

WEYCO GROUP INC
Form DEF 14A
March 14, 2005

Table of Contents

OMB APPROVAL

OMB Number: 3235-0059
Expires: February 28, 2006
Estimated
average burden
hours per
response 12.75

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A INFORMATION

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 o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Weyco Group, Inc.

(Name of Registrant as Specified In Its Charter)

Filed by Registrant

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

Edgar Filing: WEYCO GROUP INC - Form DEF 14A

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:

5) Total fee paid:

o Fee paid previously with preliminary materials.

o 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:

SEC 1913 (02-02) **Persons who 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.**

Table of Contents

Glendale, Wisconsin
Notice of
ANNUAL MEETING OF SHAREHOLDERS

To be Held April 26, 2005

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 26, 2005 at 10:00 A. M. (Central Daylight Time), for the following purposes:

1. To elect two members to the Board of Directors;
2. To act on a proposal to approve the Weyco Group, Inc. 2005 Equity Incentive Plan; and
3. To consider and transact any other business that properly may come before the meeting or any adjournment thereof.

The Board of Directors has fixed February 16, 2005 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 revoked at any time prior to its exercise.

By order of the Board of Directors,

JOHN F. WITTKOWSKE

Secretary

March 11, 2005

TABLE OF CONTENTS

PROXY STATEMENT

Security Ownership of Management and Others

Election of Directors

EXECUTIVE COMMITTEE

CORPORATE GOVERNANCE

AUDIT COMMITTEE

PROPOSED 2005 EQUITY INCENTIVE PLAN

Independent Registered Public Accounting Firm

Method of Proxy Solicitation

Other Matters

Shareholder Proposals

Appendix A

WEYCO GROUP, INC. Corporate Governance and Compensation Committee Charter

Appendix B

WEYCO GROUP, INC. AUDIT COMMITTEE CHARTER

Appendix C

WEYCO GROUP, INC. 2005 EQUITY INCENTIVE PLAN

Table of Contents**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 26, 2005, or any adjournment thereof.

On January 31, 2005, the Company's Board of Directors approved a 2-for-1 split of the Company's Common Stock and Class B Common Stock, without a change in par value of either class. The stock split will be distributed April 1, 2005 to shareholders of record on February 16, 2005. All share and per share amounts in this Proxy Statement have been adjusted to reflect the 2-for-1 split.

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 25, 2005.

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 February 16, 2005, 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 8,911,930 shares of Common Stock and 2,600,620 shares of Class B Common Stock.

Security Ownership of Management and Others

The following table sets forth information, as of February 16, 2005, 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 Stock	
	No. of Shares and Nature of Beneficial Ownership (1)(2)	Percent of Class (3)	No. of Shares and Nature of Beneficial Ownership (2)	Percent of Class
Thomas W. Florsheim 333 W. Estabrook Blvd., Glendale, WI 53212	602,184	6.66%	1,819,260	69.95%
John W. Florsheim 333 W. Estabrook Blvd., Glendale, WI 53212	571,120	6.24%	30,798	1.18%
Thomas W. Florsheim, Jr. 333 W. Estabrook Blvd., Glendale, WI 53212	1,310,006(4)(5)	14.31%	31,626	1.22%
James F. Gorman	14,000	.16%		%
Peter S. Grossman	139,750	1.55%	16,850	.65%
John F. Wittkowske	273,000	2.98%		%
Robert Feitler	94,500	1.06%	135,000	5.19%
Leonard J. Goldstein	13,500	.15%		%
Frederick P. Stratton, Jr.	100,500	1.13%	54,000	2.08%
All Directors and Executive Officers as a Group (9 persons including the	3,118,560	31.41%	2,087,534	80.27%

above-named)

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 133,712; John W.

1

Table of Contents

Florsheim 241,712; Thomas W. Florsheim, Jr. 241,712; Peter S. Grossman 132,000; John F. Wittkowske 255,000; All Directors and Executive Officers as a Group 1,017,636.

- (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	468,472	1,819,260
John W. Florsheim	96,440	
Thomas W. Florsheim, Jr.	158,902	
Peter S. Grossman	7,750	16,850
All Directors and Executive Officers as a Group	731,564	1,836,110

- (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.

- (4) These shares include 310,000 shares which he owns as sole trustee of a trust created for Thomas W. Florsheim (his father).

- (5) These shares include 310,000 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, 2004, 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	1,203,492	13.58%

Note:

According to the Schedule 13G statement filed as a group by Royce & Associates, LLC in February 2005, Royce & Associates, LLC has sole voting and dispositive power with respect to 1,203,492 shares of Common Stock of the Company.

Table of Contents**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 2008	Age	Served as Director Since	Principal Occupation and Business Experience
Thomas W. Florsheim, Jr.	46	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.
Robert Feitler (1)(2)(3)	74	1964	Chairman, Executive Committee of the Company, 1996 to present; Chairman, Corporate Governance & Compensation Committee of the Company, 2002 to present; President and Chief Operating Officer of the Company, 1968 to 1996; also a Director of Strattec Security Corp. and TC Manufacturing Co.

**Continuing Directors
Term Expires 2007**

Thomas W. Florsheim (1)	74	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)	78	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.

**Continuing Directors
Term Expires 2006**

John W. Florsheim	41	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
-------------------	----	------	---

Frederick P. Stratton, Jr. (1)(2)(3)	65	1976	the Company, 1996 to 1999; Vice President of the Company, 1994 to 1996. 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 Baird Funds, Inc., Midwest Air Group, Inc., and Wisconsin Energy Corporation and its subsidiaries Wisconsin Electric Power Company and Wisconsin Gas Company.
---	----	------	---

Table of Contents

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 six members. The Articles of Incorporation and Bylaws of the Company provide that there shall be seven directors. On January 31, 2005, Virgis Colbert resigned as a Director of the Company. To comply with Nasdaq regulations the Board of Directors intends to appoint a replacement director to fill his remaining term (through 2006) before the Annual Meeting of Shareholders on April 26, 2005. 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 2004. During the period in 2004 in which they served, 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 attend annual meetings of the shareholders. All Board members then in office attended the annual meeting of Weyco shareholders held on April 27, 2004, except Virgis Colbert. In accordance with rules of the Nasdaq Stock Market, beginning in 2004 and at least once each year, Weyco's independent directors had and will 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: Robert Feitler, Leonard J. Goldstein, 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. Members of the Audit Committee comprise only 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 not been deemed to 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 or its members. Please refer to the Company's website at www.weycogroup.com for changes in this process.

Shareholder Recommendation or 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 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

stock option and other compensation plans, and approve the granting of stock options 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 SEC and other regulatory bodies. In carrying out its responsibilities regarding director nominations, the

Table of Contents

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 & Compensation Committee, Weyco Group, Inc., P. O. Box 1188, Milwaukee, WI 53201, via certified mail. Such information 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. No meetings were held in 2004.

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 Securities and Exchange Commission 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. Four meetings were held in 2004. The charter of the Corporate Governance and Compensation

Committee is attached to this proxy statement as Appendix A.

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. A copy of the Company's Code of Business Ethics is available, free of charge, in print to any shareholder upon request to Secretary, Weyco Group, Inc., 333 West Estabrook Boulevard, Glendale, Wisconsin 53212. If any substantive amendment is made to the Code, the nature of the amendment

Table of Contents

will be discussed 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.

Report of Corporate Governance and Compensation Committee on Executive Compensation

On January 31, 2005, the Corporate Governance and Compensation Committee met to establish executive officers salaries for 2005 (effective January 1, 2005). The CEO's salary was set at \$482,000 and the COO's salary was set at \$414,500. Neither one of these executive officers received stock options in 2004.

The Committee also approved a bonus to the CEO & COO of \$150,000 each and bonuses totaling \$250,000 to the other executive officers.

No stock options were granted in 2004 to any executive officer of the Company.

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

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

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, the internal audit function 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 current charter of the Audit Committee is attached as Appendix B to this Proxy Statement. The Board of Directors has determined that each of the members of the Audit Committee (Frederick P. Stratton, Jr., Robert Feitler and Leonard Goldstein) 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 Securities and Exchange Commission.

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, who are 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, including the matters in the written disclosures required by the Independence Standards Board, Standard No. 1, 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 three meetings during 2004.

Table of Contents**Pre-Approval Policy**

Consistent with the rules of the Securities and Exchange Commission 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, 2004 with the Company's management;

discussed with Deloitte & Touche LLP, the Company's independent registered public accounting firm, 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 & 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, 2004.

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, 2004 and December 31, 2003, as reflected in the following table.

	2004	2003
Audit Fees(a)	\$ 192,148	\$ 115,100
Audit-Related Fees(b)	\$ 12,000	\$ 14,400
Tax Fees(c)	\$ 9,445	\$ 31,278
All Other Fees	0	0
Total	\$ 213,593	\$ 160,778

- (a) Audit fees consisted of fees for professional services performed by Deloitte & Touche LLP 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 Deloitte & Touche LLP's audit of the Company's internal controls and management's assessment thereon 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 by Deloitte & Touche LLP 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 Deloitte & Touche LLP with the maintenance of Deloitte & Touche LLP independence and concluded that such services were at all times compatible with maintaining that firm's independence.

Frederick P. Stratton, Jr., Chairman

Robert Feitler

Leonard J. Goldstein

7

Table of Contents**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, 2004, for the year 2004, as well as for the two previous years.

Name and Principal Position	Year	Annual Compensation		Long Term Compensation				
		Salary(\$)	Bonus(\$)	Other	Awards	Payouts		All Other Compensation (\$)(1)
				Annual Compensation (\$)(1)	Restricted Options/ SARs (#)(2)(3)	LTIP Payouts (\$)		
Thomas W. Florsheim, Jr. Chairman and Chief Executive Officer	2004	459,000	60,000					
	2003	437,000				37,500		
	2002	412,000	50,000			37,500		
John W. Florsheim President, Chief Operating Officer and Assistant Secretary	2004	379,500	60,000					
	2003	345,000				37,500		
	2002	320,000	50,000			37,500		
James F. Gorman Senior Vice President	2004	263,750	30,000					
	2003	255,750				18,000		
	2002	247,750	25,000			18,000		
Peter S. Grossman Senior Vice President	2004	274,500	30,000					
	2003	264,500				18,000		
	2002	254,500	25,000			18,000		
John F. Wittkowske Senior Vice President, Chief Financial Officer, and Secretary	2004	265,000	50,000					
	2003	252,000				37,500		
	2002	227,000	50,000			37,500		

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

Option/ SAR Grants in Last Fiscal Year

Individual Grants

Name	Number of Securities Underlying Options/ SARs Granted (#)(1)	% of Total Options/ SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh) (1)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5% (\$)	10% (\$)
Thomas W. Florsheim, Jr.	None					
John W. Florsheim	None					