</u> Robert Feitler, Director | March 12, 2009 |

/s/ Cory L. Nettles
Cory L. Nettles, Director

March 12, 2009

/s/ Frederick P. Stratton, Jr.
Frederick P. Stratton, Jr., Director

March 12, 2009

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