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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 22, 2013

Wolverine World Wide, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	001-06024	38-1185150
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

9341 Courtland Drive, N.E. Rockford, Michigan	49351
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (616) 866-5500

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

Wolverine World Wide, Inc. (“Wolverine” or the “Company”) is filing this Current Report on Form 8-K (this “Form 8-K”) to provide supplemental guarantor financial information pursuant to Rule 3-10 of Regulation S-X regarding certain subsidiaries of Wolverine (the “Wolverine Guarantors”) and of the Performance + Lifestyle Group business (the “PLG Business” or “PLG”) of Collective Brands, Inc. (the “PLG Guarantors”), which business was previously acquired by Wolverine. The Wolverine Guarantors and the PLG Guarantors guarantee Wolverine’s 6.125% Senior Notes due 2020.

Wolverine is disclosing condensed consolidating financial information of the Wolverine Guarantors and the PLG Guarantors in new footnotes to certain of Wolverine’s and the PLG Business’s previously issued financial statements. The updated Wolverine audited consolidated financial statements are filed as Exhibit 99.1 to this Form 8-K. The unaudited condensed consolidating financial information for Wolverine for the 12 weeks ended March 23, 2013 and March 24, 2012 is filed as Exhibit 99.2 to this Form 8-K. The updated PLG Business historical financial statements are filed as Exhibit 99.3 to this Form 8-K.

Unaudited pro forma consolidated condensed financial information giving effect to the acquisition of the PLG Business (the “Acquisition”) and the related financing transactions (together with the Acquisition, the “Transactions”), consisting of the unaudited pro forma consolidated condensed statement of operations for the 52 week period ended December 29, 2012 and the notes related thereto, is filed as Exhibit 99.4 to this Form 8-K.

In addition, as previously disclosed in Wolverine’s Quarterly Report on Form 10-Q for the quarter ended March 23, 2013 (the “2013 First Quarter 10-Q”), the consolidated financial statements in Wolverine’s Annual Report on Form 10-K for the fiscal year ended December 29, 2012 (the “2012 Form 10-K”) contained an immaterial error related to certain accounts receivable allowances. The audited consolidated financial statements of Wolverine and the consolidated financial statement schedule of valuation and qualifying accounts related thereto filed as Exhibit 99.1 to this Form 8-K have been revised to correct this error.

Also as disclosed in the 2013 First Quarter 10-Q, during the first quarter of fiscal 2013, the Company reorganized its portfolio of 16 brands, including the PLG brands acquired in the fourth quarter of fiscal 2012, into the Lifestyle Group, Performance Group, and Heritage Group operating segments. The Company also reports an Other and Corporate category. The Other category consists of the Company’s multi-branded consumer-direct business, the Company’s leather marketing operations - Wolverine Leathers, and the Company’s sourcing operations which include third-party commission revenues. The Corporate category consists primarily of unallocated corporate expenses including acquisition-related transaction and integration expenses. The performance of the reportable operating segments is evaluated by the Company’s management using various financial measures. The following is a summary of certain key financial measures for the respective fiscal periods indicated.

(In millions)	2012	2011	Change
Revenue:			
Lifestyle Group	**$ 309.6**	$ 147.4	$162.2
Performance Group	**674.6**	619.4	55.2
Heritage Group	**563.9**	553.8	10.1
Other	**92.7**	88.5	4.2
Total	**$1,640.8**	$1,409.1	$231.7
Operating profit:			
Lifestyle Group	**$ 44.6**	$ 32.2	$ 12.4
Performance Group	**128.4**	135.5	(7.1)
Heritage Group	**83.5**	91.6	(8.1)
Other	**(1.1)**	—	(1.1)
Corporate	**(141.7)**	(89.1)	52.6
Total	**$ 113.7**	$ 170.2	$ (56.5)

Lifestyle Group

The Lifestyle Group's revenue increased $162.2 million in fiscal 2012 compared to fiscal 2011. The increase was due to the newly acquired *Sperry Top-Sider®*, *Stride Rite® and Keds®* brands.

The Lifestyle Group's operating profit increased $12.4 million compared to the prior year. The increase was due to the newly acquired *Sperry Top-Sider®*, *Stride Rite® and Keds®* brands.

Performance Group

The Performance Group's revenue increased $55.2 million in fiscal 2012 compared to fiscal 2011. The increase was due to the newly acquired *Saucony®*, brand.

The Performance Group's operating profit decreased $7.1 million compared to the prior year due to increased product costs.

Heritage Group

The Heritage Group's revenue increased $10.1 million in fiscal 2012 compared to fiscal 2011. The increase was due to increased volumes.

The Heritage Group's operating profit decreased $8.1 million compared to the prior year due to increased product costs.

The Corporate category consists of unallocated corporate expenses, and includes acquisition-related transaction and integration expenses. The Corporate operating loss was $141.7 million in fiscal 2012 compared to an $89.1 million operating loss in fiscal 2012. The $52.6 million increase in operating loss includes $9.7 million of corporate costs for the acquired PLG business and $42.2 million for PLG acquisition-related transaction and integration costs.

(In millions)	2011	2010	Change
Revenue:			
Lifestyle Group	**$ 147.4**	$ 134.6	$ 12.8
Performance Group	**619.4**	514.6	104.8
Heritage Group	**553.8**	501.8	52.0
Other	**88.5**	97.5	(9.0)
Total	**$1,409.1**	$1,248.5	$160.6
Operating profit:			
Lifestyle Group	**$ 32.2**	$ 29.1	$ 3.1
Performance Group	**135.5**	108.0	27.5
Heritage Group	**91.6**	87.6	4.0
Other	**—**	1.6	(1.6)
Corporate	**(89.1)**	(84.1)	(5.0)
Total	**$ 170.2**	$ 142.2	$ 28.0

Lifestyle Group

The Lifestyle Group's revenue increased $12.8 million in fiscal 2011 compared to fiscal 2010. The increase was due to volume increases from the *Hush Puppies®* brand as a result of growth in various markets.

The Lifestyle Group's operating profit increased $ 3.1 million in fiscal 2011 compared to fiscal 2010 due to the increased volumes as previously indicated.

Performance Group

The Performance Group's revenue increased $104.8 million in fiscal 2011 compared to fiscal 2010. Revenue from the *Merrell®* brand increased at a growth rate in the high teens as the brand experienced increased demand for performance products, including its new *Merrell®* Barefoot Collection. Revenue from the *Chaco®* brand grew at a rate in the high teens compared to fiscal 2010 as the brand expanded its closed-toe product offerings for fall, extending the brand's reach to become a year-round footwear option for consumers.

The Performance Group's operating profit increased $27.5 million compared to the prior year due to increased volumes.

Heritage Group

The Heritage Group's revenue increased $52.0 million in fiscal 2011 compared to fiscal 2010. Driving the revenue growth for the group was a mid-twenties rate increase in revenue from the *Cat®* footwear brand and a high single digit rate increase in revenue from *Wolverine®* brand footwear and apparel due to volume increases.

The Heritage Group's operating profit increased $ 4.0 million in fiscal 2011 compared to fiscal 2010 due to the increased volumes as previously indicated.

The Corporate operating loss was $89.1 million in fiscal 2011 compared to an $84.1 million operating loss in fiscal 2011. The $5.0 million increase in operating loss includes increased pension expense and stock-based compensation expense during fiscal 2011 of $1.3 million and $2.5 million, respectively.

The audited consolidated financial statements of Wolverine filed with this Form 8-K as Exhibit 99.1 have been revised to reflect this segment change.

The historical financial statements filed with this Form 8-K were updated solely to include the required supplemental guarantor financial information in new footnotes, and, in the case of the Wolverine audited consolidated financial statements, to include a revised segment reporting footnote to reflect the revised reportable segments as previously described and to correct the immaterial error related to certain accounts receivable allowances, and were not modified in any other way. Wolverine has not otherwise updated the historical financial statements filed with this Form 8-K for activities or events occurring after the date these financial statements were originally presented.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

23.1	Consent of Ernst & Young LLP.
99.1	Audited consolidated financial statements of Wolverine for the fiscal years ended December 29, 2012, December 31, 2011 and January 1, 2011, together with the consolidated financial statement schedule of valuation and qualifying accounts related thereto.
99.2	Unaudited condensed consolidating financial information of Wolverine for the 12 weeks ended March 23, 2013 and March 24, 2012.
99.3	Audited combined financial statements of the PLG Business for the fiscal years ended January 28, 2012, January 29, 2011 and January 30, 2010 and unaudited condensed combined financial statements of the PLG Business for the 26 weeks ended July 28, 2012 and July 30, 2011.
99.4	Unaudited pro forma consolidated condensed financial information for the 52 weeks ended December 29, 2012.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 22, 2013	WOLVERINE WORLD WIDE, INC. (Registrant)
	/s/ R. Paul Guerre
	R. Paul Guerre Vice President, General Counsel and Secretary

EXHIBIT INDEX

Exhibit Number	Document
23.1	Consent of Ernst & Young LLP.
99.1	Audited consolidated financial statements of Wolverine for the fiscal years ended December 29, 2012, December 31, 2011 and January 1, 2011, together with the consolidated financial statement schedule of valuation and qualifying accounts related thereto.
99.2	Unaudited condensed consolidating financial information of Wolverine for the 12 weeks ended March 23, 2013 and March 24, 2012.
99.3	Audited combined financial statements of the PLG Business for the fiscal years ended January 28, 2012, January 29, 2011 and January 30, 2010 and unaudited condensed combined financial statements of the PLG Business for the 26 weeks ended July 28, 2012 and July 30, 2011.
99.4	Unaudited pro forma consolidated condensed financial information for the 52 weeks ended December 29, 2012.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-55213, 33-63689, 33-64854, 333-49523, 333-93563, 333-67462, 333-88898, 333-97917, 333-106973, 333-129202, and 333-165201) of our report dated February 27, 2013, except for Notes 9 and 13, as to which the date is July 22, 2013, with respect to the consolidated financial statements and schedule of Wolverine World Wide, Inc. included in this Current Report (Form 8-K) dated July 22, 2013.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
July 22, 2013

Exhibit 99.1

WOLVERINE WORLD WIDE, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES

(a) All other schedules have been omitted because the required information is not present or not present in material amounts

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Wolverine World Wide, Inc.

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of December 29, 2012 and December 31, 2011, and the related consolidated statements of stockholders' equity, operations and comprehensive income, and cash flows for each of the three fiscal years in the period ended December 29, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wolverine World Wide, Inc. and subsidiaries at December 29, 2012 and December 31, 2011, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended December 29, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Wolverine World Wide, Inc.'s internal control over financial reporting as of December 29, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 27, 2013, except for Notes 9 and 13, as to which the date is July 22, 2013.

CONSOLIDATED BALANCE SHEETS

(In millions, except share and per share data)	As of Fiscal Year-End 2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 171.4**	$ 140.0
Accounts receivable, less allowances (2012 – $26.7; 2011 – $12.7)	**353.6**	220.0
Inventories		
Finished products	**431.8**	204.5
Raw materials and work-in-process	**34.4**	27.2
	466.2	231.7
Deferred income taxes	**28.0**	9.8
Prepaid expenses and other current assets	**55.7**	33.0
Total current assets	**1,074.9**	634.5
Property, plant and equipment:		
Land	**3.9**	0.9
Buildings and improvements	**107.0**	73.9
Machinery and equipment	**180.1**	135.1
Software	**93.8**	83.8
	384.8	293.7
Accumulated depreciation	**(235.1)**	(215.2)
	149.7	78.5
Other assets:		
Goodwill and indefinite-lived intangibles	**1,139.7**	56.3
Other amortizable intangibles, net	**153.5**	1.2
Deferred income taxes	**0.9**	42.3
Deferred financing costs, net	**38.9**	—
Other	**56.8**	38.9
	1,389.8	138.7
Total assets	**$2,614.4**	$ 851.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 160.9**	$ 57.1
Accrued salaries and wages	**36.4**	22.6
Income taxes	**2.6**	2.8
Taxes, other than income taxes	**14.5**	8.1
Restructuring reserve	**0.1**	0.3
Other accrued liabilities	**71.7**	44.1
Accrued pension liabilities	**2.4**	2.2
Current maturities of long-term debt	**30.7**	0.5
Borrowings under revolving credit agreement	**—**	11.0
Total current liabilities	**319.3**	148.7
Long-term debt, less current maturities	**1,219.3**	—
Accrued pension liabilities	**165.5**	103.8
Deferred income taxes	**240.5**	—
Other liabilities	**26.1**	20.5
Stockholders' equity:		
Common stock, $1 par value: authorized 160,000,000 shares; shares issued, including treasury shares: 2012 – 66,515,620; 2011 – 65,019,406	**66.5**	65.0
Additional paid-in capital	**173.9**	138.6
Retained earnings	**946.8**	889.8
Accumulated other comprehensive loss	**(87.5)**	(71.0)
Cost of shares in treasury: 2012 – 17,182,019 shares; 2011 – 16,848,374 shares	**(457.3)**	(443.7)
Total Wolverine World Wide, Inc. stockholders' equity	**642.4**	578.7
Non-controlling interest	**1.3**	—
Total stockholders' equity	**643.7**	578.7
Total liabilities and stockholders' equity	**$2,614.4**	$ 851.7

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In millions, except share and per share data)	Fiscal Year 2012	2011	2010
COMMON STOCK OUTSTANDING			
Balance at beginning of the year	**$ 65.0**	$ 64.0	$ 62.8
Common stock issued under stock incentive plans, net of forfeitures (2012 – 1,496,214 shares; 2011 – 1,043,019 shares; 2010 – 1,212,463 shares)	**1.5**	1.0	1.2
Balance at end of the year	**66.5**	65.0	64.0
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of the year	**138.6**	108.3	81.0
Stock-based compensation expense	**15.0**	14.0	11.5
Amounts associated with common stock issued under stock incentive plans:			
Proceeds over par value	**9.6**	4.9	6.3
Income tax benefits	**11.0**	4.1	4.1
Issuance of performance-based shares (2012 – 197,304 shares; 2011 – 206,148 shares; 2010 – 215,027 shares)	**(0.3)**	7.6	5.2
Issuance of treasury shares (2012 – 20,766 shares; 2011 – 24,354 shares; 2010 – 25,829 shares)	**—**	(0.3)	0.2
Balance at end of the year	**173.9**	138.6	108.3
RETAINED EARNINGS			
Balance at beginning of the year	**889.8**	789.7	706.4
Net earnings attributable to Wolverine World Wide, Inc.	**80.7**	123.3	104.5
Cash dividends declared (2012 – $0.48 per share; 2011 – $0.48 per share; 2010 – $0.44 per share)	**(23.7)**	(23.2)	(21.2)
Balance at end of the year	**946.8**	889.8	789.7
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Balance at beginning of the year	**(71.0)**	(41.1)	(42.8)
Other comprehensive income (loss)	**(16.5)**	(29.9)	1.7
Balance at end of the year	**(87.5)**	(71.0)	(41.1)
COST OF SHARES IN TREASURY			
Balance at beginning of the year	**(443.7)**	(376.9)	(325.4)
Common stock acquired for treasury (2012 – 354,411 shares; 2011 – 1,895,893 shares; 2010 – 1,832,193 shares)	**(14.1)**	(67.4)	(52.1)
Issuance of treasury shares (2012 – 20,766 shares; 2011 – 24,354 shares; 2010 – 25,829 shares)	**0.5**	0.6	0.6
Balance at end of the year	**(457.3)**	(443.7)	(376.9)
Total Wolverine World Wide, Inc. equity	**642.4**	578.7	544.0
NON-CONTROLLING INTEREST			
Balance at beginning of the year	**—**	—	—
Net earnings	**0.1**	—	—
Capital contribution from non-controlling interest	**1.2**	—	—
Foreign currency translation	**—**	—	—
Balance at end of the year	**1.3**	—	—
TOTAL STOCKHOLDERS' EQUITY	**$ 643.7**	$ 578.7	$ 544.0

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In millions, except share and per share data)	Fiscal Year 2012	2011	2010
Revenue	**$1,640.8**	$1,409.1	$1,248.5
Cost of goods sold	**1,008.1**	852.3	754.5
Non-recurring transaction and integration costs	**4.5**	—	—
Restructuring and other transition costs	**—**	—	1.4
Gross profit	**628.2**	556.8	492.6
Selling, general and administrative expenses	**482.0**	386.6	347.6
Non-recurring transaction and integration costs	**32.5**	—	—
Restructuring and other transition costs	**—**	—	2.8
Operating profit	**113.7**	170.2	142.2
Other expenses (income):			
Interest expense	**14.6**	1.4	0.6
Non-recurring acquisition related interest expense	**5.2**	—	—
Interest income	**(0.6)**	(0.4)	(0.2)
Other expense (income) – net	**0.3**	0.3	(1.4)
	19.5	1.3	(1.0)
Earnings before income taxes	**94.2**	168.9	143.2
Income taxes	**13.4**	45.6	38.7
Net earnings	**80.8**	123.3	104.5
Net earnings attributable to non-controlling interests	**0.1**	—	—
Net earnings attributable to Wolverine World Wide, Inc.	**$ 80.7**	$ 123.3	$ 104.5
Net earnings per share (see Note 1):			
Basic	**$ 1.67**	$ 2.54	$ 2.15
Diluted	**$ 1.63**	$ 2.48	$ 2.11
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	**$ 5.7**	$ (11.3)	$ (2.9)
Change in fair value of foreign exchange contracts	**(5.0)**	5.1	1.7
Change in fair value of interest rate swap	**(1.0)**	—	—
Pension adjustments	**(16.2)**	(23.7)	2.9
Other comprehensive income	**(16.5)**	(29.9)	1.7
Comprehensive income	**64.2**	93.4	106.2
Less: comprehensive loss attributable to non-controlling interest	**(0.1)**	—	—
Comprehensive income attributable to Wolverine World Wide, Inc.	**$ 64.3**	$ 93.4	$ 106.2

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Fiscal Year 2012	2011	2010
OPERATING ACTIVITIES			
Net earnings	**$ 80.8**	$123.3	$104.5
Adjustments necessary to reconcile net earnings to net cash provided by operating activities:			
Depreciation	**21.2**	14.9	14.5
Amortization	**6.5**	1.0	1.7
Deferred income taxes	**(4.2)**	7.7	(4.3)
Stock-based compensation expense	**15.0**	14.1	11.5
Excess tax benefits from stock-based compensation	**(9.9)**	(3.3)	(1.4)
Pension contribution	**(26.7)**	(31.8)	(10.4)
Pension expense	**27.9**	17.5	16.3
Restructuring and other transition costs	**—**	—	4.2
Cash payments related to restructuring and other transition costs	**—**	(1.0)	(7.5)
Other	**4.8**	11.3	3.5
Changes in operating assets and liabilities:			
Accounts receivable	**15.1**	(24.8)	(32.5)
Inventories	**(29.4)**	(25.1)	(49.1)
Other operating assets	**(17.1)**	(21.6)	(1.0)
Accounts payable	**5.9**	(7.1)	21.7
Income taxes	**(0.3)**	0.1	(11.9)
Other operating liabilities	**2.0**	3.6	8.1
Net cash provided by operating activities	**91.6**	78.8	67.9
INVESTING ACTIVITIES			
Business acquisition, net of cash acquired	**(1,225.9)**	—	—
Additions to property, plant and equipment	**(14.9)**	(19.4)	(16.4)
Investments in joint venture	**(2.9)**	—	—
Proceeds from sales of property, plant and equipment	**—**	0.1	1.8
Other	**(2.4)**	(3.3)	(2.5)
Net cash used in investing activities	**(1,246.1)**	(22.6)	(17.1)
FINANCING ACTIVITIES			
Net borrowings (repayments) under revolver	**(11.0)**	11.0	—
Borrowings of long-term debt	**1,275.0**	—	—
Payments of long-term debt	**(25.5)**	(0.5)	(0.5)
Payments of debt issuance costs	**(40.1)**	—	—
Cash dividends paid	**(23.6)**	(22.7)	(21.4)
Purchase of common stock for treasury	**(14.1)**	(67.5)	(52.2)
Proceeds from shares issued under stock incentive plans	**11.6**	14.1	13.6
Excess tax benefits from stock-based compensation	**9.9**	3.3	1.4
Contributions from non-controlling interests	**1.2**	—	—
Net cash provided by (used) in financing activities	**1,183.4**	(62.3)	(59.1)
Effect of foreign exchange rate changes	**2.5**	(4.3)	(1.7)
Increase (decrease) in cash and cash equivalents	**31.4**	(10.4)	(10.0)
Cash and cash equivalents at beginning of the year	**140.0**	150.4	160.4
Cash and cash equivalents at end of the year	**$ 171.4**	$140.0	$150.4
OTHER CASH FLOW INFORMATION			
Interest paid	**$ 10.0**	$ 0.8	$ 0.2
Net income taxes paid	**$ 16.3**	$ 30.0	$ 30.6

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Wolverine World Wide, Inc. is a leading designer, manufacturer and marketer of a broad range of quality casual footwear and apparel; performance outdoor and athletic footwear and apparel; children's footwear, industrial work shoes, boots and apparel; and uniform shoes and boots. The Company's portfolio of owned and licensed brands includes: *Bates*®, *Cat*® Footwear, *Chaco*®, *Cushe*®, *Harley-Davidson*® Footwear, *Hush Puppies*®, *HyTest*®, *Keds*®, *Merrell*®, *Patagonia*® Footwear, *Saucony*®, *Sebago*®, *Soft Style*® *Sperry Top-Sider*®, *Stride Rite*® and *Wolverine*® Licensing and distribution arrangements with third parties extend the global reach of the Company's brand portfolio. The Company also operates a consumer-direct division to market both its own brands and branded footwear and apparel from other manufacturers as well as a leathers division that markets *Wolverine Performance Leathers*™.

Principles of Consolidation

The consolidated financial statements include the accounts of Wolverine World Wide, Inc. and its wholly-owned subsidiaries (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year

The Company's fiscal year is the 52- or 53-week period that ends on the Saturday nearest to December 31. All fiscal years presented herein are 52-week periods.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S.) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized on the sale of products manufactured or sourced by the Company when the related goods have been shipped, legal title has passed to the customer and collectability is reasonably assured. Revenue generated through licensees and distributors involving products bearing the Company's trademarks is recognized as earned according to stated contractual terms upon either the purchase or shipment of branded products by licensees and distributors.

The Company records provisions for estimated sales returns and allowances at the time of sale based on historical rates of returns and allowances and specific identification of outstanding returns not yet received from customers. However, estimates of actual returns and allowances in any future period are inherently uncertain and actual returns and allowances may differ from these estimates. If actual or expected future returns and allowances were significantly greater or lower than established reserves, a reduction or increase to net revenues would be recorded in the period this determination was made.

Cost of Goods Sold

Cost of goods sold includes the actual product costs, including inbound freight charges and certain outbound freight charges, purchasing, sourcing, inspection and receiving costs. Warehousing costs are included in selling, general and administrative expenses.

Shipping and Handling Costs

Shipping and handling costs that are charged to and reimbursed by the customer are recognized as revenue, while the related expenses incurred by the Company are recorded as cost of goods sold.

Cash Equivalents

Cash equivalents include highly liquid investments with an original maturity of three months or less. Cash equivalents are stated at cost, which approximates market.

Allowance for Uncollectible Accounts

The Company maintains an allowance for uncollectible accounts receivable for estimated losses resulting from its customers' inability to make required payments. Company management evaluates the allowance for uncollectible accounts receivable based on a review of current customer status and historical collection experience.

Inventories

The Company values its inventory at the lower of cost or market. Cost is determined by the last-in, first-out ("LIFO") method for all domestic raw materials and work-in-process inventories and certain domestic finished goods inventories. Cost is determined using the first-in, first-out ("FIFO") method for all raw materials, work-in-process and finished goods inventories in foreign countries; certain domestic finished goods inventories; and for all finished goods inventories of the Company's consumer-direct business, due to the unique nature of those operations. The Company has applied these inventory cost valuation methods consistently from year to year.

Property, Plant and Equipment

Property, plant and equipment are stated on the basis of cost and include expenditures for computer hardware and software, store furniture and fixtures, office furniture and machinery and equipment. Normal repairs and maintenance are expensed as incurred.

Depreciation of property, plant and equipment is computed using the straight-line method. The depreciable lives range from 14 to 20 years for buildings and improvements and from 3 to 10 years for machinery, equipment and software. Leasehold improvements are depreciated at the lesser of the estimated useful life or lease term, including reasonably-assured lease renewals as determined at lease inception.

Deferred Financing Costs

Deferred financing costs represent commitment fees, legal and other third party costs associated with obtaining commitments for financing which result in a closing of such financings for the Company. These costs are amortized into earnings through interest expense over the terms of the respective agreements. Costs incurred in seeking financing transactions which do not close are expensed in the period in which it is determined that the financing will not close.

Acquisitions

The Company accounts for acquired businesses using the purchase method of accounting. Under the purchase method, the Company's consolidated financial statements include the operations of an acquired business from the date of acquisition. In addition, the assets acquired and liabilities assumed are recorded at the date of acquisition at their respective estimated fair values, with any excess of the purchase price over the estimated fair values of the net assets acquired recorded as goodwill.

Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. Accordingly, the Company typically obtains the assistance of third-party valuation specialists for significant items. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management, but are inherently uncertain.

The Company typically uses an income method to estimate the fair value of intangible assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants and include the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product or technology life cycles, the economic barriers to entry and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur that could affect the accuracy or validity of the estimates and assumptions.

Determining the useful life of an intangible asset also requires judgment. Certain intangibles are expected to have indefinite lives based on their history and the Company's plans to continue to support and build the acquired brands. Other acquired intangible assets (e.g., certain trademarks or brands, customer relationships, patents and technologies) are expected to have determinable useful lives. The Company's assessment as to trademarks and brands that have an indefinite life and those that have a determinable life is based on a number of factors including competitive environment, market share, trademark and/or brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the trademarks or brands are sold. The Company's estimates of the useful lives of determinable-lived intangibles are based primarily on these same factors. All of the Company's acquired technology and customer-related intangibles are expected to have determinable useful lives. The costs of determinable-lived intangibles are amortized to expense over their estimated life.

Goodwill and Other Intangibles

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses. Other intangibles consist primarily of trademarks and patents. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The Company has adopted the provisions of ASU 2011-08, which permits the Company to qualitatively assess indicators of the Company's reporting unit's fair value when it is unlikely that a reporting unit is impaired. After completing the qualitative assessment, the Company may also use assumptions about expected future operating performance and utilize a discounted cash flow analysis to estimate fair value. If the recorded values of these assets are not recoverable, based on either the assessment screen or discounted cash flow analysis, management performs the next step, which compares the fair value of the reporting unit to the recorded value of the tangible and intangible assets of the reporting units. Goodwill is considered impaired if the fair value of the tangible and intangible assets exceeds the fair value of the reporting unit.

The Company adopted the provisions of ASU 2012-02, which allows the Company to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. The Company would not be required to quantitatively determine the fair value of the indefinite-lived intangible unless the Company determines, based on the qualitative assessment, that it is more likely than not that its fair value is less than the carrying value. After completing the qualitative assessment, the Company may determine it necessary to test indefinite-lived intangibles by comparison of the individual carrying values to the fair value. Future cash flows of the individual indefinite-lived intangible assets are used to measure their fair value after consideration by management of certain assumptions, such as forecasted growth rates and cost of capital, which are derived from internal projections and operating plans.

The Company did not recognize any impairment charges for goodwill or indefinite-lived intangible assets during the fiscal years ended December 29, 2012, December 31, 2011 or January 1, 2011 as the Company's annual impairment testing indicated that all reporting unit goodwill and indefinite-lived intangible asset fair values exceed their respective recorded values.

Other amortizable intangible assets are amortized using the straight-line method over their estimated useful lives. Other amortizable intangible assets are included in other assets on the consolidated balance sheets. They consist primarily of customer relationships, patents, licensing arrangements, developed product technology and a customer backlog intangible asset. The combined gross carrying value and accumulated amortization for these amortizable intangibles was as follows:

(In millions)	December 29, 2012			
	Average remaining life (years)	Gross carrying value	Accumulated amortization	Net
Customer relationships	19	$ 110.5	$ 1.3	$109.2
Patent and trademarks	2	8.4	7.9	0.5
Licensing arrangements	4	28.1	1.5	26.6
Developed product technology	5	14.5	0.7	13.8
Backlog	1	5.1	2.3	2.8
Net favorable leases and other	2	0.7	0.1	0.6
Total		$ 167.3	$ 13.8	$153.5

(In millions)	December 31, 2011			
	Average remaining life (years)	Gross carrying value	Accumulated amortization	Net
Patent and trademarks	2	$ 8.6	$ 7.4	$ 1.2

Estimated aggregate amortization expense for such intangibles for each of the five fiscal years subsequent to 2012 is as follows:

	2013	2014	2015	2016	2017
Amortization expense	$18.6	$15.6	$15.5	$13.8	$8.8

The changes in the carrying amount of goodwill and other non-amortizable intangibles for the years ended December 29, 2012 and December 31, 2011 are as follows:

(In millions)	Goodwill	Other non-amortizable intangibles	Total
Balance at January 1, 2011	$ 39.0	$ 16.5	$ 55.5
Intangibles purchased	—	1.1	1.1
Intangibles disposed	—	—	—
Foreign currency translation effects	(0.1)	(0.2)	(0.3)
Balance at December 31, 2011	$ 38.9	$ 17.4	$ 56.3
Acquisition of PLG	**419.6**	**661.8**	**1,081.4**
Foreign currency translation effects	**1.4**	**0.6**	**2.0**
Balance at December 29, 2012	**$459.9**	**$ 679.8**	**$1,139.7**

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or an asset group may not be recoverable. Each impairment test is based on a comparison of the carrying amount of the asset or asset group to the future undiscounted net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment amount to be recognized is the amount by which the carrying value of the assets exceeds their fair value.

Retirement Benefits

The determination of the obligation and expense for retirement benefits is dependent on the selection of certain actuarial assumptions used in calculating such amounts. These assumptions include, among others, the discount rate, expected long-term rate of return on plan assets and rates of increase in compensation. These assumptions are reviewed with the Company's actuaries and updated annually based on relevant external and internal factors and information, including, but not limited to, long-term expected asset returns, rates of termination, regulatory requirements and plan changes. See Note 6 to the consolidated financial statements for additional information.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the fair value recognition provisions of FASB ASC Topic 718, *Compensation – Stock Compensation* ("ASC 718"). The Company recognized compensation expense of $15.0, $14.1, and $11.5 and related income tax benefits of $4.9, $4.5, and $3.6 for grants under its stock-based compensation plans in the statements of operations for the years ended December 29, 2012, December 31, 2011, and January 1, 2011, respectively.

Stock-based compensation expense recognized in the consolidated condensed statements of operations for the years ended December 29, 2012, December 31, 2011, and January 1, 2011, is based on awards ultimately expected to vest and, as such, has been reduced for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

The Company estimated the fair value of employee stock options on the date of grant using the Black-Scholes model. The estimated weighted-average fair value for each option granted was $10.72, $10.46, and $6.97 per share for fiscal years 2012, 2011, and 2010, respectively, with the following weighted-average assumptions:

	2012	2011	2010
Expected market price volatility (1)	**37.8%**	38.6%	37.9%
Risk-free interest rate (2)	**0.6%**	1.8%	1.9%
Dividend yield (3)	**1.3%**	1.6%	1.9%
Expected term (4)	**4 years**	4 years	4 years

(1) Based on historical volatility of the Company's common stock. The expected volatility is based on the daily percentage change in the price of the stock over the four years prior to the grant.
(2) Represents the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant.
(3) Represents the Company's cash dividend yield for the expected term.
(4) Represents the period of time that options granted are expected to be outstanding. As part of the determination of the expected term, the Company concluded that all employee groups exhibit similar exercise and post-vesting termination behavior.

The Company issued 1,917,020 shares of common stock in connection with the exercise of stock options and new restricted stock grants during fiscal 2012. The Company cancelled 49,207 shares of common stock issued under restricted stock awards as a result of forfeitures during fiscal 2012.

Income Taxes

The provision for income taxes is based on the geographic dispersion of the earnings reported in the consolidated financial statements. A deferred income tax asset or liability is determined by applying currently-enacted tax laws and rates to the cumulative temporary differences between the carrying values of assets and liabilities for financial statement and income tax purposes.

The Company records an increase in liabilities for income tax accruals associated with tax benefits claimed on tax returns but not recognized for financial statement purposes (unrecognized tax benefits). The Company recognizes interest and penalties related to unrecognized tax benefits through interest expense and income tax expense, respectively.

Earnings Per Share

The Company calculates earnings per share in accordance with FASB ASC Topic 260, *Earnings Per Share* ("ASC 260"). ASC 260 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the earnings allocation in computing earnings per share under the two-class method. Under the guidance in ASC 260, the Company's unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities and must be included in the computation of earnings per share pursuant to the two-class method.

The following table sets forth the computation of basic and diluted earnings per share:

(In millions, except share and per share data)	2012	2011	2010
Numerator:			
Net earnings attributable to Wolverine World Wide, Inc.	**$ 80.7**	$ 123.3	$ 104.5
Adjustment for earnings allocated to nonvested restricted common stock	**(1.7)**	(2.6)	(1.6)
Net earnings used to calculate basic earnings per share	**79.0**	120.7	102.9
Adjustment for earnings reallocated to nonvested restricted common stock	**0.1**	0.1	—
Net earnings used to calculate diluted earnings per share	**$ 79.1**	$ 120.8	$ 102.9
Denominator:			
Weighted average shares outstanding	**48,816,168**	48,910,599	49,051,739
Adjustment for nonvested restricted common stock	**(1,378,918)**	(1,432,541)	(1,206,460)
Shares used to calculate basic earnings per share	**47,437,250**	47,478,058	47,845,279
Effect of dilutive stock options	**1,077,076**	1,250,612	1,011,731
Shares used to calculate diluted earnings per share	**48,514,326**	48,728,670	48,857,010
Net earnings per share:			
Basic	**$ 1.67**	$ 2.54	$ 2.15
Diluted	**$ 1.63**	$ 2.48	$ 2.11

Options granted to purchase 387,591 shares of common stock in fiscal 2012, 338,877 shares in fiscal 2011, and 865,072 shares in fiscal 2010 have not been included in the denominator for the computation of diluted earnings per share for each of those fiscal years because the related exercise prices were greater than the average market price for the year, and they were, therefore, anti-dilutive.

Foreign Currency

For most of the Company's international subsidiaries, the local currency is the functional currency. Assets and liabilities of these subsidiaries are translated into U.S. dollars at the year-end exchange rate. Operating statement amounts are translated at average exchange rates for each period. The cumulative translation adjustments resulting from changes in exchange rates are included in the consolidated balance sheets as a component of accumulated other comprehensive income (loss) in stockholders' equity. Transaction gains and losses are included in the consolidated statements of operations and comprehensive income and were not material for fiscal years 2012, 2011 and 2010.

Financial Instruments and Risk Management

The Company follows FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), which provides a consistent definition of fair value, focuses on exit price, prioritizes the use of market-based inputs over entity-specific inputs for measuring fair value and establishes a three-tier hierarchy for fair value measurements. This topic requires fair value measurements to be classified and disclosed in one of the following three categories:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Fair value is measured using either direct or indirect inputs, other than quoted prices included within Level 1, which are observable for similar assets or liabilities.

Level 3: Fair value is measured using valuation techniques in which one or more significant inputs are unobservable.

The Company's financial instruments consist of cash and cash equivalents, accounts and notes receivable, accounts payable, foreign currency forward exchange contracts, an interest rate swap agreement, borrowings under the Company's Revolving Credit Facility and long-term debt. The carrying amount of the Company's financial instruments is historical cost, which approximates their fair value, except for the interest rate swap and foreign currency forward exchange contracts, which are carried at fair value. As of December 29, 2012, the carrying value and the fair value of the Company's long-term debt, including current maturities, was $1,250.0 and $1,308.9. The Company does not hold or issue financial instruments for trading purposes.

The Company follows FASB ASC Topic 815, *Derivatives and Hedging*, which is intended to improve transparency in financial reporting and requires that all derivative instruments be recorded on the consolidated balance sheets at fair value by establishing criteria for designation and effectiveness of hedging relationships. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. At December 29, 2012 and December 31, 2011, foreign exchange contracts with a notional value of $111.9 and $106.3, respectively, were outstanding to purchase U.S. dollars with maturities ranging up to 336 days for each fiscal year. These contracts have been designated as cash flow hedges.

As of December 29, 2012 and December 31, 2011, a liability of $2.3 and an asset of $4.0, respectively, have been recognized for the fair value of the Company's foreign currency forward exchange contracts. As of December 29, 2012, a liability of $1.5 has been recognized for the fair value of the Company's interest rate swap agreement. In accordance with ASC 820, these assets and liabilities fall within Level 2 of the fair value hierarchy. The prices for the financial instruments are determined using prices for recently-traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs. The Company did not have any additional assets or liabilities that were measured at fair value on a recurring basis at December 29, 2012 and December 31, 2011.

The fair value of the foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. Hedge effectiveness is evaluated by the hypothetical derivative method. Any hedge ineffectiveness is reported within the cost of goods sold caption of the consolidated condensed statements of operations. Hedge ineffectiveness was not material to the Company's consolidated condensed financial statements for fiscal years 2012, 2011, or 2010. If, in the future, the foreign exchange forward contracts are determined to be ineffective hedges or terminated before their contractual termination dates, the Company would be required to reclassify into earnings all or a portion of the unrealized amounts related to the cash flow hedges that are currently included in accumulated other comprehensive income (loss) within stockholders' equity.

The Company has one interest rate swap agreement which exchanges floating rate for fixed rate interest payments over the life of the agreement without the exchange of the underlying notional amounts. The notional amounts of the interest rate swap agreement are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The differential paid or received on the interest rate swap agreements is recognized as an adjustment to interest expense. The Company's interest rate swap has a notional amount of $462.2, which reduces the Company's exposure to fluctuations in interest rates on its variable rate debt. This derivative instrument was designated as a cash flow hedge of the debt and will expire on October 6, 2017. In accordance with ASC 815, the Company formally documented the relationship between the interest rate swap and the variable rate borrowings, as well as its risk management objective and strategy for undertaking the hedge transaction. This process included linking the derivative to the specific liability or asset on the balance sheet. The Company also assessed, both at the hedge's inception and on an ongoing basis, whether the derivative used in the hedging transaction was highly effective in offsetting changes in the cash flows of the hedged item. The effective portion of unrealized gains (losses) is deferred as a component of accumulated other comprehensive income (loss) and will be recognized in earnings at the time the hedged item affects earnings. Any ineffective portion of the change in fair value will be immediately recognized in earnings.

For the fiscal years ended December 29, 2012 the Company recognized a net loss of $1.0 in accumulated other comprehensive income (loss) related to the effective portion of its interest rate swap agreement.

Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of all changes in shareholders' equity during the period other than from transactions with shareholders. The changes in accumulated balances for each component of other comprehensive income (loss) are as follows:

(In millions)	Foreign Currency translation adjustments	Foreign exchange contracts	Interest rate swap	Pension adjustments	Total
Balance of accumulated comprehensive income (loss) as of January 2, 2010	**$ 14.5**	**$ (3.6)**	**—**	**$ (53.7)**	**$(42.8)**
Foreign currency translation adjustments	(3.0)				(3.0)
Effective portion of changes related to foreign exchange contracts:					
Net gain arising during the period, net of taxes: 2010 – ($0.2)		0.5			0.5
Reclassification adjustments into cost of goods sold, net of taxes: 2010 – ($0.5)		1.3			1.3
Pension adjustments:					
Actuarial loss arising during the period, net of taxes: 2010 – $2.1				(3.8)	(3.8)
Less: amortization of prior actuarial losses, net of taxes: 2010 – ($3.5)				6.5	6.5
Less: amortization of prior service cost, net of taxes: 2010 – ($0.1)				0.2	0.2
Balance of accumulated comprehensive income (loss) as of January 1, 2011	**11.5**	**(1.8)**	**—**	**(50.8)**	**(41.1)**
Foreign currency translation adjustments	(11.3)				(11.3)
Effective portion of changes related to foreign exchange contracts:					
Net gain arising during the period, net of taxes: 2011 – ($1.0)		2.2			2.2
Reclassification adjustments into cost of goods sold, net of taxes: 2011 – ($1.4)		2.9			2.9
Pension adjustments:					
Actuarial loss arising during the period, net of taxes: 2011 – $17.0				(31.6)	(31.6)
Less: amortization of prior actuarial losses, net of taxes: 2011 – ($4.2)				7.8	7.8
Less: amortization of prior service cost, net of taxes: 2011 – ($0.1)				0.1	0.1
Balance of accumulated comprehensive income (loss) as of December 31, 2011	**0.2**	**3.3**	**—**	**(74.5)**	**(71.0)**
Foreign currency translation adjustments	5.7				5.7
Effective portion of changes related to foreign exchange contracts:					
Net loss arising during the period, net of taxes: 2012 – $1.0		(2.1)			(2.1)
Reclassification adjustments into cost of goods sold, net of taxes: 2012 – $1.3		(2.9)			(2.9)
Unrealized loss on interest rate swap, net of taxes: 2012 – $0.5			(1.0)		(1.0)
Pension adjustments:					
Actuarial loss arising during the period, net of taxes: 2012 – $16.0				(29.8)	(29.8)
Less: amortization of prior actuarial losses, net of taxes: 2012 – ($7.3)				13.5	13.5
Less: amortization of prior service cost, net of taxes: 2012 – ($0.1)				0.1	0.1
Balance of accumulated comprehensive income (loss) as of December 29, 2012	**$ 5.9**	**$ (1.7)**	**$ (1.0)**	**$ (90.7)**	**$(87.5)**

2. INVENTORIES

Inventories of $62.7 at December 29, 2012 and $63.2 at December 31, 2011 have been valued using the LIFO method. If the FIFO method had been used, inventories would have been $19.0 and $15.3 higher than reported at December 29, 2012 and December 31, 2011, respectively.

3. INDEBTEDNESS

Total borrowings consist of the following obligations:

(In millions)	2012	2011
Term Loan A, due October 9, 2017	**$ 550.0**	$—
Term Loan B, due October 9, 2019	**325.0**	—
Senior notes, 6.125% interest, due October 15, 2020	**375.0**	—
Notes payable	**—**	0.5
Total debt obligations	**1,250.0**	0.5
Less: current maturities	**(30.7)**	(0.5)
Total long-term debt	**$1,219.3**	$—

In 2009, the Company entered into a $1.6 million note payable in connection with the *Cushe*® acquisition. The note was payable over three years at a fixed interest rate of 4.5%. The Company paid the remaining balance on this note during fiscal 2012.

On July 31, 2012, the Company entered into a new credit agreement (the "New Credit Agreement") with a bank syndicate. The New Credit Agreement provided the Company with a $1.1 billion secured credit facility consisting of a Term Loan A Facility in an aggregate amount of up to $550.0 million (the "Term Loan A Facility"), a Term Loan B Facility in an aggregate amount up to $350.0 million (the "Term Loan B Facility") and a Revolving Credit Facility in an aggregate amount of up to $200.0 million (the "Revolving Facility"). The New Credit Agreement also provides the Company with the option to increase the aggregate principal amount of all facilities by up to an additional amount such that the total amount of all of the facilities does not exceed $1.3 billion As of December 29, 2012, the only usage against the Revolving Facility was related to outstanding standby letters of credit totaling approximately $1.9 million.

As required by the New Credit Agreement, the Company also entered into an interest rate swap with a notional amount of $462.2 million that reduces the Company's exposure to fluctuations in interest rates on its variable rate debt. This derivative instrument was designated as a cash flow hedge of the debt.

The Term Loan A Facility and the Revolving Credit Facility each have a term of five years and the Term Loan B Facility has a term of seven years. The initial interest rates applicable to amounts outstanding under the Term Loan A Facility and to U.S. dollar denominated amounts outstanding under the Revolving Credit Facility will be, at the Company's option, either (1) the alternate base rate as defined in the New Credit Agreement plus an applicable margin of 1.25%, or (2) the Eurocurrency Rate as defined in the New Credit Agreement plus an applicable margin of 2.25%. The interest rate applicable to amounts outstanding under the Term Loan B Facility will be, at the Company's option, either (1) the alternate base rate plus an applicable margin of 2.00%, or (2) the Eurocurrency Rate plus an applicable margin of 3.00%. For fiscal 2012, the weighted average interest rates for Term Loan A and Term Loan B were 2.5% and 4.0%, respectively.

The Revolving Credit Facility includes a $100.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, pounds sterling, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies determined in accordance with the New Credit Agreement. The Revolving Credit Facility also includes a $35.0 million swingline subfacility and a $50.0 million letter of credit subfacility.

The obligations of the Company pursuant to the New Credit Agreement will be guaranteed by substantially all of the Company's material domestic subsidiaries and secured by substantially all of the personal and real property of the Company and its material domestic subsidiaries, subject to certain exceptions.

The New Credit Agreement also contains certain affirmative and negative covenants, including covenants that limit the ability of the Company and its Restricted Subsidiaries (as defined in the New Credit Agreement) to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments, as well as covenants restricting the activities of certain foreign subsidiaries of the Company that hold intellectual property related assets. Further, the New Credit Agreement requires compliance with the following financial covenants: a maximum Consolidated Leverage Ratio (as defined in the New Credit Agreement); a maximum Consolidated Secured Leverage Ratio; and a minimum Consolidated Interest Coverage Ratio (in each case, as defined in the New Credit Agreement). As of December 29, 2012 the Company was in compliance with all such restrictions and financial covenants.

On October 9, 2012, the Company also issued a total of $375.0 million in senior notes in a private placement offering. The notes bear interest at 6.125% and are due in 2020 (the "Notes"). Related interest payments are due semi-annually. The Notes are guaranteed by certain of the Company's domestic subsidiaries.

The Company incurred debt issuance costs of approximately $40.1 million to obtain financing, including underwriter, banker, legal and accounting fees that are capitalized and amortized to interest expense over the terms of the related borrowings. The Company amortized approximately $1.8 million of deferred financing costs to interest expense during fiscal 2012.

The Company used the net proceeds from the Notes, together with the borrowings under the Term Loan Facilities and cash on hand, to finance the acquisition of PLG, repay any amounts outstanding under, and terminate its existing Revolving Credit Facility and to provide for the working capital needs of the Company, including the payment of transaction expenses in connection with the acquisition.

Cash flow from operations, along with borrowings under the Revolving Credit Facility, if any, are expected to be sufficient to meet working capital needs for the foreseeable future. Any excess cash flows from operating activities are expected to be used to purchase property, plant and equipment, reduce debt, fund internal and external growth initiatives, pay dividends or repurchase the Company's common stock.

Annual maturities of long-term debt for the five fiscal years subsequent to December 29, 2012, are as follows:

(In millions)	2013	2014	2015	2016	2017	Thereafter
Annual maturities of long-term debt	$30.7	$59.1	$61.7	$82.3	$332.4	$683.8

The above maturities exclude the recorded fair value of the Company's interest rate swap arrangement, which was recorded at fair value of $1.5 million within other liabilities as of December 29, 2012. Additional information regarding the interest rate swap is provided in Note 1 of the consolidated financial statements.

4. LEASES

The Company leases machinery, equipment, and certain warehouse, office and retail store space under operating lease agreements that expire at various dates through 2023. Certain leases contain renewal provisions and generally require the Company to pay utilities, insurance, taxes and other operating expenses.

At December 29, 2012, minimum rental payments due under all non-cancelable leases were as follows:

(In millions)	2013	2014	2015	2016	2017	Thereafter
Minimum rental payments	$50.8	$46.0	$40.6	$34.7	$24.5	$ 89.0

Rental expense under all operating leases, consisting primarily of minimum rentals, totaled $29.4 in fiscal 2012, $20.1 in fiscal 2011 and $18.9 in fiscal 2010.

5. CAPITAL STOCK

The Company has 2,000,000 authorized shares of $1 par value preferred stock, of which none was issued or outstanding as of December 29, 2012 or December 31, 2011. The Company has designated 150,000 shares of preferred stock as Series A junior participating preferred stock and 500,000 shares of preferred stock as Series B junior participating preferred stock for possible future issuance.

As of December 29, 2012, the Company had stock options outstanding under various stock incentive plans. As of December 29, 2012, the Company had approximately 1,893,495 stock incentive units (stock options, stock appreciation rights, restricted stock, restricted stock units and common stock) available for issuance. Each option or stock appreciation right granted counts as one stock incentive unit and all other awards granted, including restricted stock, count as two stock incentive units. Options granted under each plan have an exercise price equal to the fair market value of the underlying stock on the grant date, expire no later than ten years from the grant date, and generally vest over three years. Restricted stock issued under these plans is subject to certain restrictions, including a prohibition against any sale, transfer, or other disposition by the officer or employee during the vesting period (except for certain transfers for estate planning purposes for certain officers), and a requirement to forfeit all or a certain portion of the award upon certain terminations of employment or upon failure to achieve performance criteria in certain instances. These restrictions typically lapse over a three- to five-year period from the date of the award. The Company has elected to recognize expense for these stock-based incentive plans ratably over the vesting term on a straight-line basis. Certain option and restricted share awards provide for accelerated vesting under various scenarios, including retirement and upon a change in control of the Company. With regard to acceleration of vesting upon retirement, employees of eligible retirement age are vested in accordance with plan provisions and applicable stock option and restricted stock agreements. The Company issues shares to plan participants upon exercise or vesting of stock-based incentive awards from either authorized, but unissued, shares or treasury shares.

A summary of the transactions under the stock option plans is as follows:

	Shares Under Option	Weighted-Average Exercise Price	Average Remaining Contractual Term *(Years)*	Aggregate Intrinsic Value
Outstanding at January 2, 2010	4,619,346	$ 20.17	5.8	$ 34.2
Granted	537,807	25.55		
Exercised	(848,106)	16.83		
Cancelled	(60,137)	23.84		
Outstanding at January 1, 2011	4,248,910	$ 21.47	5.7	$ 44.3
Granted	398,749	36.75		
Exercised	(887,671)	19.90		
Cancelled	(65,004)	26.79		
Outstanding at December 31, 2011	3,694,984	$ 23.40	5.5	$ 45.7
Granted	451,277	39.70		
Exercised	(1,364,751)	19.90		
Cancelled	(31,019)	35.55		
Outstanding at December 29, 2012	**2,750,491**	**$ 27.67**	**5.9**	**$ 34.4**
Estimated forfeitures	**(3,679)**			
Vested or expected to vest at December 29, 2012	**2,746,812**	**$ 27.65**	**5.9**	**$ 34.4**
Nonvested at December 29, 2012 and expected to vest	**(759,886)**			
Exercisable at December 29, 2012	**1,986,926**	**$ 24.37**	**5.0**	**$ 31.4**

The total pretax intrinsic value of options exercised during the years ended December 29, 2012, December 31, 2011 and January 1, 2011 was $30.1, $14.9 and $10.4, respectively. As of December 29, 2012, there was $2.9 of unrecognized compensation expense related to stock option grants that is expected to be recognized over a weighted-average period of 1.2 years. As of December 31, 2011 and January 1, 2011, there was $2.4 and $2.4, respectively, of unrecognized compensation expense related to stock option awards that was expected to be recognized over a weighted-average period of 1.0 and 1.1 years, respectively.

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company’s closing stock price of $40.18 as of December 29, 2012, which would have been received by the option holders had all option holders exercised in-the-money options as of that date. The total number of in-the-money options exercisable as of December 29, 2012 was 1,986,114 and the weighted-average exercise price was $24.36. As of December 31, 2011, 2,831,883 outstanding options were exercisable and the weighted-average exercise price was $21.85.

Beginning in 2009, the Board of Directors has awarded an annual grant of performance share awards to the officers of the Company. The number of performance-based shares that will be earned (and eligible to vest) during the performance period will depend on the Company’s level of success in achieving two specifically identified performance targets. Any portion of the performance shares that are not earned by the end of the three-year measurement period will be forfeited. The final determination of the number of shares to be issued in respect to an award is determined by the Compensation Committee of the Company’s Board of Directors.

A summary of the nonvested restricted shares issued under stock award plans is as follows:

	Restricted Awards	Weighted-Average Grant Date Fair Value	Performance Awards	Weighted-Average Grant Date Fair Value
Nonvested at January 2, 2010	640,470	$ 21.34	263,905	$ 17.22
Granted	262,342	25.51	215,027	24.30
Vested	(117,438)	22.71	—	—
Forfeited	(21,828)	21.93	(4,407)	17.11
Nonvested at January 1, 2011	763,546	$ 22.55	474,525	$ 20.43
Granted	200,427	36.57	206,148	36.63
Vested	(165,186)	24.27	—	—
Forfeited	(52,858)	24.72	(39,343)	24.76
Nonvested at December 31, 2011	745,929	$ 25.78	641,330	$ 25.37
Granted	351,674	40.27	200,595	39.78
Vested	(365,217)	25.02	(436,176)	21.26
Forfeited	(33,155)	32.26	(16,052)	25.64
Nonvested at December 29, 2012	**699,231**	**$ 33.16**	**389,697**	**$ 37.85**

As of December 29, 2012, there was $11.6 of unrecognized compensation expense related to nonvested share-based compensation arrangements granted under restricted stock award plans. That cost is expected to be recognized over a weighted-average period of 2.1 years. The total fair value of shares vested during the year-ended December 29, 2012 was $14.9. As of December 31, 2011, there was $6.5 of unrecognized compensation expense related to nonvested share-based compensation arrangements granted under restricted stock award plans. That cost was expected to be recognized over a weighted-average period of 2.0 years. The total fair value of shares vested during the year-ended December 31, 2011 was $6.2. As of January 1, 2011, there was $6.2 of unrecognized compensation expense related to nonvested share-based compensation arrangements granted under restricted stock award plans that was expected to be recognized over a weighted-average period of 1.6 years. The total fair value of shares vested during the year-ended January 1, 2011 was $3.0.

As of December 29, 2012, there was $3.5 of unrecognized compensation expense related to nonvested share-based compensation arrangements granted under performance-based award plans. That cost is expected to be recognized over a weighted-average period of 1.2 years. The total fair value of shares vested during the year-ended December 29, 2012 was $17.5. As of December 31, 2011, there was $4.7 of unrecognized compensation expense related to nonvested share-based compensation arrangements granted under performance-based restricted stock award plans. That cost was expected to be recognized over a weighted-average period of 2.0 years. The total fair value of shares vested during the year-ended December 31, 2011 was $4.7. As of January 1, 2011, there was $5.0 of unrecognized compensation expense related to nonvested share-based compensation arrangements granted under performance-based restricted stock award plans that was expected to be recognized over a weighted-average period of 2.0 years. The total fair value of shares vested during the year-ended January 1, 2011 was $3.2.

6. RETIREMENT PLANS

The Company has three non-contributory, defined benefit pension plans covering a majority of its domestic employees. The Company's principal defined benefit pension plan provides benefits based on the employee's years of service and final average earnings. Subsequent to the end of fiscal 2012, the Company closed this plan to new participants. The Company's second plan provides benefits at a fixed rate per year of service for certain employees under a collectively bargaining arrangement. The Company's third noncontributory defined benefit pension plan, which no longer accrues future benefits, covers certain eligible PLG associates. Prior to the freezing of the plan, eligible PLG participants accrued pension benefits at a fixed unit rate based on the participant's service and compensation.

The Company has a Supplemental Executive Retirement Plan (the "SERP") for certain current and former employees that entitles a participating employee to receive payments from the Company following retirement based on the employee's years of service and final average earnings (as defined in the SERP). Under the SERP, the employees can elect early retirement with a corresponding reduction in benefits. The Company also has individual deferred compensation agreements with certain former employees that entitle these employees to receive payments from the Company for a period of 15 to 18 years following retirement. The Company maintains life insurance policies with a cash surrender value of $46.7 at December 29, 2012 and $38.2 at December 31, 2011 that are intended to fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has two defined contribution 401(k) plans covering substantially all domestic employees that provides for Company contributions based on earnings. The Company recognized expense for its defined contribution plans of $2.9 in fiscal 2012, $2.5 in fiscal 2011 and $2.1 in fiscal 2010.

The Company has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were $0.9 in fiscal 2012, $0.9 in fiscal 2011 and $0.9 in fiscal 2010. The Company also has a benefit plan at a foreign location that provides for retirement benefits based on years of service. The obligation recorded under this plan was $3.0 at December 29, 2012 and $3.1 at December 31, 2011 and was recognized as a deferred compensation liability on the accompanying balance sheet.

The following summarizes the status of and changes in the Company's assets and related obligations for its pension plans (which include the Company's defined benefit pension plans and the SERP) for the fiscal years:

(In millions)	**2012**	2011
Change in projected benefit obligations:		
Projected benefit obligations at beginning of the year	**$ 269.1**	$ 230.1
PLG projected benefit obligations at acquisition date	**109.7**	—
Service cost pertaining to benefits earned during the year	**7.7**	6.5
Interest cost on projected benefit obligations	**15.3**	13.4
Actuarial losses	**55.7**	30.3
Benefits paid to plan participants	**(12.3)**	(11.2)
Projected benefit obligations at end of the year	**$ 445.2**	$ 269.1
Change in fair value of pension assets:		
Fair value of pension assets at beginning of the year	**$ 163.1**	$ 144.4
PLG fair value of pension assets at acquisition date	**72.0**	—
Actual return on plan assets	**26.0**	(3.9)
Company contributions – pension	**26.7**	31.8
Company contributions – SERP	**1.9**	1.9
Benefits paid to plan participants	**(12.4)**	(11.1)
Fair value of pension assets at end of the year	**$ 277.3**	$ 163.1
Funded status	**$(167.9)**	$(106.0)
Amounts recognized in the consolidated balance sheets:		
Current liabilities	**$ (2.4)**	$ (2.2)
Non current liabilities	**(165.5)**	(103.8)
Net amount recognized	**$(167.9)**	$(106.0)
Amounts recognized in accumulated other comprehensive loss:		
Unrecognized net actuarial loss (amount net of tax: 2012 – $(90,525); 2011 – $(74,272))	**$(137.9)**	$(113.8)
Unrecognized prior service cost (amount net of tax: 2012 – $(228); 2011 – $(310))	**(0.4)**	(0.5)
Net amount recognized	**$(138.3)**	$(114.3)
Funded status of pension plans and SERP (supplemental):		
Funded status of qualified defined benefit plans and SERP	**$(167.9)**	$(106.0)
Nonqualified trust assets (cash surrender value of life insurance) recorded in other assets and intended to satisfy the projected benefit obligation of unfunded SERP obligations	**46.7**	38.2
Net funded status of pension plans and SERP (supplemental)	**$(121.2)**	$ (67.8)

The accumulated benefit obligations for all defined benefit pension plans and the SERP were $425.4 at December 29, 2012 and $254.2 at December 31, 2011.

The following is a summary of net pension and SERP expense recognized by the Company:

(In millions)	2012	2011	2010
Service cost pertaining to benefits earned during the year	**$ (7.7)**	$ (6.5)	$ (5.7)
Interest cost on projected benefit obligations	**(15.4)**	(13.4)	(12.8)
Expected return on pension assets	**16.0**	14.3	12.2
Net amortization loss	**(20.8)**	(11.9)	(10.0)
Net pension expense	**$(27.9)**	$(17.5)	$(16.3)

The prior service cost and actuarial loss included in accumulated other comprehensive loss and expected to be recognized in net periodic pension expense during 2013 is $0.1 and $30.4, respectively. Expense for qualified defined benefit pension plans was $20.2 in fiscal 2012, $12.6 in fiscal 2011 and $11.9 in fiscal 2010.

The weighted-average actuarial assumptions used to determine the benefit obligation amounts and the net periodic benefit cost for the Company's pension and post-retirement plans are as follows.

	2012	2011
Weighted-average assumptions used to determine benefit obligations at fiscal year-end:		
Discount rate	**4.30%**	5.42%
Rate of compensation increase – pension	**4.85%**	4.85%
Rate of compensation increase – SERP	**7.00%**	7.00%
Weighted average assumptions used to determine net periodic benefit cost for the years ended:		
Discount rate	**5.14%**	5.94%
Expected long-term rate of return on plan assets	**7.68%**	8.00%
Rate of compensation increase – pension	**4.85%**	4.85%
Rate of compensation increase – SERP	**7.00%**	7.00%

Unrecognized net actuarial losses exceeding certain corridors are amortized over a five-year period, unless the minimum amortization method based on average remaining service periods produces a higher amortization. The Company utilizes a bond matching calculation to determine the discount rate. A hypothetical bond portfolio is created based on a presumed purchase of high-quality corporate bonds with maturities that match the plan's expected future cash outflows. The discount rate is the resulting yield of the hypothetical bond portfolio. The discount rate is used in the calculation of the year-end pension liability and service cost for the subsequent year.

The long-term rate of return is based on overall market expectations for a balanced portfolio with an asset mix similar to the Company's, utilizing historic returns for broad market and fixed income indices. The Company's asset allocations at fiscal year-end by asset category and fair value measurement are as follows:

(In millions)	2012			
	Level 1	Level 2	Total	
Equity securities	**$12.8**	**$185.6**	**$198.4**	**71.6%**
Fixed income investments	**25.5**	**53.4**	**78.9**	**28.4%**
Cash and money market investments	**—**	**—**	**—**	**0.0%**
Fair value of plan assets	**$38.3**	**$239.0**	**$277.3**	**100.0%**

	2011			
	Level 1	Level 2	Total	
Equity securities	$ —	$119.4	$119.4	73.2%
Fixed income investments	—	43.6	43.6	26.7%
Cash and money market investments	—	0.1	0.1	0.1%
Fair value of plan assets	$ —	$163.1	$163.1	100.0%

The Company's investment policy for plan assets uses a blended approach of U.S. and foreign equities combined with U.S. fixed income investments. Policy guidelines indicate that total equities should not exceed 80% and fixed income securities should not exceed 35%. Within the equity and fixed income classifications, the investments are diversified.

The Company expects to contribute approximately $2.4 to its qualified defined benefit pension plans and approximately $2.4 to the SERP in fiscal 2013.

Expected benefit payments for the five years subsequent to 2012 and the sum of the five years following those are as follows:

(In millions)	2013	2014	2015	2016	2017	2018-2022
Expected benefit payments	$16.7	$18.6	$19.4	$20.4	$21.1	$ 119.0

7. INCOME TAXES

The geographic components of earnings before income taxes are as follows:

(In millions)	**2012**	2011	2010
United States	**$38.3**	$105.5	$ 86.8
Foreign	**55.9**	63.4	56.4
	$94.2	$168.9	$143.2

The provisions for income taxes consist of the following:

(In millions)	**2012**	2011	2010
Current expense:			
Federal	**$15.3**	$22.9	$28.5
State	**1.4**	0.1	1.9
Foreign	**3.1**	15.1	13.8
Deferred expense (credit):			
Federal	**(5.1)**	5.8	(4.9)
State	**(0.4)**	0.5	(0.4)
Foreign	**(0.9)**	1.2	(0.2)
	$13.4	$45.6	$38.7

A reconciliation of the Company's total income tax expense and the amount computed by applying the statutory federal income tax rate of 35% to earnings before income taxes is as follows:

(In millions)	**2012**	2011	2010
Income taxes at U.S. statutory rate	**$ 33.0**	$ 59.1	$50.0
State income taxes, net of federal income tax	**0.2**	1.0	0.6
Nontaxable earnings of foreign affiliates	**(4.9)**	(4.6)	(4.6)
Research and development credits	**—**	(0.6)	(0.6)
Foreign earnings taxed at rates different from the U.S. statutory rate	**(13.1)**	(13.5)	(9.2)
Adjustments for uncertain tax positions	**(6.7)**	3.5	2.1
Non deductible expenses	**4.9**	0.7	0.1
Other	**—**	—	0.3
	$ 13.4	$ 45.6	$38.7

Significant components of the Company's deferred income tax assets and liabilities as of the end of fiscal years 2012 and 2011 are as follows:

(In millions)	2012	2011
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	$ 16.5	$ 5.3
Deferred compensation accruals	9.9	3.1
Accrued pension expense	58.9	36.6
Stock-based compensation	7.7	11.2
Net operating loss and foreign tax credit carryforward	3.9	2.8
Other amounts not deductible until paid	10.1	7.3
Other	1.4	—
Total gross deferred income tax assets	108.4	66.3
Less valuation allowance	(3.2)	(2.5)
Net deferred income tax assets	105.2	63.8
Deferred income tax liabilities:		
Tax depreciation in excess of book depreciation	(9.9)	(6.0)
Intangible assets	(302.0)	—
Other	(4.9)	(5.7)
Total deferred income tax liabilities	(316.8)	(11.7)
Net deferred income tax assets (liabilities)	$(211.6)	$ 52.1

The valuation allowance for deferred income tax assets as of December 29, 2012 and December 31, 2011, was $3.2 and $2.5 respectively. The net change in the total valuation allowance for each of the years ended December 29, 2012, and December 31, 2011, was $0.7 and $1.1 respectively. The valuation allowance was related to foreign net operating loss carryforwards and tax credit carryforwards in foreign jurisdictions that, in the judgment of management, are not more likely than not to be realized. The ultimate realization of the carryforwards depends on the generation of future taxable income in the foreign tax jurisdictions.

At December 29, 2012, the Company had foreign net operating loss carryforwards of $8.5, which have expiration periods ranging from eight years to an unlimited term during which they are available to offset future foreign taxable income. The Company also had foreign tax credit carryforwards in foreign jurisdictions of $0.9, which are available for an unlimited carryforward period to offset future foreign taxable income.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

(In millions)	2012	2011
Beginning balance	$13.8	$10.7
Increase related to current year business acquisition	2.6	—
Increases related to current year tax positions	1.5	5.3
Decreases related to prior years positions	(4.8)	(1.1)
Settlements	(2.7)	—
Decrease due to lapse of statute	(0.6)	(1.1)
Ending balance	$ 9.8	$13.8

The portion of the unrecognized tax benefits that, if recognized currently, would reduce the annual effective tax rate was $8.5 as of December 29, 2012 and $13.1 as of December 31, 2011. The Company recognizes interest and penalties related to unrecognized tax benefits through interest expense and income tax expense, respectively. Interest accrued related to unrecognized tax benefits was $2.0 as of December 29, 2012 and $0.8 as of December 31, 2011.

The Company is subject to periodic audits by domestic and foreign tax authorities. Currently, the Company is undergoing routine periodic audits in both domestic and foreign tax jurisdictions. It is reasonably possible that the amounts of unrecognized tax benefits could change in the next 12 months as a result of the audits; however, any payment of tax is not expected to be significant to the consolidated financial statements.

For the majority of tax jurisdictions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2008.

No provision has been made for U.S. federal and state income taxes or foreign taxes that may result from future remittances of the remaining undistributed earnings of foreign subsidiaries of $313.9 at December 29, 2012, as the Company expects such earnings will remain reinvested overseas indefinitely.

In January 2013, the American Taxpayer Relief Act of 2012 was signed into law and various tax provisions including the research credit that had expired as of December 31, 2011 were reinstated retroactively to January 1, 2012. In accordance with ASC 740-45-15, the effects of changes in tax rates and laws on deferred tax balances and tax rates are recognized in the period the legislation is enacted. As a result, the impact of the new legislation will be reflected in the Company's consolidated financial position and results of operations in fiscal 2013.

8. LITIGATION AND CONTINGENCIES

The Company is involved in various environmental claims and other legal actions arising in the normal course of business. The environmental claims include sites where the U.S. Environmental Protection Agency has notified the Company that it is a potentially responsible party with respect to environmental remediation. These remediation claims are subject to ongoing environmental impact studies, assessment of remediation alternatives, allocation of costs between responsible parties and concurrence by regulatory authorities and have not yet advanced to a stage where the Company's liability is fixed. However, after taking into consideration legal counsel's evaluation of all actions and claims against the Company, it is management's opinion that the outcome of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

The Company is involved in routine litigation incidental to its business and is a party to legal actions and claims, including, but not limited to, those related to employment and intellectual property. Some of the legal proceedings include claims for compensatory as well as punitive damages. While the final outcome of these matters cannot be predicted with certainty, considering, among other things, the meritorious legal defenses available and liabilities that have been recorded along with applicable insurance, it is management's opinion that the outcome of these items will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations are as follows:

(In millions)	2013	2014	2015	2016	Beyond
Minimum royalties	$2.1	$1.7	$1.5	$—	$ —
Minimum advertising	6.7	7.7	8.8	2.9	5.2

Minimum royalties are based on both fixed obligations and assumptions regarding the consumer price index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of $2.8, $3.3, and $3.0 for fiscal years 2012, 2011, and 2010, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales. In accordance with these agreements, the Company incurred advertising expense of $4.1, $3.3, and $3.0 for fiscal years 2012, 2011, and 2010, respectively.

9. BUSINESS SEGMENTS

During the first quarter of fiscal 2013, the Company reorganized its portfolio of 16 brands, including brands acquired as part of the PLG business in the fourth quarter of fiscal 2012, into the following three operating segments, which the Company has determined are reportable operating segments.

- **Lifestyle Group**, consisting of *Sperry Top-Sider®* footwear and apparel, *Stride Rite®* footwear, *Hush Puppies®* footwear and apparel, *Keds®* footwear, and *Soft Style®* footwear;
- **Performance Group**, consisting of *Merrell®* footwear and apparel, *Saucony®* footwear and apparel, *Chaco®* footwear, *Patagonia®* footwear, and *Cushe®* footwear; and
- **Heritage Group**, consisting of *Wolverine®* footwear and apparel, *Cat®* footwear, *Bates®* uniform footwear, *Sebago®* footwear and apparel, *Harley-Davidson®* footwear, and *HyTest®* Safety footwear.

The reportable segments are engaged in designing, manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. Reported revenue of the reportable operating segments includes revenue from the sale of branded footwear, apparel and accessories to third-party customers; royalty income from the licensing of the Company's trademarks and brand names to third-party licensees and distributors; and revenue from the Company's mono-branded consumer-direct business. The operating segment managers of the Lifestyle, Performance and Heritage Group operating segments all report directly to the Chief Operating Decision Maker. Prior year results have been restated to reflect these new reportable operating segments.

The Other category consists of the Company's multi-branded consumer-direct business, the Company's leather marketing operations, Wolverine Leathers, and the Company's sourcing operations which include third-party commission revenues. The Corporate category consists primarily of unallocated corporate expenses including acquisition-related transaction and integration expenses. This segment structure is consistent with the way management makes operating decisions, allocates resources and manages the growth and profitability of the Company's business. The Company allocated goodwill in accordance with FASB ASC Topic 350, *Intangibles – Goodwill and Other* in connection with the reorganization of the Company's brand portfolio in the first quarter of fiscal 2013.

The accounting policies of each operating segment are the same as those described in the summary of significant accounting policies set forth in Note 1 to the consolidated condensed financial statements.

The performance of the reportable operating segments is evaluated by the Company's management using various financial measures. The following is a summary of certain key financial measures for the respective fiscal periods indicated.

(In millions)	**2012**	2011	2010
Revenue:			
Lifestyle Group	**$ 309.6**	$ 147.4	$ 134.6
Performance Group	**674.6**	619.4	514.6
Heritage Group	**563.9**	553.8	501.8
Other	**92.7**	88.5	97.5
Total	**$1,640.8**	$1,409.1	$1,248.5
Depreciation expense:			
Lifestyle Group	**$ 1.9**	$ 0.5	$ 0.4
Performance Group	**2.8**	2.1	2.2
Heritage Group	**1.1**	1.0	0.9
Other	**4.0**	3.6	3.4
Corporate	**11.4**	7.7	7.6
Total	**$ 21.2**	$ 14.9	$ 14.5
Operating profit:			
Lifestyle Group	**$ 44.6**	$ 32.2	$ 29.1
Performance Group	**128.4**	135.5	108.0
Heritage Group	**83.5**	91.6	87.6
Other	**(1.1)**	—	1.6
Corporate	**(141.7)**	(89.1)	(84.1)
Total	**$ 113.7**	$ 170.2	$ 142.2
Additions to property, plant and equipment:			
Lifestyle Group	**$ 1.7**	$ 1.9	$ 0.7
Performance Group	**1.9**	3.7	2.6
Heritage Group	**0.3**	1.5	1.5
Other	**2.5**	1.1	4.5
Corporate	**8.5**	11.2	7.1
Total	**$ 14.9**	$ 19.4	$ 16.4
Total assets:			
Lifestyle Group	**$1,338.3**	$ 76.2	
Performance Group	**513.7**	231.2	
Heritage Group	**319.0**	234.0	
Other	**80.8**	60.4	
Corporate	**362.6**	249.9	
Total	**$2,614.4**	$ 851.7	
Goodwill:			
Lifestyle Group	**$ 349.5**	$ 6.4	
Performance Group	**87.0**	10.4	
Heritage Group	**23.4**	22.1	
Total	**$ 459.9**	$ 38.9	

Geographic information, based on shipping destination, related to revenue from external customers included in the consolidated statements of operations is as follows:

(In millions)	2012	2011	2010
United States	**$1,079.9**	$ 842.0	$ 768.6
Foreign:			
Europe	**310.1**	336.9	218.5
Canada	**112.6**	114.0	103.4
Other	**138.2**	116.2	158.0
Total from foreign territories	**560.9**	567.1	479.9
	$1,640.8	$1,409.1	$1,248.5

The location of the Company's long-lived assets (primarily property, plant and equipment) is as follows:

(In millions)	2012	2011
United States	**$136.8**	$71.4
Foreign countries	**14.2**	8.9
	$151.0	$80.3

The Company does not believe that it is dependent upon any single customer because no customer accounts for more than 10% of consolidated revenue.

The Company sources approximately 95% (based on pairs) of its footwear products from third-party suppliers located primarily in the Asia Pacific region. The remainder is produced at Company-owned manufacturing facilities in the U.S. and the Dominican Republic. All apparel and accessories are sourced from third-party suppliers. While changes in suppliers could cause delays in manufacturing and a possible loss of sales, management believes that other suppliers could provide similar products on comparable terms.

10. RESTRUCTURING AND OTHER TRANSITION COSTS

On January 7, 2009, the Board of Directors of the Company approved a strategic restructuring plan designed to create significant operating efficiencies, improve the Company's supply chain and create a stronger global platform. On October 7, 2009, the Company announced an expansion of its restructuring plan to include the consolidation of two domestic manufacturing facilities into one and to finalize realignment in certain of the Company's product creation organizations. The strategic restructuring plan and all actions under the plan, except for certain cash payments, were completed as of June 19, 2010. Accordingly, the Company did not incur any restructuring or other transition costs for the years ended December 29, 2012 and December 31, 2011. For the year-ended January 1, 2011 the Company incurred restructuring and other transition costs of $4.2 ($3.1 on an after-tax basis), or $0.06 per diluted share.

Restructuring

The Company did not incur restructuring charges for the years ended December 29, 2012 and December 31, 2011. For the year-ended January 1, 2011 the Company incurred restructuring charges of $2.2 ($1.6 on an after-tax basis).

The following is a summary of the activity with respect to a reserve established by the Company in connection with the restructuring plan, by category of costs:

(In millions)	Severance and employee related	Facility exit costs and other	Total
Balance at January 2, 2010	$ 3.9	$ 2.1	$ 6.0
Charges incurred	0.6	1.7	2.3
Amounts paid or utilized	(4.2)	(2.7)	(6.9)
Balance at January 1, 2011	$ 0.3	$ 1.1	$ 1.4
Amounts paid or utilized	(0.3)	(0.7)	(1.0)
Balance at December 31, 2011	$ —	$ 0.4	$ 0.4
Amounts paid or utilized	—	**(0.3)**	**(0.3)**
Balance at December 29, 2012	$ —	**$ 0.1**	**$ 0.1**

Other Transition Costs

Incremental costs incurred related to the restructuring plan that do not qualify as restructuring costs under the provisions of FASB ASC Topic 420, *Exit or Disposal Cost Obligations*, have been included in the Company's consolidated condensed statements of operations on the line items titled "Restructuring and other transition costs". These primarily include costs related to closure of facilities, new employee training and transition to outsourced services. All costs included in this caption were solely related to the transition and implementation of the restructuring plan and do not include ongoing business operating costs. There were no other transition costs incurred during the years ended December 29, 2012 and December 31, 2011. Other transition costs for the year-ended January 1, 2011, were $2.0 ($1.5 on an after-tax basis).

11. BUSINESS ACQUISITIONS

On October 9, 2012, the Company acquired all of the outstanding equity interests of Collective Brands, Inc's Performance + Lifestyle Group business ("PLG") as well as certain other assets. Consideration paid to acquire PLG was approximately $1,249.5 million in cash. PLG markets casual and athletic footwear, apparel and related accessories for adults and children under well-known brand names including *Sperry Top-Sider®, Saucony®, Stride Rite®,* and *Keds®*. The acquisition expands the Company's existing portfolio of brands to 16. The Company accounted for the acquisition under the provisions of FASB ASC Topic 805, *Business Combinations*. The related assets acquired and liabilities assumed were recorded at fair value on the acquisition date. The operating results for PLG are included in the Company's consolidated results of operations beginning October 9, 2012. The operating results for PLG are included in the PLG wholesale and PLG retail operating groups. The PLG wholesale group is aggregated into the branded, footwear, apparel and Licensing segment. The PLG retail group is aggregated into the consumer-direct segment.

The Company funded the transaction using a combination of cash on hand of approximately $88.8 and debt financing. The Company's debt financing included net proceeds from the term loan debt associated with the Company's New Credit Agreement as well as net proceeds from the Company's senior notes.

The Company incurred non-recurring transaction and integration costs of $42.2 during fiscal 2012 of which $4.5, $32.5 and $5.2 were included within cost of goods sold, selling, general, and administrative expenses and interest expense, respectively, within the Company's consolidated statements of operations and comprehensive income. The non-recurring charge to cost of goods sold of $4.5 relates to the fair value adjustment to acquisition-date inventory and severance costs. The non-recurring costs within selling, general, and administrative expenses include professional and legal fees ($14.9), taxes paid on behalf of the seller ($9.7), severance ($2.7), onetime software license fees ($2.4) and other onetime costs of $2.8, respectively. The $5.2 of non-recurring interest expense relates to a non-recurring financing commitment fee and refinancing fees associated with the Company's acquisition of PLG.

The preliminary allocation of the purchase price through December 29, 2012 was:

(In millions)	
Cash	$ 23.6
Accounts receivable	146.9
Inventories	203.5
Deferred income taxes	13.6
Other current assets	13.2
Property, plant and equipment	77.1
Goodwill	419.6
Intangible assets	820.6
Other	11.2
Total assets acquired	1,729.3
Accounts payable	97.4
Other accrued liabilities	40.0
Deferred income taxes	294.7
Accrued pension liabilities	37.7
Other liabilities	10.0
Total liabilities assumed	479.8
Net assets acquired	$1,249.5

The allocation of the purchase price above is considered preliminary and was based upon valuation information available and estimates and assumptions made at December 29, 2012. The Company is still in the process of verifying data and finalizing information related to the valuation and recording of identifiable intangible assets, deferred income taxes, uncertain tax provisions and accrued pension liabilities and the resulting effects on the amount of recorded goodwill. The Company expects to finalize these matters within the measurement period, which is currently expected to remain open through the second quarter of fiscal 2013.

The excess of the purchase price over the fair value of net assets acquired, amounting to $419.6, was preliminarily recorded as goodwill in the condensed consolidated balance sheet and was assigned to the PLG wholesale and PLG retail operating segments, which were also determined to be reporting units. This resulted in the following addition to goodwill within the Company's reportable segments:

(In millions)		Goodwill from the acquisition of PLG
Branded wholesale, footwear, apparel and licensing	$	373.6
Consumer-direct	$	46.0
Total	$	419.6

The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of PLG. Substantially all of the goodwill is not amortizable for income tax purposes.

Intangible assets acquired in the acquisition were preliminarily valued as follows:

(In millions)		Intangible Asset	Useful life
Trade names and trademarks	$	661.8	Indefinite
Customer lists		110.5	3-20 years
Licensing agreements		28.1	4-5 years
Developed product technology		14.5	3-5 years
Backlog		5.1	6 months
Net favorable leases		0.6	10 years
Total intangible assets acquired	$	820.6	

Management preliminarily assigned fair values to the identifiable intangible assets through a combination of the relief from royalty and the excess earnings methods.

At the time of the acquisition, a step-up in the value of inventory of $4.0 was recorded in the allocation of the purchase price based on valuation estimates, all of which was charged to cost of sales in the fourth quarter of fiscal 2012 as the inventory was sold. In addition, fixed assets were written up by approximately $18.8 to their estimated fair market value based on a valuation method that included both the cost and market approaches. This additional step-up in value is being depreciated over the estimated remaining useful lives of the assets.

The results of operations for PLG have been included in the consolidated statements of operations since the date of acquisition. The amount of fiscal 2012 revenue and net loss, which includes interest expense associated with the New Credit Agreement and senior notes, amortization of acquired intangibles and incremental operating costs, attributable to PLG included in the consolidated statements of operations consists of the following:

(In millions)	**2012**
Revenue	**$219.4**
Net loss	**$ (2.4)**

The following supplemental pro forma financial information presents net sales and net earnings for the Company as if the PLG business acquisition had occurred at the beginning of fiscal 2011. This pro forma information is not necessarily indicative of the results that would have actually been obtained if the acquisition had occurred at the beginning of the periods presented or that may be attained in the future.

(In millions)	**2012**	2011
Revenue	**$2,548.2**	$2,428.3
Net earnings attributable to Wolverine World Wide, Inc.	**$ 128.6**	$ 80.4

For 2011, the primary adjustments include: i) the addition of a non-recurring charge to cost of goods sold related to the fair value adjustment to acquisition-date inventory and severance of $4.5, ii) the addition of $32.1 of amortization and depreciation for acquired intangibles and property and equipment, iii) the addition of $32.5 of non-recurring acquisition related expenses and iv) the addition of $63.2 of interest expense. For 2012, the primary adjustments include: i) the elimination of the non-recurring charge to cost of goods sold related to the fair value adjustment to acquisition-date inventory and severance of $4.5, ii) the elimination of $32.5 of non-recurring acquisition related expenses, iii) the addition of $24.7 of amortization and depreciation for acquired intangibles and property and equipment, and iv) the addition of $35.0 of interest expense.

Subsequent to the end of fiscal 2012, the Company incurred approximately $5.2 million of severance costs related to the integration of PLG.

12. Quarterly Results of Operations (Unaudited)

The Company reports its quarterly results of operations on the basis of 12-week periods for each of the first three fiscal quarters and a 16- or 17-week period for the fiscal fourth quarter. The fourth quarter of fiscal 2012 and fiscal 2011 consists of 16 weeks. The aggregate quarterly earnings per share amounts disclosed in the table below may not equal the annual per share amounts due to rounding and the fact that results for each quarter are calculated independently of the full fiscal year.

The Company's unaudited quarterly results of operations are as follows:

(In millions)	2012			
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Revenue	**$ 322.8**	**$ 312.7**	**$ 353.1**	**$ 652.2**
Gross profit	**132.2**	**118.1**	**138.6**	**239.3**
Net earnings (loss) attributable to Wolverine World Wide, Inc.	**31.2**	**20.5**	**32.7**	**(3.7)**
Net earnings (loss) per share:				
Basic	**$ 0.65**	**$ 0.43**	**$ 0.68**	**$ (0.08)**
Diluted	**0.64**	**0.42**	**0.66**	**(0.08)**

(In millions)	2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$330.9	$310.1	$361.6	$406.5
Gross profit	137.8	122.1	146.7	150.2
Net earnings attributable to Wolverine World Wide, Inc.	35.9	24.0	40.4	23.0
Net earnings per share:				
Basic	$ 0.74	$ 0.49	$ 0.84	$ 0.48
Diluted	0.72	0.48	0.82	0.47

13. SUBSIDIARY GUARANTORS OF THE NOTES

The following tables present consolidated condensed financial information for (a) the Company (for purposes of this discussion and table, "Parent"); (b) the guarantors of the Notes, which include substantially all of the domestic, 100% owned subsidiaries of the Parent ("Subsidiary Guarantors"); and (c) the wholly- and partially-owned foreign subsidiaries of the Parent, which do not guarantee the Notes ("Non-Guarantor Subsidiaries"). Separate financial statements of the Subsidiary Guarantors are not presented because they are fully and unconditionally, jointly and severally liable under the guarantees, except for normal and customary release provisions.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations and Comprehensive Income
Fiscal year ended December 29, 2012

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$527.1	$1,065.7	$ 539.2	$ (491.2)	$ 1,640.8
Cost of goods sold	390.6	780.6	277.1	(440.2)	1,008.1
Non-recurring transaction and integration costs	4.5	—	—	—	4.5
Restructuring and other transition costs	—	—	—	—	—
Gross profit	132.0	285.1	262.1	(51.0)	628.2
Selling, general and administrative expenses	123.0	206.0	204.7	(51.7)	482.0
Acquisition-related transaction and Integration costs	32.5	—	—	—	32.5
Restructuring and other transition costs	—	—	—	—	—
Operating profit	(23.5)	79.1	57.4	0.7	113.7
Other expenses:					
Interest expense – net	13.9	(0.2)	0.3	—	14.0
Non-recurring acquisition related interest expense	5.2	—	—	—	5.2
Other expense (income) – net	0.4	(0.2)	0.1	—	0.3
	19.5	(0.4)	0.4	—	19.5
Earnings (loss) before income taxes	(43.0)	79.5	57.0	0.7	94.2
Income taxes	12.3	(0.1)	1.2	—	13.4
Earnings before equity in earnings (losses) of consolidated subsidiaries	(55.3)	79.6	55.8	0.7	80.8
Equity in earnings (losses) of consolidated subsidiaries	136.0	54.4	61.2	(251.6)	—
Net earnings	80.7	134.0	117.0	(250.9)	80.8
Net earnings attributable to non-controlling interests	—	—	0.1	—	0.1
Net earnings (loss) attributable to Wolverine World Wide, Inc.	$ 80.7	$ 134.0	$ 116.9	$ (250.9)	$ 80.7
Other comprehensive income (loss), net of tax					
Foreign currency translation adjustments	$ 5.7$	—	$ 5.7	$ (5.7)	$ 5.7
Change in fair value of foreign exchange contracts	(5.0)	—	(5.0)	5.0	(5.0)
Change in fair value of interest rate swap	(1.0)	—	—	—	(1.0)
Pension adjustments	(16.2)	—	—	—	(16.2)
Other comprehensive income	(16.5)	—	0.7	(0.7)	(16.5)
Comprehensive income	64.2	134.0	117.6	(251.6)	64.2
Less: comprehensive income (loss) attributable to non-controlling interest	(0.1)	—	(0.1)	0.1	(0.1)
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	$ 64.3	$ 134.0	$ 117.7	$ (251.7)	$ 64.3

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations and Comprehensive Income
Fiscal year ended December 31, 2011

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$524.7	$ 504.7	$ 490.0	$ (110.3)	$ 1409.1
Cost of goods sold	384.3	306.3	232.1	(70.4)	852.3
Non-recurring transaction and integration costs	—	—	—	—	—
Restructuring and other transition costs	—	—	—	—	—
Gross profit	140.4	198.4	257.9	(39.9)	556.8
Selling, general and administrative expenses	136.1	98.1	191.3	(39.0)	386.5
Acquisition-related transaction and Integration costs	—	—	—	—	—
Restructuring and other transition costs	—	—	—	—	—
Operating profit	4.3	100.3	66.6	(0.9)	170.3
Other expenses:					
Interest expense – net	1.2	—	(0.1)	—	1.1
Non-recurring acquisition related interest expense	—	—	—	—	—
Other expense (income) – net	0.1	0.1	0.1	—	0.3
	1.3	0.1	—	—	1.4
Earnings (loss) before income taxes	3.0	100.2	66.6	(0.9)	168.9
Income taxes	41.9	—	3.7	—	45.6
Earnings before equity in earnings (losses) of consolidated subsidiaries	(38.9)	100.2	62.9	(0.9)	123.3
Equity in earnings (losses) of consolidated subsidiaries	162.2	59.7	71.1	(293.0)	—
Net earnings	123.3	159.9	134.0	(293.9)	123.3
Net earnings (loss) attributable to non-controlling interests	—	—	—	—	—
Net earnings (loss) attributable to Wolverine World Wide, Inc.	$123.3	$ 159.9	$ 134.0	$ (293.9)	$ 123.3
Other comprehensive income (loss), net of tax					
Foreign currency translation adjustments	$ (11.3)	$ —	$ (11.3)	$ 11.3	$ (11.3)
Change in fair value of foreign exchange contracts	5.1	—	5.1	(5.1)	5.1
Change in fair value of interest rate swap	—	—	—	—	—
Pension adjustments	(23.7)	—	—	—	(23.7)
Other comprehensive income	(29.9)	—	(6.2)	6.2	(29.9)
Comprehensive income	93.4	159.9	127.8	(287.7)	93.4
Less: comprehensive income (loss) attributable to non-controlling interest	—	—	—	—	—
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	$ 93.4	$ 159.9	$ 127.8	$ (287.7)	$ 93.4

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations and Comprehensive Income
Fiscal year ended January 1, 2011

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$494.9	$ 421.2	$ 430.2	$ (97.8)	$ 1,248.5
Cost of goods sold	359.8	255.6	199.0	(59.9)	754.5
Non-recurring transaction and integration costs	—	—	—	—	—
Restructuring and other transition costs	1.4	—	—	—	1.4
Gross profit	133.7	165.6	231.2	(37.9)	492.6
Selling, general and administrative expenses	129.3	86.7	174.4	(42.8)	347.6
Acquisition-related transaction and Integration costs	—	—	—	—	—
Restructuring and other transition costs	2.8	—	—	—	2.8
Operating profit	1.6	78.9	56.8	4.9	142.2
Other expenses:					
Interest expense – net	0.3	—	0.1	—	0.4
Non-recurring acquisition related interest expense	—	—	—	—	—
Interest income	—	—	—	—	—
Other expense (income) – net	(0.5)	(0.1)	(5.6)	4.8	(1.4)
	(0.2)	(0.1)	(5.5)	4.8	(1.0)
Earnings (loss) before income taxes	1.8	79.0	62.3	0.1	143.2
Income taxes	33.1	—	5.6	—	38.7
Earnings before equity in earnings (losses) of consolidated subsidiaries	(31.3)	79.0	56.7	0.1	104.5
Equity in earnings (losses) of consolidated subsidiaries	135.8	49.9	61.2	(246.9)	—
Net earnings	104.5	128.9	117.9	(246.8)	104.5
Net earnings (loss) attributable to non-controlling interests	—	—	—	—	—
Net earnings (loss) attributable to Wolverine World Wide, Inc.	$104.5	$ 128.9	$ 117.9	$ (246.8)	$ 104.5
Other comprehensive income (loss), net of tax					
Foreign currency translation adjustments	$ (2.9)	$ —	$ (2.9)	$ 2.9	$ (2.9)
Change in fair value of foreign exchange contracts	1.7	—	1.7	(1.7)	1.7
Change in fair value of interest rate swap	—	—	—	—	—
Pension adjustments	2.9	—	—	—	2.9
Other comprehensive income	1.7	—	(1.2)	1.2	1.7
Comprehensive income	106.2	128.9	116.7	(245.6)	106.2
Less: comprehensive income (loss) attributable to non-controlling interest	—	—	—	—	—
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	$106.2	$ 128.9	$ 116.7	$ (245.6)	$ 106.2

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
As of December 29, 2012

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 21.3	$ 48.5	$ 101.6	$ —	$ 171.4
Accounts receivable, less allowances:	107.7	143.0	102.9	—	353.6
Inventories:					
Finished products	57.9	278.8	96.0	(0.9)	431.8
Raw materials and work-in-process	1.6	4.2	28.6	—	34.4
	59.5	283.0	124.6	(0.9)	466.2
Deferred income taxes	9.5	17.6	0.9	—	28.0
Prepaid expenses and other current assets	35.9	9.5	10.3	—	55.7
Total current assets	233.9	501.6	340.3	(0.9)	1,074.9
Property, plant and equipment:					
Gross cost	212.1	119.2	53.5	—	384.8
Accumulated depreciation	(165.2)	(36.0)	(33.9)	—	(235.1)
	46.9	83.2	19.6	—	149.7
Other assets:					
Goodwill and indefinite-lived intangibles	11.4	1,029.7	98.6	—	1,139.7
Other amortizable intangibles, net	0.2	153.1	0.2	—	153.5
Deferred income taxes	0.9	—	—	—	0.9
Deferred financing costs, net	38.9	—	—	—	38.9
Other	40.4	12.7	3.7	—	56.8
Intercompany accounts receivable	—	1,114.8	118.8	(1,233.6)	—
Investment in affiliates	2,590.3	219.8	344.5	(3,154.6)	—
	2,682.1	2,530.1	565.8	(4,388.2)	1,389.8
Total assets	$2,962.9	$3,114.9	$ 925.7	$(4,389.1)	$ 2,614.4

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets - continued
As of December 29, 2012

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 30.0	$ 91.8	$ 39.1	$ —	$ 160.9
Accrued salaries and wages	10.4	20.0	6.0	—	36.4
Income taxes	2.4	—	0.2	—	2.6
Taxes, other than income taxes	3.1	8.2	3.2	—	14.5
Restructuring reserve	0.1	—	—	—	0.1
Other accrued liabilities	31.5	19.5	21.6	(0.9)	71.7
Accrued pension liabilities	2.4	—	—	—	2.4
Current maturities of long-term debt	30.7	—	—	—	30.7
Borrowings under revolving credit agreement	—	—	—	—	—
Total current liabilities	110.6	139.5	70.1	(0.9)	319.3
Long-term debt, less current maturities	1,219.3	—	—	—	1,219.3
Accrued pension liabilities	127.3	38.2	—	—	165.5
Deferred income taxes	(52.2)	291.3	1.4	—	240.5
Intercompany accounts payable	905.2	6.1	322.3	(1,233.6)	—
Other liabilities	10.3	10.7	5.1	—	26.1
Stockholders' Equity:					
Wolverine World Wide, Inc. stockholders' equity	642.4	2,629.1	525.5	(3,154.6)	642.4
Non-controlling interest	—	—	1.3	—	1.3
Total Stockholder's equity	642.4	2,629.1	526.8	(3,154.6)	643.7
Total liabilities and stockholders' equity	$2,962.9	$3,114.9	$ 925.7	$(4,389.1)	$ 2,614.4

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
As of December 31, 2011

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1.5	$ 3.0	$ 135.5	$ —	$ 140.0
Accounts receivable, less allowances:	91.0	55.7	73.3	—	220.0
Inventories:					
Finished products	59.6	74.8	70.9	(0.8)	204.5
Raw materials and work-in-process	1.2	0.3	25.7	—	27.2
	60.8	75.1	96.6	(0.8)	231.7
Deferred income taxes	11.3	—	(1.5)	—	9.8
Prepaid expenses and other current assets	18.5	2.2	12.3	—	33.0
Total current assets	183.1	136.0	316.2	(0.8)	634.5
Property, plant and equipment:					
Gross cost	205.3	44.5	43.9	—	293.7
Accumulated depreciation	(157.8)	(28.2)	(29.2)	—	(215.2)
	47.5	16.3	14.7	—	78.5
Other assets:					
Goodwill and indefinite-lived intangibles	10.7	14.1	31.5	—	56.3
Other amortizable intangibles, net	0.4	0.5	0.2	—	1.1
Deferred income taxes	44.6	—	(2.2)	—	42.4
Deferred financing costs, net	—	—	—	—	—
Intercompany accounts receivable	199.0	377.5	117.2	(693.7)	—
Other	37.7	—	1.2	—	38.9
Investment in affiliates	657.6	165.5	322.9	(1,146.0)	—
	950.0	557.6	470.8	(1,839.7)	138.7
Total assets	$1,180.6	$ 709.9	$ 801.7	$(1,840.5)	$ 851.7

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets - continued
As of December 31, 2011

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 23.1	$ 16.9	$ 17.1	$ —	$ 57.1
Accrued salaries and wages	16.3	1.7	4.6	—	22.6
Income taxes	2.9	—	(0.1)	—	2.8
Taxes, other than income taxes	2.9	1.3	3.9	—	8.1
Restructuring reserve	0.3	—	—	—	0.3
Other accrued liabilities	23.8	4.9	16.2	(0.8)	44.1
Accrued pension liabilities	2.2	—	—	—	2.2
Current maturities of long-term debt	—	—	0.5	—	0.5
Borrowings under revolving credit agreement	11.0	—	—	—	11.0
Total current liabilities	82.5	24.8	42.2	(0.8)	148.7
Long-term debt, less current maturities	—	—	—	—	—
Accrued pension liabilities	103.8	—	—	—	103.8
Deferred income taxes	—	—	—	—	—
Intercompany accounts payable	400.8	5.5	287.4	(693.7)	—
Other liabilities	14.8	1.1	4.6	—	20.5
Stockholders' Equity:					
Wolverine World Wide, Inc. stockholders' equity	578.7	678.5	467.5	(1,146.0)	578.7
Non-controlling interest	—	—	—	—	—
Total Stockholder's equity	578.7	678.5	467.5	(1,146.0)	578.7
Total liabilities and stockholders' equity	$1,180.6	$ 709.9	$ 801.7	$(1,840.5)	$ 851.7

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flow
Fiscal year ended December 29, 2012

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 11.0	$ 26.0	$ 54.6	$ —	$ 91.6
Investing Activities					
Business acquisitions, net of cash acquired	(1,160.7)	23.6	(88.8)	—	(1,225.9)
Additions to property, plant and equipment	(10.8)	(4.1)	—	—	(14.9)
Investments in joint ventures	—	—	(2.9)	—	(2.9)
Other	(2.4)	—	—	—	(2.4)
Net cash provided by (used in) investing activities	(1,173.9)	19.5	(91.7)	—	(1,246.1)
Financing Activities					
Net borrowings under revolver	(11.0)	—	—	—	(11.0)
Borrowings of long-term debt	1,275.0	—	—	—	1,275.0
Payments of long-term debt	(25.0)	—	(0.5)	—	(25.5)
Payments of debt issuance costs	(40.1)	—	—	—	(40.1)
Cash dividends paid	(23.6)	—	—	—	(23.6)
Purchase of common stock for treasury	(14.1)	—	—	—	(14.1)
Proceeds from shares issued under stock incentive plans	11.6	—	—	—	11.6
Excess tax benefits from stock-based compensation	9.9	—	—	—	9.9
Contributions from non-controlling interests	—	—	1.2	—	1.2
Net cash provided by (used in) financing activities	1,182.7	—	0.7	—	1,183.4
Effect of foreign exchange rate changes	—	—	2.5	—	2.5
Increase (decrease) in cash and cash equivalents	19.8	45.5	(33.9)	—	31.4
Cash and cash equivalents at beginning of the year	1.5	3.0	135.5	—	140.0
Cash and cash equivalents at end of the year	$ 21.3	$ 48.5	$ 101.6	$ —	$ 171.4

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flow
Fiscal year ended December 31, 2011

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 32.8	$ 9.7	$ 36.3	$ —	$ 78.8
Investing Activities					
Additions to property, plant and equipment	(4.6)	(7.1)	(7.7)	—	(19.4)
Proceeds from sales of property, plant and equipment	—	—	0.1	—	0.1
Other	(3.3)	—	—	—	(3.3)
Net cash provided by (used in) investing activities	(7.9)	(7.1)	(7.6)	—	(22.6)
Financing Activities					
Net borrowings under revolver	11.0	—	—	—	11.0
Payments of long-term debt	—	—	(0.5)	—	(0.5)
Cash dividends paid	(22.7)	—	—	—	(22.7)
Purchase of common stock for treasury	(67.5)	—	—	—	(67.5)
Proceeds from shares issued under stock incentive plans	14.1	—	—	—	14.1
Excess tax benefits from stock-based compensation	3.3	—	—	—	3.3
Net cash provided by (used in) financing activities	(61.8)	—	(0.5)	—	(62.3)
Effect of foreign exchange rate changes	—	—	(4.3)	—	(4.3)
Increase (decrease) in cash and cash equivalents	(36.9)	2.6	23.9	—	(10.4)
Cash and cash equivalents at beginning of the year	38.4	0.4	111.6	—	150.4
Cash and cash equivalents at end of the year	$ 1.5	$ 3.0	$ 135.5	$ —	$ 140.0

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flow
Fiscal year ended January 1, 2011

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 12.8	$ 7.7	$ 47.4	$ —	$ 67.9
Investing Activities					
Additions to property, plant and equipment	(3.1)	(5.0)	(8.3)	—	(16.4)
Proceeds from sales of property, plant and equipment	1.8	—	—	—	1.8
Other	—	(3.0)	0.5		(2.5)
Net cash provided by (used in) investing activities	(1.3)	(8.0)	(7.8)	—	(17.1)
Financing Activities					
Payments of long-term debt	—	—	(0.5)	—	(0.5)
Cash dividends paid	(21.4)	—	—	—	(21.4)
Purchase of common stock for treasury	(52.2)	—	—	—	(52.2)
Proceeds from shares issued under stock incentive plans	13.6	—	—	—	13.6
Excess tax benefits from stock-based compensation	1.4	—	—	—	1.4
Net cash provided by (used in) financing activities	(58.6)	—	(0.5)	—	(59.1)
Effect of foreign exchange rate changes	—	—	(1.7)	—	(1.7)
Increase (decrease) in cash and cash equivalents	(47.1)	(0.3)	37.4	—	(10.0)
Cash and cash equivalents at beginning of the year	85.5	0.7	74.2	—	160.4
Cash and cash equivalents at end of the year	$ 38.4	$ 0.4	$ 111.6	$ —	$ 150.4

Schedule II – Valuation and Qualifying Accounts

Wolverine World Wide, Inc. and Subsidiaries
(In millions)

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	(1) Charged to Costs and Expenses	(2) Charged to Other Accounts (Describe)	Deductions (Describe)	Balance at End of Period
Fiscal year-ended December 29, 2012					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 4.8	$ 8.7		$ 3.4(A)	$ 10.1
Allowance for sales returns	5.2	53.9		47.7(B)	11.4
Allowance for cash discounts	2.7	11.8		9.3(C)	5.2
Inventory valuation allowances	10.3	7.8		5.6(D)	12.5
	$ 23.0	$ 82.2		$ 66.0	$ 39.2
Fiscal year-ended December 31, 2011					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 5.8	$ 6.0		$ 7.0(A)	$ 4.8
Allowance for sales returns	4.5	48.5		47.8(B)	5.2
Allowance for cash discounts	1.2	10.1		8.6(C)	2.7
Inventory valuation allowances	8.6	8.7		7.0(D)	10.3
	$ 20.1	$ 73.3		$ 70.4	$ 23.0
Fiscal year-ended January 1, 2011					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 8.1	$ 3.8		$ 6.2(A)	5.7
Allowance for sales returns	4.6	38.1		38.3(B)	4.4
Allowance for cash discounts	1.2	10.6		10.5(C)	1.3
Inventory valuation allowances	6.4	8.3		6.0(D)	8.7
	$ 20.3	$ 60.8		$ 61.0	20.1

(A) Accounts charged off, net of recoveries.
(B) Actual customer returns.
(C) Discounts given to customers.
(D) Adjustment upon disposal of related inventories.

Exhibit 99.2

SUBSIDIARY GUARANTORS OF THE NOTES

The following tables present consolidated condensed financial information for (a) the Company (for purposes of this discussion and table, “Parent”); (b) the guarantors of the Notes, which include substantially all of the domestic, 100% owned subsidiaries of the Parent (“Subsidiary Guarantors”); and (c) the wholly- and partially-owned foreign subsidiaries of the Parent, which do not guarantee the Notes (“Non-Guarantor Subsidiaries”). Separate financial statements of the Subsidiary Guarantors are not presented because they are fully and unconditionally, jointly and severally liable under the guarantees, except for normal and customary release provisions.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations and Comprehensive Income
For the 12 weeks ended March 23, 2013
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$114.2	$ 933.1	$ 181.3	$ (582.7)	$ 645.9
Cost of goods sold	83.1	772.0	95.7	(567.0)	383.8
Gross profit	31.1	161.1	85.6	(15.7)	262.1
Selling, general and administrative expenses	40.3	113.7	56.9	(14.9)	196.0
Acquisition-related transaction and Integration costs	5.1	9.9	0.2	—	15.2
Operating profit	(14.3)	37.5	28.5	(0.8)	50.9
Other expenses:					
Interest expense – net	13.1	0.1	(0.3)	—	12.9
Other expense – net	0.2	—	0.1	—	0.3
	13.3	0.1	(0.2)	—	13.2
Earnings (loss) before income taxes	(27.6)	37.4	28.7	(0.8)	37.7
Income taxes	5.5	—	2.4	—	7.9
Earnings before equity in earnings (loss) of consolidated subsidiaries	(33.1)	37.4	26.3	(0.8)	29.8
Equity in earnings (loss) of consolidated subsidiaries	62.9	86.0	41.5	(190.4)	—
Net earnings (loss)	29.8	123.4	67.8	(191.2)	29.8
Net earnings (loss) attributable to non-controlling interests	—	—	—	—	—
Net earnings attributable to Wolverine World Wide, Inc.	$ 29.8	$ 123.4	$ 67.8	$ (191.2)	$ 29.8
Comprehensive income	$ 25.9	$ 123.4	$ 59.0	$ (182.4)	$ 25.9
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to Wolverine World Wide, Inc.	$ 25.9	$ 123.4	$ 59.0	$ (182.4)	$ 25.9

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations and Comprehensive Income
For the 12 weeks ended March 24, 2012
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$110.6	$ 116.0	$ 120.0	$ (23.8)	$ 322.8
Cost of goods sold	81.7	68.2	57.6	(16.9)	190.6
Gross profit	28.9	47.8	62.4	(6.9)	132.2
Selling, general and administrative expenses	30.0	27.4	45.1	(7.3)	95.2
Acquisition-related transaction and Integration costs	—	—	—	—	—
Operating profit	(1.1)	20.4	17.3	0.4	37.0
Other expenses:					
Interest expense – net	0.2	—	0.2	—	0.4
Other expense – net	—	—	1.0	—	1.0
	0.2	—	1.2	—	1.4
Earnings (loss) before income taxes	(1.3)	20.4	16.1	0.4	35.6
Income taxes	4.8	—	(0.4)	—	4.4
Earnings before equity in earnings (loss) of consolidated subsidiaries	(6.1)	20.4	16.5	0.4	31.2
Equity in earnings (loss) of consolidated subsidiaries	37.3	12.4	26.7	(76.4)	—
Net earnings (loss)	31.2	32.8	43.2	(76.0)	31.2
Net loss attributable to non-controlling interests	—	—	—	—	—
Net earnings attributable to Wolverine World Wide, Inc.	$ 31.2	$ 32.8	$ 43.2	$ (76.0)	$ 31.2
Comprehensive income	$ 31.0	$ 32.8	$ 43.0	$ (75.9)	$ 31.0
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to Wolverine World Wide, Inc.	$ 31.0	$ 32.8	$ 43.0	$ (75.9)	$ 31.0

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
As of March 23, 2013
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ (1.2)	$ 1.0	$ 82.2	$ —	$ 82.0
Accounts receivable, less allowances:	97.0	225.9	147.8	—	470.7
Inventories:					
Finished products	65.8	298.5	92.8	(1.7)	455.4
Raw materials and work-in-process	0.9	1.0	30.0	—	31.9
	66.7	299.5	122.8	(1.7)	487.3
Deferred income taxes	9.7	17.0	0.6	—	27.3
Prepaid expenses and other current assets	27.6	6.8	12.2	—	46.6
Total current assets	199.8	550.2	365.6	(1.7)	1,113.9
Property, plant and equipment:					
Gross cost	214.7	121.6	52.6	—	388.9
Accumulated depreciation	(167.0)	(40.8)	(34.3)	—	(242.1)
	47.7	80.8	18.3	—	146.8
Other assets:					
Goodwill and indefinite-lived intangibles	11.6	1,029.0	95.3	—	1,135.9
Other amortizable intangibles, net	0.3	147.1	0.1	—	147.5
Deferred income taxes	0.2	—	—	—	0.2
Deferred financing costs, net	37.4	—	—	—	37.4
Other	42.3	10.1	3.0	—	55.4
Intercompany accounts receivable	—	1,114.4	95.6	(1,210.0)	—
Investment in affiliates	2,637.4	304.2	387.2	(3,328.8)	—
	2,729.2	2,604.8	581.2	(4,538.8)	1,376.4
Total assets	$2,976.7	$3,235.8	$ 965.1	$(4,540.5)	$ 2,637.1

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets - continued
As of March 23, 2013
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 17.8	$ 86.3	$ 32.5	$ —	$ 136.6
Accrued salaries and wages	8.4	31.3	7.0	—	46.7
Other accrued liabilities	36.9	25.9	29.5	(1.7)	90.6
Accrued pension liabilities	2.4	—	—	—	2.4
Current maturities of long-term debt	33.9	—	—	—	33.9
Borrowings under revolving credit agreement	41.0	—	—	—	41.0
Total current liabilities	140.4	143.5	69.0	(1.7)	351.2
Long-term debt, less current maturities	1,183.4	—	—	—	1,183.4
Accrued pension liabilities	129.3	37.0	—	—	166.3
Deferred income taxes	(52.5)	290.7	1.4	—	239.6
Intercompany accounts payable	894.2	6.3	309.5	(1,210.0)	—
Other liabilities	9.7	10.2	3.2	—	23.1
Stockholders' Equity					
Wolverine World Wide, Inc. stockholders' equity	672.2	2,748.1	580.7	(3,328.8)	672.2
Non-controlling interest	—	—	1.3	—	1.3
Total Stockholder's equity	672.2	2,748.1	582.0	(3,328.8)	673.5
Total liabilities and stockholders' equity	$2,976.7	$3,235.8	$ 965.1	$(4,540.5)	$ 2,637.1

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets
As of March 24, 2012
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 0.5	$ 0.7	$ 122.1	$ —	$ 123.3
Accounts receivable, less allowances:	85.5	74.0	101.5	—	261.0
Inventories:					
Finished products	65.1	84.9	83.4	(0.3)	233.1
Raw materials and work-in-process	2.2	0.3	26.5	—	29.0
	67.3	85.2	109.9	(0.3)	262.1
Deferred income taxes	11.3	—	(0.5)	—	10.8
Prepaid expenses and other current assets	17.7	3.2	12.4	—	33.3
Total current assets	182.3	163.1	345.4	(0.3)	690.5
Property, plant and equipment:					
Gross cost	206.5	45.0	44.6	—	296.1
Accumulated depreciation	(158.9)	(29.1)	(30.3)	—	(218.3)
	47.6	15.9	14.3	—	77.8
Other assets:					
Goodwill and indefinite-lived intangibles	10.8	14.1	31.9	—	56.8
Other amortizable intangibles, net	0.5	0.4	0.2	—	1.1
Deferred income taxes	42.9	—	(2.3)	—	40.6
Deferred financing costs, net	0.4	—	—	—	0.4
Other	38.3	—	1.1	—	39.4
Intercompany accounts receivable	238.9	374.3	114.9	(728.1)	—
Investment in affiliates	691.7	178.8	347.9	(1,218.4)	—
	1,023.5	567.6	493.7	(1,946.5)	138.3
Total assets	$1,253.4	$ 746.6	$ 853.4	$(1,946.8)	$ 906.6

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets - continued
As of March 24, 2012
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 18.5	$ 12.5	$ 23.6	$ —	$ 54.6
Accrued salaries and wages	7.2	1.4	3.0	—	11.6
Other accrued liabilities	27.9	8.9	26.4	(0.3)	62.9
Borrowings under revolving credit agreement	70.0	—	—	—	70.0
Total current liabilities	123.6	22.8	53.0	(0.3)	199.1
Long-term debt, less current maturities					
Accrued pension liabilities	83.3	—	—	—	83.3
Deferred income taxes	—	—	—	—	—
Intercompany accounts payable	428.2	5.6	294.3	(728.1)	—
Other liabilities	11.2	1.3	4.6	—	17.1
Stockholders' Equity					
Wolverine World Wide, Inc. stockholders' equity	607.1	716.9	501.5	(1,218.4)	607.1
Non-controlling interest	—	—	—	—	—
Total Stockholder's equity	607.1	716.9	501.5	(1,218.4)	607.1
Total liabilities and stockholders' equity	$1,253.4	$ 746.6	$ 853.4	$(1,946.8)	$ 906.6

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flow
For the 12 weeks ended March 23, 2013
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$(22.6)	$ (45.4)	$ (21.3)	$ —	$ (89.3)
Investing Activities					
Additions to property, plant and equipment	(4.3)	(2.1)	1.1	—	(5.3)
Proceeds from sale of property, plant and equipment	—	—	2.8	—	2.8
Investment in joint ventures	—	—	(0.6)	—	(0.6)
Net cash provided by (used in) investing activities	(4.3)	(2.1)	3.3	—	(3.1)
Financing Activities					
Net borrowings under revolver	41.0	—	—	—	41.0
Payments of long-term debt	(32.7)	—	—	—	(32.7)
Cash dividends paid	(5.9)	—	—	—	(5.9)
Purchase of common stock for treasury	—	—	—	—	—
Surrender of common stock for treasury	—	—	—	—	—
Proceeds from shares issued under stock incentive plans	1.6	—	—	—	1.6
Excess tax benefits from stock-based compensation	0.4	—	—	—	0.4
Net cash provided by (used in): financing activities	4.4	—	—	—	4.4
Effect of foreign exchange rate changes	—	—	(1.4)	—	(1.4)
Increase (decrease) in cash and cash equivalents	(22.5)	(47.5)	(19.4)	—	(89.4)
Cash and cash equivalents at beginning of the period	21.3	48.5	101.6	—	171.4
Cash and cash equivalents at end of the period	$ (1.2)	$ 1.0	$ 82.2	$ —	$ 82.0

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flow
For the 12 weeks ended March 24, 2012
(Unaudited)

(In millions)	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$(51.1)	$ (1.9)	$ (11.4)	$ —	$ (64.4)
Investing Activities					
Additions to property, plant and equipment	(2.0)	(0.4)	(0.3)	—	(2.7)
Other	(0.1)	—	(0.5)	—	(0.6)
Net cash provided by (used in) investing activities	(2.1)	(0.4)	(0.8)	—	(3.3)
Financing Activities					
Net borrowings under revolver	59.0	—	—	—	59.0
Payments of long-term debt	—	—	(0.5)	—	(0.5)
Cash dividends paid	(6.0)	—	—	—	(6.0)
Purchase of common stock for treasury	(2.4)	—	—	—	(2.4)
Surrender of common stock for treasury	(5.4)	—	—	—	(5.4)
Proceeds from shares issued under stock incentive plans	3.9	—	—	—	3.9
Excess tax benefits from stock-based compensation	3.1	—	—	—	3.1
Net cash provided by (used in): financing activities	52.2	—	(0.5)	—	51.7
Effect of foreign exchange rate changes	—	—	(0.7)	—	(0.7)
Increase (decrease) in cash and cash equivalents	(1.0)	(2.3)	(13.4)	—	(16.7)
Cash and cash equivalents at beginning of the period	1.5	3.0	135.5	—	140.0
Cash and cash equivalents at end of the period	$ 0.5	$ 0.7	$ 122.1	$ —	$ 123.3

Exhibit 99.3

Index to financial statements

Collective Brands Performance + Lifestyle Group
(a component of Collective Brands, Inc.)

Audited Combined Financial Statements for the Fiscal Years Ended January 28, 2012, January 29, 2011 and January 30, 2010

Report of Independent Registered Public Accounting Firm

To the Board of Directors
Collective Brands, Inc.
Topeka, Kansas

We have audited the accompanying combined balance sheets of Collective Brands Performance + Lifestyle Group (the "Company") (the combination of wholly owned subsidiaries and operations of Collective Brands, Inc.) as of January 28, 2012, January 29, 2011, and January 30, 2010, and the related combined statements of earnings (loss), comprehensive (loss) income, parent company equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of Collective Brands Performance + Lifestyle Group as of January 28, 2012, January 29, 2011, and January 30, 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 12, the Combined Financial Statements include allocations of expenses and debt from Collective Brands, Inc. These allocations may not be reflective of the actual level of costs or debt which would have been incurred had the Company operated as a separate entity apart from Collective Brands, Inc.

/s/ Deloitte & Touche LLP

Kansas City, Missouri
September 7, 2012
(July 22, 2013 as to Note 17)

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined statements of earnings (loss)

(Dollars in millions)

	52 Weeks ended		
	January 28, 2012	January 29, 2011	January 30, 2010
Net sales	$ 1,019.3	$ 856.1	$ 732.3
Cost of sales	756.8	589.1	496.7
Gross margin	262.5	267.0	235.6
Selling, general and administrative expenses	239.4	224.2	219.9
Operating profit	23.1	42.8	15.7
Interest expense	23.0	31.7	41.1
Loss on early extinguishment of debt	—	1.7	0.2
Net earnings (loss) before income taxes	0.1	9.4	(25.6)
Benefit for income taxes	(7.4)	(2.4)	(6.5)
Net earnings (loss)	$ 7.5	$ 11.8	$ (19.1)

See Notes to Combined Financial Statements.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined statements of comprehensive (loss) income

(Dollars in millions)

	52 Weeks ended		
	January 28, 2012	January 29, 2011	January 30, 2010
Comprehensive (loss) income:			
Net earnings (loss)	$ 7.5	$ 11.8	$ (19.1)
Other comprehensive income:			
Translation adjustments	(0.8)	(1.3)	(1.9)
Change in fair value of derivatives	6.4	7.9	6.1
Income tax impact of change in fair value of derivatives	—	(3.1)	(2.4)
Change in unrecognized pension benefits	(15.8)	(0.3)	5.7
Income tax impact of change in unrecognized pension benefits	—	0.1	(2.3)
Other comprehensive income, net	(10.2)	3.3	5.2
Comprehensive (loss) income	$ (2.7)	$ 15.1	$ (13.9)

See Notes to Combined Financial Statements.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined balance sheets

(Dollars in millions)

	January 28, 2012	January 29, 2011	January 30, 2010
ASSETS (Pledged for parent company debt-See Note 3)			
Current Assets:			
Cash and cash equivalents	$ 7.5	$ 10.4	$ 8.7
Accounts receivable, net of allowance for doubtful accounts and returns reserve as of January 28, 2012, January 29, 2011 and January 30, 2010 of $5.6, $6.0 and $5.5, respectively	125.9	101.2	86.7
Inventories	206.5	183.1	131.9
Deferred income taxes	3.5	2.5	1.8
Prepaid expenses	8.5	7.0	7.1
Other current assets	9.8	10.4	9.4
Total current assets	361.7	314.6	245.6
Property and equipment, net	64.3	57.8	57.3
Intangible assets, net	299.0	331.2	343.5
Goodwill	239.6	239.6	239.6
Deferred income taxes	0.1	0.2	0.2
Other assets	17.6	18.1	21.1
Total Assets (Pledged for parent company debt-See Note 3)	$ 982.3	$ 961.5	$ 907.3
LIABILITIES AND EQUITY			
Current Liabilities:			
Current maturities of long-term debt	$ 5.1	$ 5.1	$ 6.9
Accounts payable	92.0	86.9	60.2
Accrued expenses	29.2	41.3	38.8
Total current liabilities	126.3	133.3	105.9
Long-term debt	479.3	484.3	666.5
Deferred income taxes	114.9	123.5	124.0
Other liabilities	51.4	35.7	39.6
Total Liabilities	771.9	776.8	936.0
Commitments and contingencies (Note 14)			
Parent Company Equity (Deficit):			
Parent company investment	240.3	204.4	(5.7)
Accumulated other comprehensive loss, net of income taxes	(29.9)	(19.7)	(23.0)
Total Parent Company Equity (Deficit)	210.4	184.7	(28.7)
Total Liabilities and Parent Company Equity (Deficit)	$ 982.3	$ 961.5	$ 907.3

See Notes to Combined Financial Statements.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined statements of parent company equity

(Dollars in millions)

	Parent company investment	Accumulated other comprehensive loss	Total parent company equity (deficit)
Balance at January 31, 2009	$ (20.7)	$ (28.2)	$ (48.9)
Net loss	(19.1)	—	(19.1)
Net transfers from parent	34.1	—	34.1
Translation adjustments	—	(1.9)	(1.9)
Net change in fair value of derivatives, net of taxes of $2.4 (Note 4)	—	3.7	3.7
Changes in unrecognized amounts of pension benefits, net of taxes of $2.3 (Note 6)	—	3.4	3.4
Balance at January 30, 2010	$ (5.7)	$ (23.0)	$ (28.7)
Net earnings	11.8	—	11.8
Net transfers from parent	198.3	—	198.3
Translation adjustments	—	(1.3)	(1.3)
Net change in fair value of derivatives, net of taxes of $3.1 (Note 4)	—	4.8	4.8
Changes in unrecognized amounts of pension benefits, net of taxes of $(0.1) (Note 6)	—	(0.2)	(0.2)
Balance at January 29, 2011	$ 204.4	$ (19.7)	$184.7
Net earnings	7.5	—	7.5
Net transfers from parent	28.4	—	28.4
Translation adjustments	—	(0.8)	(0.8)
Net change in fair value of derivatives, net of taxes of $0.0 (Note 4)	—	6.4	6.4
Changes in unrecognized amounts of pension benefits, net of taxes of $0.0 (Note 6)	—	(15.8)	(15.8)
Balance at January 28, 2012	$ 240.3	$ (29.9)	$210.4

See Notes to Combined Financial Statements.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined statements of cash flows

(Dollars in millions)

	52 Weeks ended		
	January 28, 2012	January 29, 2011	January 30, 2010
Operating Activities:			
Net earnings (loss)	$ 7.5	$ 11.8	$ (19.1)
Adjustments for non-cash items included in net earnings (loss):			
Loss on impairment and disposal of assets	4.6	2.5	1.8
Impairment of indefinite-lived tradenames	23.5	—	—
Depreciation and amortization	22.5	25.6	29.2
Provision for losses on accounts receivable	1.7	1.8	2.2
Share-based compensation expense	3.3	4.7	4.2
Deferred income taxes	(9.5)	(4.2)	(5.3)
Loss on early extinguishment of debt	—	1.7	0.2
Changes in working capital:			
Accounts receivable	(27.3)	(16.1)	2.4
Inventories	(22.0)	(50.7)	15.9
Prepaid expenses and other current assets	(1.9)	(0.8)	(1.3)
Accounts payable	6.6	26.2	19.1
Accrued expenses	(6.3)	5.8	(5.9)
Changes in other assets and liabilities, net	1.6	1.1	(2.8)
Contributions to pension plans	(0.4)	(1.6)	(9.5)
Cash flow provided by operating activities	3.9	7.8	31.1
Investing Activities:			
Capital expenditures	(22.9)	(14.6)	(12.0)
Intangible asset additions	(0.8)	—	—
Cash flow used in investing activities	(23.7)	(14.6)	(12.0)
Financing Activities:			
Repayment of debt	(5.0)	(184.0)	(42.6)
Net transfers from Parent	25.1	193.6	29.9
Cash flow provided by (used in) financing activities	20.1	9.6	(12.7)
Effect of exchange rate changes on cash	(3.2)	(1.1)	(3.9)
(Decrease) increase in cash and cash equivalents	(2.9)	1.7	2.5
Cash and cash equivalents, beginning of year	10.4	8.7	6.2
Cash and cash equivalents, end of year	$ 7.5	$ 10.4	$ 8.7
Supplemental cash flow information:			
Interest paid (by the Parent)	$ 23.8	$ 31.8	$ 41.3
Income taxes paid (by the Parent)	$ 2.2	$ 2.0	$ 0.9
Non-cash investing and financing activities:			
Accrued capital additions	$ 1.4	$ 1.2	$ 0.1

See Notes to Combined Financial Statements

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Notes to combined financial statements

Note 1—Summary of significant accounting policies

Description of business and basis of presentation

Collective Brands Performance + Lifestyle Group ("PLG" or the "Company") is a combination of wholly owned subsidiaries and operations within Collective Brands, Inc. ("CBI" or the "Parent"). PLG markets the leading brand of high-quality children's shoes in the United States under the Stride Rite brand. PLG also markets products for children and adults under well-known brand names, including Sperry Top-Sider, Saucony, and Keds.

On May 1, 2012, CBI entered into a definitive agreement with a consortium of companies comprised of Wolverine World Wide, Inc., Blum Strategic Partners IV, L.P. and Golden Gate Capital Opportunity Fund, L.P., under which CBI will be sold for $21.75 per share in cash. At the close of this transaction, which was approved by shareholders on August 21, 2012, and which is expected to occur late in the third or early in the fourth calendar quarter of 2012, Wolverine World Wide, Inc. will acquire the Company.

These Combined Financial Statements reflect the historical Combined Statements of Earnings (Loss), Combined Statements of Comprehensive (Loss) Income, Combined Balance Sheets, Combined Statements of Parent Company Equity, Combined Statements of Cash Flows of PLG for the periods presented. The historical Combined Financial Statements reflect the amounts that have been "carved-out" from CBI's consolidated financial statements prepared in accordance with accounting principles generally accepted in the U.S. and reflect assumptions and allocations made by CBI to depict PLG on a stand-alone basis. As a result, the Combined Financial Statements included herein may not necessarily be indicative of PLG's financial position, results of operations, or cash flows had it operated as a stand-alone entity during the periods presented.

The Combined Financial Statements were prepared using CBI's historical records of the assets and liabilities of PLG, and the historical Combined Financial Statements include all net sales, costs, assets, and liabilities directly attributable to PLG. The Combined Financial Statements also reflect the push-down of certain of CBI's long-term debt (see Note 3) and associated capitalized debt issuance costs and interest expense. In addition, certain expenses reflected in the Combined Financial Statements include allocations of corporate expenses from CBI, which in the opinion of management are reasonable (see Note 12). All such costs and expenses have been deemed to have been paid by PLG to CBI in the period in which the costs were incurred and are reflected in Parent Company Investment as shown in the Combined Statements of Parent Company Equity.

Fiscal year

The Company's fiscal year ends on the Saturday closest to January 31. Fiscal years 2011, 2010 and 2009 ended on January 28, 2012, January 29, 2011, and January 30, 2010, respectively. All years presented contain 52 weeks of results. References to years in these financial statements and notes relate to fiscal years rather than calendar years.

Use of estimates

Management makes estimates and assumptions that affect the amounts reported within the Combined Financial Statements. Actual results could differ from these estimates.

Net sales

Net sales ("sales") for transactions at the Company's retail stores are recognized at the time the sale is made to the customer. Sales for wholesale and e-commerce transactions are recognized when title passes and the risks or rewards of ownership have transferred to the customer based on the shipping terms, the price is fixed and determinable, and collectibility is reasonably assured. All sales are net of estimated returns, promotional discounts and exclude sales tax.

The Company has established an allowance for merchandise returns and markdowns based on historical experience, product sell-through performance by product and customer, current and historical trends in the footwear industry and changes in demand for its products. The returns allowance is recorded as a reduction to revenues for the estimated sales value of the projected merchandise returns and as a reduction in cost of sales for the corresponding cost amount. Allowances for markdowns are recorded as a reduction of revenue based on historical experience. From time to time actual results will vary from the estimates that were previously established.

Shipping and handling

Products are sold Free On Board ("FOB") shipping point for wholesale customers. Any shipping charges that the Company pays are recorded as cost of sales and any reimbursement is recorded as revenue.

Gift cards

The Company records a liability in the period in which a gift card is issued and proceeds are received. As gift cards are redeemed, this liability is reduced and revenue is recognized as a sale. The estimated value of gift cards expected to go unused is recognized ratably in proportion to actual redemptions as gift cards are redeemed.

Cost of sales

Cost of sales includes the cost of merchandise sold and the Company's buying, occupancy, warehousing, product development, and product movement costs, as well as depreciation of stores and the distribution centers, net litigation charges related to intellectual property, store impairment charges, and trademark impairments.

Rent expense

Certain of the Company's lease agreements provide for scheduled rent increases during the lease term, as well as provisions for renewal options. Rent expense is recognized on a straight-line basis over the term of the lease from the time at which the Company takes possession of the property. In instances where failure to exercise renewal options would result in an economic penalty, the calculation of straight-line rent expense includes renewal option periods. Also, landlord-provided tenant improvement allowances are recorded in other liabilities and amortized as a credit to rent expense over the term of the lease. Substantially all rental expense is recorded in cost of sales on the Combined Statements of Earnings (Loss).

Pre-opening expenses

Costs associated with the opening of new stores, other than capital expenditures with economic benefits lasting more than one year, which are capitalized, are expensed as incurred and are recorded in cost of sales.

Advertising costs

Advertising costs and sales promotion costs are expensed at the time the advertising takes place. Selling, general, and administrative expenses include advertising and sales promotion costs of $57.0 million, $49.5 million, and $47.0 million in 2011, 2010, and 2009, respectively.

Co-operative advertising

The Company engages in co-op advertising programs with some of its wholesale customers. Co-op advertising funds are available to all wholesale customers in good standing. Wholesale customers receive reimbursement under this program if they meet established advertising guidelines and trademark requirements. Costs are accrued on the basis of sales to qualifying customers and accounted for as an operating expense if the Company receives, or will receive, an identifiable benefit in exchange for the consideration and the Company can reasonably estimate the fair value of the benefit identified; otherwise such costs are recorded as a reduction to revenues.

Share-based compensation expense

CBI maintains certain share-based compensation plans for the benefit of certain of its officers, directors, and employees, including the employees of PLG. Compensation expense associated with share-based awards is recognized over the requisite service period, which is the period between the grant date and the award's stated vesting date. Share-based awards are expensed under the straight-line attribution method, with the exception of performance-based awards that are expensed under the tranche specific attribution method. Share-based compensation expense is recognized over the vesting period based on shares that vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. This analysis is evaluated quarterly and the forfeiture rate is adjusted as necessary.

Income taxes

The income taxes have been prepared on a separate return basis as if the Company was a stand-alone entity. Historically, the Company was included in tax filings with other CBI entities. The results from being included in the combined tax returns are included in Parent Company Investment. CBI's global tax structure and model has been developed based on its entire portfolio of businesses. Accordingly, the Company's tax results as presented are not reflective of the results that the Company will generate in the future or would have available for future use in another consolidated group.

The Company's operations have historically been included in CBI's consolidated U.S. Federal and state tax returns or non-U.S. jurisdiction's tax returns. With the exception of certain dedicated foreign entities, the Company does not maintain taxes payable to/from Parent and is deemed to settle the annual current tax balances immediately with the legal tax-paying entities in respective jurisdictions. These settlements are reflected as net transfer to/from Parent Company Investment. The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company's estimate of uncertainty in income taxes is based on the framework established in the accounting for income taxes guidance. This guidance addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company includes its reserve for unrecognized tax benefits, as well as related accrued penalties and interest, in other long term liabilities on its Combined Balance Sheets and in the provision for income taxes in its Combined Statements of Earnings (Loss).

The Company records valuation allowances against its deferred tax assets, when necessary, in accordance with the framework established in the income taxes accounting guidance. Realization of deferred tax assets (such as net operating loss carryforwards) is dependent on future taxable earnings and is therefore uncertain. The Company assesses the likelihood that its deferred tax assets in each of the jurisdictions in which it operates will be recovered from future taxable income. Deferred tax assets are reduced by a valuation allowance to recognize the extent to which, more likely than not, the future tax benefits will not be realized.

Cash and cash equivalents

CBI uses a centralized approach to cash management and in financing its operations. The majority of its domestic cash is transferred to CBI daily and CBI funds PLG's operating and investing activities as needed. Accordingly, none of the cash and cash equivalents at the Parent level has been assigned to PLG in the Combined Financial Statements. Cash and cash equivalents in the Combined Balance Sheets represents cash and cash equivalents held locally by certain PLG legal entities. Cash transfers to and from CBI's cash management accounts are reflected in Parent Company Investment.

Cash equivalents included in the Combined Balance Sheets consist of liquid investments with an original maturity of three months or less. Cash equivalents are stated at cost, which approximates fair value.

Reserve for uncollectible accounts receivable

The Company makes ongoing estimates relating to the collectability of its accounts receivable and maintains a reserve for estimated losses resulting from the inability of its customers to make required payments. In determining the amount of the reserve, the Company considers its historical level of credit losses and makes judgments about the creditworthiness of significant customers based on ongoing credit evaluations. These evaluations include, but are not limited to, analyzing its customer's financial statements, maintaining a credit watch list to monitor accounts receivable exposure, and reviewing the customer's prior payment history.

Inventories

Merchandise inventories in the Company's stores are valued by the retail method and are stated at the lower of cost, determined using the first-in, first-out ("FIFO") basis, or market. The retail method is widely used in the retail industry due to its practicality. Under the retail method, cost is determined by applying a calculated cost-to-retail ratio across groupings of similar items, known as departments. As a result, the retail method results in an averaging of inventory costs across similar items within a department. The cost-to-retail ratio is applied to ending inventory at its current owned retail valuation to determine the cost of ending inventory on a department basis. Current owned retail represents the retail price for which merchandise is offered for sale on a regular basis, reduced for any permanent or clearance markdowns. As a result, the retail method normally results in an inventory valuation that approximates a traditional FIFO cost basis.

Wholesale inventories are valued at the lower of cost or market using the FIFO method. The Company makes ongoing estimates relating to the net realizable value of inventories, based upon its assumptions about future demand and market conditions. If the Company's estimate of the net realizable value of its inventory is less than the cost of the inventory recorded on its books, a reduction to the estimated net realizable value is recorded. If changes in market conditions result in an increase in the estimated net realizable value of the Company's inventory above its previous estimate, such recoveries would be recognized as the related goods are sold.

Substantially all of the Company's inventories are finished goods.

Property and equipment

Property and equipment are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives. The costs of repairs and maintenance are expensed when incurred, while expenditures for store remodels, refurbishments, and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Projects in progress are stated at cost, which includes the cost of construction and other direct costs attributable to the project. No provision for depreciation is made on projects in progress until such time as the relevant assets are completed and put to use. The estimated useful life for each major class of property and equipment is as follows:

Buildings	10 to 30 years
Leasehold improvements	the lesser of 10 years or the remaining expected lease term that is reasonably assured (which may exceed the current non-cancelable term)
Furniture, fixtures and equipment	2 to 10 years

The following is a summary of the components of property and equipment:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Land	$ 3.0	$ 3.0	$ 3.2
Buildings and leasehold improvements	46.6	47.8	48.1
Furniture, fixtures and equipment	48.9	42.5	33.0
Projects in progress	17.0	6.9	3.4
Accumulated depreciation and amortization	(51.2)	(42.4)	(30.4)
Property and equipment, net	$ 64.3	$ 57.8	$ 57.3

Depreciation expense for 2011, 2010 and 2009 was $12.6 million, $13.2 million and $13.5 million, respectively.

The Company evaluates its store assets on a quarterly basis to determine if its assets are recoverable by analyzing historical results, trends, stores identified for closure and other qualitative considerations. If an indicator of impairment exists, the Company models estimated future cash flows on a store-by-store basis and compares the undiscounted future cash flows to the carrying amount of the store's assets. If the carrying value exceeds the undiscounted cash flows, the Company compares the present value, using an appropriate discount rate, of these cash flows to the carrying amount of the assets to calculate the impairment charge. The underlying estimates of cash flows include estimates of future revenues, gross margin rates and store expenses as well as any potential for changes related to occupancy costs, store closures and transfer sales. These assumptions are based upon the stores' past and expected future performance.

The Company records impairment charges in cost of sales on the Combined Statements of Earnings (Loss). The following is a summary of the Company's impairment charges:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Book value of impaired assets	$ 8.0	$ 10.7	$ 14.6
Fair value of impaired assets	3.9	9.3	13.6
Impairment charge	$ 4.1	$ 1.4	$ 1.0

Insurance programs

The Company retains its normal expected losses related primarily to workers' compensation, physical loss to property and business interruption resulting from such loss and comprehensive general, product, and vehicle liability. The Company receives third-party coverage for losses in excess of the normal expected levels under insurance policies executed by its Parent. Provisions for losses expected under these programs are recorded based upon estimates of the aggregate liability for claims incurred utilizing actuarial calculations based on historical results.

Foreign currency translation

Local currencies are the functional currencies for most foreign operations. Accordingly, assets and liabilities of these operations are translated at the rate of exchange at the balance sheet date. Adjustments from the translation process are accumulated as part of other comprehensive (loss) income and are included as a separate component of Parent Company Equity. The changes in foreign currency translation adjustments are not adjusted for income taxes since they relate to indefinite term investments in non-United States operations. Income and expense items of these operations are translated at average rates of exchange. As of fiscal year-end 2011, 2010, and 2009, cumulative translation adjustments included in accumulated other comprehensive (loss) income in the Combined

Statements of Parent Company Equity were ($2.6) million, ($1.8) million, and ($0.5) million, respectively. The Company had recorded foreign currency transaction losses of ($2.5) million, ($0.9) million and ($0.7) million within Selling, General and Administrative expenses in the Combined Statements of Earnings (Loss) in fiscal years 2011, 2010, and 2009, respectively.

Company-owned life insurance

Certain employees of the Company are covered under various life insurance policies issued to PLG or our Parent. These life insurance policies are recorded at their net cash surrender values as of each balance sheet date. Premiums and changes in the net cash surrender value during the period are recorded in selling, general and administrative expenses. The Company does not record deferred tax balances related to cash surrender value gains or losses as it has the intent to hold these policies until maturity. The total amounts related to the Company's investments in the life insurance policies, included in other assets in the Combined Balance Sheets as of January 28, 2012, January 29, 2011 and January 30, 2010, were $12.6 million, $12.4 million and $12.1 million, respectively.

Goodwill

The Company assesses goodwill, which is not subject to amortization, for impairment on an annual basis and also at any other date when events or changes in circumstances indicate that the book value of these assets may exceed their fair value. This assessment is performed at a reporting unit level. A reporting unit is a component of a segment that constitutes a business, for which discrete financial information is available, and for which the operating results are regularly reviewed by management. The Company develops an estimate of the fair value of each reporting unit using both a market approach and an income approach. If potential for impairment exists, the fair value of the reporting unit is subsequently measured against the fair value of its underlying assets and liabilities, excluding goodwill, to estimate an implied fair value of the reporting unit's goodwill.

The estimate of fair value is highly subjective and requires significant judgment related to, among other things, the estimate of the magnitude and timing of future reporting unit cash flows. If the Company determines that the estimated fair value of any reporting unit is less than the reporting unit's carrying value, then it will recognize an impairment charge.

The Company's goodwill balance was $239.6 million as of January 28, 2012, January 29, 2011 and January 30, 2010 and was $241.4 million as of January 31, 2009. The Company's accumulated goodwill impairment as of January 28, 2012 was $42.0 million. There were no goodwill impairments recorded during the fiscal years 2011, 2010, and 2009. A $1.8 million adjustment related to a true-up of purchase accounting liabilities was recorded as a reduction to goodwill in 2009.

Intangible assets other than goodwill

Indefinite-lived intangible assets are not amortized, but are tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. Favorable leases, certain trademarks and other intangible assets with finite lives are amortized over their useful lives using the straight-line method. Customer relationships are amortized using an economic patterning technique based on when the benefits of the asset are expected to be used.

The estimated useful life for each class of intangible assets is as follows:

Favorable lease rights	A weighted-average period of 3 years. Favorable lease rights are amortized over the term of the underlying lease, including renewal options in instances where failure to exercise renewals would result in an economic penalty.
Trademarks and other intangible assets	3 to 20 years
Customer relationships	8 years

Each period the Company evaluates whether events and circumstances warrant a revision to the remaining estimated useful life of each intangible asset or its remaining book value. If the Company were to determine that events and circumstances warrant a change to the estimate of an intangible asset's remaining useful life, then the remaining carrying amount of the intangible asset would be amortized prospectively over that revised remaining useful life. If the Company were to determine that the fair value of trademarks with a finite life was lower than its book value, then it would record an impairment charge.

The estimate of fair value is highly subjective and requires significant judgment. If the Company determines that the estimated fair value of any intangible asset is less than its carrying value, then it will recognize an impairment charge.

Derivatives

The Company participates in interest rate related derivative instruments to manage its exposure on its debt instruments and forward contracts to hedge a portion of certain foreign currency purchases. The Company records all derivative instruments on the Combined Balance Sheets as either assets or liabilities measured at fair value in accordance with the framework established for derivatives and hedging and the framework established for fair value measurements and disclosures. For interest rate contracts, the Company uses a mark-to-market valuation technique based on an observable interest rate yield curve and adjusts for credit risk. For foreign currency contracts, the Company uses a mark-to-market technique based on observable foreign currency exchange rates and adjusts for credit risk. Changes in the fair value of these derivative instruments are recorded either through net (loss) earnings or as other comprehensive loss, depending on the type of hedge designation. Gains and losses on derivative instruments designated as cash flow hedges are reported in other comprehensive loss and reclassified into (loss) earnings in the periods in which earnings are impacted by the hedged item.

Parent company investment

Parent Company Investment in the Combined Balance Sheets represents CBI's historical investment in PLG, PLG's accumulated net earnings after taxes, and the net effect of the transactions with and allocations from CBI. See Basis of Presentation above and Note 12 for additional information.

Contingencies

The Company may be involved in legal proceedings that arise in the ordinary course of business. It records accruals for contingencies to the extent that it concludes that their occurrence is probable and that the related liabilities are estimable and it records anticipated recoveries under existing insurance contracts when assured of recovery. The Company considers many factors in making these assessments, including the progress of the case, opinions or views of legal counsel, prior case law, the experience of the Company or other companies in similar cases, and its intent on how to respond. Because litigation and other contingencies are inherently unpredictable and excessive verdicts do occur, these assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions.

Note 2—Intangible assets

The following is a summary of the Company's intangible assets other than goodwill:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Intangible assets subject to amortization:			
Favorable lease rights:			
Gross carrying amount	$ 6.0	$ 6.0	$ 6.0
Less: accumulated amortization	(4.9)	(4.1)	(2.8)
Carrying amount, end of period	1.1	1.9	3.2
Customer relationships:			
Gross carrying amount	67.1	67.1	67.1
Less: accumulated amortization	(49.4)	(41.8)	(32.0)
Carrying amount, end of period	17.7	25.3	35.1
Trademarks and other intangible assets:			
Gross carrying amount	9.3	8.4	8.5
Less: accumulated amortization	(5.5)	(4.3)	(3.2)
Carrying amount, end of period	3.8	4.1	5.3
Total carrying amount of intangible assets subject to amortization	22.6	31.3	43.6
Indefinite-lived trademarks	276.4	299.9	299.9
Total intangible assets	$ 299.0	$ 331.2	$ 343.5

During the second quarter of 2011, due to underperformance in the retail business, the Company revised its financial projections related to certain indefinite-lived trademarks. These revisions indicated a potential impairment of certain indefinite-lived trademarks and, as such, the Company assessed the fair value of these indefinite-lived trademarks to determine if their book value exceeded their fair value. This assessment indicated that the book value of certain indefinite-lived trademarks exceeded their fair value and the Company recorded $23.5 million of pre-tax impairment charges within cost of sales in the Combined Statements of Earnings (Loss). No impairment charges related to its indefinite-lived trademarks were recorded in 2010 or 2009.

Amortization expense on intangible assets is as follows:

(dollars in millions)	52 weeks ended January 28, 2012	January 29, 2011	January 30, 2010
Amortization expense on intangible assets	$ 8.8	$ 11.3	$ 14.1

The Company expects amortization expense for the next five years to be as follows (in millions):

Year	Amount
2012	$ 7.5
2013	6.2
2014	5.0
2015	3.6
2016	0.1

Note 3—Long-term debt

On August 17, 2007, CBI, through its wholly-owned subsidiary Collective Brands Finance, Inc, entered into a $725 million term loan (the "Term Loan Facility"). The Term Loan Facility ranks *pari passu* in right of payment and has the lien priorities specified in an intercreditor agreement executed by the administrative agent to the Term Loan Facility. The Term Loan Facility is a senior secured loan guaranteed by substantially all of the assets of CBI and the capital stock of each domestic subsidiary and 66% of the stock of non-U.S. subsidiaries directly owned by CBI, including subsidiaries of the Company. As substantially all the assets of the Company are pledged under the Term Loan Facility, which was used to finance CBI's acquisition of the Company, the Term Loan Facility debt and related capitalized debt issuance costs and interest expense have been "pushed-down" and reflected in Company's Combined Financial Statements.

The Term Loan Facility will mature on August 17, 2014 and will amortize quarterly in annual amounts of 1.0% of the original amount, reduced ratably by any prepayments, with the final installment payable on the maturity date. The Term Loan Facility agreement provides for customary mandatory prepayments, subject to certain exceptions and limitations and in certain instances, reinvestment rights, from (a) the net cash proceeds of certain asset sales, insurance recovery events and debt issuances, each as defined in the Term Loan Facility agreement, and (b) 25% of excess cash flow, as defined in the Term Loan Facility agreement, subject to reduction. The mandatory prepayment is not required if CBI's total leverage ratio, is less than 2.0 to 1.0 at fiscal year-end. Based on the Parent's excess cash flow projections as of January 28, 2012, it was not required to make such a mandatory prepayment. Loans under the Term Loan Facility will bear interest at CBI's option, at either (a) the Base Rate as defined in the Term Loan Facility agreement plus 1.75% per annum or (b) the Eurodollar (London Inter-Bank Offer Rate ("LIBOR")-indexed) Rate plus 2.75% per annum, with such margin to be agreed for any incremental term loans. As of January 28, 2012, the interest rate on loans under the Term Loan Facility was 3.04% as selected by CBI under option (b) above.

The Term Loan Facility contains various covenants including those that may limit CBI's ability to pay dividends, repurchase stock, accelerate the retirement of debt or make certain investments. As of January 28, 2012, CBI was in compliance with all of its covenants.

Long-term debt obligations were:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Term Loan Facility(1)	$ 484.4	$ 489.4	$ 673.4
Less: current maturities of long-term debt	5.1	5.1	6.9
Long-term debt	$ 479.3	$ 484.3	$ 666.5

(1) As of January 28, 2012, January 29, 2011 and January 30, 2010, the fair value of the Term Loan Facility was $479.5 million, $489.4 million and $653.2, respectively, based on market conditions and perceived risks as of those dates. The fair value of the Term Loan Facility is valued using Level 2 measurements as defined in the Fair Value Measurements footnote (Note 5).

Future debt maturities as of January 28, 2012 are as follows:

(dollars in millions)	Term loan facility
2012	$ 5.1
2013	5.1
2014	474.2
Total	$ 484.4

Additionally, (i) in July 2003 CBI sold $200.0 million of 8.25% Senior Subordinated Notes (the "CBI Notes Payable") for $196.7 million, due 2013; and (ii) in August 2007 CBI entered into a Revolving Loan Facility (the "CBI Revolver"); amended and restated in August 2011, maturing on August 16, 2016. The CBI Revolver is available for CBI's general corporate purposes. The CBI Notes Payable and the CBI Revolver and related interest have not been reflected in the Company's Combined Financial Statements. The Company's assets have been pledged as collateral to secure the CBI Notes Payable, with the CBI Notes Payable guaranteed by all of CBI's domestic subsidiaries (including subsidiaries of the Company). The balance of the CBI Notes Payable (including unamortized discount) was $125.0 million, $175.0 million and $175.0 million as of January 28, 2012, January 29, 2011 and January 30, 2010, respectively.

The CBI Revolver is a senior secured loan guaranteed by substantially all of the assets of CBI, including the Company's assets. The balance of the CBI Revolver was zero at January 28, 2012, January 29, 2011 and January 30, 2010. The Company is not the legal obligor of either the CBI Notes Payable or the CBI Revolver and it is not expected the Company will be the legal obligor for either borrowing in the future in any planned or anticipated transactions which could transfer such obligations.

Note 4—Derivatives

The Company, through CBI, has entered into an interest rate contract for an initial amount of $540 million to hedge a portion of the variable rate $725 million Term Loan Facility ("interest rate contract"). The interest rate contract provides for a fixed interest rate of approximately 7.75%, portions of which matured on a series of dates through May of 2012. As of January 28, 2012, the Company has hedged $90 million of the Term Loan Facility.

The Company has also entered into a series of forward contracts to hedge a portion of certain foreign currency purchases ("foreign currency contracts"). The foreign currency contracts provide for a fixed exchange rate and mature over a series of dates through October of 2012. As of January 28, 2012 the Company has hedged $23.9 million of its forecasted foreign currency purchases. The fair value, amounts classified in other comprehensive income ("OCI"), and the amounts reclassified from accumulated other comprehensive (loss) income ("AOCI") on the foreign currency contracts were not significant for any periods presented.

The interest rate contract is designated as a cash flow hedging instrument. The change in the fair value of the interest rate contract is recorded as a component of AOCI and reclassified into earnings in the periods in which earnings are impacted by the hedged item. The following table presents the fair value of the Company's hedging portfolio related to its interest rate contract:

		Fair value		
(dollars in millions)	Location on combined balance sheet	January 28, 2012	January 29, 2011	January 30, 2010
Interest rate contract	Other liabilities	$ —	$ 1.3	$ 5.4
Interest rate contract	Accrued expenses	$ 0.9	$ 6.1	$ 10.0

It is the Company's policy to enter into derivative instruments with terms that match the underlying exposure being hedged. As such, the Company's derivative instruments are considered highly effective, and the net gain or loss from hedge ineffectiveness is not significant. Realized gains or losses on the hedging instruments occur when a portion of the hedge settles or if it is probable that the forecasted transaction will not occur. The impact of the derivative instruments on the Combined Financial Statements is as follows:

	Gain (loss) recognized in AOCI on derivative (net of tax)				Gain (loss) reclassified from AOCI into earnings (net of tax)		
	52 Weeks ended			Location on	52 Weeks ended		
(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010	Combined Statement of Earnings (Loss)	January 28, 2012	January 29, 2011	January 30, 2010
Interest rate contract	$ (0.5)	$ (2.3)	$ (5.6)	Interest expense	$ (7.0)	$ (7.3)	$ (9.3)

The Company expects the fair value of the interest rate contract recorded in AOCI to be recognized in earnings during the next 12 months. This amount may vary based on changes to LIBOR and foreign currency exchange rates.

Note 5—Fair value measurements

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The three levels of the hierarchy are as follows:

Level 1: observable inputs such as quoted prices in active markets

Level 2: inputs other than the quoted prices in active markets that are observable either directly or indirectly

Level 3: unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions

The following table presents financial assets and financial liabilities that the Company measures at fair value on a recurring basis (not including the Company's pension plan assets). The Company has classified these financial assets and liabilities in accordance with the fair value hierarchy:

	Estimated fair value measurements			
(dollars in millions)	Quoted prices in active markets (level 1)	Significant observable other inputs (level 2)	Significant unobservable inputs (level 3)	Total fair value
As of January 28, 2012				
Financial liabilities:				
Interest rate contract(1)	$ —	$ 0.9	$ —	$ 0.9
As of January 29, 2011				
Financial liabilities:				
Interest rate contract(1)	$ —	$ 7.4	$ —	$ 7.4
As of January 30, 2010				
Financial liabilities:				
Interest rate contract(1)	$ —	$ 15.4	$ —	$ 15.4

(1) The fair value of the interest rate contract is determined using a mark-to-market valuation technique based on an observable interest rate yield curve and adjusting for credit risk.

Note 6—Pension plans

The PLG pension plan is a noncontributory defined benefit pension plan, which no longer accrues future benefits, that covers certain eligible PLG associates. Prior to the freezing of the plan, eligible PLG associates accrued pension benefits at a fixed unit rate based on the associate's service and compensation.

Included in AOCI are the following pre-tax amounts that have not yet been recognized in net periodic pension cost:

(dollars in millions)	
Amount at January 29, 2011	$20.6
Amortization recognized	(1.1)
New amounts recognized	16.9
Amount at January 28, 2012	$36.4

The following tables present information about benefit obligations, plan assets, annual expense, assumptions and other information about PLG's defined benefit pension plan:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Change in projected benefit obligation:			
Obligation at prior measurement date	$ 85.5	$ 78.4	$ 73.5
Interest cost	4.8	4.6	4.5
Actuarial loss	13.4	5.5	3.4
Benefits paid	(3.3)	(3.0)	(3.0)
Obligation at end of year	$ 100.4	$ 85.5	$ 78.4
Assumptions:			
Discount rate	4.70%	5.75%	5.90%
Salary increases	n/a	n/a	n/a

The following table summarizes the change in plan assets:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Fair value of plan assets at prior measurement date	$ 69.4	$ 61.9	$ 44.3
Actual return on plan assets	1.9	8.9	11.1
Employer contributions	0.4	1.6	9.5
Benefits paid	(3.3)	(3.0)	(3.0)
Fair value of plan assets at end of year	$ 68.4	$ 69.4	$ 61.9
Underfunded status at end of year	$ (32.0)	$ (16.1)	$ (16.5)

The $32.0 million, $16.1 million and $16.5 million liabilities recognized as of January 28, 2012, January 29, 2011 and January 30, 2010, respectively, are included in other long-term liabilities in the Combined Balance Sheets.

The components of net periodic benefit costs for the plan were:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Interest cost	$ 4.8	$ 4.6	$ 4.5
Expected return on assets	(5.4)	(5.0)	(3.6)
Amortization of actuarial loss	1.1	1.3	1.8
Net periodic benefit cost	$ 0.5	$ 0.9	$ 2.7

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Assumptions:			
Discount rate	5.75%	5.90%	6.25%
Expected long-term return on plan assets	8.00%	8.25%	8.25%
Salary increases	n/a	n/a	n/a

Both the accumulated and projected benefit obligations as of January 28, 2012, January 29, 2011 and January 30, 2010 were $100.4 million, $85.5 million and $78.4 million, respectively.

The Company expects $2.6 million of pre-tax net loss included in AOCI to be recognized in net periodic benefit cost during fiscal year 2012.

In selecting the expected long-term rate of return on assets, the Company considers the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of this plan. This includes considering the plan's asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year. The calculation of pension expense is dependent on the determination of the assumptions used. Holding other variables constant, a 100 basis point decrease in the discount rate or a 100 basis point decrease in the expected long-term return on assets would increase the Company's annual pension expense by $1.0 million and $0.7 million, respectively. As the result of stopping the accrual of future benefits, a salary growth assumption is no longer applicable.

The long term annualized time-weighted rate of return is calculated on the basis of a three year rolling average using market values and is expected to be at least 1% higher than the composite benchmark for the plan. Investment managers are evaluated semi-annually against commonly accepted benchmarks to ensure adherence to the stated strategy and that the risk posture assumed is commensurate with the given investment style and objectives.

The Company's written investment policy for the PLG Plan establishes investment principles and guidelines and defines the procedures that will be used to control, evaluate and monitor the investment practices for the plan. An administrative committee designated by the Board of Directors provides investment oversight for the plan. Stated investment objectives are:

- Maintain a portfolio of secure assets of appropriate liquidity and diversification that will generate investment returns, combined with expected future contributions, that should be sufficient to maintain the plan's funded state or improve the funding level of the plan if it is in deficit.
- To control the long-term costs of the plan by maximizing return on the assets subject to meeting the objectives above.

The plan's target allocation per the investment policy and weighted average asset allocations by asset category are:

	Target allocation	January 28, 2012	January 29, 2011	January 30, 2010
Domestic equity securities	48% - 58%	52%	54%	47%
International equity securities	10% - 14%	11%	12%	10%
Domestic fixed income securities	32% - 38%	35%	32%	41%
Cash	0% - 5%	2%	2%	2%
		100%	100%	100%

The portfolio is designed to achieve a balanced return of current income and modest growth of capital, while achieving returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of plan assets. All plan assets are required to be invested in liquid securities. While the Company is outside of its target range for certain asset categories as of January 30, 2010, it is still within the guidelines set forth by the investment policy.

The PLG pension plan assets are valued at fair value. The Company's estimates of fair value for these pension plan assets are based on the framework established in the fair value accounting guidance. The three levels of the hierarchy are as follows:

Level 1: observable inputs such as quoted prices in active markets

Level 2: inputs other than the quoted prices in active markets that are observable either directly or indirectly

Level 3: unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions

The following table presents the PLG pension plan assets that the Company measures at fair value on a recurring basis. The Company has classified these financial assets in accordance with the fair value hierarchy:

(dollars in millions)	Estimated fair value measurements: Quoted prices in active markets (level 1)	Significant observable other inputs (level 2)	Significant unobservable inputs (level 3)	Total fair value
As of January 28, 2012:				
Domestic equity securities	$ 3.6	$ 32.1	$ —	$ 35.7
International equity securities	7.7	—	—	7.7
Domestic fixed income securities	23.7	—	—	23.7
Cash	1.3	—	—	1.3
Total	$ 36.3	$ 32.1	$ —	$ 68.4
As of January 29, 2011:				
Domestic equity securities	$ 3.5	$ 34.2	$ —	$ 37.7
International equity securities	—	8.0	—	8.0
Domestic fixed income securities	22.2	—	—	22.2
Cash	1.5	—	—	1.5
Total	$ 27.2	$ 42.2	$ —	$ 69.4
As of January 30, 2010:				
Domestic equity securities	$ 2.4	$ 26.3	$ —	$ 28.7
International equity securities	—	6.5	—	6.5
Domestic fixed income securities	25.2	—	—	25.2
Cash	1.5	—	—	1.5
Total	$ 29.1	$ 32.8	$ —	$ 61.9

The Company contributed $0.4 million and $1.6 million to this pension plan during the 2011 and 2010 fiscal years, respectively, and plans to make $4.0 million of contributions during the 2012 fiscal year. The Company's future contributions will depend upon market conditions, interest rates and other factors and may vary significantly in future years based upon the plan's funded status as of the 2012 measurement date.

Estimated future benefit payments for the next five years and the aggregate amount for the following five years for this plan are:

(dollars in millions)	
2012	$ 3.6
2013	3.7
2014	3.9
2015	4.2
2016	4.4
2017-2021	25.8

Additionally, CBI has a nonqualified, supplementary account balance defined benefit pension plan ("Payless Plan") that covers a select group of management employees, This plan is an unfunded, noncontributory plan. During the fiscal years ended 2011, 2010 and 2009, PLG was allocated $0.3 million, $0.4 million and $0.2 million, respectively, of expense related to this plan. These allocated amounts are included within Selling, General and Administrative expense as discussed in Note 12.

Note 7—Defined contribution plans

PLG provides a qualified safe harbor defined contribution plan ("401(k) Plan") for its associates. This qualified defined contribution plan enables eligible associates to defer a portion of their salary to be held by the trustees of the plan and invested as self-directed by associates. Associates are eligible to join the 401(k) Plan on the first of the month following the completion of six months of employment and the attainment of age 21. The matching contribution is 100% on the first 3% of salary deferred and 50% on the next

3% of salary deferred. Matching contributions are made on a regular basis as salary is deferred and are not subject to a true-up at the end of the year. Total 401(k) Plan employer contributions for this plan for 2011, 2010 and 2009 plan years were $2.1 million, $1.9 million and $2.6 million, respectively.

Additionally, CBI has two qualified profit sharing plans ("Payless Profit Sharing Plans"), which are defined contribution plans that provide for CBI contributions at the discretion of CBI's Board of Directors. During the fiscal years ended 2011, 2010 and 2009, PLG was allocated $0.1 million, $0.2 million and $0.1 million, respectively, of expense related to these plans. These allocated amounts are included within Selling, General and Administrative expense as discussed in Note 12.

Note 8—Share-based compensation

CBI maintains certain share-based compensation plans for the benefit of certain officers, directors and employees, including the employees of PLG. Under its equity incentive plans, CBI grants share appreciation vehicles consisting of stock-settled stock appreciation rights ("stock-settled SARs") and cash-settled stock appreciation rights ("cash-settled SARs"), as well as full value vehicles consisting of nonvested shares and phantom stock units to certain PLG employees. Awards can be granted with or without performance restrictions. Appreciation vehicles are granted at the fair market value on the date of grant and may be exercised only after stated vesting dates or other vesting criteria, as applicable, have been achieved. Generally, vesting of appreciation vehicles is conditioned upon continued employment with CBI, although appreciation vehicles may be exercised during certain periods following retirement, termination, disability or death. Historically, CBI has used treasury shares for settlement of share-based compensation.

Compensation expense

Total share-based compensation costs recognized for 2011, 2010 and 2009 were $3.3 million, $4.7 million, and $4.2 million, respectively. A component of these charges relates to costs allocated from CBI employees not solely dedicated to PLG. As of the fiscal years ended 2011, 2010 and 2009, there were approximately 1.1 million, 1.1 million, and 1.2 million, respectively, equity incentive plan shares outstanding related to PLG specific employees. These awards and related amounts are not necessarily indicative of awards and amounts that would have been granted if PLG were an independent, publicly traded company for the periods presented. As of January 28, 2012, the likelihood of whether performance conditions will be met has been assessed and the related expense has been recorded based on the estimated outcome. Total share-based compensation expense associated with PLG employees is summarized as follows:

	52 Weeks ended								
	January 28, 2012			January 29, 2011			January 30, 2010		
(dollars in millions)	PLG employees	Other employee allocations	2011 Total	PLG employees	Other employee allocations	2010 Total	PLG employees	Other employee allocations	2009 total
Cost of sales	$ 0.2	$ 0.1	$0.3	$ 0.3	$ 0.1	$0.4	$ 0.8	$ 0.2	$1.0
Selling, general and administrative expenses	2.5	0.5	3.0	3.5	0.8	4.3	2.4	0.8	3.2
Share-based compensation expense before income taxes	$ 2.7	$ 0.6	$3.3	$ 3.8	$ 0.9	$4.7	$ 3.2	$ 1.0	$4.2

No amount of share-based compensation has been capitalized. As of January 28, 2012, the Company had unrecognized compensation expense related to PLG specific employees' nonvested awards of approximately $2.1 million, which is expected to be recognized over a weighted average period of 0.9 years.

Fair value

CBI uses a binomial model to determine the fair value of its share-based awards. The binomial model considers a range of assumptions relative to volatility, risk-free interest rates and employee exercise behavior. CBI believes the binomial model provides a fair value that is representative of actual and future experience.

The fair value of stock-settled SARs granted was calculated using the following assumptions:

	52 Weeks ended		
	January 28, 2012	January 29, 2011	January 30, 2010
Risk-free interest rate	1.5%	1.9%	1.7%
Expected dividend yield	— %	— %	— %
Expected appreciation vehicle life (in years)	4	4	4
Weighted-average expected volatility	62%	60%	58%

Risk-free interest rate—The rate is based on zero-coupon U.S. Treasury yields in effect at the date of grant, utilizing separate rates for each whole year up to the contractual term of the appreciation vehicle and interpolating for time periods between those not listed.

Expected dividend yield—The Company has not historically paid dividends and has no immediate plans to do so; as a result, the dividend yield is assumed to be zero.

Expected appreciation vehicle life—The expected life is derived from the output of the binomial lattice model and represents the period of time that the appreciation vehicles are expected to be outstanding. This model incorporates time-based early exercise assumptions based on an analysis of historical exercise patterns.

Expected Volatility—The rate used in the binomial model is based on an analysis of historical prices of the Company's stock. The Company currently believes that historical volatility is a good indicator of future volatility.

Note 9—Income taxes

Earnings (loss) before income taxes include the following components:

	52 Weeks ended		
(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Domestic	$ (30.8)	$ (12.2)	$ (42.4)
Foreign	30.9	21.6	16.8
Total	$ 0.1	$ 9.4	$ (25.6)

The benefit for income taxes consists of the following:

	52 Weeks ended		
(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Federal	$ 0.1	$ (0.1)	$ (1.8)
State and local	0.1	0.1	(0.2)
Foreign	1.9	1.8	0.8
Current tax provision (benefit)	2.1	1.8	(1.2)
Federal	(8.2)	(2.7)	(4.1)
State and local	(1.1)	(1.4)	(0.6)
Foreign	(0.2)	(0.1)	(0.6)
Deferred tax benefit	(9.5)	(4.2)	(5.3)
Total benefit	$ (7.4)	$ (2.4)	$ (6.5)

The reconciliation between the statutory federal income tax rate and the effective income tax rate as applied to continuing operations was as follows:

(dollars in millions)	52 Weeks ended January 28, 2012		January 29, 2011		January 30, 2010	
Statutory federal income tax rate	35.0%	$ —	35.0%	$ 3.3	35.0%	$(8.9)
State and local income taxes, net of federal tax benefit	(576.1)	(0.5)	(17.4)	(1.6)	7.5	(1.9)
Federal domestic valuation allowance	(1,913.0)	(1.8)	36.9	3.5	(34.5)	8.8
State valuation allowance	(335.8)	(0.3)	14.8	1.4	(5.4)	1.4
Rate differential on foreign earnings, net of valuation allowance	(9,741.0)	(9.0)	(64.1)	(6.0)	22.4	(5.7)
Net decrease in tax reserves	(109.9)	(0.1)	(1.7)	(0.2)	0.5	(0.1)
Tax credits	(1,078.4)	(1.0)	(7.1)	(0.7)	2.7	(0.7)
Foreign unremitted earnings	5,453.0	5.0	—	—	—	—
AMT tax	103.4	0.1	—	—	—	—
Company-owned life insurance	(107.3)	(0.1)	(9.8)	(0.9)	(0.2)	—
Change in state rate	—	—	(10.1)	(1.0)	—	—
Other, net	241.7	0.3	(1.9)	(0.2)	(2.7)	0.6
Effective income tax rate	(8,028.4)%	$(7.4)	(25.4)%	$(2.4)	25.3%	$(6.5)

The Company's effective tax rates have differed from the U.S. statutory rate principally due to the impact of its operations conducted in jurisdictions with rates lower than the U.S. statutory rate and the impact of a domestic valuation allowance recorded against deferred tax assets. The Company has recorded net favorable discrete events of $0.2 million, $0.2 million and $2.1 million in 2011, 2010 and 2009, respectively. The discrete events relate primarily to the resolution of outstanding tax audits and lapse of statutes. During the year ended January 28, 2012, the Company changed its assertion with respect to certain undistributed earnings of foreign subsidiaries and provided $5.7 million of US tax on $14.4 million in earnings of foreign subsidiaries.

Based on CBI's and the Company's historical operating structure, the Company participates in the Asian sourcing activities. These carve-out tax provisions reflect the Company's historical operating structure, and as such, the benefits associated with that structure are reflected in this tax provision for the Company on a stand-alone basis. All of the legal entities involved in the Asian sourcing structure will not be transferred to a buyer in a sale transaction. As a result, the Company's tax benefits received from the Asian sourcing structure in post-acquisition periods will depend on the buyer's operating structure. The rate differential on foreign earnings, net of valuation allowance, arises primarily from the Company's offshore entities that are subject to substantially lower local country income taxes. The Company's weighted average foreign effective tax rate for fiscal years 2011, 2010 and 2009 was 5.3%, 7.9% and 1.0%, respectively. The weighted average foreign effective tax rate is much lower in 2009 due primarily to the losses incurred by Stride Rite Canada.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	52 Weeks ended		
(dollars in millions)	**January 28, 2012**	**January 29, 2011**	**January 30, 2010**
Gross unrecognized tax benefits at beginning of year	$ 4.6	$ 4.9	$ 5.0
Increases in tax positions for prior years	—	—	—
Decreases in tax positions for prior years	—	—	(1.6)
Increases in tax positions for current year	—	—	1.8
Settlements	—	—	—
Lapse in statute of limitations	(0.2)	(0.3)	(0.3)
Gross unrecognized tax benefits at end of year	$ 4.4	$ 4.6	$ 4.9

The portions of the unrecognized tax benefits as of January 28, 2012, January 29, 2011 and January 30, 2010 which will favorably impact the effective tax rate if recognized are $3.6 million, $3.8 million and $3.9 million, respectively. These unrecognized tax benefits have been determined based on a stand-alone return basis. In certain cases the unrecognized tax benefits may remain with CBI post-acquisition. As a result, the Company's actual unrecognized tax benefits for post-acquisition periods may be different than disclosed above.

For the years ended January 28, 2012, January 29, 2011 and January 30, 2010, the net amount of interest and penalties related to unrecognized tax benefits included in the provision for income taxes in the Combined Statements of Earnings (Loss) was an expense of $0.1 million, $0.1 million, and a benefit of $0.2 million, respectively. Accrued interest and penalties as of January 28, 2012, January 29, 2011 and January 30, 2010 were $1.0 million, $1.0 million, and $0.9 million, respectively. The Company's U.S. federal income tax returns have been examined by the Internal Revenue Service through 2007. The Company has certain state income tax returns in the process of examination or administrative appeal.

The Company anticipates that it is reasonably possible that the total amount of unrecognized tax benefits at January 28, 2012 will decrease by up to $1.0 million within the next 12 months due to potential settlements of on-going examinations with tax authorities and the potential lapse of the statutes of limitations in various taxing jurisdictions. To the extent that these tax benefits are recognized, the effective tax rate will be favorably impacted by up to $0.6 million.

Major components of deferred tax assets (liabilities) were as follows:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Deferred Tax Assets:			
Accrued expenses and reserves	$ 28.6	$ 22.2	$ 23.1
Tax credits and loss carryforwards	18.7	19.0	18.0
Other	8.4	10.5	9.9
Gross deferred tax assets	55.7	51.7	51.0
Less: valuation allowance	(42.3)	(40.7)	(35.8)
Deferred tax assets	$ 13.4	$ 11.0	$ 15.2
Deferred Tax Liabilities:			
Depreciation/amortization and basis differences	$ (118.4)	$ (130.0)	$ (135.4)
Other	(6.3)	(1.8)	(1.8)
Deferred Tax Liabilities	(124.7)	(131.8)	(137.2)
Net deferred tax liability	$ (111.3)	$ (120.8)	$ (122.0)

The deferred tax assets and (liabilities) are included on the Combined Balance Sheets as follows:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Current deferred income tax assets	$ 3.5	$ 2.5	$ 1.8
Deferred income tax assets (noncurrent)	0.1	0.2	0.2
Deferred income tax liability (noncurrent)	(114.9)	(123.5)	(124.0)
	$ (111.3)	$ (120.8)	$ (122.0)

The Company provides a valuation allowance against net deferred tax assets if, based on operating results and other objectively verifiable evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company has a three year cumulative pre-tax loss in its domestic jurisdiction. The cumulative loss resulted in the Company recording an increase in a non-cash valuation allowance on domestic deferred tax assets of $10.2 million in 2009, $4.9 million in 2010 and $1.6 million in 2011, as realization of the deferred tax assets was not more likely than not. The establishment of a valuation allowance does not have any impact on cash, nor does such an allowance preclude the Company from using its loss carryforwards or utilizing other deferred tax assets in the future. At January 28, 2012, deferred tax assets for federal, state and foreign net operating loss carryforwards are $15.0 million, less a valuation allowance of $14.8 million. These net operating losses are recalculated based on the Company's stand-alone carve-out basis. They do not reflect actual net operating losses which will carry forward into the post-acquisition periods. These net operating loss carryforwards will expire as follows:

(dollars in millions)	Expiration	Amount	Valuation allowance
Federal net operating losses	2029-2030	$ 10.1	$ (10.1)
State net operating losses	2012-2031	4.5	(4.5)
Foreign net operating losses	Indefinite	0.4	(0.2)
Total		$ 15.0	$ (14.8)

At January 28, 2012, deferred tax assets for federal, state and foreign tax credits are $3.7 million, less a valuation allowance of $3.7 million. These credits are recalculated based on the Company's stand-alone carve-out basis. They do not reflect actual credits which will carry forward into the post-acquisition periods. These credits will expire as follows:

(dollars in millions)	Expiration	Amount	Valuation allowance
Federal foreign tax credit carryforwards	2018-2021	$ 1.4	$ (1.4)
Federal general business credit carryforwards	2028-2031	1.3	(1.3)
State income tax credit carryforwards	2012-2028	0.9	(0.9)
Alternative minimum tax credit	Indefinite	0.1	(0.1)
Total		$ 3.7	$ (3.7)

The Company's operating results have been included in CBI's consolidated U.S. federal and state income tax returns as well as included in certain of CBI's tax filings for non-U.S. jurisdictions. The provision for income taxes in these Combined Financial Statements has been determined on a stand-alone return basis. The Company's contribution to CBI's tax losses and tax credits on a stand-alone return basis has been included in these Combined Financial Statements. The Company's stand-alone return basis tax net operating loss and tax credit carryforwards may not reflect the tax positions taken or to be taken by CBI. In certain cases the tax losses and tax credits generated by the Company have been available for use by CBI or may remain with CBI. As a result, the Company's actual net operating loss and tax credit carryforwards to post-acquisition periods may be different than disclosed above

As of January 28, 2012, the Company has not provided US tax on its cumulative undistributed earnings of foreign subsidiaries of approximately $54.3 million, because it is the Company's intention to reinvest these earnings indefinitely. The calculation of the unrecognized deferred tax liability related to these earnings is complex and the calculation is not practicable. If earnings were distributed, the Company would be subject to US taxes and withholding taxes payable to various foreign governments. Based on the facts and circumstances at that time, the Company would determine whether a credit for foreign taxes already paid would be available to reduce or offset the US tax liability.

Note 10—Accrued expenses and other liabilities

Major components of accrued expenses included:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Profit sharing, bonus and salaries	$ 15.4	$ 20.3	$ 9.9
Sales, use and other taxes	3.4	3.3	2.3
Accrued interest	1.8	3.6	5.3
Accrued advertising	2.4	2.2	1.1
Derivative liability	0.9	6.1	10.0
Other accrued expenses	5.3	5.8	10.2
Total	$ 29.2	$ 41.3	$ 38.8

Major components of other liabilities included:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Pension plans	$ 32.0	$ 16.1	$ 16.5
Straight-line rent	3.3	3.4	2.5
Deferred tenant improvement allowances, net	2.1	2.5	1.9
Deferred compensation	3.4	3.1	1.8
Long-term compensation	3.2	1.1	—
Derivative liability	—	1.3	5.4
Other liabilities	7.4	8.2	11.5
Total	$ 51.4	$ 35.7	$ 39.6

Note 11—Lease obligations

Rental expense for the Company's operating leases consisted of:

(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Minimum rentals	$ 29.2	$ 27.1	$ 27.1
Contingent rentals based on sales	1.0	0.2	0.2
Real property rentals	30.2	27.3	27.3
Equipment rentals	2.9	3.9	4.1
Total	$ 33.1	$ 31.2	$ 31.4

Most store lease agreements contain renewal options and include escalating rents over the lease terms. Certain leases provide for contingent rentals based upon gross sales. Cumulative expense recognized on the straight-line basis in excess of cumulative payments is included in accrued expenses and other liabilities on the accompanying Combined Balance Sheets. Certain lease agreements provide for scheduled rent increases during the lease term, as well as provisions for renewal options. Rent expense is recognized on a straight-line basis over the term of the lease from the time at which the Company takes possession of the property. In instances where failure to exercise renewal options would result in an economic penalty, the calculation of straight-line rent expense includes renewal option periods. Also, landlord-provided tenant improvement allowances are recorded as a liability and amortized as a credit to rent expense.

Future minimum lease payments under non-cancelable operating lease obligations as of January 28, 2012, were as follows:

(dollars in millions)	Operating leases
2012	$ 28.2
2013	25.4
2014	22.8
2015	19.4
2016	15.2
2017 and thereafter	39.3
Minimum lease payments	$ 150.3

At January 28, 2012, there were no minimum rentals to be received in the future under non-cancelable subleases.

Note 12—Related party transactions and parent company equity

Allocation of expenses

The Combined Financial Statements include expense allocations for certain functions provided by CBI, including, but not limited to, finance, legal, information technology, human resources, logistics, sourcing and other employee benefits and incentives. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on the basis of net sales, headcount, store count, footwear units, level of effort or other measures. During the fiscal years ended 2011, 2010 and 2009, the Company was allocated the following costs incurred by CBI which are included in the Combined Statements of Earnings (Loss) as follows:

	52 Weeks ended		
(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Cost of sales	$ 13.0	$ 12.5	$ 8.8
Selling, general and administrative expenses	14.5	12.9	10.1
Total	$ 27.5	$ 25.4	$ 18.9

The expense allocations have been determined on the basis that both the Company and CBI consider to be a reasonable reflection of the utilization of services provided or the benefit received by the Company during the periods presented. The allocations may not, however, reflect the expense the Company would have incurred as an independent company for the periods presented. Actual costs that may have been incurred if the Company had been a stand-alone company would depend on a number of factors, including the chosen organization structure and certain strategic decisions.

Included in the above allocations are expenses related to the Company's sourcing operations in Asia which are shared with CBI. Allocations of shared administrative, finance, information technology, human resources, etc. expenses relative to these operations totaled $8.7 million, $9.5 million and $6.9 million in 2011, 2010 and 2009, respectively, and are recorded within Cost of sales in the Combined Statements of Earnings (Loss). Additionally, for tax purposes, transfer price revenue associated with the Company's sourcing operations in Asia is included in the Company's foreign earnings (loss) before income taxes, with offsetting transfer price expense included in the Company's domestic earnings (loss) before income taxes.

Parent company investment

It is not meaningful to show share capital or retained earnings for the Company. The net assets of the Company are represented by the cumulative investment in the Company by CBI that is shown as Parent Company Investment, which comprises share capital, accumulated retained earnings of the Company, after eliminating investments within the Company's subsidiaries, as well as settlement of intercompany charges to/from CBI from/to the Company and net transfers of excess cash and cash equivalents. All significant transactions between the Company and CBI have been included in the Combined Financial Statements and are considered to be effectively settled for cash in the Combined Financial Statements at the time the transaction is recorded.

Net transfers from Parent are included within Parent Company Investment on the Combined Statements of Parent Company Equity. The components of net transfers from parent are as follows:

	52 Weeks ended		
(dollars in millions)	January 28, 2012	January 29, 2011	January 30, 2010
Net change in income tax accounts	$ 2.1	$ 1.8	$ (1.2)
Allocation of expenses	27.5	25.4	18.9
Cash pooling and general financing activities	(1.2)	171.1	16.4
Total net transfers from parent	$ 28.4	$ 198.3	$ 34.1

Note 13—Environmental liability

The Company owns a property with a related environmental liability. The liability as of January 28, 2012 was $0.5 million, $0.1 million of which was included as an accrued expense and $0.4 million of which was included in other long-term liabilities in the accompanying Combined Balance Sheets. The assessment of the liability and the associated cost were based upon available information after consultation with environmental engineers, consultants and attorneys assisting the Company in addressing these environmental issues. The Company estimates the total cost related to this environmental liability to be $6.3 million, including $5.8 million of costs that have already been paid. Actual costs to address the environmental conditions may change based upon further investigations, the conclusions of regulatory authorities about information gathered in those investigations and due to the inherent uncertainties involved in estimating conditions in the environment and the costs of addressing such conditions.

Note 14—Commitments and contingencies

As of January 28, 2012, the Company has $1.4 million of royalty obligations consisting of minimum royalty payments for the purchase of branded merchandise, $45.6 million of estimated future benefit payment obligations over the next ten years associated with the PLG pension plan, $0.5 million of service agreement obligations relating to minimum payments for services that the Company cannot avoid without penalty and $0.1 million of employment agreement obligations related to minimum payments to certain of the Company's executives.

There are no pending legal proceedings other than ordinary, routine litigation incidental to the business to which the Company is a party or of which its property is subject, none of which the Company expects to have a material impact on its financial position, results of operations or cash flows.

Note 15—Impact of recently issued accounting standards

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"), which is effective for annual reporting periods beginning after December 15, 2011. This guidance amends certain accounting and disclosure requirements related to fair value measurements. The Company does not believe ASU 2011-04 will have a significant impact on its Combined Financial Statements.

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment", which is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011; however, early adoption is permitted. Under the new guidance, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the entity determines that this threshold is not met, then performing the two-step impairment test is unnecessary. The Company does not believe ASU 2011-08 will have a significant impact on its Combined Financial Statements.

In July 2012, the FASB issued ASU 2012-02, “Testing Indefinite-Lived Intangible Assets for Impairment”, which is effective for annual reporting periods, and interim periods within those years, beginning after September 15, 2012. ASU 2012-02 amends the guidance in ASC 350-30 on testing indefinite-lived intangible assets, other than goodwill, for impairment. The FASB issued the ASU in response to feedback on ASU 2011-08, which amended the goodwill impairment testing requirements by allowing an entity to perform a qualitative impairment assessment before proceeding to the two-step impairment test. Similarly, under ASU 2012-02, an entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. Although ASU 2012-02 revises the examples of events and circumstances that an entity should consider in interim periods, it does not revise the requirements to test (1) indefinite-lived intangible assets annually for impairment and (2) between annual tests if there is a change in events or circumstances. The Company does not believe ASU 2012-02 will have a significant impact on its Combined Financial Statements.

Note 16—Subsequent events

These combined financial statements reflect management’s evaluation of subsequent events through September 7, 2012, the date the financial statements were available to be issued, and have been updated through July 22, 2013.

Note 17—Subsidiary Guarantors

The acquisition of the Company by Wolverine Worldwide, Inc. discussed in Note 1 was consummated on October 9, 2012. As a result of the acquisition, certain legal entities within the Company became guarantors of debt issued by Wolverine Worldwide, Inc. The following tables present condensed consolidating financial information for the Company, with all intercompany investments between guarantor subsidiaries and non-guarantor subsidiaries reflected on the equity method of accounting. Separate financial statements of the Subsidiary Guarantors are not presented because the guarantors are 100% owned and are fully and unconditionally, and jointly and severally liable under the guarantees, except for normal and customary release provisions.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined statement of earnings (loss)
For the 52 weeks ended January 28, 2012

(In millions)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Combined
Net sales	$ 955.4	$ 158.5	$ (94.6)	$1,019.3
Cost of sales	741.8	108.8	(93.8)	756.8
Gross margin	213.6	49.7	(0.8)	262.5
Selling, general and administrative expenses	201.7	37.7	—	239.4
Operating profit	11.9	12.0	(0.8)	23.1
Interest expense	20.0	3.0	—	23.0
Net earnings (loss) before income taxes	(8.1)	9.0	(0.8)	0.1
Income tax (benefit) expense	(7.5)	0.1	—	(7.4)
Equity in earnings (loss) of consolidated subsidiaries	1.6	6.9	(8.5)	—
Net earnings	1.0	15.8	(9.3)	7.5

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined statement comprehensive (loss) income
For the 52 weeks ended January 28, 2012

(In millions)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Combined
Comprehensive (loss) income:				
Net earnings	$ 1.0	$ 15.8	$ (9.3)	$ 7.5
Other comprehensive income:				
Translation adjustments	—	(0.8)	—	(0.8)
Change in fair value of derivatives	—	6.4	—	6.4
Change in unrecognized pension benefits	(15.8)	—	—	(15.8)
Other comprehensive income, net	(15.8)	5.6	—	(10.2)
Comprehensive (loss) income	(14.8)	21.4	(9.3)	(2.7)

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined Balance Sheets
As of January 28, 2012

(In millions)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Combined
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1.1	$ 6.4	$ —	$ 7.5
Accounts receivable, less allowances:	82.9	43.0	—	125.9
Intercompany accounts receivable	—	656.8	(656.8)	—
Inventories	180.6	26.5	(0.6)	206.5
Deferred income taxes	3.5	—	—	3.5
Prepaid expenses	6.6	1.9	—	8.5
Other current assets	7.1	3.7	(1.0)	9.8
Total current assets	281.8	738.3	(658.4)	361.7
Property, plant and equipment, net	53.3	11.0	—	64.3
Intangible assets, net	293.9	5.1	—	299.0
Goodwill	132.6	107.0	—	239.6
Deferred income taxes	0.1	—	—	0.1
Other assets	17.4	0.1	0.1	17.6
Investment in affiliates	334.3	36.1	(370.4)	—
Total Assets	$1,113.4	$ 897.6	$(1,028.7)	$ 982.3
LIABILITIES AND EQUITY				
Current liabilities:				
Current maturities of long-term debt	$ 5.1	$ —	$ —	$ 5.1
Accounts payable	69.1	22.9	—	92.0
Accrued expenses	23.2	6.0	—	29.2
Total current liabilities	97.4	28.9	—	126.3
Long-term debt	479.3	—	—	479.3
Deferred income taxes	114.9	—	—	114.9
Intercompany accounts payable	656.1	0.7	(656.8)	—
Other liabilities	50.8	2.1	(1.5)	51.4
Total liabilities	1,398.5	31.7	(658.3)	771.9
Parent Company Equity:				
Parent company investment	(255.6)	866.3	(370.4)	240.3
Accumulated other comprehensive loss, net of income taxes	(29.5)	(0.4)	—	(29.9)
Total Parent Company Equity	(285.1)	865.9	(370.4)	210.4
Total liabilities and Parent Company Equity	$1,113.4	$ 897.6	$(1,028.7)	$ 982.3

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined statements of cash flows
For the 52 weeks ended January 28, 2012

(In millions)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Combined
Net cash provided by (used in) operating activities	$ 169.8	$ (165.9)	$ —	$ 3.9
Investing Activities:				
Capital expenditures	(10.8)	(12.1)	—	(22.9)
Intangible asset additions	(0.2)	(0.6)	—	(0.8)
Net cash used in investing activities	(11.0)	(12.7)	—	(23.7)
Financing Activities:				
Repayment of debt	(5.0)	—	—	(5.0)
Net transfers to Parent	(154.2)	179.3	—	25.1
Net cash provided by (used in) financing activities	(159.2)	179.3	—	20.1
Effect of foreign exchange rate changes	—	(3.2)	—	(3.2)
Increase (decrease) in cash and cash equivalents	(0.4)	(2.5)	—	(2.9)
Cash and cash equivalents at beginning of the period	1.5	8.9	—	10.4
Cash and cash equivalents at end of the period	$ 1.1	$ 6.4	$ —	$ 7.5

Collective Brands Performance + Lifestyle Group
(A component of Collective Bands, Inc.)
Condensed combined statements of earnings
(Unaudited)

(Dollars in millions)

	26 Weeks ended	
	July 28, 2012	July 30, 2011
Net sales	$586.6	$543.8
Cost of sales	410.2	408.5
Gross margin	176.4	135.3
Selling, general and administrative expenses	133.9	123.4
Operating profit	42.5	11.9
Interest expense	9.3	12.4
Interest income	(0.1)	—
Net earnings (loss) before income taxes	33.3	(0.5)
Provision (benefit) for income taxes	2.9	(4.8)
Net earnings	$ 30.4	$ 4.3

See Notes to Condensed Combined Financial Statements.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Condensed combined statements of comprehensive income
(Unaudited)

(Dollars in millions)

	26 Weeks ended	
	July 28, 2012	July 30, 2011
Comprehensive income:		
Net earnings	$ 30.4	$ 4.3
Other comprehensive income:		
Translation adjustments	(0.4)	(0.2)
Change in fair value of derivatives	0.9	3.9
Change in unrecognized pension benefits	1.3	1.2
Other comprehensive income, net	1.8	4.9
Comprehensive income	$ 32.2	$ 9.2

See Notes to Condensed Combined Financial Statements.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Condensed combined balance sheets
(Unaudited)

(Dollars in millions)

	July 28, 2012	July 30, 2011	January 28, 2012
ASSETS (Pledged for parent company debt-See Note 3)			
Current Assets:			
Cash and cash equivalents	$ 8.9	$ 11.5	$ 7.5
Accounts receivable, net of allowance for doubtful accounts and returns reserve as of July 28, 2012, July 30, 2011 and January 28, 2012 of $6.0, $7.1 and $5.6, respectively	165.8	154.1	125.9
Inventories	189.0	193.7	206.5
Deferred income taxes	3.8	3.5	3.5
Prepaid expenses	11.7	9.7	8.5
Other current assets	9.5	9.0	9.8
Total current assets	388.7	381.5	361.7
Property and Equipment:			
Land	3.0	3.0	3.0
Property, buildings and equipment	119.4	102.7	112.5
Accumulated depreciation and amortization	(57.4)	(48.6)	(51.2)
Property and equipment, net	65.0	57.1	64.3
Intangible assets, net	295.4	303.4	299.0
Goodwill	239.6	239.6	239.6
Deferred income taxes	0.1	0.1	0.1
Other assets	15.0	17.6	17.6
Total Assets (Pledged for parent company debt-See Note 3)	$1,003.8	$999.3	$ 982.3
LIABILITIES AND EQUITY			
Current Liabilities:			
Current maturities of long-term debt	$ 5.1	$ 5.1	$ 5.1
Accounts payable	111.5	105.4	92.0
Accrued expenses	31.9	34.3	29.2
Total current liabilities	148.5	144.8	126.3
Long-term debt	476.7	481.8	479.3
Deferred income taxes	115.1	118.1	114.9
Other liabilities	50.1	35.1	51.4
Total Liabilities	790.4	779.8	771.9
Commitments and contingencies (Note 10)			
Parent Company Equity:			
Parent company investment	241.5	234.3	240.3
Accumulated other comprehensive loss, net of income taxes	(28.1)	(14.8)	(29.9)
Total Parent Company Equity	213.4	219.5	210.4
Total Liabilities and Parent Company Equity	$1,003.8	$999.3	$ 982.3

See Notes to Condensed Combined Financial Statements.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Condensed combined statements of parent company equity
(Unaudited)

(Dollars in millions)

	Parent company investment	Accumulated other comprehensive loss	Total
Balance at January 29, 2011	$ 204.4	$ (19.7)	$184.7
Net earnings	4.3	—	4.3
Net transfers from parent	25.6	—	25.6
Translation adjustments	—	(0.2)	(0.2)
Net change in fair value of derivative, net of taxes of $0.0 (Note 4)	—	3.9	3.9
Changes in unrecognized amounts of pension benefits, net of taxes of $0.0 (Note 6)	—	1.2	1.2
Balance at July 30, 2011	$ 234.3	$ (14.8)	$219.5
Balance at January 28, 2012	$ 240.3	$ (29.9)	$210.4
Net earnings	30.4	—	30.4
Net transfers to parent	(29.2)	—	(29.2)
Translation adjustments	—	(0.4)	(0.4)
Net change in fair value of derivative, net of taxes of $0.0 (Note 4)	—	0.9	0.9
Changes in unrecognized amounts of pension benefits, net of taxes of $0.0 (Note 6)	—	1.3	1.3
Balance at July 28, 2012	$ 241.5	$ (28.1)	$213.4

See Notes to Condensed Combined Financial Statements.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Condensed combined statements of cash flows
(Unaudited)

(Dollars in millions)

	26 Weeks ended	
	July 28, 2012	July 30, 2011
Operating Activities:		
Net earnings	$ 30.4	$ 4.3
Adjustments for non-cash items included in net earnings:		
Loss on impairment and disposal of assets	0.6	4.1
Impairment of indefinite-lived tradenames	—	23.5
Depreciation and amortization	10.9	11.3
Provision for losses on accounts receivable	1.1	0.4
Share-based compensation expense	1.0	1.8
Deferred income taxes	(0.1)	(6.3)
Excess tax benefit from share-based compensation	(0.6)	—
Changes in working capital:		
Accounts receivable	(42.0)	(52.1)
Inventories	16.3	(9.5)
Prepaid expenses and other current assets	(3.1)	(1.9)
Accounts payable	15.0	18.0
Accrued expenses	5.2	(4.1)
Changes in other assets and liabilities, net	2.4	1.9
Cash flow provided by (used in) operating activities	37.1	(8.6)
Investing Activities:		
Capital expenditures	(9.1)	(9.3)
Intangible asset additions	(0.1)	(0.4)
Cash flow used in investing activities	(9.2)	(9.7)
Financing Activities:		
Repayment of debt	(2.6)	(2.5)
Net transfers (to) from Parent	(30.2)	23.8
Excess tax benefit from share-based compensation	0.6	—
Cash flow (used in) provided by financing activities	(32.2)	21.3
Effect of exchange rate changes on cash	5.7	(1.9)
Increase in cash and cash equivalents	1.4	1.1
Cash and cash equivalents, beginning of year	7.5	10.4
Cash and cash equivalents, end of period	$ 8.9	$ 11.5
Supplemental cash flow information:		
Interest paid (by the Parent)	$ 10.0	$ 13.1
Income taxes paid (by the Parent)	$ 2.1	$ 1.5
Non-cash investing and financing activities:		
Accrued capital additions	$ 1.0	$ 0.8

See Notes to Condensed Combined Financial Statements.

Note 1—Interim results

Description of business and basis of presentation

These unaudited Condensed Combined Financial Statements of Collective Brands Performance + Lifestyle Group ("PLG" or the "Company") should be read in conjunction with the Notes to Combined Financial Statements as of January 28, 2012, January 29, 2011 and January 30, 2010 and for each of the three fiscal years in the period ended January 28, 2012. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. In the opinion of management, these unaudited Condensed Combined Financial Statements are fairly presented and all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the results for the interim periods have been included; however, certain items included in these statements are based upon estimates for the entire year. The unaudited Condensed Combined Balance Sheet as of January 28, 2012 has been derived from the audited financial statements at that date.

PLG is a combination of wholly owned subsidiaries and operations within Collective Brands, Inc. ("CBI" or the "Parent"). PLG markets the leading brand of high-quality children's shoes in the United States under the Stride Rite brand. PLG also markets products for children and adults under well-known brand names, including Sperry Top-Sider, Saucony, and Keds.

On May 1, 2012, CBI entered into a definitive agreement with a consortium of companies comprised of Wolverine World Wide, Inc., Blum Strategic Partners IV, L.P. and Golden Gate Capital Opportunity Fund, L.P., under which CBI will be sold for $21.75 per share in cash. At the close of this transaction, which was approved by shareholders on August 21, 2012, and which is expected to occur late in the third or early in the fourth calendar quarter of 2012, Wolverine World Wide, Inc. will acquire the Company.

These unaudited Condensed Combined Financial Statements reflect the historical unaudited Condensed Combined Statements of Earnings, unaudited Condensed Combined Statements of Comprehensive Income, unaudited Condensed Combined Balance Sheets, unaudited Condensed Combined Statements of Parent Company Equity and unaudited Condensed Combined Statements of Cash Flows of PLG for the periods presented. The historical unaudited Condensed Combined Financial Statements reflect the amounts that have been "carved-out" from CBI's consolidated financial statements prepared in accordance with accounting principles generally accepted in the U.S. and reflect assumptions and allocations made by CBI to depict PLG on a stand-alone basis. As a result, the unaudited Condensed Combined Financial Statements included herein may not necessarily be indicative of PLG's financial position, results of operations, or cash flows had it operated as a stand-alone entity during the periods presented.

The unaudited Condensed Combined Financial Statements were prepared using CBI's historical records of the assets and liabilities of PLG, and the historical unaudited Condensed Combined Financial Statements include all net sales, costs, assets, and liabilities directly attributable to PLG. The unaudited Condensed Combined Financial Statements also reflect the push-down of certain of CBI's long-term debt and associated capitalized debt issuance costs and interest expense. In addition, certain expenses reflected in the unaudited Condensed Combined Financial Statements include allocations of corporate expenses from CBI, which in the opinion of management are reasonable (see Note 9). All such costs and expenses have been deemed to have been paid by PLG to CBI in the period in which the costs were incurred and are reflected in Parent Company Investment as shown in the unaudited Condensed Combined Statements of Parent Company Equity. Parent Company Investment in the unaudited Condensed Combined Balance Sheets represents CBI's historical investment in PLG, PLG's accumulated net earnings after taxes, and the net effect of the transactions with and allocations from CBI.

CBI uses a centralized approach to cash management and in financing its operations. The majority of its domestic cash is transferred to CBI daily and CBI funds PLG's operating and investing activities as needed. Accordingly, none of the cash and cash equivalents at the Parent level has been assigned to PLG in the unaudited Condensed Combined Financial Statements. Cash and cash equivalents in the unaudited Condensed Combined Balance Sheets represents cash and cash equivalents held locally by certain PLG legal entities. Cash transfers to and from CBI's cash management accounts are reflected in Parent Company Investment.

Note 2—Intangible assets and goodwill

The following is a summary of the Company's intangible assets other than goodwill:

(dollars in millions)	July 28, 2012	July 30, 2011	January 28, 2012
Intangible assets subject to amortization:			
Favorable lease rights:			
Gross carrying amount	$ 6.0	$ 6.0	$ 6.0
Less: accumulated amortization	(5.0)	(4.5)	(4.9)
Carrying amount, end of period	1.0	1.5	1.1
Customer relationships:			
Gross carrying amount	67.1	67.1	67.1
Less: accumulated amortization	(52.4)	(45.6)	(49.4)
Carrying amount, end of period	14.7	21.5	17.7
Trademarks and other intangible assets:			
Gross carrying amount	9.3	8.8	9.3
Less: accumulated amortization	(6.0)	(4.8)	(5.5)
Carrying amount, end of period	3.3	4.0	3.8
Total carrying amount of intangible assets subject to amortization	19.0	27.0	22.6
Indefinite-lived trademarks	276.4	276.4	276.4
Total intangible assets	$295.4	$303.4	$ 299.0

Each period the Company evaluates whether events and circumstances warrant a revision to the remaining estimated useful life of each intangible asset or its remaining book value. If the Company were to determine that events and circumstances warrant a change to the estimate of an intangible asset's remaining useful life, then the remaining carrying amount of the intangible asset would be amortized prospectively over that revised remaining useful life. If the Company were to determine that the fair value of trademarks with a finite life was lower than its book value, then it would record an impairment charge. The estimate of fair value is highly subjective and requires significant judgment. If the Company determines that the estimated fair value of any intangible asset is less than its carrying value, then it will recognize an impairment charge.

During the second quarter of 2011, due to underperformance in the retail business, the Company revised its financial projections related to certain indefinite-lived trademarks. These revisions indicated a potential impairment of certain indefinite-lived trademarks and, as such, the Company assessed the fair value of these indefinite-lived trademarks to determine if their book value exceeded their fair value. This assessment indicated that the book value of certain indefinite-lived trademarks exceeded their fair value and the Company recorded $23.5 million of pre-tax impairment charges within cost of sales in the Combined Statements of Earnings during the 26 weeks ended July 30, 2011. No impairment charges related to its indefinite-lived trademarks were recorded during the 26 weeks ended July 28, 2012.

Amortization expense on intangible assets is as follows:

	26 Weeks ended	
(dollars in millions)	July 28, 2012	July 30, 2011
Amortization expense on intangible assets	$ 3.7	$ 4.4

The Company expects amortization expense for the next five years to be as follows (in millions):

Year	Amount
Remainder of 2012	$ 3.8
2013	6.2
2014	5.0
2015	3.6
2016	0.1

The Company's goodwill balance was $239.6 million as of July 28, 2012, July 30, 2011 and January 28, 2012. The Company's accumulated goodwill impairment as of July 28, 2012 was $42.0 million. There were no goodwill impairments recorded during the 26 weeks ending July 28, 2012 and July 30, 2011.

Note 3—Long-term debt

Long-term debt obligations were:

(dollars in millions)	July 28, 2012	July 30, 2011	January 28, 2012
Term Loan Facility(1)	$481.8	$486.9	$ 484.4
Less: current maturities of long-term debt	5.1	5.1	5.1
Long-term debt	$476.7	$481.8	$ 479.3

(1) As of July 28, 2012, July 30, 2011 and January 28, 2012, the fair value of the Term Loan Facility was $480.0 million, $478.4 million and $479.5 million, respectively, based on market conditions and perceived risks as of those dates. The fair value of the Term Loan Facility is valued using Level 2 measurements as defined in the Fair Value Measurements footnote (Note 5).

Additionally, (i) in July 2003 CBI sold $200.0 million of 8.25% Senior Subordinated Notes (the "CBI Notes Payable") for $196.7 million, due 2013; and (ii) in August 2007 CBI entered into a Revolving Loan Facility (the "CBI Revolver"); amended and restated in August 2011, maturing on August 16, 2016. The CBI Revolver is available for CBI's general corporate purposes. The CBI Notes Payable and the CBI Revolver and related interest have not been reflected in the Company's unaudited Condensed Combined Financial Statements. The Company's assets have been pledged as collateral to secure the CBI Notes Payable, with the CBI Notes Payable guaranteed by all of CBI's domestic subsidiaries (including subsidiaries of the Company). The balance of the CBI Notes Payable (including unamortized discount) was $124.7 million, $174.3 million and $125.0 million as of July 28, 2012, July 30, 2011 and January 28, 2012, respectively.

The CBI Revolver is a senior secured loan guaranteed by substantially all of the assets of CBI, including the Company's assets. The balance of the CBI Revolver was zero at July 28, 2012, July 30, 2011 and January 28, 2012. The Company is not the legal obligor of either the CBI Notes Payable or the CBI Revolver and it is not expected that the Company will be the legal obligor for either borrowing in the future in any planned or anticipated transactions which could transfer such obligations.

Note 4—Derivatives

The Company, through CBI, previously entered into an interest rate contract for an initial amount of $540 million to hedge a portion of the variable rate $725 million Term Loan Facility ("interest rate contract"). The interest rate contract provided for a fixed interest rate of approximately 7.75%, and it expired on May 17, 2012.

The Company has also entered into a series of forward contracts to hedge a portion of certain foreign currency purchases ("foreign currency contracts"). The foreign currency contracts provide for a fixed exchange rate and mature over a series of dates through October 2012. As of July 28, 2012, the Company has hedged $21.5 million of its forecasted foreign currency purchases. The fair value, amounts classified in other comprehensive income ("OCI"), and the amounts reclassified from accumulated other comprehensive income ("AOCI") on the foreign currency contracts were not significant for any periods presented.

The interest rate contract was designated as a cash flow hedging instrument. The change in the fair value of the interest rate contract was recorded as a component of AOCI and reclassified into earnings in the periods in which earnings were impacted by the hedged item. The following table presents the fair value of the Company's hedging portfolio related to its interest rate contract:

		Fair value		
(dollars in millions)	Location on combined balance sheet	July 28, 2012	July 30, 2011	January 28, 2012
Interest rate contract	Accrued expenses	$ —	$ 3.3	$ 0.9

It is the Company's policy to enter into derivative instruments with terms that match the underlying exposure being hedged. As such, the Company's derivative instruments are considered highly effective, and the net gain or loss from hedge ineffectiveness is not significant. Realized gains or losses on the hedging instruments occur when a portion of the hedge settles or if it is probable that the forecasted transaction will not occur. The impact of the derivative instruments on the unaudited Condensed Combined Financial Statements is as follows:

	Loss recognized in AOCI on derivative (net of tax)			Loss reclassified from AOCI into earnings (net of tax)	
	26 Weeks ended			26 Weeks ended	
(dollars in millions)	July 28, 2012	July 30, 2011	Location on combined statement of earnings	July 28, 2012	July 30, 2011
Interest rate contract	$ —	$ (0.5)	Interest expense	$ (0.9)	$ (4.4)

Note 5—Fair value measurements

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The three levels of the hierarchy are as follows:

Level 1: observable inputs such as quoted prices in active markets

Level 2: inputs other than the quoted prices in active markets that are observable either directly or indirectly

Level 3: unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions

The following table presents financial assets and financial liabilities that the Company measures at fair value on a recurring basis (not including the Company's pension plan assets). The Company has classified these financial assets and liabilities in accordance with the fair value hierarchy:

	Estimated fair value measurements			
(dollars in millions)	Quoted prices in active markets (level 1)	Significant observable other inputs (level 2)	Significant unobservable inputs (level 3)	Total fair value
As of July 28, 2012				
Financial liabilities:				
Interest rate contract(1)	$ —	$ —	$ —	$ —
As of July 30, 2011				
Financial liabilities:				
Interest rate contract(1)	$ —	$ 3.3	$ —	$ 3.3
As of January 28, 2012				
Financial liabilities:				
Interest rate contract(1)	$ —	$ 0.9	$ —	$ 0.9

(1) The fair value of the interest rate contract is determined using a mark-to-market valuation technique based on an observable interest rate yield curve and adjusting for credit risk.

The Company evaluates its store assets on a quarterly basis to determine if its assets are recoverable by analyzing historical results, trends, stores identified for closure and other qualitative considerations. If an indicator of impairment exists, the Company models estimated future cash flows on a store-by-store basis and compares the undiscounted future cash flows to the carrying amount of the store's assets. If the carrying value exceeds the undiscounted cash flows, the Company compares the present value, using an appropriate discount rate, of these cash flows to the carrying amount of the assets to calculate the impairment charge. The underlying estimates of cash flows include estimates of future revenues, gross margin rates and store expenses as well as any potential for changes related to occupancy costs, store closures and transfer sales. These assumptions are based upon the stores' past and expected future performance.

For the 26 weeks ended July 28, 2012, the Company did not have any asset impairment. For the 26 weeks ended July 30, 2011, the accumulation of the quarterly asset impairment tests indicated that $8.0 million of the Company's assets had a fair value of $4.0 million and, as such, the Company recorded a $4.0 million impairment charge in cost of sales on the unaudited Condensed Combined Statement of Earnings.

Note 6—Pension plans

The PLG Plan is a noncontributory defined benefit pension plan, which no longer accrues future benefits, covering certain eligible PLG associates. The components of pension expense for the plan were:

(dollars in millions)	26 Weeks ended July 28, 2012	26 Weeks ended July 30, 2011
Components of pension expense:		
Interest cost	$ 2.3	$ 2.4
Expected return on net assets	(2.8)	(2.7)
Amortization of actuarial loss	1.3	0.6
Total	$ 0.8	$ 0.3

Note 7—Share-based compensation

CBI maintains certain share-based compensation plans for the benefit of certain officers, directors and employees, including the employees of PLG. Under its equity incentive plans, CBI grants share appreciation vehicles consisting of stock-settled stock appreciation rights ("stock-settled SARs") and cash-settled stock appreciation rights ("cash-settled SARs"), as well as full value vehicles consisting of nonvested shares and phantom stock units to certain PLG employees. Appreciation vehicles are granted at the fair market value on the date of grant and may be exercised only after stated vesting dates or other vesting criteria, as applicable, have been achieved. Generally, vesting of appreciation vehicles is conditioned upon continued employment with CBI, although appreciation vehicles may be exercised during certain periods following retirement, termination, disability or death. Historically, CBI has used treasury shares for settlement of share-based compensation.

CBI's 2006 Stock Incentive Plan ("2006 SIP") allows CBI to grant a maximum of 4,987,000 shares. On May 24, 2012, CBI's stockholders approved the 2012 Stock Incentive Plan ("2012 SIP"), which allows CBI to grant an additional 3,375,000 shares. Appreciation awards to be granted under the plans have a maximum term of seven years and can vest on a graded schedule, a cliff basis or based on performance. The exercise price of an appreciation award may not be less than the fair market value of CBI's stock on the grant date. Associates who receive full value awards pay no monetary consideration. Awards under the plans can be granted with or without performance restrictions. Restrictions, including performance restrictions, lapse over periods of up to seven years, as determined at the date of grant.

During the 26 weeks ended July 28, 2012, approximately 110,000 nonvested shares were granted. During the 26 weeks ended July 30, 2011, approximately 107,000 stock-settled SARs and nonvested shares were granted. The total fair value of share grants related to PLG specific employees for the 26 weeks ended July 28, 2012 and July 30, 2011 is $2.0 and $1.9, respectively.

Total share-based compensation costs recognized for the 26 weeks ended July 28, 2012 and July 30, 2011 were $1.0 million and $1.8 million, respectively. A significant component of these charges relates to costs allocated to PLG employees, as well as other CBI employees not solely dedicated to PLG. As of the 26 weeks ended July 28, 2012 and July 30, 2011, there were approximately 1.0 million and 1.2 million, respectively, equity incentive plan shares outstanding related to PLG specific employees. These awards and related amounts are not necessarily indicative of awards and amounts that would have been granted if PLG were an independent, publicly traded company for the periods presented. Total share-based compensation expense associated with PLG employees is summarized as follows:

	26 Weeks ended					
	July 28, 2012			July 30, 2011		
(dollars in millions)	PLG employees	Other employee allocations	Total	PLG employees	Other employee allocations	Total
Cost of sales	$ 0.2	$ —	$0.2	$ 0.1	$ 0.1	$0.2
Selling, general and administrative expenses	0.6	0.2	0.8	1.3	0.3	1.6
Share-based compensation expense before income taxes	$ 0.8	$ 0.2	$1.0	$ 1.4	$ 0.4	$1.8

No amount of share-based compensation was capitalized. As of July 28, 2012, the Company had unrecognized compensation expense related to PLG specific employees' nonvested awards of $2.7 million, which is expected to be recognized over a weighted average period of 1.0 years.

Note 8—Income taxes

The income taxes have been prepared on a separate return basis as if the Company was a stand-alone entity. Historically, the Company was included in tax filings with other CBI entities. The results from being included in the combined tax returns are included in Parent Company Investment. CBI's global tax structure and model has been developed based on its entire portfolio of businesses. Accordingly, the Company's tax results as presented are not reflective of the results that the Company will generate in the future or would have available for future use in another consolidated group.

Based on CBI's and the Company's historical operating structure, the Company participates in the Asian sourcing activities. These carve-out tax provisions reflect the Company's historical operating structure, and as such, the benefits associated with that structure are reflected in this tax provision for the Company on a stand-alone basis. All of the legal entities involved in the Asian sourcing structure will not be transferred to a buyer in a sale transaction. As a result, the Company's tax benefits received from the Asian sourcing structure in post-acquisition periods will depend on the buyer's operating structure. The rate differential on foreign earnings, net of valuation allowance, arises primarily from the Company's offshore entities that are subject to substantially lower local country income taxes.

The Company records income tax expense during interim periods based on its best estimate of the full year's effective tax rate. However, income tax expense relating to adjustments for certain discrete events are accounted for in the interim periods in which such events occur. The Company's effective income tax rate was 8.7% during the 26 weeks ended July 28, 2012, compared to a benefit rate of 944.1% during the 26 weeks ended July 30, 2011. The rate applied for 2011 is primarily the result of the impairment of indefinite-lived intangibles and the related tax benefit recorded relative to the low pre-tax book income. The rate applied for 2012 is primarily the result of significantly higher projected pre-tax income which has required current expense to be accrued, but there is no deferred expense impact due the full domestic valuation allowance recorded. The Company recorded $0.5 million of net favorable discrete events in the 26 weeks ended July 28, 2012 and $0.1 million of unfavorable discrete events for the 26 weeks ended July 30, 2011.

The framework established in the accounting for income taxes guidance requires that all available positive and negative evidence be weighed to determine whether a valuation allowance should be recorded. Based on the evidence available, the Company continues to maintain a valuation allowance related to the net deferred tax assets in the United States. Future provisions will only include accrued current tax expense. No tax expense or benefit with respect to the change in deferred tax assets will be provided until the valuation allowance in the United States is eliminated.

The Company has unrecognized tax benefits, inclusive of related interest and penalties, of $5.5 million and $5.6 million as of July 28, 2012 and July 30, 2011, respectively. The portion of the unrecognized tax benefits that would impact the effective income tax rate if recognized are $4.7 million and $3.9 million, respectively.

The Company anticipates that it is reasonably possible that the total amount of unrecognized tax benefits at July 28, 2012 will decrease by up to $1.0 million within the next 12 months. To the extent these tax benefits are recognized, the effective rate would be favorably impacted in the period of recognition by up to $0.6 million. The potential reduction primarily relates to potential settlements of on-going examinations with tax authorities and the potential lapse of the statutes of limitations in relevant tax jurisdictions.

The Company's U.S. federal income tax returns have been examined by the Internal Revenue Service through 2007. The Company has certain state and foreign income tax returns in the process of examination or administrative appeal.

Subsequent to July 28, 2012, the shareholders of CBI approved the proposed acquisition of CBI ("merger") and the consortium of companies acquiring CBI issued a request for repatriation of cash pursuant to the Merger Agreement. This repatriation will not occur until just prior to the merger, and the companies acquiring CBI are obligated to reimburse CBI for the cost of repatriation in the event the merger does not occur. PLG therefore has maintained its assertion of indefinite reinvestment of foreign earnings as of and for the period ending July 28, 2012.

Note 9—Related party transactions and parent company equity

Allocation of expenses

The unaudited Condensed Combined Financial Statements include expense allocations for certain functions provided by CBI, including, but not limited to, finance, legal, information technology, human resources, logistics, sourcing and other employee benefits and incentives. These expenses have been allocated to PLG on the basis of direct usage when identifiable, with the remainder allocated on the basis of net sales, headcount, store count, footwear units, level of effort or other measures. During the 26 weeks ended July 28, 2012 and July 30, 2011, PLG was allocated the following costs incurred by CBI which are included in the unaudited Condensed Combined Statements of Earnings as follows:

	26 Weeks ended	
(dollars in millions)	July 28, 2012	July 30, 2011
Cost of sales	$ 4.7	$ 6.8
Selling, general and administrative expenses	7.7	7.8
Total	$ 12.4	$ 14.6

The expense allocations have been determined on the basis that both PLG and CBI consider to be a reasonable reflection of the utilization of services provided or the benefit received by PLG during the periods presented. The allocations may not, however, reflect the expense PLG would have incurred as an independent company for the periods presented. Actual costs that may have been incurred if PLG had been a stand-alone company would depend on a number of factors, including the chosen organization structure and certain strategic decisions.

Included in the above allocations are expenses related to the Company's sourcing operations in Asia which are shared with CBI. Allocations of shared administrative, finance, information technology, human resources, etc. expenses relative to these operations totaled $2.5 million and $4.5 million in the first 26 weeks of 2012 and 2011, respectively, and are recorded within Cost of sales in the unaudited Condensed Combined Statements of Earnings. Additionally, for tax purposes, transfer price revenue associated with the Company's sourcing operations in Asia is included in the Company's foreign earnings (loss) before income taxes, with offsetting transfer price expense included in the Company's domestic earnings (loss) before income taxes.

Parent company investment

It is not meaningful to show share capital or retained earnings for the Company. The net assets of the Company are represented by the cumulative investment in the Company by CBI that is shown as Parent Company Investment, which comprises share capital, accumulated retained earnings of the Company, after eliminating investments within the Company's subsidiaries, as well as settlement of intercompany charges to/from CBI from/to the Company and net transfers of excess cash and cash equivalents. All significant transactions between the Company and CBI have been included in the unaudited Condensed Combined Financial Statements and are considered to be effectively settled for cash in the unaudited Condensed Combined Financial Statements at the time the transaction is recorded.

Net transfers (to) from Parent are included within Parent Company Investment on the unaudited Condensed Combined Statements of Parent Company Equity. The components of net transfers (to) from Parent are as follows:

	26 Weeks ended	
(dollars in millions)	July 28, 2012	July 30, 2011
Net change in income tax accounts	$ 3.2	$ 1.6
Allocation of expenses	12.4	14.6
Cash pooling and general financing activities	(44.8)	9.4
Total net transfers (to) from Parent	$(29.2)	$ 25.6

Note 10—Commitments and contingencies

There are no pending legal proceedings other than ordinary, routine litigation incidental to the business to which the Company is a party or of which its property is subject, none of which the Company expects to have a material impact on its financial position, results of operations or cash flows.

Note 11—Impact of recently issued accounting standards

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"), which is effective for annual reporting periods beginning after December 15, 2011. This guidance amends certain accounting and disclosure requirements related to fair value measurements. The adoption of ASU 2011-04 did not have a significant impact on its unaudited Condensed Combined Financial Statements.

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment", which is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011; however, early adoption is permitted. Under the new guidance, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the entity determines that this threshold is not met, then performing the two-step impairment test is unnecessary. The adoption of ASU 2011-08 did not have a significant impact on its unaudited Condensed Combined Financial Statements.

In July 2012, the FASB issued ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment", which is effective for annual reporting periods, and interim periods within those years, beginning after September 15, 2012. ASU 2012-02 amends the guidance in ASC 350-30 on testing indefinite-lived intangible assets, other than goodwill, for impairment. The FASB issued the ASU in response to feedback on ASU 2011-08, which amended the goodwill impairment testing requirements by allowing an entity to perform a qualitative impairment assessment before proceeding to the two-step impairment test. Similarly, under ASU 2012-02, an entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. Although ASU 2012-02 revises the examples of events and circumstances that an entity should consider in interim periods, it does not revise the requirements to test (1) indefinite-lived intangible assets annually for impairment and (2) between annual tests if there is a change in events or circumstances. The Company does not believe ASU 2012-02 will have a significant impact on its unaudited Condensed Combined Financial Statements.

Note 12—Subsequent events

These combined financial statements reflect management's evaluation of subsequent events through September 14, 2012, the date the financial statements were available to be issued, and have been updated through July 22, 2013.

Note 13—Subsidiary Guarantors

The acquisition of the Company by Wolverine Worldwide, Inc. discussed in Note 1 was consummated on October 9, 2012. As a result of the acquisition, certain legal entities within the Company became guarantors of debt issued by Wolverine Worldwide, Inc. The following tables present condensed consolidating financial information for the Company, with all intercompany investments between guarantor subsidiaries and non-guarantor subsidiaries reflected on the equity method of accounting. Separate financial statements of the Subsidiary Guarantors are not presented because the guarantors are 100% owned and are fully and unconditionally, and jointly and severally liable under the guarantees, except for normal and customary release provisions.

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Condensed combined statement of earnings (loss)
For the 26 weeks ended July 28, 2012
(Unaudited)

(In millions)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Combined
Net sales	$ 558.5	$ 83.2	$ (55.1)	$ 586.6
Cost of sales	405.3	59.9	(55.0)	410.2
Gross margin	153.2	23.3	(0.1)	176.4
Selling, general and administrative expenses	111.8	22.1	—	133.9
Operating profit	41.4	1.2	(0.1)	42.5
Interest expense	9.2	0.1	—	9.3
Interest income	—	(0.1)	—	(0.1)
Net earnings before income taxes	32.2	1.2	(0.1)	33.3
Income tax (benefit) expense	2.9	—	—	2.9
Equity in earnings (loss) of consolidated subsidiaries	90.1	(14.9)	(75.2)	—
Net earnings (loss)	$ 119.4	$ (13.7)	$ (75.3)	$ 30.4

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Combined statement comprehensive (loss) income
For the 26 weeks ended July 28, 2012
(Unaudited)

(In millions)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Combined
Comprehensive (loss) income:				
Net earnings	$ 119.4	$ (13.7)	$ (75.3)	$ 30.4
Other comprehensive income:				
Translation adjustments	—	(0.4)	—	(0.4)
Change in fair value of derivatives	—	0.9	—	0.9
Change in unrecognized pension benefits	1.3	—	—	1.3
Other comprehensive income, net	1.3	0.5	—	1.8
Comprehensive (loss) income	120.7	(13.2)	(75.3)	32.2

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Condensed combined Balance Sheets
As of July 28, 2012
(Unaudited)

(In millions)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Combined
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1.3	$ 7.6	$ —	$ 8.9
Accounts receivable, less allowances:	123.0	42.8	—	165.8
Intercompany accounts receivable	—	666.3	(666.3)	—
Inventories	168.1	21.9	(1.0)	189.0
Deferred income taxes	3.8	—	—	3.8
Prepaid expenses	9.7	2.0	—	11.7
Other current assets	6.8	3.7	(1.0)	9.5
Total current assets	312.7	744.3	(668.3)	388.7
Property, plant and equipment, net	55.2	9.8	—	65.0
Intangible assets, net	291.0	4.4	—	295.4
Goodwill	132.6	107.0	—	239.6
Deferred income taxes	0.1	—	—	0.1
Other assets	12.9	2.1	—	15.0
Investment in affiliates	93.8	12.4	(106.2)	—
Total Assets	$ 898.3	$ 880.0	$ (774.5)	$1,003.8
LIABILITIES AND EQUITY				
Current liabilities:				
Current maturities of long-term debt	$ 5.1	$ —	$ —	$ 5.1
Accounts payable	92.1	19.4	—	111.5
Accrued expenses	25.8	6.1	—	31.9
Total current liabilities	123.0	25.5	—	148.5
Long-term debt	476.7	—	—	476.7
Deferred income taxes	115.1	—	—	115.1
Intercompany accounts payable	666.2	0.1	(666.3)	—
Other liabilities	49.7	2.4	(2.0)	50.1
Total liabilities	1,430.7	28.0	(668.3)	790.4
Parent Company Equity:				
Parent company investment	(505.1)	852.8	(106.2)	241.5
Accumulated other comprehensive loss, net of income taxes	(27.3)	(0.8)	—	(28.1)
Total Parent Company Equity	(532.4)	852.0	(106.2)	213.4
Total liabilities and Parent Company Equity	$ 898.3	$ 880.0	$ (774.5)	$1,003.8

Collective Brands Performance + Lifestyle Group
(A component of Collective Brands, Inc.)
Condensed combined statements of cash flows
For the 26 weeks ended July 28, 2012 (Unaudited)

(In millions)	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Combined
Net cash provided by operating activities	$ 30.5	$ 6.6	$ —	$ 37.1
Investing Activities:				
Capital expenditures	(4.0)	(5.1)	—	(9.1)
Intangible asset additions	—	(0.1)	—	(0.1)
Net cash used in investing activities	(4.0)	(5.2)	—	(9.2)
Financing Activities:				
Repayment of debt	(2.6)	—	—	(2.6)
Net transfers to Parent	(24.3)	(5.9)	—	(30.2)
Excess tax benefit from share-based compensation	0.6	—	—	0.6
Net cash used in financing activities	(26.3)	(5.9)	—	(32.2)
Effect of foreign exchange rate changes	—	5.7	—	5.7
Increase (decrease) in cash and cash equivalents	0.2	1.2	—	1.4
Cash and cash equivalents at beginning of the period	1.1	6.4	—	7.5
Cash and cash equivalents at end of the period	$ 1.3	$ 7.6	$ —	$ 8.9

Exhibit 99.4

Capitalized terms used herein that are not defined have meanings set forth in Exhibit 99.1 to Wolverine World Wide, Inc.'s Current Report on Form 8-K filed on July 22, 2013.

Unaudited pro forma consolidated condensed
Statement of operations

We present the unaudited pro forma consolidated condensed financial information below for informational purposes only. Such information is based on information currently available and assumptions that we believe are reasonable.

We have prepared the following unaudited pro forma consolidated condensed statement of operations for the 52 weeks ended December 29, 2012.

The unaudited pro forma consolidated condensed statements of operations are presented as if the Transactions had occurred on January 1, 2012, which is the first day of Wolverine's fiscal year ended December 29, 2012. An unaudited pro forma consolidated condensed balance sheet as of December 29, 2012 has not been presented given Wolverine's reported balance sheet as of December 29, 2012 includes the balance sheet results of the transaction.

The historical combined financial information has been adjusted in the unaudited pro forma consolidated condensed statement of operations to give effect to pro forma events that are (1) directly attributable to the Transactions, (2) factually supportable and (3) expected to have a continuing impact on the combined financial results. The unaudited pro forma consolidated condensed statement of operations should be read in conjunction with the accompanying notes to the unaudited pro forma consolidated condensed statement of operations. In addition, the unaudited pro forma consolidated condensed statement of operations was based on and should be read in conjunction with the:

- separate audited historical consolidated financial statements of Wolverine as of and for the 52 weeks ended December 29, 2012 and the related notes included in the Company's annual report included on form 10-K;
- separate unaudited historical combined financial statements of PLG for the 26 weeks ended July 28, 2012 and the related notes included in exhibit 99.3 to the Company's form 8-K dated July 22, 2013; and
- separate audited historical combined financial statements of PLG for the 52 weeks ended January 28, 2012 and the related notes included in exhibit 99.3 to the Company's form 8-K dated July 22, 2013.

The pro forma consolidated condensed statement of operations uses Wolverine's period-end dates.

The unaudited pro forma consolidated condensed statement of operations was prepared using the purchase method of accounting. Wolverine has been treated as the purchaser for accounting purposes. The purchase accounting related to this unaudited pro forma statement of operations is dependent upon certain valuations and other studies that have yet to be completed. The pro forma adjustments included have been made solely for the purposes of providing the unaudited pro forma consolidated condensed statement of operations.

Our allocation of the purchase price is pending completion of several elements, as mentioned above, including the finalization of independent valuations to determine the fair values of the assets acquired and liabilities assumed. Certain estimates and assumptions have been made in the development of fair value information pertaining to certain assets acquired and liabilities assumed, as described in the notes to the unaudited pro forma consolidated condensed financial statements. The final determination of the purchase price, fair values, goodwill and adjustments affecting pro forma operating results may differ significantly from what is reflected in these unaudited pro forma consolidated condensed financial statements.

The pro forma financial information is presented for informational purposes only and is not indicative of what our combined consolidated results of operations actually would have been had the Acquisition closed at the dates indicated above. In addition, the unaudited pro forma consolidated condensed financial information does not purport to project the future consolidated financial position or results of operations of the combined company. We cannot assure you that the assumptions used by our management for the preparation of the unaudited pro forma financial information, which management believes are reasonable, will prove to be accurate.

Also, the unaudited pro forma consolidated condensed financial information does not reflect all cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the Acquisition, the costs to integrate the operations of PLG or the costs necessary to achieve these cost savings, operating synergies or revenue enhancements.

There were no material transactions between Wolverine and PLG during the periods presented in the unaudited pro forma consolidated condensed financial statements that would need to be eliminated.

Wolverine World Wide, Inc.
Unaudited pro forma consolidated condensed statement of operations
52 week period ended December 29, 2012

(In millions)	Wolverine	PLG	Pro forma adjustments	Notes	Pro forma combined
Total net revenue	$1,640.8	$907.3	$ —		$2,548.1
Cost of sales	1,008.1	641.5	—		1,649.6
Non-recurring transaction and integration costs	4.5	—	(4.5)	**A**	—
Gross profit	628.2	265.8	4.5		898.5
Selling, general and administrative expenses	482.0	205.8			687.8
Costs associated with PLG acquisition	32.5	—	(32.5)	**A**	—
New intangible amortization expense	—	—	14.7	**B**	14.7
Prior intangible amortization expense	—	—	(4.8)	**C**	(4.8)
Step-up depreciation expense	—	—	3.5	**D**	3.5
Operating profit	113.7	60.0	23.6		197.3
Interest expense	14.6	14.4	27.1	**E**	56.1
Non-recurring acquisition related Interest expense	5.2	—	(5.2)	**A**	—
Interest income	(0.6)	(0.2)	—		(0.8)
Other expense (income)	0.3	—	—		0.3
Earnings before income taxes	94.2	45.8	1.7		141.7
Income taxes	13.4	4.0	0.5	**F**	17.9
Net earnings	80.8	41.8	1.2		123.8
Net earnings attributable to non-controlling interests	(0.1)	—	—		(0.1)
Net earnings attributable to Wolverine World Wide, Inc.	$ 80.7	$ 41.8	$ 1.2		$ 123.7

Notes to the unaudited pro forma consolidated condensed financial statements

1. Basis of presentation

The accompanying unaudited pro forma consolidated condensed financial statements are based on the historical financial information of Wolverine and PLG after giving effect to the Acquisition of PLG by Wolverine using the purchase method of accounting and applying the assumptions and adjustments described in the accompanying notes.

The unaudited pro forma consolidated condensed statement of operations combine the historical results for Wolverine for the 52 week period ended December 29, 2012 and for PLG for the period from January 1, 2012 to October 9, 2012 the date Wolverine acquired PLG. The unaudited pro forma consolidated condensed statement of operations includes pro forma adjustments as if the Acquisition closed on January 1, 2012, which is the first day of Wolverine's fiscal year ended December 29, 2012. All amounts are approximate due to rounding and all amounts in tables are in millions.

2. Pro forma financial statement adjustments

Statement of operations adjustments

The unaudited pro forma consolidated condensed statement of operations include preliminary adjustments that are expected to have a continuing impact on the combined company's consolidated financial results and do not reflect any one-time charges that we may record on or following the closing of the acquisition.

(A) To reflect the elimination of acquisition related expenses incurred by WWW in fiscal year 2012.

(B) To reflect amortization expense related to the estimated fair value of acquired identifiable intangible assets, which are being amortized over their estimated useful lives.

(C) To reflect elimination of historical amortization expense of acquired identifiable intangible assets.

(D) To reflect the additional depreciation as a result of the adjustment of the historical cost of PLG's property, plant and equipment to their estimated fair values, which are being depreciated over their estimated remaining useful lives.

(E) To reflect the following adjustments to interest expense:

(In millions)	52 Weeks Ended December 29, 2012
Total interest expense on new financing	$ 37.0
Amortization of debt issuance costs on new financing	5.1
Elimination of Wolverine's interest expense related to revolver borrowings	(0.6)
Elimination of interest expense on PLG debt repaid, including accrued interest and amortization of debt issuance costs	(14.4)
Total Pro Forma Adjustment	**$ 27.1**

(F) To reflect the cumulative tax impact of all the pro forma adjustments using the prevailing statutory income tax rates for Wolverine and PLG.