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

## FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the third twelve week accounting period ended September 6, 2014**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _________ to _________**

**Commission File Number: 001-06024**

# WOLVERINE WORLD WIDE, INC.
**(Exact Name of Registrant as Specified in its Charter)**

| | |
|---|---|
| **Delaware** | **38-1185150** |
| (State or Other Jurisdiction of Incorporation or Organization) | (IRS Employer Identification No.) |
| **9341 Courtland Drive N.E., Rockford, Michigan** | **49351** |
| (Address of Principal Executive Offices) | (Zip Code) |

**(616) 866-5500**
(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

| | | | | |
|---|---|---|---|---|
| Large accelerated filer | ☒ | | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |

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

There were 101,566,601 shares of common stock, $1 par value, outstanding as of October 6, 2014.

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**FORWARD-LOOKING STATEMENTS**

This document contains “forward-looking statements,” which are statements relating to future, not past, events. In this context, forward-looking statements often address management’s current beliefs, assumptions, expectations, estimates and projections about future business and financial performance, national, regional or global political, economic and market conditions, and the Company itself. Such statements often contain words such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “is likely,” “plans,” “predicts,” “projects,” “should,” “will,” variations of such words, and similar expressions. Forward-looking statements, by their nature, address matters that are, to varying degrees, uncertain. Uncertainties that could cause the Company’s performance to differ materially from what is expressed in forward-looking statements include, but are not limited to, the following:

- changes in national, regional or global economic and market conditions;
- the impact of financial and credit markets on the Company, its suppliers and customers;
- changes in interest rates, tax laws, duties, tariffs, quotas or applicable assessments in countries of import and export;
- the impact of regulation, regulatory and legal proceedings and legal compliance risks;
- currency fluctuations;
- currency restrictions;
- changes in future pension funding requirements and pension expenses;
- the risk of impairment to goodwill and other acquired intangibles;
- the risks of doing business in developing countries, and politically or economically volatile areas;
- the ability to secure and protect owned intellectual property or use licensed intellectual property;
- changes in consumer preferences, spending patterns, buying patterns, price sensitivity or demand for the Company’s products;
- risks related to the significant investment in, and performance of, the Company’s consumer-direct business;
- the impact of seasonality and unpredictable weather conditions;
- changes in relationships with, including the loss of, significant customers;
- the cancellation of orders for future delivery;
- the failure of the U.S. Department of Defense to exercise future purchase options or award new contracts, or the cancellation or modification of existing contracts by the Department of Defense or other military purchasers;
- the cost, availability and management of raw materials, inventories, services and labor for owned and contract manufacturers;
- problems affecting the Company’s distribution system, including service interruptions at shipping and receiving ports;
- the potential breach of the Company’s databases, or those of its vendors, which contain certain personal information or payment card data;
- the inability for any reason to effectively compete in global footwear, apparel and consumer-direct markets;
- strategic actions, including new initiatives and ventures, acquisitions and dispositions, and the Company’s success in integrating acquired businesses, including the 2012 acquisition of the Performance + Lifestyle Group business of Collective Brands, Inc. (“PLG” or “the PLG acquisition”), and implementing new initiatives and ventures; and
- the success of the Company’s consumer-direct realignment initiatives.

These uncertainties could cause a material difference between an actual outcome and a forward-looking statement. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A, “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended December 28, 2013 (the “2013 Form 10-K”), and any information regarding such Risk Factors included in the Company’s subsequent filings with the Securities and Exchange Commission, including Part II, Item 1A of the Quarterly Report on Form 10-Q for the period ended June 14, 2014. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. Financial Statements**

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Balance Sheets**
**(Unaudited)**

| (In millions, except share data) | September 6, 2014 | December 28, 2013 | September 7, 2013 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | **$ 231.5** | $ 214.2 | $ 147.8 |
| Accounts receivable, less allowances: | | | |
| September 6, 2014 – $38.7 | | | |
| December 28, 2013 – $37.8 | | | |
| September 7, 2013 – $38.5 | **483.9** | 398.1 | 478.9 |
| Inventories: | | | |
| Finished products, net | **446.7** | 406.0 | 432.9 |
| Raw materials and work-in-process, net | **19.6** | 22.2 | 29.7 |
| Total inventories | **466.3** | 428.2 | 462.6 |
| Deferred income taxes | **27.2** | 29.1 | 26.7 |
| Prepaid expenses and other current assets | **40.1** | 48.4 | 34.1 |
| Total current assets | **1,249.0** | 1,118.0 | 1,150.1 |
| Property, plant and equipment: | | | |
| Gross cost | **425.8** | 416.1 | 411.2 |
| Accumulated depreciation | **(284.3)** | (264.2) | (255.9) |
| Property, plant and equipment, net | **141.5** | 151.9 | 155.3 |
| Other assets: | | | |
| Goodwill | **443.9** | 445.3 | 445.8 |
| Indefinite-lived intangibles | **690.5** | 690.5 | 692.7 |
| Amortizable intangibles, net | **116.8** | 126.7 | 130.5 |
| Deferred income taxes | **3.3** | 3.4 | 0.4 |
| Deferred financing costs, net | **19.1** | 22.0 | 34.3 |
| Other | **63.6** | 64.4 | 61.1 |
| Total other assets | **1,337.2** | 1,352.3 | 1,364.8 |
| Total assets | **$ 2,727.7** | $ 2,622.2 | $ 2,670.2 |

See accompanying notes to consolidated condensed financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Balance Sheets – continued**
**(Unaudited)**

| (In millions, except share data) | September 6, 2014 | December 28, 2013 | September 7, 2013 |
|---|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| Current liabilities: | | | |
| Accounts payable | **$ 162.3** | $ 135.2 | $ 182.8 |
| Accrued salaries and wages | **36.3** | 41.5 | 40.8 |
| Other accrued liabilities | **112.0** | 99.3 | 111.3 |
| Current maturities of long-term debt | **51.6** | 53.3 | 40.2 |
| Total current liabilities | **362.2** | 329.3 | 375.1 |
| Long-term debt, less current maturities | **1,045.0** | 1,096.7 | 1,101.9 |
| Accrued pension liabilities | **74.0** | 74.2 | 167.4 |
| Deferred income taxes | **253.8** | 253.9 | 236.1 |
| Other liabilities | **26.5** | 26.7 | 21.7 |
| Stockholders' equity: | | | |
| Wolverine World Wide, Inc. stockholders' equity: | | | |
| Common stock – par value $1, authorized 320,000,000 shares; shares issued (including shares in treasury): | | | |
| September 6, 2014 – 102,050,349 shares | | | |
| December 28, 2013 – 100,817,972 shares | | | |
| September 7, 2013 – 100,645,938 shares | **102.1** | 100.8 | 100.7 |
| Additional paid-in capital | **30.2** | 5.0 | — |
| Retained earnings | **847.6** | 743.1 | 746.3 |
| Accumulated other comprehensive loss | **(6.3)** | (9.2) | (78.4) |
| Cost of shares in treasury: | | | |
| September 6, 2014 – 411,016 shares | | | |
| December 28, 2013 – 72,514 shares | | | |
| September 7, 2013 – 77,284 shares | **(11.5)** | (2.1) | (2.1) |
| Total Wolverine World Wide, Inc. stockholders' equity | **962.1** | 837.6 | 766.5 |
| Non-controlling interest | **4.1** | 3.8 | 1.5 |
| Total stockholders' equity | **966.2** | 841.4 | 768.0 |
| Total liabilities and stockholders' equity | **$ 2,727.7** | $ 2,622.2 | $ 2,670.2 |

See accompanying notes to consolidated condensed financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Statements of Operations and Comprehensive Income**
**(Unaudited)**

| (In millions, except per share data) | 12 Weeks Ended September 6, 2014 | 12 Weeks Ended September 7, 2013 | 36 Weeks Ended September 6, 2014 | 36 Weeks Ended September 7, 2013 |
|---|---|---|---|---|
| Revenue | $ 711.1 | $ 716.6 | $ 1,952.2 | $ 1,950.3 |
| Cost of goods sold | 426.3 | 430.6 | 1,165.4 | 1,161.2 |
| Restructuring costs | 0.1 | — | 0.6 | — |
| Gross profit | 284.7 | 286.0 | 786.2 | 789.1 |
| Selling, general and administrative expenses | 186.8 | 192.3 | 568.1 | 584.3 |
| Acquisition-related integration costs | 2.3 | 7.4 | 6.4 | 30.5 |
| Restructuring costs | 8.0 | — | 11.4 | — |
| Operating profit | 87.6 | 86.3 | 200.3 | 174.3 |
| Other expenses: | | | | |
| Interest expense, net | 10.0 | 11.9 | 31.4 | 37.3 |
| Other (income) expense, net | (0.3) | 1.0 | 0.5 | 2.0 |
| Total other expenses | 9.7 | 12.9 | 31.9 | 39.3 |
| Earnings before income taxes | 77.9 | 73.4 | 168.4 | 135.0 |
| Income taxes | 20.0 | 19.0 | 45.7 | 32.7 |
| Net earnings | 57.9 | 54.4 | 122.7 | 102.3 |
| Less: net earnings attributable to non-controlling interest | 0.1 | — | 0.3 | 0.2 |
| Net earnings attributable to Wolverine World Wide, Inc. | $ 57.8 | $ 54.4 | $ 122.4 | $ 102.1 |
| | | | | |
| Net earnings per share (see Note 3): | | | | |
| Basic | $ 0.58 | $ 0.55 | $ 1.22 | $ 1.03 |
| Diluted | $ 0.57 | $ 0.54 | $ 1.20 | $ 1.02 |
| | | | | |
| Comprehensive income | $ 57.9 | $ 58.4 | $ 125.6 | $ 111.4 |
| Less: comprehensive income attributable to non-controlling interest | 0.1 | — | 0.3 | 0.2 |
| Comprehensive income attributable to Wolverine World Wide, Inc. | $ 57.8 | $ 58.4 | $ 125.3 | $ 111.2 |
| | | | | |
| Cash dividends declared per share | $ 0.06 | $ 0.06 | $ 0.18 | $ 0.18 |

See accompanying notes to consolidated condensed financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Statements of Cash Flow**
**(Unaudited)**

| (In millions) | 36 Weeks Ended<br>September 6, 2014 | <br>September 7, 2013 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net earnings | **$ 122.7** | $ 102.3 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | **37.1** | 37.0 |
| Deferred income taxes | **0.3** | (6.3) |
| Stock-based compensation expense | **17.1** | 21.1 |
| Excess tax benefits from stock-based compensation | **(4.0)** | (2.0) |
| Pension contribution | **(2.4)** | (1.4) |
| Pension expense | **8.9** | 25.8 |
| Restructuring costs | **12.0** | — |
| Other | **4.2** | 5.2 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | **(89.9)** | (128.4) |
| Inventories | **(42.2)** | 1.4 |
| Other operating assets | **7.1** | 24.1 |
| Accounts payable | **28.1** | 22.4 |
| Other operating liabilities | **15.7** | 24.2 |
| Net cash provided by operating activities | **114.7** | 125.4 |
| **INVESTING ACTIVITIES** | | |
| Additions to property, plant and equipment | **(21.4)** | (29.2) |
| Proceeds from sale of property, plant and equipment | **—** | 2.8 |
| Investment in joint venture | **(0.7)** | (1.6) |
| Other | **(2.2)** | (1.8) |
| Net cash used in investing activities | **(24.3)** | (29.8) |
| **FINANCING ACTIVITIES** | | |
| Payments on long-term debt | **(54.1)** | (107.9) |
| Cash dividends paid | **(18.0)** | (17.7) |
| Purchases of shares under employee stock plans | **(10.1)** | (0.6) |
| Proceeds from the exercise of stock options | **4.9** | 7.2 |
| Excess tax benefits from stock-based compensation | **4.0** | 2.0 |
| Net cash used in financing activities | **(73.3)** | (117.0) |
| Effect of foreign exchange rate changes | **0.2** | (2.2) |
| Increase (decrease) in cash and cash equivalents | **17.3** | (23.6) |
| Cash and cash equivalents at beginning of the year | **214.2** | 171.4 |
| Cash and cash equivalents at end of the period | **$ 231.5** | $ 147.8 |

See accompanying notes to consolidated condensed financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Notes to Consolidated Condensed Financial Statements**
**September 6, 2014 and September 7, 2013**
**(Unaudited)**

## 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, apparel and accessories; 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®*, *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™*.

### Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for a complete presentation of the financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included in the accompanying financial statements. For further information, refer to the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2013.

### 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 from licensees and distributors involving products bearing the Company's trademarks is recognized as earned according to stated contractual terms upon either the purchase or sale of branded products by licensees and distributors. Retail store revenue is recognized at time of sale.

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 and certain outbound freight charges, purchasing, sourcing, inspection and receiving costs. Warehousing costs are included in selling, general and administrative expenses with the exception of certain consumer-direct warehousing costs that are included in cost of goods sold.

### Seasonality

The Company's business is subject to seasonal influences and the Company's fiscal year has 12 weeks in each of the first three fiscal quarters and, depending on the fiscal calendar, 16 or 17 weeks in the fourth fiscal quarter. Both of these factors can cause significant differences in revenue, earnings and cash flows from quarter to quarter; however, the differences have followed a consistent pattern in previous years.

## 2. NEW ACCOUNTING STANDARDS

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* ("ASU 2013-11"). ASU 2013-11 provides guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. ASU 2013-11 is effective prospectively for reporting periods beginning after December 15, 2013. The Company adopted ASU 2013-11 in the first quarter of fiscal 2014, and the adoption did not affect the Company's consolidated financial position, results of operations or cash flows.

In April 2014, FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* ("ASU 2014-08") which amends the requirements for reporting discontinued operations. ASU 2014-08 requires the disposal of a component of an entity or a group of components of an entity to be reported in discontinued operations if the disposal represents a strategic shift that will have a major effect on the entity's operations and financial results. ASU 2014-08 also requires additional disclosures about discontinued operations and disclosures about the disposal of a significant component of an entity that does not qualify as a discontinued operation. ASU 2014-08 is effective prospectively for reporting periods beginning after December 15, 2014, with early adoption permitted. The Company adopted ASU 2014-08 in the third quarter of fiscal 2014, and the adoption did not affect the Company's consolidated financial position, results of operations or cash flows.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") which updates the principles for recognizing revenue. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is evaluating the potential impacts of the new standard on its existing revenue recognition policies and procedures.

In June 2014, FASB issued ASU 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* ("ASU 2014-12"). ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. ASU 2014-12 is effective for annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company is evaluating the potential impacts of the new standard on its existing stock-based compensation plans.

In August 2014, FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"). ASU 2014-15 requires that an entity's management evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and for interim periods thereafter. The Company is evaluating the potential impacts of the new standard on its quarterly reporting process.

### 3. EARNINGS PER SHARE

The Company calculates earnings per share in accordance with FASB Accounting Standards Codification ("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.

On July 11, 2013, the Company's Board of Directors approved a two-for-one stock split in the form of a stock dividend that was paid on November 1, 2013 to stockholders of record on October 1, 2013. On April 24, 2014, the Company amended its Restated Certificate of Incorporation to increase the number of shares of the Company's authorized common stock from 160,000,000 shares to 320,000,000 shares. All share and per share data in this Quarterly Report on Form 10-Q has been presented to reflect the split and increase in authorized shares.

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

| (In millions, except share and per share data) | 12 Weeks Ended September 6, 2014 | 12 Weeks Ended September 7, 2013 | 36 Weeks Ended September 6, 2014 | 36 Weeks Ended September 7, 2013 |
|---|---|---|---|---|
| Numerator: | | | | |
| Net earnings attributable to Wolverine World Wide, Inc. | **$ 57.8** | $ 54.4 | **$ 122.4** | $ 102.1 |
| Adjustment for earnings allocated to non-vested restricted common stock | **(1.1)** | (1.1) | **(2.3)** | (2.0) |
| Net earnings used in calculating basic earnings per share | **56.7** | 53.3 | **120.1** | 100.1 |
| Adjustment for earnings reallocated from non-vested restricted common stock | **—** | 0.1 | **0.1** | 0.1 |
| Net earnings used in calculating diluted earnings per share | **$ 56.7** | $ 53.4 | **$ 120.2** | $ 100.2 |
| Denominator: | | | | |
| Weighted average shares outstanding | **101,570,974** | 100,474,793 | **101,322,501** | 100,087,863 |
| Adjustment for non-vested restricted common stock | **(3,290,346)** | (3,391,901) | **(3,238,487)** | (3,280,184) |
| Shares used in calculating basic earnings per share | **98,280,628** | 97,082,892 | **98,084,014** | 96,807,679 |
| Effect of dilutive stock options | **1,739,295** | 2,121,186 | **1,884,606** | 1,852,797 |
| Shares used in calculating diluted earnings per share | **100,019,923** | 99,204,078 | **99,968,620** | 98,660,476 |
| Net earnings per share: | | | | |
| Basic | **$ 0.58** | $ 0.55 | **$ 1.22** | $ 1.03 |
| Diluted | **$ 0.57** | $ 0.54 | **$ 1.20** | $ 1.02 |

For the 12 and 36 weeks ended September 6, 2014, options relating to 1,498,446 and 1,053,424 shares of common stock outstanding, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

For the 12 and 36 weeks ended September 7, 2013, options relating to 36,849 and 687,888 shares of common stock outstanding, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

## 4. GOODWILL AND INDEFINITE-LIVED INTANGIBLES

The changes in the carrying amount of goodwill and indefinite-lived intangibles are as follows:

| (In millions) | Goodwill | Indefinite-lived intangibles | Total |
|---|---|---|---|
| Balance at December 29, 2012 | $ 459.9 | $ 679.8 | $ 1,139.7 |
| Acquisition adjustments | (11.1) | 9.0 | (2.1) |
| Foreign currency translation effects | (3.0) | 3.9 | 0.9 |
| Balance at September 7, 2013 | $ 445.8 | $ 692.7 | $ 1,138.5 |
| | | | |
| Balance at December 28, 2013 | $ 445.3 | $ 690.5 | $ 1,135.8 |
| Foreign currency translation effects | **(1.4)** | **—** | **(1.4)** |
| Balance at September 6, 2014 | **$ 443.9** | **$ 690.5** | **$ 1,134.4** |

## 5. DEBT

Total debt consists of the following obligations:

| (In millions) | September 6, 2014 | December 28, 2013 | September 7, 2013 |
|---|---|---|---|
| Term Loan A, due October 10, 2018 | **$ 720.9** | $ 775.0 | $ 529.4 |
| Term Loan B, due October 9, 2019 | **—** | — | 237.7 |
| Public Bonds, 6.125% interest, due October 15, 2020 | **375.0** | 375.0 | 375.0 |
| Capital lease obligation | **0.7** | — | — |
| Total debt | **$ 1,096.6** | $ 1,150.0 | $ 1,142.1 |

The Company's credit agreement (the "Credit Agreement") originally provided the Company with two term loans (a "Term Loan A Facility" and a "Term Loan B Facility") and a revolving credit agreement ("Revolving Credit Facility"). On October 10, 2013, the Company amended its Credit Agreement (the "Amendment") resulting in the payoff of the Term Loan B Facility while establishing a principal balance of $775.0 million for the Term Loan A Facility. The Amendment provided for a lower effective interest rate on the term loan debt, and a one-year extension on both the Term Loan A Facility and the Revolving Credit Facility, both of which are now due October 10, 2018. In addition, the Amendment provided for increased maximum debt capacity (including outstanding term loan principal and Revolving Credit Facility commitment amounts in addition to permitted incremental debt) not to exceed $1,350.0 million.

The 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 plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 0.375% to 1.25%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 1.375% to 2.25% (all capitalized terms used in this sentence are as defined in the Credit Agreement). As required by the Credit Agreement, the Company has an interest rate swap arrangement that reduces the Company's exposure to fluctuations in interest rates on its variable rate debt.

The Revolving Credit Facility allows the Company to borrow up to an aggregate amount of $200.0 million and includes a $100.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, British pounds, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies as are determined in accordance with the Credit Agreement. The Revolving Credit Facility also includes a $50.0 million swingline subfacility and a $50.0 million letter of credit subfacility.

The Company had outstanding letters of credit under the Revolving Credit Facility of $3.3 million, $3.5 million and $3.1 million as of September 6, 2014, December 28, 2013 and September 7, 2013, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Credit Facility.

The obligations of the Company pursuant to the Credit Agreement are 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 Credit Agreement also contains certain affirmative and negative covenants, including covenants that limit the ability of the Company and its Restricted Subsidiaries 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 Credit Agreement requires compliance with the following financial covenants: a maximum Consolidated Leverage Ratio; a maximum Consolidated Secured Leverage Ratio; and a minimum Consolidated Interest Coverage Ratio (all capitalized terms used in this paragraph are as defined in the Credit Agreement). As of September 6, 2014, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

The Company has outstanding a total of $375.0 million in senior notes that may be traded in the public market (the "Public Bonds") which are due on October 15, 2020. The Public Bonds bear interest at 6.125% with the related interest payments due semi-annually. The Public Bonds are guaranteed by substantially all of the Company's domestic subsidiaries.

During the second quarter of fiscal 2014, the Company recorded a capital lease obligation. The lease commenced during June 2014 and payments are scheduled to continue through February 2022.

The Company included in interest expense the amortization of deferred financing costs of approximately $1.0 million and $2.9 million for the 12 and 36 weeks ended September 6, 2014, respectively. The Company included in interest expense the amortization of deferred financing costs of approximately $1.5 million and $4.6 million for the 12 and 36 weeks ended September 7, 2013, respectively.

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

## 6. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) represents net earnings and any revenue, expenses, gains and losses that, under U.S. GAAP, are excluded from net earnings and recognized directly as a component of stockholders' equity.

The change in accumulated other comprehensive income (loss) during the 12 weeks ended September 6, 2014 and September 7, 2013 is as follows:

| (In millions) | Foreign currency translation adjustments | Foreign exchange contracts | Interest rate swap | Pension adjustments | Total |
|---|---|---|---|---|---|
| Balance of accumulated other comprehensive income (loss) as of June 15, 2013 | $ 1.2 | $ (2.0) | $ — | $ (81.6) | $ (82.4) |
| Other comprehensive income (loss) before reclassifications [1] | (5.3) | 1.1 | 3.1 | — | (1.1) |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | 0.8 [2] | — | 7.1 [3] | 7.9 |
| Income tax expense (benefit) | — | (0.3) | — | (2.5) | (2.8) |
| Net reclassifications | — | 0.5 | — | 4.6 | 5.1 |
| Net current-period other comprehensive income (loss) [1] | (5.3) | 1.6 | 3.1 | 4.6 | 4.0 |
| Balance of accumulated other comprehensive income (loss) as of September 7, 2013 | $ (4.1) | $ (0.4) | $ 3.1 | $ (77.0) | $ (78.4) |
| | | | | | |
| Balance of accumulated other comprehensive income (loss) as of June 14, 2014 | $ 0.3 | $ 0.5 | $ 0.2 | $ (7.3) | $ (6.3) |
| Other comprehensive income (loss) before reclassifications [1] | **(3.8)** | **2.7** | **—** | **—** | **(1.1)** |
| Amounts reclassified from accumulated other comprehensive income (loss) | **—** | **(0.2)** [2] | **—** | **1.7** [3] | **1.5** |
| Income tax expense (benefit) | **—** | **0.1** | **—** | **(0.5)** | **(0.4)** |
| Net reclassifications | **—** | **(0.1)** | **—** | **1.2** | **1.1** |
| Net current-period other comprehensive income (loss) [1] | **(3.8)** | **2.6** | **—** | **1.2** | **—** |
| Balance of accumulated other comprehensive income (loss) as of September 6, 2014 | **$ (3.5)** | **$ 3.1** | **$ 0.2** | **$ (6.1)** | **$ (6.3)** |

(1) Other comprehensive income is reported net of taxes.

(2) Amounts reclassified are included in cost of goods sold.

(3) Amounts reclassified are included in the computation of net pension expense.

The change in accumulated other comprehensive income (loss) during the 36 weeks ended September 6, 2014 and September 7, 2013 is as follows:

| (In millions) | Foreign currency translation adjustments | Foreign exchange contracts | Interest rate swap | Pension adjustments | Total |
|---|---|---|---|---|---|
| Balance of accumulated other comprehensive income (loss) as of December 29, 2012 | $ 5.9 | $ (1.7) | $ (1.0) | $ (90.7) | $ (87.5) |
| Other comprehensive income (loss) before reclassifications [1] | (10.0) | 0.2 | 4.1 | — | (5.7) |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | 1.7 [2] | — | 21.1 [3] | 22.8 |
| Income tax expense (benefit) | — | (0.6) | — | (7.4) | (8.0) |
| Net reclassifications | — | 1.1 | — | 13.7 | 14.8 |
| Net current-period other comprehensive income (loss) [1] | (10.0) | 1.3 | 4.1 | 13.7 | 9.1 |
| Balance of accumulated other comprehensive income (loss) as of September 7, 2013 | $ (4.1) | $ (0.4) | $ 3.1 | $ (77.0) | $ (78.4) |
| | | | | | |
| Balance of accumulated other comprehensive income (loss) as of December 28, 2013 | $ 0.5 | $ (0.8) | $ 0.6 | $ (9.5) | $ (9.2) |
| Other comprehensive income (loss) before reclassifications [1] | **(4.0)** | **3.5** | **(0.4)** | **—** | **(0.9)** |
| Amounts reclassified from accumulated other comprehensive income (loss) | **—** | **0.6** [2] | **—** | **5.2** [3] | **5.8** |
| Income tax expense (benefit) | **—** | **(0.2)** | **—** | **(1.8)** | **(2.0)** |
| Net reclassifications | **—** | **0.4** | **—** | **3.4** | **3.8** |
| Net current-period other comprehensive income (loss) [1] | **(4.0)** | **3.9** | **(0.4)** | **3.4** | **2.9** |
| Balance of accumulated other comprehensive income (loss) as of September 6, 2014 | **$ (3.5)** | **$ 3.1** | **$ 0.2** | **$ (6.1)** | **$ (6.3)** |

(1) Other comprehensive income is reported net of taxes.

(2) Amounts reclassified are included in cost of goods sold.

(3) Amounts reclassified are included in the computation of net pension expense.

## 7. 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. ASC 820 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 arrangement, borrowings under the Revolving Credit Facility and long-term debt. The carrying amount of the Company's financial instruments is historical cost, which approximates fair value, except for the interest rate swap and foreign currency forward exchange contracts, which are carried at fair value. The carrying value and the fair value of the Company's long-term debt, excluding capital leases, are as follows:

| (In millions) | **September 6, 2014** | December 28, 2013 | September 7, 2013 |
|---|---|---|---|
| Carrying value | **$ 1,095.9** | $ 1,150.0 | $ 1,142.1 |
| Fair value | **1,135.3** | 1,183.8 | 1,159.7 |

The fair value of the fixed rate debt was based on third-party quotes (Level 2). The fair value of the variable rate debt was calculated by discounting the future cash flows to its present value using a discount rate based on the risk-free rate of the same maturity (Level 3).

The Company follows FASB ASC Topic 815, *Derivatives and Hedging* ("ASC 815"), which is intended to improve transparency in financial reporting and requires that all derivative instruments be recorded on the consolidated condensed 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.

The Company has one interest rate swap arrangement which exchanges floating rate for fixed rate interest payments over the life of the agreement without the exchange of the underlying notional amounts. This derivative instrument, which, unless otherwise terminated, will mature on October 6, 2017, has been designated as a cash flow hedge of the debt. The notional amounts of the interest rate swap arrangement are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The Company does not hold or issue financial instruments for trading purposes.

The notional amounts of the Company's derivative instruments are as follows:

| | **September 6, 2014** | December 28, 2013 | September 7, 2013 |
|---|---|---|---|
| Foreign exchange contracts: | | | |
| Notional amount (in millions) | **$ 116.8** | $ 129.1 | $ 96.0 |
| Maturities (in days) | **336** | 364 | 336 |
| Interest rate swap: | | | |
| Notional amount (in millions) | **$ 422.4** | $ 455.5 | $ 462.2 |

The following table sets forth financial assets and liabilities measured at fair value in the consolidated condensed balance sheets and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy.

| | **Fair Value Measurements** | | |
|---|---|---|---|
| | Quoted Prices With Other Observable Inputs (Level 2) | | |
| (In millions) | **September 6, 2014** | December 28, 2013 | September 7, 2013 |
| Financial assets: | | | |
| Foreign exchange contracts asset | **$ 4.5** | $ 1.7 | $ — |
| Interest rate swap asset | **0.4** | 0.9 | 4.7 |
| Financial liabilities: | | | |
| Foreign exchange contracts liability | **0.1** | 2.3 | 0.2 |

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 line item in the consolidated condensed statements of operations and comprehensive income. Hedge ineffectiveness was not material to the Company's consolidated financial statements for the 36 weeks ended September 6, 2014 and September 7, 2013. If, in the future, the foreign exchange 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 loss within stockholders' equity.

The differential paid or received on the interest rate swap arrangement is recognized as interest expense. In accordance with ASC 815, the Company has 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 at the hedge's inception, and continues to assess on an ongoing basis, whether the derivative used in the hedging transaction is 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 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.

## 8. 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 $5.9 million and $17.1 million, and related income tax benefits of $1.8 million and $5.4 million, for grants under its stock-based compensation plans for the 12 and 36 weeks ended September 6, 2014, respectively.

The Company recognized compensation expense of $7.4 million and $21.1 million, and related income tax benefits of $2.6 million and $7.1 million, for grants under its stock-based compensation plans for the 12 and 36 weeks ended September 7, 2013, respectively.

Stock-based compensation expense recognized in the consolidated condensed statements of operations and comprehensive income 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 during the 36 weeks ended September 6, 2014 and September 7, 2013 was $6.21 and $5.22, respectively, with the following weighted average assumptions:

| | 36 Weeks Ended | |
|---|---|---|
| | **September 6, 2014** | September 7, 2013 |
| Expected market price volatility (1) | **29.6%** | 33.3% |
| Risk-free interest rate (2) | **1.2%** | 0.6% |
| Dividend yield (3) | **0.9%** | 1.2% |
| Expected term (4) | **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 241,965 and 237,526 shares of common stock in connection with new restricted stock grants made and the exercise of stock options during the 12 weeks ended September 6, 2014 and September 7, 2013, respectively. During the 12 weeks ended September 6, 2014 and September 7, 2013, the Company canceled 87,090 and 59,748 shares, respectively, of common stock issued under restricted stock awards as a result of forfeitures.

The Company issued 1,601,989 and 2,142,090 shares of common stock in connection with new restricted stock grants made and the exercise of stock options during the 36 weeks ended September 6, 2014 and September 7, 2013, respectively. During the 36 weeks ended September 6, 2014 and September 7, 2013, the Company canceled 369,612 and 171,388 shares, respectively, of common stock issued under restricted stock awards as a result of forfeitures.

## 9. RETIREMENT PLANS

A summary of net pension and Supplemental Executive Retirement Plan expense recognized by the Company is as follows:

| | 12 Weeks Ended | | 36 Weeks Ended | |
|---|---|---|---|---|
| (In millions) | **September 6, 2014** | September 7, 2013 | **September 6, 2014** | September 7, 2013 |
| Service cost pertaining to benefits earned during the period | **$ 1.7** | $ 2.0 | **$ 5.0** | $ 6.2 |
| Interest cost on projected benefit obligations | **4.8** | 4.3 | **14.1** | 13.0 |
| Expected return on pension assets | **(5.2)** | (4.8) | **(15.4)** | (14.5) |
| Net amortization loss | **1.7** | 7.1 | **5.2** | 21.1 |
| Net pension expense | **$ 3.0** | $ 8.6 | **$ 8.9** | $ 25.8 |

## 10. INCOME TAXES

The Company maintains certain strategic management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that are generally lower than the U.S. federal statutory income tax rate. A significant amount of the Company's earnings are generated by its Canadian, European and Asia Pacific subsidiaries and, to a lesser extent, in other foreign jurisdictions that are not subject to income tax. The Company has not provided for U.S. taxes for earnings generated in foreign jurisdictions because it plans to reinvest these earnings indefinitely outside the U.S. However, if certain foreign earnings previously treated as permanently reinvested are repatriated, the additional U.S. tax liability could have a material adverse effect on the Company's after-tax results of operations, financial position and cash flows.

The Company's effective tax rate for the 12 weeks ended September 6, 2014 and September 7, 2013 was 25.7% and 25.9%, respectively. For the 36 weeks ended September 6, 2014 and September 7, 2013, the Company's effective tax rate was 27.1% and 24.2%, respectively.

The lower effective tax rate in the prior year-to-date period reflects the benefit from the deductibility of higher acquisition-related integration costs in high statutory tax rate jurisdictions and the benefit of a retroactive reinstatement of the research and development federal tax credit for 2012 and extension of the credit through 2013. The research and development federal tax credit has now expired and is not available for 2014.

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 2009.

## 11. 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 consolidated 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) | 2014 | 2015 | 2016 | 2017 | 2018 | Thereafter |
|---|---|---|---|---|---|---|
| Minimum royalties | $ 0.3 | $ 1.8 | $ — | $ — | $ — | $ — |
| Minimum advertising | 2.1 | 8.7 | 2.7 | 2.8 | 2.9 | 9.3 |

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 $0.6 million and $0.5 million for the 12 weeks ended September 6, 2014 and September 7, 2013, respectively. For the 36 weeks ended September 6, 2014 and September 7, 2013, the Company incurred royalty expense, in accordance with these agreements, of $1.7 million and $1.3 million, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales of the licensed products. In accordance with these agreements, the Company incurred advertising expense of $0.7 million and $0.9 million for the 12 weeks ended September 6, 2014 and September 7, 2013, respectively. For the 36 weeks ended September 6, 2014 and September 7, 2013, the Company incurred advertising expense, in accordance with these agreements, of $2.9 million and $3.0 million, respectively.

**12. BUSINESS SEGMENTS**

The Company's portfolio of brands is organized 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 and apparel, *Hush Puppies®* footwear and apparel, *Keds®* footwear and apparel 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; income from a network of third-party licensees and distributors; and revenue from the Company's mono-branded consumer-direct business.

The Company also reports "Other" and "Corporate" categories. The Other category consists of the Company's multi-brand consumer-direct business, leather marketing operations and sourcing operations that include third-party commission revenues. The Corporate category consists of unallocated corporate expenses including acquisition-related integration costs, restructuring costs and impairment costs. The Company's operating segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions.

Company management uses various financial measures to evaluate the performance of the reportable operating segments. The following is a summary of certain key financial measures for the respective fiscal periods indicated.

| | 12 Weeks Ended | | 36 Weeks Ended | |
|---|---|---|---|---|
| (In millions) | **September 6, 2014** | September 7, 2013 | **September 6, 2014** | September 7, 2013 |
| Revenue: | | | | |
| Lifestyle Group | **$ 277.9** | $ 297.9 | **$ 780.0** | $ 827.6 |
| Performance Group | **257.1** | 251.5 | **717.1** | 686.8 |
| Heritage Group | **151.3** | 144.6 | **385.5** | 373.7 |
| Other | **24.8** | 22.6 | **69.6** | 62.2 |
| Total | **$ 711.1** | $ 716.6 | **$ 1,952.2** | $ 1,950.3 |
| Operating profit (loss): | | | | |
| Lifestyle Group | **$ 45.6** | $ 56.5 | **$ 109.5** | $ 148.1 |
| Performance Group | **59.2** | 55.1 | **153.0** | 134.0 |
| Heritage Group | **26.6** | 24.4 | **58.6** | 55.6 |
| Other | **0.3** | 1.9 | **1.5** | 4.3 |
| Corporate | **(44.1)** | (51.6) | **(122.3)** | (167.7) |
| Total | **$ 87.6** | $ 86.3 | **$ 200.3** | $ 174.3 |

| (In millions) | September 6, 2014 | December 28, 2013 | September 7, 2013 |
|---|---|---|---|
| Total assets: | | | |
| Lifestyle Group | **$ 1,453.8** | $ 1,431.1 | $ 1,448.9 |
| Performance Group | **533.0** | 476.4 | 547.9 |
| Heritage Group | **251.7** | 247.2 | 277.7 |
| Other | **122.7** | 56.9 | 63.3 |
| Corporate | **366.5** | 410.6 | 332.4 |
| Total | **$ 2,727.7** | $ 2,622.2 | $ 2,670.2 |
| Goodwill: | | | |
| Lifestyle Group | **$ 327.8** | $ 329.0 | $ 329.5 |
| Performance Group | **92.7** | 92.8 | 92.9 |
| Heritage Group | **23.4** | 23.5 | 23.4 |
| Total | **$ 443.9** | $ 445.3 | $ 445.8 |

## 13. BUSINESS ACQUISITIONS

On October 9, 2012, the Company acquired all of the outstanding equity interests of PLG as well as certain other assets. Consideration paid to acquire PLG was approximately $1,249.5 million in cash. PLG marketed 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 was accounted for under the acquisition method of accounting. 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 Company funded the transaction using a combination of approximately $88.8 million of cash on hand and new borrowings. The Company's debt financing included net proceeds from the term loan debt associated with the Credit Agreement and net proceeds from the Public Bonds.

For the 12 weeks ended September 6, 2014, the Company incurred $2.3 million of acquisition-related integration costs. These costs include compensation expenses ($1.1 million) and other integration costs ($1.2 million). For the 12 weeks ended September 7, 2013, the Company incurred $7.4 million of acquisition-related integration costs. These costs include compensation expense ($4.6 million), other purchased services ($2.5 million) and professional and legal fees ($0.3 million).

For the 36 weeks ended September 6, 2014, the Company incurred $6.4 million of acquisition-related integration costs. These costs include compensation expenses ($3.0 million) and other integration costs ($3.4 million). For the 36 weeks ended September 7, 2013, the Company incurred $30.5 million of acquisition-related integration costs. These costs include compensation expense ($20.3 million), other purchased services ($6.2 million), amortization related to short-lived intangible assets ($2.4 million), and professional and legal fees ($1.6 million).

The following table summarizes the final fair values of the assets acquired and liabilities assumed in connection with the PLG acquisition.

| (In millions) | | |
|---|---|---|
| Cash | $ | 23.6 |
| Accounts receivable | | 151.2 |
| Inventories | | 203.5 |
| Deferred income taxes | | 13.6 |
| Other current assets | | 13.2 |
| Property, plant and equipment | | 77.1 |
| Goodwill | | 408.8 |
| Intangible assets | | 821.8 |
| Other | | 11.2 |
| Total assets acquired | | 1,724.0 |
| Accounts payable | | 97.4 |
| Other accrued liabilities | | 42.2 |
| Deferred income taxes | | 287.2 |
| Accrued pension liabilities | | 37.7 |
| Other liabilities | | 10.0 |
| Total liabilities assumed | | 474.5 |
| Net assets acquired | $ | 1,249.5 |

The excess of the purchase price over the fair value of net assets acquired of $408.8 million was recorded as goodwill in the consolidated condensed balance sheets and has been assigned to the Performance Group and Lifestyle Group reportable operating segments as follows:

| (In millions) | | |
|---|---|---|
| Performance Group | $ | 82.5 |
| Lifestyle Group | | 326.3 |
| Total | $ | 408.8 |

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 PLG acquisition were valued as follows:

| (In millions) | | Intangible asset | Useful life |
|---|---|---|---|
| Trade names and trademarks | $ | 671.8 | Indefinite |
| Customer lists | | 100.5 | 3-20 years |
| Licensing agreements | | 28.8 | 4-5 years |
| Developed product technology | | 14.9 | 3-5 years |
| Backlog | | 5.2 | 6 months |
| Net favorable leases | | 0.6 | 10 years |
| Total intangible assets acquired | $ | 821.8 | |

The Company 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 million 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 deemed sold. In addition, fixed assets were written up by approximately $18.8 million to their estimated fair market value based on a valuation method that included both cost and market approaches. This additional step-up in value is being depreciated over the estimated remaining useful lives of the assets.

## 14. RESTRUCTURING ACTIVITIES

### 2014 Restructuring Activities

On July 9, 2014, the Board of Directors of the Company approved a realignment of the Company's consumer-direct operations (the "2014 Plan"). As a part of the 2014 Plan, the Company intends to close up to 140 retail stores by the end of 2015, consolidate certain consumer-direct support functions and implement certain other organizational changes. The Company estimates pretax charges related to the 2014 Plan will range from $26.6 million to $32.0 million. The Company will record these charges in fiscal 2014 and fiscal 2015 as it executes specific components of the 2014 Plan. Approximately $9.6 million to $11.6 million of this estimate represents non-cash charges. Once fully implemented, the Company expects annual pretax benefits of approximately $11.0 million as a result of the 2014 Plan.

The following is a summary of the activity with respect to a reserve established by the Company in connection with the 2014 Plan, by category of costs.

| (In millions) | Severance and employee related | Impairment of property and equipment | Costs associated with exit or disposal activities | Total |
|---|---|---|---|---|
| Balance at December 28, 2013 | $ — | $ — | $ — | $ — |
| Restructuring costs | **1.0** | **5.0** | **1.4** | **7.4** |
| Amounts paid | **(0.3)** | **—** | **—** | **(0.3)** |
| Charges against assets | **—** | **(5.0)** | **(1.4)** | **(6.4)** |
| Balance at September 6, 2014 | **$ 0.7** | **$ —** | **$ —** | **$ 0.7** |

As part of the 2014 Plan, property and equipment related to retail stores was measured at fair value on a nonrecurring basis using significant unobservable inputs. The following is a summary of the fair value of the assets and the impairment recognized during the 36 weeks ended September 6, 2014.

| (In millions) | Fair Value | Impairment |
|---|---|---|
| Property and equipment | $ 0.6 | $ 5.0 |

The property and equipment was valued using an income approach based on the discounted cash flows of the associated retail store locations (Level 3).

In addition to the amounts recorded under the 2014 Plan, the Company recorded an other-than-temporary impairment of an equity method investment, reserved certain receivables within the Company's international operations and recorded other exit costs totaling $4.0 million during the first three quarters of fiscal 2014.

The Company recorded the costs related to the 2014 restructuring activities within its Corporate category included in the Restructuring costs line item as a component of selling, general and administrative expenses in the consolidated condensed statements of operations and comprehensive income.

### 2013 Restructuring Activities

On October 4, 2013, the Board of Directors of the Company approved a plan to restructure the Company's Dominican Republic manufacturing operations in a manner intended to lower the Company's cost of goods sold, as described below (the "2013 Plan"). During the fourth quarter of fiscal 2013, the Company sold a manufacturing facility in the Dominican Republic and closed a second manufacturing facility. The Company no longer maintains any Company-owned manufacturing operations in the Dominican Republic. The Company recognized $7.6 million of restructuring costs in fiscal 2013 and restructuring costs of $0.6 million for the 36 weeks ended September 6, 2014. The Company does not expect to recognize any further significant costs for the 2013 Plan. All costs incurred have been recognized in the Company's Corporate category and are included in the Restructuring costs line item as a component of cost of goods sold in the consolidated condensed statements of operations and comprehensive income.

The following is a summary of the activity with respect to a reserve established by the Company in connection with the 2013 Plan, by category of costs.

| (In millions) | Severance and employee related | Costs associated with exit or disposal activities | Total |
|---|---|---|---|
| Balance at December 28, 2013 | $ — | $ 0.5 | $ 0.5 |
| Restructuring costs | **0.1** | **0.5** | **0.6** |
| Amounts paid | **(0.1)** | **(0.6)** | **(0.7)** |
| Charges against assets | **—** | **(0.2)** | **(0.2)** |
| Balance at September 6, 2014 | **$ —** | **$ 0.2** | **$ 0.2** |

**15. SUBSIDIARY GUARANTORS OF THE PUBLIC BONDS**

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 Public Bonds, 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 Public Bonds (“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 September 6, 2014**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenue | $ 139.3 | $ 1,085.3 | $ 217.8 | $ (731.3) | $ 711.1 |
| Cost of goods sold | 98.3 | 926.1 | 118.0 | (716.1) | 426.3 |
| Restructuring costs | — | — | 0.1 | — | 0.1 |
| Gross profit | 41.0 | 159.2 | 99.7 | (15.2) | 284.7 |
| Selling, general and administrative expenses | 40.9 | 98.9 | 62.6 | (15.6) | 186.8 |
| Acquisition-related integration costs | 1.2 | 0.6 | 0.5 | — | 2.3 |
| Restructuring costs | 0.9 | 5.3 | 1.8 | — | 8.0 |
| Operating profit (loss) | (2.0) | 54.4 | 34.8 | 0.4 | 87.6 |
| Other expenses: | | | | | |
| Interest expense (income), net | 10.3 | (0.2) | (0.1) | — | 10.0 |
| Other expense (income), net | — | (0.4) | 0.1 | — | (0.3) |
| Total other expenses (income) | 10.3 | (0.6) | — | — | 9.7 |
| Earnings (loss) before income taxes | (12.3) | 55.0 | 34.8 | 0.4 | 77.9 |
| Income tax expense (benefit) | (4.6) | 20.6 | 4.0 | — | 20.0 |
| Earnings (loss) before equity in earnings (loss) of consolidated subsidiaries | (7.7) | 34.4 | 30.8 | 0.4 | 57.9 |
| Equity in earnings of consolidated subsidiaries | 65.5 | 55.0 | 28.3 | (148.8) | — |
| Net earnings | 57.8 | 89.4 | 59.1 | (148.4) | 57.9 |
| Less: net earnings attributable to non-controlling interest | — | — | 0.1 | — | 0.1 |
| Net earnings attributable to Wolverine World Wide, Inc. | $ 57.8 | $ 89.4 | $ 59.0 | $ (148.4) | $ 57.8 |
| | | | | | |
| Comprehensive income | $ 57.8 | $ 89.2 | $ 58.0 | $ (147.1) | $ 57.9 |
| Less: comprehensive income attributable to non-controlling interest | — | — | 0.1 | — | 0.1 |
| Comprehensive income attributable to Wolverine World Wide, Inc. | $ 57.8 | $ 89.2 | $ 57.9 | $ (147.1) | $ 57.8 |

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Statements of Operations and Comprehensive Income**
**For the 12 Weeks Ended September 7, 2013**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenue | $ 135.5 | $ 1,005.5 | $ 213.5 | $ (637.9) | $ 716.6 |
| Cost of goods sold | 95.0 | 837.0 | 116.8 | (618.2) | 430.6 |
| Gross profit | 40.5 | 168.5 | 96.7 | (19.7) | 286.0 |
| Selling, general and administrative expenses | 24.5 | 115.2 | 72.6 | (20.0) | 192.3 |
| Acquisition-related integration costs | 4.1 | 1.2 | 2.1 | — | 7.4 |
| Operating profit | 11.9 | 52.1 | 22.0 | 0.3 | 86.3 |
| Other expenses: | | | | | |
| Interest expense (income), net | 11.9 | (0.1) | 0.1 | — | 11.9 |
| Other expense (income), net | (0.9) | 0.1 | 2.0 | (0.2) | 1.0 |
| Total other expenses | 11.0 | — | 2.1 | (0.2) | 12.9 |
| Earnings before income taxes | 0.9 | 52.1 | 19.9 | 0.5 | 73.4 |
| Income tax expense (benefit) | 0.3 | 20.3 | (1.6) | — | 19.0 |
| Earnings before equity in earnings (loss) of consolidated subsidiaries | 0.6 | 31.8 | 21.5 | 0.5 | 54.4 |
| Equity in earnings (loss) of consolidated subsidiaries | 53.8 | 166.1 | (10.4) | (209.5) | — |
| Net earnings | 54.4 | 197.9 | 11.1 | (209.0) | 54.4 |
| Less: net earnings attributable to non-controlling interest | — | — | — | — | — |
| Net earnings attributable to Wolverine World Wide, Inc. | $ 54.4 | $ 197.9 | $ 11.1 | $ (209.0) | $ 54.4 |
| | | | | | |
| Comprehensive income | $ 58.4 | $ 197.9 | $ 7.2 | $ (205.1) | $ 58.4 |
| Less: comprehensive income attributable to non-controlling interest | — | — | — | — | — |
| Comprehensive income attributable to Wolverine World Wide, Inc. | $ 58.4 | $ 197.9 | $ 7.2 | $ (205.1) | $ 58.4 |

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Statements of Operations and Comprehensive Income**
**For the 36 Weeks Ended September 6, 2014**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenue | $ 364.0 | $ 3,060.2 | $ 587.9 | $ (2,059.9) | $ 1,952.2 |
| Cost of goods sold | 252.6 | 2,608.8 | 317.2 | (2,013.2) | 1,165.4 |
| Restructuring costs | — | — | 0.6 | — | 0.6 |
| Gross profit | 111.4 | 451.4 | 270.1 | (46.7) | 786.2 |
| Selling, general and administrative expenses | 122.5 | 309.1 | 184.0 | (47.5) | 568.1 |
| Acquisition-related integration costs | 4.1 | 1.8 | 0.5 | — | 6.4 |
| Restructuring costs | 2.4 | 5.3 | 3.7 | — | 11.4 |
| Operating profit (loss) | (17.6) | 135.2 | 81.9 | 0.8 | 200.3 |
| Other expenses: | | | | | |
| Interest expense (income), net | 31.6 | — | (0.2) | — | 31.4 |
| Other expense (income), net | (0.3) | (1.3) | 2.1 | — | 0.5 |
| Total other expenses (income) | 31.3 | (1.3) | 1.9 | — | 31.9 |
| Earnings (loss) before income taxes | (48.9) | 136.5 | 80.0 | 0.8 | 168.4 |
| Income tax expense (benefit) | (18.3) | 51.2 | 12.8 | — | 45.7 |
| Earnings (loss) before equity in earnings of consolidated subsidiaries | (30.6) | 85.3 | 67.2 | 0.8 | 122.7 |
| Equity in earnings of consolidated subsidiaries | 153.0 | 103.8 | 64.1 | (320.9) | — |
| Net earnings | 122.4 | 189.1 | 131.3 | (320.1) | 122.7 |
| Less: net earnings attributable to non-controlling interests | — | — | 0.3 | — | 0.3 |
| Net earnings attributable to Wolverine World Wide, Inc. | $ 122.4 | $ 189.1 | $ 131.0 | $ (320.1) | $ 122.4 |
| | | | | | |
| Comprehensive income | $ 125.3 | $ 188.6 | $ 131.2 | $ (319.5) | $ 125.6 |
| Less: comprehensive income attributable to non-controlling interest | — | — | 0.3 | — | 0.3 |
| Comprehensive income attributable to Wolverine World Wide, Inc. | $ 125.3 | $ 188.6 | $ 130.9 | $ (319.5) | $ 125.3 |

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Statements of Operations and Comprehensive Income**
**For the 36 Weeks Ended September 7, 2013**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenue | $ 357.1 | $ 2,868.2 | $ 548.0 | $ (1,823.0) | $ 1,950.3 |
| Cost of goods sold | 253.7 | 2,385.3 | 293.9 | (1,771.7) | 1,161.2 |
| Gross profit | 103.4 | 482.9 | 254.1 | (51.3) | 789.1 |
| Selling, general and administrative expenses | 112.7 | 325.9 | 196.3 | (50.6) | 584.3 |
| Acquisition-related integration costs | 12.5 | 12.8 | 5.2 | — | 30.5 |
| Operating profit (loss) | (21.8) | 144.2 | 52.6 | (0.7) | 174.3 |
| Other expenses: | | | | | |
| Interest expense, net | 37.3 | — | — | — | 37.3 |
| Other (income) expense, net | (0.9) | 0.1 | 2.8 | — | 2.0 |
| Total other expenses | 36.4 | 0.1 | 2.8 | — | 39.3 |
| Earnings (loss) before income taxes | (58.2) | 144.1 | 49.8 | (0.7) | 135.0 |
| Income tax expense (benefit) | (22.7) | 56.1 | (0.7) | — | 32.7 |
| Earnings (loss) before equity in earnings of consolidated subsidiaries | (35.5) | 88.0 | 50.5 | (0.7) | 102.3 |
| Equity in earnings of consolidated subsidiaries | 137.6 | 349.5 | 40.2 | (527.3) | — |
| Net earnings | 102.1 | 437.5 | 90.7 | (528.0) | 102.3 |
| Less: net earnings attributable to non-controlling interests | — | — | 0.2 | — | 0.2 |
| Net earnings attributable to Wolverine World Wide, Inc. | $ 102.1 | $ 437.5 | $ 90.5 | $ (528.0) | $ 102.1 |
| | | | | | |
| Comprehensive income | $ 111.2 | $ 437.5 | $ 82.3 | $ (519.6) | $ 111.4 |
| Less: comprehensive income attributable to non-controlling interest | — | — | 0.2 | — | 0.2 |
| Comprehensive income attributable to Wolverine World Wide, Inc. | $ 111.2 | $ 437.5 | $ 82.1 | $ (519.6) | $ 111.2 |

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**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Balance Sheets**
**As of September 6, 2014**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 28.5 | $ 3.9 | $ 199.1 | $ — | $ 231.5 |
| Accounts receivable, net | 43.6 | 285.8 | 154.5 | — | 483.9 |
| Inventories: | | | | | |
| Finished products, net | 70.1 | 287.1 | 89.5 | — | 446.7 |
| Raw materials and work-in-process, net | 2.5 | 1.1 | 16.0 | — | 19.6 |
| Total inventories | 72.6 | 288.2 | 105.5 | — | 466.3 |
| Deferred income taxes | 15.2 | 12.6 | (0.6) | — | 27.2 |
| Prepaid expenses and other current assets | 60.3 | (34.3) | 14.1 | — | 40.1 |
| Total current assets | 220.2 | 556.2 | 472.6 | — | 1,249.0 |
| Property, plant and equipment: | | | | | |
| Gross cost | 228.4 | 156.9 | 40.5 | — | 425.8 |
| Accumulated depreciation | (179.6) | (77.5) | (27.2) | — | (284.3) |
| Property, plant and equipment, net | 48.8 | 79.4 | 13.3 | — | 141.5 |
| Other assets: | | | | | |
| Goodwill | 7.8 | 353.1 | 83.0 | — | 443.9 |
| Indefinite-lived intangibles | 4.2 | 674.9 | 11.4 | — | 690.5 |
| Amortizable intangibles, net | 0.4 | 116.3 | 0.1 | — | 116.8 |
| Deferred income taxes | — | — | 3.3 | — | 3.3 |
| Deferred financing costs, net | 19.1 | — | — | — | 19.1 |
| Other | 49.9 | 11.5 | 2.2 | — | 63.6 |
| Intercompany accounts receivable | — | 1,947.9 | 651.0 | (2,598.9) | — |
| Investment in affiliates | 3,209.9 | 680.8 | 1,249.4 | (5,140.1) | — |
| Total other assets | 3,291.3 | 3,784.5 | 2,000.4 | (7,739.0) | 1,337.2 |
| Total assets | $ 3,560.3 | $ 4,420.1 | $ 2,486.3 | $ (7,739.0) | $ 2,727.7 |

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Balance Sheets - continued**
**As of September 6, 2014**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 39.7 | $ 74.5 | $ 48.1 | $ — | $ 162.3 |
| Accrued salaries and wages | 19.2 | 8.0 | 9.1 | — | 36.3 |
| Other accrued liabilities | 37.8 | 33.1 | 41.1 | — | 112.0 |
| Current maturities of long-term debt | 51.6 | — | — | — | 51.6 |
| Total current liabilities | 148.3 | 115.6 | 98.3 | — | 362.2 |
| Long-term debt, less current maturities | 1,044.3 | 0.7 | — | — | 1,045.0 |
| Accrued pension liabilities | 64.0 | 10.0 | — | — | 74.0 |
| Deferred income taxes | (37.9) | 287.5 | 4.2 | — | 253.8 |
| Other liabilities | 13.0 | 10.5 | 3.0 | — | 26.5 |
| Intercompany accounts payable | 1,366.5 | 555.3 | 677.1 | (2,598.9) | — |
| Stockholders' equity: | | | | | |
| Wolverine World Wide, Inc. stockholders' equity | 962.1 | 3,440.5 | 1,699.6 | (5,140.1) | 962.1 |
| Non-controlling interest | — | — | 4.1 | — | 4.1 |
| Total stockholders' equity | 962.1 | 3,440.5 | 1,703.7 | (5,140.1) | 966.2 |
| Total liabilities and stockholders' equity | $ 3,560.3 | $ 4,420.1 | $ 2,486.3 | $ (7,739.0) | $ 2,727.7 |

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**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Balance Sheets**
**As of December 28, 2013**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 18.8 | $ 15.0 | $ 180.4 | $ — | $ 214.2 |
| Accounts receivable, net | 63.9 | 213.2 | 121.0 | — | 398.1 |
| Inventories: | | | | | |
| Finished products, net | 55.0 | 270.8 | 81.0 | (0.8) | 406.0 |
| Raw materials and work-in-process, net | (0.1) | 0.9 | 21.4 | — | 22.2 |
| Total inventories | 54.9 | 271.7 | 102.4 | (0.8) | 428.2 |
| Deferred income taxes | 15.3 | 12.6 | 1.2 | — | 29.1 |
| Prepaid expenses and other current assets | 26.9 | 11.1 | 10.4 | — | 48.4 |
| Total current assets | 179.8 | 523.6 | 415.4 | (0.8) | 1,118.0 |
| Property, plant and equipment: | | | | | |
| Gross cost | 223.7 | 143.2 | 49.2 | — | 416.1 |
| Accumulated depreciation | (174.4) | (57.4) | (32.4) | — | (264.2) |
| Property, plant and equipment, net | 49.3 | 85.8 | 16.8 | — | 151.9 |
| Other assets: | | | | | |
| Goodwill | 7.7 | 354.3 | 83.3 | — | 445.3 |
| Indefinite-lived intangibles | 4.4 | 674.7 | 11.4 | — | 690.5 |
| Amortizable intangibles, net | 0.2 | 126.4 | 0.1 | — | 126.7 |
| Deferred income taxes | — | — | 3.4 | — | 3.4 |
| Deferred financing costs, net | 22.0 | — | — | — | 22.0 |
| Other | 46.0 | 12.3 | 5.3 | 0.8 | 64.4 |
| Intercompany accounts receivable | — | 1,445.4 | 347.5 | (1,792.9) | — |
| Investment in affiliates | 3,033.2 | 555.6 | 393.5 | (3,982.3) | — |
| Total other assets | 3,113.5 | 3,168.7 | 844.5 | (5,774.4) | 1,352.3 |
| Total assets | $ 3,342.6 | $ 3,778.1 | $ 1,276.7 | $ (5,775.2) | $ 2,622.2 |

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Balance Sheets - continued**
**As of December 28, 2013**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 31.6 | $ 61.7 | $ 41.9 | $ — | $ 135.2 |
| Accrued salaries and wages | 27.0 | 8.6 | 5.9 | — | 41.5 |
| Other accrued liabilities | 40.8 | 22.1 | 36.4 | — | 99.3 |
| Current maturities of long-term debt | 53.3 | — | — | — | 53.3 |
| Total current liabilities | 152.7 | 92.4 | 84.2 | — | 329.3 |
| Long-term debt, less current maturities | 1,096.7 | — | — | — | 1,096.7 |
| Accrued pension liabilities | 60.9 | 13.3 | — | — | 74.2 |
| Deferred income taxes | (38.2) | 287.7 | 4.4 | — | 253.9 |
| Other liabilities | 12.4 | 11.5 | 2.8 | — | 26.7 |
| Intercompany accounts payable | 1,220.5 | 153.7 | 418.7 | (1,792.9) | — |
| Stockholders' equity: | | | | | |
| Wolverine World Wide, Inc. stockholders' equity | 837.6 | 3,219.5 | 762.8 | (3,982.3) | 837.6 |
| Non-controlling interest | — | — | 3.8 | — | 3.8 |
| Total stockholders' equity | 837.6 | 3,219.5 | 766.6 | (3,982.3) | 841.4 |
| Total liabilities and stockholders' equity | $ 3,342.6 | $ 3,778.1 | $ 1,276.7 | $ (5,775.2) | $ 2,622.2 |

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Balance Sheets**
**As of September 7, 2013**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ (3.4) | $ 13.1 | $ 138.1 | $ — | $ 147.8 |
| Accounts receivable, net | 101.8 | 230.1 | 147.0 | — | 478.9 |
| Inventories: | | | | | |
| Finished products, net | 64.7 | 279.3 | 90.3 | (1.4) | 432.9 |
| Raw materials and work-in-process, net | 0.8 | 0.6 | 28.3 | — | 29.7 |
| Total inventories | 65.5 | 279.9 | 118.6 | (1.4) | 462.6 |
| Deferred income taxes | 9.4 | 16.9 | 0.4 | — | 26.7 |
| Prepaid expenses and other current assets | 17.6 | 3.8 | 12.1 | 0.6 | 34.1 |
| Total current assets | 190.9 | 543.8 | 416.2 | (0.8) | 1,150.1 |
| Property, plant and equipment: | | | | | |
| Gross cost | 220.5 | 136.5 | 54.2 | — | 411.2 |
| Accumulated depreciation | (170.2) | (49.0) | (36.7) | — | (255.9) |
| Property, plant and equipment, net | 50.3 | 87.5 | 17.5 | — | 155.3 |
| Other assets: | | | | | |
| Goodwill | 7.6 | 354.7 | 83.5 | — | 445.8 |
| Indefinite-lived intangibles | 4.1 | 677.3 | 11.3 | — | 692.7 |
| Amortizable intangibles, net | 0.4 | 129.9 | 0.2 | — | 130.5 |
| Deferred income taxes | 0.2 | — | 0.2 | — | 0.4 |
| Deferred financing costs, net | 34.3 | — | — | — | 34.3 |
| Other | 45.4 | 9.4 | 4.0 | 2.3 | 61.1 |
| Intercompany accounts receivable | — | 1,209.2 | 132.8 | (1,342.0) | — |
| Investment in affiliates | 2,701.9 | 566.3 | 379.0 | (3,647.2) | — |
| Total other assets | 2,793.9 | 2,946.8 | 611.0 | (4,986.9) | 1,364.8 |
| Total assets | $ 3,035.1 | $ 3,578.1 | $ 1,044.7 | $ (4,987.7) | $ 2,670.2 |

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**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Balance Sheets - continued**
**As of September 7, 2013**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 44.5 | $ 90.2 | $ 48.1 | $ — | $ 182.8 |
| Accrued salaries and wages | 22.0 | 11.2 | 7.6 | — | 40.8 |
| Other accrued liabilities | 59.9 | 8.5 | 41.4 | 1.5 | 111.3 |
| Current maturities of long-term debt | 40.2 | — | — | — | 40.2 |
| Total current liabilities | 166.6 | 109.9 | 97.1 | 1.5 | 375.1 |
| Long-term debt, less current maturities | 1,101.9 | — | — | — | 1,101.9 |
| Accrued pension liabilities | 131.8 | 35.6 | — | — | 167.4 |
| Deferred income taxes | (49.7) | 284.1 | 1.7 | — | 236.1 |
| Other liabilities | 9.5 | 9.2 | 3.0 | — | 21.7 |
| Intercompany accounts payable | 908.5 | 80.9 | 352.6 | (1,342.0) | — |
| Stockholders' equity: | | | | | |
| Wolverine World Wide, Inc. stockholders' equity | 766.5 | 3,058.4 | 588.8 | (3,647.2) | 766.5 |
| Non-controlling interest | — | — | 1.5 | — | 1.5 |
| Total stockholders' equity | 766.5 | 3,058.4 | 590.3 | (3,647.2) | 768.0 |
| Total liabilities and stockholders' equity | $ 3,035.1 | $ 3,578.1 | $ 1,044.7 | $ (4,987.7) | $ 2,670.2 |

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Statements of Cash Flow**
**For the 36 Weeks Ended September 6, 2014**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net cash provided by operating activities | $ 89.9 | $ 3.8 | $ 21.0 | $ — | $ 114.7 |
| Investing activities | | | | | |
| Additions to property, plant and equipment | (5.5) | (14.1) | (1.8) | — | (21.4) |
| Investment in joint venture | — | — | (0.7) | — | (0.7) |
| Other | (1.4) | (0.8) | — | — | (2.2) |
| Net cash used in investing activities | (6.9) | (14.9) | (2.5) | — | (24.3) |
| Financing activities | | | | | |
| Payments on long-term debt | (54.1) | — | — | — | (54.1) |
| Cash dividends paid | (18.0) | — | — | — | (18.0) |
| Purchases of shares under employee stock plans | (10.1) | — | — | — | (10.1) |
| Proceeds from the exercise of stock options | 4.9 | — | — | — | 4.9 |
| Excess tax benefits from stock-based compensation | 4.0 | — | — | — | 4.0 |
| Net cash used in financing activities | (73.3) | — | — | — | (73.3) |
| Effect of foreign exchange rate changes | — | — | 0.2 | — | 0.2 |
| Increase (decrease) in cash and cash equivalents | 9.7 | (11.1) | 18.7 | — | 17.3 |
| Cash and cash equivalents at beginning of the year | 18.8 | 15.0 | 180.4 | — | 214.2 |
| Cash and cash equivalents at end of the period | $ 28.5 | $ 3.9 | $ 199.1 | $ — | $ 231.5 |

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**
**Consolidated Condensed Statements of Cash Flow**
**For the 36 Weeks Ended September 7, 2013**
**(Unaudited)**

| (In millions) | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ 103.2 | $ (17.2) | $ 39.4 | $ — | $ 125.4 |
| Investing activities | | | | | |
| Additions to property, plant and equipment | (9.1) | (18.2) | (1.9) | — | (29.2) |
| Proceeds from sale of property, plant and equipment | — | — | 2.8 | — | 2.8 |
| Investment in joint venture | — | — | (1.6) | — | (1.6) |
| Other | (1.8) | — | — | — | (1.8) |
| Net cash used in investing activities | (10.9) | (18.2) | (0.7) | — | (29.8) |
| Financing activities | | | | | |
| Payments on long-term debt | (107.9) | — | — | — | (107.9) |
| Cash dividends paid | (17.7) | — | — | — | (17.7) |
| Purchases of shares under employee stock plans | (0.6) | — | — | — | (0.6) |
| Proceeds from the exercise of stock options | 7.2 | — | — | — | 7.2 |
| Excess tax benefits from stock-based compensation | 2.0 | — | — | — | 2.0 |
| Net cash used in financing activities | (117.0) | — | — | — | (117.0) |
| Effect of foreign exchange rate changes | — | — | (2.2) | — | (2.2) |
| Increase (decrease) in cash and cash equivalents | (24.7) | (35.4) | 36.5 | — | (23.6) |
| Cash and cash equivalents at beginning of the year | 21.3 | 48.5 | 101.6 | — | 171.4 |
| Cash and cash equivalents at end of the period | $ (3.4) | $ 13.1 | $ 138.1 | $ — | $ 147.8 |

**ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**OVERVIEW**

**BUSINESS OVERVIEW**

The Company is a leading global designer, manufacturer and marketer of branded footwear, apparel and accessories. The Company's stated vision is " *To build a family of the most admired performance and lifestyle brands on earth*." The Company seeks to fulfill this vision by offering innovative products and compelling brand propositions; complementing its footwear brands with strong apparel and accessories offerings; expanding its global consumer-direct footprint; and delivering supply chain excellence.

The Company's portfolio consists of brands that are marketed in approximately 200 countries and territories. The Company believes that this diverse brand portfolio and broad geographic reach position it for continued organic growth. The Company's brands are distributed into the marketplace via owned operations in the United States, Canada, the United Kingdom and certain countries in continental Europe. In other regions (Asia Pacific, Latin America, the Middle East, Africa and certain countries in continental Europe), the Company relies on a network of third-party distributors, licensees and joint ventures. At September 6, 2014, the Company operated 463 retail stores in the United States, Canada and the United Kingdom and 63 consumer-direct websites.

**2014 FINANCIAL OVERVIEW**

- Revenue for the third quarter of fiscal 2014 was in line with the Company's expectations, at $711.1 million, a decrease of 0.8% compared to the third quarter of fiscal 2013.
- Gross margin for the third quarter of fiscal 2014 was 40.0%, an increase of 10 basis points from the third quarter of fiscal 2013.
- Operating expenses as a percentage of revenue decreased to 27.7% for the third quarter of fiscal 2014 compared to 27.9% for the third quarter of fiscal 2013.
- The effective tax rate in the third quarter of fiscal 2014 was 25.7% compared to 25.9% in the third quarter of fiscal 2013.
- Diluted earnings per share for the third quarter of fiscal 2014 were $0.57 compared to $0.54 per share for the third quarter of fiscal 2013.
- The Company declared cash dividends of $0.06 per share in both the third quarter of fiscal 2014 and the third quarter of fiscal 2013.

The following is a discussion of the Company's results of operations and liquidity and capital resources. This section should be read in conjunction with the Company's consolidated condensed financial statements and related notes included elsewhere in this Quarterly Report.

**RESULTS OF OPERATIONS**

| | 12 Weeks Ended | | | 36 Weeks Ended | | |
|---|---|---|---|---|---|---|
| (In millions, except per share data) | **September 6, 2014** | September 7, 2013 | Percent Change | **September 6, 2014** | September 7, 2013 | Percent Change |
| Revenue | **$ 711.1** | $ 716.6 | (0.8)% | **$ 1,952.2** | $ 1,950.3 | 0.1 % |
| Cost of goods sold | **426.3** | 430.6 | (1.0) | **1,165.4** | 1,161.2 | 0.4 |
| Restructuring costs | **0.1** | — | — | **0.6** | — | — |
| Gross profit | **284.7** | 286.0 | (0.5) | **786.2** | 789.1 | (0.4) |
| Selling, general and administrative expenses | **186.8** | 192.3 | (2.9) | **568.1** | 584.3 | (2.8) |
| Acquisition-related integration costs | **2.3** | 7.4 | (68.9) | **6.4** | 30.5 | (79.0) |
| Restructuring costs | **8.0** | — | — | **11.4** | — | — |
| Operating profit | **87.6** | 86.3 | 1.5 | **200.3** | 174.3 | 14.9 |
| Interest expense, net | **10.0** | 11.9 | (16.0) | **31.4** | 37.3 | (15.8) |
| Other (income) expense, net | **(0.3)** | 1.0 | (130.0) | **0.5** | 2.0 | (75.0) |
| Earnings before income taxes | **77.9** | 73.4 | 6.1 | **168.4** | 135.0 | 24.7 |
| Income taxes | **20.0** | 19.0 | 5.3 | **45.7** | 32.7 | 39.8 |
| Net earnings | **57.9** | 54.4 | 6.4 | **122.7** | 102.3 | 19.9 |
| Less: net earnings attributable to non-controlling interest | **0.1** | — | — | **0.3** | 0.2 | 50.0 |
| Net earnings attributable to Wolverine World Wide, Inc. | **$ 57.8** | $ 54.4 | 6.3 % | **$ 122.4** | $ 102.1 | 19.9 % |
| | | | | | | |
| Diluted earnings per share | **$ 0.57** | $ 0.54 | 5.6 % | **$ 1.20** | $ 1.02 | 17.6 % |

**REVENUE**

Revenue was $711.1 million for the third quarter of fiscal 2014, a decrease of 0.8% from the third quarter of fiscal 2013. Revenue for the first three quarters of fiscal 2014 was $1,952.2 million, an increase of 0.1% over the first three quarters of fiscal 2013. Changes in foreign exchange rates had a minimal impact on reported revenue for the third quarter of fiscal 2014 and the first three quarters of fiscal 2014 compared to the prior year periods.

**GROSS MARGIN**

Gross margin was 40.0% for the third quarter of fiscal 2014 compared to 39.9% in the third quarter of fiscal 2013. The higher gross margin was a result of higher selling prices net of higher product costs.

Gross margin was 40.3% for the first three quarters of fiscal 2014 compared to 40.5% in the first three quarters of fiscal 2013. The lower gross margin was a result of higher selling prices net of higher product costs of 30 basis points, which were more than offset by increased promotional activity of 30 basis points and unfavorable foreign exchange forward contracts of 20 basis points.

**OPERATING EXPENSES**

Operating expenses decreased $2.6 million, from $199.7 million in the third quarter of fiscal 2013 to $197.1 million in the third quarter of fiscal 2014. The decrease was driven by $5.1 million of lower acquisition-related integration costs associated with the acquisition of PLG, $5.6 million of lower pension expense and $2.1 million of lower incentive compensation expense, which were partially offset by $8.0 million of restructuring costs recorded during the third quarter of fiscal 2014.

Operating expenses decreased $28.9 million, from $614.8 million in the first three quarters of fiscal 2013 to $585.9 million in the first three quarters of fiscal 2014. The decrease was driven by $24.1 million of lower acquisition-related integration costs associated with the acquisition of PLG, $16.9 million of lower pension expense and $7.0 million of lower incentive compensation expense, which were partially offset by $11.4 million of restructuring costs recorded during the first three quarters of fiscal 2014.

**INTEREST, OTHER AND TAXES**

Net interest expense was $10.0 million in the third quarter of fiscal 2014 compared to $11.9 million in the third quarter of fiscal 2013. Net interest expense was $31.4 million for the first three quarters of fiscal 2014 compared to $37.3 million in the first three quarters of fiscal 2013. The decreases in both periods reflect the benefits of the amendment to the Credit Agreement executed in the fourth quarter of fiscal 2013 and lower average principal balances.

The Company maintains certain strategic management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that are generally lower than the U.S. federal statutory income tax rate. A significant amount of the Company's earnings are generated by its Canadian, European and Asia Pacific subsidiaries and, to a lesser extent, in other foreign jurisdictions that are not subject to income tax. The Company has not provided for U.S. taxes for earnings generated in foreign jurisdictions because it plans to reinvest these earnings indefinitely outside the U.S. However, if certain foreign earnings previously treated as permanently reinvested are repatriated, the additional U.S. tax liability could have a material adverse effect on the Company's after-tax results of operations,financial position and cash flows.

The Company's effective tax rate was 25.7% in the third quarter of fiscal 2014, compared to 25.9% in the third quarter of fiscal 2013. The Company's effective tax rate was 27.1% in the first three quarters of fiscal 2014, compared to 24.2% in the first three quarters of fiscal 2013.

The lower effective tax rate in the prior year-to-date period reflects the benefit from the deductibility of higher acquisition-related integration costs in high statutory tax rate jurisdictions and the benefit of a retroactive reinstatement of the research and development federal tax credit for 2012 and extension of the credit through 2013. The research and development federal tax credit has now expired and is not available for 2014.

**REPORTABLE OPERATING SEGMENTS**

The Company has three reportable operating segments. The Company's operating segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions. The Company's reportable operating segments are:

- **Lifestyle Group**, consisting of *Sperry Top-Sider®* footwear and apparel, *Stride Rite®* footwear and apparel, *Hush Puppies®* footwear and apparel, *Keds®* footwear and apparel 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 Company also reports "Other" and "Corporate" categories. The Other category consists of the Company's multi-brand consumer-direct business, leather marketing operations and sourcing operations that include third-party commission revenues. The Corporate category consists of unallocated corporate expenses, including acquisition-related integration costs, restructuring costs and impairment costs.

The current quarter and prior year reportable operating segment results are as follows:

| | **12 Weeks Ended** | | | | **36 Weeks Ended** | | | |
|---|---|---|---|---|---|---|---|---|
| (In millions) | **September 6, 2014** | September 7, 2013 | Change | Percent Change | **September 6, 2014** | September 7, 2013 | Change | Percent Change |
| Revenue: | | | | | | | | |
| Lifestyle Group | **$ 277.9** | $ 297.9 | $ (20.0) | (6.7)% | **$ 780.0** | $ 827.6 | $ (47.6) | (5.8)% |
| Performance Group | **257.1** | 251.5 | 5.6 | 2.2 | **717.1** | 686.8 | 30.3 | 4.4 |
| Heritage Group | **151.3** | 144.6 | 6.7 | 4.6 | **385.5** | 373.7 | 11.8 | 3.2 |
| Other | **24.8** | 22.6 | 2.2 | 9.7 | **69.6** | 62.2 | 7.4 | 11.9 |
| Total | **$ 711.1** | $ 716.6 | $ (5.5) | (0.8)% | **$ 1,952.2** | $ 1,950.3 | $ 1.9 | 0.1 % |

| (In millions) | 12 Weeks Ended September 6, 2014 | September 7, 2013 | Change | Percent Change | 36 Weeks Ended September 6, 2014 | September 7, 2013 | Change | Percent Change |
|---|---|---|---|---|---|---|---|---|
| Operating profit (loss): | | | | | | | | |
| Lifestyle Group | **$ 45.6** | $ 56.5 | $ (10.9) | (19.3)% | **$ 109.5** | $ 148.1 | $ (38.6) | (26.1)% |
| Performance Group | **59.2** | 55.1 | 4.1 | 7.4 | **153.0** | 134.0 | 19.0 | 14.2 |
| Heritage Group | **26.6** | 24.4 | 2.2 | 9.0 | **58.6** | 55.6 | 3.0 | 5.4 |
| Other | **0.3** | 1.9 | (1.6) | (84.2) | **1.5** | 4.3 | (2.8) | (65.1) |
| Corporate | **(44.1)** | (51.6) | 7.5 | 14.5 | **(122.3)** | (167.7) | 45.4 | 27.1 |
| Total | **$ 87.6** | $ 86.3 | $ 1.3 | 1.5 % | **$ 200.3** | $ 174.3 | $ 26.0 | 14.9 % |

Further information regarding the reportable operating segments can be found in Note 12 to the consolidated condensed financial statements.

**Lifestyle Group**

The Lifestyle Group's revenue decreased $20.0 million, or 6.7%, in the third quarter of fiscal 2014 compared to the third quarter of fiscal 2013. The decrease was driven by *Sperry Top-Sider*® and *Stride Rite*®, with revenue declines in the low teens and mid single digits, respectively. The *Sperry Top-Sider*® revenue decrease was impacted by declines in the domestic boat shoe category and a distribution channel realignment in the family channel, partially offset by sales from new retail stores. The *Stride Rite*® revenue decrease resulted from lower store traffic in its retail stores. These decreases were partially offset by low teens growth from *Keds*® due to higher volumes of its core Lifestyle products, driven by continued marketing investment to support the brand.

The Lifestyle Group's revenue decreased $47.6 million, or 5.8%, in the first three quarters of fiscal 2014 compared to the first three quarters of fiscal 2013. The decrease was driven by revenue declines in the high single digits for *Sperry Top-Sider*® and a mid single digit decline for *Stride Rite*® and *Hush Puppies*®. The *Sperry Top-Sider*® decline was impacted by decreases in the domestic boat shoe category and a distribution channel realignment in the family channel, partially offset by sales from new retail stores, while the *Stride Rite*® decline was impacted by negative weather trends and lower store traffic. The *Hush Puppies*® decline was due to decreases in the U.S. department store channel. These declines were partially offset by growth in the high teens for *Keds*® due to higher volumes, driven by continued marketing investment to support the brand.

The Lifestyle Group's operating profit decreased $10.9 million, or 19.3%, in the third quarter of fiscal 2014 compared to the third quarter of fiscal 2013. The operating profit decrease was due primarily to the revenue declines and lower gross margins for *Sperry Top-Sider*® and *Stride Rite*® driven by negative product mix and higher promotional activity. Partially offsetting these declines was a higher operating profit for *Keds*® due to higher revenues and a higher gross margin for Hush Puppies as a result of higher selling prices.

For the first three quarters of fiscal 2014, the Lifestyle Group's operating profit decreased $38.6 million, or 26.1%, compared to the first three quarters of fiscal 2013. The operating profit decrease was due primarily to the revenue declines and gross margin decreases for *Sperry Top-Sider*® and *Stride Rite*®. The gross margin decline for *Sperry Top-Sider*® was driven by negative product mix and higher promotional activity. The gross margin decline for Stride Rite® was driven by higher promotional activity in its consumer-direct channel. These operating profit declines were partially offset by higher operating profit for *Keds*® driven by higher revenue.

**Performance Group**

The Performance Group's revenue increased $5.6 million, or 2.2%, in the third quarter of fiscal 2014 compared to the third quarter of fiscal 2013. The increase was driven by mid single digit growth from *Saucony*®, low single digit growth from *Merrell*® and high single digit growth from *Chaco*®. The Performance Group's revenue increased $30.3 million, or 4.4%, in the first three quarters of fiscal 2014 compared to the first three quarters of fiscal 2013. The year to date increase was driven by high single digit growth from *Saucony*®, low single digit growth from *Merrell*® and low twenties growth from *Chaco*®. In both reporting periods, *Saucony*® benefited from growth in its franchise products and the lifestyle-oriented Originals product, *Chaco*® experienced increased demand for its sandals product and *Merrell*® benefited from growth in its Performance Outdoor product category.

The Performance Group's operating profit increased $4.1 million, or 7.4%, in the third quarter of fiscal 2014 compared to the third quarter of fiscal 2013. The improvement was driven by increased revenue from *Merrell*®, *Saucony*® and *Chaco*®, and from gross margin expansion from *Merrell*® (driven by higher selling prices) and *Chaco*® (due to a reduction in low margin close-out sales).

The Performance Group's operating profit increased $19.0 million, or 14.2%, in the first three quarters of fiscal 2014 compared to the first three quarters of fiscal 2013. The improvement was driven by increased revenue for *Merrell®*, *Saucony®* and *Chaco®*, and by gross margin expansion from *Merrell®* (due to higher selling prices) and *Chaco®* (due to a reduction in low margin close-out sales).

**Heritage Group**

The Heritage Group's revenue increased $6.7 million, or 4.6% in the third quarter of fiscal 2014 compared to the third quarter of fiscal 2013. The increase was driven by growth from *Cat®* footwear at a rate in the low twenties, which was partially offset by declines from *Sebago®* and *Bates®*. The Heritage Group's operating profit increased $2.2 million during the same period, driven by the revenue increase.

The Heritage Group's revenue increased $11.8 million, or 3.2% for the first three quarters of fiscal 2014 compared to the first three quarters of fiscal 2013. The increase was driven by growth from *Cat®* footwear in the high teens, which was partially offset by declines from *Sebago®* and *Bates®*. During the same period, the Heritage Group's operating profit increased $3.0 million, due primarily to the higher revenues partially offset by a low single digit increase in selling, general and administrative expenses.

**Corporate**

Corporate expenses were $44.1 million in the third quarter of fiscal 2014 compared to $51.6 million in the third quarter of fiscal 2013. The $7.5 million decrease was driven by a $5.1 million decrease in acquisition-related integration costs associated with the acquisition of PLG, $5.6 million lower pension expense and $2.1 million lower incentive compensation expense. These improvements were partially offset by $8.1 million of restructuring costs recorded during the third quarter of fiscal 2014.

Corporate expenses were $122.3 million for the first three quarters of fiscal 2014 compared to $167.7 million for the first three quarters of fiscal 2013. The $45.4 million decrease was driven by a $24.1 million decrease in acquisition-related integration costs associated with the acquisition of PLG, $16.9 million lower pension expense and $7.0 million lower incentive compensation expense. These improvements were partially offset by $12.0 million of restructuring costs recorded during the first three quarters of fiscal 2014.

**LIQUIDITY AND CAPITAL RESOURCES**

| (In millions) | **September 6, 2014** | December 28, 2013 | September 7, 2013 |
|---|---|---|---|
| Cash and cash equivalents | **$ 231.5** | $ 214.2 | $ 147.8 |
| Debt | **1,096.6** | 1,150.0 | 1,142.1 |
| Available revolving credit facility [1] | **196.7** | 196.5 | 196.9 |

[1] Amounts shown are net of outstanding letters of credit, which reduce availability under the Revolving Credit Facility.

| | **36 Weeks Ended** | |
|---|---|---|
| (In millions) | **September 6, 2014** | September 7, 2013 |
| Net cash provided by operating activities | **$ 114.7** | $ 125.4 |
| Net cash used in investing activities | **(24.3)** | (29.8) |
| Net cash used in financing activities | **(73.3)** | (117.0) |
| Additions to property, plant and equipment | **21.4** | 29.2 |
| Depreciation and amortization | **37.1** | 37.0 |

**Liquidity**

Cash and cash equivalents of $231.5 million as of September 6, 2014 were $83.7 million higher compared to September 7, 2013. In addition, the Company had $196.7 million of borrowing capacity available under the Revolving Credit Facility as of September 6, 2014.

**Operating Activities**

The principal source of the Company's operating cash flow is net earnings, including cash receipts from the sale of the Company's products, net of costs of goods sold.

Through the first three quarters of fiscal 2014, an increase in net working capital represented a use of cash of $81.2 million. Working capital balances were negatively impacted by an increase in accounts receivable of $89.9 million and an increase in inventories of $42.2 million. This was partially offset by an increase in accounts payable of $28.1 million, an increase in other operating liabilities of $15.7 million and a decrease in other operating assets of $7.1 million. These changes in working capital balances reflect the seasonality of the Company's business.

Through the first three quarters of fiscal 2013, an increase in net working capital represented a use of cash of $56.3 million. Working capital balances were negatively impacted by an increase in accounts receivable of $128.4 million. This was partially offset by increases in accounts payable and other operating liabilities and a decrease in other operating assets of $22.4 million, $24.2 million and $24.1 million, respectively.

**Investing Activities**

The Company made capital expenditures of $21.4 million in the first three quarters of fiscal 2014 compared to $29.2 million in the first three quarters of fiscal 2013. The majority of the capital expenditures during the first three quarters of fiscal 2014 were for information system enhancements, building improvements and new retail store openings.

Included in investing activities in the first three quarters of fiscal 2013 were net cash proceeds of $2.8 million from the sale of a distribution facility acquired as part of the PLG acquisition.

**Financing Activities**

On October 10, 2013, the Company amended the Credit Agreement resulting in the payoff of the Term Loan B Facility while establishing a principal balance of $775.0 million for the Term Loan A Facility. The Amendment provided for a lower effective interest rate on term loan debt, and a one-year extension on both the Term Loan A Facility and Revolving Credit Facility, both of which are now due October 10, 2018. In addition, the Amendment provided for increased maximum debt capacity (including outstanding term loan principal and Revolving Credit Facility commitment amounts in addition to permitted incremental debt) not to exceed $1,350.0 million.

As of September 6, 2014, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

The Company has outstanding a total of $375.0 million in Public Bonds that are due on October 15, 2020. The Public Bonds bear interest at 6.125% with the related interest payments due semi-annually. The Public Bonds are guaranteed by substantially all of the Company's domestic subsidiaries.

The Company's debt at September 6, 2014 totaled $1,096.6 million compared to $1,150.0 million at December 28, 2013. The decrease was the result of principal payments on the Term Loan A Facility. As of September 6, 2014, the Company had outstanding standby letters of credit under the Revolving Credit Facility totaling $3.3 million.

At September 6, 2014, the Company had cash and cash equivalents of $231.5 million, of which $199.0 million was located in foreign jurisdictions. The Company intends to permanently reinvest cash in foreign locations.

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

On February 12, 2014, the Company's Board of Directors approved a common stock repurchase program that authorizes the repurchase of up to $200.0 million in common stock in the open market over a four-year period. The Company did not repurchase any shares in the open market in the first three quarters of fiscal 2014 or fiscal 2013 pursuant to this stock repurchase program. The Company acquired 364,620 shares for $10.1 million in the first three quarters of fiscal 2014 in connection with employee transactions related to stock incentive plans.

The Company declared cash dividends of $0.06 per share, or $6.0 million, for each of the third quarters of fiscal 2014 and fiscal 2013. The 2014 dividend is payable on November 3, 2014 to shareholders of record on October 1, 2014.

## CRITICAL ACCOUNTING POLICIES

The preparation of the Company's consolidated financial statements, which have been prepared in accordance with U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates these estimates. Estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Historically, actual results have not been materially different from the Company's estimates. However, actual results may differ materially from these estimates under different assumptions or conditions.

The Company has identified the critical accounting policies used in determining estimates and assumptions in the amounts reported in its Management Discussion and Analysis of Financial Conditions and Results of Operations in its Annual Report on Form 10-K for the fiscal year ended December 28, 2013. Management believes there have been no material changes in those critical accounting policies.

### ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

The information concerning quantitative and qualitative disclosures about market risk contained in the Company's Annual Report on Form 10-K for its fiscal year ended December 28, 2013 is incorporated herein by reference.

The Company faces market risk to the extent that changes in foreign currency exchange rates affect the Company's foreign assets, liabilities and inventory purchase commitments. The Company manages these risks by attempting to denominate contractual and other foreign arrangements in U.S. dollars. The Company does not believe that there has been a material change in the nature of the Company's primary market risk exposures, including the categories of market risk to which the Company is exposed and the particular markets that present the primary risk of loss to the Company. As of the date of this Quarterly Report on Form 10-Q, the Company does not know of or expect there to be any material change in the near-term in the general nature of its primary market risk exposure.

Under the provisions of FASB ASC Topic 815, *Derivatives and Hedging*, the Company is required to recognize all derivatives on the balance sheet at fair value. Derivatives that are not qualifying hedges must be adjusted to fair value through earnings. If a derivative is a qualifying hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in accumulated other comprehensive income (loss) until the hedged item is recognized in earnings.

The Company conducts wholesale operations outside of the United States in the United Kingdom, continental Europe and Canada where the functional currencies are primarily the British pound, euro and Canadian dollar, respectively. 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 September 6, 2014 and September 7, 2013, the Company had outstanding forward currency exchange contracts to purchase U.S. dollars in the amounts of $116.8 million and $96.0 million, respectively, with maturities ranging up to 336 days. The Company also utilizes foreign currency forward exchange contracts to manage volatility associated with euro denominated expenses in the normal course of business.

The Company also has sourcing locations in Asia, where financial statements reflect the U.S. dollar as the functional currency. However, operating costs are paid in the local currency. Royalty revenue generated by the Company from third-party foreign licensees is calculated in the licensees' local currencies, but paid in U.S. dollars. Accordingly, the Company's reported results are subject to foreign currency exposure for this stream of revenue and expenses.

Assets and liabilities outside the United States are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company currently does not hedge these net investments. At September 6, 2014, a stronger U.S. dollar compared to foreign currencies decreased the value of these investments in net assets by $4.0 million from their value at December 28, 2013. At September 7, 2013, a stronger U.S. dollar compared to foreign currencies decreased the value of these investments in net assets by $10.0 million from their value at December 29, 2012. These changes resulted in cumulative foreign currency translation adjustments at September 6, 2014 and September 7, 2013 of $3.5 million and $4.1 million, respectively, which were recorded in Accumulated other comprehensive loss in the consolidated condensed balance sheets.

Because the Company markets, sells and licenses its products throughout the world, it could be affected by weak economic conditions in foreign markets that could reduce demand for its products.

The Company is exposed to changes in interest rates primarily as a result of its borrowing under the Credit Agreement. As of September 6, 2014, the Company had no outstanding borrowings and outstanding letters of credit of $3.3 million under the Revolving Credit Facility. At September 6, 2014 and December 28, 2013, the Company had $720.9 million and $775.0 million, respectively, of variable rate debt outstanding under the Term Loan A Facility. As of September 6, 2014 and December 28, 2013, the Company held one interest rate swap arrangement denominated in U.S. dollars that effectively converted $422.4 million and $455.5 million, respectively, of its variable-rate debt to fixed-rate debt.

The Company does not enter into contracts for speculative or trading purposes, nor is it a party to any leveraged derivative instruments.

**ITEM 4. Controls and Procedures**

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on, and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this report. There have been no changes during the quarter ended September 6, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION**

**ITEM 1A. Risk Factors**

There have been no material changes in the assessment of the Company's risk factors from those set forth in the Annual Report on Form 10-K for the year ended December 28, 2013, other than the updates included in Part II, Item 1A, Risk Factors in our Quarterly Report on Form 10-Q for the period ended June 14, 2014.

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table provides information regarding the Company's purchases of its own common stock during the third quarter of fiscal 2014.

**Issuer Purchases of Equity Securities**

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| Period 1 (June 15, 2014 to July 12, 2014) | | | | |
| Common Stock Repurchase Program[(1)] | — | — | — | $ 200,000,000 |
| Employee Transactions[(2)] | 25,204 | $ 26.35 | — | |
| Period 2 (July 13, 2014 to August 9, 2014) | | | | |
| Common Stock Repurchase Program[(1)] | — | — | — | $ 200,000,000 |
| Employee Transactions[(2)] | 22,712 | $ 24.40 | — | |
| Period 3 (August 10, 2014 to September 6, 2014) | | | | |
| Common Stock Repurchase Program[(1)] | — | — | — | $ 200,000,000 |
| Employee Transactions[(2)] | 188 | $ 26.27 | — | |
| Total for Quarter ended September 6, 2014 | | | | |
| Common Stock Repurchase Program[(1)] | — | — | — | $ 200,000,000 |
| Employee Transactions[(2)] | 48,104 | $ 25.43 | — | |

(1) On February 12, 2014, the Company's Board of Directors approved a common stock repurchase program that authorizes the repurchase of up to $200 million in common stock over a four-year period. There were no shares repurchased during the period covered by this Quarterly Report on Form 10-Q, other than repurchases pursuant to the "Employee Transactions" set forth above.

(2) Employee transactions include: (1) shares delivered or attested in satisfaction of the exercise price and/or tax withholding obligations by holders of employee stock options who exercised options, and (2) restricted shares withheld to offset statutory minimum tax withholding that occurs upon vesting of restricted shares. The Company's employee stock compensation plans provide that the shares delivered or attested to, or withheld, shall be valued at the closing price of the Company's common stock on the date the relevant transaction occurs.

**ITEM 6. Exhibits**

Exhibits filed as a part of this Form 10-Q are listed on the Exhibit Index, which is incorporated by reference herein.

**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 thereunto duly authorized.

WOLVERINE WORLD WIDE, INC.

| | |
|---|---|
| October 15, 2014 | /s/ Blake W. Krueger |
| Date | Blake W. Krueger<br>Chairman, Chief Executive Officer and President<br>(Principal Executive Officer and Duly Authorized Signatory for Registrant) |
| October 15, 2014 | /s/ Donald T. Grimes |
| Date | Donald T. Grimes<br>Senior Vice President, Chief Financial Officer and Treasurer<br>(Principal Financial and Accounting Officer and Duly Authorized Signatory for Registrant) |

**EXHIBIT INDEX**

| Exhibit Number | Document |
|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation. Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 24, 2014. Here incorporated by reference. |
| 3.2 | Amended and Restated Bylaws. Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 11, 2013. Here incorporated by reference. |
| 10.1 | First Amendment to Amended and Restated Credit Agreement, dated as of August 25, 2014, among Wolverine World Wide, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent. |
| 31.1 | Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Senior Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 | Certification pursuant to 18 U.S.C. §1350. |
| 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. |

* Management contract or compensatory plan or arrangement.

Exhibit 10.1

**FIRST AMENDMENT TO CREDIT AGREEMENT**

FIRST AMENDMENT, dated as of August 25, 2014 (this "Amendment"), to the Amended and Restated Credit Agreement, dated as of October 10, 2013 (the "Credit Agreement"), among WOLVERINE WORLD WIDE, INC., a Delaware corporation ("Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as syndication agent, BANK OF AMERICA, N.A., FIFTH THIRD BANK, PNC BANK, NATIONAL ASSOCIATION, SUMITOMO MITSUI BANKING CORPORATION, UNION BANK, N.A., and BBVA COMPASS BANK, as co-documentation agents, J.P. MORGAN EUROPE LIMITED, as foreign currency agent, and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make, and have made, certain loans and other extensions of credit to the Borrower;

WHEREAS, the Borrower has requested that certain amendments and modifications be made to the Credit Agreement as set forth herein;

WHEREAS, Section 10.1 of the Credit Agreement permits the Borrower to amend the Credit Agreement, with the written consent of the Administrative Agent, the Borrower and the Required Lenders;

WHEREAS, each Lender that executes and delivers this Amendment agrees in connection therewith to the terms of this Amendment;

WHEREAS, the Borrower, the Administrative Agent and the Lenders party hereto are willing to agree to this Amendment on the terms set forth herein.

NOW THEREFORE, in consideration of the premises and mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

SECTION 2. Effective Date. This Amendment shall become effective as of the date (the "Effective Date") on which the conditions set forth in this Section 2 have been satisfied:

(a) Amendment; Reaffirmation Agreement. The Administrative Agent shall have received (i) this Amendment, executed and delivered by the Administrative Agent, the Borrower, and the Required Lenders and (iii) a reaffirmation, substantially in the form of Exhibit I to the Credit Agreement, executed and delivered by the Borrower and each Subsidiary Guarantor.

(b) Closing Certificate; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent shall have received (i) a certificate of the Borrower, dated the Effective Date, substantially in the form of Exhibit C to the Credit Agreement, with appropriate insertions and attachments, including the certificate of incorporation of the Borrower certified by the relevant authority of the jurisdiction of incorporation of the Borrower, and (ii) a long form good standing certificate for the Borrower from its jurisdiction of incorporation.

(c) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents is true and correct in all material respects (except for any representation or warranty which is already qualified as to materiality or by reference to Material Adverse Effect, which is true and correct in all respects) on and as of the date hereof as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date.

(d) No Default. No Default or Event of Default shall have occurred and be continuing on the date hereof or after giving effect to this Amendment.

(e) Consent Fee. The Borrower shall have paid a fee, through the Administrative Agent, to each Lender party hereto in an amount equal to $2,000.00.

SECTION 3. Representations and Warranties. The Borrower represents and warrants to each of the Lenders and the Administrative Agent that, as of the Effective Date, (a) entry into this Amendment is within the Borrower's corporate powers, (b) this Amendment has been duly authorized by all necessary corporate, stockholder and shareholder action of the Borrower and (c) assuming due execution and delivery by all parties other than the Borrower, the Credit Agreement, as amended by this Amendment, constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 4. Amendments to the Credit Agreement.

(a) Section 1.1 of the Credit Agreement is hereby amended by adding the following defined terms in appropriate alphabetical order:

""2014 Contribution": the direct or indirect contribution, assignment or other transfer by the Borrower and Wolverine Outdoors, Inc. of all of the Capital Stock of Wolverine International L.P. and Wolverine International GP LLC to a Global Holdco, and, to the extent applicable, the direct or indirect contribution, assignment or other transfer by such Global Holdco of such Capital Stock to another Global Holdco, in each case on or prior to December 31, 2014 (or such later date as may be approved by the Administrative Agent)."

""2014 Contribution Transactions": the 2014 Contribution and all related and ancillary transactions contemplated by the definitive documentation regarding the 2014 Contribution."

""Foreign IP Reorganization Transaction": the merger, amalgamation, acquisition of, dissolution into or other business combination of all or any of, or all or any of the Capital Stock of, (i) Collective Brands Performance & Lifestyle Group GmbH and Collective Brands Bermuda Holdings L.P., (ii) Collective Brands Performance & Lifestyle Group GmbH and Stride Rite Bermuda, L.P., (iii) Collective Brands Bermuda Holdings L.P. and Global Holdco, (iv) Stride Rite International LLC and Global Holdco, (v) Stride Rite Europe B.V. and Wolverine International L.P., (vi) Stride Rite Europe B.V. and Wolverine International S.L., (vii) Stride Rite Europe B.V. and Wolverine Europe B.V., (viii) Collective Brands Performance & Lifestyle Group GmbH and Wolverine International L.P., (ix) Collective Brands Performance & Lifestyle Group GmbH and Wolverine International S.L., (x) Collective Brands Performance & Lifestyle Group GmbH and Wolverine Europe B.V., (xi) Stride Rite UK Limited and Wolverine International L.P., (xii) Stride Rite UK Limited and Wolverine Worldwide Europe Limited, (xiii) Stride Rite UK Limited and Wolverine Europe Ltd., (xiv) Stride Rite Europe B.V. and Wolverine Europe B.V., (xv) Collective Brands Performance & Lifestyle Group GmbH and Wolverine Europe B.V., (xvi) Collective Brands Performance & Lifestyle Group France and Wolverine Europe B.V., (xvii) Wolverine International GP LLC and Global Holdco, (xviii) Wolverine Worldwide H.K. Ltd. and Global Holdco and (xix) Wolverine International S.L. and either Wolverine Europe B.V. or Global Holdco, and similar or related transactions (or minor changes to the foregoing to optimally execute the Foreign IP

Reorganization Transaction) either (a) reasonably related to the foregoing or (b) reasonably approved by the Administrative Agent, in each case to be completed on or prior to December 31, 2015 (or such later date as may be either (a) approved by the Administrative Agent or (b) required for full completion of relevant transactions under local procedures)."

""Global Holdco": one or more newly formed, indirect subsidiaries of the Borrower, to be organized under the laws of the Netherlands."

(b) Section 2.6(b) of the Credit Agreement is hereby amended by deleting "15th or".

(c) Section 7.7(f) of the Credit Agreement is hereby amended by deleting "and" immediately before "(v)" and inserting "," in lieu thereof and adding the following as a new clause (vi) thereof:

> "(vi) Investments, loans or advances made by the Borrower or any Restricted Subsidiary in the Borrower or any Restricted Subsidiary in or with respect to the 2014 Contribution Transactions;"

(d) Section 7.12(f)(i) of the Credit Agreement is hereby amended by adding the following to the end of the proviso therein:

> "; provided further that the foregoing proviso shall not apply to any such restrictions or conditions applicable to any entity or assets subject to a Foreign IP Reorganization Transaction so long as such restrictions or conditions (i) were permitted at such entity or on such assets or the applicable successor entity immediately prior to such Foreign IP Reorganization Transaction and (ii) were not entered into solely in contemplation of such Foreign IP Reorganization Transaction;"

All exhibits to the Credit Agreement, in the forms thereof immediately prior to the Effective Date, will continue to be exhibits to the Credit Agreement.

SECTION 5. Effect of Amendment.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or of any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. The Borrower and each Subsidiary Guarantor acknowledges and agrees that all of the Liens and security interests created and arising under any Loan Document remain in full force and effect and continue to secure its Obligations (as such term is defined giving effect to this Amendment and the amendment to the Guarantee and Collateral Agreement), unimpaired, uninterrupted and undischarged, regardless of the effectiveness of this Amendment. Other than as expressly set forth herein, nothing herein shall be deemed to entitle the Borrower to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. Nothing in this Amendment shall be deemed to be a novation of any obligations under the Credit Agreement or any other Loan Document.

(b) On and after the Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import, and each reference to the Credit Agreement in any other Loan Document shall be deemed a reference to the Credit Agreement as amended hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 6. General.

(a) GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) Costs and Expenses. The Borrower agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Amendment, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent.

(c) Counterparts. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Amendment by email or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

(d) Headings. The headings of this Amendment are used for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

WOLVERINE WORLD WIDE, INC., as Borrower

By: /s/ Blake W. Krueger
Name: Blake W. Krueger
Title: Chief Executive Officer, Chairman & President

JPMORGAN CHASE BANK, N.A., as Administrative Agent and as a Lender

By: /s/ Krys Szremski
Name: Krys Szremski
Title: Vice President

Wells Fargo Bank N.A. ,
as a Lender

By: /s/ Robert M. Damula
Name: Robert M. Damula
Title: Vice President

Fifth Third Bank , as a Lender

By: /s/ Yael Eisenberg
Name: Yael Eisenberg
Title: Assistant Vice President

PNC Bank, National Association, as a Lender

By: /s/ Arthur F. Gray
Name: Arthur F. Gray
Title:

Bank of America, N.A., as a Lender

By: /s/ Jennifer E. Brown
Name: Jennifer E. Brown
Title: Vice President

Sumitomo Mitsui Banking Corporation, as a Lender

By: /s/ David Kee

Name: David Kee

Title: Managing Director

MUFG Union Bank, N.A. f/k/a Union Bank, N.A.,
as a Lender

By: /s/ Michael Gardner
Name: Michael Gardner
Title: Director

Compass Bank , as a Lender

By: /s/ Debbie Sowards

Name: Debbie Sowards

Title: Senior Vice President

Branch Banking & Trust Company, as a Lender

By: /s/ Brian J. Blomeke

Name: Brian J. Blomeke

Title: Senior Vice President

Citizens Bank, N.A.as a successor to RBS Citizens, N.A., as a Lender

By: /s/ M. James Barry
Name: M. James Barry
Title: Sr. Vice President

HSBC Bank PLC , as a Lender

By: /s/ Ian Sparkes

Name: Ian Sparkes

Title: Senior Corporate Banking Manager

HSBC Bank USA, N.A., as a Lender

By: /s/ Andrew Bicker
Name: Andrew Bicker
Title: Senior Vice President

KeyBank National Association, as a Lender

By: /s/ Marianne T. Meil

Name: Marianne T. Meil

Title: Senior Vice President

The Huntington National Bank____________,
as a Lender

By: /s/ Michael Kiss
Name: Michael Kiss
Title: Vice President

Regis Bank ,
as a Lender

By: /s/ Stephen J. McGreevy
Name: Stephen J. McGreevy
Title: Managing Director

Comerica Bank ,
as a Lender

By: /s/ Chris L. Bauchan
Name: Chris L. Bauchan
Title: Vice President

The Private Bank & Trust Co. ,
as a Lender

By: /s/ David W. Edwards
Name: David W. Edwards
Title: Managing Director

Taiwan Cooperative Bank, Los Angeles Branch, as a Lender

By: /s/ Li-Yin Wang
Name: Li-Yin Wang
Title: Assistant General Manager

AZB Funding 2 ,
as a Lender

By: /s/ Hiroshi Matsumoto
Name: Hiroshi Matsumoto
Title: Deputy General Manager

Flagstar Bank, FSB ,
as a Lender

By: /s/ John Antonczak
Name: John Antonczak
Title: Senior Vice President

Israel Discount Bank of New York
as a Lender

By: /s/ Susan L. Callahan
Name: Susan L. Callahan
Title: Vice President

By: /s/ George Commander
Name: George Commander
Title: Senior Vice President

Mizuho Bank, Ltd., as a Lender

By: /s/ James Fayen
Name: James Fayen
Title: Deputy General Manager

Chang Hwa Commerical Bank Ltd., Los Angeles Branch, as a Lender

By: /s/ Frank Fang

Name: Frank Fang

Title: AVP & AGM

Sumitomo Mitsui Trust Bank, Limited, New York Branch, as a Lender

By: /s/ Albert C. Tew II

Name: Albert C. Tew II

Title: Vice President

TriState Capital, as a Lender

By: /s/ Paul J. Oris

Name: Paul J. Oris

Title: Senior Vice President

**Exhibit 31.1**

**CERTIFICATION**

I, Blake W. Krueger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wolverine World Wide, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 15, 2014

/s/ Blake W. Krueger

Blake W. Krueger
Chairman, Chief Executive Officer and President
Wolverine World Wide, Inc.

**Exhibit 31.2**

**CERTIFICATION**

I, Donald T. Grimes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wolverine World Wide, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 15, 2014

/s/ Donald T. Grimes

Donald T. Grimes
Senior Vice President, Chief Financial Officer and Treasurer
Wolverine World Wide, Inc.

**Exhibit 32**

**CERTIFICATIONS**

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Quarterly Report of the Company on Form 10-Q for the accounting period ended September 6, 2014 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

Date: October 15, 2014

/s/ Blake W. Krueger

Blake W. Krueger
Chairman, Chief Executive Officer and President

/s/ Donald T. Grimes

Donald T. Grimes
Senior Vice President, Chief Financial Officer and Treasurer