
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO
SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 29, 2001
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 1-6024

WOLVERINE WORLD WIDE, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

38-1185150
(I.R.S. employer identification no.)

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

49351
(Zip code)

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

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

Title of each class
Common Stock, \$1 Par Value, Non-Cumulative

Name of each exchange on which registered
New York Stock Exchange/Pacific Exchange, Inc.

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 X 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 22, 2002: 41,658,411.

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 22, 2002: \$698,225,757.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held April 25, 2002, are incorporated by reference into Part III of this report.

Item 1. Business.

General.

Wolverine World Wide, Inc. (the "Company") is a leading designer, manufacturer and marketer of a broad line of quality casual shoes, rugged outdoor and work footwear, and constructed slippers and moccasins. 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 footwear business established in Grand Rapids, Michigan in 1883.

Consumers around the world purchased more than 36 million pairs of Company branded footwear during fiscal 2001, making the Company a global leader among U.S. shoe companies in the marketing of branded casual, work and outdoor footwear. The Company's products generally feature contemporary styling with proprietary technologies designed to provide maximum comfort. The products are marketed throughout the world under widely recognized brand names, including *Bates®*, *CAT®*, *Coleman®*, *Harley-Davidson®*, *Hush Puppies®*, *HyTest®*, *Merrell®*, *Stanley®* and *Wolverine®*. The Company believes that its primary competitive strengths are its well-recognized brand names, broad range of comfortable footwear, patented and proprietary comfort technologies, numerous distribution channels and diversified manufacturing and sourcing base.

The Company's footwear is sold under a variety of brand names designed to appeal to most consumers of casual, work and outdoor footwear at numerous price points. The Company's footwear products are organized under three operating divisions: (i) the Wolverine Footwear Group, focusing on work, outdoor and lifestyle boots and shoes, (ii) the Performance Footwear Group, focusing on the *CAT®* and *Merrell®* product lines of performance and lifestyle footwear and (iii) the Casual Footwear Group, focusing on *Hush Puppies®* brand comfortable casual shoes, slippers and moccasins under the *Hush Puppies®* brand and other private labels for third party retailers. The Company's Global Operations Group is responsible for manufacturing, sourcing, distribution and customer support for the various Company brands. The Company's footwear is distributed domestically through 64 Company-owned retail stores and to accounts including department stores, footwear chains, catalogs, specialty retailers, mass merchants and Internet retailers. Many of the retailers to whom Wolverine distributes operate multiple storefront locations. The Company's products are distributed worldwide in over 140 markets through licensees and distributors.

The Company, through its Wolverine Leathers Division, operates a Company-owned tannery and is one of the premier tanners of quality pigskin leather for the shoe 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 Company licensees and other domestic and foreign manufacturers of shoes. In addition, Wolverine Procurement, Inc., a Company-owned subsidiary, both performs skinning operations and purchases raw pigskins which it then cures and sells to the Wolverine Leathers Division and to outside customers for processing into pigskin leather products.

For financial information regarding the Company, see the consolidated financial statements of the Company, which are attached as Appendix A to this Form 10-K. The Company has one reportable operating segment, Branded Footwear. The "Branded Footwear" segment is engaged in the manufacture and marketing of branded footwear, including casual shoes, slippers, moccasins, dress shoes, boots, uniform shoes, work shoes and performance outdoor footwear. The Company's "Other Businesses" category consists of the Company's retail stores, apparel and accessory licensing, tannery and pigskin

procurement operations. Financial information regarding the Company's operating segments and financial information about geographic areas can be found in Note 9 to the consolidated financial statements of the Company, which are attached as Appendix A to this Form 10-K.

Branded Footwear.

The Company sources and markets a broad range of footwear styles including shoes, boots and sandals under many recognizable brand names including *Bates®*, *CAT®*, *Coleman®*, *Harley-Davidson®*, *Hush Puppies®*, *HyTest®*, *Merrell®*, *Stanley®* and *Wolverine®*. The Company, through its wholly owned subsidiary, Wolverine Slipper Group, Inc., also sources constructed slippers and moccasins and markets them under the *Hush Puppies®* and *Turtle Fur®* trademarks and on a private label basis. The Company combines quality materials and skilled workmanship from around the world to produce footwear according to its specifications at both Company-owned and independent manufacturing facilities.

The Company's three branded footwear operating divisions are described below.

1. The Wolverine Footwear Group. The Wolverine Footwear Group encompasses multiple brands designed with performance and comfort features to serve a variety of work, outdoor and lifestyle functions. The *Wolverine®* brand, which has been in existence for 119 years, is identified with performance and quality and markets work and outdoor footwear in two categories: (i) work and industrial footwear; and (ii) rugged outdoor and sport footwear. The Wolverine Footwear Group also includes the *Bates®* and *HyTest®* product lines. These products feature quality materials and components and patented technologies and designs, such as *DuraShocks®*, *DuraShocks SR™*, *Wolverine Fusion™* and *Wolverine Durashocks Motion Control™*, and unique proprietary technologies such as the *SEMC®* non-metallic composite safety toe and the new *Wolverine Compressor™* technology. The Wolverine Footwear Group also markets *Harley-Davidson®* footwear. *Harley-Davidson®* footwear styles include traditional motorcycle riding designs as well as contemporary fashion, military and western inspired footwear. The Wolverine Footwear Group also markets hiking and outdoor shoes, boots and sandals through the *Coleman®* footwear line of products. In addition, the Wolverine Footwear Group markets *Stanley®* work boots and shoes.

Wolverine® Work and Industrial Footwear. The Company believes the *Wolverine®* brand has built its reputation by offering quality, durable and comfortable work boots and shoes. The development of *DuraShocks®* technology allowed the *Wolverine®* brand to introduce a broad line of work footwear with a focus on comfort. The *Wolverine Fusion™*, *Wolverine Durashocks Motion Control™*, *SEMC®* composite safety toe and *Compressor™* technologies continue the Company's tradition of comfortable work and industrial footwear. The *Wolverine®* work product line features work boots and shoes, including steel toe boots and shoes, targeting male and female industrial and farm workers.

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Wolverine® Rugged Outdoor and Sport Footwear. The *Wolverine®* rugged outdoor and sport product lines incorporate *DuraShocks®*, *DuraShocks SR™*, *Wolverine Fusion™*, *Wolverine Durashocks Motion Control™* and *Compressor™* technology and other comfort features into products designed for rugged outdoor and casual use. This broad product line targets active lifestyles and includes all-terrain sport boots, walking shoes, trail hikers, rugged casuals and outdoor sandals. The Company also produces boots that target hunters, fishermen and other active outdoor users. Warmth, waterproofing and comfort are achieved through the use of *Gore-Tex®* and *Thinsulate®* brand fabrics and the Company's performance leathers and patented *DuraShocks®* technologies.

Bates® Uniform Footwear. The Company's Bates Uniform Footwear Division is an industry leader in supplying footwear to military and civilian uniform users. The Bates Uniform Footwear Division utilizes *DuraShocks®*, *DuraShocks SR™*, *CoolTech®* and other proprietary comfort technologies in the design of its military-style boots and oxfords including the *Bates® Enforcer Series®* and *Special Ops™* footwear lines. The Bates Uniform Footwear Division contracts with the U.S. Department of Defense and other governmental organizations to supply military footwear. Civilian uniform uses include police, security, postal, restaurant and other industrial occupations. Bates Uniform Footwear Division products are also distributed through specialty retailers and catalogs.

HyTest®. The *HyTest®* product line consists primarily of high quality work boots and shoes designed to protect male and female industrial workers from foot injuries. *HyTest®* footwear incorporates various safety features into its product lines, including steel toe, composite toe, electrical hazard, static dissipating and conductive footwear to protect against hazards of the workplace. In addition, *HyTest®* brand footwear incorporates features such as *FootRests®* comfort technology and the proprietary *SEMC®* composite toe to provide comfort together with safety for working men and women. *HyTest®* footwear is distributed primarily through a network of independently owned *Shoemobile®* mobile truck retail outlets providing direct sales of the Company's occupational and work footwear brands to workers at industrial facilities.

Harley-Davidson® Footwear. Pursuant to a license arrangement with the Harley-Davidson Motor Company, the Company has the exclusive right to manufacture, market, distribute and sell *Harley-Davidson®* brand footwear throughout the world. *Harley-Davidson®* brand footwear products include motorcycle, casual, fashion, work and western footwear for men, women and children. *Harley-Davidson®* footwear is sold globally through a network of approximately 650

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independent *Harley-Davidson®* dealerships as well as through department stores and specialty retailers.

Coleman® Footgear. The Company has been granted the exclusive rights to manufacture, market, distribute and sell outdoor footwear under the *Coleman®* brand in Europe, Asia and the Middle East. *Coleman®* brand footwear products include lightweight hiking boots, outdoor sport boots, rubber footgear and outdoor sandals, which are sold primarily at value-oriented prices through specialty retailers and mass merchants.

Stanley® Footgear. Pursuant to a license arrangement completed in 2000 with the Stanley Works, the Company has an exclusive license to manufacture, market, distribute and sell footwear under the *Stanley®* brand. The *Stanley® Footgear* line provides the Company with an entry into the value-price work footwear market. *Stanley® Footgear* is currently marketed in Payless ShoeSource, Inc. stores throughout the United States.

2. The Performance Footwear Group. The Performance Footwear Group began operating as a separate division of the Company in 1999. The Performance Footwear Group is comprised of two of the Company's performance-lifestyle brands, *CAT®* and *Merrell®*.

CAT® Footwear. The Company has been granted the exclusive worldwide rights to manufacture, market

and distribute footwear under the *Caterpillar*®, *CAT & Design*®, *Walking Machines*® and other trademarks. The Company believes the association with *CAT*® equipment enhances the reputation of its boots for quality, ruggedness and durability. *CAT*® brand footwear products include work boots and shoes, sport boots, rugged casuals and lifestyle footwear. In addition, the Company also manufactures and markets *CAT*® Marine Power footwear, designed for industrial and recreational marine uses. *CAT*® footwear products target work and industrial users and active lifestyle users. *CAT*® footwear is marketed in over 130 countries worldwide.

Merrell® Footwear. The *Merrell*® product line consists primarily of technical hiking, rugged outdoor and outdoor inspired casual footwear designed for backpacking, day hiking and every day use. The *Merrell*® product line also includes the "After-Sport" product line, incorporating *Merrell*® Footwear's technical hiking and outdoor expertise with *Wolverine Performance Leathers*™ and other technical materials to create footwear with unique styling, performance and comfort features. *Merrell*® products are sold primarily through outdoor specialty retailers, department stores and catalogs.

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3. The Casual Footwear Group. The Casual Footwear Group consists of the Hush Puppies Company and the Wolverine Slipper Group, Inc. Each of these groups is described below.

The Hush Puppies Company. Over its 44-year heritage, the *Hush Puppies*® brand has been a pioneer of comfortable casual shoes. The diverse product line includes numerous styles for both work and casual wear and utilizes comfort features, such as the *Comfort Curve*® sole, *Float Fx*™, patented *Bounce*® technology and lightweight *Zero-G*™ constructions. *Hush Puppies*® shoes are sold to men, women and children in over 90 countries through department stores, catalogs, and independent retailers.

Wolverine Slipper Group, Inc. Through its wholly owned subsidiary, Wolverine Slipper Group, Inc., the Company is one of the leading suppliers of constructed slippers in the United States. The styling of Wolverine Slipper Group's footwear reflects consumer demand for the "rugged indoor" look by using natural leathers such as moosehide, shearling and suede in constructed slipper and indoor and outdoor moccasin designs. Wolverine Slipper Group, Inc., designs and manufactures constructed slippers, aftersport footwear and moccasins on a private label basis according to customer specifications. In addition to its traditional line of private label slippers, Wolverine Slipper Group, Inc. also manufactures and markets slipper products under the popular *Hush Puppies*® and *Turtle Fur*® brands and has developed a *College Clogs*™ program for the sale of licensed collegiate slipper products.

Other Businesses.

In addition to the manufacture and marketing of the Company's footwear products that are reported in the Branded Footwear segment, the Company also (i) operates a Company-owned pigskin tannery through its Wolverine Leathers Division, (ii) purchases and cures raw pigskins for sale to various customers through its wholly owned subsidiary Wolverine Procurement, Inc., (iii) operates 64 domestic retail footwear stores, and (iv) licenses the Company's brand names for use on non-footwear products.

1. The Wolverine Leathers Division. The Wolverine Leathers Division produces pigskin leathers primarily for use in the footwear industry. *Wolverine Leathers*® brand products are manufactured in the Company's pigskin tannery located in Rockford, Michigan. The Company believes these leathers offer superior performance and advantages over cowhide leathers. The Company's waterproof, stain resistant and washable leathers are featured in many of the Company's domestic footwear lines and many products offered by the Company's international licensees and distributors. Wolverine performance leathers are also featured in certain outside brands of athletic and outdoor footwear.

2. Wolverine Procurement, Inc. Wolverine Procurement, Inc. performs skinning operations and purchases raw pigskins from third parties, which it then cures and sells to the Wolverine Leathers Division and to outside customers for processing into pigskin leather products.

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3. Retail Stores. The Company operated 64 domestic retail shoe stores as of February, 2002, under three formats, consisting of 61 factory outlet stores under the *Hush Puppies and Family* name, two mall-based stores called *Up Footgear*™ and one Hush Puppies specialty store. The Company expects the scope of its retail operations to remain relatively consistent in the foreseeable future. Most of the Company's 61 factory outlet stores carry a large selection of first quality Company branded footwear at discounted retail prices. The *Up Footgear*™ stores feature Company brands such as *Wolverine*®, *Merrell*®, *Hush Puppies*®, *CAT*® and *Harley-Davidson*®. These stores also carry a selection of branded footwear from other manufacturers. The *Hush Puppies*® specialty store is located in the Mall of America in Minneapolis, Minnesota and showcases *Hush Puppies*® footwear.

4. Apparel and Accessory Licensing. The Company's Apparel and Accessory Licensing Division licenses the Company's brands for use on non-footwear products including apparel, eyewear, watches, socks, handbags and plush toys. Current licensing programs include

Hush Puppies® brand apparel, eyewear, watches and plush toys, and *Wolverine*® brand apparel, gloves and watches.

Marketing.

The Company's overall marketing strategy is to develop brand-specific plans and related promotional materials for the United States market to foster a differentiated and consistent image for each of the Company's core footwear brands. Each footwear brand group has its own marketing personnel who develop the marketing strategy for products within that group. Domestic marketing campaigns target both the Company's retail accounts and consumers, and strive to increase overall brand awareness for the Company's branded products. The Company's advertisements typically emphasize fashion, comfort, quality, durability, functionality and other performance and lifestyle aspects of the Company's footwear. Components of the brand-specific plans include print, radio and television advertising, in-store point of purchase displays, promotional materials, and sales and technical assistance.

The Company's footwear brand groups provide its international licensees and distributors with creative direction and materials to convey consistent messages and brand images. Examples of marketing assistance provided by the Company to its licensees and distributors are (i) direction concerning the categories of footwear to be promoted, (ii) photography and layouts, (iii) broadcast advertising, including commercials and film footage, (iv) point of purchase presentation specifications, blueprints and packaging, (v) sales materials and (vi) consulting concerning retail store layout and design. The Company believes its footwear brand names provide a competitive advantage. In support of this belief, the Company makes significant expenditures on marketing and promotion to support the position of its products and enhance brand awareness.

Domestic Sales and Distribution.

The Company uses a wide variety of distribution channels to distribute its branded footwear products. To meet the diverse needs of its broad customer base, the Company uses three primary distribution strategies.

- Traditional wholesale distribution is used to service department stores (such as J.C. Penney, Sears and Nordstrom), large footwear chains (such as Walking Company and Famous Footwear), specialty retailers (such as Eastern Mountain Sports), catalog and independent retailers, and military outlets. A dedicated sales force and customer service team, advertising and point of purchase support, and in-stock inventories are used to service these accounts.

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- Volume direct programs provide branded and private label footwear at competitive prices with limited marketing support. These programs service major retail, mail order, mass merchants and government customers.
- A network of independent *Shoemobile*® distribution outlets is used to distribute the Company's work and occupational footwear at industrial facilities.

In addition to its wholesale activities, the Company also operates domestic retail shoe stores as described above. The Company is developing various programs both independently and with its retail customers for the distribution of its products over the Internet and operates a direct to customer site at www.upfootgear.com.

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 net sales and other operating income in fiscal 2001.

Footwear sales are seasonal with significant increases in sales experienced during the fall hunting season, Christmas, Easter and back-to-school periods. Due to this seasonal nature of footwear sales, the Company experiences some fluctuation in its levels of working capital. The Company provides working capital for such fluctuations 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.

International Operations and Global Licensing.

The Company records revenue from foreign sources through a combination of sales of branded footwear products generated from the Company's owned operations in Canada, the United Kingdom, France, Germany, and The Netherlands and from royalty income through a network of independent licensees and distributors. The Company's owned operations include Hush Puppies (UK) Ltd., Merrell (Europe) Limited, Hush Puppies Canada Footwear, Ltd., and the Merrell Canada division. In addition, in January 2002, the Company established a new subsidiary to manage the CAT® footwear brand in the European market. This new joint venture entity, Wolverine Europe Limited, purchased on-going operations and assets of the European CAT footwear business from Overland Group Limited of London, England. The markets served directly by Wolverine Europe will include Austria, France, Germany, The Netherlands, and the United Kingdom, and it will continue to coordinate and oversee support for other European markets served by independently-owned distributors. In October of 2001, the Company also expanded its owned Merrell operations in the United Kingdom to cover the additional countries of Austria, Belgium, France, Germany, Luxembourg, The Netherlands and Spain. A new subsidiary, Merrell Europe B.V. was formed to direct the operations of these additional countries. The Company's owned operations are located in markets where the Company believes it can gain a strategic advantage.

The Company derives royalty income from sales of Company footwear bearing the *Hush Puppies*®, *Wolverine*®, *Bates*®, *HyTest*®, *Merrell*® and other trademarks by independent distributors and licensees. The Company also derives royalty income from sales of footwear bearing the *CAT*®, *Coleman*® and *Harley-Davidson*® trademarks through foreign distributors. License and distribution arrangements enable the Company to develop international markets without the capital commitment required to maintain inventories or fund localized

wholly owned foreign operations, together with the Company's foreign licensees and distributors sold an estimated 18 million pairs of footwear, which is similar to the level of international sales in fiscal 2000.

The Company continues to develop a global network of licensees and distributors to market its footwear brands. The Company assists in designing products that are appropriate to each foreign market but are consistent with the global brand position. The licensees and distributors then purchase goods from either the Company or authorized third-party manufacturers pursuant to a distribution agreement or manufacture branded products consistent with Company standards pursuant to a license agreement. Distributors and licensees are responsible for independently marketing and distributing Company branded products in their respective territories, with product and market support provided by the Company.

Manufacturing and Sourcing.

The Company controls the sourcing and manufacture of approximately 75% of the pairs of footwear marketed under the Company's brand names globally. The balance is controlled directly by the Company's licensees. Of the pairs controlled by the Company, approximately 85% are purchased or sourced from third parties, with the remainder produced at Company-owned facilities. Footwear produced by the Company is manufactured at Company-owned facilities in several domestic and certain affiliated foreign facilities located in Michigan, Arkansas, the Dominican Republic and Mexico. For some of the Company-produced footwear, the Company has implemented a "twin plant" concept whereby a majority of the labor intensive cutting and fitting construction of the "upper" portion of shoes and boots is performed at the Company's facilities in the Dominican Republic and Mexico and the technology intensive construction, or "bottoming," is performed at the Company's domestic facilities.

The Company's factories each have the flexibility to produce a variety of footwear, and depart from the industry's historic practice of dedicating a given facility to production of specific footwear products. This flexibility allows the Company to quickly respond to changes in market preference and demand. The Company produces primarily slippers and work footwear in its domestic and international facilities, allowing the Company to respond to both market and customer-specific demand. In fiscal 2000, the Company announced its intention to close its facilities in Malone, New York; Kirksville, Missouri; Aguadilla, Puerto Rico; San Jose, Costa Rica; and Alexandria, Ontario, Canada. Consolidating operations into the remaining facilities allows the Company to take better advantage of sophisticated global sourcing alternatives. The Company significantly completed these closures in 2001 resulting in more flexible and efficient sourcing of Company products.

The Company sources a majority of its footwear from a variety of foreign manufacturing facilities in the Asia-Pacific region, Central and South America, India and Europe. The Company maintains technical offices in the Asia-Pacific region to facilitate the sourcing and importation of quality footwear. The Company has established guidelines for each of its third-party manufacturers in order to monitor product quality, labor practices and financial viability. In addition, the Company has developed its "Engagement Criteria for Partners & Sources" to require that its domestic and foreign manufacturers, licensees and distributors use ethical business standards, comply with all applicable health and safety laws and regulations, are committed to environmentally safe practices, treat employees fairly with respect to wages, benefits and working conditions, and do not use child or prison labor.

The Company's domestic manufacturing operations allow the Company to (i) reduce its lead time, enabling it to quickly respond to market demand and reduce inventory risk, (ii) lower freight and shipping

costs, and (iii) closely monitor product quality. The Company's foreign manufacturing strategy allows the Company to (i) benefit from lower labor costs, (ii) source the highest quality raw materials from around the world, and (iii) avoid additional capital expenditures necessary for factories and equipment. The Company believes that its overall global manufacturing strategy gives the Company maximum flexibility to properly balance the need for timely shipments, high quality products and competitive pricing.

The Company owns and operates a pigskin tannery through its Wolverine Leathers Division, which is one of the premier tanners of quality leather for the footwear industry. The Company and its licensees receive virtually all of their pigskin requirements from the tannery. The Company believes the tannery provides a strategic advantage for the Company by producing leather using proprietary technology at prices below those available from other sources.

The Company's principal required raw material is quality leather, which it purchases from a select group of domestic and offshore suppliers, including the Company's tannery. The global availability of shearling and cowhide leather eliminates any reliance by the Company upon a sole supplier. The Company currently purchases the vast majority of the raw pigskins used in a significant portion of its tannery operations from one domestic source. This source has been a reliable and consistent supplier for over 30 years. Alternative sources of pigskin are available, however the price, processing and/or product characteristics are less advantageous to the Company. The Company purchases all of its other raw materials and component parts from a variety of sources, none of which is believed by the Company to be a dominant supplier.

The Company is subject to the normal risks of doing business abroad due to its international operations, including the risk of expropriation, acts of war or terrorism, political disturbances and similar events, the imposition of trade barriers, quotas and tariffs and loss of most favored nation trading status. With respect to 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.

Trademarks, Licenses and Patents.

The Company holds a significant portfolio of registered and common law trademarks that identify its branded footwear products. The trademarks that are most widely used by the Company include *Hush Puppies*®, *Wolverine*®, *Bates*®, *Wolverine Fusion*™, *DuraShocks*®, *Hidden Tracks*®, *Bounce*®, *Comfort Curve*®, *HyTest*®, *Merrell*® and *FootRests*®. The Company has obtained the right to manufacture, market and distribute footwear throughout most countries of the world under the *CAT*® and *Harley-Davidson*® trademarks; the right to manufacture, market and distribute footwear in the United States and other countries under the *Stanley*® trademark; the right to manufacture, market and distribute slippers in the United States and certain other countries under the *Turtle Fur*® trademark; and the right to manufacture, market and distribute footwear in Europe, Asia and the Middle East under the *Coleman*® trademark — all pursuant to license arrangements with the respective trademark owners. All of the Company's licenses are long term and extend for three or more years with renewal options with the exception of the *Turtle Fur*® license which expires in March 2004. Pigskin leather produced by the Company's *Wolverine Leathers* Division is sold under the trademarks *Wolverine Leathers*®, *Weather Tight*® and *All Season Weather Leathers*™.

The Company believes that its products are identified by consumers by its trademarks and that its trademarks are valuable assets. The Company is not aware of any infringing uses or any prior claims of ownership of its trademarks that could materially affect its current business. It is the policy of the Company to pursue registration of its primary marks whenever possible and to vigorously defend its trademarks against infringement or other threats to the greatest extent practicable under the laws of the United States and other countries. The Company also holds many design and utility patents, copyrights and various other proprietary rights. The Company protects all of its proprietary rights to the greatest extent practicable under applicable laws.

Order Backlog.

At March 23, 2002, the Company had a backlog of footwear orders of approximately \$233 million compared with a backlog of approximately \$195 million at March 24, 2001. Approximately half of the backlog increase is related to orders for products expected to be shipped in the third and fourth quarters of 2002 and can be affected by the timing of customer requests for shipment of the ordered products. While orders in backlog are subject to cancellation by customers, the Company has not experienced significant cancellation of orders in the past and the Company expects that substantially all of the orders will be shipped in fiscal 2002. The backlog at a particular time is affected by a number of factors, including seasonality, retail conditions, product availability and the schedule for the manufacture and shipment of products. Accordingly, a comparison of backlog from period to period is not necessarily meaningful and may not be indicative of eventual actual shipments.

Competition.

The Company's footwear lines are manufactured and marketed in a highly competitive environment. The Company competes with numerous domestic and foreign marketers, manufacturers and importers of footwear, some of which are larger and have greater resources than the Company. The Company's major competitors for its brands of footwear are located in the United States and Europe. The Company has at least ten 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 twenty major competitors in connection with the sale of its casual, work and outdoor shoes. 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 footwear industry in general is subject to changes in consumer preferences. The Company strives to 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 by the Company will be affected by its continued ability to sell its products at competitive prices and to meet shifts in consumer preferences.

Because of the lack of reliable published statistics, the Company is unable to state with certainty its position in the footwear industry. Market shares in the non-athletic footwear industry are highly fragmented and no one company has a dominant market position.

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

branded 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, for example, has led to specific biomechanical design concepts, such as *Bounce*®, *DuraShocks*® and *Hidden Tracks*® comfort technologies, that have been incorporated in the

Company's footwear. 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 provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment have not had, nor are they expected to have, any material effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries. 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 regulatory issues.

Employees.

As of December 29, 2001, the Company had approximately 4,614 domestic and foreign production, office and sales employees. Approximately 753 employees were covered by four union contracts expiring at various dates through March 31, 2004. The Company has experienced no work stoppages since 1990. The Company presently considers its employee relations to be good.

Item 2. Properties.

The Company either directly or through its subsidiaries owned or leased the following offices and manufacturing facilities as of December 29, 2001:

LOCATION	TYPE OF FACILITY	OWNED LEASED	SQUARE FOOTAGE
Rockford, MI	Administration/Sales	Owned	223,300
Jonesboro, AR	Administration/Sales	Leased	5,680
Malone, NY*	Administration/Sales	Owned	11,718
New York, NY	Administration/Sales	Leased	3,811
St. Laurent, Quebec, Canada	Administration/Sales	Leased	2,800
Saint-Sauveur-des-Monts, Quebec, Canada	Administration/Sales	Leased	1,500
Tai Chung, Taiwan	Administration/Sales	Leased	19,000
Leicester, England	Administration/Sales	Leased	13,250
Bristol, England	Administration/Sales	Leased	5,200
London, England	Administration/Sales	Leased	19,800
Dusseldorf, Germany	Administration/Sales	Leased	6,250
Paris, France	Administration/Sales	Leased	7,731
Utrecht, The Netherlands	Administration/Sales	Leased	950
Almere, The Netherlands	Administration/Sales	Leased	1,600
Total Administration/Sales			322,590
Rockford, MI	Tannery	Owned	160,000
Des Moines, IA	Procurement	Owned	6,200
Dyersburg, TN	Procurement	Leased	12,000
Durant, OK	Procurement	Leased	12,900
Dennison, KS	Procurement	Leased	1,855
Total Tannery and Procurement			192,955
Jonesboro, AR	Manufacturing	Leased	79,197

Jonesboro, AR	Manufacturing	Owned	11,680
Monette, AR	Manufacturing	Owned	18,030
Rockford, MI	Manufacturing	Owned	20,833
Rockford, MI	Manufacturing	Owned	19,624
Rockford, MI	Manufacturing	Owned	7,790
Big Rapids, MI	Manufacturing	Owned	77,626
Kirksville, MO*	Manufacturing	Owned	104,000
Malone, NY*	Manufacturing	Owned	90,664
Malone, NY*	Manufacturing	Owned	37,596
Malone, NY*	Manufacturing	Owned	8,100
Malone, NY*	Manufacturing	Owned	27,125

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Monterrey, MX	Manufacturing	Leased	60,000
San Pedro, Dominican Republic	Manufacturing	Leased	65,111
Santo Domingo, Dominican Republic	Manufacturing	Leased	54,332

Total Manufacturing 681,708

Jonesboro, AR	Warehouse	Leased	2,000
Jonesboro, AR	Warehouse	Owned	13,500
Jonesboro, AR	Warehouse	Owned	15,478
Rockford, MI	Warehouse	Owned	304,278
Rockford, MI	Warehouse	Owned	93,140
Rockford, MI	Warehouse	Owned	75,000
Cedar Springs, MI	Warehouse	Leased	32,900
Cedar Springs, MI	Warehouse	Leased	230,000
Howard City, MI	Warehouse	Leased	350,000
Malone, NY	Warehouse	Owned	115,211
St. Laurent, Quebec, Canada	Warehouse	Leased	33,000
Wellingborough, England	Warehouse	Leased	2,500

Total Warehouse 1,267,007

* Facility is currently idle.

In addition, the Company's subsidiary, Hush Puppies Retail, Inc., operates retail stores through leases with various third-party landlords. The Company believes that its current facilities are suitable and adequate to meet its anticipated needs for the next twelve months.

Item 3. Legal Proceedings.

The Company is involved in litigation and various legal matters arising in the normal course of business, including certain environmental compliance activities. The Company has considered facts that have been ascertained and opinions of counsel handling these matters, and does not believe the ultimate resolution of such proceedings will have a material adverse effect on the Company's financial condition or future results of operations.

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

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

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.

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<u>Name</u>	<u>Age</u>	<u>Positions held with the Company</u>
Geoffrey B. Bloom	60	Chairman of the Board

Steven M. Duffy	49	Executive Vice President and President, Global Operations Group
V. Dean Estes	52	Vice President and President, Wolverine Footwear Group
Stephen L. Gulis, Jr.	44	Executive Vice President, Chief Financial Officer and Treasurer
Blake W. Krueger	48	Executive Vice President, General Counsel and Secretary
Timothy J. O'Donovan	56	Chief Executive Officer and President
Nicholas P. Ottenwess	39	Vice President of Finance and Corporate Controller
Robert J. Sedrowski	52	Vice President of Human Resources
James D. Zwiers	34	Associate General Counsel and Assistant Secretary

Geoffrey B. Bloom has served the Company as Chairman of the Board since 1996. From 1996 to 2000 he served the Company as Chief Executive Officer and Chairman of the Board. From 1993 to 1996 he served the Company as President and Chief Executive Officer.

Steven M. Duffy has served the Company as Executive Vice President since April 1996 and is President of the Company's Global Operations Group. From 1993 to 1996 he served the Company as Vice President.

V. Dean Estes has served the Company as Vice President since 1995. Mr. Estes is also President of the Wolverine Footwear Group. Since he joined the Company in 1975, Mr. Estes has served in various positions relating to the sales, marketing and product development functions of the Company's work boot and shoe and related businesses.

Stephen L. Gulis, Jr., has served the Company as Executive Vice President, Chief Financial Officer and Treasurer since April 1996. From 1994 to April 1996 he served the Company as Vice President and Chief Financial Officer.

Blake W. Krueger has served the Company as Executive Vice President, General Counsel and Secretary since April 1996. From 1993 to April 1996 he served the Company as General Counsel and Secretary. From 1985 to 1996 he was a partner with the law firm of Warner Norcross & Judd LLP.

Timothy J. O'Donovan has served the Company as Chief Executive Officer and President since April 2000. From 1996 to April 2000 he served the Company as Chief Operating Officer and President. From 1982 to April 1996 he served the Company as Executive Vice President.

Nicholas P. Ottenwess has served the Company as Vice President of Finance and Corporate Controller since June 2001. From September 1997 to June 2001 he served the Company as Corporate

Controller. From 1993 to September 1997 he served the Company as Vice President of Finance & Administration for The Hush Puppies Company.

Robert J. Sedrowski has served the Company as Vice President of Human Resources since October 1993.

James D. Zwiers has served the Company as Associate General Counsel and Assistant Secretary since January 1998. From 1995 to 1998 he was an attorney with the law firm of Warner Norcross & Judd LLP.

PART II

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

Wolverine World Wide, Inc. common stock is traded on the New York Stock Exchange and the Pacific Exchange under the symbol "WWW." The following table shows the high and low sales prices on the New York Stock Exchange and dividends declared by calendar quarter for 2001 and 2000. The number of stockholders of record on March 1, 2002, was 1,811.

	<u>2001</u>		<u>2000</u>	
	High	Low	High	Low
First quarter	\$ 19.56	\$ 12.96	\$ 13.38	\$ 9.00
Second quarter	18.49	13.30	13.50	10.19
Third quarter	19.50	15.00	12.69	9.00
Fourth quarter	16.98	12.25	17.50	8.56

Cash Dividends Declared Per Share:

	<u>2001</u>	<u>2000</u>
First quarter	\$.04	\$.035
Second quarter	.04	.035
Third quarter	.04	.035
Fourth quarter	.04	.035

Dividends of \$.045 were declared in the first quarter of fiscal 2002.

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Item 6. Selected Financial Data.

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

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Summary of Operations					
Net sales and other operating income	\$720,066	\$701,291	\$665,576	\$669,329	\$665,125
Net earnings	45,240	10,690	32,380	41,651	41,539
Per share of common stock:					
Net earnings, as reported: ⁽²⁾⁽³⁾					
Basic	\$1.11	\$.26	\$.80	\$1.00	\$1.00
Diluted	1.07	.26	.78	.97	.96
Cash dividends declared ⁽³⁾	.16	.14	.12	.11	.09
Financial Position at Year End					
Total assets	\$543,678	\$494,568	\$534,395	\$521,478	\$449,663
Long-term debt	90,848	92,194	139,201	161,650	94,264

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. In particular, see the discussion of the nonrecurring charges in Note 11 to the consolidated financial statements.
2. Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the year after adjustment for nonvested common stock. Diluted earnings per share assume the exercise of dilutive stock options and the vesting of all outstanding common stock.
3. On April 17, 1997, the Company announced a three-for-two stock split on shares of common stock outstanding at May 2, 1997. All share and per share data have been adjusted for the increased shares resulting from this split.

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

Operations

Results of Operations--2001 Compared to 2000

Net sales and other operating income increased 2.7% to \$720.1 million in 2001 compared to \$701.3 million in 2000. On a combined basis, net sales and other operating income for the Company's branded footwear businesses, consisting of the Casual Footwear Group (comprised of The Hush Puppies Company, the Children's Footwear Group, and the Wolverine Slipper Group, Inc.), the Wolverine Footwear Group (comprised of the Wolverine®, HYTEST®, Stanley®, Coleman®, Bates® and Harley-Davidson® brands), and the Performance Footwear Group (comprised of the CAT® and Merrell®

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brands) increased \$22.0 million (3.5%) in 2001 compared to 2000. The Company's other business units, consisting of Wolverine Retail, Apparel and Accessory Licensing, Wolverine Leathers and Wolverine Procurement, Inc., reported a \$3.2 million (4.1%) decrease in net sales

and other operating income in 2001 compared to 2000. Revenue is recognized on the sale of products manufactured or sourced by the Company when the related goods have been shipped and legal title has passed to the customer. Revenue generated through programs with licensees and distributors involving products utilizing the Company's trademarks and brand names is recognized as earned based on the completion of stated contractual terms.

The Casual Footwear Group reported a decrease in net sales and other operating income of \$12.0 million (6.4%) in 2001 compared to 2000. Net sales and other operating income for the Hush Puppies Company decreased from 2000 levels as Hush Puppies U.S. experienced soft sales as a result of a weak retail environment. Many retailers remained reluctant to place reorders due to concerns about the economy and rising inventory levels. Hush Puppies Canada recorded a 4.6% increase in net sales and other operating income due to the successful launch of Steps by Hush Puppies™, a middle market product for men and women. Hush Puppies U.K. experienced a slight decline for the year due to the loss of its largest customer during the second quarter of 2001. This customer transitioned its business to the discount retail market, which is not serviced by the Company. The Children's Footwear Group experienced a decrease in net sales and other operating income for 2001 as a result of losing several customers that exited the childrens' footwear business. Net sales and other operating income for the Wolverine Slipper Group was generally consistent with 2000 levels.

The Wolverine Footwear Group's net sales and other operating income increased \$5.5 million (2.0%) in 2001 compared to 2000. Wolverine®, Harley-Davidson® and Stanley® footwear provided the increase with expanded distribution networks in 2001. In 2001, Stanley® footgear, a new footwear line for the Company as of the third quarter of 2000, expanded its distribution network to include the HYTEST® mobile retail units in addition to its current distribution to Payless ShoeSource, Inc. These increases were partially offset by Bates®, which reported a 3.4% decrease in net sales and other operating income from 2000, primarily due to the timing of contract awards for the Department of Defense. Also reporting a decrease in net sales and other operating income was the HYTEST® work boot business. HYTEST® sells primarily to employees of large manufacturing companies that were adversely affected by the weakened economy.

The Performance Footwear Group reported record net sales and other operating income, reflecting an increase of \$28.5 million (18.5%) for 2001 compared to 2000. The Merrell® outdoor footwear business accounted for the majority of the increase as a result of strong consumer demand for the brand, new product offerings and expansion of its domestic and international distribution. Partially offsetting the Merrell® increase was a decrease in net sales and other operating income reported by CAT® footwear due to retail account closings, weak retail performance and a decline in the European business.

The Company's other business units reported a combined \$3.2 million (4.1%) decrease in net sales and other operating income in 2001 compared to 2000. Wolverine Retail reported a \$0.8 million (1.9%) increase in net sales and other operating income in 2001 compared to 2000. Wolverine Procurement's net sales and other operating income increased \$2.4 million in 2001 over 2000 due to an increase in the market price for sow skins. These increases were offset by Wolverine Leathers, which recorded a \$5.8 million decrease in net sales and other operating income primarily as a result of a decline in production of Hush Puppies® and CAT® products worldwide. Net sales and other operating income for Apparel and Accessory Licensing increased slightly for 2001 compared to 2000.

As discussed in Note 11 to the consolidated financial statements, on July 12, 2000, the Company announced a strategic realignment of its global sourcing and manufacturing operations. In connection with this realignment, the Company closed manufacturing facilities in New York, Missouri, Canada, Puerto Rico and Costa Rica in the second half of 2000. A nonrecurring, pre-tax charge to earnings of \$45.0 million was recorded in 2000, of which \$15.0 million was reflected in cost of products sold for inventory write-downs, \$29.6 million was recognized in selling and administrative expenses for severance, bad debt, loss on disposal of fixed assets and goodwill impairment, and \$0.4 million was recorded in other expenses. These charges resulted in a \$0.71 per share reduction of net earnings for 2000. The realignment activities were primarily completed in the third and fourth quarters of 2000 and the first half of 2001. Remaining liabilities of \$2.8 million associated with the sourcing realignment include pension benefits for certain terminated employees and lease termination costs.

The following table summarizes the 2001 results and the effect of the 2000 nonrecurring charge on certain components of the Company's operating results (thousands of dollars, except per share data; percentages relate to total net sales and other operating income):

	Results As Reported		Effect of Nonrecurring Charges	Results Excluding Nonrecurring Charges		
	2001					
Net sales	\$	720,066	100.0%	\$	720,066	100.0%
Gross margin		257,036	35.7%		257,036	35.7%
Selling and administrative expenses		182,178	25.3%		182,178	25.3%
Other expenses		6,311	0.9%		6,311	0.9%
Earnings before income taxes		68,547	9.5%		68,547	9.5%
Net earnings		45,240	6.3%		45,240	6.3%

Diluted earnings per share	\$	1.07	-	\$	-	\$	1.07	-
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	2000							
Net sales	\$	701,291	100.0%	\$	-	\$	701,291	100.0%
Gross margin		223,973	31.9%		15,036		239,009	34.1%
Selling and administrative expenses		198,953	28.4%		29,589		169,364	24.2%
Other expenses		10,005	1.4%		425		9,580	1.4%
Earnings before income taxes		15,015	2.1%		45,050		60,065	8.6%
Net earnings		10,690	1.5%		29,813		40,503	5.8%
Diluted earnings (loss) per share	\$.26	-	\$	(.71)	\$.97	-

The analysis in this paragraph excludes the nonrecurring charge in 2000. Gross margin as a percentage of net sales and other operating income was 35.7% and 34.1% in 2001 and 2000, respectively. Gross margin dollars in 2001 increased \$18.0 million or 7.5% to \$257.0 million compared to \$239.0 million in 2000. The gross margin percentage for the branded footwear businesses increased to 35.6% in

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2001 from 33.5% in 2000. The increase in gross margins for the branded footwear businesses resulted primarily from initial pricing margin improvements and benefits from the 2000 realignment discussed above. Additionally, increased shipments of higher margin Merrell® and Harley-Davidson® products improved the mix of overall margins. The gross margin percentage for the other business units decreased to 36.6% in 2001 compared to 38.5% in 2000, primarily due to a reduction in process efficiencies resulting from a decline in sales volume at Wolverine Leathers.

The analysis in this paragraph excludes the nonrecurring charge in 2000. Selling and administrative expenses of \$182.2 million for 2001 increased \$12.8 million (7.6%) from the 2000 level of \$169.4 million and, as a percentage of net sales and other operating income, increased to 25.3% in 2001 from 24.2% in 2000. The change in selling and administrative expenses primarily includes increases of \$2.2 million in advertising costs and \$10.1 million in selling and administrative costs related to the expansion of the Merrell®, Harley-Davidson® and Stanley® brands.

Interest expense in 2001 was \$7.2 million compared to \$10.3 million in 2000. The decrease in interest expense reflected lower average borrowings and declining interest rates in 2001 compared to 2000.

The Company's 2001 effective income tax rate of 34.0% compared to 28.8% for 2000. The increase is due to income tax benefits from nontaxable earnings of foreign affiliates representing a smaller percentage of taxable income 2001. The carrying value of the Company's gross deferred tax assets assumes that the Company will be able to generate sufficient taxable income in future years to utilize these deferred tax assets. If these assumptions change in the future, the Company may be required to record valuation allowances against its gross deferred tax assets in future years. Management evaluates the potential for realizing gross deferred tax assets and assesses the need for valuation allowances on a quarterly basis. The Company has not recorded a valuation allowance in 2001, 2000 or 1999.

Net earnings were \$45.2 million for 2001 compared to \$10.7 million for 2000. Diluted earnings per share were \$1.07 for 2001 compared to \$0.26 for 2000. Excluding the 2000 nonrecurring charges, net earnings were \$40.5 million and diluted earnings per share were \$0.97 for 2000.

Results of Operations--2000 Compared to 1999

Net sales and other operating income increased 5.4% to \$701.3 million in 2000 compared to \$665.6 million in 1999. On a combined basis, net sales and other operating income for the Company's branded footwear businesses, consisting of the Casual Footwear Group (which, in 1999, included the Russian wholesale business), the Wolverine Footwear Group, and the Performance Footwear Group increased \$31.9 million (5.4%) in 2000 compared to 1999. The Company's other business units reported a \$3.8 million (5.1%) increase in net sales and other operating income in 2000 compared to 1999.

The Casual Footwear Group reported a decrease in net sales and other operating income of \$18.5 million (8.9%) in 2000 compared to 1999. The decline was attributable to a decrease in shipments of adult and children's Hush Puppies® classic suede products to department stores in the United States and a reduction in sales to three large retailers in the United Kingdom as a result of the depressed retail activity in that market. This decrease was partially offset by an increase in net sales and other operating income reported by the Wolverine Slipper Group as a result of expanded distribution efforts and new product offerings.

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The Wolverine Footwear Group's net sales and other operating income increased \$13.2 million (4.9%) in 2000 compared to 1999. Harley-Davidson® footwear provided the majority of this increase with an expanded distribution network in 2000. Stanley® footwear, a new footwear line for the Company, also contributed to the increase with a marketing arrangement launched with Payless ShoeSource, Inc. near the end of the third quarter of 2000. These increases were partially offset by the Wolverine® and HYTEST® work boot businesses, which reported decreases in net sales and other operating income from 1999, primarily due to retailers reducing seasonal work boot reorders in an effort to manage their inventory levels.

The Performance Footwear Group reported record net sales and other operating income, reflecting an increase of \$37.2 million (32.0%) for 2000 compared to 1999. The Merrell® outdoor footwear business accounted for the increase in net sales and other operating income as a result of strong consumer demand for the brand, new product offerings and expansion of its domestic and international distribution. Partially offsetting this increase was a net sales and other operating income decrease reported by CAT® footwear.

The Company's other business units reported a combined \$3.8 million (5.1%) increase in net sales and other operating income in 2000 compared to 1999. Wolverine Retail reported a \$5.2 million increase in net sales and other operating income in 2000 compared to 1999. This increase was partially offset by Wolverine Leathers, which recorded a decrease in net sales and other operating income primarily as a result of a decline in production of Hush Puppies® classic sueded product worldwide. Net sales and other operating income for the Apparel and Accessory Licensing and Wolverine Procurement operations remained flat for 2000 compared to 1999.

As discussed above, on July 12, 2000, the Company announced a strategic realignment of its global sourcing and manufacturing operations. These charges resulted in a \$0.71 per share reduction of net earnings for 2000. The realignment was initiated to improve factory efficiencies, reduce factory and corporate overhead, and improve margins as the production of various footwear products was shifted to lower cost offshore manufacturing facilities. The realignment activities were primarily completed in the third and fourth quarters of 2000.

During 1999, the Company recorded a nonrecurring, pre-tax charge to earnings of \$14.0 million related to the closing of its Russian wholesale footwear business, of which \$6.9 million was reflected as a write-down of inventory in cost of products sold, \$6.6 million was recognized in selling and administrative expenses for goodwill impairment, bad debt, severance, and other exit costs, and \$0.5 million was recorded in other expenses. These charges resulted in a \$0.23 per share reduction of earnings in 1999. The closure was completed in 1999.

The following table summarizes the effect of the 2000 and 1999 nonrecurring charges on reported results for those years (thousands of dollars, except per share data; percentages relate to total net sales and other operating income):

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	Results As Reported		Effect of Nonrecurring Charges	Results Excluding Nonrecurring Charges	
2000					
Net sales	\$ 701,291	100.0%	\$ -	\$ 701,291	100.0%
Gross margin	223,973	31.9%	15,036	239,009	34.1%
Selling and administrative expenses	198,953	28.4%	29,589	169,364	24.2%
Other expenses	10,005	1.4%	425	9,580	1.4%
Earnings before income taxes	15,015	2.1%	45,050	60,065	8.6%
Net earnings	10,690	1.5%	29,813	40,503	5.8%
Diluted earnings (loss) per share	\$.26	-	\$ (.71)	\$.97	-
1999					
Net sales	\$ 665,576	100.0%	\$ -	\$ 665,576	100.0%
Gross margin	220,344	33.1%	6,900	227,244	34.1%
Selling and administrative expenses	159,749	24.0%	6,600	153,149	23.0%
Other expenses	11,049	1.7%	500	10,549	1.6%
Earnings before income taxes	49,546	7.4%	14,000	63,546	9.6%
Net earnings	32,380	4.9%	9,338	41,718	6.3%

Diluted earnings (loss) per share	\$.78	-	\$	(.23)	\$	1.01	-
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The analysis in this paragraph excludes the nonrecurring charges in 2000 and 1999. Gross margin as a percentage of net sales and other operating income remained flat at 34.1% for both 2000 and 1999. Gross margin dollars increased \$11.8 million or 5.2% in 2000 to \$239.0 million compared to \$227.2 million in 1999. The gross margin percentage for the branded footwear businesses increased to 33.5% in 2000 from 33.0% in 1999. The increase in gross margins for the branded footwear businesses resulted primarily from increased shipments of higher margin Merrell® and Harley-Davidson® products. This increase was partially offset by the strengthening of the U.S. dollar against European and Canadian currencies and additional markdowns taken to reduce inventory levels in 2000. The gross margin percentage for the other business units decreased to 38.5% in 2000 compared to 43.5% in 1999, primarily due to an increase in raw stock prices experienced by Wolverine Leathers and Wolverine Procurement.

The analysis in this paragraph excludes the nonrecurring charges in 2000 and 1999. Selling and administrative expenses of \$169.4 million for 2000 increased \$16.3 million (10.6%) from the 1999 level of \$153.1 million and, as a percentage of net sales and other operating income, increased to 24.2% in 2000 from 23.0% in 1999. The change in selling and administrative expenses includes increased selling, advertising and administration costs of \$12.6 million for Merrell® and Harley-Davidson® and increased depreciation expense of \$2.7 million related to capital investments in distribution centers and information services.

Interest expense in 2000 was \$10.3 million compared to \$11.1 million in 1999. The decrease in interest expense reflected lower average borrowings in 2000 compared to 1999. This decrease was partially offset by a slight increase in interest rates on the Company's revolving credit facility and lower capitalization of interest due to the completion of major capital projects during 1999.

The Company's 2000 effective income tax rate of 28.8% compared to 34.6% for 1999. The decrease is due to income tax benefits from nontaxable earnings of foreign affiliates representing a higher percentage of taxable income in 2000. Also, the Company's effective income tax rate in 2000 was favorably impacted by an increase in earnings from certain foreign subsidiaries that are taxed at lower rates. Such entities represented a higher percentage of total consolidated net earnings in 2000.

Net earnings were \$10.7 million for 2000 compared to \$32.4 million for 1999. Diluted earnings per share were \$0.26 for 2000 compared to \$0.78 for 1999. Excluding nonrecurring charges, net earnings were \$40.5 million for 2000 compared to \$41.7 million for 1999 and diluted earnings per share were \$0.97 for 2000 compared to \$1.01 for 1999.

Liquidity and Capital Resources

Net cash provided by operating activities was \$53.9 million in 2001 compared to \$71.0 million in 2000. The reduction of cash provided occurred because \$11.6 million was used to fund working capital in 2001, primarily related to growth in inventories, compared to \$5.1 million that was provided by reductions in working capital requirements in 2000.

Accounts receivable of \$152.3 million at December 29, 2001 reflected a \$9.6 million (5.9%) decrease from the \$161.9 million balance at December 30, 2000. The decline in accounts receivable was the result of a focused asset reduction program and a decrease in fourth quarter sales when compared to the same period in 2000. No single customer accounts for more than 5% of the outstanding accounts receivable balance at December 29, 2001. Corporate management evaluates the allowance for uncollectible accounts receivable, discounts and stock returns based on a review of current customer status and historical collection experience. At December 29, 2001 and December 30, 2000, management believes that it has provided sufficient reserves to address future collection uncertainties.

Inventories of \$177.0 million at December 29, 2001 increased \$32.8 million (22.8%) from \$144.2 million at December 30, 2000. The increase in inventories relates primarily to Merrell® and Wolverine® brand products. A significant portion of the Merrell® increase was in-transit at year-end and is required to support expected 2002 customer orders. The Wolverine® brand inventories were core products purchased to support anticipated fourth quarter 2001 reorder business that did not materialize due to a warm winter and cautious retailers. As of December 29, 2001, the Company's backlog was 4.2% higher than the prior year's level. The Company values its inventory using actual costs on a last-in, first-out (LIFO) basis for the majority of its inventory and first-in, first-out (FIFO) basis for foreign, retail and certain other domestic inventories, less allowances to reflect the lower of cost or market. The Company reduces the value of its inventories to the lower of cost or market for unsaleable or obsolete inventories based upon assumptions about future demand and market conditions. Inventory quantities are verified at various times throughout the year by performing physical and perpetual inventory cycle count procedures.

Account payable of \$28.4 million at December 29, 2001 increased \$7.5 million (35.6%) over the \$20.9 million balance at December 30, 2000, primarily due to increases in inventories as described above.

Other accrued liabilities of \$31.0 million at December 29, 2001 reflected a \$3.1 million (11.3%) increase from the \$27.9 million balance at December 30, 2000. The growth in other accrued liabilities was primarily attributable to an increase in income taxes payable that resulted from higher pre-tax income in 2001 compared to 2000.

Additions to property, plant and equipment were \$11.3 million in 2001 compared to \$12.0 million in 2000. Depreciation and

amortization expense of \$17.6 million in 2001 compares to \$17.7 million in 2000.

The Company has a long-term revolving credit agreement that expires in May 2006 and allows for borrowings up to \$150.0 million, of which \$10.0 million pertains to the Company's Canadian subsidiary. Of the remaining \$140.0 million facility available to the U.S. operations, \$35.0 million may be utilized by the United Kingdom subsidiaries. The revolving credit facility is used to support working capital requirements. Proceeds from existing credit facilities and anticipated renewals, along with cash flows from operations, are expected to be sufficient to meet capital needs in the foreseeable future. Any excess cash flows from operations are expected to be used to pay down existing debt, fund growth initiatives and repurchase the Company's common stock.

Long-term debt, including current maturities, of \$90.8 million at the end of 2001 decreased \$1.4 million from the \$92.2 million balance at the end of 2000. The decrease in debt was the result of improved operating cash flows that provided funds to pay down amounts borrowed. The Company had commercial letter-of-credit facilities outstanding and other related commitments of \$30.8 million and \$24.4 million at the end of 2001 and 2000, respectively.

Assets held for exchange in the amount of \$5.7 million represent barter credits that were acquired in exchange for inventories in December of 1997. Such credits are redeemable through 2005 for a percentage of supplies purchased from certain vendors. The Company evaluates the recoverability of such assets on a quarterly basis and expects to utilize all available credits prior to their expiration. Barter credits of \$2.2 million have been utilized through December 29, 2001.

The Company evaluates the carrying amounts of tangible and intangible assets annually to determine if they may be impaired. If the carrying amounts of these assets are not recoverable based upon an undiscounted cash flow analysis, they are reduced by the estimated shortfall of fair value compared to the recorded value. No impairment adjustments were recorded during 2001. Impairment losses of \$1.1 million and \$2.5 million were recognized as part of the realignment charges in 2000 and 1999, respectively.

The Company has significant pension benefit costs and credits that are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount rates and expected return on plan assets. The Company is required to consider market conditions, including changes in interest rates, in selecting these assumptions. Pre-tax, non-cash charges resulting from the Company's defined benefit pension plans, excluding the effect of special termination gains and expenses, increased \$0.3 million in 2001 when compared to 2000 due to market conditions and declining interest rates that affected asset values and the Company's discount rate. As a result of these factors, the Company anticipates that pre-tax, non-cash charges relating to defined benefit pension plans will increase by approximately \$3.8 million in 2002.

Effective October 3, 2000, the Company's Board of Directors approved a common stock repurchase program authorizing the repurchase of up to 2.0 million shares of common stock over 24 months. The primary purpose of this stock repurchase program is to increase stockholder value. Total cumulative common shares repurchased under the program were 495,500 as of December 29, 2001. The Company intends to continue to repurchase shares of its common stock in open market transactions, from time to time, depending upon market conditions and other factors.

The Company declared dividends of \$6.6 million in 2001, or \$0.16 per share, which reflected a 14.6% increase over the \$5.8 million, or \$0.14 per share, declared in 2000. Additionally, shares issued under stock incentive plans provided cash of \$3.9 million in 2001 compared to \$0.2 million during 2000.

On January 16, 2002, the Company acquired, through a newly formed subsidiary, Wolverine Europe Limited, certain assets and assumed certain liabilities of the European CAT® footwear business from Overland Group Limited of London, England for cash and other consideration of \$21.0 million, subject to certain post closing adjustments. On October 17, 2001, the Company acquired, through a newly formed subsidiary, Merrell Europe BV, assets from certain European distributors for cash and other consideration of \$1.9 million. While subject to external factors, management believes that future net sales and other operating income could be positively impacted as a result of this acquisition activity. These acquisitions are discussed further in Note 12 to the consolidated financial statements.

The current ratio was 5.0 to 1.0 at year-end 2001 compared to 6.0 to 1.0 at year-end 2000. The Company's total debt to total capital ratio decreased to .20 to 1.0 in 2001 from .22 to 1.0 in 2000.

Market Risk

The Company has assets, liabilities and inventory purchase commitments outside of the United States that are subject to fluctuations in foreign currency exchange rates. A substantial portion of inventory sourced from foreign countries is purchased in U.S. dollars and accordingly is not subject to exchange rate fluctuations. Similarly, revenues from products sold in foreign countries under licensing and distribution arrangements are denominated in U.S. dollars. As a result, the Company engages in forward foreign exchange and other similar contracts to reduce its economic exposure to changes in exchange rates on a limited basis because the associated risk is not considered significant.

The Company conducts wholesale operations outside of the United States in Europe and Canada where the functional currencies are primarily the British Pound, Canadian Dollar and euro. Accordingly, the Company could be subject to related currency exchange rate fluctuations in 2002 and beyond.

Assets and liabilities outside the United States are primarily located in Canada and the United Kingdom. The Company's investment

in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company does not hedge these net investments.

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

The Company is exposed to changes in interest rates primarily as a result of its long-term debt requirements. The Company's interest rate risk management objectives are to limit the effect of interest

rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve its objectives, the Company maintains substantially all fixed-rate debt to take advantage of lower relative interest rates currently available and finances seasonal working capital needs with variable-rate debt. The Company has not historically utilized interest rate swaps or similar hedging arrangements to fix interest rates, but in 1998 entered into an interest rate lock agreement to fix the interest rate prior to the issuance of 6.5% senior notes in the amount of \$75 million. The contract was settled in 1998 and resulted in a prepayment of \$2.2 million that is being amortized over the term of the senior notes. The amortization of the prepayment creates an effective interest rate of 6.78% on the senior notes.

The following table provides principal cash flows and related interest rates of the Company's short- and long-term debt by fiscal year of maturity. For foreign currency-denominated debt, the information is presented in U.S. dollar equivalents. Variable interest rates are based on the weighted average rates of the portfolio at the respective consolidated balance sheet dates.

	2002	2003	2004	2005	2006	There- after	2001		2000	
							Total	Fair Value	Total	Fair Value
<i>(Millions of Dollars, Except Percentages)</i>										
<i>Denominated in U.S. Dollars:</i>										
Fixed Rate	\$15.0	\$15.0	\$15.0	\$10.7	\$10.7	\$21.5	\$87.9	\$88.2	\$92.1	\$92.3
Average Interest Rate	6.9%	6.9%	6.9%	6.5%	6.5%	6.5%	6.7%	-	6.7%	-
<i>Denominated in Canadian Dollars:</i>										
Variable Rate	-	-	-	-	-	-	-	-	\$0.9	\$0.9
Average Interest Rate	-	-	-	-	-	-	-	-	7.4%	-
<i>Denominated in British Sterling:</i>										
Variable Rate	-	-	-	-	\$2.9	-	\$2.9	\$2.9	-	-
Average Interest Rate	-	-	-	-	4.8%	-	4.8%	-	-	-

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

Forward-Looking Statements

This Item 7 and other sections of this Form 10-K contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the footwear business, worldwide economics and the Company itself. Statements including, without limitation, those related to: future sales, earnings, margins, benefits from the sourcing and factory alignment and cash flows; expected economic returns; the ability to build and support profitable operations in Europe; expected level and success of advertising programs; expected penetration into distribution channels; the ability to reduce inventories; projected 2002 operating results; continued supply to the U.S. Military; anticipated product introductions or brand extensions; repurchases under the common stock repurchase program; sufficiency of credit facilities; expected excess cash flow; liquidity; capital resources and market risk are forward-looking statements. In addition, words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," "should," "will," variations of such words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Risk Factors") that are difficult to predict with regard to

timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements.

Risk Factors include, but are not limited to, uncertainties relating to changes in demand for the Company's products; changes in consumer preferences or spending patterns; the cost and availability of inventories, services, labor and equipment furnished to the Company; the cost and availability of contract manufacturers; the cost and availability of raw materials, including leather; the impact of competition and pricing by the Company's competitors; changes in government and regulatory policies; foreign currency fluctuations; changes in trading policies or import and export regulations; changes in interest rates, tax laws, duties, tariffs, quotas or applicable

assessments; technological developments; changes in local, domestic or international economic and market conditions including the severity of the current slowdown in the U.S. economy; the size and growth of footwear markets; changes in the amount or severity of inclement weather; changes due to the growth of Internet commerce; popularity of particular designs and categories of footwear; the ability of the Company to manage and forecast its growth and inventories; the ability to secure and protect trademarks, patents and other intellectual property; integration of operations of newly acquired businesses; changes in business strategy or development plans; the ability to attract and retain qualified personnel; the ability to retain rights to brands licensed by the Company; loss of significant customers; dependence on international distributors and licensees: the Company's ability to meet at-once orders; the risk of doing business in developing countries and economically volatile areas; uncertainties relating to the effect of the European Union's conversion to the euro; and domestic and international terrorism and war. These matters are representative of the Risk Factors that could cause a difference between an ultimate actual outcome and a forward-looking statement. Historical operating results are not necessarily indicative of the results that may be expected in the future. The Risk Factors included here are not exhaustive. Other Risk Factors exist, and new Risk Factors emerge from time-to-time, that may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Furthermore, the Company undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The response to this Item is set forth under the caption "*Market Risk*" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and is incorporated herein by reference.

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 incorporated herein by reference.

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 caption "Wolverine's Board of Directors" in the definitive Proxy Statement of the Company dated March 15, 2002, is incorporated herein by reference. In addition to the directors discussed in the definitive Proxy Statement, the Company's board of directors currently includes Daniel T. Carroll (age 75), whose term expires at this year's annual meeting. Mr. Carroll is retiring after 23 years of service as a director. Mr. Carroll is Chairman of the Carroll Group, a management consulting firm. He has held that position since 1982. Mr. Carroll is Chairman of the Board of Directors of Comshare, Inc. Mr. Carroll is also a director of American Woodmark Corp.; A.M. Castle & Co.; Woodhead Industries, Inc.; and Oshkosh Truck Corporation.

The information regarding directors and Executive Officers of the Company under the caption "Related Matters" under the subheading "Section 16(a) Beneficial Ownership Reporting Compliance" in the definitive Proxy Statement of the Company dated March 15, 2002, is incorporated herein by reference. Additional 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 caption "Wolverine's Board of Directors" under the subheading "Compensation of Directors," under the caption "Related Matters" under the subheading "Compensation Committee Interlocks and Insider Participation," and under the captions "Executive Compensation" and "Employment Agreements and Termination of Employment and Change in Control Arrangements" in the definitive Proxy Statement of the Company dated March 15, 2002, is incorporated herein by reference.

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

The information contained under the caption "Ownership of Wolverine Stock" contained in the definitive Proxy Statement of the Company dated March 15, 2002, 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 caption "Wolverine's Board of Directors" under the subheading "Compensation of Directors" and under the caption "Related Matters" under the subheading "Certain Relationships and Related Transactions" contained in the definitive Proxy Statement of the Company dated March 15, 2002, are incorporated herein by reference.

PART IV
Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.**Item 14(a)(1). 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 29, 2001 and December 30, 2000.
- Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Fiscal Years Ended December 29, 2001, December 30, 2000, and January 1, 2000.
- Consolidated Statements of Operations for the Fiscal Years Ended December 29, 2001, December 30, 2000, and January 1, 2000.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended December 29, 2001, December 30, 2000, and January 1, 2000.
- Notes to Consolidated Financial Statements as of December 29, 2001.
- 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.

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). Exhibits.

The following exhibits are filed as part of this report:

<u>Exhibit Number</u>	<u>Document</u>
3.1	Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 14, 1997. Here incorporated by reference.
3.2	Amended and Restated By-laws. Previously filed as Exhibit 3.2 to the Company's Annual
4.1	Report on Form 10-K for the fiscal year ended January 2, 1999. Here incorporated by reference. Certificate of Incorporation, as amended. See Exhibit 3.1 above.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
4.3	Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
4.4	Amendment No. 1 dated as of June 30, 2000, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.5	Note Purchase Agreement dated as of August 1, 1994, relating to 7.81% Senior Notes. Previously filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.

- 4.6 Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008. Previously filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1999. Here incorporated by reference.
- 4.7 The Registrant has several classes of long-term debt instruments outstanding in addition to that described in Exhibits 4.5, 4.6 and 4.8. The authorized amount of none of these classes of debt exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request.
- 4.8 Credit Agreement dated as of May 29, 2001, with Bank One, Michigan, as agent. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 16, 2001. Here incorporated by reference.
- 10.1 1993 Stock Incentive Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed June 22, 1993, Registration No. 33-64854. Here incorporated by reference.
- 10.2 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.
- 10.3 Amended and Restated Directors Stock Option Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.4 Employees Pension Plan (Restated as Amended Through December 13, 2001).*
- 10.5 Employment Agreement dated April 27, 1998, between the Company and Geoffrey B.

- Bloom.* Previously filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1999. Here incorporated by reference.
- 10.6 1994 Directors' Stock Option Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed on August 24, 1994, Registration No. 33-55213. Here incorporated by reference.
- 10.7 Amended and Restated Stock Option Loan Program.* Previously filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.8 Executive Severance Agreement.* Previously filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10.8.
- 10.9 Amended and Restated Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10.9.
- 10.10 1995 Stock Incentive Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed October 26, 1995, Registration No. 33-63689. Here incorporated by reference.
- 10.11 Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and executive officer. Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.12 Benefit Trust Agreement dated May 19, 1987, and Amendments Number 1, 2, 3 and 4 thereto.* Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.13 Outside Directors' Deferred Compensation Plan.*
- 10.14 1984 Executive Incentive Stock Purchase Plan, and amendment.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed August 6, 1984, Registration No. 2-92600. Here incorporated by reference.
- 10.15 1997 Stock Incentive Plan.*

- 10.16 Executive Short-Term Incentive Plan (Annual Bonus Plan).*
- 10.17 Executive Long-Term Incentive Plan (3-Year Bonus Plan).*
- 10.18 Stock Incentive Plan of 1999.* Previously filed as Appendix A to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders

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held on April 23, 1999. Here incorporated by reference.

- 10.19 Stock Incentive Plan of 2001.* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 26, 2001. Here incorporated by reference.
- 21 Subsidiaries of Registrant.
- 23 Consent of Ernst & Young LLP.
- 24 Powers of Attorney.

*Management contract or compensatory plan or arrangement.

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The Company will furnish a copy of any exhibit listed above to any stockholder without charge upon written request to Mr. Blake W. Krueger, Executive Vice President, 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 29, 2001.

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, 2002

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

Stephen L. Gulis, Jr.
Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>*/s/Geoffrey B. Bloom</u> Geoffrey B. Bloom	Chairman of the Board of Directors	March 29, 2002
<u>/s/Timothy J. O'Donovan</u> Timothy J. O'Donovan	Chief Executive Officer, President (Principal Executive Officer) and Director	March 29, 2002
<u>/s/Stephen L. Gulis, Jr.</u> Stephen L. Gulis, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 29, 2002

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<u>*/s/Daniel T. Carroll</u> Daniel T. Carroll	Director	March 29, 2002
<u>*/s/Donald V. Fites</u> Donald V. Fites	Director	March 29, 2002
<u>*/s/Alberto L. Grimoldi</u> Alberto L. Grimoldi	Director	March 29, 2002
<u>*/s/David T. Kollat</u> David T. Kollat	Director	March 29, 2002
<u>*/s/Phillip D. Matthews</u> Phillip D. Matthews	Director	March 29, 2002
<u>*/s/David P. Mehney</u> David P. Mehney	Director	March 29, 2002
<u>*/s/Joseph A. Parini</u> Joseph A. Parini	Director	March 29, 2002
<u>*/s/Joan Parker</u> Joan Parker	Director	March 29, 2002

*/s/Elizabeth A. Sanders
Elizabeth A. Sanders

Director

March 29, 2002

*/s/Paul D. Schrage
Paul D. Schrage

Director

March 29, 2002

*by/s/Stephen L. Gulis, Jr.
Stephen L. Gulis, Jr.
Attorney-in-Fact

APPENDIX A
Financial Statements

Wolverine World Wide, Inc.

Consolidated Balance Sheets

	As of Fiscal Year End	
	2001	2000
	<i>(Thousands of Dollars)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 35,820	\$ 8,434
Accounts receivable, less allowances (2001--\$7,382; 2000--\$6,147)	152,330	161,957
Inventories:		
Finished products	151,612	114,855

Raw materials and work-in-process	25,429	29,337
	177,041	144,192
Deferred income taxes	2,927	4,032
Other current assets	6,684	6,471
Total current assets	374,802	325,086
Property, plant and equipment:		
Land	1,105	1,105
Buildings and improvements	63,675	63,286
Machinery and equipment	114,018	119,828
Software	34,751	32,524
	213,549	216,743
Less accumulated depreciation	114,555	114,078
	98,994	102,665
Other assets:		
Goodwill and other intangibles, less accumulated amortization (2001 -- \$5,814; 2000 -- \$4,545)	14,957	14,328
Cash surrender value of life insurance	20,246	18,307
Net prepaid pension costs	23,511	20,376
Assets held for exchange	5,739	6,881
Notes receivable	2,366	3,580
Other	3,063	3,345
	69,882	66,817
Total assets	\$ 543,678	\$ 494,568
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable	\$ 90	\$ 896
Accounts payable	28,357	20,907
Salaries, wages and other compensation	8,758	8,444
Income taxes	6,376	1,508
Taxes, other than income taxes	2,908	3,281
Other accrued expenses	13,002	14,652
Current maturities of long-term debt	15,030	4,316
Total current liabilities	74,521	54,004
Long-term debt, less current maturities	75,818	87,878
Deferred compensation	6,283	6,017
Deferred income taxes	12,904	9,431
Stockholders' equity:		
Common stock, \$1 par value: authorized 80,000,000 shares; issued, including treasury shares: 2001--45,413,788 shares; 2000--44,785,009 shares	45,414	44,785
Additional paid-in capital	86,771	79,633
Retained earnings	298,755	260,158
Accumulated other comprehensive loss	(4,109)	(2,532)
Unearned compensation	(4,649)	(5,921)
Cost of shares in treasury: 2001--3,857,988 shares; 2000--3,232,172 shares	(48,030)	(38,885)

Total stockholders' equity		374,152		337,238
Total liabilities and stockholders' equity		\$ 543,678	\$	494,568

() Denotes deduction.

See accompanying notes to consolidated financial statements.

Wolverine World Wide, Inc.

Consolidated Statements of Stockholders' Equity and Comprehensive Income

	Fiscal Year		
	2001	2000	1999
	<i>(Thousands of Dollars, Except Per Share Data)</i>		
Common Stock			
Balance at beginning of the year	\$ 44,785	\$ 44,426	\$ 43,832
Common stock issued under stock incentive plans (2001--628,779 shares; 2000--358,687 shares; 1999--594,252 shares)	629	359	594
Balance at end of the year	45,414	44,785	44,426
Additional Paid-In Capital			
Balance at beginning of the year	79,633	76,752	72,825
Amounts associated with common stock issued under stock incentive plans:			
Proceeds over par value	5,617	2,839	3,776
Income tax benefits	1,521	42	151
Balance at end of the year	86,771	79,633	76,752
Retained Earnings			
Balance at beginning of the year	260,158	255,265	227,829
Net earnings	45,240	10,690	32,380
Cash dividends (2001--\$.16 per share; 2000--\$.14 per share; 1999--\$.12 per share)	(6,643)	(5,797)	(4,944)
Balance at end of the year	298,755	260,158	255,265
Accumulated Other Comprehensive Income (Loss)			
Balance at beginning of the year	(2,532)	(614)	(1,014)
Foreign currency translation adjustments	(431)	(1,918)	400
Minimum pension liability adjustment, net of taxes (2001-- \$591)	(1,146)	--	--
Balance at end of the year	(4,109)	(2,532)	(614)
Unearned Compensation			
Balance at beginning of the year	(5,921)	(5,974)	(5,999)
Awards under stock incentive plans	(2,107)	(3,027)	(3,094)
Compensation expense	3,379	3,080	3,119

Balance at end of the year	(4,649)	(5,921)	(5,974)
Cost of Shares in Treasury			
Balance at beginning of the year	(38,885)	(37,750)	(37,153)
Common stock purchased for treasury (2001--625,816 shares; 2000--106,220 shares; 1999--58,775 shares)	(9,145)	(1,135)	(597)
Balance at end of the year	(48,030)	(38,885)	(37,750)
Total stockholders' equity at end of the year	\$ 374,152	\$ 337,238	\$ 332,105
Comprehensive Income			
Net earnings	\$ 45,240	\$ 10,690	\$ 32,380
Foreign currency translation adjustments	(431)	(1,918)	400
Minimum pension liability adjustment, net of taxes (2001-- \$591)	(1,146)	--	--
Total comprehensive income	\$ 43,663	\$ 8,772	\$ 32,780

() Denotes deduction.
See accompanying notes to consolidated financial statements.

Wolverine World Wide, Inc.

Consolidated Statements of Operations

	Fiscal Year		
	2001	2000	1999
	<i>(Thousands of Dollars, Except Per Share Data)</i>		
Net sales and other operating income	\$ 720,066	\$ 701,291	\$ 665,576
Cost and expenses:			
Cost of products sold	463,030	477,318	445,232
Selling and administrative expenses	182,178	198,953	159,749
Interest expense	7,239	10,281	11,074
Interest income	(497)	(372)	(728)
Other (income) expenses -- net	(431)	96	703
	651,519	686,276	616,030
Earnings before income taxes	68,547	15,015	49,546
Income taxes	23,307	4,325	17,166
Net earnings	\$ 45,240	\$ 10,690	\$ 32,380

Net earnings per share:

Basic	\$	1.11	\$.26	\$.80
Diluted		1.07		.26		.78

See accompanying notes to consolidated financial statements.

Wolverine World Wide, Inc.

Consolidated Statements of Cash Flows

	Fiscal Year		
	2001	2000	1999
	<i>(Thousands of Dollars)</i>		
Operating Activities			
Net earnings	\$ 45,240	\$ 10,690	\$ 32,380
Adjustments necessary to reconcile net earnings to net cash provided by operating activities:			
Nonrecurring charges	--	45,050	14,000
Depreciation	15,991	16,495	13,763
Amortization	1,630	1,200	1,118
Deferred income taxes (credit)	4,578	(4,068)	9,597
Other	(1,948)	(3,483)	(292)
Changes in operating assets and liabilities:			
Accounts receivable	9,178	2,175	(20,822)
Inventories	(31,655)	11,678	(7,872)
Other operating assets	2,425	3,632	3,774
Accounts payable	7,450	655	2,388
Other operating liabilities	1,046	(13,055)	(820)
Net cash provided by operating activities	53,935	70,969	47,214
Investing Activities			
Business acquisitions, net of cash acquired	(1,410)	--	--
Additions to property, plant and equipment	(11,298)	(11,978)	(19,447)
Proceeds from the sale of property, plant and equipment	46	707	--
Other	189	268	437
Net cash used in investing activities	(12,473)	(11,003)	(19,010)
Financing Activities			
Proceeds from short-term borrowings	6,706	3,797	1,080
Payments of short-term debt	(7,512)	(3,049)	(7,478)
Proceeds from long-term borrowings	113,972	120,812	72,622
Payments of long-term debt	(115,318)	(167,819)	(95,071)
Cash dividends	(6,643)	(5,797)	(4,944)
Purchase of common stock for treasury	(9,145)	(1,135)	(597)
Proceeds from shares issued under stock incentive plans	3,864	213	1,427
Net cash used in financing activities	(14,076)	(52,978)	(32,961)
Increase (decrease) in cash and cash equivalents	27,386	6,988	(4,757)

Cash and cash equivalents at beginning of the year		8,434		1,446		6,203
Cash and cash equivalents at end of the year	\$	35,820	\$	8,434	\$	1,446
Other Cash Flow Information						
Interest paid	\$	7,656	\$	10,182	\$	11,619
Net income taxes paid (refund)		7,854		1,280		(186)

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

Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Principles of Consolidation

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

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 29, 2001, December 30, 2000 and January 1, 2000.

Use of Estimates

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

Revenue Recognition

Revenue is recognized on the sale of products manufactured or sourced by the Company when the related goods have been shipped and legal title has passed to the customer. Revenue generated through programs with licensees and distributors involving products utilizing the Company's trademarks and brand names is recognized as earned based on the completion of stated contractual terms.

Shipping and Handling Costs

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

Cash Equivalents

All short-term investments with a maturity of three months or less when purchased are considered cash equivalents.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for certain domestic inventories. Foreign, retail and other domestic inventories are valued using methods approximating cost under the first-in, first-out (FIFO) method.

Property, Plant and Equipment

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

Depreciation of plant, equipment and software is computed using the straight-line method. The depreciable lives range from five to forty years for buildings and improvements, from three to ten years for machinery and equipment, and from three to ten years for software.

Goodwill and Other Intangibles

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses and is amortized using the straight-line method over periods ranging up to fifteen years. Other intangibles consist primarily of trademarks, brand names and patents that are being amortized using the straight-line method over periods ranging from four to fifteen years. The Company reviews the carrying amounts of goodwill and other intangible assets annually to determine if such assets may be impaired. If the carrying amounts of these assets are not recoverable based upon an undiscounted cash flow analysis, such assets are reduced by the estimated shortfall of fair value to recorded value.

Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, effective for the Company in fiscal 2002. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to impairment tests at least annually in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their contractual lives.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. Application of the nonamortization provisions of SFAS No. 142 is expected to result in an increase in net earnings of approximately \$800,000 (\$0.02 per share) per year. The Company has performed the first of the required impairment tests of goodwill as of the first day of fiscal 2002 and has determined that the effect of these tests on the earnings and financial position of the Company will not be significant in 2002.

Assets Held for Exchange

Assets held for exchange represent barter credits that were acquired in exchange for inventories in December 1997. Such credits are redeemable through December 31, 2005 for a percentage of supplies purchased from certain vendors. The Company evaluates the recoverability of such assets on a quarterly basis and expects to utilize all available credits prior to their expiration.

Impairment or Disposal of Long-Lived Assets

In August 2001, the Financial Accounting Standards Board issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*, and the accounting and reporting provisions of APB Opinion No. 30, *Reporting the Results of Operations*, for the disposal of a segment of a business. SFAS No. 144 is effective for the Company in fiscal 2002. The Company will adopt SFAS No. 144 as of December 30, 2001 and does not expect that the adoption of this statement will have a significant impact on the Company's financial position or results of operations.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$29,757,000 in 2001, \$27,514,000 in 2000 and \$21,889,000 in 1999.

The Company provides sales incentives to retail customers in the form of a cooperative advertising program. Under this program, customers are reimbursed for Company approved advertising-related expenditure. Cooperative advertising dollars are expensed by the Company as earned by customers.

Income Taxes

The provision for income taxes is based on the earnings reported in the consolidated financial statements. A deferred income tax asset or liability is determined by applying currently enacted tax laws and rates to the cumulative temporary differences between the carrying values of assets and liabilities for financial statement and income tax purposes. Deferred income tax expense (credit) is measured by the net change in deferred income tax assets and liabilities during the year.

Earnings Per Share

Basic earnings per share is computed based on weighted average shares of common stock outstanding during each year after adjustment for nonvested common stock issued under stock incentive plans. Diluted earnings per share assumes the exercise of dilutive stock options and the vesting of all common stock under restricted stock programs.

Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

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

	2001	2000	1999
Weighted average shares outstanding during the year	41,571,272	41,517,846	41,146,525
Adjustment for nonvested common stock	(832,991)	(911,412)	(843,849)
Denominator for basic earnings per share	40,738,281	40,606,434	40,302,676
Effect of dilutive stock options	877,608	277,316	339,909
Adjustment for nonvested common stock	832,991	911,412	843,849

Denominator for diluted earnings per share	42,448,880	41,795,162	41,486,434
--	-------------------	------------	------------

Options to purchase 712,187 shares of common stock in 2001, 2,313,464 shares in 2000, and 1,651,494 shares in 1999 have not been included in the denominator for the computation of diluted earnings per share because related exercise prices were greater than the average market price for the period and, therefore, were antidilutive.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash and cash equivalents, accounts and notes receivable, accounts and notes payable and long-term debt. The Company's estimate of the fair values of these financial instruments approximates their carrying amounts at December 29, 2001, December 30, 2000 and January 1, 2000. Fair value was determined using discounted cash flow analyses and current interest rates for similar instruments. The Company does not hold or issue financial instruments for trading purposes.

In fiscal 2001, the Company adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* as amended by FASB Statement No. 137 and 138. The Statements require that all derivative instruments be recorded on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The Company utilizes limited foreign currency forward exchange contracts to manage the volatility associated with foreign currency purchases in the normal course of business. At December 29, 2001, foreign exchange contracts with a notional value of \$9,000,000 were outstanding to purchase various currencies (principally U.S. dollars) with maturities ranging up to 180 days. These contracts were not designated as accounting hedges. The adoption of SFAS No. 133 did not have a material effect on the Company's 2001 net earnings or financial position.

The Company does not require collateral or other security on trade accounts receivable.

The earnings associated with the Company's investment in its foreign subsidiaries are considered to be permanently invested. Accordingly, no provision for income taxes has been provided.

Comprehensive Income

Comprehensive income represents net earnings and any revenues, expenses, gains and losses that, under accounting principles generally accepted in the United States, are excluded from net earnings and recognized directly as a component of stockholders' equity.

Reclassifications

Certain amounts previously reported in 2000 and 1999 have been reclassified to conform with the presentation used in 2001.

2. Inventories

Inventories of \$119,092,000 at December 29, 2001 and \$110,986,000 at December 30, 2000 have been valued using the LIFO method. If the FIFO method had been used, inventories would have been \$9,633,000 and \$11,743,000 higher than reported at December 29, 2001 and December 30, 2000, respectively.

Wolverine World Wide, Inc. Notes to Consolidated Financial Statements (Cont.)

3. Debt

Long-term debt consists of the following obligations:

	2001	2000
	<i>(Thousands of Dollars)</i>	
6.5% senior notes payable	\$ 75,000	\$ 75,000
7.81% senior notes payable to insurance companies	12,857	17,143
Revolving credit obligations	2,903	-
Other	88	51
	90,848	92,194

Less current maturities	15,030	4,316
	\$ 75,818	\$ 87,878

The 6.5% unsecured senior notes payable require payments of interest only through December 8, 2002, at which time annual principal payments of \$10,714,000 become due through the maturity date of December 8, 2008. In connection with the issuance of these senior notes, the Company entered into an interest rate lock agreement with a bank that was settled in 1998 and resulted in a prepayment of \$2,200,000. This prepayment is being amortized over the term of the notes using the effective interest method.

The 7.81% unsecured senior notes payable to insurance companies require equal annual principal payments of \$4,285,000 through 2003, with the balance due on August 15, 2004.

The Company has an unsecured revolving credit agreement that allows for borrowings up to \$150,000,000 (\$182,126,000 in 2000), of which \$10,000,000 (\$6,670,000 in 2000) pertains to the Company's Canadian subsidiary. Of the remaining \$140,000,000 facility available to the U.S. operations, \$35,000,000 (\$10,456,000 in 2000) may be utilized by the United Kingdom subsidiaries. This agreement requires that interest be paid at a variable rate based on LIBOR and expires in May 2006.

The Company had commercial letters-of-credit outstanding and other related commitments of \$30,751,000 and \$24,354,000 at December 29, 2001 and December 30, 2000, respectively.

The long-term loan agreements contain restrictive covenants which, among other things, require the Company to maintain certain financial ratios and minimum levels of tangible net worth. At December 29, 2001, unrestricted retained earnings were \$66,055,000. The agreements also impose restrictions on securing additional debt, sale and merger transactions and the disposition of significant assets.

Principal maturities of long-term debt during the four years subsequent to 2002 are as follows: 2003--\$15,020,000; 2004--\$15,015,000; 2005--\$10,728,000; 2006— \$13,627,000.

Interest costs of \$427,000 in 2001, \$286,000 in 2000 and \$563,000 in 1999 were capitalized in connection with various capital improvement and computer hardware and software installation projects.

4. Leases

The Company leases machinery, transportation equipment and certain warehouse and retail store space under operating lease agreements that expire at various dates through 2012. At December 29, 2001, minimum rental payments due under all noncancelable leases are as follows: 2002-- \$7,896,000; 2003--\$6,545,000; 2004--\$5,543,000; 2005--\$4,514,000; 2006--\$3,784,000; thereafter--\$11,152,000.

Rental expense under all operating leases consisted primarily of minimum rentals and totaled \$10,105,000 in 2001, \$10,845,000 in 2000 and \$10,249,000 in 1999.

Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

5. Capital Stock

The Company has 2,000,000 authorized shares of \$1 par value preferred stock, of which none is issued or outstanding.

The Company has a preferred stock rights plan that is designed to protect stockholder interests in the event the Company is confronted with coercive or unfair takeover tactics. One right is associated with each share of common stock currently outstanding. The rights trade with the 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 B junior participating preferred stock for \$120. The Company has designated 500,000 shares of preferred stock as Series B junior participating preferred stock for possible future issuance under the Company's preferred stock rights plan. Upon issuance for reasons other than liquidation, each share of Series B junior participating preferred stock will have 100 votes and a preferential quarterly dividend equal to the greater of \$21 per share or 100 times the dividend declared on common stock.

In the event that the Company is a party to a merger or other business combination, regardless of whether the Company is the surviving corporation, right 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 (as defined). The Company may redeem the rights for \$.01 each at any time prior to a person being designated as an adverse person or fifteen days after a triggering event. Unless redeemed earlier, all rights expire on May 7, 2007. The Board of Directors can elect to exclude certain transactions from triggering the exercise of preferred stock rights and other actions under the plan.

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 granted are exercisable over ten years and vest over various periods. All unexercised options are available for future grant upon their cancellation.

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

	Shares Under Options	Weighted-Average Option Price
Outstanding at January 2, 1999	2,398,451	\$ 14.82
Granted	967,592	9.94
Exercised	(264,334)	10.33
Cancelled	(60,708)	13.62
Outstanding at January 1, 2000	3,041,001	13.95
Granted	857,709	11.05
Exercised	(78,394)	11.80
Cancelled	(69,651)	13.32
Outstanding at December 30, 2000	3,750,665	13.49
Granted	900,229	15.47
Exercised	(643,035)	10.26
Cancelled	(26,595)	16.68
Outstanding at December 29, 2001	3,981,264	\$ 14.48

Shares available for grant under the stock option plans were 2,036,327 at December 29, 2001, 825,884 at December 30, 2000 and 1,894,747 at January 1, 2000.

The weighted-average fair value for the options granted was \$6.57 in 2001, \$4.84 in 2000 and \$4.13 in 1999.

Wolverine World Wide, Inc.
Notes to Consolidate Financial Statements (Cont.)

The exercise prices of options outstanding at December 29, 2001 range from \$1.98 to \$30.56. A summary of stock options outstanding at December 29, 2001 by range of option price is as follows:

	Weighted-Average				Remaining Contractual Life
	Number of Options		Option Price		
	Outstanding	Exercisable	Outstanding	Exercisable	
Less than \$10	836,248	679,751	\$ 8.59	\$ 8.35	5.3 years
\$10 to \$20	2,534,834	1,785,913	13.63	13.73	7.3 years
Greater than \$20	610,182	610,182	25.74	25.74	5.0 years
	3,981,264	3,075,846	\$ 14.40	\$ 14.90	6.5 years

The number of options exercisable at December 30, 2000 and January 1, 2000 totaled 2,711,858 and 2,066,411, respectively.

The Company has elected to follow Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations, in accounting for its stock incentive plans because the alternative fair value accounting provided under SFAS No. 123, *Accounting for Stock-Based Compensation*, requires the use of option valuation models that were not specifically developed for valuing the types of stock incentive plans maintained by the Company. Under APB Opinion No. 25, compensation expense is recognized when the market price of the underlying stock award on the date of grant exceeds any related exercise price.

Pro forma information regarding net earnings and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its stock awards using the fair value method. The fair value of these awards was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rate of 4.6% (6.1% in 2000 and 5.3% in 1999); dividend yield of 1.0% (0.5% in 2000 and 1999); expected market price volatility factor of 0.515 (0.495 in 2000 and 0.47 in 1999); and an expected option life of four years.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which have no vesting provisions and are fully transferable. In addition, the model requires input of highly subjective assumptions. Because the Company's stock options have characteristics significantly different from traded options and the input assumptions can materially affect the estimate of fair value, management believes that the Black-Scholes option model does not necessarily provide a reliable measure of the fair value of the Company's stock options.

For purposes of pro forma disclosures, the estimated fair values of stock options are amortized to expense over the related vesting periods. The Company's pro forma information under SFAS No. 123 is as follows:

	2001	2000	1999
	<i>(Thousands of Dollars, Except Per Share Data)</i>		
Pro forma net earnings	\$ 40,148	\$ 6,459	\$ 28,750
Pro forma net earnings per share:			
Basic	\$.99	\$.16	\$.71
Diluted	.96	.16	.70

Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

The Company also has stock award plans for officers and other key employees. Common stock issued under these plans is subject to certain restrictions, including a prohibition against any sale, transfer or other disposition by the officer or employee (except for certain transfers for estate planning purposes for certain officers), 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 154,250 in 2001, 286,890 in 2000 and 340,665 in 1999 were awarded under these plans. The weighted-average grant date fair value was \$15.11 in 2001, \$10.95 in 2000 and \$10.02 in 1999 for the shares awarded. Rights to awards were cancelled for 10,288 shares in 2001 and 11,956 shares in 1999 (there were no rights to awards cancelled in 2000). The market value of the shares awarded is recognized as unearned compensation in the consolidated statements of stockholders' equity and is amortized to operations over the vesting period.

6. Retirement Plans

The Company has noncontributory, defined benefit pension plans covering a majority of its domestic employees. The Company's principal defined benefit pension plan provides benefits based on the employees' 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 amounts deemed necessary to maintain the plans on a sound actuarial basis.

The Company has a Supplemental Executive Retirement Plan (SERP) for certain current and former employees that entitles them to receive payments from the Company following retirement based on the employees' years of service and final average earnings (as defined). Under the SERP, the employees are eligible for reduced benefits upon early retirement. The Company also has individual deferred compensation agreements with certain former employees that entitle them to receive payments from the Company for a period of fifteen to eighteen years following retirement. The Company maintains life insurance policies with a cash surrender value of \$20,062,000 at December 29, 2001 and \$18,124,000 at December 30, 2000 that are intended to fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has a defined contribution money accumulation plan covering substantially all employees that provides for Company

contributions based on earnings. This plan is combined with the principal defined benefit pension plan for funding purposes. Contributions to the money accumulation plan were \$1,400,000 in 2001, \$1,570,000 in 2000 and \$1,500,000 in 1999.

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

	September 30	
	2001	2000
	<i>(Thousands of Dollars)</i>	
Pension assets at fair value, including assets for underfunded plans of \$6,965 in 2001 and \$491 in 2000	\$ 114,392	\$ 134,815
Projected benefit obligation on services rendered to date for funded defined benefit plans, including underfunded plan amounts of \$8,787 in 2001 and \$853 in 2000	(105,315)	(94,300)
Net pension assets of funded defined benefit plans	9,077	40,515
Nonqualified trust assets (cash surrender value of life insurance) recorded in other assets and intended to satisfy the projected benefit obligation of unfunded supplemental employee retirement plans	13,715	11,988
Projected benefit obligation on services rendered to date for unfunded supplemental employee retirement plans	(14,022)	(10,530)
Net assets (liabilities) for nonqualified supplemental employee retirement plans	(307)	1,458
Net pension and nonqualified trust assets	\$ 8,770	\$ 41,973

**Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)**

	September 30	
	2001	2000
	<i>(Thousands of Dollars)</i>	
Components of net pension assets:		
Prepaid pension costs	\$ 33,567	\$ 29,205
Accrued pension liability	(15,428)	(10,351)
Intangible asset	3,075	600
Accumulated other comprehensive income	1,737	--
Net amounts recognized in balance sheets	22,951	19,454
Unrecognized amounts, net of amortization:		
Transition assets	27	53
Prior service costs	(5,619)	(5,667)
Net experience gains (losses)	(22,304)	16,145
Nonqualified trust assets	13,715	11,988
Net pension and nonqualified trust assets	\$ 8,770	\$ 41,973

Change in fair value of pension assets:

Fair value of pension assets at beginning of the year	\$	134,815	\$	120,110
Actual net investment income (loss)		(13,895)		19,255
Company contributions		1,145		1,008
Benefits paid to plan participants		(7,673)		(5,558)
<hr/>				
Fair value of pension assets at end of the year	\$	114,392	\$	134,815

Change in projected benefit obligations:				
Projected benefit obligations at beginning of the year	\$	104,830	\$	98,490
Service cost pertaining to benefits earned during the year		3,753		4,459
Interest cost on projected benefit obligations		8,457		7,841
Effect of changes in actuarial assumptions		885		339
Actuarial (gains) losses		8,911		(3,275)
Curtailement gain		-		(667)
Special termination benefits		174		3,201
Benefits paid to plan participants		(7,673)		(5,558)
<hr/>				
Projected benefit obligations at end of the year	\$	119,337	\$	104,830

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

	2001	2000	1999
<i>(Thousands of Dollars)</i>			
Service cost pertaining to benefits earned during the year	\$ (3,753)	\$ (4,459)	\$ (4,571)
Interest cost on projected benefit obligations	(8,457)	(7,841)	(7,186)
Expected return on pension assets	13,310	12,526	11,944
Net amortization	1,427	1,544	3,078
Curtailement gain	--	667	--
Special termination benefits	(174)	(3,201)	--
<hr/>			
Net pension income (expense)	\$ 2,353	\$ (764)	\$ 3,265

Pension income for qualified retirement plans excluding the effect of special termination gains and expenses was \$4,040,000 in 2001, \$4,349,000 in 2000 and \$6,243,000 in 1999.

In connection with the realignment of its manufacturing operations in 2000 described in Note 11, certain of the Company's pension plans were amended to provide early retirement benefits. Special termination benefit costs of \$174,000 and \$3,201,000 in 2001 and 2000, respectively, and a curtailment gain of \$667,000 in 2000 were recorded as a result of these changes in scheduled benefits.

The discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.55% and 4.5%, respectively, in 2001 and 8.1% and 4.5%, respectively, in 2000. The expected long-term return on plan assets was 10% in each year.

Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

Plan assets were invested in listed equity securities (71%), fixed income funds (20%) and short-term and other investments (9%). Equity securities include 688,512 shares of the Company's common stock with a fair value of \$9,254,000 at September 30, 2001. Dividends paid per share of the Company's common stock were \$.16 in 2001, \$.14 in 2000 and \$.12 in 1999.

7. Income Taxes

The provisions for income taxes consist of the following:

	2001	2000	1999
	<i>(Thousands of Dollars)</i>		
Currently payable:			
Federal	\$ 17,147	\$ 7,463	\$ 5,645
State and foreign	991	930	1,924
Deferred (credit)	5,169	(4,068)	9,597
	\$ 23,307	\$ 4,325	\$ 17,166

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

	2001	2000	1999
	<i>(Thousands of Dollars)</i>		
Income taxes at statutory rate	\$ 23,991	\$ 5,255	\$ 17,341
State income taxes, net of federal income tax reduction	460	(20)	667
Nontaxable earnings of foreign affiliates	(1,518)	(1,916)	(1,729)
Foreign earnings (losses) taxed at rates differing from the U.S. statutory rate	(84)	163	220
Other	458	843	667
	\$ 23,307	\$ 4,325	\$ 17,166

Significant components of the Company's deferred income tax assets and liabilities as of the end of 2001 and 2000 are as follows:

	2001	2000
	<i>(Thousands of Dollars)</i>	
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	\$ 1,712	\$ 991
Deferred compensation accruals	1,597	2,590
Other amounts not deductible until paid	4,446	5,120
Total deferred income tax assets	7,755	8,701
Deferred income tax liabilities:		
Tax over book depreciation	(8,940)	(6,867)
Prepaid pension costs	(7,882)	(6,170)
Unremitted earnings of Puerto Rican subsidiary	(792)	(918)
Other	(118)	(145)
Total deferred income tax liabilities	(17,732)	(14,100)

Net deferred income tax liabilities

\$ (9,977) \$ (5,399)

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Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

The Company has provided for 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 as such earnings are considered permanently invested. The additional taxes that would be payable if unremitted earnings of its foreign affiliates were distributed approximated \$11,338,000 at December 29, 2001 and \$9,909,000 at December 30, 2000.

8. Litigation and Contingencies

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

9. Business Segments

The Company has one reportable segment that is engaged in the manufacture and marketing of branded footwear, including casual shoes, slippers, moccasins, dress shoes, boots, uniform shoes, work shoes and performance outdoor footwear, to the retail sector. Revenues of this segment are derived from the sale of branded footwear products to external customers and the Company's retail division as well as royalty income from the licensing of the Company's trademarks and brand names to licensees and distributors. The business units comprising the branded footwear segment manufacture or source, market and distribute products in a similar manner. Branded footwear is distributed through wholesale channels and under licensing and distributor arrangements.

The other business units in the following tables consist of the Company's retail, apparel and accessory licensing, tannery and pigskin procurement operations. The Company operated 64 domestic retail stores at December 29, 2001 that sell Company-manufactured and sourced products, as well as footwear manufactured by unaffiliated companies. The other business units distribute products through retail and wholesale channels.

The Company measures segment profits as earnings before income taxes. The accounting policies used to determine profitability and total assets of the branded footwear and other business segments are the same as disclosed in Note 1.

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Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

Business segment information is as follows:

	Branded Footwear	Other Businesses	Corporate	Consolidated
	2001			
	<i>(Thousands of Dollars)</i>			
Net sales and other operating income from external customers	\$ 644,793	\$ 75,273	\$ --	\$ 720,066

Intersegment sales	19,599	4,632	--	24,231
Interest expense (net)	11,939	1,273	(6,470)	6,742
Depreciation expense	5,445	2,295	8,251	15,991
Earnings (loss) before income taxes	68,086	5,887	(5,426)	68,547
Assets	355,045	45,165	143,468	543,678
Additions to property, plant and equipment	2,001	3,553	5,744	11,298

2000

Net sales and other operating income				
from external customers	\$ 622,829	\$ 78,462	\$ --	\$ 701,291
Intersegment sales	17,617	5,503	--	23,120
Interest expense (net)	13,561	1,296	(4,948)	9,909
Depreciation expense	7,106	2,141	7,248	16,495
Nonrecurring charges	45,050	--	--	45,050
Earnings (loss) before income taxes	9,918	7,555	(2,458)	15,015
Assets	346,235	37,546	110,787	494,568
Additions to property, plant and equipment	3,156	5,062	3,760	11,978

1999

Net sales and other operating income				
from external customers	\$ 590,906	\$ 74,670	\$ --	\$ 665,576
Intersegment sales	16,567	5,563	--	22,130
Interest expense (net)	13,736	1,539	(4,929)	10,346
Depreciation expense	7,524	1,459	4,780	13,763
Nonrecurring charges	14,000	--	--	14,000
Earnings (loss) before income taxes	39,423	11,210	(1,087)	49,546
Assets	391,447	34,038	108,910	534,395
Additions to property, plant and equipment	4,967	1,684	12,796	19,447

Geographic information, based on shipping destination, related to net sales and other operating income included in the consolidated statements of operations is as follows:

	2001	2000	1999
	(Thousands of Dollars)		
United States	\$ 617,711	\$ 598,115	\$ 564,374
Foreign countries:			
Europe	50,115	54,555	60,274
Canada	34,221	30,766	25,698
Central and South America	7,764	7,852	8,347
Asia	6,356	7,274	5,029
Middle East and Russia	3,899	2,729	1,854
	102,355	103,176	101,202
	\$ 720,066	\$ 701,291	\$ 665,576

Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

The Company's long-lived assets (primarily intangible assets and property, plant and equipment) are as follows:

	2001	2000	1999
	<i>(Thousands of Dollars)</i>		
United States	\$ 155,731	\$ 157,291	\$ 165,203
Foreign countries	13,144	12,191	19,891

The Company does not believe that it is dependent upon any single customer, since none accounts for more than 10% of consolidated net sales and other operating income.

No product groups, other than footwear, account for more than 10% of consolidated net sales and other operating income. Revenues derived from the sale and licensing of footwear accounted for over 90% of net sales and other operating income in 2001, 2000 and 1999.

Approximately 16% of the Company's employees are subject to bargaining unit contracts extending through various dates to 2004.

10. Quarterly Results of Operations (unaudited)

The Company generally reports its quarterly results of operations on the basis of 12-week periods for each of the first three quarters and a 16- or 17-week period for the fourth quarter.

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	2001			
	<i>(Thousands of Dollars, Except Per Share Data)</i>			
Net sales and other operating income	\$ 158,223	\$ 151,699	\$ 186,175	\$ 223,969
Gross margin	53,326	55,269	67,798	80,643
Net earnings	5,980	8,858	14,364	16,038
Net earnings per share:				
Basic	\$.15	\$.22	\$.35	\$.39
Diluted	.14	.21	.34	.38
	2000			
Net sales and other operating income	\$ 147,370	\$ 140,558	\$ 175,529	\$ 237,834
Gross margin	48,893	48,198	47,033	79,849
Net earnings (loss)	4,795	7,595	(15,480)	13,780
Net earnings (loss) per share:				
Basic	\$.12	\$.19	\$ (.38)	\$.33
Diluted	.12	.18	(.37)	.33

As discussed in Note 11, the third and fourth quarters of 2000 were adversely affected by realignment and other nonrecurring charges totaling \$0.71 per share.

Adjustments in the fourth quarter primarily relating to inventories resulted in an increase in net earnings of \$1,435,000 (\$0.03 per share) in 2001 and a decrease of \$685,000 (\$0.02 per share) in 2000.

Wolverine World Wide, Inc.
Notes to Consolidated Financial Statements (Cont.)

11. Nonrecurring Charges

On July 12, 2000, the Company announced a strategic realignment of its global sourcing and manufacturing operations. In connection with this realignment, the Company decided to close five of its manufacturing facilities in New York, Missouri, Canada, Puerto Rico and Costa Rica, eliminate certain footwear product offerings and related raw material inventories, reduce administrative support services and incur other nonrecurring expenses. Workforce reductions totaling 1,391 employees occurred in the areas of manufacturing (1,272), general management (28) and administrative support (91). The realignment activities were primarily completed in the third and fourth quarters of 2000 and the first half of 2001. Remaining liabilities associated with the sourcing realignment primarily include pension benefits for certain terminated employees of \$2,634,000 to be paid during their retirement and lease termination costs of \$111,000 that are payable through 2004.

The following table summarizes the sourcing realignment, impairment and other nonrecurring pre-tax charges recorded in the consolidated statement of operations in 2000 (thousands of dollars):

Sourcing realignment charges:		
Severance and related costs		\$11,723
Inventories		12,141
Other exit costs		4,263
		28,127
Impairment charges:		
Property, plant and equipment		8,126
Goodwill		1,077
		9,203
Other nonrecurring charges		7,720
		\$45,050

Severance and related costs associated with the sourcing realignment included involuntary and voluntary employee termination expenses. Inventory charges represented the write-down to net realizable value of raw materials that are no longer used in production and certain finished footwear products that were discontinued as part of the realignment plan. Other exit costs primarily represented expenses required under contractual arrangements that have or are expected to be incurred prior to their estimated disposal dates.

Impairment charges consisted of write-downs of property, plant and equipment to their fair values less costs to sell, costs to close and reconfigure manufacturing facilities, and the write-off of goodwill previously recorded in connection with the purchase of the Company's Costa Rican operation.

Other nonrecurring charges pertained to one-time costs that were expensed as incurred and consisted primarily of the write-off of amounts for customer chargebacks and other deductions that the Company previously expected to collect, but will no longer pursue.

Within the consolidated statements of operations for 2000, cost of products sold, selling and administrative expenses and other expenses included \$15,036,000, \$29,589,000 and \$425,000, respectively, for the sourcing realignment and other nonrecurring charges. These charges resulted in a \$0.71 per share reduction of net earnings in 2000.

The following table summarizes the activity and remaining liabilities associated with the sourcing realignment at December 29, 2001 and December 30, 2000, and for the fiscal years then ended (thousands of dollars):

Severance and Related Costs	Inventories	Other Exit Costs	Total
--------------------------------	-------------	---------------------	-------

Amounts recognized as charges in the consolidated statement of operations	\$	11,723	\$	12,141	\$	4,263	\$	28,127
Disposal of inventories		--		(11,024)		--		(11,024)
Payments		(5,720)		--		(1,871)		(7,591)
Balance at December 30, 2000		6,003		1,117		2,392		9,512
Changes in amounts recognized		680		1,114		15		1,809
Disposal of inventories		--		(2,231)		--		(2,231)
Payments		(4,049)		--		(2,209)		(6,258)
Balance at December 29, 2001	\$	2,634	\$	--	\$	198	\$	2,832

As a result of the significant deterioration in Russian economic and political conditions, the Company approved a plan in the second quarter of 1999 to close its Russian wholesale footwear business. In connection with the closure, the Company recorded a nonrecurring, pre-tax charge to earnings of \$14,000,000, of which \$6,900,000 was reflected as a write-down in cost of products sold for inventory, \$6,600,000 was recognized in selling and administrative expenses for goodwill impairment, bad debt, severance, and other exit costs, and \$500,000 was recorded in other expenses. The charge resulted in a reduction of net earnings of \$0.23 per share. The closure was complete as of the end of 1999.

12. Business Acquisitions

On January 16, 2002, the Company announced the establishment of a new subsidiary to operate the CAT® footwear business in the European market. This new entity, Wolverine Europe Limited, purchased assets of the European CAT® footwear business consisting of accounts receivable, inventory and fixed assets totaling approximately \$21,000,000 from Overland Group Limited of London, England and assumed liabilities of approximately \$14,000,000. Cash and other consideration of \$21,000,000, subject to certain post closing adjustments, was remitted for the acquisition, resulting in goodwill of approximately \$14,000,000. The former owner of Overland Group Limited will be a minority stockholder in the new subsidiary. The markets served directly by Wolverine Europe Limited will include Austria, France, Germany, Ireland, The Netherlands and the United Kingdom. Wolverine Europe Limited will also coordinate and support other European markets served by independently-owned distributors.

In October 2001, the Company expanded its owned Merrell® operations in the United Kingdom to cover the additional countries of Austria, Belgium, France, Germany, Luxembourg, The Netherlands and Spain. A new subsidiary, Merrell Europe BV, was formed to direct the operations of these additional countries. Assets consisting primarily of inventory and fixed assets totaling \$1,194,000 were acquired from certain former Merrell® distributors for cash and assumed liabilities of \$1,858,000. Goodwill of \$664,000 was recognized as of the purchase date. Consolidated proforma net sales and other operating income and net earnings in 2001 assuming the transaction occurred at the beginning of the year are not materially different from reported amounts.

Report Of Independent Auditors

Board of Directors and Stockholders
Wolverine World Wide, Inc.

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of December 29, 2001 and December 30, 2000, and the related consolidated statements of stockholders' equity and comprehensive income, operations and cash flows for each of the three fiscal years in the period ended December 29, 2001. 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wolverine World Wide, Inc. and subsidiaries at December 29, 2001 and December 30, 2000, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended December 29, 2001, in conformity with accounting principles generally accepted in the United States. 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 5, 2002

APPENDIX B

Schedule II

Schedule II - Valuation and Qualifying Accounts

Wolverine World Wide, Inc. and Subsidiaries

Column A

Column B

Column C

Column D

Column E

Additions

Description	Balance at Beginning of Period	(1) Charged to Costs and Expenses	(2) Charged to Other Accounts (Describe)	Deductions (Describe)	Balance at End of Period
Fiscal year ended December 29, 2001					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 5,036,000	\$ 6,819,000		\$ 5,307,000(A)	\$ 6,548,000
Allowance for cash discounts	1,111,000	8,028,000		8,305,000(B)	834,000
Inventory valuation allowances	6,233,000	9,409,000		10,014,000(C)	5,628,000
	\$ 12,380,000	\$ 24,256,000		\$ 23,626,000	\$ 13,010,000
Fiscal year ended December 30, 2000					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 6,977,000	\$ 10,864,000		\$ 12,805,000(A)	\$ 5,036,000
Allowance for cash discounts	723,000	6,711,000		6,323,000(B)	1,111,000
Inventory valuation allowances	8,351,000	8,503,000		10,621,000(C)	6,233,000
	\$ 16,051,000	\$ 26,078,000		\$ 29,749,000	\$12,380,000
Fiscal year ended January 1, 2000					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 4,729,000	\$ 5,750,000		\$ 3,502,000(A)	\$ 6,977,000
Allowance for cash discounts	1,167,000	6,529,000		6,973,000(B)	723,000
Inventory valuation allowances	9,257,000	8,349,000		9,255,000(C)	8,351,000
	\$ 15,153,000	\$ 20,628,000		\$ 19,730,000	\$ 16,051,000

(A) Accounts charged off, net of recoveries.

(B) Discounts given to customers.

(C) Adjustment upon disposal of related inventories.

Commission File No. 1-6024

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**EXHIBITS
TO
FORM 10-K**

**For the Fiscal Year Ended
December 29, 2001**

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Document</u>
3.1	Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 14, 1997. Here incorporated by reference.
3.2	Amended and Restated By-laws. Previously filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1999. Here incorporated by reference.
4.1	Certificate of Incorporation, as amended. See Exhibit 3.1 above.
4.2	Amended and Restated By-laws. See Exhibit 3.2 above.
4.3	Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
4.4	Amendment No. 1 dated as of June 30, 2000, to the Rights Agreement dated as of April 17, 1997. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.5	Note Purchase Agreement dated as of August 1, 1994, relating to 7.81% Senior Notes. Previously filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
4.6	Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008. Previously filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1999. Here incorporated by reference.
4.7	The Registrant has several classes of long-term debt instruments outstanding in addition to that described in Exhibits 4.5, 4.6 and 4.8. The authorized amount of none of these classes of debt exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request.
4.8	Credit Agreement dated as of May 29, 2001, with Bank One, Michigan, as agent. Previously filed as Exhibit 4.1 to the

Company's Quarterly Report on Form 10-Q for the period ended June 16, 2001. Here incorporated by reference.

- 10.1 1993 Stock Incentive Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed June 22, 1993, Registration No. 33-64854. Here incorporated by reference.
- 10.2 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

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by reference.

- 10.3 Amended and Restated Directors Stock Option Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.4 Employees Pension Plan (Restated as Amended Through December 13, 2001).*
- 10.5 Employment Agreement dated April 27, 1998, between the Company and Geoffrey B. Bloom.* Previously filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1999. Here incorporated by reference.
- 10.6 1994 Directors' Stock Option Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed on August 24, 1994, Registration No. 33-55213. Here incorporated by reference.
- 10.7 Amended and Restated Stock Option Loan Program.* Previously filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.8 Executive Severance Agreement.* Previously filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10.8.
- 10.9 Amended and Restated Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10.9.
- 10.10 1995 Stock Incentive Plan.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed October 26, 1995, Registration No. 33-63689. Here incorporated by reference.
- 10.11 Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and executive officer. Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.12 Benefit Trust Agreement dated May 19, 1987, and Amendments Number 1, 2, 3 and 4 thereto.* Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. Here incorporated by reference.
- 10.13 Outside Directors' Deferred Compensation Plan.*
- 10.14 1984 Executive Incentive Stock Purchase Plan, and amendment.* Previously filed as an exhibit to the Company's registration statement on Form S-8, filed August 6, 1984, Registration No. 2-92600. Here incorporated by reference.
- 10.15 1997 Stock Incentive Plan.*

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- 10.16 Executive Short-Term Incentive Plan (Annual Bonus Plan).*
- 10.17 Executive Long-Term Incentive Plan (3-Year Bonus Plan).*
- 10.18 Stock Incentive Plan of 1999.* Previously filed as Appendix A to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 23, 1999. Here incorporated by reference.

10.19	Stock Incentive Plan of 2001.* Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 26, 2001. Here incorporated by reference.
21	Subsidiaries of Registrant.
23	Consent of Ernst & Young LLP.
24	Powers of Attorney.

*Management contract or compensatory plan or arrangement.

EXHIBIT 10.4

WOLVERINE EMPLOYEES' PENSION PLAN

(Restated As Amended Through December 13, 2001)

WOLVERINE EMPLOYEES' PENSION PLAN

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WOLVERINE EMPLOYEES' PENSION PLAN
(Restated As Amended Through December 13, 2001)

SECTION 1

Introduction

- 1.1. Purpose. Wolverine Employees' Pension Plan is maintained by Wolverine World Wide, Inc. (the "company") to provide retirement and other benefits for eligible employees.
- 1.2. Plan Year. Wolverine Employees' Pension Plan was established as of January 1, 1969. Wolverine Employees' Pension Plan, as amended, and as set forth below (the "plan") is effective as of January 1, 1976. A "plan year" is the twelve month period beginning on January 1 and ending on the following December 31.
- 1.3. Employers. Any subsidiary or affiliate of the company may adopt the plan with the company's consent, as described in subsection 10.1. A "subsidiary" of the company is any corporation 50 per cent or more of the voting stock of which is owned, directly or indirectly, by the company. An "affiliate" of the company is any corporation 50 per cent or more of the voting stock of which is owned, directly or indirectly, by the owners of 50 per cent or more of the voting stock of the company. The company and any subsidiaries or affiliates of the company which adopt the plan are referred to below collectively as the "employers" and individually as an "employer." The plan shall not apply to employees of any branch or division of these corporations which is hereafter established (as a result of merger, acquisition or otherwise) unless and until it is extended to such branch or division in the manner provided in subsection 10.1. Any action required or permitted to be taken by an employer under the plan shall be by resolution of its Board of Directors, or by a person or persons authorized by resolution of its Board of Directors.
- 1.4. Administration of the Plan. The Plan will be administered by a plan committee (the "committee") consisting of not less than three nor more than seven persons appointed by the company, as described in Section 9. Any notice or document required to be given to or filed with the committee will be properly given or filed if delivered or mailed, by registered mail, postage prepaid, to the committee, in care of the company, at Rockford, Michigan.
- 1.5. Funding of Benefits. Funds contributed under the plan will be held and invested, until distribution, by a trustee (the "trustee") appointed by the company. The trustee will act under a trust agreement between the company and the trustee which implements and forms a part of the plan. The trustee as of January 1, 1976 is National Bank of Detroit, located in Detroit, Michigan. Copies of the plan and trust agreement, and

any amendments thereto, will be on file at the office of the Secretary of the company and of each employer which adopts the plan where they may be examined by any eligible employee or member. The provisions of and benefits under the plan are subject to the terms and provisions of the trust agreement.

1.6. Plan Benefits for Members Who Retire or Terminated Employment. The benefits provided hereunder for any member who retires or whose employment with the employers otherwise terminates will, except as otherwise specifically provided herein, be governed in all respects by the terms of the plan as in effect on the date of the member's retirement or other termination of employment.

1.7. Supplements. From time to time, the company may adopt supplements to the plan for the purpose of modifying the provisions of the plan as they apply to the employees of an employer (or any group or classification of employees of an employer) to provide additional, substitute or restrictive terms and provisions of the plan as it applies to such employees, including provisions to preserve benefits attributable to such employees' participation in a plan of an employer or predecessor of an employer or to coordinate such benefits with the benefits of this plan. Each such supplement will be attached to and form a part of this plan, will specify the group or class of employees to which it applies and will supersede the provisions of the plan to the extent necessary to eliminate any inconsistencies between the plan and such supplement.

1.8. UFCW Employees. Effective January 1, 1984, pension benefits for UFCW employees (as defined in Supplement A of the plan) will be provided solely under the separate plans established for them and in no event will any benefits be paid or payable to or on account of UFCW employees under this plan.

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SECTION 2

Membership and Retirement Dates

2.1. Eligibility. Each employee of an employer who is a member of the plan immediately preceding January 1, 1976 will continue as a member on and after that date. Each other employee of an employer will become a member of the plan on January 1, 1976 or the July 1 or January 1 thereafter coincident with or next following the date he meets all of the following requirements:

(a) He is a regular employee; and

(b) He is a member of a group of employees to whom the plan has been and continues to be extended by an employer as described in Appendix A to the plan.

A "regular employee" is one who normally renders or is scheduled to render personal services to one or more employers and controlled group members for 1,000 or more hours per year. For purposes of this subsection, an employee who, except for the requirement of subparagraph (a) above, would otherwise become a member of the plan, shall become a member of the plan on January 1, 1976 or the July 1 or January 1 thereafter coincident with or next following the end of the 12-month period (commencing on his date of hire and each anniversary thereof) during which he has completed 1,000 or more hours of service (as defined in subsection 3.2).

Each employee of Wolverine Hy-Test, Inc. who meets the eligibility requirements as of the effective date of the Thirty-Fifth Amendment (April 17, 1996) shall become a Participant on that date.

2.2. Membership. The committee will notify each employee of the date he becomes a member of the plan. Membership shall terminate upon the earlier of the date the Participant is not an Employee and has been paid the full amount due under this plan, the date of the participant's death, or the date the Participant's Service is cancelled. An Employee's Service shall be cancelled if the Employee's vested percentage is zero and the Employee has at least five consecutive Breaks in Service. If an Employee's service is cancelled, the Employee must satisfy the eligibility requirements again to resume membership in this plan. If the service of a former member is not cancelled, the former member shall resume membership immediately upon completion of an hour of service as a regular employee or as a member of a group of employees to whom the plan has been and continues to be extended.

2.3. Normal Retirement Date. A member's "normal retirement date" will be the first day of the month coincident with or next following the date he attains age 65 years.

2.4. Early Retirement Date. A member's "early retirement date" will be the first day of the month coincident with or next following the date on which he retires or is retired from the employ of all of the employers before his normal retirement date but after he has both attained age 60 years and completed ten or more years of credited service.

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2.5. Deferred Retirement Date. A member's "deferred retirement date" will be the first day of the month coincident with or next following the date of his retirement from the employ of all of the employers after his normal retirement date.

2.6. Disability Retirement Date. A member's "disability retirement date" will be the first day of the month coincident with or next following the date on which he retires or is retired from the employ of all of the employers because of total and permanent disability (as defined in Section S) before his normal retirement date but after he has completed fifteen or more years of credited service.

2.7. Retirement Date. A member's "retirement date" will be one of the dates described above on which he retires or is retired from the employ of all of the employers.

2.8. Maternity and Paternity Absence. In the case of a maternity or paternity absence (as defined below) which commences on or after January 1, 1985, a member shall be credited, for the first plan year in which he otherwise would have incurred a one-year break in service (and solely for purposes of determining whether such a break in service has occurred), with the hours of service which normally would have been credited to him but for such absence (or, if the committee is unable to determine the hours which would have been so credited, 8 hours for each work day of such absence), but in no event more than 501 hours for any one absence. A "maternity or paternity absence" means a member's absence from work because of the pregnancy of the member or birth of a child of the member, the placement of a child with the member in connection with the adoption of such child by the member, or for purposes of caring for the child immediately following such birth or placement. The committee may require the member to furnish such information as the committee considers necessary to establish that the member's absence was for one of the reasons specified above.

2.9. Leased Employees. A leased employee (as defined below) shall not be eligible to become a member of the plan. A "leased employee" means any person who is not an employee of an employer, but who has provided services to an employer of a type which have historically (within the business field of the employers) been provided by employees, on a substantially fully time basis for a period of at least one year, pursuant to an agreement between an employer and a leasing organization. The period during which a leased employee performs service for an employer shall be taken into account for purposes of subsections 2.1 and 6.1 of the plan; unless (i) such leased employee is a participant in a money purchase pension plan maintained by the leasing organization which provides a non-integrated employer contribution rate of at least 10 percent of compensation, immediate participation for all employees and full and immediate vesting, and (ii) leased employees do not constitute more than 20 percent of the employers' nonhighly compensated work force.

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SECTION 3

Bases of Pensions

3.1. General. A member's pension will be based on his credited service and may also be based on his final average earnings, both as determined in accordance with the provisions hereof.

3.2. Credited Service. A member's "credited service" means the total of his years of employment computed in accordance with the following rules:

(a) A member will be entitled to a full or fractional year of credited service for each full or fractional year of credited service to which he was entitled under the plan prior to January 1, 1976, in accordance with the terms of the plan in effect prior to that date.

(b) In computing the amount of a member's monthly pension, disability pension or monthly deferred benefits (but not for purposes of determining a member's eligibility for such benefits) a member shall be entitled to one year of credited service for each plan year beginning after December 31, 1975 during which he is a member of the plan and has completed 1,000 or more hours of service.

(c) In determining a member's eligibility for monthly pension, disability pension or monthly deferred benefits (but not for the purpose of otherwise computing the amount of such monthly pension, disability pension or monthly deferred benefits), a member shall be entitled to one year of credited service for each plan year beginning after December 31, 1975 during which he has completed 1,000 hours of service for an employer or a controlled group member.

(d) A member's credited service in excess of 30 years shall be disregarded for all purposes of the plan, except that his credited service in excess of 25 years shall be disregarded for purposes of subparagraphs 4.1(c), 4.2(c) and 6.1(a)(iii). In applying the foregoing limitations on credited service, earlier years of credited service shall be disregarded before later years of credited service.

(e) A period of concurrent employment with two or more employers or controlled group members will be considered as employment with only one of them during the period.

(f) A leave of absence will not interrupt membership in the plan and will be included in determining a member's credited service; provided, however, that a period of leave of absence in excess of one year shall not be included in determining the credited service of a member for purposes of subparagraph (b) above.

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(g) To the extent provided in the plan or by the committee, a member's employment with a predecessor company will be considered as employment with an employer.

(i) For purposes of subsection (c) (a member's eligibility for monthly or disability pension or monthly deferred benefits) and Appendix D, Section D8, but not for purposes of subsection (b), a member who was a Wolverine Hy-Test, Inc. employee and became a Participant on the effective date of the Thirty-Fifth Amendment shall receive credited service equal to the full years of benefit service credited to the member under the Florsheim Shoe Company Retirement Plan on that date.

(ii) For purposes of this section, an hourly nonunion employee of TruStitch Division on January 1, 1985, shall receive years of credited service under the rules of this section for service (including union service) with TruStitch division beginning on or after January 1, 1970 and an employee of Wolverine Procurement, Inc. shall receive years of credited service under the rules of this section for service with Wolverine Procurement, Inc. beginning on or after July 1, 1989.

(h) Termination of employment of a member (h) with one employer or a controlled group member will not interrupt his credited service for purposes of the plan if, concurrently with or immediately after such termination, he is employed by one or more other employers or controlled group members.

An "hour of service" means each hour for which an employee is directly or indirectly paid or entitled to payment by an employer or controlled group member for the performance of duties and for reasons other than the performance of duties, including each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an employer or controlled group member, determined and credited in accordance with Department of Labor Reg. Sec. 2530.200b-2.

3.3. Breaks in Service. If a member's employment with an employer or controlled group member should terminate and such member is subsequently reemployed by an employer or controlled group member, the following shall apply:

(a) If the reemployment occurs before the member has five consecutive one-year breaks in service (as defined below), membership in the plan will be immediately reinstated upon reemployment if he then meets the requirement of subparagraph 2.1(c), and the credited service to which the member was entitled at the time of termination shall also be reinstated.

(b) A "one-year break in service" means a plan year during which a member has not completed more than 500 hours of service.

(c) If the member was eligible for monthly pension or deferred benefits under this plan at the time of termination, membership in this plan will be immediately reinstated upon reemployment, if he then meets the requirements of subparagraph 2.1(c), and the credited service to which the member was entitled at the time of termination shall also be reinstated.

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(d) Notwithstanding any other provisions of this plan:

(i) the reinstatement of the credited service prior to January 1, 1976 to which a member was entitled at the time of termination of employment shall, except as provided in subparagraph (ii) below, be determined in accordance with the terms of the plan in effect at the date of his termination of employment.

(ii) if employment with an employer or controlled group member terminates (or terminated) after an employee had completed four or more years of continuous employment and if said employee is subsequently reemployed by an employer and remains employed so as to be entitled to ten or more years of credited service following his reemployment, or is subsequently reemployed by an employer after becoming 55 years of age and remains employed until attaining normal retirement age as defined by this plan, then all periods of his credited service and service with the employers shall be included in computing his credited service hereunder, and the resulting total number of years of credited service shall be used to compute the member's benefits according to the method of computation obtaining at the time the member retires or otherwise terminates employment under the plan.

(e) Notwithstanding the foregoing provisions of this subsection 3.3, the reinstatement of credited service earned prior to January 1, 1976 to which a member was entitled at the time of termination of employment shall be determined in accordance with the terms of the plan in effect at the date of his termination of employment.

Credited service, for purposes of this subsection, shall mean the credited service used in determining a member's eligibility for a monthly pension, disability pension or monthly deferred benefits.

3.4. Earnings. A member's "earnings" means his total cash compensation for services rendered to the employers, but before any reduction for basic contributions he had elected under Wolverine World Wide, Inc. Money Accumulation Plan or contributions he had elected under Wolverine World Wide, Inc. Pre-Tax Premium Plan excluding any earnings attributable to payments to the member from the Wolverine World Wide, Inc. Executive Long Term Incentive Plan. In the case of a salesman who is compensated on a commission basis, his "earnings" for any period shall be an amount equal to 70% of the amount that would otherwise be determined under the preceding sentence to be his earnings (except that for a salesman for the Hush Puppy Group in 1995, compensation shall include cash expense reimbursements). Notwithstanding the preceding provisions of this subsection 3.4, in no event shall the amount of a member's compensation for any year taken into account for purposes of the plan exceed \$200,000 (\$150,000 for benefits accruing in years beginning after December 31, 1993), or such greater amount as may be determined by the Commissioner of Internal Revenue for that year.

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3.5. Final Average Earnings. The "final average earnings" of a member shall be the monthly average of his earnings for the four consecutive calendar years for which his earnings were highest within the ten consecutive calendar years ending with the year of his retirement or earlier termination of employment (or the monthly average of his earnings for the entire period he received earnings if such period is less than four calendar years). For purposes of the preceding sentence, a member's earnings for the calendar year of his retirement or earlier termination of employment shall be annualized (based on his current rate of pay plus non-deferred bonus), and he shall be deemed to have received earnings during that entire calendar year. Such average shall be computed by dividing the total of the member's earnings for such four calendar year period (or shorter total period if applicable) by 48 (or by the number of months within that shorter period).

3.6. Controlled Group Member. A "controlled group member" means (i) any corporation which is not the company but is a member of a controlled group of corporations (within the meaning of Section 1563(a) of the Internal Revenue Code, determined without regard to Sections 1563(a)(4) and 1563(e)(3)(C) thereof) which contains the company, or (ii) any trade or business (whether or not incorporated) which is under common control with the company (within the meaning of section 414(c) of the Internal Revenue Code).

3.7. Predecessor Company. A "predecessor company" means any corporation or other entity the stock, assets or business of

which is acquired by an employer, whether by merger, consolidation, purchase of assets or otherwise, and any predecessor thereto designated by the company.

3.8. Leave of Absence. A "leave of absence" as used in the plan means an absence from active employment with an employer or controlled group member for service in the United States Armed Forces, sickness, accident, vacation or other similar reasons, and when granted will be governed by rules uniformly applied to all employees similarly situated.

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SECTION 4

Amount of Pension Benefits

4.1. Normal or Deferred Retirement. A member who retires on or after his normal retirement date will be entitled to a monthly pension in an amount equal to the greater of:

- (a) the excess of:
 - (i) 1.6 percent of final average earnings multiplied by the member's years of credited service (not in excess of 30 years), over
 - (ii) his Monthly Social Security Allowance (as defined in subsection 4.4); or
- (b) The applicable amount specified in Appendix B multiplied by his number of years of credited service, but disregarding credited service in excess of 30 years;
- (c) for a Supplement F "A Executive", 2.4 percent of final average earnings multiplied by the "A Executive's" years of credited service (not in excess of 25 years); for a Supplement F "B Executive", 2.0 percent of final average earnings multiplied by the "B Executive's" years of credited service (not in excess of 25 years);

less any charge against such pension under subsection 5.5. In no event shall the amount of a member's monthly pension be less than his accrued benefit as of December 31, 1988 (determined under the terms of the plan as then in effect as though the member had terminated employment on that date).

In no event shall a member's monthly pension be less than an amount equal to the sum of his accrued benefit under the plan as of December 31, 1993 (based on his credited service and earnings through that date and the terms of the plan as then in effect) plus his benefit accrued under the plan after December 31, 1993 (based on his credited service and earnings after that date and the terms of the plan as in effect on his retirement date).

- (d) Fresh Start with Extended Wear-Away for Section 401(a)(7) Members. Notwithstanding anything in this subsection 4.1 to the contrary, with respect to a "Section 401(a) (17) member," the amount determined under clause (a) above shall be the greater of:
 - (i) the "actual benefit amount," or
 - (ii) the sum of (A) the member's "adjusted accrued benefit" and (B) the member's "future service benefit."

For the purpose of the preceding sentence, a "Section 401(a) (17) member" means an employee with accrued benefits in plan years beginning before January 1, 1994 that were determined taking into account earnings that exceeded \$150,000 in any plan year. The "actual benefit amount" shall equal the amount (determined after limiting the member's earnings to \$150,000 effective as of January 1, 1994 as required by Section 401(a) (17) of the Code) actually determined under clause (a) of subsection 4.1 without regard to this subsection 4.1(c). The member's adjusted accrued benefit shall equal the member's accrued benefit determined as of the last day of the last plan year beginning before January 1, 1994 (determined without regard to the reduction to \$150,000 of the compensation limit of Section 401(a) (17) of the Code) and, if such accrued benefit would have been greater but for the application of Section 415 of the Code, adjusted as permitted under Section 415(d) of the Code. The member's "future service benefit" shall equal the member's benefit determined under clause (a) above as applied to his years of service following December 31, 1993. Such future service benefit shall be determined in accordance with the provisions of (1) or (2) below, whichever is applicable to the member: (1) With respect to a member who would have less than 30 years of credited service as of the later of December 31, 1993 or his normal retirement date, his future service benefits shall equal the excess of (1) 1.6 percent of his final average earnings multiplied by his years of credited service credited for plan years beginning after December 31, 1993 (not in excess of the difference between 30 years and the number of years of credited service used in determining the member's adjusted accrued benefit under the plan as of the last day of the last plan year beginning before January 1, 1994), over (2) his Monthly Social Security Allowance (as defined in subsection 4.4). In calculating a member's Monthly Social Security Allowance for purposes of the immediately preceding sentence, only his years of credited service credited for plan years beginning after December 31, 1993 shall be taken into account and then only so many years which are not in excess of the difference between 30 years and the number of years of credited service used in determining the member's adjusted accrued benefit under the plan as of the last day of the last plan year beginning before January 1, 1994.

(2) With respect to a member who is not described in (1) above, his future service benefit shall be determined by multiplying (A) the excess of (1) 1.6 percent of his final average earnings multiplied by his total years of credited service (not in excess of 30 but without regard to the year in which credited), over (2) his Monthly Social Security Allowance (as defined in subsection 4.4), by (B) a fraction, the numerator of which is the member's total years of credited service at his normal retirement date credited for plan years beginning after December 31, 1993 and the denominator of which is the number of his total years of credited service on his normal retirement date (not limited to 30 years or service earned after December 31, 1993).

4.2. Early Retirement - Deferred Payment. A member who retires on an early retirement date will be entitled to a monthly pension, commencing at his normal retirement date, in an amount equal to the greater of:

(a) The amount determined (i) by multiplying 1.6 percent of what his final average earnings would have been at his normal retirement date by the number of years of credited service (not in excess of 30 years) he would have had at his normal retirement date, assuming he had continued in the active employ of the employers to that date and had continued to receive the same earnings he was receiving immediately prior to his early retirement date; (ii) by reducing the amount determined under (i) above by his Monthly Social Security Allowance (as defined in subsection 4.4 but based on the number of years of credited service he would have had at his normal retirement date); and (iii) by multiplying the amount determined under (ii) above by a fraction, the numerator of which shall be his number of years of credited service (not limited to 30 years) at his early retirement date and the denominator of which shall be the total number of years of credited service (not limited to 30 years) he would have had at his normal retirement date assuming he had continued in the active employ of the employers to that date; or

(b) The applicable amount specified in Appendix B multiplied by his number of years of credited service, but disregarding credited service in excess of 30 years; less any charge against such pension under subsection 5.5.

(c) A member's benefit under subsection (a) shall be the greater of:

(i) the member's benefit determined under (a) for all years of credited service;

(ii) the member's benefit determined under (a) immediately before January 1, 1996 plus the member's accrued benefit for years of credited service beginning on and after January 1, 1996.

(d) Fresh Start with Extended Wear-Away for Section 401(a)(17) Members. Notwithstanding anything in this subsection 4.2 to the contrary, with respect to a "Section 401(a) (17) member," the amount determined under clause (a) above shall be the greater of:

(i) the "actual benefit amount," or

- (ii) the sum of (A) the member's adjusted accrued benefit" and (B) the member's "future service benefit."

For the purpose of the preceding sentence, a "Section 401(a) (17) member means an employee with accrued benefits in plan years beginning before January 1, 1994 that were determined taking into account earnings that exceeded \$150,000 in any plan year. The "actual benefit amount" shall equal the amount (determined after limiting the members' earnings to \$150,000 effective as of January 1, 1994 as required by Section 401(a) (17) of the Code) actually determined under clause (a) of subsection 4.2, whichever is applicable to the member, without regard to this subsection 4.2(c). The member's "adjusted accrued benefit" shall equal the member's accrued benefit determined as of the 1st day of the last plan year beginning before January 1, 1994 (determined without regard to the reduction to \$150,000 of the

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compensation limit of Section 401(a) (17) of the Code) and, if such accrued benefit would have been greater but for the application of Section 415 of the Code, adjusted as permitted under Section 415(d) of the Code. The member's future service benefit shall equal the member's benefit determined under clause (a) above as applied to his years of service following December 31, 1993. Such future service benefit shall equal the product of:

- (1) the excess of (A) 1.6 percent of what his final average earnings would have been at his normal retirement date multiplied by the number of years of credited service (not in excess of 30) he would have had at his normal retirement date, assuming he had continued in the active employ of the employers to that date and continued to receive the same earnings he was receiving immediately prior to his early retirement date, over (B) his Monthly Social Security Allowance (as defined in subsection 4.4 but based on the number of years of credited service he would have at his normal retirement date), and

- (2) a fraction the numerator of which shall be his number of years of credited service (not limited to 30 years) for plan years beginning after December 31, 1993 at his early retirement date and the denominator of which shall be the total number of years of credited service he would have had at his normal retirement date assuming he had continued in the active employ of the employers to that date (not limited to 30 years or service earned after December 31, 1993)

4.3. Early Retirement - Immediate Payment. In lieu of receiving the monthly pension otherwise payable under subsection 4.2 commencing on his normal retirement date, a member who retires on an early retirement date may elect a monthly pension commencing on his early retirement date or on the first day of any calendar month thereafter before his normal retirement date. Such monthly pension will be computed in accordance with subsection 4.2, but reduced (except as provided in the following sentence) by 1/3 of one percent thereof for each month by which commencement of the pension precedes the member's normal retirement date. If the amount of a member's monthly pension is determined under subparagraph 4.2(a), then only the portion thereof calculated under subparagraph 4.2(a)(i) shall be reduced as provided in the preceding sentence, and the portion thereof calculated under subparagraph 4.2(a) (ii) shall be reduced by 1/180th thereof for each of the first 60 months and by 1/360th thereof for each of the next 60 months, by which commencement of the pension precedes the member's Social Security retirement age. An election by a member under this subsection 4.3 must be in writing and filed with the committee prior to the date earlier payment of the member's pension is to begin.

4.4. Monthly Social Security Allowance. A member's "Monthly Social Security Allowance" shall be an amount equal to the lesser of:

- (a) the product of:

- (i) 3/4 of 1% of the lesser of:

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- (A) the member's Final Average Compensation (as defined below), or

- (B) the member's Covered Compensation (as defined below),

multiplied by

- (ii) the member's number of years of credited service (up to 30 years); or

- (b) one-half of the member's monthly pension or deferred benefit calculated under subparagraph 4.1(a)(i) or 4.2(a)(i),

whichever applies, but based on the smallest of:

- (i) the member's final average earnings,
- (ii) the member's Final Average Compensation, or
- (iii) the member's Covered Compensation.

A member's "Final Average Compensation" is the monthly average of the member's earnings from the employers during the three consecutive plan years immediately preceding the year of his retirement or earlier termination of employment, but excluding earnings for any year in excess of the Social Security taxable wage base for that year. A member's "Covered Compensation" is the monthly average of the Social Security taxable wage bases in effect for each of the 35 calendar years ending with the year the member attains (or would attain) Social Security retirement age, assuming that the Social Security taxable wage base for future years is the same as the Social Security taxable wage base in effect for the current year. If payment of a member's monthly pension begins on or after his normal retirement date but prior to his Social Security retirement age, the member's Monthly Social Security Allowance shall be reduced by 1/180th thereof for each month by which payment of the member's benefits precedes his Social Security retirement age.

4.5. Actuarial Equivalent. For purposes of subsection 5.6. subparagraph 7.2(b), subsections 7.6 and 7.9, and paragraph B-2 of Supplement B, the "actuarial equivalent" of the amount of a member's monthly pension or deferred benefit (otherwise payable to him on a life annuity basis commencing on his normal retirement date) or the present value of a member's cumulative accrued benefits shall be computed as of the first day of the plan year on the basis of:

- (a) The annual rate of interest on 30-year Treasury Securities determined for the third month preceding the plan year in which benefits begin;
- (b) the prevailing Commissioner's Standard Table under Code Section 417(e)(3) (which for 1995 is 83 GAM modified by Revenue Ruling 95-6); and

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- (c) such other assumptions uniformly applied to all members.

No adjustment in a determination of an actuarially equivalent value or amount or present value of a member's benefits shall be made if the foregoing method of determining actuarial equivalence or present value is changed subsequent to the date a computation is made.

4.6. Benefits Nonforfeitable at Normal Retirement. A member's right to his normal retirement benefit shall be nonforfeitable on and after the date he attains age 65 years.

4.7. Benefit Limitations. Notwithstanding any other provisions of the plan, a member's monthly pension or monthly deferred benefit as of the end of any plan year may not exceed an amount which is equivalent to a monthly pension or deferred benefit payable for life only (not taking into account that portion of any joint and survivor annuity which constitutes a qualified joint and survivor annuity under the Internal Revenue Code), equal to \$7,500 (or such greater amount as may be determined by the Commissioner of Internal Revenue for calendar years ending after December 31, 1987 which begin with or within that plan year). If payment of a member's monthly pension or deferred benefit begins before he attains the social security retirement age, such limitation shall be reduced so that it is equivalent to a monthly benefit of \$7,500 commencing at the social security retirement age. If payment of a member's monthly pension begins after he attains the social security retirement age, such limitation shall be increased so that it is equivalent to a monthly benefit of \$7,500 commencing at the social security retirement age. For purposes of adjusting amounts under this subsection 4.7, the interest rate assumption shall be the greater (or the lesser, in the case of benefits beginning after the social security retirement age) of 5% or the rate specified in subsection 4.5 for determining actuarial equivalence. In the case of a member with less than 10 years of participation in the plan, the foregoing limitation shall be multiplied by a fraction, the numerator of which shall be the member's number of full and fractional years of participation in the plan (but not less than 1) and the denominator of which shall be 10. The preceding sentence shall be applied separately with respect to each change in the benefit structure of the plan. The provisions of this subsection 4.7 shall not reduce the monthly pension or deferred benefit of any member below such member's accrued benefit as of December 31, 1986 (determined under the terms of the plan as in effect on May 5, 1986 as though the member had terminated employment on December 31, 1986).

4.8. Combined Benefit Limitations. If a member of this plan also is a participant in a defined contribution plan maintained by an employer or controlled group member, the aggregate benefits payable to, or on account of, him under both plans will be determined in a manner consistent with Section 415 of the Internal Revenue Code and Section 1106 of the Tax Reform Act of 1986. Accordingly, there will be determined with respect to the member a defined benefit plan fraction and a defined contribution plan fraction in accordance with said Sections 415 and 1106. The benefits provided for the member under this plan will be adjusted to the extent necessary so that the sum of such

fractions determined with respect to the participant does not exceed 1.0. For purposes of this

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subsection, the benefits provided under Supplement D shall be treated as paid from a separate defined contribution plan.

4.9. Deferred Retirement Minimum Benefit. In no event shall the monthly pension of a member who retires after his normal retirement date be less than (i) the amount of monthly pension he would have received if he had retired on this normal retirement date, plus (ii) an actuarially determined increase, reflecting the aggregate amount of monthly pension payments which were not paid to such member for those calendar months of employment, if any, beginning on or after his normal retirement date during which he worked fewer than 8 days or completed fewer than 40 hours of service. If payment of a member's monthly pension begins prior to retirement on his required commencement date (as defined in subsection 7.5), then: (a) the amount of any additional pension that otherwise would be accrued by the member after that date shall be reduced (but not below zero) by the actuarial equivalent of the pension payments made to the member after that date; and (b) the amount of pension payable to the member shall be adjusted, as of each subsequent January 1, to reflect the additional benefits, if any, accrued by the member during the immediately preceding calendar year.

4.10. Temporary Limitation on Benefit Accrual. Notwithstanding any other contrary provision of the plan, in calculating the accrued benefit (including the right to any optional benefit provided under the plan) of any participant, such participant shall accrue no additional benefit under the plan on or after the date this provision is adopted to the extent that such additional benefit accrual exceeds the benefit which would otherwise accrue in accordance with the terms of the plan as subsequently amended to comply with those qualification requirements described in Income Tax Regulations Section 1.401(b)-1(b) (2) (ii) (TRA '86). This provision shall be effective until the last day of the first plan year commencing in 1989 and shall be effective for such period if and only if the subsequent TRA '86 amendment is made on or before the last day of the first plan year commencing in 1989. In addition the benefit accrued by any participant during the 1989 plan year shall in no event exceed the benefit accrual provided during the 1989 plan year with respect to such participant under the terms of the plan as subsequently amended to comply with TRA '86. However, such participants accrued benefit shall not be less than what the participant had accrued as of the last day of the last plan year beginning before January 1, 1989.

4.11. No Duplication of Benefits. If a member who is entitled to a monthly pension or deferred benefit under this plan also is or was entitled to a benefit under any other pension plan (other than a governmental plan) to which an employer or controlled group member has made contributions, then, except as otherwise specifically provided, the benefits payable to such a member under this plan shall be reduced by an amount which is actuarially equivalent to the portion, if any, of his benefits under such other plan which is based on service which is also taken into account in determining his benefits under this plan.

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SECTION 5

Disability Pension

5.1. Disability Pension. If a member becomes totally and permanently disabled (as described in subsection 5.2) after the completion of 15 or more years of credited service, and such disability continues for a period of six months and he is retired on a disability retirement date, he will be entitled to a monthly disability pension in an amount equal to the applicable amount specified in Appendix B multiplied by his number of years of credited service, but disregarding credited service in excess of 30 years, less any charge against such pension under subsection 5.5. If the member is living on the date which otherwise would have been his normal retirement date, then his benefits shall be recomputed under subsection 4.1 as of his normal retirement date on the basis of his credited service and his final average earnings as at his disability retirement date, if such recomputation will produce an increased pension for the member.

5.2. Permanent Disability. A member shall be considered to be totally and permanently disabled for purposes of the plan if in the opinion of a qualified physician selected by the committee the member has incurred a disability which prevents him from engaging in any employment or occupation for remuneration or profit, and in the opinion of such physician the disability will be permanent and continuous

during the remaining life-time of the member. A member will not be considered to have become totally and permanently disabled for purposes of the plan if his disability:

- (a) resulted from war, or an act of war, or as a result of his having willfully or illegally participated in fights, riots or civil insurrection; or
- (b) was incurred while serving in the armed forces or any nation or arose as a result of such service and he is receiving a military disability pension on account thereof, or if his disability was incurred during or arose out of employment by someone other than an employer.

The committee, before approving payment of any disability pension, may require reasonable proof in such form as the committee may decide, including the certificate of a duly licensed physician, that the member has incurred a disability as described above in this subsection and is entitled to receive disability benefits under the Social Security Act.

5.3. Payment of Disability Pension. A member's disability pension will be payable as provided in subsection 7.1, the first payment to be made on the member's disability retirement date, A member entitled to a monthly disability pension under this Section 5 will be entitled to elect an optional form of benefit under subsection 7. 2.

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5.4. Discontinuance of Disability Pension. A member shall not be entitled to receive disability pension payments under the plan if at any time prior to his normal retirement date the committee finds that he no longer is disabled as described in subsection 5. 2, or if he refuses to submit to a medical examination at any reasonable time prior to his normal retirement date (but not more frequently than semi-annually) for the purpose of verifying the continuance of his disability.

5.5. Charges Against Pensions and Deferred Benefits. The monthly pension or deferred benefits otherwise payable to a member under the plan shall be reduced by any payments to or on behalf of such member:

(a) On account of disability due to injury or occupational disease for which the employer is liable pursuant to Worker's Compensation or occupational disease laws (other than payment of actually incurred medical expenses) after the member is eligible to receive and has met all requirements for commencement of a normal retirement, early retirement, disability pension or deferred benefit.

(b) In the nature of a disability pension (other than a military service disability pension, Disability Insurance Benefits under the Social Security Act, or payments under any state law enacted pursuant to Title I of the Social Security Act) under federal or state law.

Payments on account of dismemberment or loss of sight, and payments arising from the total and permanent disability provisions of group life insurance policies shall not be so deducted. However, any lump sum payment on account of Workmen's Compensation or other disability benefits payable in a lump sum which are deductible in accordance with the foregoing shall be charged on a monthly basis against the pension or deferred benefits otherwise payable under the plan, commencing with the date such lump sum payment is received by the member. A lump sum payment shall be so charged, however, only to the extent that the lump sum payment would not previously have been exhausted if the member had been receiving the monthly amount of his pension or deferred benefits and the lump sum payment had been charged since the earlier of the member's disability retirement date and the date the member last completed an hour of service. In no event will any pension or deferred benefits be paid to a member until any lump sum payment received by him, as charged in accordance with the preceding sentence, is exhausted.

5.6. Reemployment After Disability. If a member's disability pension is discontinued in accordance with subsection 5.4 and he is reemployed by an employer immediately thereafter, his credited service as at his disability retirement date will be reinstated. His benefits, if any, payable after his period of reemployment is terminated shall be determined in accordance with the plan. If such member is not reemployed by an employer immediately after his disability pension is discontinued, he will be entitled to such benefits as he otherwise may be eligible to receive under the plan based on his credited service and final average earnings to his disability retirement date. Any such benefits will be reduced by amounts determined by the committee to be actuarially equivalent to the benefits previously paid to the member under the plan.

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SECTION 6

Termination of Employment Before Retirement

6.1. Monthly Deferred Benefit. A member whose employment with all of the employers is terminated for any reason other than his death before his retirement date, but after he has completed five or more years of credited service, will be entitled to a monthly deferred benefit commencing on his normal retirement date and payable in accordance with subsection 7.1. The amount of his monthly deferred benefit will be computed in accordance with subsection 4.2 (as in effect as of the date that his employment with the employers terminated) as though such date were his early retirement date. A member entitled to a monthly deferred benefit under this Section 6 will not be entitled to elect an optional form of benefit under subsection 7.2.

6.2. Early Commencement of Benefit. A member who is entitled to a monthly deferred benefit under subsection 6.1 and who has completed ten or more years of credited service may elect to have such benefit commence as of the first day of any month after he attains age 60 years but before his normal retirement date, payable as provided in subsection 7.1. Such monthly deferred benefit will be computed in accordance with subsection 6.1, but will be reduced (except as provided in the following sentence) by 1/3 of one percent thereof for each month by which commencement of the benefit precedes the member's normal retirement date. If the amount of a member's monthly deferred benefit is determined under subparagraph 4.2(a), then only the portion thereof calculated under subparagraph 4.2(a)(i) shall be reduced as provided in the preceding sentence, and the portion thereof calculated under subparagraph 4.2(a) (ii) shall be reduced by 1/180th thereof for each of the first 60 months and by 1/360th thereof for each of the next 60 months, by which commencement of the benefit precedes the member's Social Security retirement age. Each election under this subsection 6.2 must be in writing and filed with the committee prior to the date earlier payment of his monthly deferred benefit will begin.

6.3. Termination Prior to Five Years of Credited Service. If a member's employment with the company terminates for any reason including his death before he has completed five years of credited service, no benefits shall be payable under the plan.

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SECTION 7

Payment of Benefits

7.1 Normal Form of Payment. Except as otherwise specifically provided, payment of monthly pensions (including disability pensions) and monthly deferred benefits shall be made to a member as follows:

(a) Joint and Survivor Annuity. A member who is legally married on the date as of which such payments commence and who has not made an election in accordance with subparagraph (c) below shall receive a joint and survivor annuity which shall provide for payment to the member of 90 percent of the amount otherwise payable to him in accordance with the plan on a life annuity basis, continuing during the member's lifetime, and if the member's spouse is living at the date of the member's death, payment of 45 percent of such amount to be made to such spouse until the spouse's death occurs.

(b) Life Annuity. A member who does not qualify for a joint and survivor annuity under subparagraph (a) above, or a member who prior to the date as of which such payments commence elects under subparagraph (c) below not to receive his monthly pension, monthly disability pension or monthly deferred benefit in the form of a joint and survivor annuity, shall receive a monthly pension, monthly disability pension or monthly deferred benefit in accordance with the plan on a life annuity basis.

(c) Election to Waive Joint and Survivor Annuity. A member may make a written election to waive the joint and survivor annuity at any time during the 90-day period ending on the date payment of his benefits commences. Such an election will be effective only if the member's spouse consents to the election in writing, and such consent acknowledges the effect of the waiver and is witnessed by a plan representative or a notary public. At least nine months prior to the earliest date on which a member may begin to receive benefits under the

plan (without regard to any requirement for consent), the committee shall furnish him with a written explanation of the terms and conditions of the joint and survivor annuity under subparagraph (a) above; the member's right to make, and the effect of, an election to waive the joint and survivor annuity; the requirement of spousal consent to such a waiver; and the member's right to make and the effect of, a revocation of such waiver. An election under this subparagraph may be revoked by a member at any time prior to the date payment of his benefits commences.

For purposes of this subsection 7.1, a member's spouse means the spouse to whom the member was married at the date payment of his benefits commenced.

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7.2. Optional Forms of Payment. Subject to the provisions of subsection 7.3, in lieu of the normal form and amount of pension specified in subsection 7.1, a member before his normal or earlier retirement date (or as permitted by subsection 5.3), may elect a benefit of actuarially equivalent value in one of the following forms:

(a) A member who is legally married on the date as of which payments commence may elect to receive a joint and survivor annuity providing payment to the member of 80 percent of the amount otherwise payable to him on a life annuity basis, continuing during the member's lifetime and, if the member's spouse is living at the date of the member's death, payment of the same amount to such spouse until the spouse's death occurs.

(b) A life and five-year certain annuity providing payment to the member of 97 percent of the amount otherwise payable to him on a life annuity basis, continuing during the member's lifetime and, if the member dies before receiving 60 monthly payments, payment of the same amount to his beneficiary (as defined in subsection 7.4) for the balance of such 60-month period.

(c) A life and ten-year certain annuity providing payment to the member of 91 percent of the amount otherwise payable to him on a life annuity basis, continuing during the member's lifetime and, if the member dies before receiving 120 monthly payments, payment of the same amount to his beneficiary (as defined in subsection 7.4) for the balance of such 120-month period.

(d) Such other form or amount of pension or benefit of an actuarially equivalent value as may be authorized by the committee and offered to all members on a non-discriminatory basis.

Payment of an optional form of pension will commence no later than the date on which the member's pension in the normal form otherwise would commence under subsection 7.1, and shall comply with the requirements of Section 401(a) (9) of the Internal Revenue Code, including the minimum distribution incidental benefit requirement of Section 1.401(a) (9)-2 of the regulations thereunder.

7.3. Election and Discontinuance of Options. A member's election of an optional form of pension specified in subsection 7.2 shall be subject to the following:

(a) An election of an option under subsection 7.2 must be in writing and signed by the member; and will be effective only if the member's spouse, if any, consents to the election in writing, and such consent acknowledges the effect of the election and is witnessed by a plan representative or a notary public.

(b) The committee shall provide each member with a written explanation of the terms and conditions of the options described in subsection 7.2 and the effect of an election to receive his benefits in a form other than that set forth in subparagraph 7.1(a).

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(c) Evidence of a member's good health may be required before election of an optional form of pension will be permitted under subsection 7.2 unless request for payment in the optional form is made before the later of a date 90 days following the date as of which the plan is adopted by his employer or a date at least six months before the member's retirement date.

(d) A member who has elected an option may revoke it at any time prior to his retirement date by writing filed with the committee. A member may not change an option unless a request for change is made at least six months before his normal or earlier retirement date or unless evidence of good health of the member satisfactory to the committee is filed within a reasonable time after the request is made. A revocation or change of an option may be made without the consent of any person the member designated in the option. Notwithstanding the above, any change is subject to subparagraph 7.3(a) above.

(e) If a member who elected an optional form of pension dies before his retirement date, the option elected automatically will be cancelled and no benefits will be paid to any person under the option; provided, however, if the member had continued in the employ of

the employers after his normal retirement date, survivorship benefits will be paid in accordance with the option elected in the same manner and amount as would have been paid if the member had retired on the date of his death and died immediately thereafter.

(f) If a member elects the optional form of pension payable under subparagraph 7.2(a) and his spouse dies before the member's retirement date or if the member retires on a disability retirement date, the option automatically will be cancelled and the member's pension will be paid to him as provided in subsection 7.1 unless a new election can be and is made by the member.

(g) If a member who elected an optional form of pension resigns or is dismissed from the employ of all of the employers before retirement under the plan, the option elected automatically will be cancelled and, unless he is entitled to receive a monthly deferred benefit under subsection 6.1, no benefits will be payable under the plan to or on account of the member.

7.4. Designation of Beneficiaries. A member who has elected an optional form of pension under subsection 7.2 may, from time to time, designate any person or persons (who may be designated concurrently, contingently or successively) to whom any benefits payable under the option after the member's death are to be distributed. A beneficiary designation will be effective only when it is signed and filed with the committee while the member is still alive and will cancel all beneficiary designations previously filed by the member. If a member designates someone other than (or in addition to) his spouse as his primary beneficiary, his spouse must consent in writing to the designation. Such a consent will be effective only if it acknowledges the effect of the beneficiary designation and is

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witnessed by a plan representative or a notary public. If a member designates someone other than (or in addition to) his spouse as his primary beneficiary, and his spouse does not (or cannot) consent and is living at his death, the member's beneficiary designation shall be ineffective, and his benefits shall be distributed to his spouse. If a deceased member failed to designate a beneficiary as provided above, or if the designated beneficiary dies before the member or before complete payment of the member's benefits, the member's benefits shall be distributed to his spouse or, if there is none, the committee, in its discretion, may direct payment of such benefits as follows:

(a) To or for the benefit of any one or more of his relatives by blood, adoption or marriage and in such proportions as the committee determines; or

(b) To the legal representative or representatives of the estate of the last to die of the member and his designated beneficiary.

7.5. Required Benefit Payments. Unless a member makes an election to defer payment, payment of benefits under the plan to a member shall commence not later than the 60th day after the latest of the end of the plan year in which:

(a) the member attains age 65 years,

(b) the tenth anniversary of the year in which the member commenced participation in the plan occurs, or

(c) the member terminates employment with the company.

Notwithstanding the foregoing sentence, payment of the benefits of a member who is not a 5 percent owner of an employer and who attained age 70-1/2 before January 1, 1988 must commence by April 1 of the calendar year next following the later of the calendar year in which the member attains age 70-1/2 or the calendar year in which his retirement date occurs (his "required commencement date"). Payment of the benefits of (a) a member who is a 5 percent owner of an employer at any time during the plan year ending with or within the calendar year in which such member attains age 66-1/2 or any subsequent plan year, and (b) a member who is not a 5 percent owner of an employer and who attains age 70-1/2 on or after January 1, 1988 must commence by April 1 of the calendar year next following the calendar year in which the member attains age 70-1/2 (his "required commencement date"); except that payment of the benefits of a member who is not a 5 percent owner of an employer and who attained age 70-1/2 during the calendar year beginning on January 1, 1988 and ending on December 31, 1988 must commence by April 1, 1990 (his "required commencement date"). A member whose benefits commence in accordance with the immediately preceding sentence but whose employment with the employers has not terminated shall continue to receive credited service pursuant to subsection 3.2, except that credited service in excess of 30 years shall be disregarded. A member's benefits shall not be payable over a period greater than the joint and last survivor

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expectancy of the member and his beneficiary. If a member dies before his required commencement date, his benefits must be distributed over a period not exceeding the greatest of: (i) five years from the death of the member; (ii) in the case of payments to a designated beneficiary other than the member's spouse, the life expectancy of such beneficiary, provided payments begin within one year of the member's death; or (iii) in the case of payments to the member's spouse, the life expectancy of such spouse, provided payments begin by the date the participant would have attained age 70-1/2. The life expectancy of a member, his spouse or his designated beneficiary shall be determined by use of the expected return multiples contained in the regulations under Section 72 of the Internal Revenue Code. If a participant so elects, the life

expectancy of the participant and his spouse shall be recalculated annually. In the absence of such an election, life expectancies shall not be recalculated.

7.6. Re-employment. If a former employee who is receiving, or is entitled to receive, a monthly pension or a monthly deferred benefit is re-employed by the company, benefits shall not be suspended under the plan during the period of re-employment until the first day of the Plan Year following a Plan Year in which the Participant is credited with at least 500 Hours of Service. If suspended, benefits shall resume at the earlier of the beginning of a Plan Year following a Plan Year in which the reemployed member incurs a Break in Service or the month following the end of the member's period of reemployment. Benefits payable after a suspension of benefits shall be determined in accordance with the plan as then in effect, shall take into account the benefits to which the member was entitled prior to re-employment or prior to normal retirement date, as applicable, and shall be actuarially adjusted to reflect any benefits previously received.

7.7. Facility of Payment. When a person entitled to benefits under the plan is under legal disability, or, in the committee's opinion, is in any way incapacitated so as to be unable to manage financial affairs, the committee may direct the trustee to pay the benefits to such person's legal representative, or to a relative or friend of such person for such person's benefit, or the committee may direct the application of such benefits for the benefit of such person. Any payment made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such payment under the plan.

7.8. Missing Members or Beneficiaries. Neither the committee nor any employer is required to search for or locate a member or beneficiary. If the committee attempts to notify a member or beneficiary that he is entitled to benefits under the plan, and the member or beneficiary fails to claim his benefits or make his whereabouts known to the committee within a reasonable time after the notification, the benefits of the member or beneficiary shall be forfeited; provided that such benefits shall be reinstated if the member or beneficiary subsequently makes a claim for the forfeited benefits.

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7.9. Lump Sum Payment of Accrued Benefits.

(a) If the present value of a member's entire nonforfeitable accrued benefit under the plan, or the pre-retirement spouse's benefit payable under subsection 8.3 of the plan, does not exceed \$5,000, the trustee shall pay such present value to the member (or in the event of his death, to his surviving spouse) in a lump sum on or before the January 1 or July 1 next following the one-year anniversary of his termination of employment. Notwithstanding the provisions of subsection 3.3, if a member who received a lump sum payment under this subsection 7.9 is subsequently reemployed by an employer, his years of employment before his termination of employment shall be disregarded in determining his credited service under the plan.

If a member's employment terminates and the member's vested percentage is zero with respect to any portion of the Participant's Accrued Benefit, any nonvested Accrued Benefit shall be forfeited as of the date that the Participant's employment terminates. If the former member is reemployed by an employer before the Participant has five consecutive Breaks in Service, any forfeited Accrued Benefit shall be restored as of the date the member is reemployed.

(b) QDRO. If the plan receives a QDRO, the QDRO requires (or the alternate payee consents) and the present value of the accrued benefit attributable to all alternate payees does not exceed a present value of \$10,000, the trustee shall pay the value of the alternate payee's benefit in a lump sum as soon as administratively practicable. "QDRO" means a qualified domestic relations order, as defined in Code Section 414(p), that is issued by a competent state court and that meets the following conditions:

- (i) Alternate Payee. The alternate payee must be the spouse or former spouse or a child or other dependent of the participant.
- (ii) Reason for Payments. The payments must relate to alimony, support of a child or other dependent, or a division of marital property.
- (iii) Contents. The QDRO must contain the name and address of the participant and the alternate payee, the amount of benefits or percentage of the participant's vested accrued benefit to be paid to the alternate payee, the valuation date as of which the amount or percentage is to be determined, and instructions concerning the timing and method of payment.
- (iv) Restrictions. A QDRO may not require:

- (A) This plan to pay more than the actuarially equivalent present value of the participant's vested accrued benefit to the participant and all alternate payees;

- (B) A method, payment date, or duration of payment not otherwise permitted under this article; and
- (C) Cancellation of the prior rights of another alternate payee.

7.10. Restrictions on Distributions. Notwithstanding any other provisions of the plan, for any plan year the benefits paid to a member who was among the 25 highly compensated employees and highly compensated former employees (as defined in Section 414(q) of the Internal Revenue Code) receiving the greatest compensation from the employers for that or any prior plan year shall be restricted to an amount equal to the payments that would be made on behalf of the member for that plan year under a single life annuity that is the actuarial equivalent of the member's accrued benefit under the plan. The foregoing restriction shall not apply for any plan year if:

- (a) After payment of all benefits payable under the plan to such member for that year, the value of plan assets equals or exceeds 110 percent of the value of the aggregate current liabilities to all members and beneficiaries under the plan; or
- (b) The value of all benefits payable under the plan to such member for that year is less than one percent of the value of the aggregate current liabilities to all members and beneficiaries under the plan before payment of such benefits; or
- (c) The value of the benefits payable under the plan to such member for that year does not exceed 53,500; or
- (d) The plan terminates and the benefit received by such member is nondiscriminatory under Section 401(a)(4) of the Internal Revenue Code; or
- (e) Such member has agreed to repay to the plan amounts distributed therefrom that are in excess of the foregoing restrictions and which are necessary for the distribution of assets upon plan termination to satisfy Section 401(a)(4) of the Internal Revenue Code, provided that such agreement has been secured or collateralized in accordance with applicable governmental requirements.

7.11. Direct Transfer of Eligible Rollover Distributions. If payment of a member's benefits constitutes an eligible rollover distribution under Section 402(c)(4) of the Internal Revenue Code, then the member may elect to have such distribution paid directly to an eligible retirement plan described in Section 402(c)(8)(B) of the Internal Revenue Code. Each election by a member under this subsection 7.11 shall be made at such time and in such manner as the committee shall determine, and shall be effective only in accordance with such rules as shall be established from time to time by the committee.

SECTION 8

Death Benefits

8.1. Death Before Commencement of Benefits. Except as provided in subsection 8.3 and in this subsection, no death benefits are payable on account of a member who dies before commencement of his benefits under the plan. If a member dies on or after his 65th birthday but before his retirement date, and a spouse's benefit is not payable on behalf of the member under subsection 8.3, survivorship benefits will be paid in accordance with the form in which the member's benefits would have been paid if he had retired on the last day of the month in which his death occurred and died immediately thereafter. Survivorship benefits payable under this subsection 8.1 shall commence on the first day of the month next following the date of the member's death.

8.2. Death After Commencement of Benefits. The death benefits, if any, of a member who dies after commencement of his benefits under the plan are those specified under the form in which his benefits were being paid.

8.3. Pre-retirement Spouse's Benefit. A benefit shall be payable to the spouse of a member who dies after August 22, 1984, subject to and determined in accordance with the following terms and conditions:

(a) Eligibility for Spouse's Benefit. A monthly spouse's benefit shall be payable on behalf of a member who, at the date of his death:

- (i) was married and had been married to the same spouse for the six month period ending on that date;
- (ii) had either attained age 65 years or completed five or more years of credited service;
- (iii) had not begun to receive benefits under the plan.

(b) Amount of Spouse's Benefit. The spouse's benefit shall be in an amount determined as follows:

(i) If the member was employed and had attained age 65 years at the date of his death, 50% of the amount of monthly pension to which the member would have been entitled if the first day of the month coincident with or next following the date of his death were his retirement date and his benefits were payable in the form specified in subparagraph 7.1(a), computed pursuant to subsection 4.1.

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(ii) If the member's death occurs while employed and after he had completed ten or more years of credited service but before attainment of age 65 years, 50% of the amount of monthly pension which would have been provided under the normal form of payment (as described in subparagraph 7.1(a)), computed pursuant to subsection 4.1 had he continued in the employ of the employer until his normal retirement date, but based on his final average earnings as at his date of death.

(iii) If the member was not employed at the date of his death and had not met the requirements of subsection 2.4 as of the date he left the employ of the employer but had completed ten or more years of credited service, 50% of the amount of monthly deferred benefit if his benefits were payable in the form described in subparagraph 7.1(a), computed pursuant to subsection 4.2.

(iv) If the member's death occurs after he had completed five or more years of credited service but before he had either completed ten years of credited or attained age 65 years, 50% of the amount of monthly deferred benefit, computed pursuant to subsection 6.2, to which the member would have been entitled if his benefits were payable in the form specified in subparagraph 7.1(a) of the plan commencing on the first day of the month coincident with or next following the date the member would have attained age 60 years (or his date of death, if later).

(c) Payment of Spouse's Benefit. Survivorship benefits payable under subparagraphs 8.3(b)(i) and (ii) shall commence on the first day of the month following the date of the member's death and shall end with the month in which the member's spouse dies. Survivorship benefits payable under subparagraphs 8.3(b) (iii) and (iv) shall commence as of the first day of the month coincident with or next following the later of the date of the member's death or the date the member would have attained age 60 years and shall end with the month in which the member's spouse dies.

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SECTION 9

The Committee

9.1. Membership. A committee consisting of not less than three nor more than seven persons (who may but need not be employees of the employers) shall be appointed by the company. The Secretary of the company shall certify to the trustee from time to time the appointment to (and termination of) office of each member of the committee and the person who is selected as secretary of the committee.

9.2. Committee's General Powers Rights and Duties. Except as otherwise specifically provided and in addition to the powers, rights and duties specifically given to the committee elsewhere in the plan and the trust agreement, the committee shall have the following powers, rights and duties:

- (a) To select a secretary, if it believes it advisable, who may but need not be a committee member.
- (b) To construe and interpret the provisions of the plan and make factual determinations thereunder, including the discretionary power to determine the rights or eligibility of employees or members and any other persons, and the amounts of their benefits under the plan, and to remedy ambiguities, inconsistencies or omissions, and such determinations shall be binding on all parties.
- (c) To adopt such rules of procedure and regulations as in its opinion may be necessary for the proper and efficient administration of the plan and as are consistent with the plan and trust agreement.
- (d) To enforce the plan in accordance with the terms of the plan and the trust agreement and the rules and regulations adopted by the committee as above.
- (e) To direct the trustee as respects payments or distributions from the trust fund in accordance with the provisions of the plan.
- (f) To furnish the employers with such information as may be required by them for tax or other purposes in connection with the plan.
- (g) To employ agents, attorneys, accountants, actuaries or other persons (who also may be employed by an employer) and to allocate or delegate to them such powers, rights and duties as the committee may consider necessary or advisable to properly carry out administration of the plan, provided that such allocation or delegation and the acceptance thereof by such agents, attorneys, accountants, actuaries or other persons, shall be in writing.

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(h) To direct the trustee as respects investments in and withdrawals from Wolverine Investment Trust, as described in Article VII of the trust.

9.3. Manner of Action. During a period in which two or more committee members are acting, the following provisions apply where the context admits:

- (a) A committee member by writing may delegate any or all of his rights, powers, duties and discretions to any other member, with the consent of the latter.
- (b) The committee members may act by meeting or by writing signed without meeting, and may sign any document by signing one document or concurrent documents.
- (c) An action or a decision of a majority of the members of the committee as to a matter shall be as effective as if taken or made by all members of the committee.
- (d) If, because of the number qualified to act, there is an even division of opinion among the committee members as to a matter, a disinterested party selected by the committee shall decide the matter and his decision shall control.
- (e) Except as otherwise provided by law, no member of the committee shall be liable or responsible for an act or omission of the other committee members in which the former has not concurred.
- (f) The certificate of the secretary of the committee or of a majority of the committee members that the committee has taken or authorized any action shall be conclusive in favor of any person relying on the certificate.

9.4. Interested Committee Member. If a member of the committee also is a member of the plan, he may not decide or determine any matter or question concerning distributions of any kind to be made to him or the nature or mode of settlement of his benefits unless such decision or determination could be made by him under the plan if he were not serving on the committee.

9.5. Resignation or Removal of Committee Members. A member of the committee may be removed by the company at any time by ten days' prior written notice to him and the other members of the committee. A member of the committee may resign at any time by giving ten days' prior written notice to the company and the other members of the committee. The company may fill any vacancy in the membership of the committee; provided, however, that if a vacancy reduces the membership of the committee to less than three, such vacancy shall be filled as soon as practicable. The company shall give prompt written notice thereof to the other members of the committee. Until any such vacancy is

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filled, the remaining members may exercise all of the powers, rights and duties conferred on the committee.

9.6. Information Required by Committee. Each person entitled to benefits under the plan must file with the committee from time to time in writing such person's post office address and each change of post office address. Any communication, statement or notice addressed to any such person at the last post office address filed with the committee will be binding upon such person for all purposes of the plan. Each person entitled to benefits under the plan also shall furnish the committee with such documents, evidence, data or information as the committee considers necessary or desirable for the purpose of administering the plan. The employers shall furnish the committee with such data and information as the committee may deem necessary or desirable in order to administer the plan. The records of an employer as to an employee's or member's period of employment, termination of employment and the reason therefor, leave of absence, reemployment and earnings will be conclusive on all persons unless determined to the committee's satisfaction to be incorrect.

9.7. Evidence. Evidence required of anyone under the plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

9.8. Uniform Rules. The committee shall administer the plan on a reasonable and nondiscriminatory basis and shall apply uniform rules to all members similarly situated.

9.9. Review of Benefit Determinations. The committee will provide notice in writing to any member or beneficiary whose claim for benefits under the plan is denied and the committee shall afford such member or beneficiary a full and fair review of its decision if so requested.

9.10. Committee's Decision Final. Subject to applicable law, any interpretation of the provisions of the plan and any decisions on any matter within the discretion of the committee made by the committee in good faith shall be binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known and the committee shall make such adjustment on account thereof as it considers equitable and practicable.

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SECTION 10

General Provisions

10.1. Additional Employers. Any subsidiary or affiliate of the company that is not an employer may adopt the plan and become an employer and a party to the trust agreement by:

(a) Filing with the company, the committee and the trustee a certified copy of a resolution of its Board of Directors adopting the plan; and

(b) Filing with the trustee and the committee a certified copy of a resolution of the Board of Directors of the company consenting to such action.

The plan may be extended to any branch or division of the company or of any subsidiary or affiliate of the company, and such branch or division shall become an employer upon filing with the committee a written instrument (approved by the committee) to that effect.

10.2. Waiver of Notice. Any notice required under the plan may be waived by the person entitled to notice.

10.3. Gender and Number. Where the context admits, words in the masculine gender shall include the feminine and neuter genders, the singular shall include the plural, and the plural shall include the singular.

10.4. Controlling Law. Except to the extent superseded by laws of the United States, the laws of Michigan shall be controlling in all matters relating to the plan and trust agreement.

10.5. Employment Rights. The plan does not constitute a contract of employment, and membership in the plan will not give any employee the right to be retained in the employ of an employer, nor any right or claim to any benefit under the plan, unless such right or claim has specifically accrued under the terms of the plan.

10.6. Litigation by Members. If a legal action begun against the trustee, one or more employers, the committee or any member or members thereof, by or on behalf of any person results adversely to that person, or if a legal action arises because of conflicting claims to a member's or other person's benefits, the cost to the trustee, the employers, the committee or any member or members thereof of defending the action shall be charged to

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the extent permitted by law to the sums, if any, which were involved in the action or were payable to the member or other person concerned.

10.7. Interests Not Transferable. The interests of members and their beneficiaries under the plan and the trust agreement are not subject to the claims of their creditors and, except as may be required by the tax withholding provisions of the Internal Revenue Code or any state's income tax act, may not be voluntarily or involuntarily sold, transferred, alienated or assigned except under a QDRO.

10.8. Absence of Guaranty. Neither the committee nor any employer in any way guarantees the trust fund from loss or depreciation. Except as required by applicable law, the employers do not guarantee any payment to any person. The liability of the trustee or the committee to make any payment under the plan will be limited to the assets held by the trustee which are available for that purpose.

10.9. Action by Employers. Any action required or permitted to be taken by an employer under the plan shall be by resolution of its Board of Directors, by resolution of a duly authorized committee of its Board of Directors, or by a person or persons authorized by resolution of its Board of Directors or such committee.

SECTION 11

Contributions

11.1. Employer Contributions. Subject to the provisions of Section 12, the employers expect and intend to contribute to the plan from time to time such amounts as shall be required under accepted actuarial principles to maintain the plan in a sound condition. Each employer's contribution for a plan year is conditioned on its deductibility under Section 404 of the Internal Revenue Code in that year.

11.2. Member Contributions. No member will be required or permitted to make any contributions under the plan.

11.3. Application of Forfeitures. Forfeitures arising under the plan for any reason shall not be used to increase the benefit any person otherwise would be entitled to receive under the plan at any time prior to termination of the plan or prior to the complete discontinuance of contributions by his employer. The amounts so forfeited with respect to any employer shall be used to reduce the employer's contributions under the plan.

11.4. No Interest in Employers. The employers shall have no right, title or interest in the trust fund, nor will any part thereof at any time revert or be repaid to an employer, directly or indirectly, unless:

(a) the Internal Revenue Service initially determines that the plan does not meet the requirements of Section 401(a) of the Internal Revenue Code, in which event any contribution by the employer must be returned within one year after the date the initial qualification is denied.

(b) all liabilities under the plan attributable to such employer shall have been paid or provided for in full and assets remain in the trust fund because of an erroneous actuarial computation, in which event the assets remaining shall revert and be repaid to the employer;

(c) a contribution is made by such employer by mistake of fact and such contribution is returned to the employer within one year after payment to the trustee; or

(d) a contribution conditioned on the deductibility thereof is disallowed as an expense for federal income tax purposes and such contribution (to the extent disallowed) is returned to the employer within one year after the disallowance of the deduction.

The amount of any contribution that may be returned to an employer pursuant to subparagraph (c) or (d) above must be reduced by any losses of the trust fund allocable thereto.

SECTION 12

Amendment and Termination

12.1. Amendment. While the employers expect and intend to continue the plan, the company reserves the right to amend the plan (in accordance with the procedures set forth in subsection 10.9) from time to time, except as follows:

(a) The duties and liabilities of the committee under the plan cannot be changed substantially without its consent;

(b) No amendment shall reduce the value of a member's benefits to less than the amount he would be entitled to receive if

he had resigned from the employ of all of the employers on the day of the amendment;

(c) In the case of an amendment which changes any vesting schedule under the plan, a member who has completed three or more years of credited service must be permitted to elect, within a reasonable time after the adoption of such amendment, to have the nonforfeitable percentage of his benefits computed under the plan without regard to such amendment;

(d) In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan, each member's benefit if the plan terminated immediately after such merger, consolidation or transfer shall be equal to or greater than the benefit he would have been entitled to receive if the plan had terminated immediately before the merger, consolidation or transfer; and

(e) Except as provided in Section 11, under no condition shall any amendment result in the return or repayment to any employer of any part of the trust fund or the income therefrom, or result in the distribution of the trust fund for the benefit of anyone other than employees and former employees of the employers and any other persons entitled to benefits under the plan.

12.2. Termination. The plan will terminate as to all employers on any date specified by the company (in accordance with the procedures set forth in sub-section 10.9) if thirty days' advance written notice of the termination is given to the committee, the trustee and the other employers. The plan will terminate as to an individual employer on the first to occur of the following:

(a) The date it is terminated by that employer (in accordance with the procedures set forth in subsection 10.9) if 30 days' advance written notice of the termination is given to the committee, the trustee and the other employers.

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(b) The date that employer is judicially declared bankrupt or insolvent.

(c) The date that employer completely discontinues its contributions under the plan (a mere failure of the employer to make a contribution for any year shall not be considered as a discontinuance so long as the plan does not have an accumulated funding deficiency under Section 412 of the Internal Revenue Code as applied to that employer at the end of such year).

(d) The dissolution, merger, consolidation or reorganization of that employer, or the sale by that employer of all or substantially all of its assets, except that:

(i) in any such event arrangements may be made with the consent of the company whereby the plan will be continued by any successor to that employer or any purchaser of all or substantially all of its assets, in which case the successor or purchaser will be substituted for that employer under the plan and the trust agreement; and

(ii) if an employer is merged, dissolved or in any other way reorganized into, or consolidated with, any other employer, the plan as applied to the former employer will automatically continue in effect without a termination thereof.

12.3. Nonforfeitability on Termination. On termination or partial termination of the plan as respects any employer, the rights of all affected members to benefits accrued to the date of such termination or partial termination shall be nonforfeitable, but shall be payable only to the extent funded as of such date.

12.4. Notice of Amendment or Termination. Members will be notified of amendment or termination within a reasonable time.

12.5. Allocation and Distribution of Assets on Termination. On termination of the plan as respects any employer, the committee will direct the allocation and distribution of plan assets allocable to members employed by that employer and to retired or terminated members and other persons entitled to benefits under the plan to the extent of their benefits attributable to employment with that employer. After payment of any expenses of administration and liquidation allocable to such plan assets, such plan assets remaining shall be allocated and distributed to such members and other persons in the following manner and order to the extent of the sufficiency of such plan assets:

(a) First, to the following persons:

(i) To each person who was receiving a benefit under the plan as of the beginning of the three-year period ending on the date of termination of the plan, the portion of such person's benefit which constitutes a "basic-benefit" under Title IV of the

Employee Retirement Income Security Act of 1974, determined in accordance with the terms of the plan in effect during the five year period ending on such date under which such person's benefit would be the least; and

(ii) To each member who had not retired at the beginning of the three-year period ending on the date of termination of the plan but who was eligible for retirement at the beginning of such three-year period, the portion of any benefit which constitutes a "basic benefit" under Title IV of the Employee Retirement Income Security Act of 1974 and which would have been payable if the member had retired and begun to receive a benefit at the beginning of such three-year period, determined in accordance with the terms of the plan in effect during the five-year period ending on such date under which such member's benefit would be the least.

(b) Next, to each person who was entitled to a benefit under the plan as of the date of termination of the plan, the portion of his benefit which constitutes a "basic benefit" under Title IV of the Employee Retirement Income Security Act of 1974 (determined without regard to Sections 4022(b)(5) and 4022(b)(6) thereof), properly adjusted for any allocation of assets with respect to his benefit made under subparagraph (a) above.

(c) Next, to each person who was entitled to a benefit under the plan as of the date of termination of the plan, his nonforfeitable benefit, properly adjusted for any allocation of assets with respect to his benefit made under subparagraphs (a) or (b) above.

(d) Finally, to each person who was a member of the plan on the date of termination of the plan, his benefit under the plan accrued up to that date, properly adjusted for any allocation of assets with respect to his benefit made under subparagraphs (a), (b) or (c) above. In making such allocations, the benefits contemplated under subparagraph (a) above shall be completely provided for before any allocations are made under subparagraphs (b), (c) and (d), and the allocations provided for in subparagraph (b) above shall be completely provided for before making any allocations under subparagraphs (c) and (d), and so forth. In the event that:

(i) The assets available for allocation under either of subparagraphs (a) or (b) above are not sufficient to satisfy in full the benefits of all persons described in that subparagraph, the assets shall be allocated pro rata among such persons on the basis of the present value (as of the date of termination of the plan) of their respective benefits described in that subparagraph.

(ii) The assets available for allocation under subparagraph (c) above are not sufficient to satisfy in full the benefits of persons described in that subparagraph, except as provided in the following sentence, the assets shall be allocated to each such person on the basis of his benefit determined in accordance with the terms of the plan in effect at the beginning of the 5-year period ending on the date of termination of the plan, properly adjusted for any allocation of assets with respect to his benefit made

under subparagraphs (a) or (b). If the assets available for allocation under subparagraph (c) above are sufficient to satisfy the benefits described in the preceding sentence, then the benefits of persons described in that subparagraph shall be determined on the basis of the plan as amended by the most recent plan amendment effective during such 5-year period under which the assets available for allocation are sufficient to satisfy in full the benefits of such persons, and any assets remaining to be allocated under such subparagraph shall be allocated on the basis of the plan as amended by the next succeeding plan amendment effective during such period.

(iii) There are not sufficient assets to make allocation under subparagraph (d) above, the allocation otherwise to be made under that subparagraph shall be proportionately reduced. Distribution may be made in cash or property or partly in each, provided property is distributed at its fair market value as of the date of distribution as determined by the trustee.

12.6. Limitations on Termination. Notwithstanding any other provisions of the plan, in the event of termination of the plan, the benefits of any highly compensated employee or highly compensated former employee (as defined in Section 414(q) of the Internal Revenue Code) shall be limited to benefits that are nondiscriminatory under Section 401(a)(4) of the Internal Revenue Code.

SECTION 13

Special Restrictions

13.1. Effective Date and Overriding Provisions. The following provisions of this Section 13 shall become effective on a "restricted date" (as defined in subsection 13.5 below) and, upon becoming effective, shall remain effective until the following related unrestricted date, and during that period shall supersede any other Provisions of the plan to the extent necessary to eliminate any inconsistencies between the provisions of this Section and said other provisions, subject to any amendment of the plan required by applicable law.

13.2. Plan Termination. If the plan is terminated during the period beginning on a restricted date and ending on the related unrestricted date, and after all liabilities have been paid or provided for in full assets remain in the trust fund because of an erroneous actuarial computation, then such remaining assets shall first be applied, to the extent permissible under applicable law, to the purchase of retiree medical and retiree life insurance payable to members and their beneficiaries in satisfaction of the employers' then-existing obligations, and any assets still remaining shall be applied on a pro rata basis to increase the benefits of members and their beneficiaries, subject, however, to the applicable legal limitations on benefits payable from tax-qualified plans.

13.3. Plan Merger. In the event of any merger or consolidation of the plan with another plan or any transfer of assets or liabilities of the plan to another plan which is effected during the period beginning on a restricted date and ending on the related unrestricted date, then: (a) the accrued benefit of each member who is actively employed by an employer as of the effective date of such merger, consolidation or transfer of assets or liabilities and with respect to whom liability for the payment of benefits hereunder is being merged or consolidated with or transferred to another plan shall become fully vested; (b) the vested accrued benefit of each member, retired or terminated member, and beneficiary in the plan shall be increased in accordance with subsection 14.2 hereof as if the plan had terminated as to all employers immediately prior to any such merger, consolidation or transfer; and (c) prior to consummation of any such merger, consolidation or transfer, the accrued benefit (as increased hereunder, if applicable) of each member, retired or terminated member, and beneficiary with respect to whom liability for the payment of benefits hereunder is being merged or consolidated with or transferred to another plan shall be satisfied by the purchase of a guaranteed annuity contract from a financially sound insurance company which represents an irrevocable commitment to satisfy the accrued benefit (as increased hereunder, if applicable) of such person.

13.4. Vesting Benefit Accrual, Etc. During the period beginning on a restricted date and ending on the related unrestricted date, the provisions of the plan may not be amended in any manner which would adversely affect in any way the computation or amount of or the entitlement to retirement benefits hereunder, including, but not limited to, any adverse change in or to: (a) the rate at which benefits accrue or vest; (b) the compensation recognized here-under; or (c) the optional forms of payment available to a member, retired or terminated member, or beneficiary hereunder, including the time of commencement of such benefits and any actuarial factors utilized in connection therewith.

13.5. Restricted Date. For purposes of this Section 13, the term "restricted date" means the first date on which either: (i) any "person" or "group" [as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Act")]

becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of more than fifty percent (50%) of the then outstanding voting stock of the company, other than through a transaction arranged by, or consummated with the prior approval of, its board of directors; or (ii) during any period of two consecutive years (not including any period prior to the adoption of this provision), individuals who at the beginning of such period constitute the board of directors (and any new director whose election by the board of directors or whose nomination for election by the company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority thereof. An "unrestricted date" means the last day of the two-year period following the restricted date.

13.6. Prohibition Against Amendment. Except as may be otherwise required by applicable law, the provisions of this Section 13 may not be amended or deleted, nor superseded by any other provision of the plan, during the period beginning on a restricted date and ending on the related unrestricted date, without the written consent of a majority in both number and interest of the members who are actively employed by the employers both immediately prior to the restricted date and at the date of such amendment.

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SECTION 14

Direct Transfer of Eligible Rollover Distributions

14.1. Purpose. This Section 14 applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this Section 14, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

14.2. Definition of Eligible Rollover Distribution. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

14.3. Definition of Eligible Retirement Plan. An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

14.4. Definition of Distributee. A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

14.5. Definition of Direct Rollover. A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

The Employer has executed this instrument this _____ day of _____, 19__.

WOLVERINE WORLD WIDE, INC.

By

Stephen L. Gulis, Jr.
Its: Vice President and Chief Financial Officer

Employer

SUPPLEMENT A

A-1. Benefits for UFCW Employees. Pursuant to collective bargaining agreements between the company and collective bargaining representatives of employees at the company's Tannery, Factory C and Distribution Center facilities, which employees are represented by The United Food and Commercial Workers International Union, AFL-CIO ("the UFCW") a separate pension plan and trust will be established for employees represented by each such UFCW bargaining unit, effective January 1, 1984. On and after January 1, 1984, pension benefits for employees of the company represented by the UFCW bargaining units including former employees and retired employees who were represented by such bargaining units and who are eligible for benefits under this plan ("UFCW employees") will be provided solely under such separate plans and trusts. From and after January 1, 1984, this plan shall no longer be extended to any UFCW employees and in no event will any benefits be paid to or on account of any such UFCW employees under this plan.

A-2. Transfer of Assets. Plan assets, as apportioned by the actuary to provide for and secure the accrued vested benefits of UFCW employees will be transferred and assigned to the separate trust established for each UFCW bargaining unit.

A-3. Effective Dates of Benefit Increase. For purposes of determining the amount of benefits payable to any employee hereunder, "\$7.00" shall be substituted for "\$6.00" where the latter amount appears in subparagraph 4.1(b), 4.2(b), subsection 5.1 and subparagraph 6.1(a) on the following dates:

- (a) May 1, 1983 UFCW employees represented by the Factory C Bargaining unit.

- (b) August 16, 1983 UFCW employees represented by the tannery bargaining unit.
- (c) October 15, 1983 UFCW employees represented by the Distribution Center bargaining unit.
- (d) July 1, 1983 All other employees.

A-4. This Supplement Controlling. In the event of any conflict between any of the provisions of this Supplement and any other provisions of the plan, the provisions of this Supplement shall control.

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SUPPLEMENT B

Special Rules for Top-Heavy Plans

B-1. Purpose and Effect. The purpose of this Supplement B is to comply with the requirements of Section 416 of the Internal Revenue Code of 1954. The provisions of this Supplement B shall be effective for each plan year beginning after December 31, 1983 in which the plan is a "top-heavy plan" within the meaning of Section 416(g) of the Internal Revenue Code.

B-2. Top-Heavy Plan. In general, the plan will be a top-heavy plan for any plan year if, as of the last day of the preceding plan year (the "determination date"), the present value of the cumulative accrued benefits of members who are key employees (as defined in Section 416(i)(1) of the Internal Revenue Code) exceeds 60 percent of the present value of the cumulative accrued benefits of all members. In making the foregoing determination, the following special rules shall apply:

- (a) The present value of a member's accrued benefit shall be increased by the aggregate distributions, if any, made with respect to the member during the 5-year period ending on the determination date.
- (b) The accrued benefit of a member who was previously a key employee, but who is no longer a key employee, shall be disregarded.
- (c) The accrued benefit of a beneficiary of a member shall be considered an accrued benefit of the member.
- (d) The accrued benefit of a member who did not perform any services for an employer during the 5-year period ending on the determination date shall be disregarded.
- (e) The accrued benefit of a participant who is not a key employee shall be determined under the method used for all plans of the employers or, if there is no such method, as if such benefit accrued no faster than the slowest accrual rate permitted under Section 411(b)(1)(C) of the Internal Revenue Code.

B-3. Key Employee. In general, a "key employee" is an employee who, at any time during the 5-year period ending on the determination date, is:

- (a) an officer of an employer or controlled group member receiving annual compensation greater than 50% of the limitation in effect under Section 415 (b)(1)(A) of the Internal Revenue Code; provided, that for purposes of this subparagraph (a), no more than 50 employees of the employers and controlled group members (or if lesser, the greater of 3 employees or 10 percent of the employees) shall be treated as officers;

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- (b) one of the ten employees receiving annual compensation from the employers and/or controlled group members of more

than the limitation in effect under Section 415(c)(1)(A) of the Internal Revenue Code and owning the largest interests in an employer or controlled group member;

(c) a 5 percent owner or an employer or controlled group member; or

(d) a 1 percent owner of an employer or controlled group member receiving annual compensation from the employers and/or controlled group members of more than \$150,000.

B-4. Minimum Vesting. For any plan year in which the plan is a top-heavy plan, a member's vested percentage in his accrued benefit shall not be less than the percentage determined under the following table:

<u>Years of Credited Service</u>	<u>Vested Percentage</u>
Less than 2	0
2	20
3	40
4	60
5	80
6	or more 100

If the foregoing provisions of this paragraph B-4 become effective, and the plan subsequently ceases to be a top-heavy plan, each member who has then completed three or more years of credited service may elect to continue to have the vested percentage of his accrued benefit determined under the provisions of this paragraph B-4.

B-5. Minimum Benefit. A member's monthly pension or deferred benefit, commencing at his normal retirement date and payable as a life annuity, shall not be less than an amount equal to 2 percent of his average compensation (as defined below), multiplied by the number of years (not to exceed 10) of his top-heavy service (as defined below). A member's "average compensation" means the monthly average of his compensation for the 5 consecutive years of which his compensation was highest, disregarding any compensation paid after the last year in which the plan is a top-heavy plan. A member shall be entitled to a year of "top-heavy service" for each year of his credited service after December 31, 1983 during which the plan is a top-heavy plan and he is a member thereunder.

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B-6. Aggregation of Plans. In accordance with section 416(g)(2) of the Internal Revenue Code, other plans maintained by the employers or controlled group members may be required or permitted to be aggregated with this plan for purposes of determining whether the plan is a top-heavy plan.

For all purposes hereof:

(a) A "required aggregation group" means each qualified plan of the employer controlled group members in which at least one key employee participates, and any other qualified plan of the employer or controlled group member which enables the plan to meet the requirements of Sections 401(a)(4) 410 of the Internal Revenue Code.

(b) A "permissive aggregation group" means the required aggregation group of plans plus any other plan or plans of the employer or controlled group members which, when considered as a group with the required aggregation group, would continue to satisfy the requirements of Sections 401(a)(4) and 410 of the Internal Revenue Code.

B-7. No Duplication of Benefits. If the employers and/or controlled group members maintained more than one plan, the minimum benefit otherwise required under paragraph B-5 above may be reduced in accordance with regulations of the Secretary of the Treasury to prevent inappropriate duplication of minimum benefits or contributions.

B-8. Adjustment of Combined Benefit Limitations. In order to reduce the overall limitations on combined plan contributions and benefits under Section 415 of the Internal Revenue Code, the number 1.00 shall be substituted for 1.25 in determining defined benefit fractions and defined contribution fractions in accordance with Section 415 of the Internal Revenue Code and Section 235 of the Tax Equity and Fiscal Responsibility Act of 1982 for purposes of subsection 4.8. Provided, however, that the foregoing sentence shall not apply if (A) the

top-heavy ratio is 0.90 or less and (8) each non-key employee receives an additional minimum benefit or contribution under a plan of the employer. In the case of a non-key employee participating only in this or another defined benefit plan, the additional minimum benefit for each year of service counted is one percentage point, up to a maximum of ten percentage points, of the member's average compensation for the five consecutive years when the member had the highest aggregate compensation from the employer, computed as described in 8-5 above. In the case of a non-key employee participating only in a defined contribution plan, the additional minimum contribution is one percent of the member's compensation. In the case of a non-key employee participating in both this or another defined benefit plan and a defined contribution plan, there is no minimum benefit, but the minimum contribution under the defined contribution plan shall be 7-1/2% of the member's compensation.

B-9. Use of Terms. All terms and provisions of the plan shall apply to this Supplement B, except that where the terms and provisions of the plan and this Supplement B conflict, the terms and provisions of this Supplement B shall govern.

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SUPPLEMENT C
TO
WOLVERINE EMPLOYEES' PENSION PLAN
Provisions Relating to Certain Former Participants
Under Webster Manufacturing Unit
Hourly-Rated Employees' Pension Plan

C-1. Introduction. Effective May 31, 1988, Webster Manufacturing Unit Hourly-Rated Employees' Pension Plan (the "Webster Plan") shall be merged into and continued in the form of this plan, and participants in the Webster Plan shall become members in this plan. Each such participant is referred to below in this Supplement as a "Webster Participant". The amount and form of each Webster Participant's benefit under this plan shall be governed by the terms of this Supplement C.

C-2. Full Vesting of Webster Participant's Benefit. Each Webster Participant who terminates employment on or after May 31, 1988 shall be fully vested in his benefits under the plan.

C-3. Amount of Webster Participant's Benefit at Normal Retirement Date. A Webster Participant's normal benefit under the plan is a monthly retirement income, commencing on the Webster Participant's normal retirement date and payable during his lifetime, in an amount equal to the sum of: (a) \$3.00 multiplied by his number of full and fractional years of credited service under the plan after May 31, 1988; plus (b) \$3.00 multiplied by his number of full and fractional years of benefit service accrued under the Webster Plan after December 31, 1969 and before June 1, 1988; plus (c) \$1.20 multiplied by his number of full and fractional years of benefit service accrued under the Webster Plan before January 1, 1970. A Webster Participant who was participating in the Webster Plan on December 31, 1987 and who terminates employment on or after May 31, 1988 shall be entitled to a full year of benefit service for 1988. Except as provided in paragraph C-4 below, the amount of monthly retirement income computed under this paragraph C-3 will be used to determine the amount of a Webster Participant's benefit for all purposes of the plan.

C-4. Supplemental Benefit for Webster Participants. In addition to the amount of retirement income computed under paragraph C-3 above, a Webster Participant who terminates employment on or after May 31, 1988 will be entitled, regardless of his age at date of hire, to a supplemental monthly retirement income, commencing on his normal retirement date and payable during his lifetime, which is actuarially equivalent to the single sum amount determined as of his employment termination date) as follows:

(a) If the Webster Participant had completed at least 1 but less than 10 years of service, an amount equal to \$111 multiplied by his number of years of service;

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(b) If the Webster Participant had completed at least 10 but less than 20 years of service, an amount equal to \$166.50 multiplied by his number of years of service; and

(c) If the Webster Participant had completed 20 or more years of service, an amount equal to \$222 multiplied by his number of years of service.

C-5. Form of Payment of Webster Participant's Benefit. Except as provided in paragraph C-6 below, a Webster Participant's benefit under this Supplement C shall be payable in accordance with subsection 7.1 of the plan. If payments begin before the Webster Participant's normal retirement date, such benefit shall be reduced in accordance with subsection 4.3 of the plan.

C-6. Lump Sum Payment of Webster Participant's Accrued Benefit. If the present value of (a) a Webster Participant's entire nonforfeitable accrued benefit under the plan, or (b) the pre-retirement spouse's benefit payable on account of a Webster Participant under subsection 8.3 of the plan, does not exceed \$3,500; the committee, in its discretion, may direct the trustee to pay such present value to the Webster Participant (or in the event of his death, to his surviving spouse) in a lump sum upon his termination of employment. If the present value of a Webster Participant's entire nonforfeitable accrued benefit under the plan exceeds \$3,500, the Webster Participant may elect to have such present value (or the portion thereof which is attributable to the supplemental benefit determined under paragraph C-4 above) paid to him in a lump sum upon his termination of employment; provided that, if a joint and survivor annuity would otherwise be provided under subsection 7.1 of the plan, the Webster Participant's spouse must consent in writing to such form of distribution. If the present value of a pre-retirement spouse's benefit payable on account of a Webster Participant under subsection 8.3 of the plan exceeds \$3,500, the Webster Participant's surviving spouse may elect to have such present value paid in a lump sum. For purposes of this paragraph C-6, a present value shall be determined as of the date of distribution by using an interest rate not greater than the interest rate which would be used (as of the date of distribution) by the Pension Benefit Guaranty Corporation for purposes of determining the present value of a lump sum distribution on plan termination. Notwithstanding the provisions of subsection 3.3 of the plan, if a Webster Participant who received a lump sum payment under this paragraph C-6 is subsequently reemployed by an employer, his years of employment before his termination of employment shall be disregarded in determining his credited service under the plan.

C-7. Limitations. Except to the extent expressly provided herein to the contrary, the benefits provided pursuant to this Supplement C for a Webster Participant are subject to all of the terms and conditions of this plan. Unless specified otherwise, terms used in this Supplement C which are defined in the plan are intended to have the same meanings as given them in this plan.

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SUPPLEMENT D
TO
WOLVERINE EMPLOYEES' PENSION PLAN

Section 414(k) Account

SECTION D1

Introduction

D1.1. Background. Wolverine World Wide, Inc. (the "company") maintains the Wolverine Employees' Pension Plan (the "plan"). The company also maintains the Wolverine World Wide, Inc. Money Accumulation Plan (the "Money Accumulation Plan"). The purpose of the Money Accumulation Plan is to enable eligible employees to elect to defer a portion of their compensation by means of employer contributions on their behalf and to make voluntary contributions from their own funds, and thereby provide for their future security. Prior to January 1, 1994, participants in the Money Accumulation Plan were also eligible to receive employer matching contributions based on the amount of their basic contributions under the Money Accumulation Plan. However, effective January 1, 1994, employer matching contributions under the Money Accumulation Plan were discontinued.

D1.2. Section 414(k) Arrangement. Section 414(k) of the Internal Revenue Code permits the sponsor of a defined benefit pension plan that is qualified under Section 401(a) of the Internal Revenue Code to implement an arrangement within the defined benefit plan whereby a participant's benefit is based partly on the balance of a separate account established under the plan (a "Section 414(k) account"). For purposes of most requirements under Section 401(a), benefits based on Section 414(k) accounts are treated as benefits provided under a defined benefit plan. However, for certain limited purposes specified in Section 414(k), a defined benefit plan which includes a Section 414(k) account is treated as consisting of a defined contribution plan to the extent benefits are based on the separate account of a participant, and as a

defined benefit plan with respect to the remaining portion of benefits under the plan.

D1.3. Purpose; Section 414(k) Account Arrangement. The company desires to establish a Section 414(k) account arrangement within the plan for the purpose of providing employer matching contributions to individuals who are participants in both the Money Accumulation Plan and the Section 414(k) account arrangement, where such matching contributions are based on a participant's basic contributions under the Money Accumulation Plan. To facilitate such an arrangement, the company will establish a Section 414(k) account under the plan for each participant in accordance with this Supplement D. At all times, the Section 414(k) account arrangement shall constitute a part

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of the plan. Employer matching contributions made pursuant to this Supplement D shall be funded by allocating existing plan assets to participants' Section 414(k) accounts. Nothing in this Supplement D shall require additional employer contributions to the plan beyond those made from existing plan assets as described in the preceding sentence.

D1.4. Definitions; Applicability of Plan Provisions; Effective Date. Except as otherwise expressly stated herein, the benefits provided under the Section 414(k) account arrangement as established within the plan shall be governed exclusively by the terms and provisions of this Supplement D. Notwithstanding the preceding sentence, all terms used in this Supplement D which are not defined herein shall have the meaning given such terms in the plan, and to the extent not inconsistent with the terms of this Supplement D, the Section 414(k) account arrangement shall be subject to the provisions of the plan that are consistent with the purposes, terms and operation of this Supplement D. The term "defined benefit provisions" means the terms of the plan, exclusive of Supplement D. Solely for purposes of this Supplement D, the term "excess plan assets" means, as of any date, the amount by which the value of the assets held in the trust fund (excluding amounts held in the Section 414(k) Trust Account) exceeds the lesser of (i) 150% of the current liability of the plan (as defined in Section 412(c)(7)(B) of the Internal Revenue Code) or (ii) the accrued liability (including normal cost) of the plan (as defined in Section 412(c)(7)(A)(i) of the Internal Revenue Code). As used in the preceding sentence, the terms "current liability" and "accrued liability" shall exclude any benefit obligations arising under this Supplement D. The value of assets held in the trust fund shall be determined under the valuation method used by the plan for purposes of Section 412(c)(7) of the Internal Revenue Code. The term "existing plan assets" means, as of any date, those assets held in the trust fund which have not previously been allocated to participants' Section 414(k) accounts pursuant to subsection 7.4 hereof. The effective date of this Supplement D and the Section 414(k) account arrangement established hereunder shall be January 1, 1994 (the "effective date").

SECTION D2

Eligibility and Participation

D2.1. Eligibility. Each participant in the Money Accumulation Plan who is eligible to make basic contributions to that plan on or after January 1, 1994 shall be eligible to participate in the benefits provided under this Supplement D.

D2.2. Participation. Strictly for purposes of the benefits provided under this Supplement D, each employee who is eligible to participate in this Supplement D in accordance with subsection 2.1 above shall become a participant in this plan as of the first accounting date on which an employer matching contribution is allocated to his Section 414(k) account, and will continue as a participant until the later to occur of his settlement date or the date on which all assets in his Section 414(k) account to which he is entitled

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have been distributed or applied to purchase an annuity contract in accordance with Section 8 of this Supplement D. Each participant in this Supplement D may also be a participant for purposes of the defined benefit provisions of this plan to the extent he satisfies the participation requirements set forth in Section 2 of the plan.

SECTION D3

Participant Contributions

Participant contributions shall neither be required nor permitted under this Supplement D.

SECTION D4

Employer Contributions

D4.1. Employer Matching Contribution. For each plan year, the employers will make an employer matching contribution in an amount equal to the formula employer contribution determined under subsection 10.1 for that year, but reduced by the total amount of remainders, if any, to be allocated as of the last day of such plan year.

D4.2. Source of Employer Matching Contribution. Employer matching contributions under this Supplement D shall be made only by allocating a portion of the then existing plan assets to participants' Section 414(k) accounts and, thus, to the Section 414(k) Trust Account within the trust fund. Nothing in this Supplement D shall obligate the company or any employer to make any contributions to the plan out of its general corporate assets in excess of those required by the defined benefit provisions.

D4.3. Limitations and Conditions on Employer Matching Contribution. Notwithstanding any other provision of this Supplement D to the contrary, if, as of the first day of any plan year, the plan has no excess plan assets, then in no event shall existing plan assets be used to make required employer matching contributions for such plan year.

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SECTION D5

Section 414(k) Trust Account and the Investment Funds

D5.1. Section 414(k) Trust Account. The trustee shall establish a Section 414(k) Trust Account as a separate account under the trust fund. Employer matching contributions allocated to participants' Section 414(k) accounts under subsection 7.4 of this supplement D will be held by the trustee in the Section 414(k) Trust Account.

The assets attributable to the 414(k) account arrangement may be held as an identifiable portion of a separate or master trust which includes the assets of the Money Accumulation Plan. The Trustee of the separate Wolverine World Wide, Inc. Money Accumulation Plan (CG Trust Company or a successor Trustee), which is incorporated by this reference into this document, declares that plan assets delivered to it will be held in trust and administered under the terms of the Section 414(k) account.

D5.2. The Investment Funds. The Section 414(k) Trust Account shall consist of such investment funds as the committee shall determine from time to time. Pending investment, reinvestment or distribution as provided in this Supplement D, the trustee may temporarily retain the assets of any one or more of the investment funds in cash, commercial paper, short-term government obligations, or undivided interests or participations in common or collective short-term investment funds. Any investment fund may be partially or entirely invested in any common or commingled fund or in any group annuity, deposit administration or separate account contract issued by a legal reserve life insurance company which is invested generally in property of the kind specified for the investment fund. The committee, in its discretion, may direct the trustee to establish such investment funds or to terminate any of the investment funds as it shall from time to time consider appropriate and in the best interests of the participants. The funds established hereunder may be referred to collectively as the "investment funds" and individually as an "investment fund."

D5.3. Investment Fund Elections. A participant from time to time may elect one or more of the investment funds for the investment of all or a portion of the employer matching contributions on his behalf. Each such election shall be made at such time, in such manner, and with respect to such investment funds as the committee shall determine, and shall be effective only in accordance with such rules as the committee shall establish. If a participant fails to make an election under this subsection 5.3, his share of the employer matching contributions will be invested in such investment fund as shall be designated by the committee.

D5.4. Investment Fund Transfers. A participant may elect that all or a part of his interest in an investment fund shall be liquidated and the proceeds thereof transferred to one or more of the other investment funds. Each such election shall be made at such time, in such manner, and with respect to such investment funds as the committee shall determine, and shall be effective only in accordance with such rules as shall be established from time to time by the committee.

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D5.5. Availability of Plan Assets. Notwithstanding any other provision of this Supplement D or the defined benefit provisions of the plan, all assets held in the trust fund (including assets held in the Section 414(k) Trust Account) shall at all times be available to pay all benefits under the plan, whether under the defined benefit provisions of the plan or this Supplement D.

SECTION D6

Period of Participation

D6.1. Settlement Date. A participant's "settlement date" will be the date on which his employment with all of the employers is terminated because of the first to occur of the following:

- (a) Early, Normal or Late Retirement. The date of the participant's retirement under the plan. A participant's right to his account balances shall be nonforfeitable on and after attaining age 65 years (his "normal retirement age").
- (b) Disability Retirement. The date the participant is retired from the employ of all of the employers at any age because of disability, as determined by a qualified physician selected by the committee. A participant will be considered disabled for the purposes of this subparagraph if, on account of a disability, he is no longer capable of engaging in any employment or occupation for remuneration or profit, and such disability will be permanent and continuous for the rest of his life.
- (c) Death. The date of the participant's death.
- (d) Resignation or Dismissal. The date the participant resigns or is dismissed from the employ of all of the employers before retirement under subparagraph (a) or (b) above.

If a participant is transferred from employment with an employer to employment with a controlled group member then, for the purpose of determining when his settlement date occurs under this subsection 6.1, his employment with such controlled group member (or any controlled group member to which he is subsequently transferred) shall be considered as employment with the employers.

D6.2. Restricted Participation. If (i) payment of all of a participant's account balances is not made at his settlement date; or (ii) a participant transfers to a controlled group member; the participant or his beneficiary will be treated as a participant for all purposes of the plan, except as follows:

- (a) The participant will not share in employer matching contributions after his settlement date, or during any period he is employed by a controlled group member; except as provided in subsection 7.4.
- (b) The beneficiary of a deceased participant cannot designate a beneficiary under subsection 8.5.

If a participant whose participation in the plan is restricted for the reason specified in (ii) above subsequently is employed by an employer, he will again become an active participant in the plan on the date he is reemployed.

SECTION D7

Accounting

D7.1. Separate Accounts. The committee will maintain a separate "Section 414(k) account" in the name of each participant which will reflect his share of employer matching contributions under this Supplement D, and the income, losses, appreciation and depreciation

attributable thereto. The committee also may maintain such other accounts in the names of participants or otherwise as it considers advisable. Unless the context indicates otherwise, references in this Supplement D to a participant's "accounts" means all accounts maintained in his name under this Supplement D.

D7.2. Accounting Dates. A "regular accounting date" is each business day of any plan year. A "special accounting date" is any date designated as such by the committee and the date on which the plan is terminated in its entirety or a partial termination of the plan occurs. The term "accounting date" includes both a regular accounting date and a special accounting date.

D7.3. Adjustment of Participants' Accounts. As of each accounting date the committee shall:

(a) First, credit participant's accounts with their pro rata share of any increase or charge such accounts with their pro rata share of any decrease in the value of the adjusted net worth (as defined below) of each investment fund in which such accounts have an interest as of that date;

(b) Next, allocate and credit employer matching contributions, if any, that are to be credited as of that date in accordance with subsection 7.4; and

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(c) Finally, charge to the proper accounts all payments or distributions made under subsection 8.4 as of that date.

The "adjusted net worth" of an investment fund as at any date means the then net worth of such investment fund as determined by the trustee, less an amount equal to the employer matching contributions deposited in such fund but not yet allocated to the accounts of participants and remainders being held pursuant to subsection 6.3. Remainders will not be adjusted in accordance with subparagraph (a) above.

The allocations required by this Section may be determined under any consistent, nondiscriminatory cash basis or daily valuation recordkeeping system acceptable to the Committee.

D7.4. Allocation of Employer Matching Contributions. Subject to subsection 7.8, each employer's matching contribution for the plan year will be allocated and credited to the Section 414(k) accounts of participants who were employed by such employer on the last day of that plan year or who died or retired under subparagraph 6.1(a) or (b) during that year, as follows:

(a) First, each employer's matching contribution will be allocated and credited to the Section 414(k) accounts of such participants, pro rata, according to the basic contributions (up to 2%) made by them, respectively, to the Money Accumulation Plan during that plan year; except that the portion of any employer's matching contribution credited to any participant's Section 414(k) account under this subparagraph shall not exceed 20% of his basic contributions (up to 2%) for that plan year;

(b) Next, each employer's matching contribution, to the extent not allocated under subparagraph (a) above, will be allocated and credited to the Section 414(k) accounts of such participants, pro rata, according to the basic contributions (over 2% but not more than 6%) made by them, respectively, to the Money Accumulation Plan during that plan year; except that the portion of any employer's matching contribution credited to any participant's Section 414(k) account under this subparagraph shall not exceed 20% of his basic contributions (over 2% but not more than 6%) for that plan year; and

(c) Finally, each employer's matching contribution, to the extent not allocated under subparagraphs (a) and (b) above, will be allocated and credited to the Section 414(k) accounts of such participants, pro rata, according to the basic contributions (up to 6%) made by them, respectively, to the Money Accumulation Plan during that plan year.

D7.5. Changing Payments and Distributions. All payments or distributions made to a participant or his beneficiary under this Supplement D will be charged to the Section 414(k) account of such participant.

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D7.6. Rollovers. No rollover contributions of any kind, including direct transfers of benefits from other plans meeting the

requirements of Section 401(a) of the Internal Revenue Code, are permitted to the plan under this Supplement D.

D7.7. Statement of Account. As soon as practicable after the last day of each calendar quarter, each participant will be furnished with a statement reflecting the balance of his Section 414(k) account.

D7.8. Contribution Limitations. For each plan year, the annual addition (as defined below) to a participant's accounts under this Supplement D and all other defined contribution plans maintained by the employers shall not exceed the lesser of \$30,000 (or, if greater, 1/4 of the dollar limitation in effect under Section 415(b)(1)(A) of the Internal Revenue Code for the calendar year which begins with or within that plan year) or 25 percent of the participant's compensation during that year. The term "annual addition" for any plan year means the sum of the employer contributions, participant contributions and remainders credited to a participant's accounts for that year under this Supplement and the Money Accumulation Plan. Any employer matching contributions which cannot be allocated to a participant because of the foregoing limitations shall be applied to reduce employer matching contributions in succeeding plan years, in order of time.

D7.9. Limitation on Allocation of Contributions. Notwithstanding the foregoing provisions of this Section 7, the contribution percentage (as defined below) of the highly compensated participants (as defined in subsection 7.10) for any plan year shall not exceed the greater of:

(a) the contribution percentage of all other participants for such plan year multiplied by 1.25; or

(b) the contribution percentage of all other participants for such plan year multiplied by 2.0; provided that the contribution percentage of the highly compensated participants does not exceed that of all other participants by more than 2 percentage points.

The "contribution percentage" of a group of participants for a plan year means the average of the ratios (determined separately for each participant in such group) of: (i) the employer matching contributions allocated to such participant for such plan year; to (ii) the participant's compensation for such plan year.

If the limits of this Section are not met, the excess aggregate contributions of Highly Compensated Participants shall be corrected by reducing the contribution percentages of Highly Compensated Participants beginning with those at the highest contribution percentage to the next lower contribution percentage level of Highly Compensated Participants or, if less, a percentage that results in compliance with the above limit. If further reduction is required, the percentage of correction shall be determined by continuing the process until the above limits are not exceeded. Then, each affected Highly Compensated Participant's required percentage reduction shall be expressed as a dollar amount and the amounts shall be summed for all affected Highly Compensated

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Participants. Third, the matching contributions of the Highly Compensated Participants with the largest amount of matching contributions shall be reduced to the next lower matching contribution amount or by an amount which when all reductions are considered equals the dollar amount of reductions required above. The amount by which the Matching Contributions are reduced shall, if vested, be distributed to the affected Highly Compensated Participant and, if not vested, shall be treated as a remainder.

D7.10. Highly Compensated Participant. A "highly compensated participant" means any present or former employee who:

(a) was a 5 percent owner of an employer during the current plan year or the Lookback Year;

(b) received annual compensation from the employers of more than \$80,000 (or such greater amount as may be determined by the Commissioner of Internal Revenue under Code Section 415(d) for that year) and was among the top paid 20% of employees when ranked by annual compensation;

"Annual Compensation" means a Participant's earned income, wages, salaries, professional fees and other amounts received for personal services rendered in the course of employment with the employers actually paid and includable in gross income excluding contributions to a plan of deferred compensation not includable in gross income; amounts realized from the exercise of a stock option or when restricted stock or property becomes freely transferable or no longer is subject to a substantial risk of forfeiture; amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option, and other amounts that received favorable tax treatment (excluding amounts under Code Section 125, 401(k), 403(b) or 457).

The "Lookback Year" is the 12-month period preceding the current Plan Year.

D7.11. Allocation of Earnings to Distributions of Excess Contributions. The earnings allocable to distributions of employer contributions exceeding the limits of subsection 7.9 ("excess matching contributions") shall be determined by multiplying the earnings attributable to the participant's share of employer matching contributions for the plan year by a fraction, the numerator of which is the excess matching contributions, and the denominator of which is the balance in the participant's Section 414(k) account on the last day of such year reduced by gains (or increased by losses) attributable to such account during that year.

D7.12. Multiple Use of Alternative Limitation. In accordance with Treasury Regulation Section 1.401(m)-2(c), multiple use of the alternative limitation will be corrected in the manner described in Treasury Regulation Section 1.401(m)-1(e). The term "alternative limitation" as used above means the alternative methods of compliance with Sections 401(k) and 401(m) of the Internal Revenue Code

SECTION D8

Payment of Account Balances

D8.1. Retirement or Death. If a participant's employment with all of the employers is terminated because of retirement under subparagraph 6.1(a) or (b), or if a participant dies while in the employ of an employer, the balance in his Section 414(k) account as at the accounting date coincident with or next following his settlement date (after all adjustments required under this Supplement D as of that date have been made) shall be nonforfeitable and shall be distributable to him, or in the event of his death to his beneficiary, under subsection 8.4.

D8.2. Resignation or Dismissal. If a participant resigns or is dismissed from the employ of all of the employers before retirement under subparagraph 6.1(a) or (b), the balance in his Section 414(k) account as at the accounting date coincident with or next following his settlement date (after all adjustments required under this Supplement D as of that date have been made) will be reduced to an amount computed in accordance with the following schedule:

<u>If The Participant's Number of Years of Credited Service Is:</u>	<u>The Percentage of His Section 414(k) Account Will Be:</u>
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

The resulting balance in his Section 414(k) account will be distributable to the participant under subsection 8.4. A participant shall be entitled to 1/12th of a year of service for each month (or portion thereof) during which he is employed by an employer or controlled group member.

The 414(k) account of a participant, whose employment was terminated upon the closing of B&B Shoe Division shall be nonforfeitable upon his termination of employment.

D8.3. Remainders. The amount by which a participant's Section 414(k) account is reduced under subsection 8.2 shall be a "remainder." A remainder shall be treated as a separate account [which is not subject to adjustment under sub-paragraph 7.3(a)] until the last day of the plan year in which the participant's settlement date occurs, and then shall be applied in the manner provided in subsection 4.1 to reduce employer matching contributions as of that date; and when so applied will be treated, for purposes of subsection 7.4, as though it were an employer matching contribution made under subsection 4.1. If the participant is reemployed by an employer or controlled group

member before he incurs five consecutive one-year breaks in service, subsection 9.2 shall apply.

D8.4. Manner of Distribution. Subject to the provisions of subsection 8.6, after each participant's settlement date, distribution of the net credit balance in the participant's Section 414(k) account will be made to or for the benefit of the participant, or in the case of his death to or for the benefit of his beneficiary, by payment in a lump sum or by direct transfer of an eligible rollover distribution. The manner and time of distribution shall be identical to that elected under the Money Accumulation Plan.

D8.5. Designation of Beneficiary. Subject to the provisions of subsection 8.6, each participant from time to time, by signing a form furnished by the committee, may designate any person or persons (who may be designated concurrently, contingently or successively) to whom his benefits under this Supplement D are to be paid if he dies before he receives all of his benefits. A beneficiary designation form will

be effective only when the form is filed with the committee while the participant is alive and will cancel all beneficiary designation forms previously filed with the committee. A beneficiary designation by a married participant designating a beneficiary other than the participant's spouse may be effective only with the written, irrevocable consent of the participant's spouse witnessed by a plan representative or a notary public. The consent may be limited to a specific beneficiary and a specific method of distribution. If a deceased participant failed to designate a beneficiary as provided above, or if the designated beneficiary dies before the participant or before complete payment of the participant's benefits, the committee, shall direct the trustee to pay the participant's benefits to the first of the following classes with a living member on the date of distribution:

- (a) To the participant's surviving spouse;
- (b) the participant's children, including those by adoption, dividing the distribution equally among the children with living issue of any deceased child taking their parent's share by right of representation;
- (c) the participant's parents, dividing the distribution equally if both parents are living;
- (d) the participant's brothers and sisters, dividing the distribution equally among the participant's living brothers and sisters;
- (e) To the legal representative or representatives of the estate of the participant.

The term "designated beneficiary" as used in this Supplement D means the person or persons (including a trustee or other legal representative acting in a fiduciary capacity) designated by a participant as his beneficiary in the last effective beneficiary designation form filed with the committee under this subsection and to whom a deceased participant's benefits are payable under this Supplement D. The term "beneficiary" as used in this

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Supplement D means the natural or legal person or persons to whom a deceased participant's benefits are payable under this subsection.

D8.6. Pre-Retirement Survivor Annuity and Joint and Survivor Annuity. The following provisions of this subsection 8.6 shall apply in the case of distributions to or on behalf of a participant who elects distribution in the form of an annuity:

(a) Pre-Retirement Survivor Annuity. If a married participant dies prior to commencement of his benefits under this Supplement D, one-half of his Section 414(k) account balance will be applied to provide a pre-retirement survivor annuity (as defined below), unless the participant's spouse waives the annuity. A "pre-retirement survivor annuity" is an annuity payable for the life of the participant's spouse.

(b) Joint and Survivor Annuity. A participant's Section 414(k) account balance will be applied to provide a joint and survivor annuity (as defined below), unless he has made an election under subparagraph (d). A "joint and survivor annuity" means: (i) an annuity payable for the life of the participant, with a survivor annuity payable for the life of his spouse of one-half of the amount payable during the joint lives of the participant and his spouse; or (ii) in the case of a participant who is not married at the date payment of his benefits is to commence, an annuity payable for the life of the participant.

(c) Election to Waive Joint and Survivor Annuity. A participant may make a written election to waive the joint and survivor annuity at any time during a period beginning 90-days before and ending 30 days before payment of his benefits commences. Such an election will be effective only if the participant's spouse consents to the election in writing, and such consent acknowledges the effect of the waiver and is witnessed by a plan representative or a notary public. At least 30, but not more than 90, days before payment of a participant's benefits is to commence, the committee shall provide him with a written explanation of the terms and conditions of the joint and survivor annuity; the participant's right to make, and the effect of, an election to waive the joint and survivor annuity; the requirement of spousal consent to such a waiver; and the participant's right to make, and the effect of, a revocation of such a waiver. Distribution may commence less than 30 days after the notice above is given if the Committee informs him of the right of a period of 30 days to consider the distribution, after receiving notice he elects distribution and is notified the right to revoke the election within seven days, and he does not revoke the election within seven days. If a participant has elected to waive the joint and survivor annuity, his Section 414(k) account balance will be distributed pursuant to subsection 8.4.

(d) Lump Sum Payments. Notwithstanding the foregoing provisions of this subsection 8.6, distribution of a participant's Section 414(k) account balance may be made in the form of a lump sum payment; provided that: (i) the account balances are less than \$5,000.

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SECTION D9

Reemployment

D9.1. Resumption of Participation. If a participant's employment with all of the employers should terminate and such participant is subsequently reemployed by an employer, he shall again become eligible to participate in this Supplement D as of his date of rehire if he then meets the requirements of subsection 2.1, and the years of service to which he was entitled at the time of termination shall be reinstated. If an employee who is not participating in this Supplement D should terminate employment and then subsequently be reemployed by an employer, his eligibility for participation shall be determined in accordance with subsection 2.1, he shall be eligible to participate in this Supplement D as of his date of rehire if he then meets the requirements of subsection 2.1, and the years of service he had accrued prior to his termination shall be disregarded for purposes of subsection 8.2 only if his number of consecutive one-year breaks in service (as defined below) occurring after his termination equal or exceed the greater of (i) five, or (ii) his years of service prior to his termination. If an employee's or participant's employment with the employers and controlled group members should terminate and such employee or participant is subsequently reemployed by an employer or controlled group member before he has a one-year break in service, the period between his date of termination and date of rehire (but not to exceed 12 months) shall be included in determining his years of service. In no event shall years of service occurring after a participant incurs five consecutive one-year breaks in service be used to determine the percentage of his Section 414(k) account to which he was entitled as of a prior settlement date. A participant shall incur a "one-year break in service" if he is not in the employ of an employer or controlled group member for a period of 12 consecutive months following his termination of employment.

D9.2. Reinstatement of Remainder. If a participant whose employment had terminated because of resignation or dismissal before he was entitled to the full balance in his Section 414(k) account is reemployed by an employer or controlled group member before he incurs five consecutive one-year breaks in service, he may repay to the trustee (within five years of his date of reemployment) the total amount distributed to him from his Section 414(k) account as a result of his earlier termination of employment. If a participant makes such a repayment to the trustee, both the amount of the repayment and the remainder which resulted from his earlier termination of employment shall be credited to his Section 414(k) account as of the regular accounting date coincident with or next following the date of repayment (after all other adjustments required under this Supplement D as of that date have been made). Remainders which are credited to participants' Section 414(k) accounts as of a regular accounting date under this subsection 9.2 shall reduce: first, remainders to be allocated as of that date under subsection 8.3; then, income and gains of the trust fund to be credited as of that date under subparagraph 7.3(a); and finally, employer matching contributions to be allocated as of that date under subsection 7.4.

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SECTION D10

Employer Contribution Formula

D10.1. Formula Employer Contribution. For each plan year, the formula employer contribution will be an amount equal to:

- (a) the preliminary employer contribution (as determined under subsection 10.2) for the company's fiscal year which ends closest to the end of such plan year; multiplied by;
- (b) a fraction, the numerator of which is the participating compensation (as defined in subsection 10.5) for such plan year and the denominator of which is the eligible compensation (as defined in subsection 10.5) for such plan year.

For any plan year, the company may, before the beginning of such plan year, establish a minimum formula employer contribution to be made under this Supplement D for that year. In no event, however, will the formula employer contribution for any plan year exceed an amount equal to the lesser of: (i) 50% of the basic contributions (up to 6%) made to the Money Accumulation Plan by participants entitled to share in the employer matching contribution for such year; or (ii) the maximum amount of employer matching contributions which may be allocated to participants' Section 414(k) accounts for such plan year after applying the limitations of subsections 7.8 and 7.9.

D10.2. Preliminary Employer Contribution. The "preliminary employer contribution" for a fiscal year of the company shall be an amount equal to the sum of:

- (a) 5% of that portion, if any, of the adjusted net income (as defined in subsection 10.3) for such year which equals or exceeds 3% but does not exceed 5% of the average assets (as defined in subsection 10.4) for such year; plus

(b) 10% of that portion, if any, of the adjusted net income for such year which exceeds 5% of the average assets for such year.

D10.3. Adjusted Net Income. The "adjusted net income" for any fiscal year means the consolidated net income of the employers for that year determined according to recognized accounting principles and practices, except as follows:

(a) No deduction or allowance shall be made on account of Federal, state or local income taxes.

(b) No account shall be taken of the employers' contributions under this Supplement D.

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(c) Capital gains and losses and extraordinary charges and credits shall be disregarded.

D10.4. Assets, Average Assets. The term "assets" means the total consolidated assets of the employers as reflected on their balance sheet. The "average assets" for any fiscal year means an amount equal to: the sum of the assets at the beginning of that year plus the assets at the end of each of the thirteen 4-week accounting periods during that year; divided by 14.

D10.5. Eligible Compensation, Participating Compensation. The "eligible compensation" for any plan year means the total cash compensation paid to all employees of the employers, but disregarding any compensation paid before an employee completes six months of service (as defined under the Money Accumulation Plan). The "participating compensation" for any plan year means the total eligible compensation of those participants who are entitled to share in the employers' contribution for such year.

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SUPPLEMENT E
TO
WOLVERINE EMPLOYEES' PENSION PLAN
Benefits for Certain Former Employees

E-I. Purpose. The purposes of this Supplement E is to provide benefits for certain members of Wolverine Employees' Pension Plan (the "Plan") who retire under The Wolverine Special Severance Program (the "Program").

E-2. Supplement E Participant. An employee of an employer will be a "Supplement E Participant" if he meets both of the following requirements:

- (a) he is a member of the Plan; and
- (b) he is eligible for and elects between November 3, 1994 and December 18, 1994 to retire under the Program.

E-3. Full Vesting. Each Supplement E Participant shall be fully vested in his benefits under the Plan.

E-4. Amount of Pension. Each Supplement E Participant shall be entitled to a monthly pension computed in accordance with subsection 4.1 of the Plan, based on his final average earnings and years of credited service at the date that his employment with the employers terminates. If the pension of a Supplement E Participant is determined under subparagraph 4.2(a) of the Plan, then the amount payable to the Supplement E Participant as of the first day of any month coincident with or preceding the date he attains age 62 years shall be calculated as though the amount determined under subparagraph 4.2(a)(ii) of the Plan were zero.

E-5. Commencement of Pension. Payment of the monthly pension to a Supplement E Participant shall begin as of the first day of the month coincident with or next following the date that his employment with the employers terminates, in the full amount determined under paragraph E-4 above. The pension of a Supplement E Participant shall not be reduced for commencement prior to normal retirement date.

E-6. No Highly Compensated Employees. In no event shall a Supplement E Participant who is a "highly compensated employee" within the meaning of Section 414(q) of the Internal Revenue Code be entitled to any benefits under this Supplement E.

E-7. Use of Terms. All terms and provisions of the Plan shall apply to this Supplement E, except that where the terms and provisions of the Plan and this Supplement E conflict, the terms and provisions of this Supplement E shall govern.

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SUPPLEMENT F
TO
WOLVERINE EMPLOYEES' PENSION PLAN
Nondiscriminatory Executive Benefits

F.1 Purpose. The purpose of this Supplement is to define and designate certain executives of the Company to receive benefits under a nondiscriminatory enhancement of the plans' benefit formula.

F.2 A Executive. An "A Executive" is a member whose name is listed below in this section:

- G. Bloom (Normal Retirement 5/1/2000)
- W. Brown
- J. Deem (Deferred vested as of 10/30/2001)
- L. Dubrow (Deferred vested as of 10/30/2001)
- S. Duffy
- D. Estes
- S. Gulis
- B. Krueger
- T. O'Donovan
- R. Sedrowski

F.3 B Executive. A "B Executive" is a member whose name is listed below in this Section:

- O. Baxter
- A. Croci

- R. DeBlasio
- T. Gedra
- B. Jungers
- J. Lovejoy (Normal retirement / /2000)
- T. Mundt
- N. Ottenwess
- D. West
- G. Fountain
- J. Lavertue

F.4 Modifications. The Company may add, remove, or reclassify a member under this Supplement. The modification of a member's status may not reduce a member's benefit as determined on the date immediately before the latest of the following dates: 15 days after the member receives notice of the modification; the date that the amendment was adopted; or the effective date of the Amendment.

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SUPPLEMENT G
TO
WOLVERINE EMPLOYEES' PENSION PLAN
Benefits for Certain Former Employees of Frolic Footwear Division
or the Wolverine Slipper Group

G-1. Purpose. The purposes of this Supplement G is to provide benefits for certain members of Wolverine Employees' Pension Plan (the "Plan") who terminate employment under The Frolic Footwear Special Severance Program dated August 4, 1997, (the "Frolic Program") and the Wolverine Slipper Group Special Severance Program (the "Slipper Program") dated December , 1997.

G-2. Supplement G Participant. An employee of an employer will be a "Supplement G Participant" if he meets both of the following requirements:

(a) he is a member of the Plan; and

(b) he is eligible for and elects to terminate employment under the "Frolic Program" no later than September 15, 1997, or under the "Slipper Program" no later than January 30, 1998.

G-3. Full Vesting. Each Supplement G Participant shall be fully vested in his benefits under the Plan.

G-4. Amount of Pension. Each Supplement G Participant shall be entitled to a monthly pension computed under subsection 4.1 of the Plan, based on his final average earnings and years of credited service at the date that his employment with the employers terminates. If the pension of a Supplement G Participant is determined under subparagraph 4.1(a) of the Plan, then the amount payable to the Supplement G Participant as of the first day of any month on or before the date he attains age 62 years shall be calculated as though the amount determined under subparagraph 4.1(a)(ii) of the Plan was zero.

G-5. Commencement of Pension. Payment of the monthly pension to a Supplement G Participant shall begin as of the first day of the month coincident with or next following the date that his employment with the employers terminates, in the full amount determined under paragraph G-4 above. The pension of a Supplement G Participant shall not be reduced for commencement prior to normal retirement date.

G-6. No Highly Compensated Employees. A Supplement G Participant who is a "highly compensated employee" within the meaning of Section 414(q) of the Internal Revenue Code shall not be entitled to any benefits under this Supplement G.

SUPPLEMENT H
TO
WOLVERINE EMPLOYEES' PENSION PLAN
Provisions Relating to Certain Former Participants
Under Frolic Footwear - Jonesboro Plant
Employees' Pension Plan

H-1. Introduction. Effective _____, 1998, Frolic Footwear - Jonesboro Plan Employees' Pension Plan (the "Frolic Footwear Plan") shall be merged into and continued in the form of this plan, and participants in the Frolic Footwear Plan shall become members in this plan. Each such participant is referred to below in this Supplement as a "Frolic Footwear Participant". The amount and form of each Frolic Footwear Participant's benefit under this plan shall be governed by the terms of this Supplement H.

H-2. Full Vesting of Frolic Footwear Participant's Benefit. Each Frolic Footwear Participant who terminates employment on or after _____, 1998 shall be fully vested in his benefits under the plan.

H-3. Amount of Frolic Footwear Participant's Benefit at Early or Normal Retirement Date. A Frolic Footwear Participant's retirement benefit under the plan is a monthly retirement income, commencing on the Frolic Footwear Participant's early or normal retirement date, whichever date the Participant chooses to retire (unless retirement is deferred), and payable during his lifetime, in an amount equal to \$5.25 multiplied by his number of full years of credited service earned prior to _____, 1998. A Frolic Footwear Participant's Credited Service shall be determined under H-6, below. The amount of monthly retirement income computed under this paragraph H-3 will be used to determine the amount of a Frolic Footwear Participant's benefit for all purposes of the plan.

(a) Early Retirement Date. A Frolic Footwear Participant's Early Retirement Date is the first day of the month coincident with or following the date on which he retires before his normal retirement date and after he has both attained age 62 and completed 20 years of credited service.

(b) Normal Retirement Date. A Frolic Footwear Participant's Normal Retirement Date is the first day of the month coincident with or following the date on which he has both attained age 65 and reached the fifth anniversary of the date he became an employee under the plan.

H-4. Termination of Employment Before Retirement; Early Commencement of Benefit. If a Frolic Footwear Participant's employment is terminated before reaching early retirement date but after completing five or more years of credited service, the Participant shall be entitled to a monthly deferred benefit commencing on his normal retirement date as provided in Section 6.1. The amount of the monthly benefit shall be equal to \$5.25 multiplied by the Participant's number of full years of credited service earned prior to _____, 1998. A Frolic Footwear Participant who has completed 20 or more years of credited service may elect for early commencement of the monthly benefit, beginning as of the first day of any month after he attains age 62 but before his normal retirement date.

Such monthly benefit will be computed as above in this subparagraph but will be reduced by .5 percent thereof for each month by which commencement of the pension precedes the Frolic Footwear Participant's normal retirement date. The method of reducing the monthly retirement benefit for early payment under this paragraph H-4 will be used wherever necessary to determine the amount of a Frolic Footwear Participant's benefit for all purposes of the plan.

H-5. Death Benefit. A Frolic Footwear Participant's death benefit shall be determined under Section 8 of the plan, with the following provisions modifying such Section:

(a) Amount of Spouse's Benefit. The spouse's benefit shall be in an amount determined as follows:

(i) If the employee had attained age 65 years at the date of his death, 50% of the amount of monthly pension, computed pursuant to paragraph H-3, to which the employee would have been entitled if the first day of the month coincident with or following the date of his death were his retirement date and his benefits were payable in the form specified in subparagraph 7.1(a) of the plan.

(ii) If the employee's death occurs after he had both attained age 62 years and completed twenty or more years of credited service, 50% of the amount of monthly pension computed pursuant to paragraph H-4, with the necessary reduction, to which the employee would have been entitled if the first day of the month coincident with or following the date of his death were his early retirement

date and his benefits were then payable in the form specified in subparagraph 7.1(a) of the plan.

(iii) If the employee had not reached his early retirement date at the date of his death (or earlier termination of employment), 50% of the amount of monthly pension, computed pursuant to paragraph H-4, with the necessary reduction, to which the employee would have been entitled if his benefits were payable in the form specified in subparagraph 7.1(a) of the plan commencing on the first day of the month coincident with or following his 62nd birthday (or his date of death, if later).

(b) Payment of Spouse's Benefit. Payment of the spouse's benefit shall commence as of the first day of the month coincident with or following the later of the date of the employee's death or the date the employee would have attained age 62, and shall end with the month in which the employee's spouse dies.

(c) Election to Waive Spouse's Benefit. An employee may make a written election waive the pre-retirement spouse's benefit at any time on or after the first day of the plan year in which he attains age 35 (or the date of his termination of employment, if earlier). Such an election will be effective only if the employee's spouse consents to the election in writing and such consent acknowledges the effect of the waiver and is witnessed by a plan representative or a notary public. Within three plan years prior to the plan year in which an employee attains age 35, the company shall provide him with a written explanation of the terms and conditions of the pre-retirement spouse's benefit; the employee's right to make, and the effect of, an election to waive the pre-retirement spouse's benefit; the requirement of spousal consent to such a waiver; and the employee's

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right to make, and the effect of, a revocation of such a waiver. An election under this subparagraph may be revoked by an employee at any time prior to his death. If an employee has elected to waive the pre-retirement spouse's benefit, no benefits shall be payable under Section 8 of the plan or this paragraph H-5 upon the employee's death.

(d) Cost of Spouse's Benefit. Notwithstanding any other provisions of the plan, the amount of spouse's benefit payable under this paragraph H-5 or the amount of any monthly pension or deferred monthly pension payable under the plan to or one account of an employee shall be reduced as follows:

(i) by 2/10ths of 1% thereof for each full year (and by 1/60th of 1% thereof for each month in a partial year) after the employee's attainment of age 47 and before his attainment of age 62 during which the pre-retirement spouse's benefit was in effect for such employee; and

(ii) by 1/10th of 1% thereof for each full year (and by 1/120th of 1% thereof for each month in a partial year) after the employee's attainment of age 37 and before his attainment of age 47 during which the pre-retirement spouse's benefit was in effect for such employee.

(e) Termination of Spouse's Benefit. The spouse's benefit will terminate for an employee on the first of the following events to occur while the employee is alive:

- (i) The date the employee elects to waive the spouse's benefit under subparagraph (c) above.
- (ii) The date the employee begins to receive benefits under the plan.
- (iii) The date of death of the employee's spouse.
- (iv) The date the employee is legally divorced from his spouse.

If the spouse's benefit has terminated pursuant to subparagraph (e)(i) above, it shall again take effect for an employee on the date he revokes his election in accordance with subparagraph (c) above. If the spouse's benefit has terminated pursuant to subparagraphs (e)(iii) or (e)(iv) above, it shall again take effect for an employee on the date he meets the requirements of Section 8.3(a) of the plan. The reduction required under subparagraph (d) above will be based on the total period of time that the spouse's benefit was in effect for an employee.

H-6. Credited Service. A Frolic Footwear employee's "credited service" means the total of his years of employment computed in accordance with the following rules:

(a) An employee will be entitled to a full year of credited service for each full year of his last continuous period of employment with the company as an employee (as defined in subparagraph (e) below) prior to February 1, 1976.

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(b) In determining an employee's eligibility for a monthly pension or deferred monthly pension (but not for the purpose of computing the amount of such monthly pension or deferred monthly pension), an employee shall be entitled to one year of credited service for each plan year under the pre-merger Frolic Footwear Plan beginning after January 31, 1976 during which he has completed 1,000 or more hours of service.

(c) In computing the amount of an employee's monthly pension or deferred monthly pension, an employee shall be entitled to one year of credited service for the plan years beginning February 1, 1976 and February 1, 1977 during which he completed 1,000 or more hours of service as an employee. For the plan year beginning February 1, 1978 and ending December 31, 1978, an employee shall be entitled to a year of credited service if he completes 916 or more hours of service as an employee. For plan years beginning after December 31, 1978, an employee shall be entitled to a year of credited service for each plan year during which he has completed 1,000 or more hours of service in employment described in subparagraph (e) below.

(d) Continuous employment as an employee with Frolic Footwear, Inc., an Arkansas corporation, and Frolic Footwear, Inc., a Michigan corporation, will be considered as employment with the company and, to the extent provided in the plan or by the company, an employee's employment with a predecessor company will also be considered as employment with the company.

(e) "Employee" means a regular nonexempt hourly employee (except sliding scale salaried employees) who is employed by the company at its facilities located in Jonesboro, Arkansas, or within one mile of the Jonesboro, Arkansas city limits.

H-7. Form of Payment of Frolic Footwear Participant's Benefit. Except as provided in paragraph H-8 below, a Frolic Footwear Participant's benefit under this Supplement H shall be payable in accordance with subsection 7.1 of the plan.

H-8. Lump Sum Payment of Frolic Footwear Participant's Accrued Benefit. If the present value of (a) a Frolic Footwear Participant's entire nonforfeitable accrued benefit under the plan, or (b) the pre-retirement spouse's benefit payable on account of a Frolic Footwear Participant under subsection 8.3 of the plan, does not exceed \$3,500; the committee, in its discretion, may direct the trustee to pay such present value to the Frolic Footwear Participant (or in the event of his death, to his surviving spouse) in a lump sum upon his termination of employment.

H-9. Limitations. Except to the extent expressly provided herein to the contrary, the benefits provided pursuant to this Supplement H for a Frolic Footwear Participant are subject to all of the terms and conditions of this plan. Unless specified otherwise, terms used in this Supplement H which are defined in the plan are intended to have the same meanings as given them in this plan.

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SUPPLEMENT H
WOLVERINE EMPLOYEES' PENSION PLAN
2000 Early Retirement Window

H-1 Purpose The purpose of this Supplement H is to provide benefits for TruStitch employee members of the Wolverine Employees' Pension Plan who were eligible to terminate employment under the Wolverine Early Retirement Window-2000, dated July 12, 2000. (2000 Window) but remained employed as of June 1, 2001, members who terminated employment under the 2000 Window, or members who terminated under the reduction in force dated July 12, 2000, and were listed as severance only in the listing maintained by the Employer (the RIF).

H-2 Supplement H Participant An employee will be a Supplement H Participant if he is a member of the Plan and is eligible under the 2000 Window or was terminated under the RIF.

H-3 Calculation of Pension For purposes of calculating the Normal or Deferred Commencement Retirement (Section 4.1), Early Retirement (Sections 4.2 and 4.3) or Monthly Deferred (Section 6.1) Benefit and for purposes of commencing benefits under those sections, a Supplement H Participant shall be deemed to be 5 years older or age 65 whichever is less, however, this increase in age shall not change a member's normal retirement date.

H-4 Full Vesting. An employee who is terminated under the RIF and listed in the "Severance Only" classification shall be fully vested in his benefits under the Plan.

H-5 Amount of Pension In addition to the increased age: a Supplement H Participant shall be entitled to;

(a) Lump Sum the following Lump Sum payment

<u>Health Care Plan Status</u> (as of July 12, 2000)	<u>Lump Sum Amount</u>
Employee Only	\$ 1576.08
Employee & Child	\$ 3050.22
Employee & Spouse	\$ 3874.92
Employee & Family	\$ 4932.42

This benefit shall not apply to Supplement H Participants who remained employed on June 1, 2001.

(b) Age 60-65 If he is at least age 60, an additional percentage increase in the benefit calculated under H-3 above, as follows;

<u>Age</u> (as of July 12, 2000)	Percentage Increase in Benefit
60 but less than 61	2%
61 but less than 62	4%
62 but less than 63	6%
63 but less than 64	8%
64 or more	10%

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H-6 Commencement of Pension Payment of the benefits shall be as follows:

- (a) Lump Sum The lump sum benefit H-4 (a) shall be paid as soon as administratively feasible after the expiration of the revocation period following written acceptance of the 2000 Window.
- (b) Monthly Pension The monthly Pension calculated under H-3 and H-4(b), at the first day of any month following the latest of: expiration of the revocation period following written acceptance of the 2000 Window; the attainment of the deemed age of 60 by a Supplement H Participant; or a Supplement H Participant's termination of employment on or after June 1, 2001.

H-7 Supplement D -- Resignation or Dismissal For purposes of Supplement D:

- (a) Section 7.4 (regarding allocation of Employer matching contributions) a Supplement H Participant shall be treated as having retired during the year of termination of employment.
- (b) Section 8.2 a Supplement H Participant shall be fully, 100% vested in his Section 414(k) account.

SUPPLEMENT I

WOLVERINE EMPLOYEES PENSION PLAN

- I-1 Purpose. The purpose of this Supplement I is to reflect the merger of the Wolverine Hy-Test, Inc. Collectively Bargained Pension Plan (Hy-Test Plan) with this Plan and to reflect enhanced pension benefits for members formerly included within the drivers unit represented by Teamsters Local 406 (Teamsters Unit).
- I-2 Members Included. This Supplement shall apply to members formerly included within the Hy-Test Plan and formerly covered by a collective bargaining agreement between the Company and Local 160A, UNITE!, AFL/CIO/CLC and only where specifically designated to members within the Teamsters Unit.
- I-3 Teamsters Unit Members. Each member included within the Teamsters Unit shall be fully vested in the members accrued benefit as of the member's termination of employment. Each member between ages 55 and 60 as of September 30, 2000, shall receive an additional seven years of service under Section 3.2(c) (for purposes of determining the member's eligibility for monthly pension benefits).
- I-4 Hy-Test Members. The following provisions apply to former members of the Hy-Test Plan.
- I-4.1 Normal Retirement. A Member whose employment terminates, other than by death or Disability, on the Member's Normal Retirement Date is eligible for a Normal Retirement Benefit.
- (a) Normal Retirement Date. "Normal Retirement Date" means the date the Member attains age 62.
- (b) Normal Retirement Benefit. "Normal Retirement Benefit" means the Member's Accrued Benefit. The monthly Normal Retirement Benefit shall be not less than the amount of any Early Retirement Benefit to which the Member was entitled if the Member had retired at any time under the provisions of Section I-4.2.
- (c) Accrued Benefit. "Accrued Benefit" means a monthly pension benefit, payable as a Single Life Annuity, beginning on the first day of the month following the Member's Normal Retirement Date. The monthly amount shall be equal to the Member's Years of Service multiplied by the applicable Benefit Rate set forth in this subsection.

<u>Retirement Date</u>	<u>Benefit Rate</u>
On or after January 1, 1996	\$10.25
On or after January 1, 1997	\$10.75
On or after January 1, 1998	\$11.00
On or after March 1, 1999	\$12.00
On or after January 1, 2000	\$13.00

- (d) Benefit Service. A Member earned a "Year of Benefit Service" for each Plan Year under the following schedule:

<u>Hours of Service in Covered Employment</u>	<u>Percentage of Year of Service</u>
0 - 199	0
200 - 499	25%
500 - 799	50%
800 - 999	75%
1,000 or more	100%

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- I-4.2 Early Retirement. A Member whose employment terminates, other than by death or Disability, on or after the Member's Early Retirement Date and before the Member's Normal Retirement Date is eligible for an Early Retirement Benefit.
- (a) Early Retirement Date. "Early Retirement Date" means the date the Member attains age 55, or if later, the date the Member completes 25 Years of Vesting Service.
 - (b) Early Retirement Benefit. "Early Retirement Benefit" means the Member's Accrued Benefit determined as of the date that the Member's employment terminated.
 - (c) Early Payment. A Member who is eligible for Early Retirement may elect to begin payment on the first day of any month following the termination of employment after the Member's Early Retirement Date. If the Member elects and payment begins before the first day of the month after the Member's Normal Retirement Date, the monthly amount of the benefit shall be reduced and shall be the actuarial equivalent of the Accrued Benefit payable at the Member's Normal Retirement Age.
- I-4.3 Late Retirement. A Member whose employment terminates after the Member's Normal Retirement Date is eligible for a Late Retirement Benefit.
- (a) Late Retirement Date. "Late Retirement Date" means the date that the Member's employment terminates or, if earlier, the Member's Required Beginning Date.
 - (b) Late Retirement Benefit. "Late Retirement Benefit" means a monthly pension equal to:
 - (i) Pre-Age 70 1/2. If the Member's employment terminated on or before the Required Beginning Date, the Normal Retirement Benefit determined as of the Late Retirement Date, including any additional benefits accrued for the period of the Member's employment after the Normal Retirement Date.
 - (ii) Post-Age 70 1/2. If the Member's employment terminated after the Required Beginning Date, the amount determined in (i) above reduced by the actuarial equivalent of the total plan distributions made to the Member up to the Member's Late Retirement Date. The benefit shall not be reduced to an amount less than the Member's Accrued Benefit determined as of the Member's Normal Retirement Date.
- I-4.4 Deferred Vested Retirement. A Member who has a Vested Accrued Benefit and whose employment terminated before the Member's Normal or Early Retirement Date, other than by death or Disability, is eligible for a Deferred Vested Benefit.
- (a) Deferred Vested Benefit. "Deferred Vested Benefit" means the Member's Vested Accrued Benefit determined as of the date that the Member's employment terminated.
 - (b) Early Payment. If the Member is eligible and elects payment of the Deferred Vested Benefit before the first day of the month following the Member's Normal Retirement Date, the monthly amount of the benefit shall be reduced and shall be determined in the same manner as provided for early payment of the Early Retirement Benefit.
- I-4.5 Death Benefits. A death benefit shall be paid only as provided in this section.
- (a) Death Before Annuity Starting Date. If a Member who has a Vested Accrued Benefit dies before the Annuity Starting Date, benefits will be paid as follows:
 - (i) Surviving Spouse. If the Member has a Surviving Spouse, the Surviving Spouse shall receive a QPSA unless the Surviving Spouse waives the QPSA and elects another available form of payment.

- (A) Spouse Defined. "Spouse" means the husband or wife to whom the Member was married at any specified time. A former Spouse shall not be a Spouse except to the extent specified in a QDRO.
 - (B) Surviving Spouse Defined. "Surviving Spouse" means the Spouse to whom the Member was married at the time of death and who survives the Member. If the Member dies before benefit payments begin, "Surviving Spouse" means the Spouse to whom the Member was married for at least 12 consecutive months at the Member's death and who survives the Member.
 - (C) QPSA Defined. "QPSA" means a qualified pre-retirement survivor annuity that is a monthly Single Life Annuity payable to the Surviving Spouse of a Member. The monthly amount of the QPSA is 50% of the benefit that would have been payable to the Member if the Member had retired on the day before the Member died and had elected to have benefit payments begin on the earliest permitted payment date in the form of an immediate QJSA.
- (ii) No Surviving Spouse. If the Member does not have a Surviving Spouse, a benefit shall not be payable under this plan.
- (b) Death After Annuity Starting Date. If a Member who has a Vested Accrued Benefit dies after the Annuity Starting Date, the Beneficiary shall be paid any remaining benefits payable under the form of payment the Member was receiving before death.

I-4.6 Benefit Rules.

- (a) Single Benefit. A Member shall not receive more than one type of benefit in any month.
- (b) Previously Paid Benefits. The amount of a benefit payable under this article shall be reduced by the amount of benefits previously paid to or with respect to the Member, including a lump-sum payment of the Member's entire Vested Accrued Benefit after the Member's employment terminates. All reductions shall be computed on a uniform basis by calculating and offsetting the Actuarially Equivalent value of the benefit previously paid from the Member's final benefit.
- (c) Transfer. A transfer between Covered Employment and employment with the Employer other than Covered Employment, or a transfer between the Employer and a Related Employer, is not termination of employment.
- (d) Pay Status. Benefits in pay status on or after the merger shall continue to be paid in the form provided by the Plan.

I-4.7 Vested Percentage. A Member's Accrued Benefit shall be 100% vested.

I-4.8 Time of Payment. Subject to the QJSA and QPSA provisions of this plan and the required distribution rules of this Article, benefit payments shall begin not later than 60 days after the end of the Plan Year that includes the Member's Normal Retirement Date or, if later, the end of the Plan Year in which employment terminates.

- (a) Normal Retirement Benefit. The Normal Retirement Benefit shall begin on the first day of the month following the Member's Normal Retirement Date.
- (b) Early Retirement Benefit. The Early Retirement Benefit shall begin on the first day of the month following the Member's Normal Retirement date. The Member may elect earlier payment beginning on the first day of any month following the Member's Early Retirement Date.

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- (c) Late Retirement. The Late Retirement Benefit shall begin on the first day of the month following the

Member's termination of employment or, if earlier, the Member's Required Beginning Date.

- (d) Deferred Vested Benefit. The Deferred Vested Benefit shall begin on the first day of the month following the Member's Normal Retirement Date. If the Member is credited with at least 25 (or 10 if the Member's termination is due to permanent closing of the facility in which the Member was employed) Years of Vesting Service at termination of employment, the Member may elect earlier payment beginning on the first day of any month following the date the Member attains age 55.
- (e) Death Benefit.
 - (i) Before Annuity Starting Date. The QPSA shall begin on the first day of the month following the date of death, or if later, the first day a Member could have elected early payment of an Early Retirement Benefit or a Deferred Vested Benefit, if applicable. The Surviving Spouse may elect to delay commencement of the benefit to the first day of any later month but not later than the first day of the month following the Member's Normal Retirement Date.
 - (ii) After Annuity Starting Date. If the form of payment to the Member provides for benefits after the Member's death, the continuing benefit shall be paid to the Beneficiary as provided.
- (f) Immediate Payment. If the Member's employment terminates for any reason before the Member's Normal Retirement Date and the Actuarially Equivalent present value of the Member's Vested Accrued Benefit, including any earlier payments, is \$5,000 or less, the Administrator shall direct payment of the present value as soon as administratively feasible following termination of employment.

I-4.9 Determination of Benefits. The age of the individuals to whom benefits are payable shall be determined as of the date the benefit is payable. All forms of payment under this Schedule shall be Actuarially Equivalent to the benefit payable as a Single Life Annuity. "Actuarially Equivalent" means equal in value based on the following actuarial assumptions:

- (a) Interest Rate. 6 1/2% per annum, compounded annually.
- (b) Mortality Table. 1971 Group Annuity Mortality Table assuming three males for every seven females
- (c) Lump Sum Determination. Actuarial Equivalence of a lump-sum payment shall be determined based on.
 - (i) Mortality. The 1983 Group Annuity Mortality Table weighted 50% male and 50% female.
 - (ii) Interest Rate. An interest rate for the Plan Year consisting of the annual rate of interest on 30-year Treasury securities for the month of December preceding the Plan Year in which the lump sum is calculated.

I-4.10 Form of Payment.

- (a) Standard Form. Benefits under this Schedule shall be paid as follows:
 - (i) Married. If the Member is married when benefit payments are to begin, the Member's benefit shall be paid as a QJSA unless the Member waives the QJSA, with consent of the Spouse, and properly elects another available form of payment.

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- (A) Definition. "QJSA" means an immediate qualified joint and survivor annuity under which a reduced (compared to amount of the Member's Vested Accrued Benefit payable as a Single Life Annuity) amount is payable to the Member for life and 50% of the reduced amount is payable to the Surviving Spouse, if any, for life

after the Member's death.

(B) Monthly Payments. The monthly amount payable to the Member and the monthly amount payable to the Surviving Spouse shall not increase after payments begin. The monthly payments under the QJSA shall be such that the value of the expected payments to the Member and the Surviving Spouse is Actuarially Equivalent to the benefit payable as a Single Life Annuity.

(ii) Not Married. If the Member is not married when benefit payments are to begin, the Member's benefit shall be paid as a Single Life Annuity, unless the Member waives that form and properly elects another available form of payment.

(b) Optional Forms of Payment. Upon waiver of the QJSA, Member may elect a Single Life Annuity. A "Single Life Annuity" is a monthly benefit payable in equal installments for the life of the Member or other individual with no payments to be made for any periods after the recipient's death.

I-4.11 Merger Schedule. The Company shall, as required by Code Section 414(l), maintain a special schedule of benefits payable on a termination basis for Hy-Test members as required under Regulation 1.414(l)-1(h). The special benefits shall be payable in the priority required by Regulation 1.414(l)-1(h) if the Plan terminates on or before December 31, 2005. If the liabilities attributable to benefits payable under this Schedule are spun off or transferred to another plan on or before December 31, 2005, the Plan shall transfer assets to the spun off or transferee plan sufficient to satisfy the liabilities in full.

SUPPLEMENT J
WOLVERINE EMPLOYEES' PENSION PLAN
2010 Early Retirement Window/Special Severance Program

J-1 Purpose The purpose of this Supplement J is to provide benefits for Wolverine Footwear employee members of the Wolverine Employees' Pension Plan who were eligible to terminate employment under the Wolverine Special Severance Program Early Retirement Window-2001 (current Footwear employee, age 60 before January 31, 2002, 15 years of continuous service by August 31, 2001 and not within an excluded job classification).

J-2 Supplement H Participant An employee will be a Supplement J Participant if he is a member of the Plan and is eligible under the 2001 Window.

J-3 Calculation of Pension For purposes of calculating the Normal or Deferred Commencement Retirement (Section 4.1), Early Retirement (Sections 4.2 and 4.3) or Monthly Deferred (Section 6.1) Benefit and for purposes of commencing benefits under those sections, a Supplement J Participant shall be deemed to be 5 years older or age 65 whichever is less. However, this increase in age shall not change a member's normal retirement date.

J-4 Amount of Pension In addition to the increased age: a Supplement J Participant shall be entitled to;

(a) Lump Sum the following Lump Sum payment

<u>Health Care Plan Status</u> (as of October 1, 2001)	<u>Lump Sum Amount</u>
Employee Only	\$ 1758.63
Employee & Child	\$ 3404.83
Employee & Spouse	\$ 4329.55
Employee & Family	\$ 5506.84

(b) Age 60-65 If he is at least age 60, an additional percentage increase in the benefit calculated under J-3 above, as follows;

<u>Age</u> (as of July 12, 2000)	Percentage Increase in Benefit
60 but less than 61	2%
61 but less than 62	4%
62 but less than 63	6%
63 but less than 64	8%
64 or more	10%

J-6 Commencement of Pension Payment of the benefits shall be as follows:

- (a) Lump Sum The lump sum benefit J-4 (a) shall be paid as soon as administratively feasible after the expiration of the revocation period following written acceptance of the 2001 Window.
- (b) Monthly Pension The monthly Pension calculated under J-3 and J-4(b), at the first day of any month following the latest of: expiration of the revocation period following written acceptance of the 2001 Window; the attainment of the deemed age of 60 by a Supplement J Participant; or a Supplement J Participant's termination of employment on or before December 31, 2001.

J-7 Supplement D --For purposes of Supplement D:

Section 7.4 (regarding allocation of Employer matching contributions). A Supplement J Participant shall be treated as having retired during the year of termination of employment.

APPENDIX A

Covered Employee Groups
(Other than Supplement D)

<u>UNIT</u>	<u>EFFECTIVE DATE</u> <u>UNDER PLAN</u>
Frolic Footwear Division - Salaried	02-01-70
Hush Puppies Retail, Inc. - Division 5	01-01-77
Tru-Stitch Footwear Division - Salaried	01-01-70
Tru-Stitch Footwear Division - Hourly - Non Union	01-01-85
Wolverine Employees	01-01-69
Brooks Shoe Company, Inc.	01-01-82
Viner Bros., Inc.	04-01-84
Town & Country Shoes, Inc.	06-01-81
Wolverine Hy-Test, Inc. non-collectively bargained employees	04-17-96

Covered Employee Groups
(Supplement D)

	<u>EFFECTIVE DATE</u>
Wolverine World Wide, Inc.	01-01-94
Town & Country Shoes, Inc.	01-01-94
Brooks Shoe Company, Inc.	01-01-94
Viner Bros, Inc.	01-01-94
Little Falls Footwear Division	01-01-94
Hush Puppies Retail, Inc. - Division 05	01-01-94
Wolverine World Wide, Inc. Salaried at Puerto Rico	01-01-94
Wolverine Procurement, Inc.	01-01-94
B&B Shoe Division.	01-01-94
Wolverine Hy-Test, Inc. non-collectively bargained employees	04-17-96

APPENDIX B

Retirement Date (Normal/Deferred Benefit),
Date of Disability (Disability Retirement
Benefit) or Termination of Employment Date

Dollar Benefit

(Early Retirement/Monthly Deferred

Multiplier

Amendment

January 1, 1976 - December 31, 1978

\$4 (pre-1/1/76
Service)/ \$6
(post-12/31/75
Service)

0

January 1, 1979 - December 31, 1983

\$6.00

Third

January 1, 1984 - December 31, 1975

\$7.00

Fifth

January 1, 1986 - December 31, 1988

\$8.00

Thirteenth

January 1, 1989 - December 31, 1989

\$8.50

Eighteenth

January 1, 1990 - December 31, 1991

\$9.00

Eighteenth

January 1, 1992 - December 31, 1992

\$11.00

Twenty-Second

January 1, 1993 - December 31, 1993

\$12.00

Twenty-Fifth

January 1, 1994 - December 31, 1994

\$14.00

Twenty-Sixth

January 1, 1995 - December 31, 1995

\$15.00

Twenty-Ninth

January 1, 1996 - December 31, 1997

\$16.00

Thirty-Fourth

January 1, 1998 - December 31, 1998

\$18.00

Thirty-Seventh

January 1, 1999 - December 31, 1999

\$20.00

Fortieth

January 1, 2000 - December 31, 2000

\$21.00

Forty-Second

January 1, 2001 -- December 31, 2001

\$23.00

Forty-Seventh

January 1, 2002 or after

\$24.00

Forty-Ninth

Exhibit 10.8

The persons listed below have entered into Executive Severance Agreements with the Company. The form Executive Severance Agreement previously filed contains certain blanks to be completed for each person. The information listed below is inserted into the blanks for the respective person's Executive Severance Agreement.

	<u>Salary Multiplier Rate (Section 4(a)(4))</u>	<u>Termination Period (Section 1(n))</u>	<u>Change of Control Continuation Period (Section 2)</u>
Timothy J. O'Donovan	3	3 years	36 months
Steven M. Duffy	3	3 years	36 months
Stephen L. Gulis, Jr.	3	3 years	36 months
Blake W. Krueger	3	3 years	36 months
Owen S. Baxter	2	2 years	24 months
William J. B. Brown	2	2 years	24 months
Arthur G. Croci	2	2 years	24 months
Richard C. DeBlasio	2	2 years	24 months
V. Dean Estes	2	2 years	24 months
Thomas P. Mundt	2	2 years	24 months
Nicholas P. Ottenwess	2	2 years	24 months
Robert J. Sedrowski	2	2 years	24 months
Spencer E. Zimmerman	2	2 years	24 months
James D. Zwiers	2	2 years	24 months

Exhibit 10.9

The following persons have a percentage benefit multiplier under the Supplemental Executive Retirement Plan (the "Plan") of 2.4% or 2.0%, as indicated below, in lieu of the 1.6% of final average monthly remuneration benefit multiplier described in the Plan:

2.4%

Steven M. Duffy
V. Dean Estes
Stephen L. Gulis, Jr.
Blake W. Krueger
Timothy J. O'Donovan
Robert J. Sedrowski

2.0%

Owen S. Baxter
William J.B. Brown
Arthur G. Croci
Richard C. DeBlasio
Gary Fountain
Ted Gedra
Blaine C. Jungers
Jacques Lavertue
Thomas P. Mundt
Nicholas P. Ottenwess
A. T. Payne
Dan L. West
Spencer E. Zimmerman

WOLVERINE WORLD WIDE, INC.
OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

Warner Norcross & Judd LLP
900 Old Kent Building
111 Lyon Street, N.W.
Grand Rapids, Michigan 49503-2489

WOLVERINE WORLD WIDE, INC.
OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

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WOLVERINE WORLD WIDE, INC.
OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

ARTICLE 1

Establishment and Purposes of Plan

1.1 Establishment of Plan. The Company hereby establishes the Wolverine World Wide, Inc. Outside Directors' Deferred Compensation Plan, a supplemental nonqualified deferred compensation plan for the Outside Directors of the Company. The Plan shall be an unfunded plan within the meaning of Internal Revenue Code of 1986, as amended. It is intended that the Plan not cover employees and therefore not be subject to the Employee Retirement Income Security Act of 1974, as amended.

1.2 Purposes of Plan. The purposes of the Plan are to attract and retain well qualified individuals for service as Outside Directors of the Company, to provide Outside Directors with the opportunity to increase their financial interest in the Company, and thereby increase their personal interest in the Company's continued success, through the payment of retirement income to Current Directors in amounts tied to the performance of the Company's Common Stock, and to provide Outside Directors with the opportunity to accumulate supplemental funds for retirement through the deferral of all or a portion of Director's Fees payable to Outside Directors.

1.3 Effective Date. The "Effective Date" of the Plan is April 17, 1996. Each Plan provision applies until the effective date of an amendment of that provision.

1.4 Number of Stock Units. Subject to adjustment as provided in Section 7.1 of the Plan, a maximum of 200,000 Stock Units shall be available for awards under the Plan.

1.5 Application to Former Participants. Except to the extent it amends a provision of the Plan that applies to former Participants or expressly states that it is applicable to former Participants, an amendment to the Plan (including changes included in any restatement of the Plan) shall not apply to a former Participant.

ARTICLE 2

Definitions

2.1 Average Market Value. "Average Market Value" means the mean of the Market Values of Common Stock on the last day of each month for the 12 months preceding the applicable date.

2.2 Beneficiary. "Beneficiary" means the individual, trust or other entity designated by the Participant to receive any benefits payable under the Plan after the Participant's death. A Participant may designate or change a Beneficiary by filing a signed designation with the Committee in a form approved by the Committee. The Participant's Will is not effective for this purpose. If a designation has not been properly completed and filed with the Committee or is ineffective for any other reason, the Beneficiary shall be the Participant's Surviving Spouse. If there is no effective designation and the Participant does not have a Surviving Spouse, the remaining benefits, if any, shall be paid to the Participant's estate.

2.3 Change in Control. "Change in Control" means:

(a) The acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership within the meaning of Rule 13d-3 issued under the Exchange Act, of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition by the Company, (B) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, (C) any acquisition by any corporation pursuant to a reorganization, merger, or consolidation involving the Company, if, immediately after such reorganization, merger, or consolidation, each of the conditions described in clauses (i), (ii), and (iii) of subsection (c) below shall be satisfied, or (D) any acquisition by the Participant or any group of persons including the Participant; and provided further that, for purposes of clause (A), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of 20% or more of the Outstanding Company Common Stock or 20% or more of the Outstanding Company Voting Securities by reason of an

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acquisition by the Company and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Company Common Stock or any additional Outstanding Company Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(b) Individuals who, as of the date of the Plan, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided, that any individual who becomes a director of the Company subsequent to the date of the Plan whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least three-quarters of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be deemed to have been a member of the Incumbent Board; and provided further, that no individual who was initially elected as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A issued under the Exchange Act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board, shall be deemed to have been a member of the Incumbent Board;

(c) Approval by the stockholders of the Company of a reorganization, merger or consolidation unless, in any such case, immediately after such reorganization, merger or consolidation, (i) more than 50% of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and more than 50% of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation and in substantially the same proportions relative to each other as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or the corporation resulting from such reorganization, merger or consolidation (or any corporation controlled by the Company), or any Person which beneficially owned, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns,

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directly or indirectly, 20% or more of the then outstanding shares of common stock of such corporation or 20% or more of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or

consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such reorganization, merger or consolidation; or

(d) Approval by the stockholders of the Company of (i) a plan of complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately after such sale or other disposition, (A) more than 50% of the then outstanding shares of common stock thereof and more than 50% of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such sale or other disposition and in substantially the same proportions relative to each other as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or such corporation (or any corporation controlled by the Company), or any Person which beneficially owned, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock thereof or 20% or more of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors, and (C) at least a majority of the members of the board of directors thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition.

2.4 Committee. "Committee" means the Compensation Committee of the Board of Directors or such other committee as the Board of Directors shall designate to administer the Plan. The Committee shall consist of at least two members of the Board, and all of its members shall be "disinterested persons" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

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2.5 Common Stock. "Common Stock" means the common stock, \$1.00 par value per share, of Wolverine World Wide, Inc.

2.6 Company. "Company" means Wolverine World Wide, Inc.

2.7 Current Directors. "Current Directors" means the Outside Directors of the Company at the close of business on April 17, 1996 who participated in the Company's former Director Retirement Plan.

2.8 Director's Fee. "Director's Fee" means the amount of income payable to a Participant for service as an Outside Director, including payments for attendance at meetings of the Board of Directors or meetings of committees of the Board of Directors, and any retainer fee paid to chairpersons of committees of the Board of Directors.

2.9 Dividend Equivalent. "Dividend Equivalent" means a number of Stock Units equal to the number of shares of Common Stock (including fractions of a share) that have a Market Value equal to the amount of any cash dividends that would have been payable to a stockholder owning the number of shares of Common Stock represented by Stock Units credited to a Fee Account or Retirement Account on each dividend payment date.

2.10 Fee Account. "Fee Account" means the bookkeeping device used by the Company to measure and determine the amounts of deferred Director's Fee income to be paid to a Participant under the Plan.

2.11 Fee Stock Unit. "Fee Stock Unit" means a Stock Unit credited to a Participant's Fee Account representing deferred Director's Fee income payable to a Participant under the Plan.

2.12 Market Value. "Market Value" means the mean of the highest and lowest sale prices of shares of Common Stock on the New York Stock Exchange (or any successor exchange that is the primary stock exchange for trading of Common Stock) on the applicable date, or if the New York Stock Exchange (or any such successor) is closed on that date, the last preceding date on which the New York Stock Exchange (or any such successor) was open for trading and on which shares of Common Stock were traded.

2.13 Outside Director. "Outside Director" means any individual who serves as a member of the Board of Directors of the Company and who is not an employee of the Company or any of its subsidiaries.

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2.14 Participant. "Participant" means any individual who is participating in the Plan.

2.15 Plan. "Plan" means the Wolverine World Wide, Inc. Outside Directors' Deferred Compensation Plan, as such plan may be amended, administered or interpreted from time to time.

2.16 Plan Year. "Plan Year" means the 12-month period beginning each January 1, except that the Plan Year for the year in which

the Plan becomes effective shall commence on the effective date of the Plan and end on December 31 of such year.

2.17 Retirement Account. "Retirement Account" means the bookkeeping device used by the Company to measure and determine the amounts of retirement income to be paid to a Current Director under the Plan.

2.18 Retirement Stock Unit. "Retirement Stock Unit" means a Stock Unit credited to a Current Director's Retirement Account representing retirement income payable to a Current Director under the Plan.

2.19 Spouse. "Spouse" means the husband or wife to whom the Participant is married on the date the benefit is scheduled to be paid, or payment is scheduled to begin. The legal existence of the spousal relationship shall be governed by the law of the state or other jurisdiction of domicile of the Participant.

2.20 Stock Unit. "Stock Unit" means the device used by the Company to measure and determine the amounts to be paid to a Participant under the Plan. One Stock Unit represents an amount of cash equal to the applicable value of one share of the Company's Common Stock on the applicable date.

2.21 Surviving Spouse. "Surviving Spouse" means the Spouse of the Participant at the time of the Participant's death who survives the Participant. If the Participant and Spouse die under circumstances which prevent ascertainment of the order of their deaths, it shall be presumed for the Plan that the Participant survived the Spouse.

2.22 Termination of Service. "Termination of Service" means the termination by a Participant of service as a director of the Company for any reason.

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ARTICLE 3

Administration

3.1 Power and Authority. The Committee shall administer the Plan, shall have full power and authority to interpret the provisions of the Plan, and shall have full power and authority to supervise the administration of the Plan. All determinations, interpretations and selections made by the Committee regarding the Plan shall be final and conclusive. The Committee shall hold its meetings at such times and places as it deems advisable. Action may be taken by a written instrument signed by a majority of the members of the Committee, and any action so taken shall be fully as effective as if it had been taken at a meeting duly called and held. The Committee shall make such rules and regulations for the conduct of its business as it deems advisable. The members of the Committee shall not be paid any additional fees for their services.

3.2 Delegation of Powers; Employment of Advisers. The Committee may delegate to any agent such duties and powers, both ministerial and discretionary, as it deems appropriate except those that may not be delegated by law or regulation. In administering the Plan, the Committee may employ attorneys, consultants, accountants or other persons, and the Company and the Committee shall be entitled to rely upon the advice, opinions or valuation of any such persons. All usual and reasonable expenses of the Committee shall be paid by the Company.

3.3 Indemnification of Committee Members. Each person who is or shall have been a member of the Committee shall be indemnified and held harmless by the Company from and against any cost, liability or expense imposed or incurred in connection with such person's or the Committee's taking or failing to take any action under the Plan. Each such person shall be justified in relying on information furnished in connection with the Plan's administration by any appropriate person or persons.

ARTICLE 4

Participation

4.1 Eligibility to Participate. An Outside Director shall be eligible to become a Participant in the Plan on the first day of the individual's term as an Outside Director.

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ARTICLE 5

Elective Deferrals of Director's Fees

5.1 Deferral of Director's Fees. A Participant may elect to defer payment of 25%, 50%, 75% or 100% of Director's Fees for a Plan Year. For each amount deferred, the Participant's Fee Account shall be credited with a number of Fee Stock Units (including fractions of a Stock Unit) determined by dividing the dollar amount deferred by the Market Value of Common Stock on the date on which the corresponding non-deferred portion of the Director's Fee is paid or would have been payable to the Participant if the Participant had not elected to defer

payment of Director's Fees.

5.2 Prior Irrevocable Election. The election to defer Director's Fees shall be made by the Participant on a form provided for that purpose prior to the beginning of a Plan Year and shall become irrevocable for each Plan Year thereafter as of the beginning of each Plan Year. The deferral election shall continue in effect for each Plan Year until revoked or modified for a subsequent Plan Year by the Participant. The deferral shall be applicable to Director's Fees earned in each Plan Year. A new Participant may make an initial irrevocable election to defer Director's Fees during the first 90 days of eligibility to participate and such election shall apply only to Director's Fees earned following the date of the election. If a new Participant does not make an election during this 90-day period, the Participant may not make an election effective earlier than the beginning of the next Plan Year. The Participant shall have no claim or right to payment of the amounts deferred and shall be limited solely to the rights and benefits conferred under the terms of the Plan. In no event shall an election to defer Director's Fees become effective sooner than the date of the written, irrevocable election.

5.3 Fee Accounts. For bookkeeping purposes only, the Company shall maintain a separate Fee Account for each Participant. A Fee Account shall be maintained for and credited with Fee Stock Units representing the value of the Participant's deferrals plus Dividend Equivalents on such Fee Stock Units. The Company shall provide each Participant with a written accounting reflecting the number of Fee Stock Units in the Participant's account at least annually. If the Participant does not object to the account within 60 days after receipt, the account shall be deemed final and binding on all parties.

5.4 Timing of Deferrals. Deferrals shall be credited to the Participant's Fee Account on each January 1, April 1, July 1, October 1 or such other dates on which the Director's Fees would have been payable to the Participant if the Participant had not made a deferral election.

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5.5 Vesting. The right to be paid an amount in cash equal to the product of the Average Market Value of Common Stock and the number of Fee Stock Units credited to the Participant's Fee Account, including Dividend Equivalents credited to the Fee Account, shall not be subject to forfeiture for any reason.

5.6 Event of Distribution. Upon Termination of Service or a Change in Control, cash equal to the product of the Average Market Value of Common Stock and the number of Fee Stock Units credited to the Participant shall be distributed at the times and in the manner specified in the Plan.

5.7 Manner of Payment. At the time of the initial irrevocable election to defer Director's Fees under the Plan, each Participant shall irrevocably elect a manner of payment. The following manners of payment may be elected by a Participant:

- (a) Lump Sum. A single lump-sum payment of the entire amount payable with respect to Fee Stock Units under the Plan;
- (b) Installments. Payment of the entire amount payable with respect to Fee Stock Units under the Plan in not more than 10 annual installments; or
- (c) Deferred Payment. Payment of the lump sum or installment payments that are payable following Termination of Service commencing when the Participant retires from his or her principal employment, in January of the year following Termination of Service or retirement from his or her principal employment, or when the Participant attains age 65 or 70.

If the total amount to be distributed does not exceed \$5,000, the Participant shall be paid a lump-sum payment under (a) above. If the Participant fails to make an election of a manner of payment in the initial election, the Participant shall be paid a lump-sum payment. Notwithstanding any election by a Participant of a manner of payment pursuant to (a), (b) or (c) of this Section, all Participants shall be paid a lump-sum payment upon an event of distribution resulting from a Change in Control.

5.8 Amount of Payment. The Participant shall be paid an amount in cash equal to the product of the Average Market Value of Common Stock and the number of Fee Stock Units in the Participant's Fee Account plus Dividend Equivalents credited to the Participant's Fee Account. The amount to be distributed shall be determined as follows:

- (a) Lump Sum. For a lump-sum distribution, the Average Market Value shall be determined as of the date of Termination of

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Service or Change in Control or, if such payment is deferred pursuant to Section 5.7(c) of the Plan, as of the date of payment.

- (b) Installments. If payment is in installments, the initial amount to be distributed shall be the product of the number of Fee Stock Units credited to the Participant's Fee Account and the Average Market Value of Common Stock as of the date of Termination of Service (or, if such payments are deferred pursuant to Section 5.7(c) of the Plan, as of the date of the initial installment payment) divided by the number of installment payments elected. The number of Fee Stock Units credited to the Participant's Fee Account shall

be reduced by the number of Fee Stock Units having an Average Market Value equal to the amount of the payment. Future installments shall be determined by dividing the Average Market Value of the remaining Fee Stock Units credited to the Participant's Fee Account, plus any additional Dividend Equivalents credited to the Participant's Fee Account during the payout period, as of the date of payment by the remaining number of annual installment payments. Each such payment will reduce the number of Fee Stock Units credited to the Participant's Fee Account by the number of Stock Units having an Average Market Value equal to the amount of the payment.

5.9 Form of Payment. Payments shall be paid to the Participant or Beneficiary wholly in cash directly by the Company. The Company shall not be relieved of its obligation and liability to pay the benefits of the Plan, except to the extent payments are actually made from any trust established by the Company for such purpose.

5.10 Time of Payment. A lump-sum payment or an initial installment payment shall be made within 30 days following the date of Termination of Service, unless such payments are deferred pursuant to Section 5.7(c) of the Plan. Later installment payments shall be made on or before January 31 of each year thereafter until the total amount to be distributed under the Plan is distributed. A lump-sum payment shall be made immediately upon the occurrence of a Change in Control.

5.11 Death.

(a) Payment to Beneficiary. If the Participant dies prior to payment of all amounts due under the Plan, payment of all remaining amounts shall be made to the Participant's Beneficiary. Payments to a Beneficiary following a Participant's death shall be in the form elected by the Participant and shall be made or shall begin on the date specified in Section 5.10. At the time

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of the initial irrevocable election to defer Director's Fees, the Participant may designate a manner of payment following the Participant's death which is different from the manner of payment during the Participant's lifetime.

(b) Payment to Estate. If payment is to be made to the estate of a Participant, payment shall be made in a lump sum within 90 days after the date of the Participant's death.

(c) Generation-Skipping Transfer Tax. Notwithstanding any other provision in the Plan, the Company may withhold any benefits payable to a Beneficiary as a result of the death of a Participant or any other Beneficiary until it can be determined whether a generation-skipping transfer tax, as defined in Chapter 13 of the Internal Revenue Code of 1986, as amended, or any substitute provision therefor, is payable by the Company and the amount of generation-skipping transfer tax, including interest, that is due. If such tax is payable, the benefits otherwise payable under the Plan shall be reduced by an amount equal to the generation-skipping transfer tax and interest. Any benefits withheld shall be payable as soon as there is a final determination of the applicable generation-skipping transfer tax and interest. No interest shall be payable to any Beneficiary for the period from the date of death to the time when the amount of benefits payable to a Beneficiary can be fully determined pursuant to this paragraph.

ARTICLE 6

Awards of Past-Service Retirement Income

6.1 Past-Service Awards. On April 17, 1996, each Current Director as of the close of business on April 17, 1996 will be credited with a number of Retirement Stock Units equal to the present value of his or her anticipated benefit under the former Director Retirement Plan (assuming a discount rate of 7.0%, that each Current Director would achieve 10 years of total service as a director, that such benefits would be payable to each Current Director upon attainment of age 65 or currently with respect to any Current Director who has already attained age 65, that such payments would be made over a 10-year period, and that the final annual retainer would be \$16,000) divided by the Market Value of Common Stock on such date. A schedule of the present value amounts for each Current Director is attached as Schedule A.

6.2 Retirement Accounts. For bookkeeping purposes only, the Company shall maintain a separate Retirement Account for each Current Director. A Retirement Account shall be maintained for and credited with Retirement

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Stock Units representing the value of the Current Director's past-service awards plus Dividend Equivalents on such Retirement Stock Units. The Company shall provide each Current Director with a written accounting reflecting the number of Retirement Stock Units in the Current Director's account at least annually. If the Current Director does not object to the account within 60 days after receipt, the account shall be deemed final and binding on all parties.

6.3 Vesting. All accumulated Retirement Stock Units credited pursuant to Section 6.1 of the Plan shall vest at the rate of 50% after five years of total service, and 10% per year of total service thereafter; provided, that all Retirement Stock Units credited to a Participant pursuant to the Plan shall vest upon a Change in Control or at such time as the Participant attains age 65 or becomes unable to fulfill his or her duties as a director due to death or disability. As used in this Article, a "year of total service" means that period of time measured from

Annual Meeting of Stockholders to the next following Annual Meeting of Stockholders. Each Current Director shall receive full credit for purposes of this Section 6.4 for each year of total service served by him or her before the effective date of the Plan.

6.4 Event of Distribution; Manner of Payment.

(a) Termination of Service. Upon Termination of Service, cash equal to the product of the Average Market Value of Common Stock and the number of vested Retirement Stock Units credited to the Current Director shall be distributed in 10 annual installments. The initial amount to be distributed shall be the product of the number of vested Retirement Stock Units credited to the Current Director's Retirement Account and the Average Market Value of Common Stock as of the date of Termination of Service divided by 10. The number of vested Retirement Stock Units credited to the Current Director's Retirement Account shall be reduced by the number of Retirement Stock Units having an Average Market Value equal to the amount of the payment. Future installments shall be determined by dividing the Average Market Value of the remaining vested Retirement Stock Units credited to the Current Director's Retirement Account, plus any additional Dividend Equivalents credited to the Participant's Retirement Account during the payout period, as of the date of payment by the remaining number of annual installment payments. Each such payment will reduce the number of vested Retirement Stock Units credited to the Current Director's Retirement Account by the number of Stock Units having an Average Market Value equal to the amount of the payment.

(b) Change in Control. Upon a Change in Control, cash equal to the product of the Average Market Value of Common Stock and the number of vested Retirement Stock Units credited to the Current Director shall be distributed in a single lump-sum.

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6.5 Form of Payment. Payments shall be paid to the Participant or Beneficiary wholly in cash directly by the Company. The Company shall not be relieved of its obligation and liability to pay the benefits of the Plan, except to the extent payments are actually made from any trust established by the Company for such purpose.

6.6 Time of Payment. An initial installment payment shall be made within 30 days following the date of Termination of Service. Later installment payments shall be made on or before January 31 of each year thereafter until the total amount to be distributed under the Plan is distributed. A lump-sum payment shall be made immediately upon a Change in Control.

6.7 Death.

(a) Payment to Beneficiary. If the Participant dies prior to payment of all amounts due under the Plan, payment of all remaining amounts shall be made to the Participant's Beneficiary. Payments to a Beneficiary following a Participant's death shall be made on the same schedule set forth in Section 6.4 and shall begin on the date specified in Section 6.6.

(b) Payment to Estate. If payment is to be made to the estate of a Participant, payment shall be made in a lump sum within 90 days after the date of the Participant's death.

(c) Generation-Skipping Transfer Tax. Notwithstanding any other provision in the Plan, the Company may withhold any benefits payable to a Beneficiary as a result of the death of a Participant or any other Beneficiary until it can be determined whether a generation-skipping transfer tax, as defined in Chapter 13 of the Internal Revenue Code of 1986, as amended, or any substitute provision therefor, is payable by the Company and the amount of generation-skipping transfer tax, including interest, that is due. If such tax is payable, the benefits otherwise payable under the Plan shall be reduced by an amount equal to the generation-skipping transfer tax and interest. Any benefits withheld shall be payable as soon as there is a final determination of the applicable generation-skipping transfer tax and interest. No interest shall be payable to any Beneficiary for the period from the date of death to the time when the amount of benefits payable to a Beneficiary can be fully determined pursuant to this paragraph.

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ARTICLE 7

General Provisions

7.1 Adjustments. If the number of shares of Common Stock outstanding changes by reason of a stock dividend, stock split, recapitalization, merger, consolidation, combination, exchange of shares or any other change in the corporate structure or shares of the Company, the number of Stock Units credited to a Participant's Fee Account and Retirement Account shall be appropriately adjusted to reflect the number and kind of shares of common stock, other securities or other consideration that holders of common stock would receive by reason of the change in corporate structure.

7.2 Amendment; Termination. The Company reserves the right to amend the Plan prospectively or retroactively, in whole or in part, or to terminate the Plan, provided that no change or amendment may be made more than once every six months and that an amendment or termination may not reduce or revoke Stock Units accrued and the amounts represented by them promised to be paid to Participants as of the later of the date of adoption of the amendment or the effective date of the amendment or termination. Upon termination

of the Plan, the accounts of affected Participants shall be administered and distributed in accordance with the provisions of the Plan.

7.3 Rights Not Assignable. Except for designation of a Beneficiary, Stock Units credited to Participants and amounts represented thereby promised under the Plan shall not be subject to assignment, conveyance, transfer, anticipation, pledge, alienation, sale, encumbrance or charge, whether voluntary or involuntary, by the Participant or any Beneficiary of the Participant, even if directed under a qualified domestic relations order or other divorce order. An interest in a Stock Unit or the amount represented thereby shall not provide collateral or security for a debt of a Participant or Beneficiary or be subject to garnishment, execution, assignment, levy or to another form of judicial or administrative process or to the claim of a creditor of a Participant or Beneficiary, through legal process or otherwise. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or to otherwise dispose of benefits payable, before actual receipt of the benefits, or a right to receive benefits, shall be void and shall not be recognized.

7.4 Unsecured Creditor Status. A Participant shall be an unsecured general creditor of the Company as to the payment of any benefit under the Plan. The right of any Participant or Beneficiary to be paid the amount promised in the Plan shall be no greater than the right of any other general, unsecured creditor of the Company.

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7.5 No Trust or Fiduciary Relationship. Nothing contained in the Plan shall be deemed to create a trust or fiduciary relationship of any kind for the benefit of any Participant or Beneficiary.

7.6 Construction. The singular includes the plural, and the plural includes the singular, unless the context clearly indicates the contrary. Capitalized terms (except those at the beginning of a sentence or part of a heading) have the meaning specified in the Plan. If a capitalized term is not defined in the Plan, the term shall have the general, accepted meaning of the term.

7.7 Disputes. In the event that a dispute arises regarding the eligibility to participate in the Plan or any other matter relating to Plan participation, such dispute shall be made to the Committee. The determination by the Committee with respect to such disputes shall be final and binding on all parties. In the event that a dispute arises regarding the amount of any benefit payment under the Plan that is not related to Participant eligibility disputes, the Committee may appoint a qualified independent certified public accountant to determine the amount of payment and such determination shall be final and binding on all parties.

7.8 Unfunded Plan. This shall be an unfunded plan within the meaning of the Internal Revenue Code of 1986, as amended. Benefits provided in the Plan constitute only an unsecured contractual promise to pay in accordance with the terms of the Plan by the Company.

7.9 Self-Employment Taxes. To the extent that amounts paid or deferred under the Plan are deemed to be net earnings from self-employment, each Outside Director shall be responsible for any taxes payable under federal, state or local law.

7.10 Right of Company to Replace Directors. Neither the action of the Company in establishing the Plan, nor any provision of the Plan, shall be construed as giving any Outside Director the right to be retained as a director, or any right to any payment whatsoever except to the extent of the benefits provided for by the Plan. The Company expressly reserves the right at any time to replace or fail to renominate any Outside Director without any liability for any claim against the Company for any payment whatsoever except to the extent provided for in the Plan. The Company has no obligation to create any other or subsequent deferred compensation plan for directors.

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7.11 Governing Law; Severability. The Plan shall be construed, regulated and administered under the laws of the State of Michigan. If any provisions of the Plan shall be held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the remaining provisions of the Plan, and the Plan shall be deemed to be modified to the least extent possible to make it valid and enforceable in its entirety.

7.12 Trust Fund. The Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Company may establish one or more trust, with such trustees as the Board or the Committee may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Company.

SCHEDULE A
PRESENT VALUE OF EXPECTED BENEFIT UNDER
DIRECTOR RETIREMENT PLAN

<u>Name</u>	<u>Present Value of Benefit</u>
Mr. Carroll	\$96,225
Mr. Grimoldi	45,707
Mr. Kollat	56,004
Mr. Matthews	56,004
Mr. Mehney	52,347
Mr. Parini	89,971
Ms. Parker	68,608
Ms. Sanders	34,833

Notes

- (1) The assumed retirement age is the later of current age or age 65.
 - (2) The annual director's benefit is 80% of the final annual retainer, because all directors will have 10 years of total service at assumed retirement age. The benefit amount is assumed to be \$12,800 (80% of \$16,000).
 - (3) The value of the benefit at retirement age is the annual benefit multiplied by a 10-year annuity certain factor, with the first payment assumed at retirement age and annually thereafter. The factor at 7.0% interest is 7.51523.
 - (4) The value of the benefit at current age discounts the value at retirement age, at 7.0% interest, for the number of years between current age and assumed retirement age.
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WOLVERINE WORLD WIDE, INC.
1997 STOCK INCENTIVE PLAN

SECTION 1

Establishment of Plan; Purpose of Plan

1.1 Establishment of Plan. The Company hereby establishes the 1997 STOCK INCENTIVE PLAN (the "Plan") for its corporate, divisional and Subsidiary officers and other key employees. The Plan permits the grant and award of Stock Options, Restricted Stock, Stock Awards and Tax Benefit Rights.

1.2 Purpose of Plan. The purpose of the Plan is to provide officers and key management employees of the Company, its divisions and its Subsidiaries with an increased incentive to make significant and extraordinary contributions to the long-term performance and growth of the Company and its Subsidiaries, to join the interests of officers and key employees with the interests of the Company's stockholders through the opportunity for increased stock ownership and to attract and retain officers and key employees of exceptional abilities. The Plan is further intended to provide flexibility to the Company in structuring long-term incentive compensation to best promote the foregoing objectives. Within that context, the Plan is intended to provide performance-based compensation under Section 162(m) of the Code and shall be interpreted, administered and amended if necessary to achieve that purpose.

SECTION 2

Definitions

The following words have the following meanings unless a different meaning is plainly required by the context:

2.1 "Act" means the Securities Exchange Act of 1934, as amended.

2.2 "Board" means the Board of Directors of the Company.

2.3 "Change in Control" means (a) the failure of the Continuing Directors at any time to constitute at least a majority of the members of the Board; (b) the acquisition by any Person other than an Excluded Holder of beneficial ownership (within the meaning of Rule 13d-3 issued under the Act) of 20% or more of the outstanding Common Stock or the combined voting power of the Company's outstanding securities entitled to vote generally in the election of directors; (c) the approval by the stockholders of the Company of a reorganization, merger or consolidation, unless with or into a Permitted Successor; or (d) the approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or the sale or disposition of all or substantially all of the assets of the Company other than to a Permitted Successor.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Committee" means the Compensation Committee of the Board or such other committee as the Board shall designate to administer the Plan. The Committee shall consist of at least two members of the Board and all of its members shall be "non-employee directors" as defined in Rule 16b-3 issued under the Act and "outside directors" as defined in the regulations issued under Section 162(m) of the Code.

2.6 "Common Stock" means the Common Stock of the Company, \$1 par value.

2.7 "Company" means Wolverine World Wide, Inc., a Delaware corporation, and its successors and assigns.

2.8 "Continuing Directors" mean the individuals constituting the Board as of the date this Plan was adopted and any subsequent directors whose election or nomination for election by the Company's

stockholders was approved by a vote of three-quarters (3/4) of the individuals who are then Continuing Directors, but specifically excluding any individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as the term is used in Rule 14a-11 of Regulation 14A issued under the Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

2.9 "Employee Benefit Plan" means any plan or program established by the Company or a Subsidiary for the compensation or

benefit of employees of the Company or any of its Subsidiaries.

2.10 "Excluded Holder" means (a) any Person who at the time this Plan was adopted was the beneficial owner of 20% or more of the outstanding Common Stock; or (b) the Company, a Subsidiary or any Employee Benefit Plan of the Company or a Subsidiary or any trust holding Common Stock or other securities pursuant to the terms of an Employee Benefit Plan.

2.11 "Incentive Award" means the award or grant of a Stock Option, Restricted Stock, Stock Award or Tax Benefit Right to a Participant pursuant to the Plan.

2.12 "Market Value" shall equal the mean of the highest and lowest sales prices of shares of Common Stock on the New York Stock Exchange (or any successor exchange that is the primary stock exchange for trading of Common Stock) on the date of grant, or if the New York Stock Exchange (or any such successor) is closed on that date, the last preceding date on which the New York Stock Exchange (or any such successor) was open for trading and on which shares of Common Stock were traded.

2.13 "Participant" means a corporate officer, divisional officer or any key employee of the Company, its divisions or its Subsidiaries is granted an Incentive Award under the Plan.

2.14 "Permitted Successor" means a company which, immediately following the consummation of a transaction specified in clauses (c) and (d) of the definition of "Change in Control" above, satisfies each of the following criteria: (a) 50% or more of the outstanding common stock of the company and the combined voting power of the outstanding securities of the company entitled to vote generally in the election of directors (in each case determined immediately following the consummation of the applicable transaction) is beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the beneficial owners of the Company's outstanding Common Stock and outstanding securities entitled to vote generally in the election of directors (respectively) immediately prior to the applicable transaction; (b) no Person other than an Excluded Holder beneficially owns, directly or indirectly, 20% or more of the outstanding common stock of the company or the combined voting power of the outstanding securities of the company entitled to vote generally in the election of directors (for these purposes the term Excluded Holder shall include the company, any subsidiary of the company and any employee benefit plan of the company or any such subsidiary or any trust holding common stock or other securities of the company pursuant to the terms of any such employee benefit plan); and (c) at least a majority of the board of directors is comprised of Continuing Directors.

2.15 "Person" has the same meaning as set forth in Sections 13(d) and 14(d)(2) of the Act.

2.16 "Restricted Period" means the period of time during which Restricted Stock awarded under the Plan is subject to restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to shares of Common Stock covered by the same Incentive Award.

2.17 "Restricted Stock" means Common Stock awarded to a Participant pursuant to Section 6 of the Plan.

2.18 "Retirement" means the voluntary termination of all employment by a Participant after the Participant has attained 60 years of age, or such other age as shall be determined by the Committee in its sole discretion or as otherwise may be set forth in the Incentive Award agreement or other grant document with respect to a Participant and a particular Incentive Award.

2.19 "Stock Award" means an award of Common Stock awarded to a Participant pursuant to Section 7 of the Plan.

2.20 "Stock Option" means the right to purchase Common Stock at a stated price for a specified period of time. For purposes of the Plan, a Stock Option may be either an incentive stock option within the meaning of Section 422(b) of the Code or a nonqualified stock option.

2.21 "Subsidiary" means any company or other entity of which 50% or more of the outstanding voting stock or voting ownership interest is directly or indirectly owned or controlled by the Company or by one or more Subsidiaries of the Company.

2.22 "Tax Benefit Right" means any right granted to a Participant pursuant to Section 8 of the Plan.

SECTION 3

Administration

3.1 Power and Authority. The Committee shall administer the Plan. The Committee may delegate record keeping, calculation, payment and other ministerial administrative functions to individuals designated by the Committee, who may be employees of the Company and its Subsidiaries. Except as limited in this Plan or as may be necessary to assure that this Plan provides performance-based compensation under Section 162(m) of the Code, the Committee shall have all of the express and implied powers and duties set forth in this Plan, shall have full power and authority to interpret the provisions of the Plan and Incentive Awards granted under the Plan and shall have full power and authority to supervise the administration of the Plan and Incentive Awards granted under the Plan and to make all other determinations considered necessary or advisable for the administration of the Plan. All determinations, interpretations and selections made by the Committee regarding the Plan shall be final and conclusive. The Committee shall hold its meetings at such times and places as it deems advisable. Action may be taken by a written instrument signed by a majority of the members of the Committee and any action so

taken shall be fully as effective as if it had been taken at a meeting duly called and held. The Committee shall make such rules and regulations for the conduct of its business as it deems advisable.

3.2 Grants or Awards to Participants. In accordance with and subject to the provisions of the Plan, the Committee shall have the authority to determine all provisions of Incentive Awards as the Committee may deem necessary or desirable and as are consistent with the terms of the Plan, including, without limitation, the following: (a) the persons who shall be selected as Participants; (b) the nature and, subject to the limitation set forth in Section 4.2 of the Plan, extent of the Incentive Awards to be made to each Participant (including the number of shares of Common Stock to be subject to each Incentive Award, any exercise price, the manner in which an Incentive Award will vest or become exercisable and the form of payment for the Incentive Award); (c) the time or times when Incentive Awards will be granted; (d) the duration of each Incentive Award; and (e) the restrictions and other conditions to which payment or vesting of Incentive Awards may be subject.

3.3 Amendments or Modifications of Awards. The Committee shall have the authority to amend or modify the terms of any outstanding Incentive Award in any manner, provided that the amended or modified terms are not prohibited by the Plan as then in effect, including, without limitation, the authority to: (a) modify the number of shares or other terms and conditions of an Incentive Award; (b) extend the term of an Incentive Award; (c) accelerate the exercisability or vesting or otherwise terminate any restrictions relating to an Incentive Award; (d) accept the surrender of any outstanding Incentive Award; and (e) to the extent not previously exercised or vested, authorize the grant of new Incentive Awards in substitution for surrendered Incentive Awards.

3.4 Indemnification of Committee Members. Neither any member or former member of the Committee nor any individual to whom authority is or has been delegated shall be personally responsible or liable for any act or omission in connection with the performance of powers or duties or the exercise of discretion or judgment in the administration and implementation of the Plan. Each person who is or shall have been a member of the Committee shall be indemnified and held harmless by the Company from and against any cost, liability or expense imposed or incurred in connection with such person's or the Committee's taking or failing

to take any action under the Plan. Each such person shall be justified in relying on information furnished in connection with the Plan's administration by any appropriate person or persons.

SECTION 4

Shares Subject to the Plan

4.1 Number of Shares. Subject to adjustment as provided in Section 4.3 of the Plan, a maximum of 1,000,000 shares of Common Stock shall be available for Incentive Awards under the Plan. Such shares shall be authorized and may be either unissued or treasury shares.

4.2 Limitation Upon Incentive Awards. No Participant shall be granted, during any calendar year, Incentive Awards with respect to more than 25% of the total number of shares of Common Stock available for Incentive Awards under the Plan set forth in Section 4.1 of the Plan, subject to adjustment as provided in Section 4.3 of the Plan. The purpose of this Section 4.2 is to ensure that the Plan provides performance-based compensation under Section 162(m) of the Code and this Section 4.2 shall be interpreted, administered and amended if necessary to achieve that purpose.

4.3 Adjustments. If the number of shares of Common Stock outstanding changes by reason of a stock dividend, stock split, recapitalization, merger, consolidation, combination, exchange of shares or any other change in the corporate structure or shares of the Company, the number and kind of securities subject to and reserved under the Plan, together with applicable exercise prices, shall be appropriately adjusted. No fractional shares shall be issued pursuant to the Plan and any fractional shares resulting from adjustments shall be eliminated from the respective Incentive Awards. If an Incentive Award is canceled, surrendered, modified, exchanged for a substitute Incentive Award or expires or terminates during the term of the Plan but prior to the exercise or vesting of the Incentive Award in full, the shares subject to but not delivered under such Incentive Award shall be available for other Incentive Awards. If shares subject to and otherwise deliverable upon the exercise of an Incentive Award are surrendered to the Company in connection with the exercise or vesting of an Incentive Award, the surrendered shares subject to the Incentive Award shall be available for other Incentive Awards.

SECTION 5

Stock Options

5.1 Grant. A Participant may be granted one or more Stock Options under the Plan. The Committee, in its discretion, may provide in the initial grant of a Stock Option for the subsequent automatic grant of additional Stock Options for the number of shares, if any, that are subject to the initial Stock Option and surrendered to the Company in connection with the exercise of the initial or any subsequently granted Stock Option. Stock Options shall be subject to such terms and conditions, consistent with the other provisions of the Plan, as may be determined by the Committee in its sole discretion. In addition, the Committee may vary, among Participants and among Stock Options granted to the same Participant, any and all of the terms and conditions of the Stock Options granted under the Plan. The Committee shall have complete discretion in determining the number of Stock Options granted to each Participant. The Committee may designate whether or not a Stock Option is to be considered an incentive stock option as defined in Section 422(b) of the Code.

5.2 Stock Option Agreements. Stock Options shall be evidenced by stock option agreements containing such terms and conditions, consistent with the provisions of the Plan, as the Committee shall from time to time determine. To the extent not covered by the stock option agreement, the terms and conditions of this Section 5 shall govern.

5.3 Stock Option Price. The per share Stock Option price shall be determined by the Committee, but shall be a price that is equal to or higher than the par value of the Company's Common Stock; provided, that the per share Stock Option price for any shares designated as incentive stock options shall be equal to or greater than 100% of the Market Value on the date of grant.

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5.4 Medium and Time of Payment. The exercise price for each share purchased pursuant to a Stock Option granted under the Plan shall be payable in cash or, if the Committee consents, in shares of Common Stock (including Common Stock to be received upon a simultaneous exercise) or other consideration substantially equivalent to cash. The time and terms of payment may be amended with the consent of a Participant before or after exercise of a Stock Option. The Committee may from time to time authorize payment of all or a portion of the Stock Option price in the form of a promissory note or other deferred payment installments according to such terms as the Committee may approve. The Board may restrict or suspend the power of the Committee to permit such loans and may require that adequate security be provided.

5.5 Stock Options Granted to Ten Percent Stockholders. No Stock Option granted to any Participant who at the time of such grant owns, together with stock attributed to such Participant under Section 424(d) of the Code, more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries may be designated as an incentive stock option, unless such Stock Option provides an exercise price equal to at least 110% of the Market Value of the Common Stock and the exercise of the Stock Option after the expiration of 5 years from the date of grant of the Stock Option is prohibited by its terms.

5.6 Limits on Exercisability. Stock Options shall be exercisable for such periods, not to exceed 10 years from the date of grant, as may be fixed by the Committee. At the time of the exercise of a Stock Option, the holder of the Stock Option, if requested by the Committee, must represent to the Company that the shares are being acquired for investment and not with a view to the distribution thereof. The Committee may in its discretion require a Participant to continue the Participant's service with the Company and its Subsidiaries for a certain length of time prior to a Stock Option becoming exercisable and may eliminate such delayed vesting provisions.

5.7 Restrictions on Transferability.

(a) General. Unless the Committee otherwise consents (before or after the option grant) or unless the stock option agreement or grant provides otherwise; (i) no incentive stock option granted under the Plan may be sold, exchanged, transferred, pledged, assigned or otherwise alienated or hypothecated except by will or the laws of descent and distribution; and (ii) all Stock Options that are not incentive stock options may be transferred; provided, that as a condition to any such transfer the transferee must execute a written agreement permitting the Company to withhold from the shares subject to the Stock Option a number of shares having a Market Value at least equal to the amount of any federal, state or local withholding or other taxes associated with or resulting from the exercise of a Stock Option. All provisions of a Stock Option which are determined with reference to the Participant, including without limitation those which refer to the Participant's employment with the Company or its Subsidiaries, shall continue to be determined with reference to the Participant after any transfer of a Stock Option.

(b) Other Restrictions. The Committee may impose other restrictions on any shares of Common Stock acquired pursuant to the exercise of a Stock Option under the Plan as the Committee deems advisable, including, without limitation, restrictions under applicable federal or state securities laws.

5.8 Termination of Employment or Officer Status.

(a) General. If a Participant ceases to be employed by or an officer of the Company or one of its Subsidiaries for any reason other than the Participant's death, disability, Retirement or termination for cause, the Participant may exercise his or her Stock Options only for a period of 3 months after such termination of employment or officer status, but only to the extent the Participant was entitled to exercise the Stock Options on the date of termination, unless the Committee otherwise consents or the terms of the stock option agreement or grant provide otherwise. For purposes of the Plan, the following shall not be deemed a termination of employment or officer status: (i) a transfer of an employee from the Company to any Subsidiary; (ii) a leave of absence, duly authorized in writing by the Company, for military service or for any other purpose approved by the Company if the period of such leave does not exceed 90 days; (iii) a leave of absence in excess of 90 days, duly authorized in writing by the Company, provided that the employee's right to reemployment is guaranteed either by statute or contract; or (iv) a termination of employment with continued service as an officer.

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(b) Death. If a Participant dies either while an employee or officer of the Company or one of its Subsidiaries or after the termination of employment other than for cause but during the time when the Participant could have exercised a Stock Option under the Plan, the Stock Option issued to such Participant shall be exercisable by the personal representative of such Participant or other

successor to the interest of the Participant for 1 year after the Participant's death, but only to the extent that the Participant was entitled to exercise the Stock Option on the date of death or termination of employment, whichever first occurred, unless the Committee otherwise consents or the terms of the stock option agreement or grant provide otherwise.

(c) Disability. If a Participant ceases to be an employee or officer of the Company or one of its Subsidiaries due to the Participant's disability, the Participant may exercise a Stock Option for a period of 1 year following such termination of employment, but only to the extent that the Participant was entitled to exercise the Stock Option on the date of such event, unless the Committee otherwise consents or the terms of the stock option agreement or grant provide otherwise.

(d) Participant Retirement. If a Participant Retires as an employee or officer of the Company or one of its Subsidiaries, any Stock Option granted under the Plan may be exercised during the remaining term of the Stock Option, unless the terms of the stock option agreement or grant provide otherwise.

(e) Termination for Cause. If a Participant is terminated for cause, the Participant shall have no further right to exercise any Stock Option previously granted, unless the Committee and the Board determine otherwise.

SECTION 6

Restricted Stock

6.1 Grant. A Participant may be granted Restricted Stock under the Plan. Restricted Stock shall be subject to such terms and conditions, consistent with the other provisions of the Plan, as shall be determined by the Committee in its sole discretion. The Committee may impose such restrictions or conditions, consistent with the provisions of the Plan, to the vesting of Restricted Stock as it deems appropriate. The Committee may also require that certificates representing shares of Restricted Stock be retained and held in escrow by a designated employee or agent of the Company or any Subsidiary until any restrictions applicable to shares of Common Stock so retained have been satisfied or lapsed.

6.2 Restricted Stock Agreements. Awards of Restricted Stock shall be evidenced by restricted stock agreements containing such terms and conditions, consistent with the provisions of the Plan, as the Committee shall from time to time determine. Unless a restricted stock agreement provides otherwise, Restricted Stock awards shall be subject to the terms and conditions set forth in this Section 6.

6.3 Termination of Employment or Officer Status.

(a) General. In the event of termination of employment or officer status during the Restricted Period for any reason other than death, disability, Retirement or termination for cause, then any shares of Restricted Stock still subject to restrictions at the date of such termination shall automatically be forfeited and returned to the Company; provided, that in the event of a voluntary or involuntary termination of the employment or officer status of a Participant by the Company, the Committee may, in its sole discretion, waive the automatic forfeiture of any or all such shares of Restricted Stock and/or may add such new restrictions to such shares of Restricted Stock as it deems appropriate. For purposes of the Plan, the following shall not be considered a termination of employment or officer status: (i) a transfer of an employee from the Company to any Subsidiary; (ii) a leave of absence, duly authorized in writing by the Company, for military service or for any other purpose approved by the Company if the period of such leave does not exceed 90 days; (iii) a leave of absence in excess of 90 days duly authorized in writing by the Company, provided that the employee's right to reemployment is guaranteed either by statute or contract; and (iv) a termination of employment with continued service as an officer.

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(b) Death, Retirement or Disability. Unless the Committee otherwise consents or unless the terms of the restricted stock agreement or grant provide otherwise, in the event a Participant terminates his or her employment with the Company because of death, disability or Retirement during the Restricted Period, the restrictions applicable to the shares of Restricted Stock shall terminate automatically with respect to that number of shares (rounded to the nearest whole number) equal to the total number of shares of Restricted Stock granted to such Participant multiplied by the number of full months that have elapsed since the date of grant divided by the total number of full months in the Restricted Period. All remaining shares shall be forfeited and returned to the Company; provided, that the Committee may, in its sole discretion, waive the restrictions remaining on any or all such remaining shares of Restricted Stock either before or after the death, disability or Retirement of the Participant.

(c) Termination for Cause. If a Participant's employment is terminated for cause, the Participant shall have no further right to exercise or receive any Restricted Stock and all Restricted Stock still subject to restrictions at the date of such termination shall automatically be forfeited and returned to the Company, unless the Committee and the Board determine otherwise.

6.4 Restrictions on Transferability.

(a) General. Unless the Committee otherwise consents or unless the terms of the restricted stock agreement or grant provide otherwise: (i) shares of Restricted Stock shall not be sold, exchanged, transferred, pledged, assigned or otherwise alienated or hypothecated during the Restricted Period except by will or the laws of descent and distribution; and (ii) all rights with respect to Restricted Stock granted to a Participant under the Plan shall be exercisable during the Participant's lifetime only by such Participant, his or her guardian or legal representative.

(b) Other Restrictions. The Committee may impose other restrictions on any shares of Common Stock acquired pursuant to an award of Restricted Stock under the Plan as the Committee deems advisable, including, without limitation, restrictions under applicable federal or state securities laws.

6.5 Legending of Restricted Stock. Any certificates evidencing shares of Restricted Stock awarded pursuant to the Plan shall bear the following legend:

The shares represented by this certificate were issued subject to certain restrictions under the Wolverine World Wide, Inc. 1997 Stock Incentive Plan (the "Plan"). A copy of the Plan is on file in the office of the Secretary of the Company. This certificate is held subject to the terms and conditions contained in a restricted stock agreement that includes a prohibition against the sale or transfer of the stock represented by this certificate except in compliance with that agreement and that provides for forfeiture upon certain events.

6.6 Representations and Warranties. A Participant who is awarded Restricted Stock shall represent and warrant that the Participant is acquiring the Restricted Stock for the Participant's own account and investment and without any intention to resell or redistribute the Restricted Stock. The Participant shall agree not to resell or distribute such Restricted Stock after the Restricted Period except upon such conditions as the Company may reasonably specify to ensure compliance with federal and state securities laws.

6.7 Rights as a Stockholder. A Participant shall have all voting, dividend, liquidation and other rights with respect to Restricted Stock held of record by such Participant as if the Participant held unrestricted Common Stock; provided, that the unvested portion of any award of Restricted Stock shall be subject to any restrictions on transferability or risks of forfeiture imposed pursuant to Sections 6.1, 6.3 and 6.4 of the Plan. Unless the Committee otherwise determines or unless the terms of the restricted stock agreement or grant provide otherwise, any noncash dividends or distributions paid with respect to shares of unvested Restricted Stock shall be subject to the same restrictions as the shares to which such dividends or distributions relate.

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SECTION 7

Stock Awards

7.1 Grant. A Participant may be granted one or more Stock Awards under the Plan in lieu of, or as payment for, the rights of a Participant under any other compensation plan, policy or program of the Company or its Subsidiaries. Stock Awards shall be subject to such terms and conditions, consistent with the other provisions of the Plan, as may be determined by the Committee in its sole discretion.

7.2 Rights as a Stockholder. A Participant shall have all voting, dividend, liquidation and other rights with respect to shares of Common Stock issued to the Participant as a Stock Award under this Section 7 upon the Participant becoming the holder of record of the Common Stock granted pursuant to such Stock Awards; provided, that the Committee may impose such restrictions on the assignment or transfer of Common Stock awarded pursuant to a Stock Award as it deems appropriate.

SECTION 8

Tax Benefit Rights

8.1 Grant. A Participant may be granted Tax Benefit Rights under the Plan to encourage a Participant to exercise Stock Options and provide certain tax benefits to the Company. A Tax Benefit Right entitles a Participant to receive from the Company or a Subsidiary a cash payment not to exceed the amount calculated by multiplying the ordinary income, if any, realized by the Participant for federal tax purposes as a result of the exercise of a nonqualified stock option, or the disqualifying disposition of shares acquired under an incentive stock option, by the maximum federal income tax rate (including any surtax or similar charge or assessment) for companies, plus the applicable state and local tax imposed on the exercise of the Stock Option or the disqualifying disposition.

8.2 Restrictions. A Tax Benefit Right may be granted only with respect to a Stock Option issued and outstanding or to be issued under the Plan or any other plan of the Company or its Subsidiaries that has been approved by the stockholders as of the date of the Plan and may be granted concurrently with or after the grant of the Stock Option. Such rights with respect to outstanding Stock Options shall be issued only with the consent of the Participant if the effect would be to disqualify an incentive stock option, change the date of grant or the exercise price or otherwise impair the Participant's existing Stock Options.

8.3 Terms and Conditions. The Committee shall determine the terms and conditions of any Tax Benefit Rights granted and the Participants to whom such rights will be granted with respect to Stock Options under the Plan or any other plan of the Company. The Committee may amend, cancel, limit the term of or limit the amount payable under a Tax Benefit Right at any time prior to the exercise of the related Stock Option, unless otherwise provided under the terms of the Tax Benefit Right. The net amount of a Tax Benefit Right, subject to withholding, may be used to pay a portion of the Stock Option price, unless otherwise provided by the Committee.

SECTION 9

Change in Control

9.1 Acceleration of Vesting. If a Change in Control of the Company shall occur, then, unless the Committee or the Board

otherwise determines with respect to one or more Incentive Awards, without action by the Committee or the Board: (a) all outstanding Stock Options shall become immediately exercisable in full and shall remain exercisable during the remaining term thereof, regardless of whether the Participants to whom such Stock Options have been granted remain in the employ or service of the Company or any Subsidiary; and (b) all other outstanding Incentive Awards shall become immediately fully vested and exercisable and nonforfeitable.

9.2 Cash Payment for Stock Options. If a Change in Control of the Company shall occur, then the Committee, in its sole discretion, and without the consent of any Participant affected thereby, may determine

that some or all Participants holding outstanding Stock Options shall receive, with respect to some or all of the shares of Common Stock subject to such Stock Options, as of the effective date of any such Change in Control of the Company, cash in an amount equal to the greater of the excess of (a) the highest sales price of the shares on the New York Stock Exchange on the date immediately prior to the effective date of such Change in Control of the Company or (b) the highest price per share actually paid in connection with any Change in Control of the Company over the exercise price per share of such Stock Options.

SECTION 10

General Provisions

10.1 No Rights to Awards. No Participant or other person shall have any claim to be granted any Incentive Award under the Plan and there is no obligation of uniformity of treatment of Participants or holders or beneficiaries of Incentive Awards under the Plan. The terms and conditions of Incentive Awards of the same type and the determination of the Committee to grant a waiver or modification of any Incentive Award and the terms and conditions thereof need not be the same with respect to each Participant.

10.2 Withholding. The Company or a Subsidiary shall be entitled to: (a) withhold and deduct from future wages of a Participant (or from other amounts that may be due and owing to a Participant from the Company or a Subsidiary), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all federal, state, local and foreign withholding and employment-related tax requirements attributable to an Incentive Award, including, without limitation, the grant, exercise or vesting of, or payment of dividends with respect to, an Incentive Award or a disqualifying disposition of Common Stock received upon exercise of an incentive stock option; or (b) require a Participant promptly to remit the amount of such withholding to the Company before taking any action with respect to an Incentive Award. Unless the Committee determines otherwise, withholding may be satisfied by withholding Common Stock to be received upon exercise or by delivery to the Company of previously owned Common Stock.

10.3 Compliance With Laws; Listing and Registration of Shares. All Incentive Awards granted under the Plan (and all issuances of Common Stock or other securities under the Plan) shall be subject to all applicable laws, rules and regulations, and to the requirement that if at any time the Committee shall determine, in its discretion, that the listing, registration or qualification of the shares covered thereby upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the grant of such Incentive Award or the issue or purchase of shares thereunder, such Incentive Award may not be exercised in whole or in part, or the restrictions on such Incentive Award shall not lapse, unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

10.4 No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements, including the grant of stock options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

10.5 No Right to Employment. The grant of an Incentive Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Subsidiary. The Company or any Subsidiary may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any written agreement with a Participant.

10.6 Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable federal law.

10.7 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

SECTION 11

Termination and Amendment

The Board may terminate the Plan at any time, or may from time to time amend the Plan as it deems proper and in the best interests of the Company, provided that no such amendment may impair any outstanding Incentive Award without the consent of the Participant, except according to the terms of the Plan or the Incentive Award. No termination, amendment or modification of the Plan shall become effective with respect to any Incentive Award previously granted under the Plan without the prior written consent of the Participant holding such Incentive Award unless such amendment or modification operates solely to the benefit of the Participant.

SECTION 12

Effective Date and Duration of the Plan

This Plan shall take effect April 16, 1997, subject to approval by the stockholders at the 1997 Annual Meeting of Stockholders or any adjournment thereof or at a Special Meeting of Stockholders. Unless earlier terminated by the Board of Directors, no Incentive Award shall be granted under the Plan after April 15, 2007.

WOLVERINE WORLD WIDE, INC.
EXECUTIVE SHORT-TERM INCENTIVE PLAN
(ANNUAL BONUS PLAN)

SECTION 1

Establishment of Plan; Purpose of Plan

1.1 Establishment of Plan. The Company hereby establishes the WOLVERINE WORLD WIDE, INC. EXECUTIVE SHORT-TERM INCENTIVE PLAN (ANNUAL BONUS PLAN) (the "Plan"), for its executive officers and senior corporate and divisional officers and other key employees. The Plan provides for the payment of bonuses to participants based upon the financial performance of the Company, or an operating division or profit center of the Company, in a particular fiscal year.

1.2 Purpose of Plan. The purpose of the Plan is to motivate Participants to improve the Company's profitability and growth by the attainment of carefully planned earnings, sales and other contributory goals, promote initiative and cooperation with awards based on corporate and divisional earnings and encourage outstanding individuals to enter and continue in the employ of the Company. Within that context, the Plan is intended to provide performance-based compensation under Section 162(m) of the Code and shall be interpreted and administered to achieve that purpose.

1.3 Effective Date. The Plan is initially effective as of December 29, 1996. Adoption of the Plan by the Board and payment of Incentive Bonuses for Fiscal Year 1997 shall be contingent upon approval by the stockholders of the Company. In the absence of such approval, this Plan shall be void.

SECTION 2

Definitions

The following terms have the stated definitions unless a different meaning is plainly required by the context:

2.1 "Act" means the Securities Exchange Act of 1934, as amended.

2.2 "Beneficiary" means the individual, trust or other entity designated by the Participant to receive any amount payable with respect to the Participant under the Plan after the Participant's death. A Participant may designate or change a Beneficiary by filing a signed designation with the Committee in a form approved by the Committee. A Participant's will is not effective for this purpose. If a designation has not been completed properly and filed with the Committee or is ineffective for any other reason, the Beneficiary shall be the Participant's Surviving Spouse. If there is no effective designation and the Participant does not have a Surviving Spouse, the remaining benefits, if any, shall be paid to the Participant's estate.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Committee" means the Compensation Committee of the Board or such other committee as the Board shall designate to administer the Plan. The Committee shall consist of at least two members and all of its members shall be "non-employee directors" as defined in Rule 16b-3 issued under the Act and "outside directors" as defined in the regulations under Section 162(m) of the Code.

2.6 "Company" means Wolverine World Wide, Inc., a Delaware corporation, and its successors and assigns.

2.7 "Fiscal Year" means the fiscal year of the Company for financial reporting purposes as the Company may adopt from time to time.

2.8 "Incentive Bonus" means an annual bonus awarded and paid to a Participant for services to the Company during a Fiscal Year that is based upon achievement of preestablished performance objectives by the Company, division or profit center.

2.9 "Participant" means an executive officer or senior corporate or divisional officer or other key employee of the Company or its Subsidiaries who is designated as a Participant for a Fiscal Year.

2.10 "Performance" means the level of achievement by the Company of the financial performance criteria based on the profits and

sales of the Company and/or its operating divisions or profit centers established by the Committee pursuant to Section 5.2.

2.11 "Subsidiary" means any company or other entity of which 50% or more of the outstanding voting stock or voting ownership interest is directly or indirectly owned or controlled by the Company or by one or more Subsidiaries of the Company.

2.12 "Surviving Spouse" means the spouse of the Participant at the time of the Participant's death who survives the Participant. If the Participant and spouse die under circumstances which prevent ascertainment of the order of their deaths, it shall be presumed for the Plan that the Participant survived the spouse.

2.13 "Target Bonus" means the bonus goal established by the Committee for each Participant under Section 5.1(a).

SECTION 3

Administration

3.1 Power and Authority. The Plan shall be administered by the Committee. The Committee may delegate recordkeeping, calculation, payment and other ministerial or administrative functions to individuals designated by the Committee, who may be employees of the Company. Except as limited in the Plan, the Committee shall have all of the express and implied powers and duties set forth in the Plan and shall have full authority and discretion to interpret the Plan and to make all other determinations deemed necessary or advisable for the administration of the Plan. Action may be taken by a written instrument signed by a majority of the members of the Committee and any action so taken shall be as effective as if it had been taken at a meeting. The Committee may make such other rules for the conduct of its business and may adopt such other rules, policies and forms for the administration, interpretation and implementation of the Plan as it deems advisable. All determinations, interpretations and selections made by the Committee regarding the Plan shall be final and conclusive.

3.2 Indemnification of Committee Members. Neither any member or former member of the Committee nor any individual to whom authority is or has been delegated shall be personally responsible or liable for any act or omission in connection with the performance of powers or duties or the exercise of discretion or judgment in the administration and implementation of the Plan. Each individual who is or has been a member of the Committee, or delegated authority by the Committee, shall be indemnified and held harmless by the Company from and against any cost, liability or expense imposed or incurred in connection with any act or failure to act under the Plan. Each such individual shall be justified in relying on information furnished in connection with the Plan's administration by any appropriate person or persons.

SECTION 4

Participation

4.1 Participation. For each Fiscal Year, the Committee shall select the executive officers and senior corporate and divisional officers and other key employees who shall be the Participants for the Fiscal Year. The Committee may limit the number of executive officers and senior corporate and divisional officers and

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other key employees who will be Participants for a Fiscal Year. Officers and key employees designated as Participants after the first 90 days of any Fiscal Year shall not be eligible for any Incentive Bonus paid with respect to such Fiscal Year.

4.2 Continuing Participation. Selection as a Participant for a Fiscal Year by the Committee is limited to that Fiscal Year. An eligible executive officer or senior corporate or divisional officer or key employee will be a Participant for a Fiscal Year only if designated as a Participant by the Committee for such Fiscal Year.

SECTION 5

Performance Goals and Criteria

5.1 Selection of Criteria. The Committee shall preestablish performance goals for each Participant in the manner and within the time limits specified in this Section 5. For each Participant for each Fiscal Year, the Committee shall specify:

- (a) Target Bonus. A Target Bonus, expressed as a percentage of the Participant's base salary or a specified dollar amount;
- (b) Incentive Bonus. The Incentive Bonus levels, expressed as a percentage of the Target Bonus, that shall be paid to the Participant at specified levels of performance by the Company or division based on the criteria established by the Committee pursuant to Section 5.2;
- (c) Performance Measurement. The applicable measurement of Performance under Section 5.2; and
- (d) Conditions on Incentive Bonus. Any specific conditions under which an Incentive Bonus specified under subsection (b) above may be reduced or forfeited (but not increased).

The Incentive Bonus levels specified under subsection (b) above may be expressed either as (i) a matrix of percentages of the Target Bonus

that will be paid at specified levels of the Performance, or (ii) a mathematical formula that determines the percentage of the Target Bonus that will be paid at varying levels of Performance.

5.2 Measurement of Performance. Performance shall be determined by reference to profits and sales of the Company and/or its operating divisions or profit centers. Performance of the Company may be measured by:

- (a) Company Profits. Achievement by the Company of specified, absolute levels of Company-wide profit before taxes, bonuses, and 401(k) plan contributions, provided that such levels are greater than zero and substantially uncertain when specified;
- (b) Company Sales. Achievement by the Company of specified, absolute levels of Company-wide sales, provided that such levels are greater than zero and substantially uncertain when specified;
- (c) Division or Profit Center Profits. Achievement by an operating division or profit center of the Company of specified, absolute levels of profit before taxes, provided that such levels are greater than zero and substantially uncertain when specified;
- (d) Division or Profit Center Sales. Achievement by an operating division or profit center of the Company of specified, absolute levels of sales, provided that such levels are greater than zero and substantially uncertain when specified; or
- (e) Combination. Any combination of (a), (b), (c) and (d) above, applied directly or in the alternative.

5.3 Incentive Bonus Conditioned on Performance. Payment of an Incentive Bonus to a Participant for a Fiscal Year under this Plan shall be entirely contingent upon achievement of the Performance levels established by the Committee pursuant to this Section 5, the satisfaction of which is substantially uncertain when established by the Committee for the Fiscal Year.

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5.4 Time of Determination by Committee. All determinations to be made by the Committee for a Fiscal Year pursuant to this Section 5 shall be made by the Committee during the first 90 days of such Fiscal Year.

5.5 Objective Standards. An Incentive Bonus shall be based solely upon objective criteria, consistent with this Section 5, from which an independent third party with knowledge of the facts could determine whether the performance goal or range of goals is met and from that determination could calculate the Incentive Bonus to be paid. Although the Committee has authority to exercise reasonable discretion to interpret this Plan and the criteria it shall specify pursuant to this Section 5 of the Plan, it may not amend or waive such criteria after the 90th day of a Fiscal Year. The Committee shall have no authority or discretion to increase any Incentive Bonus, or to construct, modify or apply the measurement of Performance in a manner that will directly or indirectly increase the Incentive Bonus, for any Participant for any Fiscal Year above the amount determined by the applicable objective standards established within the first 90 days of the Fiscal Year.

SECTION 6

Determination and Payment of Incentive Bonuses

6.1 Committee Certification. The Incentive Bonus for each eligible Participant for a Fiscal Year shall be determined on the basis of the Target Bonus and Performance criteria established by the Committee pursuant to Section 5 for the Fiscal Year. The Committee shall determine, and shall certify in writing prior to payment of the Incentive Bonus, that the Company Performance for the Fiscal Year satisfied the Performance criteria established by the Committee for the Fiscal Year. Approved minutes of the Committee shall constitute sufficient written certification for this purpose.

6.2 Eligibility for Payment. The Incentive Bonus otherwise payable to a Participant for a Fiscal Year shall be adjusted as follows:

- (a) Retirement, Death, or Total Disability. If a Participant ceases to be a Participant before the end of any Fiscal Year and more than 6 months after the beginning of such Fiscal Year because of death, normal or early retirement under the Company's retirement plan, as then in effect, or total disability under the Company's long-term disability plan, an award shall be paid to the Participant or the Participant's Beneficiary after the end of such Fiscal Year prorated as follows: the award, if any, for such Fiscal Year shall be equal to 100% of the Incentive Bonus that the Participant would have received if the Participant had been a Participant during the entire Fiscal Year, multiplied by the ratio of the Participant's full months as a Participant during that Fiscal Year to the twelve months in that Fiscal Year. Notwithstanding the foregoing, the Committee shall have discretion to reduce or eliminate any Incentive Bonus otherwise payable pursuant to this Section 6.2(a).
- (b) Other Termination. If an employee ceases to be a Participant during any Fiscal Year, or prior to actual receipt of the award for a previous Fiscal Year because of the Participant's termination of employment for any reason other than described in Section 6.2(a), the Participant will not be entitled to any award for such Fiscal Year.

6.3 Maximum Incentive Bonus. The Incentive Bonus for any Participant for a Fiscal Year shall not, in any event, exceed \$1,500,000.

6.4 Payment to Participant or Beneficiary. The Incentive Bonus of each Participant shall be paid to the Participant, or the Beneficiary of any deceased Participant, by the Company as soon as feasible following final determination and certification by the Committee

of the amount payable.

6.5 Manner of Payment. Each Participant will receive his or her Incentive Bonus in cash.

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SECTION 7

General Provisions

7.1 Benefits Not Guaranteed. Neither the establishment and maintenance of the Plan nor participation in the Plan shall provide any guarantee or other assurance that an Incentive Bonus will be payable under the Plan.

7.2 No Right to Participate. Nothing in this Plan shall be deemed or interpreted to provide a Participant or any non-participating employee any contractual right to participate in or receive benefits under the Plan. No designation of an employee as a Participant for all or any part of a Fiscal Year shall create a right to an Incentive Bonus under the Plan for any other Fiscal Year. There is no obligation of uniformity of treatment of employees, eligible officers or Participants under the Plan.

7.3 No Employment Right. Participation in this Plan shall not be construed as constituting a commitment, guarantee, agreement or understanding of any kind that the Company or any Subsidiary will continue to employ any individual, and this Plan shall not be construed or applied as an employment contract or obligation. Nothing in this Plan shall abridge or diminish the rights of the Company or any Subsidiary to determine the terms and conditions of employment of any Participant, officer or other employee or to terminate the employment of any Participant, officer or other employee with or without reason at any time.

7.4 No Assignment or Transfer. Neither a Participant nor any Beneficiary or other representative of a Participant shall have any right to assign, transfer, attach or hypothecate any amount or credit, potential payment or right to future payments of any amount or credit or any other benefit provided under this Plan. Payment of any amount due or to become due under this Plan shall not be subject to the claims of creditors of the Participant or to execution by attachment or garnishment or any other legal or equitable proceeding or process.

7.5 No Limit on Other Compensation Arrangements. Nothing contained in this Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements. A Participant may have other targets under other plans of the Company. However, no payment under any other plan or arrangement shall be contingent upon failure to attain the criteria for payment of an Incentive Bonus under this Plan.

7.6 Withholding and Payroll Taxes. The Company shall deduct from any payment made under this Plan all amounts required by federal, state and local tax laws to be withheld and shall subject any payments made under the Plan to all applicable payroll taxes and assessments.

7.7 Incompetent Payee. If the Committee determines that an individual entitled to a payment under this Plan is incompetent, it may cause benefits to be paid to another individual for the use or benefit of the Participant or Beneficiary at the time or times otherwise payable under this Plan, in total discharge of the Plan's obligations to the Participant or Beneficiary.

7.8 Governing Law. The validity, construction and effect of the Plan shall be determined in accordance with the laws of the State of Delaware and applicable federal law.

7.9 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the remaining provisions of the Plan shall not be affected and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

SECTION 8

Termination and Amendment

The Board may terminate the Plan at any time, or may from time to time amend the Plan as it deems proper and in the best interests of the Company. No termination or amendment may impair the validity of, or the obligation of the Company to pay, any Incentive Bonus awarded for any Fiscal Year prior to the year in which the termination or amendment is adopted or, if later, is effective. No amendment adopted after the first

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90 days of a Fiscal Year may directly or indirectly increase any Incentive Bonus for that Fiscal Year. Except as otherwise provided in this Plan and the applicable objective criteria established pursuant to this Plan for determining the amount of any Incentive Bonus for a Fiscal Year, no Incentive Bonuses shall be payable for the Fiscal Year in which the Plan is terminated, or, if later, in which the termination is effective.

SECTION 9

Duration of the Plan

Subject to earlier termination by the Board, this Plan shall terminate without action by the Board as of the date of the first meeting of stockholders held in 2002, unless reapproved by the stockholders at such meeting or earlier. If reapproval occurs, the Plan will terminate as of the date of the first meeting of stockholders in the fifth year following reapproval or any subsequent reapproval. If the Plan terminates under this provision due to lack of reapproval by the stockholders, any Incentive Bonuses paid for the Fiscal Year in which the Plan terminates shall be determined by the Committee and paid in accordance with the terms of the Plan.

WOLVERINE WORLD WIDE, INC.
EXECUTIVE LONG-TERM INCENTIVE PLAN (THREE-YEAR PLAN)

SECTION 1

Establishment of Plan; Purpose of Plan

1.1 Establishment of Plan. The Company hereby establishes the WOLVERINE WORLD WIDE, INC. EXECUTIVE LONG-TERM INCENTIVE PLAN (THREE-YEAR PLAN) (the "Plan") for its executive officers and key management employees. The Plan provides for the payment of bonuses to participants based upon the financial performance of the Company over a three-year period.

1.2 Purpose of Plan. The purpose of the Plan is to encourage longer range strategic planning and not stress over-dependence on short-term performance which could hinder long-term increases in stockholder value and/or achievement of a strategic position and/or advantage in the marketplace, to encourage cooperation among all the units of the Company to foster a closer and more cooperative association and sense of team work, and to encourage executive officers and key management individuals to enter and continue in the employ of the Company. Within that context, the Plan is intended to provide performance-based compensation under Section 162(m) of the Code, and shall be interpreted and administered to achieve that purpose.

1.3 Effective Date. The Plan is initially effective as of December 29, 1996. Adoption of the Plan by the Board and payment of Incentive Bonuses pursuant to this Plan shall be contingent upon approval of the Plan by the stockholders of the Company. In the absence of such approval, this Plan shall be void.

SECTION 2

Definitions

The following terms have the stated definitions unless a different meaning is plainly required by the context:

2.1 "Act" means the Securities Exchange Act of 1934, as amended.

2.2 "Beneficiary" means the individual, trust or other entity designated by the Participant to receive any amount payable with respect to the Participant under the Plan after the Participant's death. A Participant may designate or change a Beneficiary by filing a signed designation with the Committee in a form approved by the Committee. A Participant's Will is not effective for this purpose. If a designation has not been completed properly and filed with the Committee or is ineffective for any other reason, the Beneficiary shall be the Participant's Surviving Spouse. If there is no effective designation and the Participant does not have a Surviving Spouse, the remaining benefits, if any, shall be paid to the Participant's estate.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Committee" means the Compensation Committee of the Board or such other committee as the Board shall designate to administer the Plan. The Committee shall consist of at least two members and all of its members shall be "non-employee directors" as defined in Rule 16b-3 issued under the Act and "outside directors" as defined in the regulations under Section 162(m) of the Code.

2.6 "Company" means Wolverine World Wide, Inc., a Delaware corporation, and its successors and assigns.

2.7 "Fiscal Year" means the fiscal year of the Company for financial reporting purposes as the Company may adopt from time to time.

2.8 "Incentive Bonus" means a bonus awarded and paid to a Participant for services to the Company during a three-year period that is based upon achievement of preestablished financial objectives by the Company.

2.9 "Market Value" shall equal the mean of the highest and lowest sales prices of shares of common stock of the Company on the New York Stock Exchange (or any successor exchange that is the primary stock exchange for trading of common stock of the Company) on the date of grant, or if the New York Stock Exchange (or any such successor) is closed on that date, the last preceding date on which the New York Stock Exchange (or any such successor) was open for trading and on which shares of common stock of the Company were traded.

2.10 "Participant" means an executive officer or key management employee of the Company or its Subsidiaries who is

designated as a Participant for a three-year period.

2.11 "Performance" means the level of achievement by the Company of the financial performance criteria based on the earnings per share of the Company established by the Committee pursuant to Section 5.3.

2.12 "Subsidiary" means any corporation or other entity of which 50% or more of the outstanding voting stock or voting ownership interest is directly or indirectly owned or controlled by the Company or by one or more Subsidiaries of the Company.

2.13 "Surviving Spouse" means the spouse of the Participant at the time of the Participant's death who survives the Participant. If the Participant and spouse die under circumstances which prevent ascertainment of the order of their deaths, it shall be presumed for the Plan that the Participant survived the spouse.

2.14 "Target Bonus" means the bonus goal established by the Committee for each Participant under Section 5.2(a).

SECTION 3

Administration

3.1 Power and Authority. The Plan shall be administered by the Committee. The Committee may delegate recordkeeping, calculation, payment and other ministerial or administrative functions to individuals designated by the Committee, who may be employees of the Company. Except as limited in this Plan, the Committee shall have all of the express and implied powers and duties set forth in the Plan and shall have full authority and discretion to interpret the Plan and to make all other determinations deemed necessary or advisable for the administration of the Plan. Action may be taken by a written instrument signed by a majority of the members of the Committee and any action so taken shall be as effective as if it had been taken at a meeting. The Committee may make such other rules for the conduct of its business, and may adopt such other rules, policies and forms for the administration, interpretation and implementation of the Plan as it deems advisable. All determinations, interpretations and selections made by the Committee regarding the Plan shall be final and conclusive.

3.2 Indemnification of Committee Members. Neither any member or former member of the Committee nor any individual to whom authority is or has been delegated shall be personally responsible or liable for any act or omission in connection with the performance of powers or duties or the exercise of discretion or judgment in the administration and implementation of the Plan. Each individual who is or has been a member of the Committee, or delegated authority by the Committee, shall be indemnified and held harmless by the Company from and against any cost, liability or expense imposed or incurred in connection with any act or failure to act under the Plan. Each such individual shall be justified in relying on information furnished in connection with the Plan's administration by any appropriate person or persons.

SECTION 4

Participation

4.1 Participation. For each three-year period, the Committee shall select the executive officers and key management employees who shall be the Participants for the three-year period. The Committee may limit the number of executive officers and key management employees who will be Participants for a three-year period.

4.2 Continuing Participation. Selection as a Participant for a three-year period by the Committee is limited to that three-year period. An eligible executive officer or key management employee will be a Participant for a three-year period only if designated as a Participant by the Committee for such three-year period.

SECTION 5

Performance Goals and Criteria

5.1 Concept. The primary concept of the Plan is to establish financial performance goals for each three-year time period for the Company. The performance periods are overlapping, beginning every Fiscal Year and ending three full Fiscal Years later. The Plan provides for the payment of bonuses to participants based upon the financial performance of the Company over the three-year period.

5.2 Selection of Criteria. The Committee shall preestablish performance goals for each Participant in the manner and within the time limits specified in this Section 5. For each Participant for each three-year period, the Committee shall specify:

(a) Target Bonus. A Target Bonus, expressed as a specified dollar amount or as a percentage of the Participant's base salary;

(b) Incentive Bonus. The Incentive Bonus levels, expressed as a percentage of the Target Bonus, that shall be paid to the Participant at specified levels of Performance by the Company based on the criteria established by the Committee pursuant to Section 5.3;

(c) Performance Measurement. The applicable measurement of Performance under Section 5.3; and

(d) Conditions on Incentive Bonus. Any specific conditions under which an Incentive Bonus specified under (b) above may be reduced or forfeited (but not increased).

The Incentive Bonus levels specified under (b) above may be expressed either as (i) a matrix of percentages of the Target Bonus that will be paid at specified levels of Performance, or (ii) a mathematical formula that determines the percentage of the Target Bonus that will be paid at varying levels of Performance.

5.3. Measurement of Performance. Performance shall be determined by reference to the earnings per share of the Company. For purposes of the Plan, the definition of "earnings per share" means the Company's net after-tax earnings per share of Common Stock after all expenses and taxes, except for payment of Incentive Bonuses pursuant to this Plan.

5.4 Incentive Bonus Conditioned on Performance. Payment of an Incentive Bonus to a Participant for a three-year period under this Plan shall be entirely contingent upon the Performance criteria established by the Committee pursuant to this Section 5, the satisfaction of which is substantially uncertain when established by the Committee for the three-year period.

5.5 Time of Determination by Committee. All determinations to be made by the Committee for a three-year period pursuant to this Section 5 shall be made by the Committee during the first 90 days of such three-year period.

5.6 Objective Standards. An Incentive Bonus shall be based solely upon objective criteria, consistent with this Section 5, from which an independent third party with knowledge of the facts could determine whether the performance goal or range of goals is met and from that determination could calculate the Incentive Bonus to be paid. Although the Committee has authority to exercise reasonable discretion to

interpret this Plan and the criteria it shall specify pursuant to this Section 5 of the Plan, it may not amend or waive such criteria after the 90th day of a three-year period. The Committee shall have no authority or discretion to increase any Incentive Bonus, or to construct, modify or apply the measurement of Performance in a manner that will directly or indirectly increase the Incentive Bonus, for any Participant for any three-year period above the amount determined by the applicable objective standards established within the first 90 days of the three-year period.

SECTION 6

Determination and Payment of Incentive Bonuses

6.1 Committee Certification. The Incentive Bonus for each eligible Participant for a three-year period shall be determined on the basis of the Target Bonus and Performance criteria established by the Committee pursuant to Section 5 for the three-year period. The Committee shall determine, and shall certify in writing prior to payment of any Incentive Bonus, that the Company Performance for the three-year period satisfied the Performance criteria established by the Committee for the three-year period. Approved minutes of the Committee shall constitute sufficient written certification for this purpose.

6.2 Partial Period Performance Adjustments. The Incentive Bonus otherwise payable to a Participant for a three-year period shall be adjusted as follows:

(a) Retirement, Death, or Total Disability. If a Participant ceases to be a Participant before the end of any three-year period and more than 12 months after the beginning of such three-year period because of death, normal or early retirement under the Company's retirement plan, as then in effect, or total disability under the Company's long-term disability plan, an award shall be paid to the Participant or the Participant's Beneficiary after the end of such three-year period prorated as follows: the award, if any, for such three-year period shall be equal to 100 percent of the Incentive Bonus that the Participant would have received if the Participant had been a Participant during the entire performance period, multiplied by the ratio of the Participant's full months as a Participant during that performance period to the total number of months in that performance period. The award, if any, shall only be made in the form of a cash payout and no shares of restricted stock shall be awarded. Notwithstanding the foregoing, the Committee shall have discretion to reduce or eliminate any Incentive Bonus otherwise payable pursuant to this Section.

(b) Other Termination. If an employee ceases to be a Participant during any three-year period(s), or prior to actual receipt of the award for a previous period because of the Participant's termination of employment for any reason other than described in Section 6.2(a), the Participant will not be entitled to any award for such three-year period. If a Participant continues in Wolverine's employment but no longer is approved by the Committee to participate in future three-year periods, the Participant shall be eligible for a prorated award determined in the same manner set forth in Section 6.2(a). Notwithstanding the foregoing, the Committee shall have discretion to reduce or eliminate any Incentive Bonus otherwise payable pursuant to this Section.

6.3 Maximum Incentive Bonus. The Incentive Bonus for any Participant for a three-year period shall not, in any event, exceed \$1,000,000, exclusive of the 20% increase in the amount of the Incentive Bonus payable in restricted stock which reflects what the Company believes to be the diminution of value of the award created by the restrictions.

6.4 Payment to Participant or Beneficiary. The Incentive Bonus of each Participant shall be paid to the Participant, or the

Beneficiary of any deceased Participant, by the Company as soon as feasible following final determination and certification by the Committee of the amount payable.

SECTION 7

Manner of Payment

7.1 General. Each Participant will receive part of his or her Incentive Bonus in cash and part in restricted stock according to the terms below.

7.2 Cash Payout. Each Participant will receive a cash payment equal to 50% of his or her Incentive Bonus. The Company will make the cash payment as soon as feasible following final determination and certification by the Committee of the amount payable.

7.3 Restricted Stock. Each Participant will also receive a grant of restricted stock under the Company's existing stockholder-approved plans on the same date the cash payment is made pursuant to Section 7.2. The number of shares of restricted stock a Participant shall receive will equal 70% of the Incentive Bonus divided by the Market Value of the Company's common stock on the date of grant, rounded to the nearest whole share. The restrictions imposed on the restricted stock shall lapse in 3 equal annual installments commencing 1 year following the grant date. Each award of restricted stock shall be evidenced by a restricted stock agreement containing such terms and conditions, including vesting schedules, consistent with the provisions of the Plan and the plan under which the restricted stock is so awarded.

SECTION 8

General Provisions

8.1 Benefits Not Guaranteed. Neither the establishment and maintenance of the Plan nor participation in the Plan shall provide any guarantee or other assurance that an Incentive Bonus will be payable under the Plan.

8.2 No Right to Participate. Nothing in this Plan shall be deemed or interpreted to provide a Participant or any non-participating employee any contractual right to participate in or receive benefits under the Plan. No designation of an employee as a Participant for all or any part of a three-year period shall create a right to an Incentive Bonus under the Plan for any other three-year period. There is no obligation of uniformity of treatment of employees, eligible officers or Participants under the Plan.

8.3 No Employment Right. Participation in this Plan shall not be construed as constituting a commitment, guarantee, agreement or understanding of any kind that the Company or any subsidiary will continue to employ any individual, and this Plan shall not be construed or applied as an employment contract or obligation. Nothing herein shall abridge or diminish the rights of the Company or any subsidiary to determine the terms and conditions of employment of any Participant, officer or other employee or to terminate the employment of any Participant, officer or other employee with or without reason at any time.

8.4 No Assignment or Transfer. Neither a Participant nor any Beneficiary or other representative of a Participant shall have any right to assign, transfer, attach or hypothecate any amount or credit, potential payment or right to future payments of any amount or credit or any other benefit provided under this Plan. Payment of any amount due or to become due under this Plan shall not be subject to the claims of creditors of the Participant or to execution by attachment or garnishment or any other legal or equitable proceeding or process.

8.5 No Limit on Other Compensation Arrangements. Nothing contained in this Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements. A Participant may have other targets under other plans of the Company. However, no payment under any other plan or arrangement shall be contingent upon failure to attain the criteria for payment of an Incentive Bonus under this Plan.

8.6 Withholding and Payroll Taxes. The Company shall deduct from any payment made under this Plan all amounts required by federal, state and local tax laws to be withheld and shall subject any payments made under the Plan to all applicable payroll taxes and assessments.

8.7 Incompetent Payee. If the Committee determines that an individual entitled to a payment under this Plan is incompetent, it may cause benefits to be paid to another individual for the use or benefit of the Participant or Beneficiary at the time or times otherwise payable under this Plan, in total discharge of the Plan's obligations to the Participant or Beneficiary.

8.8 Governing Law. The validity, construction and effect of the Plan shall be determined in accordance with the laws of the State of Delaware and applicable federal law.

8.9 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the remaining provisions of the Plan shall not be affected and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

SECTION 9

Termination and Amendment

The Board may terminate the Plan at any time, or may from time to time amend the Plan as it deems proper and in the best interests of the Company. No termination or amendment may impair the validity of, or the obligation of the Company to pay, any Incentive Bonus awarded for any three-year period ending prior to the year in which the termination or amendment is adopted or, if later, is effective. No amendment adopted after the first 90 days of a three-year period may directly or indirectly increase the amount of any Incentive Bonus, or alter the objective criteria in a manner which will increase any Incentive Bonus, for that three-year period. Except as otherwise provided in this Plan and the applicable objective criteria established pursuant to this Plan for determining the amount of any Incentive Bonus for a three-year period, no Incentive Bonuses shall be payable for the three-year period in which the Plan is terminated, or, if later, in which the termination is effective.

SECTION 10

Duration of the Plan

Subject to earlier termination by the Board, this Plan shall terminate without action by the Board as of the date of the first meeting of the shareholders in 2002 unless reapproved by the shareholders at that meeting or any earlier meeting. If reapproval occurs, the Plan will terminate as of the date of the first meeting of the shareholders in the fifth year following reapproval and each subsequent reapproval unless reapproved on or before the termination date. If the Plan terminates under this provision due to lack of reapproval by the shareholders, Incentive Bonuses shall be paid for the three-year periods already commenced before the date of termination of the Plan, except for the three-year period that initially began in the year the Plan terminates.

EXHIBIT 21 -- SUBSIDIARIES OF THE REGISTRANT

Name	State or Country of Incorporation or Organization
Adveco Cuatro, S.L., Sociedad Unipersonal	Spain
Aguadilla Shoe Corporation	Michigan
d/b/a Wolverine Boot Corporation	
Wolverine Boot	
Brooks France, S.A.	France
BSI Shoes, Inc.	Michigan
Dominican Wolverine Shoe Company Limited	Cayman Islands
Hush Puppies Canada Footwear Ltd.	Canada
Hush Puppies Retail, Inc.	Michigan
d/b/a Hush Puppies & Family	
Hush Puppies Factory Direct	
Little Red Shoe House	
UP Footgear	
Hush Puppies (U.K.) Ltd.	England & Wales
Hy-Test, Inc.	Michigan
d/b/a Hy-Test	
Merrell (Europe) Limited	England & Wales
Merrell Europe B.V.	The Netherlands
Spartan Shoe Company Limited	Cayman Islands
Wolverine de Costa Rica, S.A.	Costa Rica
Wolverine de Mexico S.A. de C.V.	Mexico
Wolverine Design Center, Inc.	Michigan
Wolverine Europe Limited	England & Wales
Wolverine International GP, LLC	Michigan
Wolverine International, L.P.	Cayman Islands
Wolverine Outdoors, Inc.	Michigan
Wolverine Procurement, Inc.	Michigan
Wolverine Russia, Inc.	Michigan
Wolverine Slipper Group, Inc.	Michigan
d/b/a Wolverine Slipper Group	
Wolverine Sourcing, Inc.	Michigan
Wolverine World Wide Europe Limited	England & Wales

All of the subsidiaries listed above are wholly-owned subsidiaries of the Company except Wolverine Europe Limited, which is 95% owned by the Company.

Exhibit 23 -- Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-67462, 333-93563, 333-49523, 33-63689, 33-55213, 33-64854, 33-23195 and 33-23196) pertaining to various stock option and incentive plans of Wolverine World Wide, Inc. of our report dated February 5, 2002, 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 for the fiscal year ended December 29, 2001.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
March 28, 2002

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

2-15, 2002

/s/ Geoffrey Bloom

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

1/20, 2002

/s/ Phillip D. Matthews

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

1-21, 2002

/s/ Donald V. Fites

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

1/18/02, 2002

/s/ Paul D. Schrage

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

1/21, 2002

/s/ David P. Mehney

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

1/25, 2002

/s/ Joseph A. Parini

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

1-24, 2002

/s/ David T. Kollat

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

Jan. 23, 2002

/s/ Timothy J. O'Donovan

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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, 2002

/s/ Elizabeth Sanders

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

Jan 27, 2002

/s/ Joan Parker

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

Jan 31st, 2002

Signature

/s/ Alberto L. Grimoldi

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 TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; JAMES D. ZWIERS; 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 29, 2001, 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

2/5, 2002

Signature

/s/ Daniel T. Carroll
