

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 second twelve week accounting period ended June 20, 1998

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: 1-6024

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

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

38-1185150
(IRS Employer
Identification No.)

9341 COURTLAND DRIVE, ROCKFORD, MICHIGAN
(Address of Principal Executive Offices)

49351
(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 X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

There were 43,780,097 shares of Common Stock, \$1 par value, outstanding as of July 31, 1998, of which 824,147 shares are held as Treasury Stock.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(THOUSANDS OF DOLLARS)

	JUNE 20, 1998 (UNAUDITED)	JANUARY 3, 1998 (AUDITED)	JUNE 14, 1997 (UNAUDITED)
	-----	-----	-----
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 5,234	\$ 5,768	\$ 3,979
Accounts receivable, less allowances			

June 20, 1998 - \$8,151			
January 3, 1998 - \$7,292			
June 14, 1997 - \$6,277	133,336	138,066	108,516
Inventories:			
Finished products	130,331	100,272	125,598
Raw materials and work in process	43,040	43,562	50,147
	-----	-----	-----
	173,371	143,834	175,745
Other current assets	10,286	16,193	11,176
	-----	-----	-----
TOTAL CURRENT ASSETS	322,227	303,861	299,416
PROPERTY, PLANT & EQUIPMENT			
Gross cost	179,006	163,381	140,994
Less accumulated depreciation	77,940	73,050	70,270
	-----	-----	-----
	101,066	90,331	70,724
OTHER ASSETS	58,625	55,471	37,326
	-----	-----	-----
TOTAL ASSETS	\$ 481,918	\$ 449,663	\$ 407,466
	=====	=====	=====

See notes to consolidated condensed financial statements.

-2-

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS -- CONTINUED
(THOUSANDS OF DOLLARS)

	JUNE 20, 1998 (UNAUDITED)	JANUARY 3, 1998 (AUDITED)	JUNE 14, 1997 (UNAUDITED)
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable to banks	\$ 6,441	\$ 3,251	\$ 3,566
Accounts payable and other accrued liabilities	45,896	57,227	57,606
Current maturities of long-term debt	4,417	4,417	54
	-----	-----	-----
TOTAL CURRENT LIABILITIES	56,754	64,895	61,226
LONG-TERM DEBT (less current maturities)	116,258	89,847	84,235
OTHER NONCURRENT LIABILITIES	12,029	12,491	10,129
STOCKHOLDERS' EQUITY			
Common Stock - par value \$1, authorized 80,000,000 shares; shares issued (including shares in treasury):			
June 20, 1998 - 43,686,126 shares	43,686	43,311	42,739
January 3, 1998 - 43,310,718 shares			
June 14, 1997 - 42,739,721 shares			
Additional paid-in capital	70,202	64,912	58,457
Retained earnings	203,985	190,799	163,711
Accumulated translation adjustments	(100)	(68)	(333)
Unearned compensation	(6,731)	(4,285)	(5,353)
Cost of shares in treasury:			
June 20, 1998 824,147 shares			
January 3, 1998 758,113 shares			
June 14, 1997 583,838 shares	(14,165)	(12,239)	(7,345)
	-----	-----	-----
TOTAL STOCKHOLDERS' EQUITY	296,877	282,430	251,876
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 481,918	\$ 449,663	\$ 407,466

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() - Denotes deduction.
See notes to consolidated condensed financial statements.

-3-

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS
OF OPERATIONS

(THOUSANDS OF DOLLARS, EXCEPT SHARES AND PER SHARE DATA)
(UNAUDITED)

	12 WEEKS ENDED		24 WEEKS ENDED	
	JUNE 20, 1998	JUNE 14, 1997	JUNE 20, 1998	JUNE 14, 1997
NET SALES AND OTHER OPERATING INCOME	\$ 142,002	\$ 127,789	\$ 290,516	\$ 257,090
Cost of products sold	94,270	86,972	196,887	177,884
GROSS MARGIN	47,732	40,817	93,629	79,206
Selling and administrative expenses	32,510	28,681	67,060	59,339
OPERATING INCOME	15,222	12,136	26,569	19,867
OTHER EXPENSES (INCOME):				
Interest expense	2,052	1,286	3,722	2,263
Interest income	(467)	(123)	(530)	(291)
Other - net	(131)	145		159
	1,454	1,308	3,192	2,131
EARNINGS BEFORE INCOME TAXES	13,768	10,828	23,377	17,736
Income taxes	4,613	3,460	7,834	5,675
NET EARNINGS	\$ 9,155	\$ 7,368	\$ 15,543	\$ 12,061
EARNINGS PER SHARE:				
Basic	\$.22	\$.18	\$.37	\$.29
Diluted	\$.21	\$.17	\$.36	\$.28
CASH DIVIDENDS PER SHARE	\$.0275	\$.0217	\$.0550	\$.0434

-4-

SHARES USED FOR NET EARNINGS PER SHARE COMPUTATION:				
Basic	42,164,205	41,470,139	42,052,078	41,263,956
Diluted	43,751,263	43,542,478	43,717,789	43,435,827

See notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
 CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
 (THOUSANDS OF DOLLARS)
 (UNAUDITED)

	24 WEEKS ENDED	
	JUNE 20, 1998	JUNE 14, 1997
OPERATING ACTIVITIES		
Net earnings	\$ 15,543	\$ 12,061
Depreciation, amortization and other non-cash items	1,618	1,327
Unearned compensation	1,107	575
Changes in operating assets and liabilities:		
Accounts receivable	4,730	17,483
Inventories	(29,537)	(58,318)
Other current assets	5,907	1,492
Accounts payable and other accrued liabilities	(11,331)	(11,102)
	(11,963)	(36,482)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	42,765	54,003
Payments of long-term borrowings	(16,354)	(11,023)
Proceeds from short-term borrowings	7,285	2,540
Payments of short-term borrowings	(4,095)	
Cash dividends	(2,357)	(1,825)
Proceeds from shares issued under employee stock plans	186	2,185
	27,430	45,880
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(15,628)	(11,858)
Other	(373)	(2,095)
	(16,001)	(13,953)

DECREASE IN CASH AND CASH EQUIVALENTS	(534)	(4,555)
Cash and cash equivalents at beginning of the year	5,768	8,534
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 5,234	\$ 3,979

() - Denotes reduction in cash and cash equivalents.
See notes to consolidated condensed financial statements.

-6-

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
June 20, 1998 and June 14, 1997

NOTE A -- BASIS OF PRESENTATION

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring accruals) considered necessary for fair presentation have been included. 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 January 3, 1998. Certain amounts previously reported in 1997 have been reclassified to conform with the presentation used in 1998.

NOTE B -- FLUCTUATIONS

The Company's sales are seasonal, particularly in its major divisions, The Hush Puppies Company, the Wolverine Footwear Group, the Caterpillar Footwear Group, the Wolverine Slipper Group and the Wolverine Leathers Division. Seasonal sales patterns and the fact that the fourth quarter has sixteen or seventeen weeks as compared to twelve weeks in each of the first three quarters cause significant differences in sales and earnings from quarter to quarter. These differences, however, have followed a consistent pattern each year.

NOTE C -- EARNINGS PER SHARE

The following table sets forth the reconciliation of weighted average shares used in the computation of basic and diluted earnings per share:

-7-

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	JUNE 20, 1998	JUNE 14, 1997	JUNE 20, 1998	JUNE 14, 1997
Weighted average shares outstanding	42,839,279	42,113,868	42,743,458	42,008,591
Adjustment for nonvested common stock	(675,074)	(643,729)	(691,380)	(744,635)
Denominator for basic earnings per share	42,164,205	41,470,139	42,052,078	41,263,956
Effect of dilutive stock options	911,984	1,428,610	974,331	1,427,236
Adjustment for nonvested common stock	675,074	643,729	691,380	744,635

Denominator for diluted earnings per share	----- 43,751,263 =====	----- 43,542,478 =====	----- 43,717,789 =====	----- 43,435,827 =====
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NOTE D -- COMPREHENSIVE INCOME

At the beginning of fiscal 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "REPORTING COMPREHENSIVE INCOME." SFAS No. 130 establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of SFAS No. 130 had no impact on the Company's net earnings or stockholders' equity. SFAS No. 130 requires any revenues, expenses, gains or losses that, prior to adoption, were reported separately in stockholders' equity and excluded from net earnings, to be included in other comprehensive income.

Total comprehensive income totalled \$9,098,000 and \$15,511,000, for the second quarter and year-to-date of 1998, respectively, and \$7,271,000 and \$11,649,000, for the second quarter and year-to-date of 1997, respectively. In addition to net earnings, comprehensive income included foreign currency translation losses of \$57,000 and \$32,000 for the second quarter and year-to-date of 1998, respectively, and \$97,000 and \$412,000 for the second quarter and year-to-date of 1997, respectively.

NOTE E -- DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which is required to be adopted by the Company in 2000. Because of the Company's minimal use of derivatives, management does not anticipate that the adoption of SFAS No. 133 will have a significant effect on earnings or the financial position of the Company.

-8-

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS - COMPARISONS OF SECOND QUARTER 1998 TO SECOND QUARTER 1997

Second quarter net sales and other operating income of \$142.0 million for 1998 exceeded the 1997 level of \$127.8 million by \$14.2 million (11.1%) and 1998 year-to-date net sales and other operating income of \$290.5 million exceeded the 1997 year-to-date level of \$257.1 million by \$33.4 million (13.0%). The Hush Puppies Company reported a net sales and other operating income decrease of \$4.9 million (9.0%) in the second quarter of 1998 and a \$2.8 million (2.4%) increase for the year-to-date 1998 when compared to the same periods in the prior year. The Wolverine Footwear Group contributed to the increase in consolidated net sales and other operating income by increasing its net sales and other operating income by \$13.6 million (27.6%) for the second quarter of 1998 and \$24.0 million (24.2%) for the year-to-date 1998. The Caterpillar Footwear Group continued its growth reflecting an increase in net sales and other operating income of \$.9 million (7.5%) for the second quarter of 1998 and \$2.7 million (10.6%) for the year-to-date 1998 over the 1997 levels. The Wolverine Leathers Division reported a \$2.2 million (14.9%) decrease in net sales and other operating income from the second quarter of 1997 and a \$3.5 million (13.3%) decrease from year-to-date 1997. The Wolverine Slipper Group recognized a \$2.6 million (64.9%) net sales and other operating income decline for the second quarter of 1998 and a \$1.1 million decrease (31.1%) for the year-to-date 1998 when compared to the same periods in the prior year.

The Hush Puppies domestic and foreign wholesale operations' 1998 net sales and other operating income decreased \$4.7 million (12.1%) from the 1997 second quarter level and increased \$0.1 million (0.1%) over the year-to-date 1997 level. The decrease for the second quarter of 1998 was primarily the result of a planned downsizing of the Hush Puppies UK, Ltd. operations. Other operating income from the Hush Puppies International licensing operation increased \$0.6 million (11.2%) for the year-to-date 1998 over the same period in 1997

reflecting continued strong global demand for the brand. The Hush Puppies Retail Division's year-to-date net sales and other operating income increased \$1.0 million (6.8%) over the second quarter 1997 level, with same-store net sales down 1.8% from the second quarter of 1997 level, reflecting the sluggish demand in the retail footwear sector.

The Wolverine Footwear Group's strong performance continued with the Wolverine Boots and Shoes Division reporting a \$3.3 million (11.6%) and \$5.5 million (9.6%) increase in net sales and other operating income over the 1997 second quarter and year-to-date levels,

-9-

respectively. Hy-Test[REGISTERED] Boots and Shoes reported a \$0.7 million (9.4%) and \$2.3 million (14.5%) decrease in net sales and other operating income for the second quarter and year-to-date of 1998, respectively. This was a result of the sale of four Company-owned retail and wholesale distribution groups since the second quarter of 1997. Net sales and other operating income for the Bates Footwear Division, including the Department of Defense contract business, improved \$2.0 million (17.1%) for second quarter of 1998 and \$3.7 million (16.0%) for the first half of 1998 over prior year levels, reflecting increased penetration into military, uniform and export markets. The newly formed Wolverine Outdoor Division, comprised of Coleman[REGISTERED] branded footwear and Merrell[REGISTERED] branded footwear which was acquired in the fourth quarter of 1997, reported net sales and other operating income of \$9.6 million for the second quarter of 1998 and \$18.6 million for year-to-date 1998.

The Caterpillar Footwear Group recognized a \$1.0 million (8.1%) and \$2.6 million (10.6%) increase in net sales and other operating income for the second quarter and year-to-date of 1998, respectively, as compared to the same periods of 1997. Domestically, the CAT[REGISTERED] footwear brand continues to expand its retail distribution, while internationally it has accelerated its growth in the Pacific Rim and Latin American regions.

The Wolverine Slipper Group's second quarter and year-to-date 1998 net sales and other operating income decreased \$2.6 million and \$1.1 million, respectively, compared to the same periods in 1997, primarily as a result of a decrease in shipments of non-seasonal merchandise.

The Wolverine Leathers Division recorded a slight decrease in net sales and other operating income of \$1.7 million (8.3%) from the first half of 1997 primarily as a result of the branded wholesale operations maintaining higher inventories of sueded products as compared to 1997.

Gross margin as a percentage of net sales and other operating income for the second quarter of 1998 was 33.6% compared to the prior year's second quarter level of 31.9%. Year-to-date gross margin of 32.2% for 1998 compared to 30.8% for the same period in 1997. The improvement in gross margin was primarily a result of higher initial margins, the 1997 closures of three Arkansas women's shoe factories and conversion of a New York slipper factory into a warehouse. The Hush Puppies Company's gross margin remained flat for year-to-date 1998 as compared to 1997. Hush Puppies UK, Ltd. reported a 5.6 percentage point increase in gross margin for year-to-date 1998 as compared to 1997 as a result of a shift in business from lower margin concept stores to higher margin department and shoe stores. The Wolverine Footwear Group experienced a 1.0 percentage point drop in gross margin for year-to-date 1998 as compared to the same period of 1997 due to initial product development investments required to position recent

-10-

acquisitions and new product launches. The Caterpillar Footwear Group recognized a 1.1 percentage point increase in gross margin for the first half of 1998 when compared to the 1997 level resulting primarily from higher initial margins in its domestic wholesale operations. Gross margin gains of \$7.7 million from the Wolverine Leathers Division during the first half of 1998 were mostly offset by lower gross margins experienced by the Wolverine Slipper Group.

Selling and administrative expenses of \$32.5 million for the second

quarter of 1998 increased \$3.8 million over the 1997 second quarter level of \$28.7 million and, as a percentage of net sales and other operating income, increased to 22.9% compared to the 22.4% in the second quarter of 1997. Year-to-date selling and administrative expenses for 1998 increased \$7.7 million to \$67.1 million from \$59.3 million for the same period of 1997 and, as a percentage of net sales and other operating income, remained flat at 23.1%. The increase in selling and administrative expenses for the second quarter as a percentage of net sales and other operating income was primarily the result of investments in marketing and development for the new Harley-Davidson[REGISTERED] footwear brand, the new worldwide program for Coleman[REGISTERED] brand footwear and the sales and distribution programs for Russia.

Interest expense for the second quarter of 1998 was \$2.1 million, compared to \$1.3 million for the same period of 1997. Year-to-date interest expense for 1998 and 1997 was \$3.7 million and \$2.3 million, respectively. The increase in interest expense reflects additional borrowings on the revolving credit facility for the 1997 acquisition of the Merrell[REGISTERED] outdoor footwear business and increased working capital requirements associated with higher sales volume.

The year-to-date and second quarter effective tax rate of 33.5% for 1998 increased from 31.9% for the same periods in 1997 as a result of earnings from certain foreign subsidiaries, which are taxed generally at lower rates, becoming a smaller percentage of total consolidated earnings.

Net earnings of \$9.2 million for the twelve weeks ended June 20, 1998 compared favorably to net earnings of \$7.4 million for the same period in 1997 (24.3% increase). Year-to-date net earnings increased to \$15.5 million in 1998 from \$12.1 million for the same period of 1997 (28.9% increase). Diluted earnings per share of \$0.21 for the second quarter of 1998 compares to \$0.17 for the same period of 1997. Year-to-date diluted earnings per share of \$0.36 compares to \$0.28 for the same period of 1997. Increased net earnings are primarily a result of the items noted above.

-11-

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$12.0 million in 1998 compared to \$36.5 million in 1997. Cash of \$30.2 million for 1998 and \$50.4 million for 1997 was used to fund working capital requirements. Accounts receivable of \$133.3 million at June 20, 1998 reflect an increase of \$24.8 million (22.9%) over the balance at June 14, 1997 and a decrease of \$4.7 million (3.4%) from the January 3, 1998 balance. The increase in accounts receivable related primarily to the increase in net sales and other operating income, the acquisition of the Merrell[REGISTERED] outdoor footwear business, and shipments made to the new Russian distributor. Inventories of \$173.4 million at June 20, 1998 reflect a decrease of \$2.4 million (1.4%) compared to the balance at June 14, 1997 and an increase of \$29.5 million (20.5%) over the balance at January 3, 1998. Accounts payable of \$16.7 million at June 20, 1998 reflect a \$6.8 million (28.9%) decrease from the \$23.5 million balance at June 14, 1997 and a \$7.6 million (31.3%) decrease from the \$24.3 million balance at January 3, 1998.

Additions to property, plant and equipment of \$15.6 million in the first half of 1998 compares to \$11.9 million reported during the same period in 1997. The majority of these expenditures are related to construction of a new corporate business center, modernization of existing office buildings, replacement of legacy information systems, expansion of warehouse facilities and purchases of manufacturing equipment necessary to upgrade the Company's footwear and leather manufacturing facilities. Depreciation and amortization of \$5.3 million in the first half of 1998 compares to \$4.7 million in the comparable period of 1997. This increase was a result of the capital investments noted above and the amortization of goodwill related to the 1997 and 1996 acquisitions discussed below.

The Company maintains short-term borrowing and commercial letter-of-credit facilities of \$68.4 million, of which \$32.7 million, \$39.3 million and \$38.5 million were outstanding at June 20, 1998, January 3, 1998 and June 14, 1997, respectively. Long-term debt, excluding current maturities, of \$116.3 million at June 20, 1998 compares to \$84.2 million and \$89.8 million at June 14, 1997 and January 3, 1998, respectively. The increase in debt since January 3, 1998 was a result of the seasonal working capital requirements of the Company.

It is expected that continued growth of the Company will require increases in capital funding over the next several years. The combination of cash flows from operations and available credit facilities are expected to be sufficient to meet future capital needs.

The dividend declared in the 1998 second quarter of \$.0275 per share of common stock represents approximately a 26.7% increase over the dividend declared in the second quarter of 1997 of \$.0217 per share.

-12-

The dividend is payable August 3, 1998 to stockholders of record on July 1, 1998. Additionally, shares issued under stock incentive plans provided cash of \$0.2 million in 1998 compared to \$2.2 million in 1997.

On October 17, 1997, the Company completed the purchase of substantially all of the assets of the Merrell[REGISTERED] outdoor footwear business from the Outdoor Division of Sports Holdings Corp. The purchase price of this acquisition was \$16.3 million, of which \$15.8 million was paid in cash in 1997.

During 1996, the Company completed two acquisitions, the work, safety and occupational footwear business of Hy-Test, Inc. from The Florsheim Shoe Company and the rights to and certain assets of the Hush Puppies[REGISTERED] wholesale footwear business in the United Kingdom and Ireland from British Shoe Corporation, a subsidiary of Sears Plc. The combined purchase price of these acquisitions was \$31.5 million, of which \$29.2 million was paid in cash in 1996. The Company has an active program to evaluate strategic business acquisitions on a global basis and may, from time to time, make additional acquisitions.

The current ratio for the second quarter was 5.7 to 1.0 in 1998 compared with 4.9 to 1.0 for the same period of 1997. The Company's total debt to total capital ratio increased to .30 to 1.0 in 1998 from .26 to 1.0 in 1997.

IMPACT OF YEAR 2000

The Company is currently in the process of addressing a problem that is facing all users of automated information systems. The "Year 2000 Issue" is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's computer programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This situation could result in a system failure or miscalculations causing disruptions to operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities. The Company discussed its plan for assessing and addressing the Year 2000 Issue as it relates to the Company in its Annual Report on Form 10-K for the fiscal year ended January 3, 1998. There have been no material changes in that information.

INFLATION

Inflation has not had a significant impact on the Company over the past three years nor is it expected to have a significant impact in

-13-

the foreseeable future. The Company continuously attempts to minimize the effect of inflation through cost reductions and improved productivity.

FORWARD-LOOKING STATEMENTS

This discussion and analysis of financial condition and results of operations, and other sections of this report, contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the footwear industry, the economy, and about the Company itself. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements. Furthermore, the Company undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Future Factors include, but are not limited to, uncertainties relating to changes in demand for the Company's products; changes in consumer preferences or spending patterns; the cost and availability of inventories, services, labor and equipment furnished to the Company; the degree of competition by the Company's competitors; changes in government and regulatory policies; changes in trading policies or import and export regulations; changes in interest rates, tax laws, duties or applicable assessments; technological developments; and changes in domestic or international economic conditions. These matters are representative of the Future Factors that could cause a difference between an ultimate actual outcome and a forward-looking statement. Historical operating results are not necessarily indicative of the results that may be expected in the future.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On April 27, 1998, the Company held its 1998 Annual Meeting of Stockholders. The purposes of the meeting were to elect four directors for three-year terms expiring in 2001 and to consider and ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the current fiscal year.

-14-

Four candidates nominated by management were elected by the stockholders to serve as directors of the Company at the meeting. The following sets forth the results of the voting with respect to each candidate:

NAME OF CANDIDATE	SHARES VOTES
Geoffrey B. Bloom	For 37,356,673 Authority Withheld 2,417,364 Broker Non-Votes 0
David T. Kollat	For 37,356,429 Authority Withheld 2,417,608 Broker Non-Votes 0
David P. Mehney	For 37,355,367 Authority Withheld 2,418,670 Broker Non-Votes 0
Timothy J. O'Donovan	For 37,355,949 Authority Withheld 2,418,088 Broker Non-Votes 0

The following persons remained as directors of the Company with terms expiring in 1999: Daniel T. Carroll, Phillip D. Matthews and Paul D. Schrage. The following persons remained as directors of the Company with terms expiring in 2000: Alberto L. Grimoldi, Joseph A. Parini, Joan Parker and Elizabeth A. Sanders.

The stockholders also voted to ratify the appointment of Ernst & Young LLP by the Board of Directors as independent auditors of the Company for the current fiscal year. The following sets forth the results of the voting with respect to that matter:

SHARES VOTED	
For	36,698,661
Against	52,040
Abstentions	23,561
Broker Non-Votes	0

-15-

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) EXHIBITS. The following documents are filed as exhibits to this report on Form 10-Q:

EXHIBIT NUMBER	DOCUMENT
3.1	Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report of Form 10-Q for the period ended June 14, 1997. Here incorporated by reference.
3.2	Amended and Restated Bylaws. Previously filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1995. Here incorporated by reference.
4.1	Certificate of Incorporation, as amended. See Exhibit 3.1 above.
4.2	Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
4.3	Credit Agreement dated as of October 11, 1996 with NBD Bank, N.A. as Agent. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996. Here incorporated by reference.
4.4	Note Agreement dated as of August 1, 1994 relating to 7.81% Senior Notes. Previously filed as Exhibit 4(d) to the Company's Quarterly Report on Form 10-Q for the period ended September 10, 1994. Here incorporated by reference.
4.5	The Registrant has several classes of long-term debt instruments outstanding in addition to those described in Exhibit 4.4 above. The amount of none of these classes of debt outstanding on June 20, 1998 exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request.
10.1	Employment Agreement with Geoffrey B. Bloom dated April 27, 1998.
27	Financial Data Schedule.

- (b) REPORTS ON FORM 8-K. No reports on Form 8-K were filed

during the period for which this report is filed.

-16-

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.
AND SUBSIDIARIES

AUGUST 4, 1998
Date

/S/GEOFFREY B. BLOOM
Geoffrey B. Bloom
Chairman and Chief Executive Officer
(Duly Authorized Signatory for
Registrant)

AUGUST 4, 1998
Date

/S/STEPHEN L. GULIS, JR.
Stephen L. Gulis, Jr.
Executive Vice President, Chief
Financial Officer and
Treasurer
(Principal Financial Officer and Duly
Authorized Signatory for Registrant)

-17-

EXHIBIT INDEX

EXHIBIT
NUMBER

DOCUMENT

- | | |
|-----|--|
| 3.1 | Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report of Form 10-Q for the period ended June 14, 1997. Here incorporated by reference. |
| 3.2 | Amended and Restated Bylaws. Previously filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1995. Here incorporated by reference. |
| 4.1 | Certificate of Incorporation, as amended. See Exhibit 3.1 above. |

- 4.2 Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
- 4.3 Credit Agreement dated as of October 11, 1996 with NBD Bank, N.A. as Agent. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996. Here incorporated by reference.
- 4.4 Note Agreement dated as of August 1, 1994 relating to 7.81% Senior Notes. Previously filed as Exhibit 4(d) to the Company's Quarterly Report on Form 10-Q for the period ended September 10, 1994. Here incorporated by reference.
- 4.5 The Registrant has several classes of long-term debt instruments outstanding in addition to those described in Exhibit 4.4 above. The amount of none of these classes of debt outstanding on June 20, 1998 exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request.
- 10.1 Employment Agreement with Geoffrey B. Bloom dated April 27, 1998.
- 27 Financial Data Schedule.

EMPLOYMENT AGREEMENT

THIS IS AN EMPLOYMENT AGREEMENT (the "Agreement") made as of April 27, 1998, by and between WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Employer"), and GEOFFREY B. BLOOM, an individual (the "Executive").

R E C I T A L S :

Executive has been employed by Employer as its Chief Executive Officer. Executive has an existing employment agreement with Employer dated April 17, 1993, which is superseded by this Agreement.

THEREFORE, in consideration of the foregoing and the mutual covenants contained in this Agreement, the parties agree as follows:

1. EMPLOYMENT. Employer hereby agrees to continue to employ Executive and Executive agrees to continue to serve Employer in an executive, managerial and supervisory capacity on the terms and conditions set forth in this Agreement.

2. POSITION AND DUTIES. Executive shall serve as Chief Executive Officer of Employer reporting only to Employer's Board of Directors. Executive shall have supervision and control over, and responsibility for, the general management and operation of Employer, and shall have such other powers and duties as may from time to time be prescribed by Employer's Board of Directors. Subject to the foregoing, Executive agrees to devote his best efforts and substantially all his working time and attention to the business of Employer and its subsidiaries, and to the performance of such executive, managerial and supervisory duties as may be assigned to him by Employer's Board of Directors; provided, that Executive shall be permitted to serve on a reasonable number of boards of directors of other companies, subject to the prior consent of Employer's Board of Directors, and render occasional services in connection with such service, and Executive shall be permitted to participate in charitable and civic endeavors to the extent such service does not interfere with Executive's obligations under this Agreement.

3. TERM OF EMPLOYMENT. Except in the case of early termination as specifically provided in this Agreement, the term of Executive's employment shall continue until April 30, 2000; if the Executive's employment continues thereafter it will be terminable at will, or on such terms as the parties may agree in writing, but the Executive's obligations under Section 15 of this Agreement, and the Employer's obligation to pay accrued compensation called for by this Agreement, shall continue in effect.

4. COMPENSATION. For the services to be rendered by Executive as provided in this Agreement, Employer agrees to pay Executive in thirteen (13) equal installments during each year, a base salary of not less than

Six Hundred Thousand Dollars (\$600,000) per annum, payable effective as of April 27, 1998 and prorated for any partial year of employment. Executive's base salary may be increased at the discretion of Employer's Board of Directors and/or its Compensation Committee at any time and from time to time during the term of this Agreement. Executive's base salary may be decreased, with the consent of Executive, by Employer's Board of Directors and/or its Compensation Committee at any time and from time to time during the term of this Agreement. Upon any such increase or decrease in Executive's base salary, the new rate shall without further action by the parties be deemed to be substituted for the rate set forth in this Agreement and this Agreement shall be deemed to be amended accordingly.

5. FRINGE BENEFITS. In addition to the compensation provided in Section 4 of this Agreement, Executive shall also be entitled to the following fringe benefits:

(a) Executive shall participate in both the Executive Long-Term Incentive Plan ("Long-Term Bonus Plan") and the Executive Short-Term Incentive Plan ("Annual Bonus Plan"), or any successor or substitute plans, and in such other bonus plans as may be made available to upper echelon executives of Employer. The Long-Term

Bonus Plan and the Annual Bonus Plan are collectively referred to herein as the "Plans".

(b) Executive shall be entitled to a leased automobile of a type to be mutually agreed upon by Executive and Employer. In addition, Employer shall pay maintenance and all other operating expenses, including gasoline, repairs and insurance, with respect to such automobile in accordance with applicable regulations issued or administered by the Internal Revenue Service.

(c) Employer shall pay for reasonable dues, assessments, and other non-discretionary expenses and all business related expenses, associated with a membership in two country clubs or similar luncheon or social organizations to be selected by Executive in the Grand Rapids, Michigan area or in such other clubs or organizations as permitted by Employer's Compensation Committee.

(d) Employer shall provide Executive with the benefits of a term life insurance policy in the amount of Five Hundred Thousand Dollars (\$500,000) payable to his designated beneficiaries, in addition to the benefits of all other life insurance plans as provided in this Agreement. Upon termination of Executive's employment (except for voluntary resignation by Executive without Good Reason or termination of Executive's employment by the Employer for Cause), such Five Hundred Thousand Dollar (\$500,000) life insurance policy shall be assigned to Executive and Employer

-2-

shall pay all premiums due after any such assignment until the expiration of the term of this Agreement. In the event of voluntary resignation without Good Reason by Executive or termination of Executive for Cause, at Executive's option, such life insurance policy shall be assigned to Executive and Executive shall pay all premiums due after such assignment.

(e) Employer shall provide Executive with tax preparation services and financial planning advice and services consistent with Employer's past practice or as may be made available to upper echelon executives of Employer.

(f) Employer shall pay Executive's reasonable legal expenses related to the negotiation and execution of this Agreement.

(g) Executive shall be entitled to four (4) weeks of vacation per year, plus such additional vacation as may be permitted with the concurrence of Employer's Board of Directors.

(h) Executive shall further be entitled to all benefits in the way of "fringes" presently available or which may subsequently be made available to upper echelon executives of Employer as a class or benefits substantially equivalent thereto, so long as such benefits or plans are in effect, including but not limited to all retirement, stock option, incentive, group life, disability, hospitalization, medical, dental and surgical benefit plans presently or hereafter in effect and available to upper echelon executives of Employer, or their equivalent.

(i) Employer and Executive are party to a Supplemental Executive Retirement Plan ("SERP") Participation Agreement dated January 1, 1996. In consideration of entering into this Agreement, Executive will be credited with two (2) additional years of "deemed service" under SERP Section 5.1(a).

(j) If Executive remains employed under this Agreement through April 30, 2000, he will be credited with years of service under the SERP equal to his actual service as of April 30, 2000, (16 years, including years of deemed service in Section 5(i) of this Agreement), plus four (4) additional years of "deemed service" under SERP Section 5.1(a) (iii), (for the total years of service under the SERP of 20 years). Executive shall also be credited with an additional four (4) years of deemed service

under the SERP (for total years of service under the SERP of 24 years) if the Employer's Board of Directors determines that the planning and effectuation of the transition from Executive to his successor have been carried out successfully (such determination

-3-

to be made in the Board's good faith discretion, and to be made by April 30, 2000). Additional years of "deemed service" credited in accordance with this Section 5(j) are collectively referred to as the "Additional SERP Benefit."

(k) Executive shall be awarded 40,000 restricted shares of the Employer's common stock under the Employer's 1997 Stock Incentive Plan or other plan designated by the Board of Directors, on the following terms:

(i) If the Employer's net earnings as reported in Employer's audited financial statements for its fiscal year 2001 exceed the Employer's net earnings for its fiscal year 2000 by at least 10%, all 40,000 shares shall vest as of April 30, 2001; or

(ii) If the Employer's net earnings for its fiscal year 2001 exceed the Employer's net earnings for its fiscal year 2000 by at least 5% but less than 10%, the number of shares that shall vest as of April 30, 2001 shall be: the percentage increase in net earnings in excess of 5% divided by 5% times 40,000 (for example, if the increase in net earnings was 6.32%, the number of shares to vest would be $1.32\% \text{ divided by } 5\% \text{ times } 40,000 = 10,560$), and the balance of the 40,000 shares shall be forfeited; or

(iii) If the Employer's net earnings for its fiscal year 2001 do not exceed the Employer's net earnings for its fiscal year 2000 by at least 5%, all 40,000 shares shall be forfeited.

(l) The Executive shall be awarded 22,500 restricted shares of the Employer's common stock under the Employer's 1997 Stock Incentive Plan or other plan designated by the Board of Directors, on the following terms:

(i) If the average closing per share price of the Employer's common stock as reported on the New York Stock Exchange ("NYSE") for the 10 trading days preceding April 30, 2001 has increased by at least 15% over the average closing per share price for the 10 trading days preceding April 30, 2000, all 22,500 restricted shares shall vest, effective as of April 30, 2001; or

(ii) If the average closing per share price of the Employer's common stock as reported on the NYSE for the 10 trading days preceding April 30, 2001 is greater than the average closing per share price for the 10 trading days

-4-

preceding April 30, 2000, but such increase is less than 15%, the number of restricted shares that shall vest as of April 30, 2001 shall be the percentage increase in the average closing per share price divided by 15% times 22,500 (for example, $7.5\% \text{ divided by } 15\% \text{ times } 22,500 = 11,250$), and the balance of the 22,500 restricted shares shall be forfeited; or

(iii) If the average closing per share price of the Employer's common stock as reported on the NYSE for the 10 trading days preceding April 30, 2001 is equal to or less than the average closing per share price of the Employer's common stock for the 10 trading days preceding April 30, 2000, all 22,500 shares shall be forfeited.

In making the calculations called for by this Section 5(l), the average per share price and the number of shares awarded to Executive shall be adjusted to eliminate the effect of any stock split, stock dividend, recapitalization or other similar transaction.

Notwithstanding any provision or term of this Agreement to the contrary, Employer shall not be required or obligated to maintain, amend or adopt any particular fringe benefit plan or policy, including those plans or policies referenced in this Section, or to pay, credit or otherwise vest in Executive as a participant any amount or level of award or grant under any such plan; provided, however, that the foregoing shall not apply to any deferred bonus, payment or other credit awarded to Executive under any such plan, nor shall the foregoing limit in any way or allow the Employer to avoid the commitment to Executive in Section 5(j), (k) and (l) above.

6. ADDITIONAL BENEFITS. The provisions of this Agreement with respect to compensation and other benefits payable to Executive shall not preclude or in any way affect the grant by Employer or the receipt by Executive of increases in base salary or total compensation, or bonuses, or additional compensation, contingent or otherwise, to be determined solely in the discretion of Employer's Board of Directors and/or its Compensation Committee, or by other persons or groups to whom such authority is legally delegated.

7. EXPENSES. In addition to the compensation and benefits provided in Sections 4 and 5 of this Agreement, Employer will reimburse or pay Executive's reasonable and appropriate expenses for his business related travel and entertainment in accordance with Employer's then current policy. As a condition to such reimbursement or payment, Executive shall be required to account to Employer for expenses incurred in the performance of his employment duties. Executive shall be entitled, if Executive deems it appropriate, to bring his spouse with him on up to two out of town trips involving business of Employer per year, and Employer shall reimburse

-5-

Executive or pay the reasonable and appropriate expenses incurred for her travel and entertainment. Employer may pay the travel and entertainment expenses of Executive's spouse incurred on more than two business trips per year with the prior approval of Employer's Board of Directors, and/or its Compensation Committee.

8. TERMINATION OF EMPLOYMENT. During the term of this Agreement, the Executive's employment may be terminated as follows:

(a) DEATH. The Executive's employment shall terminate automatically in the event of his death.

(b) DISABILITY. If, as a result of Executive's incapacity due to physical or mental illness, he shall have been absent from his duties with Employer on a full time basis for six (6) consecutive months, and if he shall have not returned to the full time performance of his duties within thirty (30) days after written notice after such six (6) month period, Employer may terminate this Agreement for "Disability."

(c) TERMINATION BY EMPLOYER FOR CAUSE. Employer may terminate Executive's employment for Cause. For purposes of this Agreement, "Cause" shall mean: (i) the willful and continued failure by Executive to substantially perform his duties with Employer (other than any such failure resulting from Executive's incapacity due to physical or mental illness, or any such actual or anticipated failure resulting from Executive's termination for Good Reason) after a demand for substantial performance is delivered to Executive by Employer's Board of Directors (which demand shall specifically identify the manner in which the Board believes that Executive has not substantially performed his duties); or (ii) the commission of a felony or other gross misbehavior injurious to Employer or its reputation, as determined by Employer's Board of Directors; or (iii) willful misconduct by Executive which is intended to result in material harm to the business or goodwill of the Employer. For purposes of this Section, no act or failure to act on the part of Executive shall be considered "willful" unless done or omitted to

be done by Executive not in good faith and without reasonable belief that his action(s) or omission(s) was in the best interests of Employer.

(d) TERMINATION BY EXECUTIVE FOR GOOD REASON. Executive may terminate his employment at any time for Good Reason and, in such event, Employer shall continue to be obligated to pay Executive the amounts and benefits set forth in Sections 11 and 12 of this Agreement. For purposes of this Agreement, "Good Reason" shall, without Executive's express written consent, mean:

-6-

(i) The assignment to Executive of any duties inconsistent with this Agreement.

(ii) A reduction by Employer (without the consent of Executive) in Executive's annual base salary as provided in this Agreement or as the same may be increased from time to time, except for across-the-board salary reductions, freezes or reduced increases similarly affecting all executives of Employer;

(iii) A failure by Employer to continue the Employer's Plans as such may be modified from time to time but substantially in the form presently in effect, or a failure by Employer to continue Executive as a participant in the Plans or to pay Executive any annual installment of a previous award under the Plans or any deferred distribution (as defined in the Plans) awarded under the Plans;

(iv) The relocation of Employer's principal executive offices to a location outside Rockford, Michigan, or any requirement that Executive be based anywhere other than Employer's principal executive offices, except for required travel on Employer's business to an extent substantially consistent with Executive's present business travel obligations, or, in the event Executive consents to any such relocation of Employer's principal executive offices, the failure by Employer to pay (or reimburse Executive for) all reasonable moving expenses incurred by Executive relating to a change of Executive's principal residence in connection with such relocation and to indemnify Executive against any loss (defined as the difference between the actual sale price of such residence and the higher of (A) Executive's aggregate investment in such residence or (B) the fair market value of such residence as determined by a real estate appraiser designated by Executive and reasonably satisfactory to Employer) realized in the sale of Executive's principal residence in connection with any such relocation;

(v) The failure by Employer to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any benefit or compensation plan, pension, life insurance, medical, health and accident or disability plan in which Executive is currently participating, the taking of any action by Employer which would adversely affect Executive's participation in or materially reduce Executive's benefits under any of such plans or deprive Executive of any material fringe benefit

-7-

currently enjoyed by Executive, or the failure by Employer to provide Executive with the number of paid vacation days to which Executive is then entitled on the basis of years of service with Employer in accordance with this Agreement and Employer's normal vacation policy in effect on the date of this Agreement;

(vi) The failure of Employer to obtain the assumption of Employer's obligations under this Agreement by any

successor as contemplated in Section 14 of this Agreement;

(vii) Any purported termination of Executive's employment which is not effected pursuant to a Notice of Termination which satisfies the requirements of Section 9 below (and, if applicable, Section 8 above); or

(viii) Any other material breach by Employer of its obligations under this Agreement.

(e) TERMINATION BY EMPLOYER WITHOUT CAUSE. Employer may terminate Executive's employment with Employer at will at any time, subject to its obligations under this Agreement.

(f) TERMINATION BY EXECUTIVE OTHER THAN FOR GOOD REASON. Executive may terminate his employment with Employer at will at any time, subject to his obligations under Section 15 of this Agreement and upon not less than (60) days advance notice to Employer.

9. NOTICE OF TERMINATION. Any purported termination of Executive's employment by Employer or by Executive shall be communicated by written Notice of Termination to the other party. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon (except in the event of death of Executive or termination of Executive without Cause) and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated (including, if applicable, the requirements of Section 8(c) hereof).

10. DATE OF TERMINATION. "Date of Termination" shall mean (a) the date of Executive's death under Section 8(a); (b) if this Agreement is terminated for Disability, the time specified in Section 8(b) of this Agreement; and (c) if Executive's employment is terminated for any reason other than death or Disability, the date specified in the Notice of Termination (which, in the case of a termination pursuant to Section 8(d) above shall not be more than sixty (60) days from the date such Notice of Termination is given); provided, that, if within thirty (30) days after any

-8-

Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a binding arbitration award; and provided further, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, Employer will continue to pay Executive his full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue Executive as a participant in all compensation, benefit and insurance plans, subject to the terms of this Agreement, in which Executive was participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Section. Amounts paid under this Section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement; provided, however, in the event that the Date of Termination shall be extended by a notice of dispute and such dispute is resolved in favor of the Employer, then the Employer may credit and offset any compensation paid to Executive after the date specified in the Notice of Termination against any payments due to Executive hereunder or, at Employer's option, such payments shall be reimbursed by the Executive to Employer.

11. COMPENSATION UPON TERMINATION. If during the term of this Agreement Executive's employment is terminated for any reason, Employer shall pay Executive:

(a) his full base salary through the Date of Termination (as provided in this Agreement) at the rate in effect at the time Notice of Termination is given; and

(b) accrued benefits and rights under all fringe benefit, incentive, deferred compensation, stock option, restricted stock, retirement and other plans and policies of the Employer as provided under the terms of such plans and policies.

12. ADDITIONAL COMPENSATION UPON CERTAIN TERMINATIONS OF EMPLOYMENT.
If Executive's employment is terminated before April 30, 2000:

(a) By Executive's death or due to Executive's Disability, Executive will be entitled to the payments and benefits provided in Section 11 of this Agreement and will receive credit for eight (8) years of "deemed service" under Section 5(j) (the Additional SERP Benefit) the same as if all conditions for such credit were satisfied under Section 5(j). If Executive's employment is terminated before April 30, 2000 by Executive's death or due to

-9-

Executive's Disability, all 62,500 shares of restricted stock covered by Sections 5(k) and (l) shall be forfeited.

(b) By the Employer without Cause and not due to Executive's death or Disability, Executive shall be entitled to Severance Payments under Section 13.

(c) By the Executive for Good Reason, Executive shall be entitled to Severance Payments under Section 13.

13. SEVERANCE PAYMENTS. Executive shall receive the following Severance Payments, if he is entitled thereto under Section 12 of this Agreement, provided that no portion of the Severance Payments shall duplicate payments to be received by the Executive pursuant to Section 11 of this Agreement.

(a) Employer shall pay to Executive in a lump sum on the fifth day following the Date of Termination, the following amounts:

(i) an amount equal to the amount, if any, of the deferred portion of any awards which pursuant to the Plans has been awarded to Executive but which have not yet been paid to Executive as well as a bonus for the year prior to termination if not yet awarded and for the year of termination prorated through the date of termination, both based on 100% of any bonus awarded Executive for the immediately preceding year, or the average of Executive's bonus awards pursuant to the Plans for the two immediately preceding years, whichever is greater, and including in either case the amount of deferred distributions, if any, which have accrued to Executive's account;

(ii) In lieu of any further salary payments to Executive for periods subsequent to the Date of Termination, Employer shall pay Executive, the product of (A) the sum of Executive's annual base salary at the rate in effect on the Date of Termination plus the amounts awarded Executive under the Plans for the year most recently ended (whether or not fully paid), and (B) the number of years (rounded to the nearest hundredth) between the Date of Termination and April 30, 2000;

(iii) Employer shall also pay all relocation and indemnity payments as set forth in Section 8(d) of this Agreement;

(iv) All reasonable legal fees and expenses incurred by Executive as a result of such termination if Executive

-10-

substantially prevails in enforcing his rights under this Agreement (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or

in seeking to obtain or enforce any right or benefit provided by this Agreement);

(v) In lieu of the \$1.00 par value per share common stock of Employer ("Company Shares") issuable upon the exercise of options that have been awarded to Executive (whether or not exercisable or vested, but excluding options or portions thereof which have lapsed without being exercised by Executive), under any and all Employer stock option plans or agreements, (which options shall be canceled upon payment of the amount set forth below), Executive shall receive an amount in cash equal to one hundred percent (100%) of the aggregate positive spread between the exercise prices of all such options held by Executive, whether or not then fully exercisable, and the closing price of Company Shares as reported on the New York Stock Exchange on the Date of Termination or the last trading date preceding the Date of Termination;

(b) If Employer shall terminate Executive's employment without Cause or if Executive terminates his employment for Good Reason and at the time of termination any restrictions against sale, transfer or other disposition of Company Shares awarded to Executive under any restricted stock plan or agreement have not lapsed on the Date of Termination, (i) Employer shall declare the restrictions to have lapsed with respect to those shares, provided such restrictions would have lapsed prior to April 30, 2000; and (ii) all restrictions on the 62,500 shares of restricted common stock issued pursuant to Sections 5(k) and (l) of this Agreement shall immediately lapse, and all such shares shall become the property of Executive without restrictions.

(c) Employer shall maintain in full force and effect, through April 30, 2000, all employee benefit plans and programs or arrangements in which Executive was entitled to participate immediately prior to the Date of Termination (except for bonus and stock option plans) provided that Executive's continued participation is possible under the general terms and provisions of such plans and programs. In the event that Executive's participation in any such plan or program is barred, Employer shall arrange to provide Executive with benefits substantially similar to those which Executive is entitled to receive under such plans and programs. At the end of the period of coverage, Executive shall have the option to have assigned to him at no cost and with no apportionment of prepaid premiums, any

-11-

assignable insurance policy owned by Employer and relating specifically to Executive.

(d) If Employer terminates Executive's employment without Cause or if Executive terminates his employment for Good Reason, then in addition to the benefits to which Executive is entitled under the retirement plans or programs in which Executive participates or any successor plans or programs in effect on the Date of Termination, Employer shall: (i) grant Executive the full eight (8) years of deemed additional service under the SERP, as if all of the conditions of Section 5(j) had been met; and (ii) pay Executive in one lump sum in cash at Executive's normal retirement age (or earlier retirement age should Executive so elect) as defined in the retirement plans or programs in effect on the Date of Termination, an amount equal to the actuarial equivalent of the retirement pension to which Executive would have been entitled under the terms of such retirement plans or programs without regard to any vesting requirements of such plans or programs, had Executive accumulated additional continuous service through April 30, 2000, at Executive's salary rate in effect on the Date of Termination plus the amount awarded Executive under the Plans during the year most recently ended (whether or not fully paid) (including subsequent annual salary adjustments) under such retirement plans or programs and including any Additional SERP Benefit credited under this Agreement, reduced by the single sum actuarial equivalent of any

amount to which Executive is entitled pursuant to the provisions of such retirement plans and programs. For purposes of this Subsection, "actuarial equivalent" shall be determined using the same methods and assumptions utilized under Employer's retirement plans and programs immediately prior to the termination of employment.

(e) If Employer shall terminate Executive's employment without Cause or if Executive shall terminate his employment for Good Reason, Employer shall provide Executive with executive outplacement services by entering into a contract with a company specializing in such services.

(f) If Executive's employment is terminated under circumstances entitling Executive to payments and benefits under this Agreement and the Executive Severance Agreement between Executive and Employer (a "change in control termination"), all payments and benefits due to Executive shall be determined exclusively in accordance with the Executive Severance Agreement and the terms of this Agreement shall not apply to the determination of payments or benefits due to Executive in the event of a change in control termination. Without limiting the

-12-

foregoing, in the event of a change in control termination, Executive will not be entitled to credit for any additional years of "deemed service" referenced in Section 5(j) (the Additional SERP Benefit) or any of the restricted shares referenced in Sections 5(k) or (l). Notwithstanding the foregoing, in the event of a change in control termination, Executive shall be entitled to the assignment of life insurance in accordance with Section 5(d).

14. SUCCESSORS; BINDING AGREEMENT.

(a) Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Employer, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform this Agreement if no such succession had occurred. Failure of Employer to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from Employer in the same amount and on the same terms as Executive would be entitled (i) under Section 13(f); or (ii) if Section 13(f) is inapplicable, as if Executive terminated his employment for Good Reason, except that for purposes of implementing the foregoing clause (ii), the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Employer" shall mean Employer as defined in this Agreement and any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die following termination of employment with Employer while any amounts would still be payable to him hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee, or other designee or, if there be no such designee, to his estate.

15. NONCOMPETITION. Recognizing that his skill, experience and knowledge are unique and are a material inducement to Employer to enter into this Agreement, Executive agrees that during his employment, and for an additional period of sixty (60) months after any termination of his employment (provided the Employer complies with this Agreement), Executive will not (i) enter employment with, or, directly or indirectly, own an

interest in, or manage, operate, control or participate in the business of, or furnish services or advice to, any company whose business is similar to or in competition with that of Employer without the express authorization of Employer's Board of Directors; or (ii) solicit or suggest to any customer, distributor or other person doing business with Employer that they should cease or diminish their business with Employer or do business with any other person or entity, to any extent, instead of Employer; or (iii) solicit or suggest to any employee of Employer that s/he should terminate employment with Employer or provide services or advice to any competitor of Employer. This provision shall not, however, restrict the right of Executive to own less than five percent (5%) of a class of equity securities in any company listed on a national or regional stock exchange, regardless of the nature of its business. The geographic scope of the covenant against competition in this Section 15 is worldwide. The parties hereto agree that in view of all the facts and circumstances, this provision is neither an unreasonable restraint nor unconscionable.

16. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and such officer as may be specifically designated by Employer's Board of Directors. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of the same or similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this Agreement have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

17. WITHHOLDING TAXES. Employer may withhold from all payments due to Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law or regulation, Employer is required to withhold therefrom.

18. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect.

19. COUNTERPARTS. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

20. ARBITRATION. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration in Rockford, Michigan, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered

on the arbitrator's award in any court having jurisdiction; provided, however, that Executive shall be entitled to seek specific performance of his right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

21. WAR OR NATIONAL EMERGENCY. Employer agrees that, in the event of a war or national emergency, Executive will, at his request, be granted a leave of absence for military or governmental service and during said period of leave of absence shall be paid such compensation as may be fixed by, or with the authority of Employer's Board of Directors. During any such leave of absence, Executive shall, except with respect to his rights to the compensation provided in this Agreement and his obligation to perform such active duties of Employer, be deemed, for the purposes of this Agreement, to be continuing in the employment of Employer pursuant to the Agreement.

22. NOTICE. Any and all notices referred to in this Agreement shall be sufficient if furnished in writing, sent by certified or registered mail or by overnight courier service, to the respective parties at the following

addresses:

If to Employer: Wolverine World Wide, Inc.
9341 Courtland Drive, N.E.
Rockford, MI 49351
Attn: General Counsel

If to Executive: Geoffrey B. Bloom
440 Cambridge, S.E.
East Grand Rapids, MI 49506

-15-

23. TERMINATION OF PRIOR AGREEMENTS. This Agreement terminates and replaces in its entirety all prior employment agreements between the parties, including the Amended Restated Employment Agreement dated April 27, 1993 and the Employment Agreement dated May 8, 1992, as amended.

WOLVERINE WORLD WIDE, INC.

By /s/Daniel T. Carroll
Daniel T. Carroll
Director and Chairman of the
Compensation Committee of the
Board of Directors

/s/Geoffrey B. Bloom
Geoffrey B. Bloom

<ARTICLE>

5

<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS OF WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES FOR THE PERIOD ENDED JUNE 20, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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