

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1994

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 38-1185150
(State or other jurisdiction of (I.R.S. employer identification no.)
incorporation or organization)

9341 Courtland Drive, Rockford, Michigan 49351
(Address of principal executive offices) (Zip code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, \$1 Par Value	New York Stock Exchange/Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant: (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days.

Yes No

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

Number of shares outstanding of the registrant's Common Stock, \$1 par value
(excluding shares of treasury stock) as of March 1, 1995: 10,788,618

The aggregate market value of the registrant's voting stock held by non-
affiliates of the registrant based on the closing price on the New York
Stock Exchange on March 1, 1995: \$277,264,120

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual
stockholders' meeting to be held April 19, 1995, are incorporated by
reference into Part III of this report.

PART I

Item 1. Business

General

Wolverine World Wide, Inc. (the "Company"), designs, manufactures, distributes and markets various brands and styles of footwear. The wide variety of footwear sold by the Company includes casual shoes, slippers, moccasins, dress shoes, boots, uniform shoes and work boots and shoes. The Company is also the largest domestic tanner of pigskin. The Company, a Delaware corporation, is the successor of a 1969 reorganization of a Michigan corporation of the same name, originally organized in 1906, which in turn was the successor of a business established in Grand Rapids, Michigan, in 1883.

The Company is a leading provider of branded, comfort footwear for the entire family, supplying, in conjunction with its licensees and distributors, more than 26 million pairs annually to consumers in 80 countries. Footwear has accounted for 90% or more of the consolidated revenues of the Company for each of the last three years. For further financial information regarding the Company, see the consolidated financial statements of the Company, which are attached as Appendix A to this Form 10-K.

Footwear manufactured by the Company is sold under many recognizable brand names. The Company's HUSH PUPPIES (registered trademark) brand is a world leader in affordable, comfortable, casual and functional footwear for men, women and children. The Company's WOLVERINE (registered trademark) brand of work and sport boots is recognized as an industry leader in work and sport boots. The Company's BATES (registered trademark) brand is an industry leader in uniform footwear. The Tru-Stitch Footwear Division is the foremost supplier of constructed slippers in the United States. The Company also manufactures a line of rugged outdoor and sport footwear under the WOLVERINE WILDERNESS (registered trademark) brand. The Company has been granted the worldwide rights to manufacture and market footwear under the CATERPILLAR (registered trademark) and CAT (registered trademark) trademarks, and is also licensed to market footwear throughout the United States, Japan and Canada under the COLEMAN (registered trademark) trademark. Through these, and several other footwear brands, the Company expects to continue to manufacture and source quality footwear for its customers.

The Wolverine Leather Division is one of the premier tanners of quality pigskin leather for the shoe, automotive and leather goods industries. The pigskin leather tanned by the Company is used in a significant portion of the footwear manufactured and sold by the Company, and is also sold to other domestic and foreign manufacturers of shoes.

The Company's products are sold by Company salespersons and agents and through Company-owned stores. Sales are made directly to various retail sellers, including independent shoe stores, footwear chains and department stores. Most customers also sell shoes bought from competing manufacturers.

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Retail footwear sales are seasonal with significant increases in sales experienced during the Christmas, Easter and back-to-school periods. Due to this seasonal nature of footwear sales, the Company experiences some fluctuation in the levels of working capital. The Company provides working capital for such fluctuation through internal financing and through a revolving credit agreement that the Company has in place. The Company expects the seasonal sales pattern to continue in future years.

Sales and Distribution

Company products are sold directly to more than 10,000 accounts, operating more than 20,000 retail locations. Sales are also made to large footwear chains, including those owned or operated by other companies in the shoe industry, catalog houses, and to the retail operations referenced below.

In addition to its wholesale activities, the Company operated 102 domestic retail shoe stores, leased shoe departments and Company-owned HUSH PUPPIES (registered trademark) Specialty Stores as of March 25, 1995. A fiscal 1990 decision to downsize the factory outlet business will result in closing approximately 12 outlet retail locations during 1995. Fifteen outlet retail locations were closed in fiscal 1994. As noted below, the Company has also decided to exit the leased shoe department business in the Lamonts Apparel chain.

Of the 102 retail locations, approximately 56 are factory outlet stores located in strip centers or in free-standing buildings. Approximately 21 of these stores operate under the LITTLE RED SHOE HOUSE (service mark) format. These stores primarily handle closeouts and factory rejects from the Company's own factories and those of other manufacturers. The 35 remaining outlet stores are currently operating under the HUSH PUPPIES (registered trademark) FACTORY DIRECT (service mark) name in major manufacturer outlet malls. These stores carry a large selection of first quality company branded footwear. The Company has and may continue to selectively convert LITTLE RED SHOE HOUSE (service mark) locations to the HUSH PUPPIES (registered trademark) FACTORY DIRECT (service mark) retail and merchandising format.

In addition to the traditional retail shoe stores, the Company currently operates 32 full price, full service family leased shoe departments in the Lamonts Apparel chain in the Pacific Northwest and Alaska, which feature the Company's wholesale brands. During 1994, the Company announced its intent to discontinue its leased shoe department business in the Lamonts Apparel chain. The current Lamonts Apparel leases are scheduled to expire in October, 1995, and the business will be phased out by year end.

The 102 retail locations also include 14 regional mall full service, full price HUSH PUPPIES (registered trademark) Specialty Stores which feature a broad selection of men's and women's HUSH PUPPIES (registered trademark) brand footwear. The Company also licenses independent retailers who operate HUSH PUPPIES (registered trademark) Specialty Stores at another 63 locations.

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The Company derives royalty income from licensing the HUSH PUPPIES (registered trademark), WOLVERINE (registered trademark), WOLVERINE WILDERNESS (registered trademark), COLEMAN (registered trademark), TOWN & COUNTRY (trademark), and other trademarks to domestic and foreign licensees for use on footwear and related products. The Company sells footwear bearing the CATERPILLAR (registered trademark) trademark through domestic and foreign distributors. In addition, the Company sells its own pigskin leather to certain of its licensees. In fiscal 1994, the Company's foreign licensees and distributors sold an estimated 12.4 million pairs of footwear, an increase from approximately 8.3 million pairs sold in fiscal 1993.

The Company continues to develop a global network of licensees and distributors to market its footwear brands. The licensees and distributors purchase goods from the Company and third-party manufacturers and these purchases are generally supported by letters of credit. Each licensee and distributor is responsible for the marketing and distribution of the Company's products, and generally purchases substantially all marketing, advertising materials and products from the Company.

A broad distribution base insulates the Company from dependence on any one customer. No customer of the Company accounted for more than 10% of the Company's consolidated revenues in fiscal 1994.

Raw Materials

The Company operates a pigskin tannery as a part of its Wolverine Leather Division, from which the Company receives virtually all of its pigskin requirements. The tannery is one of the most modern pigskin tanneries in the world. The quality pigskin leather utilized in the Company's products which incorporate this material is a significant element of product cost, and is generally only available at comparable cost and delivery terms from the Company's tannery. Therefore, the continued operation of this tannery is important to the Company's competitive position in the footwear industry. In addition the Company owns a minority interest in Wan Hau Enterprise Co., Ltd. ("Wan Hau"), a principal tanner of pigskin in Taiwan. The Company provides semi-finished pigskin leather to Wan Hau for finishing in Taiwan.

The Company's principal required raw material is quality leather, which it purchases primarily from a select group of domestic suppliers, including the Company's tannery. The Company has traditionally purchased the majority of the shearling used extensively in the manufacture of constructed slippers and related products by its Tru-Stitch Footwear Division from a single domestic source, which has been a reliable and consistent supplier. The Company currently purchases the vast majority of the raw pigskins used in a significant portion of its pigskin footwear from a single domestic source, which has also been a reliable and consistent supplier. The Company purchases all of its other raw materials, including man-made materials and fabrics for uppers, and leather, rubber and plastics

for soles and heels, from a variety of sources, none of which is believed by the Company to be a dominant supplier.

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Trademarks, Licenses and Patents

The Company is the holder of many trademarks which identify its products. The trademarks that are most widely used by the Company include HUSH PUPPIES (registered trademark), WOLVERINE (registered trademark), WILDERNESS (registered trademark), WOLVERINE WILDERNESS (registered trademark), BATES (registered trademark), FLOATERS (trademark), DURASHOCKS (registered trademark), BOUNCE & DESIGN (registered trademark), COMFORT CURVE (registered trademark), TOWN & COUNTRY (trademark), TRU-STITCH (registered trademark), WIMZEES (registered trademark), and SIOUX MOX (registered trademark). The Company is also licensed to market footwear in the United States, Japan and Canada under the COLEMAN (registered trademark) trademark and throughout the world under the CATERPILLAR (registered trademark) and CAT (registered trademark) trademarks. Pigskin leather produced by the Company is sold under the trademarks WOLVERINE (registered trademark), BREATHIN' BRUSHED PIGSKIN (registered trademark), and SILKEE (registered trademark).

The Company believes that its products are identified by its trademarks and thus its trademarks are a valuable asset. It is the policy of the Company to vigorously defend its trademarks against infringement to the greatest extent practicable under the laws of the United States and other countries. The Company is also the holder of several patents, copyrights and various other proprietary rights. The Company protects all of its proprietary rights to the greatest extent practicable under applicable law.

Order Backlog

The Company does not have a significant backlog of non-cancelable orders. On March 1, 1995, the Company had a backlog of orders believed to be firm of approximately \$79 million compared with a backlog of approximately \$69 million on March 1, 1994. Historically, the Company has not experienced significant cancellation of orders. While orders in backlog are subject to cancellation by customers, the Company expects that substantially all of these orders will be shipped in fiscal 1995.

Competition

The Company's footwear lines are manufactured and marketed in a highly competitive environment. The Company competes with numerous other manufacturers (domestic and foreign) and importers, many of which are larger and have greater resources than the Company. The Company's major competitors for its brands of footwear are generally located in the United States. The Company has at least six major competitors in connection with the sale of its work shoes and boots, at least eight major competitors in connection with the sale of its sport boots, and at least fifteen major competitors in connection with the sale of its casual and dress shoes. Virtually all domestic and foreign manufacturers of footwear compete, or plan to compete, with the Company in the rugged casual and outdoor footwear market. Many of these competitors are established in the footwear industry, and have strong market identities.

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Product performance and quality, including technological improvements, product identity, competitive pricing, and the ability to adapt to style changes are all important elements of competition in the footwear markets served by the Company. The Company attempts to meet competition and maintain its competitive position through promotion of brand awareness, manufacturing efficiencies, its tannery operations, and the style, comfort and value of its products. Future sales of the Company will be affected by its continued ability to sell its products at

competitive prices and to meet shifts in customer preference.

Because of the lack of reliable published statistics, the Company is unable to state with certainty its position in the shoe industry, however, the Company believes it is one of the five largest domestic manufacturers of footwear.

Foreign footwear manufacturers and importers also provide a source of competition for the Company. In order to remain competitive with these foreign entities, the Company continues to improve and expand its manufacturing facilities in Michigan, the Caribbean Basin and Mexico. In addition, the Company is continuing to pursue lower cost manufacturing alternatives in the Far East and Latin America.

Manufacturing and Sourcing

Although a significant portion of the Company's product line is purchased or sourced overseas, the majority of its products are produced in the United States. The Company's footwear is manufactured in several domestic facilities and certain related foreign facilities, including facilities located in Michigan, Arkansas, New York, Mexico, Puerto Rico, Costa Rica, the Dominican Republic and Canada. The Company includes, as an integral part of its domestic manufacturing operations, five factories located in the Caribbean Basin and Mexico that produce footwear uppers for final assembly in the Company's domestic factories.

The Company sources certain footwear from a variety of foreign manufacturing facilities in the Far East, Latin America and the Caribbean. The Company also maintains a small office in Taiwan to facilitate the sourcing and importation of footwear from the Far East.

The Company is subject to the normal risks of doing business abroad due to its international operations, including the risks of expropriation, acts of war, political disturbances and similar events, and loss of most favored nations trading status. With respect to its international sourcing activities, management believes that over a period of time, it could arrange adequate alternative sources of supply for the products currently obtained from its foreign suppliers. A sustained disruption of such sources of supply could, particularly on a short-term basis, have an adverse impact on the Company's operations.

Discontinued Operations

During 1994, the Company announced its intent to discontinue its leased shoe department business in the Lamonts Apparel chain. The current

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Lamonts Apparel leases are scheduled to expire in October 1995, and the business will be phased out by year end. In connection with this phase out, an estimated after-tax loss of \$1,122,000 was recognized in 1994. The loss represents the cost of inventory liquidation, write-off of leasehold improvements and anticipated operating results during 1994 and the 1995 phase-out period. On January 6, 1995, Lamonts Apparel filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Lamonts Apparel has indicated that it will continue with the lease arrangement with the Company through October 1995, the end of the contract term, or find another operator for the leased shoe department business.

Research and Development

In addition to normal and recurring product development, design and styling activities, the Company engages in research and development related to new and improved materials for use in its footwear and other products and in the development and adaptation of new production techniques. The Company's continuing relationship with the Biomechanics Evaluation Laboratory at Michigan State University, which is funded in part by a grant from the Company, has led to specific biomechanical design concepts which have been incorporated in the Company's footwear. The

Company also maintains a footwear design center in Italy to develop contemporary styling for the Company and its international licensees. While the Company continues to be a leading developer of footwear innovations, research and development costs do not represent a material portion of operating expenses.

Environmental Matters

Compliance with federal, state and local regulations with respect to the environment has not had, nor is it expected to have, any material effect on the capital expenditures, earnings or competitive position of the Company. The Company uses and generates, and in the past has used and generated, certain substances and wastes that are regulated or may be deemed hazardous under certain federal, state and local regulations with respect to the environment. The Company from time to time works with federal, state and local agencies to resolve cleanup issues at various waste sites or other environmental regulatory issues.

The Company is one of 13 companies named as potentially responsible parties ("PRPs") by the MDNR at the Sunrise Landfill Site near Wayland, Michigan. The MDNR has demanded that the PRPs pay approximately \$5 million as reimbursement for past costs at the site and join in financing further investigation and remedial efforts. The MDNR estimates that cleanup and remediation of the site could cost in excess of \$10 million. The Sunrise PRPs have jointly agreed with the MDNR to pay \$323,000 in costs incurred by the MDNR prior to July 1991, and have undertaken a comprehensive remedial investigation/feasibility study at the site in order to determine whether less expensive remedial measures will adequately protect public health and safety. Excavation and removal of buried waste has been deferred pending the outcome of this investigation, which is scheduled for completion in mid-1995. Preliminary results suggest that it may be possible to leave the waste in place, thereby significantly reducing the cost of remediation. In the meantime,

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however, the PRPs are financing interim response measures aimed at controlling the level of liquids in the landfill and preventing any further environmental degradation. The PRPs have also undertaken a comprehensive investigation in an effort to identify other responsible parties to share in the response activity costs. The Company's share of the cost of these activities is currently estimated at \$75,000 to \$125,000, of which approximately \$65,000 was paid during 1994. The Company's ultimate liability at this site will depend largely upon what remedial measures prove feasible and whether additional PRPs can be identified. To date, no additional PRPs have been brought into the proceedings. The Company appears to have been a relatively small generator at this site, and is seeking to be classified as a de minimis PRP.

Employees

As of December 31, 1994, the Company had approximately 5,205 domestic and foreign production, office and sales employees. Approximately 1,292 employees were covered by seven union contracts expiring at various dates through 1998. The Company has experienced no work stoppages since 1990. The Company presently considers its employee relations to be good.

Item 2. Properties.

The principal executive, sales and administration offices of the Company are located in Rockford, Michigan and consist of administration and office buildings of approximately 123,300 square feet. The Company also has additional administrative and sales offices in Arkansas, New York, Italy, the United Kingdom, Canada and Taiwan totaling approximately 32,400 square feet, the majority of which is leased.

The Company owns and operates one pigskin tannery from which it receives virtually all of its pigskin requirements. The tannery is located in Rockford, Michigan and encompasses approximately 160,000 square feet.

The Company's footwear manufacturing operations are carried out at 14 separate facilities, totaling approximately 583,500 square feet of manufacturing space. These facilities are located primarily in smaller towns in Arkansas, Michigan, and New York and in Mexico, Puerto Rico, the Dominican Republic and Canada. Approximately 370,400 square feet of manufacturing space is under lease at seven locations and the remaining seven facilities are Company-owned. The Company's current aggregate footwear manufacturing capacity is in excess of 12.0 million pairs of shoes per year. The Company believes its footwear manufacturing facilities are generally among the most modern in the industry.

The Company maintains twelve warehouses, located in four states and Canada, containing approximately 804,100 square feet. The vast majority of these warehouses are Company-owned, with approximately 63,500 square feet at three locations under lease.

In addition, the Company's retail operations are conducted throughout the United States and as of March 25, 1995, consisted of approximately 102 locations, including 32 leased shoe departments. As

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noted in Item 1 above, the Company intends to discontinue its leased shoe department business by year end. All retail locations, except three factory outlet stores in Company-owned facilities, are subject to operating leases.

The Company believes that all properties and facilities of the Company are suitable, adequate and fit for their intended purposes.

Item 3. Legal Proceedings.

The Company is involved in litigation and various legal matters arising in the normal course of business. The Company is also involved in certain environmental compliance activities, including proceedings involving cleanup issues associated with a waste disposal site, as more fully described in Item 1 of this Annual Report on Form 10-K. Having considered facts that have been ascertained and opinions of counsel handling these matters, the Company does not believe the ultimate resolution of such proceedings will have a material adverse effect on the Company's financial condition.

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

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security-holders, through the solicitation of proxies or otherwise.

Supplemental Item. Executive Officers of the Registrant.

The following table lists the names and ages of the Executive Officers of the Company as of the date of this Annual Report on Form 10-K, and the positions presently held with the Company. The information provided below the table lists the business experience of each such Executive Officer during the past five years. All Executive Officers serve at the pleasure of the Board of Directors of the Company, or if not appointed by the Board of Directors, they serve at the pleasure of management.

Name	Age	Positions held with the Company
Geoffrey B. Bloom	53	President and Chief Executive Officer
Steven M. Duffy	42	Vice President
Stephen L. Gulis, Jr.	37	Vice President and Chief Financial Officer
Blake W. Krueger	41	General Counsel and Secretary

L. James Lovejoy	62	Vice President of Corporate Communications
Thomas P. Mundt	45	Vice President of Strategic Planning and Treasurer
Timothy J. O'Donovan	49	Executive Vice President
Robert J. Sedrowski	45	Vice President of Human Resources

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Geoffrey B. Bloom has served the Company as President and Chief Executive Officer since April 1993. From 1987 to 1993 he served the Company as President and Chief Operating Officer.

Steven M. Duffy has served the Company as a Vice President since April 1993. From 1989 to April 1993 he served the Company in various senior manufacturing positions.

Stephen L. Gulis, Jr., has served the Company as Vice President and Chief Financial Officer since February 1994. From April 1993 to February 1994 he served the Company as Vice President of Finance and Corporate Controller, and from 1986 to 1993 he was the Vice President of Administration and Control for the Hush Puppies Company.

Blake W. Krueger has served the Company as General Counsel and Secretary since April 1993. He has been a partner of the law firm of Warner Norcross & Judd LLP since 1985.

L. James Lovejoy has served the Company as Vice President of Corporate Communications since 1991. From 1984 to 1991 he was the Director of Corporate Communications for Gerber Products Company, a manufacturer of baby food and related products.

Thomas P. Mundt has served the Company as Vice President of Strategic Planning and Treasurer since December 1993. From 1988 to 1993 he served in various financial and planning positions at Sears Roebuck & Co. including Vice President Planning, Coldwell Banker's Real Estate Group and Director of Corporate Planning for Sears Roebuck & Co.

Timothy J. O'Donovan has served the Company as Executive Vice President since 1982.

Robert J. Sedrowski has served the Company as Vice President of Human Resources since October 1993. From 1990 to 1993 he served as Director of Human Resources for the Company.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters.

Wolverine World Wide, Inc. common stock is traded on the New York and Pacific Stock Exchanges. The following table shows the high and low transaction prices by calendar quarter for 1994 and 1993. The 1993 transaction prices have been adjusted to reflect the three-for-two stock split announced in March 1994. The number of holders of record of common stock on March 1, 1995 was 2,033.

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	1994		1993	
	High	Low	High	Low
January-March	\$24 5/8	\$19 3/8	\$13 1/8	\$ 9 1/8
April-June	24 3/8	18 1/2	14	11 1/8
July-September	27 1/8	20 3/4	19 3/8	11
October-December	26 3/4	20 1/4	22 3/8	18 5/8

Dividends Per Share Declared:

	1994	1993
1st quarter	\$.04	\$.0275
2nd quarter	\$.04	\$.0275
3rd quarter	\$.04	\$.0275
4th quarter	\$.04	\$.0275

Cash dividends declared per share for 1993 have been retroactively adjusted to reflect the three-for-two stock split announced in March 1994. Dividends of \$.05 per share were declared for the first quarter of fiscal 1995.

Item 6. Selected Financial Data.

Five Year Operating and Financial Summary (1) (2)
(Thousands of Dollars, Except Per Share Data)

	1994	1993	1992	1991	1990
Summary of Operations					
Net sales and other operating income	\$378,473	\$323,315	\$282,863	\$271,622	\$284,274
Earnings (loss) from continuing operations	18,050	11,754	4,699	4,563	(4,644)
Primary earnings (loss) from continuing operations per share of common stock(3) (4)\$	1.65	\$ 1.12	\$ 0.47	\$ 0.46	\$ (0.46)
Cash dividends(4) (5)	0.16	0.11	0.11	0.11	0.11
Financial Position at Year End					
Total assets	\$230,151	\$205,633	\$201,232	\$201,488	\$185,366
Long-term debt, less current maturities	43,482	44,913	42,656	31,596	34,267

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Notes to Five Year Operating and Financial Summary

1. This summary should be read in conjunction with the consolidated financial statements of the Company and the notes thereto, which are attached as Appendix A to this Form 10-K.
2. The results from operations exclude discontinued operations and are before the cumulative effect of accounting changes. Balance sheet amounts for discontinued operations have been separately identified within current assets. Refer to Note B to the consolidated financial statements for a description of the Company's discontinued operations and Notes H and I for a description of the cumulative effect of accounting changes.
3. Primary earnings (loss) from continuing operations per share are based on the weighted average number of shares of common stock outstanding during the year and the assumed exercise of dilutive stock options.
4. On March 10, 1994, the Company announced a three-for-two stock split on shares of common stock outstanding as of March 21, 1994. All share and per share data have been retroactively adjusted for the increased shares resulting from the stock split.
5. Cash dividends per share represent the rates paid by the Company on the shares outstanding at dates of declaration and have been retroactively adjusted to reflect the three-for-two stock split announced in March 1994.

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

Operations

Results of Operations - 1994 Compared to 1993

Net sales from continuing operations for 1994 of \$378.5 million compare with \$323.3 million for 1993, a 17.1% increase. This increase was primarily the result of record sales in the Wolverine Footwear Group and the Tru-Stitch businesses. Additionally, strong sales increases occurred in the Hush Puppies Company and the Wolverine Leather operations.

The Wolverine Footwear Group's record sales were fueled by a 31.9% increase in the domestic and international work and sport boot divisions. This increase was offset by a 6.1% decrease in the Bates Uniform division. The work and sport boot gains continue to reflect superior product characteristics and the continued trend toward utilizing these products for everyday use. The reduced shipments in the Bates division reflect the continued downsizing of the U.S. military and reduced demand in export markets.

The Tru-Stitch Footwear Division reached record sales by recording a 23.9% increase over record 1993 levels. The increase resulted from further increases in catalog accounts and a full year of operations of the B & B Shoe Company, which was acquired in 1993.

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The Hush Puppies Company recorded a 11.1% increase in volume for the year with all operating groups reporting an increase. The brand repositioning which began in 1993 continues to have a positive impact on the domestic wholesale business and is also contributing to gains in the international and retail operations. Despite the closing of thirty stores during the year, the retail operations reported a 4.6% sales increase.

The Global Operations Group recorded a sales increase in its Leather operation while its contract sales remained flat. The Leather operation recorded a revenue increase of 23.2% which reflects the opportunities created from increased pricing pressure on cowhide prices. This increase was obtained despite the actions taken to reduce its product offerings and to focus on high margin products.

Gross margins increased to 31.6% in 1994 compared to 29.8% in 1993. Pricing pressures continue on both the wholesale and retail level and cost increases on raw materials occurred throughout the Company during the year. Despite these pressures, the Company was able to improve its margins by increasing manufacturing efficiencies, providing improved sourcing to the wholesale groups and capitalizing on increased production levels which provides incremental absorption of overhead costs. These benefits are expected to continue and should provide the Company with the ability to maintain its value pricing position.

Selling and administrative expenses increased \$13.8 million in 1994 and as a percentage of net sales rose to 23.9% in 1994. This increase was a result of increased investment spending in our core brands as advertising and marketing expenses of the Hush Puppies Company and Wolverine Footwear Group increased 40.3% on a combined basis. Additionally, normal cost increases occurred in conjunction with the growth of the Company and employee profit-sharing costs increased as the overall profitability of the corporation improved.

Interest expense of \$4.0 million was down in 1994 from the \$4.7 million reported in 1993. The reduction resulted from reduced average borrowings during the year and a more favorable interest rate on our long-term borrowings which resulted from the issuance of replacement senior

debt.

The 1994 effective tax rate on continuing operations of 29.0% increased from 28.0% in 1993. The reduction from the federal statutory rates of 35% was principally a result of non-taxable earnings of the Company's Caribbean operations.

Earnings from continuing operations of \$18.1 million (\$1.65 per share) for 1994 reflect a 53.6% increase over earnings of \$11.8 million (\$1.12 per share) reported for 1993. In 1994, the Company recorded a loss from discontinued operations of \$1.5 million (\$.13 per share), net of income taxes, to reflect the costs associated with the exiting of its leased shoe department business.

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Primary earnings per share of \$1.52 for 1994 compare to \$1.10 per share for 1993. Fully diluted earnings per share of \$1.50 and \$1.07 were reported for 1994 and 1993 respectively.

Results of Operations - 1993 Compared to 1992

Net sales for fiscal 1993 were \$323.3 million compared to \$282.9 million for fiscal 1992. This 14.3% increase was driven by record sales in the Wolverine Footwear Group and the Tru-Stitch Footwear Division. The Hush Puppies Company also recorded a healthy sales increase during the year. These increases were partially offset by a decrease in the Wolverine Leather Division sales.

Domestically, the Wolverine Footwear Group posted a sales increase of 31.5% which was the second year in which the sales gain exceeded 30%. The continued success of Wolverine DURASHOCKS (registered trademark) boots and the introduction of WOLVERINE WILDERNESS (registered trademark) products to the market place were the primary factors contributing to the sales gain. Increased marketing efforts to promote the Wolverine Work Boot products also contributed to the sales gains.

A 16.2% increase in sales was realized by the Bates Uniform Division of the Wolverine Footwear Group. While the U.S. military continued to downsize, the comfort characteristics of BATES (registered trademark) footwear continues to gain acceptance and the durability of the product made Bates number one in this category.

The Tru-Stitch Footwear Division reached record sales with a 20.7% increase for the year. Their prominent position in the market through all distribution channels and the addition of B & B Shoe Company which produces generally lower priced products continues to allow the Tru-Stitch Division to grow its business.

While the Hush Puppies Company did not reach record sales volumes, it did post an increase of 5.3%. The repositioning and revitalization of the brand which began in 1992 had a positive impact. Retail and consumer acceptance for the product was apparent as the division's reorder business for the year was strong.

The Wolverine Leather Division began resizing during the third quarter of 1993. The primary focus was to retract the business into high margin areas where the business can perform profitably. The volume was reduced and this combined with other actions is expected to allow the division to regain its profitability as it focuses on the higher value added product in its offerings.

Gross margins as a percentage of net sales decreased to 29.8% from 30.0% in 1992. The emphasis of value priced product in the market place continues to place pressures on wholesale and retail price points. The Company maximized its pricing positions when superior products were

available, such as WOLVERINE (registered trademark) DURASHOCKS (registered trademark) and TRU-STITCH (registered trademark) slippers, but was very cautious in raising prices in a competitive market in order to increase

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gross margin levels. A significant benefit, which improved the Company's gross margin levels, was the manufacturing efficiencies realized in the domestic facilities. This, combined with the Company's low cost import operations, provided the Company with product which was priced attractively.

Selling and administrative expenses for 1993 were 23.7% of net sales compared to 25.6% of net sales in 1992. While the expenses were reduced as a percentage of net sales, the expenses increased \$4.1 million. The increase was primarily a result of increased commissions due to higher volume, the impact of intensified marketing and promotional campaigns, and employee profit sharing programs. The overhead reduction plan which was announced in the fourth quarter of 1992 was successful and the initial target of \$3.0 million of savings was exceeded by over \$1.0 million.

Interest expense of \$4.7 million for 1993 reflects a \$1.4 million increase over 1992. However, 1992 interest expense did not include interest expense of \$2.6 million associated with discontinued operations. Overall, interest expense was reduced by \$1.1 million as a result of the reduction in debt levels.

Other expenses in 1992 included a charge of \$2.7 million associated with the reduction in corporate staff and the write-down of certain intangible assets.

The 1993 effective tax rate on continuing operations of 28.0% compared to 28.8% in 1992. The reduction from the statutory federal rate of 35% was principally a result of non-taxable earnings of our Puerto Rican subsidiaries and foreign affiliates.

Earnings from continuing operations of \$11.8 million for 1993 reflect a 151% increase over 1992 earnings of \$4.7 million.

The Company incurred costs associated with the operating losses of the Brooks Athletic Footwear Division and Lamonts leased shoe department business in 1993 and 1992. The losses associated with the disposal of these operations totaled \$0.3 million in 1993 and \$14.9 million in 1992. Additionally, the corporation elected to adopt SFAS No. 109 ("Accounting for Income Taxes") and SFAS No. 106 ("Employers Accounting for Post-retirement Benefits Other Than Pensions") which resulted in a net charge to earnings of \$0.8 million in 1992.

Net earnings of \$11.5 million (\$1.10 per share) for 1993 compares to a loss of \$10.9 million (\$1.10 per share) for 1992. The change reflected the significant progress made in the core business units of the Company and the improvements resulting from the divestiture of the Brooks athletic business.

Liquidity and Capital Resources

Net cash provided by operating activities before working capital items was \$24.0 million in 1994 compared to \$19.2 million in 1993. Of these amounts, \$11.6 million in 1994 and \$13.6 million in 1993 were used to fund

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increases in working capital. The most significant changes in working capital were increases in accounts receivables and inventories which were the result of higher sales volumes and anticipated demand for product. Cash of \$0.7 million in 1994 and \$12.7 million in 1993 was provided from the discontinuance of the Lamonts and Brooks businesses.

Additions to property, plant and equipment of \$9.9 million in 1994 were higher than the \$6.6 million reported in 1993. The majority of these

expenditures were related to purchases of manufacturing equipment that were necessary to continue to upgrade our manufacturing facilities.

Short-term debt was reduced by \$0.5 million in 1994 and \$14.4 million in 1993. The significant reduction in 1993 was principally a reduction of debt related to the discontinued operations of Brooks.

Long-term debt of \$43.5 million at the end of 1994 remained relatively flat compared to \$44.9 million at the end of 1993. The Company issued a \$30.0 million 7.8% senior note and used the proceeds to extinguish previous 10.4% senior debt and reduced revolving credit obligations. Also, during 1994, holders of subordinated debt converted the underlying notes into 250,000 shares of the Company's common stock.

The Company paid dividends of \$1.7 million, or \$0.16 per share, which reflects a 50% increase over 1993 dividends per share. Additionally, shares issued under stock incentive plans provided cash of \$2.5 million in 1994 compared to \$2.2 million during 1993.

The Company has authorized a 25% increase in the dividend rate to \$0.05 per share for the first quarter of 1995.

The Company maintained its strong financial position as the current ratio remained stable at 3.9 to 1. Additionally, the Company maintains short-term borrowing and commercial letter-of-credit facilities of \$54.4 million of which \$21.4 million was used at the end of 1994.

The combination of cash flows from operations and available credit facilities will be sufficient to meet future capital needs.

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

Item 8. Financial Statements and Supplementary Data.

The response to this Item is set forth in Appendix A of this Annual Report on Form 10-K and is here incorporated by reference.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information regarding directors of the Company contained under the captions "Board of Directors" and "Section 16(a) Reporting Delinquencies" in the definitive Proxy Statement of the Company dated March 27, 1995, is incorporated herein by reference. The information regarding Executive Officers is provided in the Supplemental Item following Item 4 of Part I above.

Item 11. Executive Compensation.

The information contained under the captions "Compensation of

Directors," "Executive Compensation," "Employment Agreements, Termination of Employment and Change in Control Arrangements" and "Compensation Committee Interlocks and Insider Participation" in the definitive Proxy Statement of the Company dated March 27, 1995, is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information contained under the captions "Ownership of Common Stock" and "Securities Ownership of Management" contained in the definitive Proxy Statement of the Company dated March 27, 1995, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information regarding certain employee loans following the caption "Executive Compensation," under the subheading "Stock Options," and the information contained under the captions "Compensation of Directors," "Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Transactions" contained in the definitive Proxy Statement of the Company dated March 27, 1995, is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

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Item 14(a)(1). List of Financial Statements. Attached as Appendix A.

The following consolidated financial statements of Wolverine World Wide, Inc. and subsidiaries are filed as a part of this report:

- Consolidated Balance Sheets as of December 31, 1994 and January 1, 1994.
- Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended December 31, 1994, January 1, 1994 and January 2, 1993.
- Consolidated Statements of Operations for the Fiscal Years Ended December 31, 1994, January 1, 1994 and January 2, 1993.
- Consolidated Statements of Cash Flows for Fiscal Years Ended December 31, 1994, January 1, 1994 and January 2, 1993.
- Notes to Consolidated Financial Statements as of December 31, 1994.
- Report of Independent Auditors.

Item 14(a)(2). Financial Statement Schedules. Attached as Appendix B.

The following consolidated financial statement schedule of Wolverine World Wide, Inc. and subsidiaries is filed as a part of this report:

- Schedule II--Valuation and qualifying accounts of continuing operations.

All other schedules (I, III, IV, and V) for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

Item 14(a)(3). List of Exhibits.

Exhibit
Number

- 3(a) Certificate of Incorporation, as amended. Previously filed as Exhibit 4(a) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 3(b) Amended and Restated Bylaws. Previously filed as Exhibit 3(b) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.

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Exhibit
Number

- 4(a) The Certificate of Incorporation, as amended. See Exhibit 3(a) above.
- 4(b) Rights Agreement dated as of May 7, 1987, as amended and restated as of October 24, 1990. Previously filed with Amendment No. 1 to the Company's Form 8-A filed November 13, 1990. Here incorporated by reference. This agreement has been amended by the Second Amendment to Rights Agreement included as Exhibit 4(f) below.
- 4(c) Amended and Restated Credit Agreement dated as of October 13, 1994 with NBD Bank, N.A. as Agent.
- 4(d) 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(e) The Registrant has several classes of long-term debt instruments outstanding in addition to that described in Exhibit 4(d) above. The amount of none of these classes of debt outstanding on March 1, 1995 exceeds 10% of the Registrant's total consolidated assets. The Registrant 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.
- 4(f) Second Amendment to Rights Agreement made as of October 28, 1994 (amending the Rights Agreement included as Exhibit 4(b) above).
- 10(a) Stock Option Plan of 1979 and amendment.* Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988. Here incorporated by reference.
- 10(b) 1993 Stock Incentive Plan.* Previously filed as Exhibit 10(b) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10(c) 1988 Stock Option Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed July 21, 1988, Registration No. 33-23196. Here incorporated by

reference.

10(d) Amended and Restated Directors Stock Option Plan.*
Previously filed as an exhibit to the Company's Annual
Report on Form 10-K for the fiscal year ended January 1,
1994. Here incorporated by reference.

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Exhibit
Number

10(e) Amended and Restated Agreement executed on May 26, 1994 and
dated as of July 24, 1992, between the Company and Thomas D.
Gleason.* Previously filed as Exhibit 10(e) to the
Company's Quarterly Report on Form 10-Q for the period ended
June 18, 1994. Here incorporated by reference.

10(f) Employment Agreement dated April 27, 1993, between the
Registrant and Geoffrey B. Bloom.* Previously filed as
Exhibit 10(f) to the Company's Annual Report on Form 10-K
for the fiscal year ended January 1, 1994. Here
incorporated by reference.

10(g) Executive Short-Term Incentive Plan for 1994.* Previously
filed as Exhibit 10(g) to the Company's Annual Report on
Form 10-K for the fiscal year ended January 1, 1994. Here
incorporated by reference.

10(h) Management Short-Term Incentive Plan for 1994.* Previously
filed as Exhibit 10(h) to the Company's Annual Report on
Form 10-K for the fiscal year ended January 1, 1994. Here
incorporated by reference.

10(i) Stock Option Loan Program.* Previously filed as
Exhibit 10(h) to the Company's Annual Report on Form 10-K
for the fiscal year ended December 28, 1991. Here
incorporated by reference.

10(j) Deferred Compensation Agreements with Disability Benefits.*
The form of agreement was previously filed as Exhibit 10(i)
to the Company's Annual Report on Form 10-K for the fiscal
year ended January 2, 1993. Here incorporated by reference.
An updated participant schedule is attached as
Exhibit 10(j).

10(k) Deferred Compensation Agreements without Disability
Benefits.* The form of agreement was previously filed as
Exhibit 10(j) to the Company's Annual Report on Form 10-K
for the fiscal year ended January 2, 1993. Here
incorporated by reference. An updated participant schedule
is attached as Exhibit 10(k).

10(l) Executive Long-Term Incentive (Three Year) Plans for the
years 1991 to 1993 and 1992 to 1994.* Previously filed as
Exhibit 10(l) to the Company's Annual Report on Form 10-K
for the fiscal year ended December 28, 1991. Here
incorporated by reference.

10(m) Executive Long-Term Incentive (Three Year) Plan for the
three year period 1993-1995.* Previously filed as
Exhibit 10(l) to the Company's Annual Report on Form 10-K

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Exhibit
Number

for the fiscal year ended January 2, 1993. Here
incorporated by reference.

- 10(n) Executive Long-Term Incentive (Three Year) Plan for the three year period 1994-1996.* Previously filed as Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10(o) Termination of Employment and Change of Control Agreements.* The form of agreement was previously filed as Exhibit 10(m) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10(o).
- 10(p) Indemnification Agreements.* The form of agreement was previously filed as Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10(p).
- 10(q) Supplemental Retirement Benefits.* Previously filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988. Here incorporated by reference.
- 10(r) Benefit Trust Agreement dated May 19, 1987, and Amendments Numbers 1, 2 and 3 thereto.* Previously filed as Exhibit 10(p) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference.
- 10(s) Supplemental Director's Fee Arrangement dated April 27, 1993, between the Company and Phillip D. Matthews.* Previously filed as Exhibit 10(s) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10(t) Letter Agreement dated May 2, 1994, between the Company and George A. Andrews.*
- 10(u) 1984 Executive Incentive Stock Purchase Plan and amendment.* Previously filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988. Here incorporated by reference.
- 10(v) Asset Purchase Agreement dated January 29, 1993, concerning the sale of the Brooks Business. Previously filed as Exhibit No. 2 to the Company's Current Report on Form 8-K filed February 1, 1993. Here incorporated by reference.

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Exhibit
Number

- 10(w) Agreements relating to the sale of the assets of the three European Subsidiaries associated with the Brooks Business. Previously filed as Exhibits 2(a), 2(b) and 2(c) to the Company's Current Report on Form 8-K filed July 8, 1993. Here incorporated by reference.
- 10(x) Deferred Compensation Agreement dated as of April 21, 1994, between the Company and Charles F. Morgo.* Previously filed as Exhibit 10(x) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 10(y) Employment Agreement dated April 21, 1994, between the

Company and Charles F. Morgo.* Previously filed as Exhibit 10(y) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.

- 10(z) Restricted Stock Agreement dated April 21, 1994, between the Company and Charles F. Morgo.* Previously filed as Exhibit 10(z) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 10(aa) 1994 Directors' Stock Option Plan.* Previously filed as Exhibit 10(aa) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 11 Computation of Per Share Earnings.
- 21 Subsidiaries of Registrant.
- 23 Consent of Independent Auditors.
- 24 Powers of Attorney
- 27 Financial Data Schedule

*Management contract or compensatory plan or arrangement.

The Company will furnish a copy of any exhibit listed above to any stockholder without charge upon written request to Mr. Blake W. Krueger, General Counsel and Secretary, 9341 Courtland Drive, Rockford, Michigan 49351.

Item 14(b). Reports on Form 8-K.

No reports on Form 8-K were filed in the fourth quarter of the fiscal year ended December 31, 1994.

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SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

Dated: March 29, 1995

By: /s/Geoffrey B. Bloom
Geoffrey B. Bloom
President, Chief Executive
Officer and Director

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

Signature	Title	Date
*/s/Phillip D. Matthews Phillip D. Matthews	Chairman of the Board of Directors	March 29, 1995
/s/Geoffrey B. Bloom Geoffrey B. Bloom	President, Chief Executive Officer and Director	March 29, 1995

*s/Thomas D. Gleason Vice Chairman of the Board of March 29, 1995
Thomas D. Gleason Directors

*s/Timothy J. O'Donovan Executive Vice President and March 29, 1995
Timothy J. O'Donovan Director

*s/Stephen L. Gulis, Jr. Vice President and Chief March 29, 1995
Stephen L. Gulis, Jr. Financial Officer (Principal
Financial and Accounting
Officer)

*s/Daniel T. Carroll Director March 29, 1995
Daniel T. Carroll

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*s/Alberto L. Grimoldi Director March 29, 1995
Alberto L. Grimoldi

*s/David T. Kollat Director March 29, 1995
David T. Kollat

*s/David P. Mehney Director March 29, 1995
David P. Mehney

*s/Stuart J. Northrop Director March 29, 1995
Stuart J. Northrop

*s/Joseph A. Parini Director March 29, 1995
Joseph A. Parini

*s/Joan Parker Director March 29, 1995
Joan Parker

*s/Elizabeth A. Sanders Director March 29, 1995
Elizabeth A. Sanders

*by/s/Geoffrey B. Bloom
Geoffrey B. Bloom
Attorney-in-Fact

APPENDIX A

Wolverine World Wide, Inc. and Subsidiaries

Consolidated Balance Sheets

	As of Fiscal Year End	
	1994	1993
	(Thousands of Dollars)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,949	\$ 3,730
Accounts receivable, less allowances (1994--\$3,959; 1993--\$3,411)	70,669	62,322
Inventories:		
Finished products	48,637	36,118
Raw materials and work-in-process	30,388	31,387
	79,025	67,505
Refundable income taxes	1,629	1,594
Deferred income taxes	8,843	8,716
Net current assets of discontinued operations	991	2,940
Other current assets	4,430	2,622
Total current assets	168,536	149,429
Property, plant and equipment:		
Land	1,292	1,269
Buildings and improvements	30,638	28,241
Machinery and equipment	65,098	61,098
	97,028	90,608
Less accumulated depreciation	61,680	58,985
	35,348	31,623
Other assets	26,267	24,581
Total assets	\$230,151	\$205,633

Wolverine World Wide, Inc. and Subsidiaries

Consolidated Balance Sheets (continued)

As of Fiscal Year End
1994 1993

(Thousands of Dollars)

Liabilities and Stockholders' Equity

Current liabilities:

Notes payable to banks	\$ 1,432	\$ 1,948
Accounts payable	18,257	12,575
Salaries, wages and other compensation	8,474	8,998
Other accrued expenses	14,553	9,970
Current maturities of long-term debt	304	4,732
Total current liabilities	43,020	38,223
Long-term debt, less current maturities	43,482	44,913
Other liabilities:		
Unfunded retirement and other employee benefits	9,265	8,214
Deferred income taxes	1,860	1,533
	11,125	9,747

Stockholders' equity:

Common stock, \$1 par value:		
Authorized 25,000,000 shares;		
Issued, including treasury shares:		
1994--11,314,673 shares; 1993--11,042,129 shares;	11,315	7,622
Additional paid-in capital	25,004	26,469
Retained earnings	101,873	86,986
Accumulated translation adjustments	332	398
Cost of shares in treasury (deduct):		
1994--533,992 shares; 1993--781,778 shares;	(6,000)	(8,725)
Total stockholders' equity	132,524	112,750
Total liabilities and stockholders' equity	\$230,151	\$205,633

See accompanying notes to consolidated financial statements.

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Wolverine World Wide, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity

	1994	Fiscal Year 1993	1992
	(Thousands of Dollars)		
Common Stock			
Balance at beginning of the year	\$ 7,622	\$ 7,467	\$ 7,341
Common stock issued from exercise of stock options: (1994--222,967 shares; 1993--232,625 shares; 1992--189,123 shares)	179	155	126
Three-for-two stock split	3,514		
Balance at end of the year	11,315	7,622	7,467

Additional Paid In Capital			
Balance at beginning of the year	26,469	24,438	23,333
Excess of proceeds from exercise of stock options, including income tax benefits, over par value of shares issued	2,351	2,031	1,105
Excess of cost of treasury shares over face value of subordinated notes converted	(302)		
Three-for-two stock split	(3,514)		
Balance at end of the year	25,004	26,469	24,438
Retained Earnings			
Balance at beginning of the year	86,986	76,580	88,584
Net earnings (loss)	16,598	11,492	(10,941)
Cash dividends (1994--\$0.16 per share; 1993--\$0.11 per share; 1992--\$0.11 per share)	(1,711)	(1,086)	(1,063)
Balance at end of the year	101,873	86,986	76,580
Accumulated Translation Adjustments			
Balance at beginning of the year	398	351	(166)
Equity adjustments from foreign currency translation	(66)	47	517
Balance at end of the year	332	398	351
Cost of Shares in Treasury			
Balance at beginning of the year	(8,725)	(8,708)	(8,707)
Issuance of 250,000 shares of common stock from treasury upon conversion of subordinated notes	2,802		
Common stock purchased for treasury (1994--2,214 shares; 1993--526 shares; 1992--50 shares)	(77)	(17)	(1)
Balance at end of the year	(6,000)	(8,725)	(8,708)
Total stockholders' equity at end of the year <FN>	\$132,524	\$112,750	\$100,128

() Denotes deduction.

See accompanying notes to consolidated financial statements.

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Wolverine World Wide, Inc. and Subsidiaries
Consolidated Statements of Operations

	1994	Fiscal Year 1993	1992
	(Thousands of Dollars, Except Per Share Data)		
Net sales and other operating income	\$378,473	\$323,315	\$282,863
Costs and expenses:			
Cost of products sold	258,818	227,026	198,129
Selling and administrative expenses	90,297	76,543	72,447
Interest expense	3,981	4,745	3,305
Interest income	(644)	(859)	(420)
Other expenses (income) - net	598	(469)	2,804
	353,050	306,986	276,265
Earnings from continuing operations before income taxes	25,423	16,329	6,598
Income taxes	7,373	4,575	1,899
Earnings from continuing operations	18,050	11,754	4,699
Loss from discontinued operations, net of income taxes:			
Operating losses	(330)	(262)	(5,555)
Loss on disposals	(1,122)		(9,335)
	(1,452)	(262)	(14,890)
Cumulative effect of accounting changes:			
Income taxes			800
Retirement benefits, net of income taxes			(1,550)
			(750)
Net earnings (loss)	\$ 16,598	\$ 11,492	\$ (10,941)
Primary earnings (loss) per share:			
Continuing operations	\$ 1.65	\$ 1.12	\$.47
Discontinued operations	(.13)	(.02)	(1.50)
Cumulative effect of accounting changes			(.07)

Net earnings (loss)	\$ 1.52	\$ 1.10	\$ (1.10)
Fully diluted net earnings per share	\$ 1.50	\$ 1.07	

See accompanying notes to consolidated financial statements.

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Wolverine World Wide, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	1994	Fiscal Year 1993	1992
	(Thousands of Dollars)		
Operating Activities			
Net earnings (loss)	\$ 16,598	\$ 11,492	\$ (10,941)
Adjustments necessary to reconcile net earnings (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	5,664	5,182	5,176
Deferred income taxes	200	3,299	1,911
Pension income	(731)	(503)	(576)
Loss from discontinued operations	1,452	262	14,890
Cumulative effect of accounting changes			750
Other	855	(575)	(204)
Changes in operating assets and liabilities:			
Accounts receivable	(8,347)	(10,998)	2,609
Inventories	(11,520)	(6,312)	(2,711)
Other operating assets	(404)	2,347	(1,815)
Accounts payable	5,682	(1,813)	217
Other operating liabilities	2,944	3,139	(10,431)
Net cash provided by (used in) operating activities	12,393	5,520	(1,125)
Investing Activities			
Additions to property, plant and equipment	(9,858)	(6,605)	(4,061)
Cash from (used in) discontinued operations	747	12,664	(11,773)
Other	(930)	1,899	2,261
Net cash provided by (used in) investing activities	(10,041)	7,958	(13,573)
Financing Activities			
Proceeds from short-term borrowings	4,000	775	6,077
Payments of short-term debt	(4,516)	(15,204)	
Proceeds from long-term borrowings	75,886	57,000	45,000
Payments of long-term debt	(79,245)	(55,777)	(36,312)
Cash dividends paid	(1,711)	(1,086)	(1,063)
Purchase of common stock for treasury	(77)	(17)	(1)
Shares issued under stock incentive plans	2,530	2,186	1,231
Net cash provided by (used in) financing activities	(3,133)	(12,123)	14,932
Increase (decrease) in cash and cash equivalents	(781)	1,355	234
Cash and cash equivalents at beginning of year	3,730	2,375	2,141
Cash and cash equivalents at end of year	\$ 2,949	\$ 3,730	\$ 2,375
Other cash flow information			
Interest paid	\$ 4,361	\$ 5,661	\$ 6,723
Income taxes paid	4,219	957	2,495

() Denotes reduction in cash and cash equivalents.

See accompanying notes to consolidated financial statements.

December 31, 1994, January 1, 1994 and January 2, 1993

Note A--Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Wolverine World Wide, Inc. and its majority owned subsidiaries (the Company). Upon consolidation, all intercompany accounts, transactions and profits have been eliminated. The investment in a 35%-owned foreign affiliate is carried on the equity basis.

Fiscal Year

The Company's fiscal year is the 52- or 53-week period that ends on the Saturday nearest the end of December. Fiscal years presented herein include the 52-week periods ended December 31, 1994 and January 1, 1994, and the 53-week period ended January 2, 1993.

Revenue Recognition

Revenue is recognized on the sale of products when the related goods have been shipped and legal title has passed to the customer.

Cash Equivalents

All short-term investments with a maturity of three months or less when purchased are considered cash equivalents for purposes of the consolidated statements of cash flows.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for substantially all manufacturing inventories (see Note C). Inventories of the Company's retail operations are valued using the retail method.

Property, Plant and Equipment

Property, plant and equipment are stated on the basis of cost and include expenditures for new facilities, major renewals and betterments. Normal repairs and maintenance are expensed as incurred.

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note A--Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

Depreciation of plant and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

Income Taxes

The provision for income taxes is based on the earnings or loss reported in

the consolidated financial statements. A deferred income tax asset or liability is determined by applying currently enacted tax laws and rates to the cumulative temporary differences between the carrying value of assets and liabilities for financial reporting and income tax purposes. Deferred income tax expense or credit is measured by the change in the deferred income tax asset or liability during the year.

Earnings Per Share

Primary earnings (loss) per share are computed based on the weighted average shares of common stock outstanding during each period and, for 1994 and 1993, the assumed exercise of dilutive stock options. Stock options are not included in the computation of primary earnings per share in 1992 since they were not materially dilutive. Fully diluted earnings per share for 1994 and 1993 also include the effect of converting subordinated notes into common stock. Fully diluted earnings per share and the weighted average shares of common stock outstanding are not presented for 1992 since the effect of exercising stock options and converting subordinated notes was antidilutive.

Weighted average shares outstanding for purposes of calculating earnings (loss) per share are as follows:

	1994	1993	1992
Primary	10,905,371	10,477,824	9,941,154
Fully diluted	11,076,557	10,839,279	

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note A--Summary of Significant Accounting Policies (continued)

Financial Instruments

The Company's financial instruments, as defined by Statement of Financial Accounting Standards (SFAS) No. 107, consist of cash and cash equivalents, notes receivable and long-term debt. The Company's estimate of the fair value of these financial instruments approximates their carrying amounts at December 31, 1994. The fair value of these financial instruments was determined using discounted cash flow analysis and current interest rates for similar instruments.

Reclassifications

Certain amounts reported in 1993 and 1992 have been reclassified to conform with the presentation used in 1994.

Note B--Discontinued Operations

During the fourth quarter of 1994, the Company adopted a formal plan to withdraw from its Lamonts leased shoe department business, which involves management of shoe departments in department stores. The shoe department

leases expire in October 1995 and the Company expects to complete its exit of this business by the end of 1995.

In connection with this exit plan, an estimated after-tax loss of \$1,122,000 was recognized in 1994. The loss represents the cost of inventory liquidation, write-off of leasehold improvements and anticipated operating results during the phase-out period.

At the end of the third quarter of 1992, the Company announced its intent to dispose of its Brooks athletic footwear and sports apparel businesses. The Brooks businesses consisted of sales and distribution operations in the United States, France, Germany and the United Kingdom, sourcing activities primarily in the Far East, and worldwide licensing of rights to the brand name.

The Company recognized a loss of \$9,335,000 after income taxes in 1992 to provide for estimated losses on the disposal of the Brooks businesses, including anticipated operating results to the expected dates of sale.

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note B--Discontinued Operations (continued)

During 1993, the Company sold the Brooks businesses in separate transactions in exchange for cash and notes totaling approximately \$24,000,000. Notes receivable of \$7,170,000 were outstanding at December 31, 1994 and are collateralized by substantially all of the assets sold. The noncurrent portion of the notes receivable, representing amounts due of \$4,325,000 in 1996 and \$360,000 in 1997, is included in other assets.

Summarized operating results of the Lamonts and Brooks businesses are shown as discontinued operations in the accompanying consolidated statements of operations and are as follows:

	1994	1993	1992
	(Thousands of Dollars)		
Net Sales	\$9,061	\$9,828	\$50,092
Losses before income taxes	\$ 500	\$ 397	\$ 6,831
Income tax credit	(170)	(135)	(1,276)
Losses from operations	\$ 330	\$ 262	\$ 5,555

The operating results above include allocations of overhead and interest expense. Overhead expense of \$370,000 in 1993 and \$556,000 in 1992 was allocated based on a determination of costs not expected to be incurred by continuing operations. Interest expense of \$302,000 in 1994, \$325,000 in 1993 and \$2,600,000 in 1992 was allocated based on debt incurred to finance the discontinued operations.

Note C--Inventories

Inventories of \$60,198,000 at December 31, 1994 and \$47,887,000 at January 1, 1994 have been valued using the LIFO method. If the first-in, first-out (FIFO) method had been used, the amounts would have been \$19,667,000 and \$19,636,000 higher than reported at December 31, 1994 and January 1, 1994, respectively.

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note D--Notes Payable to Banks

Notes payable to banks consist of unsecured short-term borrowings of the Company's Canadian subsidiary. The notes bear interest at the Canadian prime rate (8% at December 31, 1994) plus 2%.

The Company also has short-term borrowing and commercial letter-of-credit facilities that allow for borrowings of up to \$54,400,000. Outstanding letters of credit amounted to approximately \$21,400,000 and \$13,400,000 at December 31, 1994 and January 1, 1994, respectively.

The weighted average interest rate associated with short-term borrowings outstanding was 10% at December 31, 1994 and 7.5% at January 1, 1994.

Note E--Long-Term Debt

Long-term debt consists of the following obligations:

	1994	1993
	(Thousands of Dollars)	
7.8% senior notes to insurance companies	\$30,000	
10.4% senior notes to insurance companies		\$21,429
Revolving credit obligations	13,000	25,000
Subordinated convertible notes		2,500
Other	786	716
	43,786	49,645
Less current maturities	304	4,732
	\$43,482	\$44,913

The 7.8% senior notes to insurance companies were issued on August 15, 1994 and the previous 10.4% senior notes were extinguished. The new note agreement requires equal annual principal payments of \$4,285,000 on August 15, 1998 through 2004. The prepayment penalty associated with the early extinguishment of debt was not significant.

Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note E--Long-Term Debt (continued)

The revolving credit agreement, which expires on October 13, 1998, provides for borrowings of up to \$50,000,000, with interest payable at variable rates based on both LIBOR and the prime rate (8.5% at December 31, 1994). As of December 31, 1994, the available unused credit under the agreement was \$37,000,000. Maximum borrowings under the agreement were \$40,000,000 in 1994 and \$46,000,000 in 1993.

The revolving credit and insurance company loan agreements contain restrictive covenants which, among other things, require the Company to maintain certain financial ratios and minimum levels of working capital and tangible net worth. The agreements also impose restrictions on securing additional debt and on sale and merger transactions. At December 31, 1994, retained earnings of \$21,311,000 are unrestricted under these covenants.

During 1994, the holders of the subordinated debt converted the notes into 250,000 shares of the Company's common stock, as allowed by the agreement.

Principal maturities of long-term debt during the four years subsequent to 1995 are as follows: 1996--\$112,000; 1997--\$113,000; 1998--\$17,350,000; 1999--\$4,350,000.

Note F--Leases

The Company leases machinery, transportation equipment and certain warehouse and retail store space under operating lease agreements that expire at various dates through 2002. At December 31, 1994, minimum rental payments due under all noncancelable leases are as follows (thousands of dollars):

1995	\$ 3,609
1996	2,742
1997	2,227
1998	1,628
1999	644
Thereafter	724
Total minimum lease payments	\$11,574

Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note F--Leases (continued)

Rental expense under all operating leases is as follows:

	1994	1993	1992
	(Thousands of Dollars)		
Minimum rentals	\$5,039	\$5,210	\$5,441
Contingent rentals	1,106	1,138	1,098
	\$6,145	\$6,348	\$6,539

Contingent rentals are based on retail store sales volume or equipment usage.

Note G--Capital Stock

On March 10, 1994, the Company announced a three-for-two stock split on shares of common stock outstanding as of March 21, 1994. All share and per share data included in the consolidated financial statements have been retroactively adjusted for the increased shares resulting from the stock split.

The Company's authorized capital includes 2,000,000 shares of preferred stock with a par value of \$1 per share. No preferred stock has been issued; however, the Company has designated 880,000 shares of preferred stock as Series A junior participating preferred stock for possible future issuance under the Company's stock rights plan, described below. Upon issuance, each share of Series A junior participating preferred stock will have 100 votes and a preferential quarterly dividend equal to the greater of \$6 per share or 100 times the dividend declared on the Company's common stock.

The Company's stock rights plan is designed to protect stockholder interests in the event the Company is confronted with coercive or unfair takeover tactics. Under its terms, each stockholder received one right for each share of common stock owned. The rights trade separately from common stock and become exercisable only upon the occurrence of certain triggering events. Each right, when exercisable, will entitle the holder to purchase one one-hundredth of a share of Series A junior participating preferred stock for \$40.

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note G--Capital Stock (continued)

In the event the Company is a party to a merger or other business combination, regardless of whether the Company is the surviving corporation, rights holders other than the party to the merger will be entitled to receive common stock of the surviving corporation worth twice the exercise price of the rights. The plan also provides for protection against self-dealing transactions by a 15% stockholder or the activities of an adverse person. The Company may redeem the rights for \$0.01 each at any time prior to fifteen days after a triggering event. Unless redeemed earlier, all rights expire on May 8, 1997.

The Company has stock incentive plans under which options to purchase shares of common stock may be granted to officers, other key employees and

nonemployee directors. Options are exercisable in equal annual installments of 25% over three years beginning on the date the options are granted. All unexercised options are available for future grants upon their cancellation.

A summary of the transactions under the plans follows:

	Shares Under Options		Option Price	
Outstanding at December 28, 1991	790,503	\$ 5.83	to	\$ 8.87
Granted in 1992	174,225	6.67	to	7.75
Exercised	(162,442)	5.83	to	7.75
Canceled	(93,862)	5.83	to	7.75
Outstanding at January 2, 1993	708,424	5.83	to	8.87
Granted in 1993	146,850	11.54	to	20.59
Exercised	(202,235)	5.83	to	12.00
Canceled	(1,238)	5.83	to	6.67
Outstanding at January 1, 1994	651,711	5.83	to	8.87
Granted in 1994	196,625	20.13	to	26.88
Exercised	(179,792)	5.83	to	13.25
Canceled	(4,536)	7.75	to	23.96
Outstanding at December 31, 1994	664,008	\$ 5.83	to	\$26.88
Exercisable at December 31, 1994	429,888	\$ 5.83	to	\$26.88
Available for future grants:				
At December 31, 1994	351,710			
At January 1, 1994	466,974			

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note G--Capital Stock (continued)

Certain of the stock incentive plans allow the Company to make stock awards to officers and other key employees at nominal exercise prices as consideration for future services. Common stock acquired under the plans is subject to certain restrictions, including prohibition against any sale, transfer or other disposition by the officer or employee, and a requirement to forfeit the award upon termination of employment. These restrictions lapse over a three- to five-year period from the date of the award. Shares aggregating 43,175 in 1994, 30,300 in 1993 and 29,550 in 1992 were awarded under the plans. There were no cancellations of stock awards in 1994 or 1993, and 2,913 shares were canceled in 1992. Additional shares awarded will reduce the number of shares identified as available for future grants in the above table.

Note H--Retirement Plans

The Company has noncontributory defined benefit pension plans covering a majority of domestic employees. The Company's principal defined benefit pension plan provides benefits based on the employee's years of service and final average earnings (as defined), while the other plans provide benefits at a fixed rate per year of service. The Company intends to annually contribute any amounts deemed necessary to maintain the plans on a sound actuarial basis.

The Company also has individual deferred compensation agreements with certain key employees that entitle them to receive payments from the Company for a period of fifteen to eighteen years following retirement. Under the terms of the individual contracts, the employees are eligible for reduced benefits upon early retirement.

In addition, the Company sponsors a noncontributory defined benefit plan that provides postretirement life insurance benefits to full-time employees who have worked ten or more consecutive years and attained age 60 while employed by the Company.

The Company does not provide postretirement medical benefits.

The Company has a defined contribution money accumulation plan covering substantially all employees that provides for Company contributions based on earnings. In 1994, the Company combined this plan with its principal defined benefit pension plan for funding purposes. Contributions to the money accumulation plan were \$935,000 in 1994, \$760,000 in 1993 and \$69,000 in 1992.

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note H--Retirement Plans (continued)

The following summarizes the status of the Company's pension assets and related obligations for its defined benefit pension plans:

	September 30	
	1994	1993
	(Thousands of Dollars)	
Pension assets at fair value	\$73,793	\$72,865
Actuarial present value of accumulated plan benefits:		
Vested	37,082	36,223
Nonvested	2,044	1,969
	39,126	38,192
Effect of estimated future increases in compensation	8,887	6,793
Projected benefit obligation for service rendered to date	48,013	44,985
Excess pension assets	\$25,780	\$27,880
Components of excess pension assets:		
Prepaid pension costs recognized in other assets	\$ 5,610	\$ 4,879
Unrecognized amounts, net of amortization:		
Transition assets	4,701	5,634
Prior service costs	(2,375)	(2,348)
Experience gains	17,844	19,715
	\$25,780	\$27,880

The discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 8.5% and 5%, respectively, in 1994 and 7.5% and 4%, respectively, in 1993. The effect of the assumption changes on the projected benefit obligation was not significant.

Plan assets were invested in listed equity securities (58%), fixed income funds (20%) and short-term and other investments (22%). Equity securities include 300,300 shares of the Company's common stock, with a fair value of \$7,733,000 at September 30, 1994.

Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note H--Retirement Plans (continued)

The following is a summary of net pension income recognized by the Company:

	1994	1993	1992
	(Thousands of Dollars)		
Service cost pertaining to benefits earned during the year	\$(2,410)	\$ (1,398)	\$(1,258)
Interest cost on projected benefit obligation	(3,292)	(3,247)	(3,052)
Actual net investment income	3,317	20,354	5,638
Net amortization and deferrals	3,116	(15,206)	(752)
Net pension income	\$ 731	\$ 503	\$ 576

The expected long-term return on plan assets was 9% in 1994, 1993 and 1992.

The Company adopted the provisions of SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, in 1992. SFAS No. 106 requires the estimated cost of life insurance benefits and deferred compensation agreements to be recognized over the period of employment to the date when employees are fully eligible to receive future benefits. The cumulative effect of adopting SFAS No. 106 was to decrease net earnings by \$1,550,000 (\$0.16 per share) in 1992.

The Company's accumulated postretirement life insurance benefit obligation is as follows:

	1994	1993
	(Thousands of Dollars)	
Retirees	\$ 675	\$ 731
Active plan participants	189	202
Accumulated postretirement benefit obligation	864	933
Unrecognized experience losses	(44)	(151)
Obligation recognized in other liabilities	\$ 820	\$ 782

The discount rate used in determining the accumulated postretirement life insurance benefit obligation was 8.5% in 1994 and 7.5% in 1993. The Company's expense for postretirement life insurance benefits was \$88,000 in 1994, \$70,000 in 1993 and \$50,000 in 1992.

Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note I--Income Taxes

Effective as of the beginning of 1992, the Company adopted SFAS No. 109, Accounting for Income Taxes. The new standard requires that an asset and liability approach be applied to accounting for income taxes and provides revised criteria for the recognition of deferred income tax assets. The cumulative prior year effect of adopting SFAS No. 109 was recorded in 1992 and decreased the net loss by \$800,000 (\$0.08 per share).

The provisions for income taxes pertaining to continuing operations consist of the following:

	1994	1993	1992
	(Thousands of Dollars)		
Currently payable (refundable):			
Federal	\$ 3,828	\$ (175)	\$ (1,388)
State and foreign	2,750	1,451	1,376
Deferred	795	3,299	1,911
	\$ 7,373	\$4,575	\$ 1,899

A reconciliation of the Company's total income tax expense and the amount computed by applying the statutory federal income tax rate of 35% (34% for 1992) to earnings from continuing operations before income taxes is as follows:

	1994	1993	1992
	(Thousands of Dollars)		
Income taxes at statutory rate	\$ 8,898	\$ 5,715	\$ 2,243
State income and foreign taxes, net of federal income tax reduction	757	340	65
Nontaxable earnings of Puerto Rican subsidiary and foreign affiliates	(1,712)	(1,202)	(292)
Reduction of deferred income tax asset valuation allowance	(1,000)		
Other	430	(278)	(117)
	\$ 7,373	\$ 4,575	\$ 1,899

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note I--Income Taxes (continued)

Deferred income taxes reflect the net income tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. Significant components of the Company's deferred income tax assets and liabilities as of the end of 1994 and 1993 are as follows:

1994

1993

(Thousands of Dollars)

Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	\$ 4,398	\$ 3,861
Deferred compensation accruals	2,425	2,841
Provision for losses on disposal of discontinued operations	1,004	454
Credit carryforwards		1,038
Other	4,530	5,765
	12,357	13,959
Valuation allowance (deduct)		(1,000)
Total deferred income tax assets	12,357	12,959
Deferred income tax liabilities:		
Excess tax depreciation	2,349	2,773
Prepaid pension costs	1,915	1,766
Unremitted earnings of Puerto Rican subsidiary	973	705
Other	137	532
Total deferred income tax liabilities	5,374	5,776
Net deferred income tax assets	\$ 6,983	\$ 7,183

The valuation allowance for deferred income tax assets was reduced in 1994 because of management's evaluation that such assets will be realized as a result of the Company's ability to generate future taxable income.

The Company has provided for substantially all taxes that would be payable if accumulated earnings of its Puerto Rican subsidiary were distributed. Similar taxes on the unremitted earnings of the Company's foreign affiliates have not been provided because such earnings are considered permanently invested. The additional taxes that would be payable if unremitted earnings of its foreign affiliates were distributed are not significant.

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note J--Litigation

The Company is involved in various environmental claims and other legal actions arising in the normal course of business. After taking into consideration legal counsel's evaluation of such actions, management is of the opinion that their outcome will not have a significant effect on the Company's consolidated financial position or results of operations.

Note K--Industry Information

The Company is principally engaged in the manufacture and sale of footwear, including casual shoes, slippers, moccasins, dress shoes, boots, uniform shoes and work shoes. The Company is also the largest domestic tanner of pigskin, which is used in a significant portion of shoes manufactured and sold by the Company and is sold to other domestic and foreign manufacturers of shoes and other products. Royalty income is derived from licensing the Company's trademarks to domestic and foreign licensees. As part of its footwear business, the Company operates a number of domestic retail shoe stores that sell Company-manufactured products as well as footwear manufactured by unaffiliated companies. Foreign operations consist of a 75%-owned Canadian subsidiary and factories located in the Dominican Republic and Mexico that produce shoe uppers for domestic operations. Export sales, foreign operations and related assets are not significant.

The Company markets its products primarily to customers in the retail sector. Although the Company closely monitors the credit worthiness of its

customers and adjusts its credit policies and limits as needed, a substantial portion of its debtors' ability to discharge amounts owed is dependent upon the retail economic environment. The Company does not believe that it is dependent upon any single customer, since none account for more than 10% of consolidated net sales.

Note L--Quarterly Results of Operations (unaudited)

The Company reports its quarterly results of operations on the basis of 12-week periods for each of the first three quarters and a 16-week period for the fourth quarter.

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Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note L--Quarterly Results of Operations (unaudited) (continued)

The following tabulation presents the Company's unaudited quarterly results of operations for 1994 and 1993. Certain reclassifications have been made to the amounts originally reported in the Company's quarterly reports on Form 10-Q to segregate the results of discontinued operations.

	1994			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Thousands of Dollars, Except Per Share Data)			
Net sales and other operating income	\$66,766	\$79,319	\$91,910	\$140,478
Gross margin	21,107	24,421	26,905	47,222
Earnings from continuing operations	1,391	2,463	3,757	10,439
Loss from discontinued operations	(100)	(79)	(70)	(1,203)
Net earnings	\$ 1,291	\$ 2,384	\$ 3,687	\$ 9,236
Net earnings (loss) per share:				
Primary:				
Continuing operations	\$.13	\$.23	\$.34	\$.95
Discontinued operations	(.01)	(.01)		(.11)
	\$.12	\$.22	\$.34	\$.84
Fully diluted	\$.12	\$.22	\$.33	\$.83

Wolverine World Wide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Note L--Quarterly Results of Operations (unaudited) (continued)

	1993			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Thousands of Dollars, Except Per Share Data)			
Net sales and other operating income	\$ 64,099	\$ 63,585	\$ 78,820	\$116,811
Gross margin	18,528	19,076	21,516	37,169
Earnings from continuing operations	825	1,119	2,092	7,718
Loss from discontinued operations	(125)	(35)	(44)	(58)
Net earnings	\$ 700	\$ 1,084	\$ 2,048	\$ 7,660
Net earnings (loss) per share:				
Primary:				
Continuing operations	\$.08	\$.11	\$.20	\$.73
Discontinued operations	(.01)			(.01)
	\$.07	\$.11	\$.20	\$.72
Fully diluted	\$.07	\$.11	\$.19	\$.70

Adjustments recorded in the fourth quarter of 1994 and 1993 relating principally to inventories increased earnings from continuing operations by \$615,000 (\$0.06 per share) in 1994 and \$1,910,000 (\$0.18 per share) in 1993.

Report of Independent Auditors

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of December 31, 1994 and January 1, 1994, and the related consolidated statements of stockholders' equity, operations and cash flows for each of the three fiscal years in the period ended December 31, 1994. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wolverine World Wide, Inc. and subsidiaries at December 31, 1994 and January 1, 1994, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended December 31, 1994, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 16, 1995

Schedule II -- Valuation and Qualifying Accounts of Continuing Operations

Wolverine World Wide, Inc. and Subsidiaries

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	(1)	(2)	Deductions- Describe	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts- Describe		
Fiscal year ended December 31, 1994					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$3,141,000	\$1,722,000		\$1,353,000 (A)	\$3,510,000
Allowance for cash discounts	270,000	1,236,000		1,057,000 (B)	449,000
	\$3,411,000	\$2,958,000		\$2,410,000	\$3,959,000
Fiscal year ended January 1, 1994					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$2,454,000	\$2,208,000		\$1,521,000 (A)	\$3,141,000
Allowance for cash discounts	262,000	1,770,000		1,762,000 (B)	270,000
	\$2,716,000	\$3,978,000		\$3,283,000	\$3,411,000
Fiscal year ended January 2, 1993					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$2,454,000	\$1,615,000		\$1,615,000 (A)	\$2,454,000
Allowance for cash discounts	396,000	1,636,000		1,770,000 (B)	262,000
	\$2,850,000	\$3,251,000		\$3,385,000	\$2,716,000

<FN>

(A) Accounts charged off, net of recoveries.

(B) Discounts given to customers.

Commission File No. 1-6024

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

EXHIBITS
TO
FORM 10-K

For the Fiscal Year
December 31, 1994

Wolverine World Wide, Inc.
9341 Courtland Drive
Rockford, Michigan 49351

EXHIBIT INDEX

Exhibit
Number

- 3(a) Articles of Incorporation, as amended. Incorporated by reference from Exhibit 3(a) of the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988.
- 3(b) Amended and Restated Bylaws. Previously filed as Exhibit 3(b) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 4(a) The Certificate of Incorporation, as amended. See Exhibit 3(a) above.
- 4(b) Rights Agreement dated as of May 7, 1987, as amended and restated as of October 24, 1990. Previously filed with Amendment No. 1 to the Company's Form 8-A filed November 13, 1990. Here incorporated by reference. This agreement has been amended by the Second Amendment to Rights Agreement included as Exhibit 4(f) below.
- 4(c) Amended and Restated Credit Agreement dated as of October 13, 1994 with NBD Bank, N.A. as Agent.
- 4(d) 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(e) The Registrant has several classes of long-term debt instruments outstanding in addition to that described in Exhibit 4(d) above. The amount of none of these classes of debt outstanding on March 1, 1995 exceeds 10% of the Registrant's total consolidated assets. The Registrant 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.
- 4(f) Second Amendment to Rights Agreement made as of October 28, 1994 (amending the Rights Agreement included as Exhibit 4(b) above).
- 10(a) Stock Option Plan of 1979 and amendment.* Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988. Here incorporated by reference.
- 10(b) 1993 Stock Incentive Plan.* Previously filed as Exhibit 10(b) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.

Exhibit
Number

- 10(c) 1988 Stock Option Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed July 21, 1988, Registration No. 33-23196. Here incorporated by reference.
- 10(d) Amended and Restated Directors Stock Option Plan.*

Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.

- 10(e) Amended and Restated Agreement executed on May 26, 1994 and dated as of July 24, 1992, between the Company and Thomas D. Gleason.* Previously filed as Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 10(f) Employment Agreement dated April 27, 1993, between the Registrant and Geoffrey B. Bloom.* Previously filed as Exhibit 10(f) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10(g) Executive Short-Term Incentive Plan for 1994.* Previously filed as Exhibit 10(g) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10(h) Management Short-Term Incentive Plan for 1994.* Previously filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10(i) Stock Option Loan Program.* Previously filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1991. Here incorporated by reference.
- 10(j) Deferred Compensation Agreements with Disability Benefits.* The form of agreement was previously filed as Exhibit 10(i) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10(j).
- 10(k) Deferred Compensation Agreements without Disability Benefits.* The form of agreement was previously filed as Exhibit (j) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10(k).

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Exhibit
Number

- 10(l) Executive Long-Term Incentive (Three Year) Plans for the years 1991 to 1993 and 1992 to 1994.* Previously filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1991. Here incorporated by reference.
- 10(m) Executive Long-Term Incentive (Three Year) Plan for the three year period 1993-1995.* Previously filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference.
- 10(n) Executive Long-Term Incentive (Three Year) Plan for the three year period 1994-1996.* Previously filed as Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10(o) Termination of Employment and Change of Control Agreements.*

The form of agreement was previously filed as Exhibit 10(m) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10(o).

- 10(p) Indemnification Agreements.* The form of agreement was previously filed as Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10(p).
- 10(q) Supplemental Retirement Benefits.* Previously filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988. Here incorporated by reference.
- 10(r) Benefit Trust Agreement dated May 19, 1987, and Amendments Numbers 1, 2 and 3 thereto.* Previously filed as Exhibit 10(p) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference.
- 10(s) Supplemental Director's Fee Arrangement dated April 27, 1993, between the Company and Phillip D. Matthews.* Previously filed as Exhibit 10(s) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10(t) Letter Agreement dated May 2, 1994, between the Company and George A. Andrews*
- 3-
- Exhibit
Number
- 10(u) 1984 Executive Incentive Stock Purchase Plan and amendment.* Previously filed as Exhibit (h) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988. Here incorporated by reference.
- 10(v) Asset Purchase Agreement dated January 29, 1993, concerning the sale of the Brooks Business. Previously filed as Exhibit No. 2 to the Company's Current Report on Form 8-K filed February 1, 1993. Here incorporated by reference.
- 10(w) Agreements relating to the sale of the assets of the three European Subsidiaries associated with the Brooks Business. Previously filed as Exhibits 2(a), 2(b) and 2(c) to the Company's Current Report on Form 8-K filed July 8, 1993. Here incorporated by reference.
- 10(x) Deferred Compensation Agreement dated as of April 21, 1994, between the Company and Charles F. Morgo.* Previously filed as Exhibit 10(x) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 10(y) Employment Agreement dated April 21, 1994, between the Company and Charles F. Morgo.* Previously filed as Exhibit 10(y) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 10(z) Restricted Stock Agreement dated April 21, 1994, between the Company and Charles F. Morgo.* Previously filed as Exhibit 10(z) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by

reference.

10(aa) 1994 Directors' Stock Option Plan.* Previously filed as Exhibit 10(aa) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.

11 Computation of Per Share Earnings.

21 Subsidiaries of Registrant.

23 Consent of Independent Auditors.

24 Powers of Attorney

27 Financial Data Schedule

*Management contract or compensatory plan or arrangement.

EXHIBIT 4(C)

AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF OCTOBER 13, 1994

BY AND AMONG

WOLVERINE WORLD WIDE, INC.

NBD BANK, N.A.

HARRIS TRUST AND SAVINGS BANK

COMERICA BANK

OLD KENT BANK AND TRUST COMPANY

AND

NBD BANK, NA., AS AGENT

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THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated October 13, 1994 (this "Agreement"), is among WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Company"), the Banks named in Section 2.1 hereof (collectively, the "Banks" and, individually, a "Bank"), and NBD BANK, N.A., a national banking association as agent for the Banks (in such capacity, the "Agent").

RECITAL

The Company desires to amend and restate in its entirety the Credit Agreement among the Company, NBD Bank, N.A., Harris Trust and Savings Bank, Old Kent Bank and Trust Company, Comerica Bank (as successor by merger to Manufacturers Bank, N.A.) and the Agent dated as of March 11, 1993 (the "Prior Credit Agreement"), in order to obtain a revolving bank credit in principal sum not to exceed \$50,000,000 to provide funds for its general corporate and working capital purposes, and the Banks are willing to so amend and restate the Prior Credit Agreement on the terms and conditions herein set forth.

AGREEMENT

In consideration of the premises and of the mutual agreements herein contained, the parties hereto agree that the Prior Credit Agreement shall be amended and restated in its entirety as follows:

ARTICLE I. DEFINITIONS

1.1 As used herein the following terms shall have the following respective meanings:

"Affiliate", when used with respect to any person, means any person which, directly or indirectly, controls or is controlled by or is under common control with such person. For purposes of this definition, control (including the correlative meanings of the terms "controlled by" and "under common control with"), with respect to any person, means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

"Applicable Margin" means the following margins for purposes of determining the Eurodollar Rate, as indicated in the following table:

	Fixed Charge Coverage Ratio		
Total Liabilities		3.0 to 1.0	
to Tangible Net	Less than	through	Greater than
Worth Ratio	3.0 to 1.0	4.0 to 1.0	4.0 to 1.0

Greater than 1.0 to 1.0	1.00%	.875%	.75%
0.8 to 1.0 through 1.0 to 1.0	.875%	.75%	.625%
Less than 0.8 to 1.0	.75%	.625%	.50%

The Applicable Margin shall be adjusted as of the first day of each fiscal quarter of the Company based on the Total Liabilities to Tangible Net Worth Ratio and the Fixed Charge Coverage Ratio at the end of the fiscal quarter immediately preceding the fiscal quarter most recently ended.

"Business Day" means a day other than a Saturday, Sunday or other day on which the Agent or any Bank is not open for the transaction of substantially all of its banking functions.

"Commitments" means the commitments of the Banks to lend hereunder pursuant to Section 2.1, in the respective amounts specified in Section 2.1, as such amounts may be reduced from time to time pursuant to Section 2.2.

"Contingent Liabilities" of any person means, as of any date, all obligations of such person or of others for which such person is contingently liable, as obligor, guarantor, surety or in any other capacity, or in respect of which obligations such person assures a creditor against loss or agrees to take any action to prevent any such loss (other than endorsements of negotiable instruments for collection in the ordinary course of business), including without limitation all reimbursement obligations of such person in respect of any letters of credit or similar obligations and all obligations of such person to advance funds to, or to purchase assets, property or services from, any other person in order to maintain the financial condition of such other person.

"Current Assets" and "Current Liabilities" of any person means, as of any date, all assets or liabilities, respectively, of such person which, in accordance with generally accepted accounting principles, should be classified as current assets or current liabilities, respectively, on a

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balance sheet of such person; provided, however, that for purposes of calculating the covenant contained in Section 7.2(a) and to the extent not otherwise included therein, all Loans and interest thereon shall be included in the term "Current Liabilities".

"Current Ratio" of any person means, as of any date, the ratio of Current Assets of such person to Current Liabilities of such person.

"Dollars" and "\$" means the lawful money of the United States of America.

"Effective Date" means the effective date specified in the final paragraph of this Agreement.

"Environmental Laws" at any date means all provisions of law, statute, ordinances, rules, regulations, judgments, writs, injunctions, decrees, orders, awards and standards (but only to the extent such standards could be determined to be legally binding or the violation of such standards could give rise to liability of the Company or any of its Subsidiaries) promulgated by the government of the United States of America or any foreign government or by any state, province, municipality or other political subdivision thereof or therein or by any court, agency, instrumentality, regulatory authority or commission of any of the foregoing concerning the protection of, or regulating the discharge of substances into, the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar Business Day" means, with respect to any Eurodollar Rate Loan, a day which is both a Business Day and a day on which dealings in Dollar deposits are carried out in the interbank market selected by the Agent with respect to such Eurodollar Rate Loan.

"Eurodollar Interest Period" means, with respect to any Eurodollar Rate Loan, the period commencing on the day such Eurodollar Rate Loan is made or converted to a Eurodollar Rate Loan and ending on the date 1, 2, 3, or 6 months thereafter, as the Company may elect under Section 3.1 or 3.5, and each subsequent period commencing on the expiry of the immediately preceding Eurodollar Interest Period and ending on the date 1, 2, 3, or 6 months thereafter, as the Company may elect under Section 3.1 or 3.5, provided, however, that (a) any Eurodollar Interest Period which commences on the last Eurodollar Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Eurodollar Business Day of the appropriate subsequent calendar month, (b) each Eurodollar Interest Period which would otherwise end on a day which is not a Eurodollar Business Day shall end on the next succeeding Eurodollar Business Day or, if such next succeeding Eurodollar Business Day falls in

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the next succeeding calendar month, on the next preceding Eurodollar Business Day, and (c) no Eurodollar Interest Period shall be permitted which would end after the Termination Date.

"Eurodollar Rate" means, with respect to any Eurodollar Rate Loan and the related Eurodollar Interest Period, the per annum rate that is equal to the sum of:

(a) the Applicable Margin, plus

(b) the per annum rate of interest determined by dividing (i) the per annum rate of interest at which deposits in Dollars for such Eurodollar Interest Period in an aggregate amount comparable to the amount of the Agent's portion of such Eurodollar Rate Loan are offered to NBD Bank, N.A. by other prime banks in the London or Nassau interbank market, selected in the Agent's discretion, at approximately 11:00 a.m. Detroit time, as the case may be, on the second Eurodollar Business Day prior to the first day of such Eurodollar Interest Period; by (ii) a percentage equal to 100% minus that percentage (expressed as a decimal) that is

specified on the first day of such Eurodollar Interest Period by the Board of Governors of the Federal Reserve System (or any successor agency thereto) for determining the maximum reserve requirement (including, without limitation, any marginal, emergency or special reserves) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of such Board) maintained by a member bank of such System;

all as conclusively determined by the Agent, such sum to be rounded up, if necessary, to the nearest whole multiple of 1/100 of 1%, and such Eurodollar Rate to be adjusted as and when any change occurs in the reserve requirements referred to in subparagraph (b) above.

"Eurodollar Rate Loan" means any Loan which bears interest at the Eurodollar Rate.

"Event of Default" means any of the events or conditions described in Section 8.1.

"Existing Note Agreements" means the Note Agreements, each dated as of August 1, 1994, Re: \$30,000,000 7.81% Senior Notes Due August 15, 2004, together with any document or instrument executed pursuant thereto, between the Company and each of Teachers Insurance and Annuity Association of America, The Minnesota Mutual Life Insurance Company, Farm Bureau Life Insurance Company of Michigan, FB Annuity Company, Federated Life Insurance Company and Federated Mutual Insurance Company.

"Fixed Charge Coverage Ratio" shall have the meaning ascribed thereto in Section 7.2(f).

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"Fixed Charges" means, for any period, the sum of (i) the excess of (x) all Interest expense on all Indebtedness (including imputed interest charges with respect to any lease, which in accordance with generally accepted accounting principles, is or should be capitalized on the books of the lessee) of the Company and its Subsidiaries payable with respect to such period over (y) all interest earnings received during such period and (ii) 33-1/3% of all Rentals (excluding Rentals payable with respect to leases which are or should be capitalized on the books of the lessee) payable during such period by the Company and its Subsidiaries.

"Floating Rate Loan" means any Loan which bears interest at the Prime Rate.

"generally accepted accounting principles" means generally accepted accounting principles in effect from time to time applied on a basis consistent with that reflected in the financial statements referred to in Section 6.6.

"Indebtedness" of any person means, as of any date, (a) all obligations of such person for borrowed money, (b) all obligations as lessee under any lease which, in accordance with generally accepted accounting principles, is or should be capitalized on the books of the lessee, and (c) all obligations of others similar in character to those described in clauses (a) and (b) of this definition for which such person is liable, contingently or otherwise, as obligor, guarantor or in any other capacity, or in respect of which obligations such person assures a creditor against loss or agrees to take any action to prevent any such loss (other than endorsements of negotiable instruments for the collection in the ordinary course of business), including without limitation all reimbursement obligations of such person in respect of letters of credit or similar obligations and all obligations of such person to advance funds

to, or to purchase assets, property or services from, any other person in order to maintain the financial condition of such person.

"Interest" means, for any period, all interest and all amortization of debt discount and expense on any particular Indebtedness for which such calculations are being made.

"Interest Payment Date" means (a) with respect to any Floating Rate Loan, the first Business Day of each month, commencing with the first such day occurring after the Effective Date, and (b) with respect to any Eurodollar Rate Loan, the last day of the Interest Period with respect to such Eurodollar Rate Loan and, if such Interest Period exceeds three months, the day in the third month following the month the Loan proceeds were disbursed (or, in the case of the continuation of a Loan as, or conversion of a Loan to, a Eurodollar Rate Loan, the day in the third month following the month in which such continuation or conversion occurred) that numerically corresponds to the date on which the Loan proceeds were disbursed (or to the date on which such continuation or conversion occurred) or, if there is no numerically corresponding day, the last Eurodollar Business Day of that third month.

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"Interest Period" means any Eurodollar Interest Period.

"Loan" means any borrowing under Section 3.1 and "Loans" means all of the borrowings under Section 3.1.

"Majority Banks" means Banks holding not less than 66-2/3% of the aggregate principal amount of the Notes then outstanding (or 66-2/3% of the Commitments if no principal amount is outstanding under the Notes).

"Material Subsidiary" shall mean any Subsidiary of the Company if:

(1) The assets of such Subsidiary (valued at the greater of book or fair market) as at the end of the immediately preceding fiscal year exceed 5% of Consolidated Total Assets (as defined in the Existing Note Agreements) of the Company and its Subsidiaries; or

(2) The aggregate sum of all assets (valued at the greater of book or fair market) of such Subsidiary, when combined with the assets of all other Subsidiaries to which Section 8.1(i) would have applied if not for the limitations set forth herein at any time during the three-year period immediately preceding the date of such determination, exceeds 5% of Consolidated Total Assets of the Company and its Subsidiaries; or

(3) The percentage of Consolidated Net Earnings (as defined in the Existing Note Agreements) of the Company and its Subsidiaries contributed by such Subsidiary during the immediately preceding fiscal year exceeds 5%; or

(4) 5% is less than the sum of (i) the percentage of Consolidated Net Earnings of the Company and its Subsidiaries contributed by such Subsidiary during its Applicable Year and (ii) the percentage of Consolidated Net Earnings of the Company and its Subsidiaries contributed during its Applicable Year by each other Subsidiary of the Company to which Section 8.1(i) would have applied at any time during the three-year period immediately preceding the date of such determination if not for the limitations set forth herein. The "Applicable Year" for each such Subsidiary shall be the last complete fiscal year of the Company and its Subsidiaries immediately preceding the date of the occurrence of the relevant event or circumstance described in Section 8.1(i).

"Net Income" of any person means, for any period, the net income (after deduction for income and other taxes of such person determined by reference to income or profits of such person) for such period, all as

determined in accordance with generally accepted accounting principles.

"Net Income Available for Fixed Charges" means, for any period, the sum of (i) consolidated Net Income of the Company and its Subsidiaries during such period plus (ii) to the extent deducted in determining Net

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Income, all provisions for all federal, state or other income taxes made by the Company and its Subsidiaries during such period plus (iii) consolidated Fixed Charges of the Company and its Subsidiaries during such period.

"Notes" means the promissory notes of the Company issued to the Banks evidencing the Loans, in substantially the form annexed hereto as Exhibit A, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Overdue Rate" means (a) in respect of principal on Floating Rate Loans, a rate per annum that is equal to the sum of three percent (3%) plus the Prime Rate, (b) in respect of Eurodollar Rate Loans, a rate per annum that is equal to the sum of three percent (3%) plus the per annum rate in effect thereon until the end of the then-current Eurodollar Interest Period for such Loan and thereafter a rate per annum that is equal to the sum of three percent (3%) plus the Prime Rate, and (c) in respect of other amounts payable by the Company hereunder (other than interest) a per annum rate that is equal to the sum of three percent (3%) plus the Prime Rate.

"PBGCC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"person" shall include an individual, a corporation, an association, a partnership, a trust or estate, a joint stock company, an unincorporated organization, a joint venture, a government (foreign or domestic), and any agency or political subdivision thereof, and any other entity.

"Plan" means, with respect to any person, any employee benefit or other plan maintained by such person for its employees and covered by Title IV of ERISA or to which Sec. 412 of the Internal Revenue Code of 1986, as amended from time to time, applies.

"Prime Rate" means the greater of (a) the per annum rate announced by the Agent from time to time as its "prime rate", which "prime rate" may not be the lowest rate charged by the Agent to any of its customers, such Prime Rate to change simultaneously with any change in such "prime rate", and (b) the per annum rate equal to the sum of one-half of one percent (1/2%) per annum plus the per annum rate established and announced by the Agent from time to time as the opening federal funds rate paid or payable by the Agent in its regional federal funds market for overnight borrowings from other banks.

"Rentals" means, with respect to any period, the excess of (x) all fixed rents (including all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable with respect to such period by the Company or its

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Subsidiaries as lessee or sublessee under a lease of real or personal

property (exclusive of any amounts required to be paid by the Company or its Subsidiaries, whether designated as rents or additional rents, on account of maintenance, repairs, insurance, taxes and similar charges) over (y) all such amounts received by the Company and its Subsidiaries as lessor under a lease of real or personal property during such period.

"Subsidiary" of any person means any corporation (whether now existing or hereafter organized or acquired) in which at least a majority of the securities of each class having ordinary voting power for the election of directors (other than securities which have such power only by reason of the happening of a contingency), at the time as of which any determination is being made, is owned, beneficially and of record, by such person or by one or more of the other Subsidiaries of such person or by any combination thereof.

"Tangible Net Worth" of any person means, as of any date (a) the amount of any capital stock or similar ownership liability plus (or minus in the case of a deficit) the capital surplus and retained earnings of such person and the amount of any foreign currency translation adjustment account shown as a capital account of such person, less (b) the net book value of all items of the following character which are included in the assets of such person: (i) goodwill, including without limitation the excess of cost over book value of any asset, (ii) organization or experimental expenses, (iii) unamortized debt discount and expense, (iv) stock discount and expense, (v) patents, trademarks, trade names and copyrights, (vi) treasury stock, (vii) deferred taxes and deferred charges, (viii) franchises, licenses and permits, and (ix) other assets which are deemed intangible assets under generally accepted accounting principles.

"Termination Date" means the earlier to occur of (a) October 13, 1998, and (b) the date on which the Commitments shall be terminated pursuant to Section 2.2 or 8.2.

"Total Liabilities" of any person means, as of any date, all obligations which, in accordance with generally accepted accounting principles, are or should be classified as liabilities on a balance sheet of such person.

"Total Liabilities to Tangible Net Worth Ratio" means, as of any date, the ratio of consolidated Total Liabilities of the Company and its Subsidiaries to consolidated Tangible Net Worth of the Company and its Subsidiaries.

1.2 As used herein, the terms "Agent", "Bank", "Banks", "Company" and "this Agreement" shall have the respective meanings ascribed thereto in the introductory paragraph of this Agreement. Such terms, together with the other terms defined in Section 1.1, shall include both the singular and the plural forms thereof and shall be construed accordingly. All computations required hereunder and all financial terms used herein shall be made or construed in accordance with generally accepted accounting principles unless such principles are inconsistent with

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the express requirements of this Agreement. Use of the terms "herein", "hereof", and "hereunder" shall be deemed references to this Agreement in its entirety and not to the Section or clause in which such term appears.

ARTICLE II. THE COMMITMENTS

2.1 Commitments of the Banks. The aggregate Commitment of the Banks shall be \$50,000,000. Each Bank agrees, for itself only, subject to the terms and conditions of this Agreement, to lend to the Company from time to time from the Effective Date until the Termination Date, sums not to exceed in aggregate principal amount at any time outstanding the amount set forth opposite its name below (or such proportionate lesser amount as

may result from a reduced amount of the available aggregate Commitment of the Banks during such period):

NAME OF BANK	COMMITMENT AMOUNT
NBD Bank, N.A.	\$27,500,000
Harris Trust and Savings Bank	\$10,000,000
Comerica Bank	\$ 7,500,000
Old Kent Bank and Trust Company	\$ 5,000,000
	\$50,000,000

Each borrowing under this Section 2.1 shall be made from the Banks pro rata in accordance with their Commitments.

2.2 Termination and Reduction of Commitments. The Company shall have the right to terminate or reduce the aggregate Commitments at any time and from time to time, provided that (a) the Company shall give five days' prior written notice of such termination or reduction to the Agent (with sufficient executed copies for each Bank) specifying the amount and effective date thereof, (b) each partial reduction of the aggregate Commitments shall be in a minimum amount of \$3,000,000 and in an integral multiple of \$1,000,000, and shall reduce all Commitments proportionately, (c) no such termination or reduction shall be permitted with respect to any portion of the Commitments as to which a request for a Loan pursuant to Section 3.1 is then pending, and (d) the Commitments may not be terminated if any Loans are then outstanding and may not be reduced below the principal amount of Loans then outstanding. The Commitments or any portion thereof so terminated or reduced may not be reinstated.

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2.3 Commitment Fees. The Company agrees to pay to the Agent for the pro rata benefit of the Banks a commitment fee on the daily average unused amount of the Commitments, for the period from the Effective Date to but excluding the Termination Date, in arrears, at a rate equal to three-eighths of one percent (3/8%) per annum. Accrued commitment fees shall be payable quarterly, in arrears, on the first Business Day of each January, April, July and October, commencing on such Business Day in the month of January, 1995, and on the Termination Date.

2.4 Unavailable Portion of Commitment; Fee Adjustment. The Company may, by a written notice delivered to the Agent, designate as unavailable up to \$20,000,000 of the Commitment, in increments of \$5,000,000, provided that the maximum unavailable portion of the Commitment may not exceed the lesser of (i) \$20,000,000 or (ii) the unused portion of the Commitment at the time of such designation. In the event of such designation, the commitment fee payable with respect to the unavailable portion of the Commitment for the period subsequent to the date of receiving such designation by the Agent shall be three-sixteenths of one percent (3/16%) rather than three-eighths of one percent (3/8%) as specified in Section 2.3. The Company may thereafter, upon not less than three (3) Business Days' prior written notice to the Agent, elect to make available hereunder all or any portion of the Commitment previously designated as unavailable, in increments of \$5,000,000, provided, that the Company shall pay to the Agent for the Banks' ratable benefit on or before the date such reinstated availability becomes effective, a commitment fee recovery computed on such reinstated amount at the rate of three-sixteenths

of one percent (3/16%) per annum for a period of ninety (90) days.

2.5 Agent's Fee. The Company agrees to pay to the Agent an agency fee for its services as Agent under this Agreement in such amounts and at such times as may be agreed upon by the Company and the Agent.

2.6 Closing Fee. The Company agrees to pay to the Agent for the pro rata benefit of the Banks a closing fee in an amount equal to \$62,500, payable on the Effective Date.

ARTICLE III. THE LOANS

3.1 Disbursement of Loans. (a) The Company shall give the Agent notice of each requested Loan in substantially the form of Exhibit B hereto (with sufficient executed copies for each Bank) not later than 11:00 a.m. Detroit time (i) three Eurodollar Business Days prior to the date of such requested Loan in the case of any Eurodollar Rate Loan, and (ii) on the date of such requested Loan in the case of a Floating Rate Loan, which notice shall specify whether a Eurodollar Rate Loan or Floating Rate Loan

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is requested and, in the case of each requested Eurodollar Rate Loan, the Interest Period to be initially applicable to such Loan. The Agent shall provide notice of such requested Loan to each Bank by 2:00 p.m. Detroit time on the date such notice is received by the Agent.

(b) Subject to the terms and conditions of this Agreement, the proceeds of any such requested Loan shall be made available to the Company by depositing the proceeds thereof, in immediately available funds, in an account maintained and designated by the Company at the principal office of the Agent, provided, that the proceeds of the initial Loan shall be used to pay all amounts owing to the Banks pursuant the Prior Credit Agreement and the promissory notes issued by the Company thereunder, at which time the commitments of the Banks under the Prior Credit Agreement shall be terminated. Each Bank, on the date of any such requested Loan, shall make its pro rata share of such Loan available in immediately available funds at the principal office of the Agent for disbursement to the Company. Unless the Agent shall have received notice from any Bank prior to the date of any requested borrowing under this Section 3.1 that such Bank will not make available to the Agent such Bank's pro rata portion of such borrowing, the Agent may assume that such Bank has made such portion available to the Agent on the date of such borrowing in accordance with this Section 3.1(b). If and to the extent such Bank shall not have so made such pro rata portion available to the Agent, the Agent may (but shall not be obligated to) make such amount available to the Company, and such Bank and the Company severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount is made available to the Company by the Agent until the date such amount is paid to the Agent, at a rate per annum equal to the rate at which overnight borrowings are available to the Agent from other banks in its regional federal funds market. If such Bank shall pay to the Agent such amount, the amount so paid shall constitute a Loan by such Bank as a part of such borrowing for purposes of this Agreement. The failure of any Bank to make its pro rata portion of any such borrowing available to the Agent shall not relieve any other Bank of its obligations to make available its pro rata portion of such borrowing on the date of such borrowing, but no Bank shall be responsible for failure of any other Bank to make such pro rata portion available to the Agent on the date of any such borrowing. Acceptance by the Company of any Loan in an amount less

than the amount requested by the Company as a result of any Bank's failure to make its pro rata portion of such borrowing available shall not constitute a waiver of the Company's right against such Bank for any damages resulting therefrom.

(c) All borrowings hereunder shall be evidenced by the Notes, and all such borrowings shall be due and payable and bear interest as provided in Article IV hereof. Each Bank is hereby authorized by the Company to note on the schedule attached to its Note or on its books and records, the date, the amount of its pro rata share of and the type of each Loan and the duration of the related Interest Period (if applicable), the amount of each payment or prepayment of principal thereon, and the other information provided for on such schedule, which schedule shall constitute

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prima facie evidence of the information so noted, provided that failure of any Bank to make any such notation shall not relieve the Company of its obligation to repay the outstanding principal amount of the Loans, all accrued interest thereon and other amounts payable with respect thereto in accordance with the terms of the Notes and this Agreement. Subject to the terms and conditions of this Agreement, the Company may borrow, prepay pursuant to Section 4.1 and reborrow Loans under this Section 3.1.

3.2 Conditions for Disbursement of Initial Loan. The obligation of the Banks to make the initial Loan hereunder is subject to receipt by each Bank of the following documents and satisfaction of the following conditions, each in form and substance satisfactory to each Bank:

(a) Certificates of recent date of the appropriate authority or official of the Company's state of incorporation listing all charter documents of the Company on file in that office and certifying as to the good standing and corporate existence of the Company, together with copies of such charter documents of the Company certified as of a recent date by such authority or official and certified as true and correct as of the Effective Date by a duly authorized officer of the Company;

(b) Copies of the by-laws of the Company, together with all authorizing resolutions and evidence of other corporate action taken by the Company to authorize the execution, delivery and performance by the Company of this Agreement and the Notes and the consummation of the transactions contemplated hereby, each certified as true and correct as of the Effective Date by a duly authorized officer of the Company;

(c) Certificates of incumbency of the Company containing, and attesting to the genuineness of, the signatures of those officers authorized to act on behalf of the Company in connection with this Agreement and the Notes and the consummation of the transactions contemplated hereby, certified as true and correct as of the Effective Date by a duly authorized officer of the Company;

(d) The Notes duly executed on behalf of the Company, appropriately completed for each Bank and dated on or before the date of such Loan;

(e) The favorable written opinion of Warner, Norcross & Judd, counsel for the Company, with respect to each of the matters as any of the Banks may reasonably request;

(f) Payment of the closing fee described in Section 2.6;
and

(g) Simultaneously with disbursement of the initial Loan hereunder, payment in full of all principal of all promissory notes issued pursuant to the Prior Credit Agreement and all accrued interest thereon through the Effective Date, together with payment in full of all other

indebtedness under the Prior Credit Agreement, including without limitation

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the payment of all commitment and facility fees accrued through the Effective Date under the Prior Credit Agreement, and on the Effective Date all commitments to lend under the Prior Credit Agreement shall terminate.

3.3 Conditions for Disbursement of Each Loan. The obligation of the Banks to make any Loan (including the initial Loan) is subject to the satisfaction of the following conditions precedent:

(a) The representations and warranties contained in Article VI shall be true and correct on and as of the date such Loan is made as if such representations and warranties were made on and as of such date; and

(b) No Event of Default, and no event or condition which would become such an Event of Default with notice or lapse of time, or both, shall exist or shall have occurred and be continuing on the date such Loan is made.

The Company shall be deemed to have made a certification to the Banks at the time of the making of each Loan to the effects set forth in clauses (a) and (b) of this Section 3.3.

3.4 Minimum Amounts. Except for conversions and prepayments of all Loans of a particular type and conversions or payments required pursuant to Section 4.4 or Article V, each Eurodollar Rate Loan and each conversion and prepayment thereof shall be in a minimum amount of \$4,000,000 and in an integral multiple of \$1,000,000, and each Floating Rate Loan and each conversion and prepayment thereof shall be in a minimum amount of \$1,000,000 and in an integral multiple of \$100,000.

3.5 Subsequent Elections as to Loans. The Company may elect to continue a Eurodollar Rate Loan of one type as a Eurodollar Rate Loan of the then-existing type or may elect to convert a Eurodollar Rate Loan of one type to a Loan of another type by giving notice thereof to the Agent (with sufficient executed copies for each Bank) in substantially the form of Exhibit C hereto not later than 11:00 a.m. Detroit time (a) three Eurodollar Business Days prior to the date any such continuation of or conversion to a Eurodollar Rate Loan is to be effective, and (b) on the date such continuation or conversion is to be effective in all other cases, provided that an outstanding Eurodollar Rate Loan may only be converted on the last day of the then-current Interest Period with respect to such Loan and, provided further, if a continuation of a Loan as, or a conversion of a Loan to, a Eurodollar Rate Loan is requested, such notice shall also specify the Interest Period to be applicable thereto upon such continuation or conversion. The Agent shall provide notice of such election to each Bank by 2:00 p.m. Detroit time on the date such notice is received by the Agent. If the Company shall fail timely to deliver such a notice with respect to any outstanding Eurodollar Rate Loan, the Company shall be deemed to have elected to convert such Loan to a Floating Rate Loan on the last day of the then-current Interest Period with respect to such Loan.

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3.6 Discretion of the Banks as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, each Bank shall be entitled to fund and maintain its funding of all or any part of its portion of the Loans in any manner it sees fit, it being understood, however that for the purposes of this Agreement all determinations hereunder shall be made as if each Bank had actually funded and maintained

each Eurodollar Rate Loan during each related Interest Period through the purchase of deposits in the relevant interbank market having a maturity corresponding to such related Interest Period and bearing an interest rate equal to the Eurodollar Rate for such Interest Period.

ARTICLE IV. PAYMENTS AND PREPAYMENTS OF LOANS

4.1 Principal Payments. Unless earlier payment is required under this Agreement, the Company shall pay to the Banks on the Termination Date the outstanding principal amount of the Loans.

4.2 Interest Payments. The Company shall pay interest to the Banks on the unpaid principal amount of each Loan, for the period commencing on the date such Loan is made until such Loan is paid in full, on each Interest Payment Date and at maturity (whether at stated maturity, by acceleration or otherwise), and thereafter on demand, at the following rates per annum:

(a) During such periods that such Loan is a Floating Rate Loan, the Prime Rate.

(b) During such periods that such Loan is an Eurodollar Rate Loan, the Eurodollar Rate applicable to such Loan for each related Eurodollar Interest Period.

(c) Notwithstanding any of the foregoing paragraphs, the Company hereby agrees to pay interest on demand at the Overdue Rate on the outstanding principal amount of any Loan and any other amount payable by the Company hereunder (other than interest) commencing upon the occurrence and continuing thereafter during the continuance of any Event of Default.

4.3 Optional Prepayment. The Company may at any time and from time to time prepay all or a portion of the Loans without premium or penalty, provided that the Company may not prepay any portion of any such Loan as to which an election for a continuation of or a conversion to any Eurodollar Rate Loan is pending pursuant to Section 3.5 and, provided, further, that unless earlier payment is required under this Agreement, any such Eurodollar Rate Loan may only be prepaid on the last day of the then-current Interest Period with respect to such Loan.

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4.4 Mandatory Prepayment. In addition to all other payments and prepayments made by the Company on the Loans, if at any time the aggregate Loans exceeds the aggregate Commitment of the Banks, the Company shall forthwith pay to the Banks an amount not less than the amount of such excess.

4.5 Payment Method. All payments to be made by the Company hereunder will be made in Dollars and in immediately available funds to the Agent for the account of the Banks at its address set forth in Section 10.2 not later than 11:00 a.m. Detroit time on the date on which such payment shall become due. Payments received after 11:00 a.m. Detroit time shall be deemed to be payments made prior to 11:00 a.m. Detroit time on the next succeeding Business Day. At the time of making each such payment, the Company shall specify to the Agent that obligation of the Company hereunder to which such payment is to be applied or, in the event that the Company fails to so specify or if an Event of Default shall have occurred and be continuing, the Agent may apply such payments as it may determine in its sole discretion. On the day such payments are deemed received, the Agent

shall remit to the Banks their pro rata shares of such payments, in immediately available funds, (a) in the case of payments of principal of and interest on the Loans, determined with respect to each such Bank by the ratio which the outstanding principal balance of its Note bears to the outstanding principal amount of all Notes, and (b) in the case of fees paid pursuant to Article II and other amounts payable hereunder, determined with respect to each such Bank by the ratio which the Commitment of such Bank bears to the Commitments of all the Banks.

4.6 No Setoff or Deduction. All payments of principal of and interest on the Loans and other amounts payable by the Company hereunder shall be made by the Company without setoff or counterclaim, and free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments, or other charges of whatever nature, imposed by any governmental authority, or by any department, agency or other political subdivision or taxing authority.

4.7 Payment on Non-Business Day; Payment Computations. Except as otherwise provided in this Agreement to the contrary, whenever any installment of principal of, or interest on, any Loan outstanding hereunder or any other amount due hereunder becomes due and payable on a day which is not a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of any installment of principal, interest shall be payable thereon at the rate per annum determined in accordance with this Agreement during such extension. Computations of interest and other amounts due under this Agreement shall be made on the basis of a year of 360 days for the actual number of days elapsed, including the first day but excluding the last day of the relevant period.

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ARTICLE V. YIELD PROTECTION AND CONTINGENCIES

5.1 Additional Costs. In the event that the adoption after the Effective Date of any applicable law, treaty, rule or regulation (whether domestic or foreign), or any interpretation or administration after the Effective Date of any applicable law, treaty, rule or regulation (whether domestic or foreign) by any governmental authority charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive of any such authority (whether or not having the force of law), shall (a) affect the basis of taxation of payments to any Bank of any amounts payable by the Company under this Agreement (other than federal or state income taxes or taxes imposed on the overall net income of the Bank or the Michigan Single Business Tax), or (b) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by any Bank, or (c) shall impose any penalty or other condition with respect to this Agreement, the Notes or the Loans, and the result of any of the foregoing is to increase the cost to any Bank of making or maintaining any Eurodollar Rate Loan or to reduce the amount of any sum receivable by such Bank thereon, then, provided the Bank has complied with the notice provisions of this Section 5.1, the Company shall pay to such Bank, from time to time upon request by such Bank, additional amounts sufficient to compensate the Bank for such increased cost to or reduced sum receivable by the Bank to the extent such Bank is not expressly compensated therefor in the computation of the interest rate applicable to such Loan. Any Bank seeking reimbursement shall give the Company written notice, in reasonable detail, of the law, treaty, rule or regulation, or any interpretation or administration thereof, which may give rise to the increased cost or reduced sum receivable to the Bank and the reimbursement obligation of the Company. Such notice, together with a detailed statement as to the amount

of such increased cost or reduced sum receivable, prepared in good faith, shall be given to the Company within 90 days after such Bank has actual notice of such law, treaty, rule or regulation, or any applicable interpretation or administration thereof, and the Company shall make payment to such Bank of the amount due within 15 days after receipt by the Company of such notice and statement.

5.2 Limitation of Requests and Elections. Notwithstanding any other provision of this Agreement to the contrary, if, upon receiving a request for a Eurodollar Rate Loan pursuant to Section 3.1, or a request for a continuation of a Eurodollar Rate Loan as a Eurodollar Rate Loan of the then existing type pursuant to Section 3.5, or conversion of a Loan to a Eurodollar Rate Loan pursuant to Section 3.5, (a) in the case of any Eurodollar Rate Loan, deposits in Dollars for periods comparable to the Interest Period elected by the Company are not available to any Bank in the relevant inter-bank or secondary market, or (b) the Eurodollar Rate will not adequately and fairly reflect the cost to any Bank of making or maintaining the related Eurodollar Rate Loan, as the case may be, or (c) by reason of national or international financial, political or economic conditions or by reason of any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect, or the interpretation or administration thereof by any governmental authority

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charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive of such authority (whether or not having the force of law), including without limitation exchange controls, it is impracticable, unlawful or impossible for any Bank (i) to make the relevant Eurodollar Rate Loan or (ii) to continue such Eurodollar Rate Loan as a Eurodollar Rate Loan of the then existing type or (iii) to convert a Loan to such a Eurodollar Rate Loan, then the Company shall not be entitled, so long as such circumstances continue, to request a Eurodollar Rate Loan of the affected type pursuant to Section 3.1 or a continuation of or conversion to a Eurodollar Rate Loan of the affected type pursuant to Section 3.5. In the event that such circumstances no longer exist, the Banks shall again consider requests for Eurodollar Rate Loans of the affected type pursuant to Section 3.1, and requests for continuations of and conversions to Eurodollar Rate Loans of the affected type pursuant to Section 3.5.

5.3 Illegality and Impossibility. In the event that any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect and whether or not presently applicable to any Bank, or any interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive of such authority (whether or not having the force of law), including without limitation exchange controls, shall make it unlawful or impossible for any Bank to maintain any Eurodollar Rate Loan under this Agreement, the Company shall upon receipt of notice thereof from such Bank, repay in full to all of the Banks the then outstanding principal amount of each Eurodollar Rate Loan so affected together with all accrued interest thereon to the date of payment and all amounts due to the Banks, if any, under Section 5.5, (a) on the last day of the then-current Interest Period applicable to such Loan if the Bank may lawfully continue to maintain such Loan to such day, or (b) immediately if the Bank may not continue to maintain such Loan to such day.

5.4 Additional Contingencies. If by reason of the adoption after the Effective Date of any applicable law, treaty, rule or regulation, or any interpretation or administration after the Effective Date of any applicable law, treaty, rule or regulation by any governmental authority charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive of such authority (whether or not having the force of law), the ability of the Agent to establish the Prime Rate shall be limited or restricted (other than by limitations or restrictions affecting the charging of interest generally), the Agent shall

promptly provide notice thereof to the Company and the Banks. Thereafter, the Company, the Agent and the Banks shall negotiate with a view to agreeing to a mutually acceptable alternative basis to make and maintain Floating Rate Loans. If an alternative basis is agreed upon within 30 days after the date of such notice, it shall apply in accordance with the terms of such agreement. If such alternative basis is not agreed upon within such 30-day period, the Company shall on the 31st day after such notice is given repay in full the then-outstanding principal amount of each Floating Rate Loan so affected together with accrued interest thereon (computed at the rate applicable to such Floating Rate Loans immediately preceding the

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imposition of such limitations or restrictions for the period after such imposition) and, during the continuance of such circumstances, the Company shall not be entitled to request Floating Rate Loans so affected pursuant to Section 3.1 or continuations of or conversions to Floating Rate Loans so affected pursuant to Section 3.5.

5.5 Indemnification. If the Company makes any payment of principal with respect to any Eurodollar Rate Loan on any other date than the last day of an Interest Period applicable thereto (whether pursuant to Section 4.4, Section 5.3, Section 8.2 or otherwise), or if the Company fails to borrow any Eurodollar Rate Loan after notice has been given in accordance with Section 3.1 (except if such failure is due to circumstances described in Section 5.2), or fails to make any payment of principal or interest in respect of a Eurodollar Rate Loan when due, the Company shall reimburse each Bank on demand for any resulting loss or expense incurred by each such Bank, including without limitation any loss incurred in obtaining, liquidating or employing deposits from third parties, provided that (a) the Company shall not be required to reimburse any Bank under this Section 5.5 for any such loss or expense not attributable to the relevant Loan (i.e., the Loan with respect to which such nonconforming payment is made, or the Loan that is not borrowed by the Company after such notice is given, or the Loan with respect to which such due payment is not made) being a Eurodollar Rate Loan, and (b) the Company shall have no liability under this Section 5.5 with respect to any prepayment pursuant to Section 5.3 that is required due to the application of any law, treaty, rule or regulation, any interpretation or administration thereof, or any request or directive, as the case may be, in effect prior to the Effective Date. A detailed statement as to the amount of such loss or expense, prepared in good faith and submitted by such Bank to the Company, shall be prima facie evidence of the amount thereof.

5.6 Capital Adequacy. In the event that the adoption after the Effective Date of any applicable law, treaty, rule or regulation (whether domestic or foreign), or any interpretation or administration after the Effective Date of any applicable law, treaty, rule or regulation by any governmental authority charged with the interpretation or administration thereof, or compliance by any Bank or any corporation controlling such Bank with any request or directive of any such authority (whether or not having force of law) regarding capital adequacy or a change therein, or compliance by any Bank, any such controlling corporation or any of their branches with any request or directive regarding capital adequacy of any such authority, has or would have the effect of reducing the rate of return on such Bank's or such controlling corporation's capital as a consequence of its obligations hereunder to a level below that which such Bank or such controlling corporation would have achieved but for any of the foregoing by an amount deemed by such Bank to be material, the Company shall pay to such Bank, from time to time upon request by such Bank, additional amounts sufficient to compensate such Bank or such controlling corporation for such reduction, provided that the Company shall not be required to pay such compensation to any Bank or corporation controlling such Bank, as the case may be, to the extent such reduction is attributable to any such law, treaty, rule or regulation, or interpretation or administration thereof, or

request or directive, as the case may be, that is not generally applicable to (a) in the case of each Bank that is a national bank, all national banks, or (b) in the case of any of the Banks, all banks organized under the same authority as such Bank (i.e., if such Bank is a State of Michigan chartered bank, all State of Michigan chartered banks and if such Bank is a federal savings bank, all federal savings banks, etc.) in any of the states in which such Bank has an office. Any Bank seeking reimbursement shall give the Company written notice, and reasonable detail, of the law, treaty, rule or regulation, or any interpretation or administration thereof, which may give rise to the increased cost or reduce some receivable to the Bank or such controlling corporation and the reimbursement obligation of the Company. Such notice, together with a detailed statement as to the amount of such increased cost or reduce some receivable, prepared in good faith, shall be given to the Company within ninety (90) days after such Bank has actual notice of such law, treaty, rule or regulation, or any applicable interpretation or administration thereof, and the Company shall make payment to such Bank of the amount due within fifteen (15) days after receipt by the Company of such notice and statement.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

The Company represents and warrants that:

6.1 Corporate Existence and Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business in each additional jurisdiction in which (a) such qualification is necessary under applicable law and (b) the failure to be so qualified would have a material adverse effect on the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Subsidiaries taken as a whole. The Company has all requisite corporate power to own its properties land to carry on its business as now being conducted and as proposed to be conducted, and to execute and deliver this Agreement and the Notes and to engage in the transactions contemplated by this Agreement.

6.2 Corporate Authority. The execution, delivery and performance by the Company of this Agreement and the Notes are within its corporate powers, have been duly authorized by all necessary corporate action and are not in contravention of any law, rule or regulation, or any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental authority, or of the terms of the Company's charter or by-laws, or of any contract or undertaking to which the Company is a party or by which the Company or its property may be bound or affected.

6.3 Binding Effect. This Agreement is, and the Notes when delivered hereunder will be, legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting

enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

6.4 Subsidiaries. Schedule 6.4 hereto correctly sets forth the corporate name, jurisdiction of incorporation and ownership percentage with respect to each Subsidiary of the Company. Each such Subsidiary and each corporation becoming a Subsidiary of the Company after the date hereof is and will be a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and is and will be duly qualified to do business in each additional jurisdiction in

which (a) such qualification is necessary under applicable law and (b) the failure to be so qualified would have a material adverse effect on the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Subsidiaries taken as a whole, except WWW Europe, Ltd., which is in the process of being dissolved and liquidated, is not in good standing in the United Kingdom, which is the jurisdiction in which it was organized. Each Subsidiary of the Company has and will have all requisite corporate power to own its properties and to carry on its business as now being conducted and as proposed to be conducted. All outstanding shares of capital stock of each class of each Subsidiary of the Company have been and will be validly issued and are fully paid and nonassessable and, except as otherwise indicated in Schedule 6.4 hereto or disclosed in writing to the Banks from time to time, are and will be owned, beneficially and of record, by the Company or another Subsidiary of the Company free and clear of any liens, charges, encumbrances or rights of others whatsoever.

6.5 Litigation. Except as disclosed on Schedule 6.5 hereto, there is no action, suit or proceeding pending or, to the best of the Company's knowledge, threatened against or affecting the Company or any of its Subsidiaries before or by any court, governmental authority, or arbitrator, which if adversely decided might result, either individually or collectively, in any material adverse change in the business, properties, operations or conditions, financial or otherwise, of the Company or of the Company and its Subsidiaries taken as a whole, and, to the best of the Company's knowledge, there is no basis for any such action, suit or proceeding.

6.6 Financial Condition. The consolidated balance sheet of the Company and its Subsidiaries and the consolidated statements of income, retained earnings and changes in financial position of the Company and its Subsidiaries for the fiscal year ended December 31, 1993, and certified by Ernst & Young, independent certified public accountants, and the interim consolidated balance sheet and interim consolidated statements of income, retained earnings and changes in financial position of the Company and its Subsidiaries, as of or for the fifth accounting period ended on May 21, 1994, copies of which have been furnished to the Banks, fairly present the consolidated financial position of the Company and its Subsidiaries as at the respective dates thereof, and the consolidated results of operations of the Company and its Subsidiaries for the respective periods indicated, all in accordance with generally accepted accounting principles consistently applied (subject, in the case of said interim statements, to year-end audit

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adjustments). There has been no material adverse change in the business, properties, operations or condition, financial or otherwise, of the Company or of the Company and its Subsidiaries taken as a whole, since December 31, 1993.

6.7 Use of Loans. Neither the Company nor any of its Subsidiaries extends or maintains, in the ordinary course of business, credit for the purpose, whether immediate, incidental, or ultimate, of buying or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Loan will be used for the purpose, whether immediate, incidental, or ultimate, of buying or carrying any such margin stock or maintaining or extending credit to others for such purpose.

6.8 Consents, Etc. No consent, approval or authorization of or declaration, registration or filing with any governmental authority or any nongovernmental person or entity, including without limitation any creditor or stockholder of the Company or any of its Subsidiaries, is required on the part of the Company in connection with the execution, delivery and performance of this Agreement or the Notes or the transactions contemplated hereby or as a condition to the legality, validity or enforceability of this Agreement or the Notes.

6.9 Taxes. The Company and its Subsidiaries have filed all tax returns (federal, state and local) required to be filed and have paid all taxes shown thereon to be due, including interest and penalties, or have established adequate financial reserves on their respective books and records for payment thereof.

6.10 Title to Properties. Except as set forth in the financial statements described in Section 6.6 or as otherwise disclosed in the financial statements delivered pursuant to Section 7.1(d), the Company and its Subsidiaries have good and marketable title to, and valid indefeasible ownership interests in, all of their respective material properties and assets free and clear of any lien, charge, security interest or other encumbrance of any kind, except such as are permitted by Section 7.2(f).

6.11 Existing Note Agreements. There is no default under any Existing Note Agreement, as amended or modified from time to time, or under any agreement, document or instrument issued in exchange or substitution therefor or as a supplement thereto, nor is there any event or condition which would, unless sooner cured, become such a default with notice or lapse of time, or both.

6.12 Environmental and Safety Matters. Except as described on Schedule 6.12 attached hereto, (a) the Company and each Subsidiary is in substantial compliance with all federal, state and local laws, ordinances and regulations relating to safety and industrial hygiene or to the environmental condition, including without limitation all Environmental Laws in jurisdictions in which the Company or any Subsidiary owns or operates, or has owned or operated, a facility or site, or arranges or has arranged for disposal or treatment of hazardous substances, solid waste, or

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other wastes, accepts or has accepted for transport any hazardous substances, solid wastes or other wastes or holds or has held any interest in real property or otherwise; (b) no material demand, claim, notice, suit, suit in equity, action, administrative action, investigation or inquiry whether brought by any governmental authority, private person or entity or otherwise, arising under, relating to or in connection with any Environmental Laws is pending or threatened against the Company or any of its Subsidiaries, any real property in which the Company or any such Subsidiary holds or has held an interest or any past or present operation of the Company or any Subsidiary; (c) neither the Company nor any of its Subsidiaries (i) is the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic substances, radioactive materials, hazardous wastes or related materials into the environment, (ii) has received any notice of any toxic substances, radioactive materials, hazardous waste or related materials in, or upon any of its properties in violation of any Environmental Laws, or (iii) knows of any basis for any such investigation, notice or violation; and (d) no material release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring or has occurred on, under or to any real property in which the Company or any of its Subsidiaries holds any interest or performs any of its operations, in violation of any Environmental Law. Notwithstanding the foregoing, the Company will not be in default or breach of this Section unless and until any of the events or matters referenced in this Section is reasonably expected to result in any material adverse change in the business, operations, properties, or condition, financial or otherwise, of the Company and its Subsidiaries, on a consolidated basis.

6.13 Indebtedness. All Indebtedness of the Company and its Subsidiaries in a principal amount equal to or greater than \$100,000, other than the Existing Note Agreements, is listed on Schedule 6.13 hereto.

7.1 Affirmative Covenants. The Company covenants and agrees that, until the Termination Date and thereafter until the payment in full of the principal of and accrued interest on the Notes and the performance of all other obligations of the Company under this Agreement, unless the Majority Banks shall otherwise consent in writing, it shall, and except as to subsection (d), shall cause each of its Subsidiaries to:

(a) Preservation of Corporate Existence, Etc. Preserve and maintain its corporate existence, rights, privileges, licenses, franchises and permits and qualify and remain qualified as a validly existing corporation in good standing in each jurisdiction where the failure to so qualify and be in good standing would have a material adverse effect on the business, property, operations or condition, financial or otherwise, of the Company or of the Company and its Subsidiaries taken as a whole.

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(b) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authority (compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property), noncompliance with which could materially and adversely affect the financial condition or operations of the Company or of the Company and its Subsidiaries taken as a whole, or the legality, validity or enforceability of this Agreement or the Notes, except to the extent that compliance with any of the foregoing is then being contested in good faith by appropriate legal proceedings and with respect to which adequate financial reserves have been established on the books and records of the Company or such Subsidiary.

(c) Maintenance of Insurance. Maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties similarly situated.

(d) Reporting Requirements. Furnish to the Banks the following:

(i) Immediately after becoming aware of the occurrence of any Event of Default or any event or condition which, with notice or lapse of time, or both, would constitute an Event of Default, a statement of the chief financial officer of the Company setting forth details of such Event of Default or such event or condition and the action which the Company has taken and proposes to take with respect thereto;

(ii) As soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter, and the related consolidated statements of income, retained earnings and changes in financial position for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding fiscal year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer of the Company as having been prepared in accordance with generally acceptable accounting principles, together with a certificate of the chief financial officer of the Company stating (A) that no Event of Default or event or condition which, with notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing or, if an Event of Default or such an event or

condition has occurred and is continuing, a statement setting forth the details thereof and the action which the Company has taken and proposes to take with respect thereto, and (B) that a computation (which computation shall accompany such certificate and shall be in reasonable detail) showing whether compliance

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with Sections 7.2(a) through (d) is in conformity with the terms of this Agreement;

(iii) As soon as available and in any event within 90 days after the end of each fiscal year of the Company, a copy of the consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of income, retained earnings and changes in financial position of the Company and its Subsidiaries for such fiscal year, certified without qualifications unacceptable to either the Agent or the Majority Banks by Ernst & Young, or other independent certified public accountants selected by the Company and acceptable to the Agent, together with a certificate of such accountants stating (A) that they have reviewed this Agreement and stating further whether, in the course of their review of such financial statements, they have become aware of any Event of Default or any event or condition which, with notice or lapse of time, or both, would constitute an Event of Default and, if such an Event of Default or such a condition or event then exists and is continuing, a statement setting forth the nature and status thereof, and (B) that a computation by the Company (which computation shall accompany such certificate and shall be in reasonable detail) showing whether compliance with Sections 7.2(a) through (d), is in conformity with the terms of this Agreement;

(iv) Promptly after the sending or filing thereof, copies of all reports, proxy statements and financial statements which the Company or any of its Subsidiaries sends to any of their respective security holders or to any securities exchange or to the Securities and Exchange Commission or any successor agency thereof;

(v) Promptly, written notice of any extension, renewal, supplement, amendment, modification, substitution, restatement or replacement of, to or for any Existing Note Agreement, together with a copy of such extension, renewal, supplement, amendment, modification, substitution, restatement or replacement, as the case may be, and all documents issued in connection therewith; and

(vi) Promptly, such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Company or any of its Subsidiaries as any Bank may from time to time reasonably request.

(e) Access to Records, Books, Etc. At any reasonable time and from time to time, permit any Bank or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Company and its Subsidiaries, and to discuss the affairs, finances and accounts of the Company and its Subsidiaries with their respective officers and employees.

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7.2 Negative Covenants. Until the Termination Date and thereafter until payment in full of the principal of and accrued interest on the Notes and the performance of all other obligations of the Company under this Agreement, the Company agrees that, unless the Majority Banks shall otherwise consent in writing, it shall not itself and shall not

permit any Subsidiary to:

(a) Current Ratio. Permit or suffer the consolidated Current Ratio of the Company and its Subsidiaries to be less than 1.5 to 1.0 at any time.

(b) Tangible Net Worth. Permit or suffer consolidated Tangible Net Worth of the Company and its Subsidiaries to be less than the sum of (i) \$92,000,000 plus (ii) an amount equal to 40% of the Net Income of the Company and its Subsidiaries for each fiscal quarter of the Company, such Net Income for each fiscal quarter of the Company to be added effective as of the last day of such fiscal quarter, commencing with the fiscal quarter ending June 30, 1994, provided that if such Net Income is negative in any fiscal quarter, it shall not be subtracted from the amount required to be maintained pursuant to this subsection or from any future amount to be added to the amount of Tangible Net Worth to be maintained under this subsection.

(c) Total Liabilities to Tangible Net Worth. Permit or suffer the ratio of consolidated Total Liabilities of the Company and its Subsidiaries to consolidated Tangible Net Worth of the Company and its Subsidiaries to be greater than 1.5 to 1.0 at any time.

(d) Fixed Charge Coverage Ratio. Permit or suffer the ratio of (i) the consolidated Net Income Available for Fixed Charges for the period of twelve-complete calendar months immediately preceding the date of any computation hereunder to (ii) the consolidated Fixed Charges for such period (the "Fixed Charge Coverage Ratio") to be less than 2.0 to 1.0 at any time.

(e) Indebtedness. Create, incur, assume, guaranty or in any manner become liable in respect of, or suffer to exist, at any time any Indebtedness other than:

(i) the Loans;

(ii) Indebtedness permitted by Section 5.8 of the Existing Note Agreements (including all subsections thereof as modified below), which entire Section 5.8 of the Existing Note Agreements as modified below, together with definitions of defined terms used therein and exhibits referred to therein, is by this reference incorporated and made a part of this Agreement with the same force and effect as though herein set forth in full, except that reference to "20% of Consolidated Adjusted Net Worth" contained in Section 5.8(a)(3) of the Existing Note Agreements as incorporated herein shall be deemed reference to 20% of consolidated Tangible Net Worth (as defined in this Agreement) of the Company and its Subsidiaries; and

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(iii) Indebtedness described on Schedule 7.2(e) hereto.

(f) Liens. Create, incur or suffer to exist, any lien (including without limitation any pledge, mortgage, title retaining contract or other type of security interest, hereinafter "Liens") to exist on any of its property, real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired, except those permitted by Section 5.9 of the Existing Note Agreements (including all subsections thereof) as modified below, which entire Section 5.9 of the Existing Note Agreements as modified below, together with defined terms used therein and exhibits referred to therein, is by this reference incorporated in and made a part of this Agreement with the same force and effect as though herein set forth in full, except that (i) Section 5.9(a)(7) of the Existing Note Agreements is excluded and not incorporated herein, and all Liens described in such Section 5.9(a)(7) shall not be permitted unless otherwise permitted by Section 5.9(a)(9) of the Existing Note Agreements as incorporated herein; and (ii) reference to "20% of Consolidated Adjusted Net Worth" contained in Section 5.8(a)(3) of the Existing Note Agreements (as incorporated herein

pursuant to Section 5.9(a)(9) of the Existing Note Agreements) shall be deemed reference to 20% of consolidated Tangible Net Worth (as defined in this Agreement) of the Company and its Subsidiaries.

(g) Merger; Sale of Assets; Etc. Sell, lease, transfer or otherwise dispose of all or a substantial portion of its assets or business to any person or purchase or otherwise acquire all or a substantial portion of any assets of any person, or all or a substantial portion of the shares of stock of or other ownership interest in any other person, nor merge or consolidate with any other person; provided, however, any of the foregoing shall be permitted if permitted under Section 5.10 of the Existing Note Agreements, which Section 5.10 of the Existing Note Agreements (including all subsections thereof), together with all defined terms used therein and exhibits referred to therein, is by this reference incorporated in and made a part of this Agreement with the same force and effect as though herein set forth in full, except that (i) Section 5.10(a)(3) of the Existing Note Agreements is excluded and not incorporated herein, and all transactions described therein shall not be permitted, and (ii) all references in Section 5.10(a)(2) of the Existing Note Agreements to the "Notes" and "this Agreement" shall be deemed references to the Notes issued by the Company to the Banks hereunder and this Agreement among the Company, the Banks and the Agent, respectively, and all references in Section 5.10 of the Existing Note Agreements to an "Event of Default" and "Default" shall mean an Event of Default hereunder and any event or condition which with notice or lapse of time, or both, would become such an Event of Default hereunder, respectively.

(h) Nature of Business. Engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Company and its Subsidiaries would be substantially changed from the general nature of the business engaged in by the Company and its Subsidiaries on the Effective Date.

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Whenever any section or other provision of the Existing Note Agreements is incorporated in Sections 7.2(e), (f) and (g) hereof or otherwise in this Agreement, such sections and provisions shall be incorporated in the form contained in the Existing Note Agreements in the form as certified by the Company to the Banks as of the Effective Date and without giving effect to any retroactive or other amendments thereto executed at any time unless described in such certification and included therewith as of the Effective Date, and such sections and provisions shall be and continue effective regardless of whether the Existing Note Agreements continue in effect or the promissory notes issued thereunder are paid, and no supplement, amendment, modification, waiver, consent or termination of the Existing Note Agreements made or granted after the Effective Date shall have any effect whatsoever upon the sections and provisions thereof as they are incorporated herein.

ARTICLE VIII. DEFAULT

8.1 Events of Default. The occurrence of any one of the following events or conditions shall be deemed an "Event of Default" hereunder unless waived pursuant to Section 10.1:

(a) The Company shall (i) fail to pay when due any principal of the Notes, or (ii) fail to pay within five days after the date when due any interest on the Notes or any commitment or facility fees or any other amount payable hereunder; or

(b) Any representation or warranty made by the Company in Article VI hereof, or in any other document or certificate furnished by or on behalf of the Company in connection with this Agreement, shall prove to

have been incorrect in any material respect when made; or

(c) The Company shall fail to perform or observe any term, covenant or agreement contained in Section 7.2 other than subsection (f); or

(d) The Company shall fail to perform or observe any term, covenant or agreement contained in subsection (f) of Section 7.2 and, if such failure relates to a nonconsensual Lien, either (i) such failure shall remain unremedied for 30 calendar days after the earlier of (1) the day on which the President, the Chief Executive Officer, the Chief Financial Officer or the Treasurer of the Company first obtains knowledge of such failure or (2) the day on which notice of such failure is given to the Company by the Agent or any Bank (the "Commencement Date") or (ii) the Company or its Subsidiary, as the case may be, shall fail, before the expiration of 15 calendar days after the Commencement Date, to begin, and at all times thereafter to continue, to contest such nonconsensual Lien in good faith by appropriate legal proceedings; or

(e) The Company shall fail to perform or observe any other term, covenant or agreement contained in this Agreement (other than such failures addressed in Sections 8.1(c) and (d) above), and any such failure

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shall remain unremedied for 30 calendar days after notice thereof shall have been given to the Company by the Agent or any Bank; or

(f) (i) Any Indebtedness of the Company or any of its Subsidiaries aggregating more than \$3,000,000 (other than Indebtedness hereunder) becomes or is declared to be due and payable prior to the stated maturity thereof as a result of any default or event of default occurring with respect thereto, or (ii) any part of the principal of, the premium, if any, or the interest on, or any other payment of money due under, any Indebtedness of the Company or any of its Subsidiaries aggregating more than \$3,000,000 is not paid when due or within the period of grace, if any, provided with respect thereto, or (iii) the Company or any of its Subsidiaries fails to perform or observe any other covenant or agreement contained in any document(s) evidencing or securing any Indebtedness aggregating more than \$3,000,000, or in any agreement(s) or instrument(s) under which any such Indebtedness was issued or created, and such nonperformance or nonconformity continues beyond the period of grace, if any, provided with respect thereto, if the effect of such failure is to cause, or permit the holder or holders of such Indebtedness (or a trustee on behalf of such holder or holders) to cause, or permit any party to such document to cause, any payment in respect of such Indebtedness aggregating more than \$3,000,000 to become due prior to their respective due dates, including without limitation the occurrence of any event of default of the Company or any of its Subsidiaries under any of the Existing Note Agreements; or

(g) One or more judgments or orders for the payment of money which, together with other such judgments or orders which are not otherwise covered by insurance or reserves, exceed the aggregate amount of \$5,000,000, shall be rendered against the Company or any of its Subsidiaries and (i) enforcement proceedings shall have been commenced by any creditor upon such judgment(s) or order(s) in such aggregate amount and for a period of 20 consecutive days after commencement of such proceedings (A) such judgment(s) or order(s) in such aggregate amount shall have remained unsatisfied and (B) such proceedings shall have remained unstayed, or (ii) for a period of 20 consecutive days, such judgment(s) or order(s) in such aggregate amount shall have remained unsatisfied and a stay of enforcement thereof, by reason of pending appeal or otherwise, shall not have been in effect, or (iii) the total of such judgment(s) or order(s) with respect to which at least one of the foregoing clauses (i) and (ii) applies shall equal or exceed \$5,000,000; or

(h) The occurrence of any "reportable event," as defined in ERISA, which is finally determined after all applicable appeal periods have expired to constitute grounds (i) for termination by the PBGC of any Plan maintained by or on behalf of the Company or any trade or business (whether or not incorporated) which together with the Company would be treated as a single employer under Section 4001 of ERISA or (ii) for the appointment by the appropriate United States District Court of a trustee to administer such Plan and such reportable event is not corrected and such determination

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is not revoked within 30 days after notice thereof has been given to the administrator of such Plan or to the Company or such trade or business, as the case may be; or the institution of proceedings by the PBGC to terminate any such Plan or to appoint a trustee to administer such Plan and the failure of the Company to (i) appropriately, diligently and in good faith successfully contest such proceedings within the applicable required period therefor or (ii) to establish adequate financial reserves on its books and records with respect thereto; or the appointment of a trustee by the appropriate United States District Court to administer any such Plan; or

(i) The Company or any of its Material Subsidiaries shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or shall institute, or there shall be instituted against the Company or any of its Material Subsidiaries, any proceeding or case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, if such proceeding is instituted against the Company or such Material Subsidiary and is being contested by the Company or such Material Subsidiary, as the case may be, in good faith by appropriate proceedings, such proceedings shall remain undismissed or unstayed for a period of 60 days; or the Company or such Material Subsidiary shall take any action (corporate or other) to authorize or further any of the actions described above in this subsection.

8.2 Remedies. (a) Upon the occurrence and during the continuance of any Event of Default, the Agent shall, upon being directed to do so by the Majority Banks, by notice to the Company terminate the Commitments or declare the outstanding principal of, and accrued interest on, the Notes and all other amounts due under this Agreement to be immediately due and payable, or both, whereupon the Commitments shall terminate forthwith or all such amounts shall become immediately due and payable, or both, as the case may be, provided that in the case of any event or condition described in Section 8.1(i) with respect to the Company, the Commitments shall automatically terminate forthwith and all such amounts shall automatically become immediately due and payable without notice; in each case without demand, presentment, protest, diligence, notice of dishonor or other formality, all of which are hereby expressly waived.

(b) Upon the occurrence and during the continuance of any Event of Default, the Agent may, and upon being directed to do so by the Majority Banks shall, in addition to the remedies provided in Section 8.2(a), enforce its rights and those of the Banks either by suit in equity, or by action at law, or by other appropriate proceedings, whether for the specific performance (to the extent permitted by law) of any covenant or agreement contained in this Agreement or in the Notes or in aid of the

exercise of any power granted in this Agreement or the Notes, and may enforce the payment of the Notes and any of its other rights available to the Agent or the Banks at law or in equity.

(c) Upon the occurrence and during the continuance of any Event of Default hereunder and, except for the occurrence of any Event or Default set forth in Section 8.1(i), a declaration of acceleration pursuant to Section 8.2(a), each Bank may at any time and from time to time, without notice to the Company (any requirement for such notice being expressly waived by the Company) set off and apply against any and all of the obligations of the Company to the Banks and the Agent now or hereafter existing under this Agreement any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Company and any property of the Company from time to time in possession of such Bank, irrespective of whether the Banks shall have made any demand hereunder and although such obligations may be contingent and unmatured. The rights of the Banks under this Section 8.2(c) are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Banks may have.

ARTICLE IX. THE AGENT AND THE BANKS

9.1 Appointment of Agent. NBD Bank, N.A. is hereby appointed Agent for the Banks and accepts such appointment and agrees to act as such upon the conditions herein set forth. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not, by reason of this Agreement, have a fiduciary relationship with any Bank.

9.2 Scope of Agency. Neither the Agent nor any of its directors, officers or agents shall be liable for any action taken or omitted by any of them hereunder or under the Notes, except for its, his or her own gross negligence or willful misconduct and except as provided in Section 9.3; or be responsible for any recitals, warranties or representations herein or in the Notes or for the execution or validity of this Agreement or the Notes; or be required to make any inquiry concerning the performance by the Company of any of its obligations under this Agreement or the Notes. In the absence of gross negligence or willful misconduct, the Agent shall be entitled to rely, without liability therefor, upon any certificate or other document or other communication believed by it to be genuine and correct and to have been signed or sent by the proper officer or person and upon the advice of legal counsel (which may be legal counsel for the Company), independent public accountants and other experts concerning all matters pertaining to the agency. The Company agrees, upon demand, to pay or to reimburse the Agent for the payment of all reasonable compensation of such counsel, accountants and other experts and all other reasonable out-of-pocket expenses of the Agent. To the extent that the Company shall fail to pay or to reimburse the Agent for the payment of the same, each Bank shall reimburse the Agent pro rata in accordance with the Commitments, and any such amount so paid shall be

immediately due and payable to the Banks by the Company. The Banks agree to indemnify the Agent ratably in accordance with the Commitments for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in its capacity as such in any way relating to or arising out of this Agreement or the transactions contemplated hereby, provided that no Bank shall be liable for any of the foregoing to the extent they arise from the Agent's gross negligence or willful misconduct.

9.3 Duties of Agent. In carrying out the agency, the Agent shall have only the duties and responsibilities expressly set forth in this

Agreement and in performing such duties and responsibilities the Agent shall exercise the same degree of care as it would if the Loans were entirely for its own account, but the Agent shall not be deemed to have knowledge of the occurrence of any Event of Default, or any event or condition which with notice or lapse of time, or both, could become such an Event of Default and need not take or continue any action with respect thereto or toward the enforcement of this Agreement or the Notes, nor prosecute or defend any suit with respect to this Agreement or the Notes, unless directed to do so by the Majority Banks and unless indemnified to its satisfaction against any loss, cost, liability or expense which it might incur as a consequence of taking such action. The Agent may employ agents and attorneys and shall not be answerable for the negligence or misconduct of any such agents or attorneys selected by it with reasonable care. The Agent in its capacity as a Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not acting as the Agent hereunder. Each Bank agrees that it has, independently and without reliance on the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Company and its Subsidiaries in connection with its decision to enter into this Agreement and that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement.

9.4 Resignation of Agent. The Agent may resign as such at any time upon 30 days' prior written notice to the Company and the Banks. In the event of any such resignation, the Majority Banks shall, by an instrument in writing delivered to the Company and the Agent, appoint a successor which shall be an incorporated bank or trust company. If a successor is not so appointed or does not accept such appointment at least 5 days before the Agent's resignation becomes effective, the Agent may appoint a temporary successor to act until such appointment by the Majority Banks is made and accepted. Any successor to the Agent shall execute and deliver to the Company and the Banks an instrument accepting such appointment and thereupon such successor Agent, without further act, deed, conveyance or transfer shall become vested with all of the properties, rights, interests, powers, authorities and obligations of its predecessor hereunder with like effect as if originally named as Agent hereunder. Upon request of such successor Agent, the Company and the Agent ceasing to act

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shall execute and deliver such instruments of conveyance, assignment and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Agent all such properties, rights, interests, powers, authorities and obligations.

9.5 Pro Rata Sharing by Banks. Each Bank agrees with every other Bank that, in the event that it shall receive and retain any payment on account of any Note in excess of its pro rata portion, according to the principal amount of the Notes then outstanding, of the payment due all of the Banks, whether such payment be voluntary, involuntary or by operation of law, by application of set-off of any indebtedness or otherwise, then such Bank shall promptly purchase from the other Banks, without recourse, for cash and at face value, ratably in accordance with the principal amount of the Notes then outstanding, interests in the Notes of the other Banks in such an amount that each Bank shall have received payment pro rata on account of the Notes in accordance with the unpaid principal amount thereof then owing to it; provided, that if any such purchase be made by any Bank and if any such excess payment relating thereto or any part thereof is thereafter recovered from such Bank, appropriate adjustment in the related purchase from the other Banks shall be made by rescission and restoration of the purchase price as to the portion of such excess payment so recovered. It is further agreed that, to the extent there is then owing by the Company to any Bank Indebtedness other than that evidenced by the Notes, to which such Bank may apply any involuntary payments of

indebtedness by the Company, including those resulting from exercise of rights of set-off or similar rights, such Bank shall apply all such involuntary payments first to obligations of the Company to the Banks hereunder and under the Notes and then to such other Indebtedness owed to such Bank by the Company.

ARTICLE X. MISCELLANEOUS

10.1 Amendments; Etc. This Agreement and any term or provision hereof may be amended, waived or terminated by an instrument in writing executed by the Company and the Majority Banks, provided that, except by an instrument in writing executed by the Company and all of the Banks, no such amendment, waiver or termination shall:

(a) Authorize or permit the extension of the time or times of payment or prepayment of the principal of, or interest on, the Notes or any of them, including without limitation amending the Termination Date, or the increase or reduction in principal amount thereof or the reduction in the rate of interest thereon, or the rate of any fees or compensating balances or any other modification in the terms of the payment or prepayment of the principal of or interest on the Notes; or

(b) Amend or change the respective amounts of the Banks' Commitments set forth in Section 2.1, or reduce the percentage of the

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aggregate principal amount of the Notes required by the provisions of this Section for the taking of any action under this Section 10.1; or

(c) Permit the termination of the obligations of any Bank hereunder, provided that upon any such termination, (i) the Company shall have the option to select a bank to replace such terminating Bank and to assume the rights and obligations of such Bank hereunder, provided that such replacement bank is acceptable to each non-terminating Bank, and (ii) in the event that such terminating Bank is not so replaced, each non-terminating Bank shall be entitled, but shall not be obligated, to increase its Commitment by an amount equal to that amount of the terminating Bank's Commitment bearing the same ratio to such terminating Bank's Commitment as such non-terminating Bank's Commitment bears to the aggregate Commitment of all non-terminating Banks. In the event that any non-terminating Bank shall not elect to increase its Commitment as specified in clause (ii), each Bank making such election shall be entitled, but shall not be obligated, to further increase its Commitment by an amount equal to that amount of each non-electing Bank's Commitment bearing the same ratio to such non-electing Bank's Commitment as such electing Bank's Commitment bears to the aggregate Commitment of all electing Banks. The procedure set forth in the preceding sentence shall be followed until the entire Commitment of the terminating Bank is allocated or until no non-terminating Bank shall desire to further increase its Commitment.

Any such amendment, waiver or termination shall be effective only in the specific instance and for the specific purpose for which given.

10.2 Notices. (a) Except as otherwise provided in Section 10.2(c), all notices, requests, consents and other communications hereunder shall be in writing and shall be delivered or sent to the Company at 9341 Courtland Drive, Rockford, Michigan 49351, Attention: Treasurer; and to the Agent at 611 Woodward Avenue, Detroit, Michigan 48226, Attention: Michigan Banking Division; and to the Banks at the respective addresses for notices set forth on the signature pages hereof, or to such other address as may be designated by the Company, the Agent or any Bank by notice to the other parties hereto. All notices shall be deemed to have been given at the time of actual delivery thereof to such address or, if sent by the Agent or any Bank to the Company by certified or registered mail, postage

prepaid, to such address, on the date of mailing.

(b) Notices by the Company with respect to terminations or reductions of the Commitments pursuant to Section 2.2, requests for Loans pursuant to Section 3.1, requests for continuations or conversions of Loans pursuant to Section 3.5 and notices of prepayment pursuant to Section 4.3 shall be irrevocable and binding on the Company.

(c) Any notice to be given by the Company to the Banks pursuant to Sections 3.1, 3.5 or 4.3 and any notice to be given by the Banks hereunder, may be given by telephone or by facsimile transmission and must be immediately confirmed in writing in the manner provided in Section 10.2(a). Any such notice given by telephone and facsimile transmission

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shall be deemed effective upon receipt thereof by the party to whom such notice is given.

10.3 Conduct No Waiver; Remedies Cumulative. No course of dealing on the part of the Agent or the Banks, nor any delay or failure on the part of the Agent or the Banks in exercising any right, power or privilege hereunder shall operate as a waiver of such right or privilege or otherwise prejudice the Agent's or any Bank's rights and remedies hereunder; nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. No right or remedy conferred upon or reserved to the Banks under this Agreement is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing under any applicable law. Every right and remedy given by this Agreement or by applicable law to the Agent or the Banks may be exercised from time to time and as often as may be deemed expedient by them.

10.4 Reliance on and Survival of Various Provisions. All terms, covenants, agreements, representations and warranties of the Company made herein or in any certificate or other document delivered pursuant hereto shall be deemed to be material and to have been relied upon by each Bank, notwithstanding any investigation heretofore or hereafter made by any Bank or on any Bank's behalf, and those covenants and agreements of the Company set forth in Article V and in Section 10.5 shall survive the repayment in full of the Loans and the termination of the Commitments.

10.5 Expenses. The Company agrees to pay and save the Agent and the Banks harmless from liability for the payment of (a) the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel for the Agent, in connection with the preparation, execution and delivery of this Agreement and the Notes and the consummation of the transactions contemplated hereby, and in connection with any amendments, waivers or consents in connection therewith, and (b) all reasonable costs and expenses of the Agent and the Banks (including reasonable fees and expenses of counsel) in connection with any Event of Default or the enforcement of this Agreement or the Notes.

10.6 Successors and Assigns. (a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that the Company may not, without the prior consent of the Banks, assign its rights or obligations hereunder or under the Notes and the Banks shall not be obligated to make any Loan hereunder to any entity other than the Company.

(b) Any Bank may sell a participation interest to any financial institution or institutions, and such financial institution or institutions may further sell, a participation interest (undivided or divided) in, the Loans and such Bank's rights and benefits under this Agreement and the Notes, and to the extent of that participation, such

participant or participants shall have no rights or benefits against the Company hereunder, provided, however, that (i) such Bank's obligations under this Agreement shall remain unmodified and fully effective and enforceable against such Bank, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of its Note for all purposes of this Agreement, (iv) the Company, the Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and (v) such Bank shall not grant to its participant any rights to consent or withhold consent to any action taken by such Bank or the Agent under this Agreement other than action requiring the consent of all of the Banks hereunder.

(c) Each Bank may, with the prior consent of the Company and the Agent (and not otherwise), assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Loans owing to it and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations, (ii) except in the case of an assignment of all of a Bank's rights and obligations under this Agreement, (A) the amount of the Commitment of the assigning Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$3,000,000, and in integral multiples of \$1,000,000 thereafter, or such lesser amount as the Company and the Agent may consent to and (B) after giving effect to each such assignment, the amount of the Commitment of the assigning Bank when the Commitments are at their lower amounts shall in no event be less than \$3,000,000, and (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording, an Assignment and Acceptance in the form of Exhibit D hereto (an "Assignment and Acceptance"), together with any Note or Notes subject to such assignment and a processing fee of \$5,000. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Bank hereunder and (y) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

(d) The Agent shall at all times maintain a minimum Commitment of \$3,000,000, unless such Commitment is terminated pursuant to Section 2.2 or 8.2.

10.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the

same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart, and this Agreement shall enter into force and effect only if counterparts executed by the Company and by each Bank named in Section 2.1(a) are returned to and executed by the Agent. Upon such execution by the Agent, this Agreement shall be deemed effective as of the Effective Date.

10.8 Governing Law. This Agreement is a contract made under, and

the rights and obligations of the parties hereunder shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such State.

10.9 Headings. The headings of the various subdivisions hereof are for the convenience of reference only and shall in no way modify any of the terms or provisions hereof.

10.10 Construction of Certain Provisions. All computations required hereunder and all financial terms used herein shall be made or construed in accordance with generally accepted accounting principles unless such principles are inconsistent with the express requirements of this Agreement. If any provision of this Agreement refers to any action to be taken by any person, or which such person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such person, whether or not expressly specified in such provision.

10.11 Integration and Severability. This Agreement embodies the entire agreement and understanding among the Company, the Agent and the Banks, and supersedes all prior agreements and understandings relating to the subject matter hereof. In case any one or more of the obligations of the Company under this Agreement or the Notes shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Company shall not in any way be affected or impaired thereby, and such invalidity, illegality or enforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Company under this Agreement or the Notes in any other jurisdiction.

10.12 Interest Rate Limitation. Notwithstanding any provisions of this Agreement or the Notes, in no event shall the amount of interest paid or agreed to be paid by the Company exceed an amount computed at the highest rate of interest permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement or the Notes at the time performance of such provision shall be due, shall involve exceeding the interest rate limitation validly prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligations to be fulfilled shall be reduced to an amount computed at the highest rate of interest permissible under applicable law, and if for any reason whatsoever the Banks shall ever receive as interest an amount which would be deemed unlawful under such applicable law, such interest shall be automatically applied to the payment of principal of the

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Loans outstanding hereunder (whether or not then due and payable) and not to the payment of interest, or shall be refunded to the Company if such principal has been paid in full.

10.13 Independence of Covenants. All covenants contained herein shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitation of, another covenant shall not avoid the occurrence of an Event of Default if such action is taken or condition exists.

10.14 Waiver of Jury Trial. The Banks and the Agent and the Company, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily and intentionally waive any right any of them may have to a trial by jury in any litigation based upon or arising out of this Agreement or any related instrument or agreement or any of the transactions contemplated by this Agreement or any course of conduct, dealing, statement (whether oral or written) or actions of any of them. Neither any Bank, the Agent, nor the Company shall seek to consolidate, by counterclaim or otherwise, any such action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not

been waived. These provisions shall not be deemed to have been modified in any respect or relinquished by any party thereto except by a written instrument executed by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the 13th day of October, 1994, which shall be the Effective Date of this Agreement, notwithstanding the day and year first above written.

Address for Notices:

WOLVERINE WORLD WIDE, INC.

9341 Courtland Drive
Rockford, Michigan 49351
Attention: Treasurer
Telephone: (616) 866-5500
Telecopy: (616) 866-0257

By: /s/ Thomas P. Mundt
Its: Vice President of Strategic
Planning and Treasurer

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Address for Notices:

NBD BANK, N.A., individually
as a Bank and as Agent

611 Woodward Avenue
Detroit, Michigan 48226
Attention: Michigan Banking Division
Telephone: (313) 225-2227
Telecopy: (313) 225-1671

By: /s/ William Goodhue
William Goodhue
Its: Vice President

Address for Notices:

HARRIS TRUST AND SAVINGS BANK

111 West Monroe Street
P.O. Box 755
Chicago, Illinois 60690
Attention: Peter Krawchuk
Telephone: (312) 461-2783
Telecopy: (312) 461-2591

By: /s/ Peter Krawchuk
Peter Krawchuk
Its: Vice President

Address for Notices:

COMERICA BANK

P.O. Box 75000
Detroit, Michigan 48275-3269
Attention: Robert M. Porterfield
Telephone: (313) 222-7802
Telecopy: (313) 222-9516

By: /s/ Robert M. Porterfield
Robert M. Porterfield
Its: Vice President

Address for Notices:

OLD KENT BANK AND TRUST COMPANY

Corporate Banking Department
1 Vandenberg Center
Grand Rapids, Michigan 49503
Attention: Calvin Hekman
Telephone: (616) 771-5265
Telecopy: (616) 771-4641

By: /s/ Calvin Hekman
Calvin Hekman
Its: Vice President

EXHIBIT A

REVOLVING CREDIT NOTE

\$ _____, 1994
Detroit, Michigan

FOR VALUE RECEIVED, the undersigned, WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Company"), hereby promises to pay to the order of _____, a _____ (the "Bank"), at the principal banking office of NBD Bank, N.A., the Agent, at 611 Woodward Avenue, Detroit, Michigan, in lawful money of the United States of America and in immediately available funds, the principal sum of _____ Dollars (\$ _____) or such lesser aggregate principal sum outstanding of loans made by the Bank to the Company under the Credit Agreement referred to below, on the Termination Date; and to pay interest on the unpaid principal balance hereof from time to time outstanding, in like money and funds, for the period from the date hereof until such loans shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement referred to below.

The Bank is hereby authorized by the Company to note on the schedule attached to this Note, or on its books and records, the date, amount and type of each loan made by the Bank under the Credit Agreement, the interest rate and duration of the related Interest Period (if applicable), the amount of each payment or prepayment of principal thereon and the other information provided for on such schedule, which schedule or such books and records, as the case may be, shall constitute prima facie evidence of the information so noted, provided that any failure by the Bank to make any such notation shall not relieve the Company of its obligation to repay the outstanding principal amount of this Note, all accrued interest hereon and any amount payable with respect hereto in accordance with the terms of this Note and the Credit Agreement.

The Company and each endorser or guarantor hereof waives demand, presentment, protest, diligence, notice of dishonor and any other formality in connection with this Note. Should the indebtedness evidenced by this Note or any part thereof be collected in any proceeding or be placed in the hands of attorneys for collection, the Company agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including attorneys' fees and expenses.

This Note evidences one or more loans made by the Bank under an Amended and Restated Credit Agreement, dated on or about the date hereof (as amended, supplemented, extended or otherwise modified from time to time, the "Credit Agreement"), by and among the Company, the banks

(including the Bank) named therein and NBD Bank, N.A., as agent, to which reference is hereby made for a statement of the circumstances under which

this Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Note shall have the respective meanings assigned to them in the Credit Agreement.

WOLVERINE WORLD WIDE, INC.

By: _____

Its: _____

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Schedule to Revolving Credit Note, dated
_____, 1994 made by Wolverine World Wide, Inc.
(in favor of _____)

Date	Principal	Type	Interest	Principal	Paid, Pre-	Principal	
Loan	Amount of	of	Rate	Amount	paid or	Balance	Notation
Made or	Loan	Loan		Period (if	Converted	Outstanding	Made by
Converted				applicable)			

EXHIBIT B

REQUEST FOR LOAN

[Date]

NBD Bank, N.A.
Harris Trust and Savings Bank
Comerica Bank
Old Kent Bank and Trust Company

The undersigned (the "Company") hereby requests a Loan pursuant to Section 3.1 of the Amended and Restated Credit Agreement, dated as of October __, 1994 (as amended, supplemented, extended or otherwise modified from time, the "Credit Agreement"), among the Company, each of you, and NBD Bank, N.A., as agent, in the amount of \$ _____, to be made on _____, 19 __, and to be evidenced by the Company's Note. After giving effect to such Loan, the aggregate outstanding principal amount of the Loans on the date thereof will be \$ _____. Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Credit Agreement.

Such Loan shall be a _____ [insert either Eurodollar Rate Loan or Floating Rate Loan] and the initial Interest Period, if such requested Loan is a Eurodollar Rate Loan, shall be _____ [insert

permitted Interest Period].

In support of this request, the Company hereby certifies that:

1. The representations and warranties contained in Article VI of the Credit Agreement are true and correct on and as of the date hereof, and will be true and correct on the date of the making of such Loan, as if such representations and warranties were made on and as of such dates.

2. No Event of Default, and no event or condition which might become such an Event of Default with notice or with lapse of time, or both, has occurred and is continuing or will exist on the date of the making of such Loan.

Acceptance of the proceeds of such Loan by the Company shall be deemed to be a further representation that the representations made herein are true and correct at the time such proceeds are disbursed.

WOLVERINE WORLD WIDE, INC.

By: _____

Its: _____

EXHIBIT C

REQUEST FOR CONTINUATION OR CONVERSION OF LOAN

[Date]

NBD Bank, N.A.
Harris Trust and Savings Bank
Comerica Bank
Old Kent Bank and Trust Company

The undersigned (the "Company") hereby requests that \$_____ of the principal amount of the Loan originally made on _____, 19__, which Loan is currently a _____ [insert type of Loan based on type of interest rate applicable], be continued as or converted to, as the case may be, a _____ [insert type of Loan requested based on type of interest rate desired] on _____, 19__. If such Loan is requested to be converted to a Eurodollar Rate Loan, the Company hereby elects an Interest Period for such Loan of _____ [insert permitted Interest Period]. Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Amended and Restated Credit Agreement, dated as of October __, 1994 (as amended, supplemented, extended or otherwise modified from time to time, the "Credit Agreement") among the Company, each of you and NBD Bank, N.A., as agent.

In support of this request, the Company hereby certifies that:

1. The representations and warranties contained in Article VI of the Credit Agreement are true and correct on and as of the date hereof, and will be true and correct on the date of the continuation or conversion of such Loan, as if such representations and warranties were made on and as of such dates.

2. No Event of Default, and no event or condition which might become such an Event of Default with notice or with lapse of time, or both, has occurred and is continuing or will exist on the date of the continuation or conversion of such Loan.

Acceptance of the continuation or conversion of such Loan by the Company shall be deemed to be a further representation that the representations made herein are true and correct at the time such proceeds are disbursed.

WOLVERINE WORLD WIDE, INC.

By: _____

Its: _____

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EXHIBIT D

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Credit Agreement, dated as of October ____, 1994 (the "Credit Agreement"), among WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Borrower"), the banks named therein (the "Banks") and NBD BANK, N.A., as agent for the Banks (the "Agent"). Terms defined in the Credit Agreement are used herein with the

same meaning.

1. The "Assignor" and the "Assignee" referred to on Schedule 1 agree as follows:

2. The Assignor hereby sells and assigns (without recourse) to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitments and the amounts of the Loans owing to the Assignee will be as set forth on Schedule 1.

3. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note or Notes held by the Assignor and requests that the Agent exchange such Note or Notes for a new Note or Notes payable to the order of the Assignee in an amount equal to the Commitments assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitments retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1.

4. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and

without reliance upon the Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (iv) agrees that it will perform in accordance with their terms of all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Bank; and (v) if the Assignee is organized under the laws of a jurisdiction outside the United States, attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes or such other documents as are necessary to indicate that all such payments are subject to such taxes at a rate reduced by an applicable tax treaty.

5. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance by the Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1.

6. Upon such acceptance by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement. All representations and agreements by the Assignor and the Assignee herein may be relied upon by the Agent and the Banks under the Credit Agreement.

7. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

8. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of Michigan.

9. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery

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of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date described in Section 4 above.

[ASSIGNOR]

By: _____

Its: _____

[ASSIGNEE]

By: _____

Its: _____

Accepted and Agreed:

WOLVERINE WORLD WIDE, INC.

By: _____

Its: _____

Dated: _____

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NBD BANK, N.A. as Agent

By: _____

Its: _____

Dated: _____

EXHIBIT 4(f)

SECOND AMENDMENT TO RIGHTS AGREEMENT

THIS SECOND AMENDMENT TO RIGHTS AGREEMENT (the "Second Amendment") is made as of October 28, 1994, by and between WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Company") and NBD BANK, N.A., a national banking corporation (the "Rights Agent"). This Second Amendment amends the Rights Agreement dated as of May 7, 1987, as amended and restated as of October 24, 1990, between the Company and the Rights Agent (the "Rights Agreement"). Capitalized terms used but not defined in this Second Amendment have the meanings ascribed to them in the Rights Agreement.

RECITALS

The Board of Directors of the Company wants to appoint Harris Trust and Savings Bank of Chicago, Illinois ("Harris"), as successor Rights Agent and transfer to Harris the duties of the Rights Agent under the Rights Agreement. To facilitate the transfer of the duties of the Rights Agent to Harris, the Board of Directors of the Company determined to amend Section 21 of the Rights Agreement to expand the eligibility requirements for the rights agent to include Illinois trust institutions.

ACCORDINGLY, THE PARTIES AGREE AS FOLLOWS:

1. Amendment of Section 21 of Rights Agreement. Section 21 of the Rights Agreement is hereby amended in its entirety to read as follows:

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon thirty (30) days' notice in writing mailed to the Company, and to each transfer agent of the Common Stock and Preferred Stock, by registered or certified mail, and to the holders of the Rights Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon thirty (30) days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock and Preferred Stock, by registered or certified mail, and to the holders of the Rights Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Rights Certificate (who shall, with such notice, submit his Rights Certificate for inspection by the Company), then any registered holder of any Rights

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Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the State of New York, Michigan or Illinois (or of any other state of the United States so long as such corporation is authorized to do business as a banking institution in the State of New York, Michigan or Illinois), in good standing, having a principal office in the State of New York, Michigan or Illinois, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by federal or state authority and which has at the

time of its appointment as Rights Agent a combined capital and surplus of at least \$100,000,000. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock and the Preferred Stock, and mail a notice thereof in writing to the registered holders of the Rights Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

SIGNED as of the date first written above.

WOLVERINE WORLD WIDE, INC.

By /S/ Geoffrey B. Bloom
Geoffrey B. Bloom
President and Chief Executive Officer

NBD BANK, N.A.

By /S/ Donald E. Kleckner
Name: Donald E. Kleckner
Title: Second Vice President

EXHIBIT 10(j)

SCHEDULE PERTAINING TO EXHIBIT 10(j)

A. The Company has entered into Deferred Compensation Agreements (with disability benefits) with the named executive officers and other executive officers listed below. Each such agreement is identical to the blank agreement which is incorporated by reference from Exhibit 10(i) of the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993, except for the name of the officer and the dates and amounts indicated. The numbers over the columns below correspond to the numbers in the blanks in the blank agreement incorporated by reference.

(1)	(2)	(3)	(4)	(5)	(6)
Date of Agmt. *	Officer Name	Retire. Benefit	Death Benefit	Partici- pant Since	Disa. Benefit
10-02-90	George A. Andrews	\$40,000	\$40,000	03-01-77	\$20,000
02-01-92	Steve Duffy	20,000	20,000	09-01-90	6,000
04-27-93	Stephen L. Gulis, Jr.	20,000	20,000	07-22-85	-0-
11-09-93	Thomas P. Mundt	15,000	15,000	11-09-93	10,000
04-27-93	Timothy O'Donovan	55,000	55,000	03-01-76	27,100
11-01-93	Robert Sedrowski	20,000	20,000	08-20-92	9,000

B. The Company has also entered into a Deferred Compensation Agreement with Messrs. Thomas D. Gleason and Geoffrey B. Bloom which differs in some respects from those listed above. These agreements are incorporated by reference from Exhibit 10(i) of the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993.

* Dates shown are the dates of the Agreement or latest Amendment.

EXHIBIT 10(k)

SCHEDULE PERTAINING TO EXHIBIT 10(k)

A. The Company has entered into a Deferred Compensation Agreement (without disability benefits) with the executive officer listed below. The agreement is identical to the agreement which is incorporated by reference from Exhibit 10(j) of the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993, except for the name of the executive officer and the date and amounts indicated. The numbers over the columns below correspond to the numbers in the blanks in the agreement incorporated by reference.

(1)	(2)	(3)	(4)	(5)
Date of Agmt. *	Officer Name	Retire. Benefit	Death Benefit	Partici- pant Since
10-01-91	L. James Lovejoy	6,000	6,000	10-01-91

B. The Company has also entered into a Deferred Compensation Agreement with Mr. Charles F. Morgo dated April 21, 1994, which differs from the one listed above and is incorporated by reference from Exhibit 10(x) of the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994.

* Date shown is the date of the Agreement or latest Amendment.

EXHIBIT 10(o)

The Company has entered into Termination of Employment and Change of Control Agreements with Steven M. Duffy, Stephen L. Gulis, Jr., L. James Lovejoy, Charles F. Morgo, Thomas P. Mundt, Timothy J. O'Donovan, and Robert J. Sedrowski which are identical to the form of agreement which is incorporated by reference from Exhibit 10(m) of the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993.

EXHIBIT 10(p)

SCHEDULE PERTAINING TO EXHIBIT 10(p)

Each of the officers and directors of the Company listed below have entered into an Indemnification Agreement identical to the one which is incorporated by reference from Exhibit 10(n) of the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Each is dated as of February 20, 1987, except where indicated otherwise.

Geoffrey B. Bloom (May 7, 1987)
Daniel T. Carroll
Steven M. Duffy (April 27, 1993)
Thomas D. Gleason
Stephen L. Gulis, Jr. (April 27, 1993)
David T. Kollat (May 7, 1992)
Blake W. Krueger (May 3, 1993)
L. James Lovejoy (October 2, 1991)
Phillip D. Matthews
David P. Mehney
Charles F. Morgo
Thomas P. Mundt (November 9, 1993)
Stuart J. Northrop (August 23, 1990)
Timothy J. O'Donovan
Joseph A. Parini (May 7, 1987)
Joan Parker
Robert J. Sedrowski (November 1, 1993)

EXHIBIT 10(t)
Wolverine World Wide, Inc. - Rockford, Michigan 49351
616-866-5500 Fax 616-866-0257

Geoffrey B. Bloom
President and Chief Executive Officer

May 2, 1994

Mr. George A. Andrews
8655 Wolven
Rockford, Michigan 49341

Dear George:

In order to confirm our earlier offer to you regarding your acceptance of your new position as Senior Vice President of Finance and Administration for the Global Operations Group effective February 28, 1994, I believe it is helpful to set forth our agreement and list these terms in writing. We appreciate your past contributions at Wolverine and look forward to working closely with you in your new position.

Wolverine will provide you the following compensation package in connection with your new position.

- - - Position. Senior Vice President of Finance and Administration for the Global Operations Group reporting to Rick DeBlasio. You have previously received a copy of this position description.
- - - Salary. Annual salary of \$130,000. You will be eligible for annual performance reviews based upon your performance in this position.
- - - Car Allowance. You would retain your present car allowance of \$5,902 per year with this figure being frozen until it was in line with allowances for similar positions.
- - - Stock Awards. You would be eligible for annual stock awards beginning in 1994 subject to Compensation Committee approval of both Restricted Stock Grants and Incentive Stock Options. These awards, when granted, would be similar to those offered other participants in the current "B" category. Last year these awards averaged 500 Restricted Shares and 2,000 ISOs.
- - - Bonus.
 - a. Annual Plan. You will be a participant in the 1994 Annual Executive Plan at a 20% target payout.

Mr. George A. Andrews
May 2, 1994
Page 2

- b. Three Year Plans. You will be a participant in the 1994-1996 Three Year Plan at a target payout of 20% of your annual average compensation earned during those years. You will retain your participation in both the 1992-1994 Plan and the 1993-1995 Plan at a 30% target payout with your 1994 and 1995 compensation level being calculated at \$171,000 annually for purposes of these two Three Year Plans.

- - - Deferred Compensation. You will retain your current benefit in your Deferred Compensation Agreement. If you are employed by the company until age 58 we will waive any early draw reductions, permitting you to begin to draw full benefit payments at the later of age 58 or your termination from the company.
- - - Vacation. We will pay you the difference between your current salary and your new salary for the eight weeks' vacation time you are currently owed. You will earn future years vacation at your future salary.
- - - Executive Life and Disability. You will continue these benefits under similar terms to others in similar positions.
- - - Pension. You will be eligible for normal pension plan benefits due you from our qualified "Pension Plan" according to its terms and provisions. Should you leave the company, for whatever reason other than for cause termination by the company in 1994, the company will provide, in addition to the above benefits, the difference between the Pension Plan calculation and the benefit that would have been calculated, based on your same years of service, had your 1994 compensation been comprised of your former \$171,000 salary, in addition to your normally included current car allowance, and your 1993 annual bonus payment payable in March, 1994. Should you leave the company, for whatever reason, other than termination for cause, in any time in 1995 through 1997, the company will provide, in addition to your normally calculated pension benefit, the difference between the normally calculated pension benefit and the greater of the (i) benefit calculated, based on your then years of service, on your eligible compensation as defined in the then current Pension Plan, or (ii) \$200,000.
- - - Termination/Severance. You understand and agree that the company may terminate you for any reason, with or without cause, at any time. To the extent that your employment is unilaterally terminated by the company without cause prior to the end of

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Mr. George A. Andrews
May 2, 1994
Page 3

fiscal 1996, you will be entitled to receive, in exchange and in consideration for the execution and delivery at that time of a release in form satisfactory to the company, the payments and benefits set forth below:

- Salary/Car Allowance Continuation.
 - (a) Should your termination, as described above, occur between January 1, 1994 and December 31, 1994, the company would pay you an annual salary of \$171,000 and car allowance of \$5,902 for a period not to exceed the lesser of 24 months from the termination date or until you obtained a new position.
 - (b) Should your termination, as described above, occur on or after January 1, 1995 and on or before December 31, 1996, the company would pay you an annual salary and car allowance equal to the average annual salary and car allowance earned from January 1, 1993 to date of termination. This compensation level would be paid to you for the lesser of the term shown below or until you obtain a new position.

Date of Termination January, 1995	24 months
Date of Termination February, 1995	23 months
Date of Termination March, 1995	22 months
Date of Termination April, 1995	21 months
Date of Termination May, 1995	20 months
Date of Termination June, 1995	19 months
Date of Termination July, 1995	18 months
Date of Termination August, 1995	17 months
Date of Termination September, 1995	16 months
Date of Termination October, 1995	15 months
Date of Termination November, 1995	14 months
Date of Termination December, 1995	13 months
Date of Termination January, 1996 - December, 1996	12 months

(c) In the event you are terminated, as described above, on or after January 1, 1997, the company will consider an offer of pay in lieu of notice, if any, in its sole discretion based on its review of the facts and circumstances.

- - - Stock Awards. You would receive full vesting on all unvested restricted stock grants, incentive stock options and non-qualified stock options that have previously been granted to you.

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Mr. George A. Andrews
May 2, 1994
Page 4

- - - Bonus. You are currently due an annual bonus payment from the 1993 plan which will be paid to you in March, 1994. In addition, you will be eligible to receive a pro rata portion of a payout, if any, from all existing Three Year Plans of which you had been elected a participant.

- - - Deferred Compensation. Should your employment be unilaterally terminated by the Company without cause as described above:

- (a) Before August 20, 1995, the vested benefit referenced in Section 2 of your Deferred Compensation Agreement shall be \$32,200 for 15 years beginning at age 58.
- (b) On or after August 20, 1995, and on or before August 19, 1996, the vested benefit referenced in Section 2 of your Deferred Compensation Agreement shall be \$34,800 for 15 years beginning at age 58.
- (c) On or after August 20, 1996, and on or before August 19, 1997, the vested benefit referenced in Section 2 of your Deferred Compensation Agreement shall be \$37,400 for 15 years beginning at age 58.

An earlier section of this agreement addresses this benefit for termination after your age 58 (August 20, 1994). All other provisions of your Deferred Compensation Agreement remain unchanged.

- - - Pension Benefits. You would receive all pension benefits that would be currently owed you under the pension plan and the terms of this agreement.

- - - Health and Dental Insurance. The company would subsidize the first twelve months of COBRA eligibility for you and your then enrolled dependents, subject to normal payroll deductions.
- - - Vacation. You would be paid all unused eligible vacation that is owed to you on the termination date.
- - - Other Benefits. All other benefits would be canceled as of your termination date.

RELEASE

Because this compensation package is substantially more generous to that normally provided for this position, in consideration for such sums you hereby release, waive and forever discharge Wolverine World Wide, Inc., its officers, directors, agents, representatives,

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Mr. George A. Andrews
May 2, 1994
Page 5

affiliates and employees as well as all affiliated, subsidiary or parent corporations, and their officers, directors, agents, representatives, affiliates, and employees, from any and all actions, claims, suits, charges, damages and demands, whether known or unknown, contingent or accrued, which you may now have or hereafter acquire on account of, arising out of or relating to your prior employment by the company and/or its affiliates, or your termination of employment or change in position as contemplated by this Agreement. This release, waiver and discharge specifically includes but is not limited to claims for any violation of any express or implied contract or agreement, written or oral, or for violation of any common law duty or public policy, or any statute or order, including, but not limited to, the National Labor Relations Act, Title VII of the Civil Rights Act of 1964, 42 USC 1981, 42 USC 1983, 42 USC 1985, 42 USC 1986, and 42 USC 1988, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act, the Michigan Civil Rights Act, the Michigan Handicappers Civil Rights Act, and any other federal, state or local civil rights statute, ordinance or regulation. This waiver of rights and release of all claims through the date hereof is knowing and voluntary. The invalidity in whole or in part of any provision of this release will not affect the validity of any other provision. Neither this release nor any other provision of this Agreement is an admission of any wrongdoing by either party.

Since you are age 40 or older, you have a period of up to 21 days after original receipt of this letter to decide whether to accept this financial assistance by signing and returning this letter.

You may voluntarily waive this 21-day period. After you sign, you will have an additional period of seven days following signature to request that it be returned to you thus canceling this offer and waiver and release. If you do nothing during this seven-day period, then your compensation will be computed as stated. As required by law, since you are age 40 or older you are being advised to consult an attorney before you sign this letter. Be advised to consult an attorney before you sign this letter. By signing below you agree that you have carefully reviewed this letter as written so you understand its contents and the effect.

Very truly yours,
/S/ Geoffrey B. Bloom
GBB:jjc

Read, Understood and Accepted

/S/ George A. Andrews

George A. Andrews

May 16, 1994

Date

Exhibit 11 Statement Regarding Computation of Per Share Earnings(A)

Wolverine World Wide, Inc. and Subsidiaries

	December 31, 1994	Fiscal year ended January 1, 1994	January 2, 1993
Primary, as reported			
Average shares outstanding	10,548,796	10,144,671	9,941,154
Net effect of dilutive stock options-based on the treasury stock method using average market price	356,575	333,153	(B)
	10,905,371	10,477,824	9,941,154
Net earnings (loss)	\$16,598,000	\$11,492,000	\$(10,941,000)
Per share amount	\$1.52	\$1.10	\$(1.10)
Primary, including dilutive stock options in all years			
Average shares outstanding	10,548,796	10,144,671	9,941,154
Net effect of dilutive stock options-based on the treasury stock method using average market price	356,575	333,153	62,438
	10,905,371	10,477,824	10,003,592
Net earnings (loss)	\$16,598,000	\$11,492,000	\$(10,941,000)
Per share amount	\$1.52	\$1.10	\$(1.09)
Fully diluted			
Average shares outstanding	10,548,796	10,144,671	9,941,154
Net effect of dilutive stock options-based on the treasury stock method using the year-end market price, if higher than the average market price	382,294	394,608	234,813
Assumed conversion of 6.5% convertible subordinated notes	145,467	300,000	300,000
	11,076,557	10,839,279	10,475,967
Net earnings (loss)	\$16,598,000	\$11,492,000	
			\$(10,941,000)
Add 6.5% convertible subordinated debentures interest, net of income tax effect	49,641	104,000	104,000
	\$16,647,641	\$11,596,000	\$(10,837,000)
Per share amount	\$1.50	\$1.07	\$(1.03)

<FN>

(A) On March 10, 1994, the Company announced a three-for-two stock split on shares of common stock outstanding as of March 21, 1994. All share and per share data have been retroactively adjusted for the increased shares resulting from the stock split.

(B) The net effect of dilutive stock options in fiscal 1992 is not included in the computation of earnings per share as reported in the consolidated financial statements since they were less than 3% dilutive.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT
WOLVERINE WORLD WIDE, INC.

Name	State or Country of Incorporation or Organization
Aguadilla Shoe Corporation	Michigan
BSI Shoes, Inc.	Michigan
Brooks France, S.A.	France
Dominican Wolverine Shoe Company Limited	Cayman Islands
Frolic de Mexico S.A. de C.V.	Mexico
Spartan Shoe Company Limited	Cayman Islands
WWW Europe Ltd.	England
Hush Puppies Retail, Inc. d/b/a Little Red Shoe House Hush Puppies Factory Direct	Michigan
Wolverine Design Center, Inc.	Michigan
Wolverine Procurement, Inc.	Michigan
Wolverine Sourcing, Inc.	Michigan
Hush Puppies Canada Footwear, Ltd. (controlling interest)	Canada
Wan Hau Enterprise Co., Ltd. (minority interest)	Republic of China (Taiwan)

All of the subsidiaries of the Registrant are wholly owned, except as otherwise indicated.

Exhibit 23 Consent of Independent Auditors

We consent to the incorporation by reference in Registration Statement Number 33-55213 on Form S-8 dated August 24, 1994, Registration Statement Number 33-64854 on Form S-8 dated June 22, 1993, Registration Statement Numbers 33-23195 and 33-23196 on Form S-8 dated July 21, 1988, Registration Statement Number 2-92600 on Form S-8 dated August 25, 1984, and Post-Effective Amendment Number 2 to Registration Statement Number 2-68548 on Form S-8 effective August 9, 1980, of our report dated February 16, 1995, with respect to the consolidated financial statements and schedule of Wolverine World Wide, Inc. and subsidiaries included in the Annual Report on Form 10-K of Wolverine World Wide, Inc. for the fiscal year ended December 31, 1994.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
March 24, 1995

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 23, 1995	/s/ Phillip D. Matthews Phillip D. Matthews

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and

on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
February 5, 1995	/s/ Thomas D. Gleason Thomas D. Gleason

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 30, 1995	/s/ Timothy J. O'Donovan Timothy J. O'Donovan

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date

Signature

January 25, 1995

/s/ Stephen L. Gulis, Jr.
Stephen L. Gulis, Jr.

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date

Signature

March 10, 1995

/s/ Daniel T. Carroll
Daniel T. Carroll

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 23, 1995	/s/ David T. Kollat David T. Kollat

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for

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Date	Signature
February 15, 1995	/s/ David P. Mehney David P. Mehney

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 24, 1995	/s/ Stuart J. Northrop Stuart J. Northrop

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date

Signature

March 13, 1995

/s/ Joseph A. Parini
Joseph A. Parini

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
March 10, 1995	/s/ Joan Parker Joan Parker

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date	Signature
January 26, 1995	/s/ Alberto L. Grimoldi Alberto L. Grimoldi

Exhibit 24--POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS,

JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 1994, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

Date

Signature

January 26, 1995

/s/ Elizabeth A. Sanders
Elizabeth A. Sanders

<ARTICLE>

5

<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM APPENDIX A FOR THE YEAR ENDED DECEMBER 31, 1994, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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