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

FORM 10-Q

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

For the quarterly period ended June 27, 2020

OR

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

For the transition period from __________ to __________

Commission File Number: 001-06024

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

Delaware	**38-1185150**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9341 Courtland Drive N.E., **Rockford**, **Michigan**	**49351**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $1 Par Value	WWW	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

There were 81,877,131 shares of common stock, $1 par value, outstanding as of July 27, 2020.

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FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements," which are statements relating to future, not past, events. Such forward-looking statements include, for example, statements about the future impact of the COVID-19 pandemic on the Company. In this context, forward-looking statements often address management's current beliefs, assumptions, expectations, estimates and projections about future business and financial performance, national, regional or global political, economic and market conditions, and the Company itself. Such statements often contain words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," "should," "will," variations of such words, and similar expressions. Forward-looking statements, by their nature, address matters that are, to varying degrees, uncertain. Uncertainties that could cause the Company's performance to differ materially from what is expressed in forward-looking statements include, but are not limited to, the following:

- the effects of the COVID-19 pandemic on the Company's business, operations, financial results and liquidity, including the duration and magnitude of such effects, which will depend on numerous evolving factors that the Company cannot currently fully predict or assess, including: the duration and scope of the pandemic, the negative impact on global and regional markets, economies and economic activity, including the duration and magnitude of its impact on unemployment rates, consumer discretionary spending and levels of consumer confidence; actions that governments, businesses and individuals may take in response to the pandemic; and the effects of the pandemic, including all of the foregoing, on the Company's manufacturers, distributors, suppliers, joint venture partners, wholesale customers, and other counterparties. The timing and scope of recovery after the pandemic is also uncertain;
- changes in general economic conditions, employment rates, business conditions, interest rates, tax policies and other factors affecting consumer spending in the markets and regions in which the Company's products are sold;
- the inability for any reason to effectively compete in global footwear, apparel and consumer-direct markets;
- the inability to maintain positive brand images and anticipate, understand and respond to changing footwear and apparel trends and consumer preferences;
- the inability to effectively manage inventory levels;
- increases or changes in duties, tariffs, quotas or applicable assessments in countries of import and export;
- foreign currency exchange rate fluctuations;
- currency restrictions;
- capacity constraints, production disruptions, quality issues, price increases or other risks associated with foreign sourcing;
- the cost and availability of raw materials, inventories, services and labor for contract manufacturers;
- labor disruptions;
- changes in relationships with, including the loss of, significant wholesale customers;
- risks related to the significant investment in, and performance of, the Company's consumer-direct operations;
- risks related to expansion into new markets and complementary product categories as well as consumer-direct operations;
- the impact of seasonality and unpredictable weather conditions;
- changes in general economic conditions and/or the credit markets on the Company's manufacturers, distributors, suppliers and retailers;
- changes in the Company's effective tax rates;
- failure of licensees or distributors to meet planned annual sales goals or to make timely payments to the Company;
- the risks of doing business in developing countries and politically or economically volatile areas;
- the ability to secure and protect owned intellectual property or use licensed intellectual property;
- the impact of regulation, regulatory and legal proceedings and legal compliance risks, including compliance with federal, state and local laws and regulations relating to the protection of the environment, environmental remediation and other related costs, and litigation or other legal proceedings relating to the protection of the environment or environmental effects on human health;
- risks of breach of the Company's databases or other systems, or those of its vendors, which contain certain personal information, payment card data or proprietary information, due to cyberattack or other similar event;
- problems affecting the Company's distribution system, including service interruptions at shipping and receiving ports;

- strategic actions, including new initiatives and ventures, acquisitions and dispositions, and the Company's success in integrating acquired businesses, and implementing new initiatives and ventures;
- the risk of impairment to goodwill and other intangibles;
- the success of the Company's restructuring and realignment initiatives undertaken from time to time; and
- changes in future pension funding requirements and pension expenses.

These or other uncertainties could cause a material difference between an actual outcome and a forward-looking statement. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A: "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2019 (the "2019 Form 10-K"). Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

(In millions, except per share data)	Quarter Ended June 27, 2020	Quarter Ended June 29, 2019	Year-To-Date Ended June 27, 2020	Year-To-Date Ended June 29, 2019
Revenue	**$ 349.1**	$ 568.6	**$ 788.4**	$ 1,092.0
Cost of goods sold	**201.9**	338.2	**459.4**	641.4
Gross profit	**147.2**	230.4	**329.0**	450.6
Selling, general and administrative expenses	**143.6**	168.7	**299.7**	332.7
Environmental and other related costs, net of recoveries	**(3.9)**	6.2	**4.9**	10.0
Operating profit	**7.5**	55.5	**24.4**	107.9
Other expenses:				
Interest expense, net	**10.5**	6.7	**18.3**	13.6
Debt extinguishment and other costs	**0.2**	—	**0.2**	—
Other income, net	**(1.7)**	(1.0)	**(2.3)**	(2.3)
Total other expenses	**9.0**	5.7	**16.2**	11.3
Earnings (loss) before income taxes	**(1.5)**	49.8	**8.2**	96.6
Income tax expense (benefit)	**0.4**	9.6	**(2.7)**	15.8
Net earnings (loss)	**$ (1.9)**	$ 40.2	**10.9**	80.8
Less: net earnings (loss) attributable to noncontrolling interests	**(0.3)**	—	**(0.5)**	0.1
Net earnings (loss) attributable to Wolverine World Wide, Inc.	**$ (1.6)**	$ 40.2	**$ 11.4**	$ 80.7
Net earnings (loss) per share (see Note 3):				
Basic	**$ (0.02)**	$ 0.45	**$ 0.14**	$ 0.89
Diluted	**$ (0.02)**	$ 0.45	**$ 0.14**	$ 0.88
Comprehensive income (loss)	**$ (1.8)**	$ 39.8	**$ 0.4**	$ 83.2
Less: comprehensive income (loss) attributable to noncontrolling interests	**(0.2)**	(0.1)	**(1.6)**	0.2
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	**$ (1.6)**	$ 39.9	**$ 2.0**	$ 83.0
Cash dividends declared per share	**$ 0.10**	$ 0.10	**$ 0.20**	$ 0.20

See accompanying notes to consolidated condensed financial statements.

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

(In millions, except share data)	June 27, 2020	December 28, 2019	June 29, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	**$ 422.6**	$ 180.6	$ 116.5
Accounts receivable, less allowances of $38.2, $26.7 and $25.6	**263.8**	331.2	363.7
Inventories:			
Finished products, net	**376.5**	342.0	397.0
Raw materials and work-in-process, net	**10.0**	6.2	9.5
Total inventories	**386.5**	348.2	406.5
Prepaid expenses and other current assets	**45.7**	107.1	42.6
Total current assets	**1,118.6**	967.1	929.3
Property, plant and equipment:			
Gross cost	**327.7**	325.0	392.2
Accumulated depreciation	**(192.8)**	(184.0)	(254.0)
Property, plant and equipment, net	**134.9**	141.0	138.2
Lease right-of-use assets, net	**152.4**	160.8	157.8
Other assets:			
Goodwill	**435.6**	438.9	438.5
Indefinite-lived intangibles	**604.5**	604.5	604.5
Amortizable intangibles, net	**75.1**	77.8	82.0
Deferred income taxes	**2.4**	2.9	3.2
Other	**65.9**	87.0	89.4
Total other assets	**1,183.5**	1,211.1	1,217.6
Total assets	**$ 2,589.4**	$ 2,480.0	$ 2,442.9

See accompanying notes to consolidated condensed financial statements.

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

(In millions, except share data)	June 27, 2020	December 28, 2019	June 29, 2019
LIABILITIES AND STOCKHOLDERS’ EQUITY			
Current liabilities:			
Accounts payable	**$ 154.9**	$ 202.1	$ 212.7
Accrued salaries and wages	**11.6**	20.8	18.1
Other accrued liabilities	**163.9**	157.9	105.3
Lease liabilities	**37.5**	34.1	30.8
Current maturities of long-term debt	**183.5**	12.5	10.0
Borrowings under revolving credit agreements	**125.0**	360.0	368.0
Total current liabilities	**676.4**	787.4	744.9
Long-term debt, less current maturities	**715.9**	425.9	433.0
Accrued pension liabilities	**109.4**	109.7	92.2
Deferred income taxes	**86.0**	99.0	111.2
Lease liabilities, noncurrent	**139.2**	147.2	146.0
Other liabilities	**126.6**	132.4	60.4
Stockholders’ equity:			
Wolverine World Wide, Inc. stockholders’ equity:			
Common stock – par value $1, authorized 320,000,000 shares; 110,006,517, 108,329,250 and 107,997,808 shares issued	**110.0**	108.3	108.0
Additional paid-in capital	**227.1**	233.4	213.2
Retained earnings	**1,258.3**	1,263.3	1,232.8
Accumulated other comprehensive loss	**(111.5)**	(102.1)	(86.0)
Cost of shares in treasury; 28,146,537, 27,181,512 and 22,741,032 shares	**(759.9)**	(736.2)	(624.3)
Total Wolverine World Wide, Inc. stockholders’ equity	**724.0**	766.7	843.7
Noncontrolling interest	**11.9**	11.7	11.5
Total stockholders’ equity	**735.9**	778.4	855.2
Total liabilities and stockholders’ equity	**$ 2,589.4**	$ 2,480.0	$ 2,442.9

See accompanying notes to consolidated condensed financial statements.

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

(In millions)	Year-To-Date Ended June 27, 2020	Year-To-Date Ended June 29, 2019
OPERATING ACTIVITIES		
Net earnings	**$ 10.9**	$ 80.8
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**15.4**	15.0
Deferred income taxes	**(13.4)**	(1.2)
Stock-based compensation expense	**10.2**	10.2
Pension and SERP expense	**4.3**	2.8
Debt extinguishment costs	**0.2**	—
Environmental and other related costs, net of cash payments and recoveries received	**34.2**	(3.5)
Other	**4.3**	(9.4)
Changes in operating assets and liabilities:		
Accounts receivable	**64.5**	(3.9)
Inventories	**(41.0)**	(81.1)
Other operating assets	**6.3**	3.6
Accounts payable	**(45.9)**	10.2
Income taxes payable	**3.5**	(0.3)
Other operating liabilities	**(14.5)**	(19.3)
Net cash provided by operating activities	**39.0**	3.9
INVESTING ACTIVITIES		
Business acquisition, net of cash acquired	**(5.5)**	(15.1)
Additions to property, plant and equipment	**(6.6)**	(18.3)
Investment in joint ventures	**(3.5)**	(8.5)
Proceeds from company-owned life insurance policy liquidations	**25.6**	—
Other	**(0.8)**	(0.5)
Net cash provided by (used in) investing activities	**9.2**	(42.4)
FINANCING ACTIVITIES		
Payments under revolving credit agreements	**(773.0)**	(142.0)
Borrowings under revolving credit agreements	**538.0**	385.0
Proceeds from company-owned life insurance policies	**24.5**	—
Borrowings of long-term debt	**471.0**	—
Payments on long-term debt	**(5.0)**	(2.5)
Payments of debt issuance costs	**(6.4)**	(0.3)
Cash dividends paid	**(17.0)**	(16.8)
Purchases of common stock for treasury	**(21.0)**	(207.4)
Employee taxes paid under stock-based compensation plans	**(19.9)**	(16.5)
Proceeds from the exercise of stock options	**2.1**	5.8
Contributions from noncontrolling interests	**1.8**	5.7
Net cash provided by financing activities	**195.1**	11.0
Effect of foreign exchange rate changes	**(1.3)**	0.9
Increase (decrease) in cash and cash equivalents	**242.0**	(26.6)
Cash and cash equivalents at beginning of the year	**180.6**	143.1
Cash and cash equivalents at end of the quarter	**$ 422.6**	$ 116.5

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Stockholders' Equity
(Unaudited)

(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
	Wolverine World Wide, Inc. Stockholders' Equity						
Balance at March 30, 2019	$ 107.9	$ 208.0	$ 1,201.2	$ (85.7)	$ (520.0)	$ 5.9	$ 917.3
Net earnings			40.2			—	40.2
Other comprehensive loss				(0.3)		(0.1)	(0.4)
Shares forfeited, net of shares issued under stock incentive plans (29,962 shares)	—	(0.1)					(0.1)
Shares issued for stock options exercised, net (86,790 shares)	0.1	1.6					1.7
Stock-based compensation expense		3.6					3.6
Cash dividends declared ($0.10 per share)			(8.6)				(8.6)
Issuance of treasury shares (2,062 shares)		0.1			0.1		0.2
Purchase of common stock for treasury (3,589,131 shares)					(104.3)		(104.3)
Purchases of shares under employee stock plans (1,579 shares)					(0.1)		(0.1)
Capital contribution from noncontrolling interest						5.7	5.7
Balance at June 29, 2019	$ 108.0	$ 213.2	$ 1,232.8	$ (86.0)	$ (624.3)	$ 11.5	$ 855.2
Balance at March 28, 2020	$ 109.2	$ 219.8	$ 1,268.1	$ (111.5)	$ (760.0)	$ 10.3	$ 735.9
Net loss			**(1.6)**			**(0.3)**	**(1.9)**
Other comprehensive income				**—**		**0.1**	**0.1**
Shares issued, net of shares forfeited under stock incentive plans (757,617 shares)	**0.8**	**(0.9)**					**(0.1)**
Shares issued for stock options exercised, net (40,068 shares)	**—**	**0.7**					**0.7**
Stock-based compensation expense		**7.5**					**7.5**
Cash dividends declared ($0.10 per share)			**(8.2)**				**(8.2)**
Issuance of treasury shares (1,701 shares)		**—**			**0.1**		**0.1**
Capital contribution from noncontrolling interest						**1.8**	**1.8**
Balance at June 27, 2020	**$ 110.0**	**$ 227.1**	**$ 1,258.3**	**$ (111.5)**	**$ (759.9)**	**$ 11.9**	**$ 735.9**

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Stockholders' Equity
(Unaudited)

	Wolverine World Wide, Inc. Stockholders' Equity						
(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at December 29, 2018	$ 107.6	$ 201.4	$ 1,169.7	$ (88.3)	$ (404.4)	$ 5.6	$ 991.6
Net earnings			80.7			0.1	80.8
Other comprehensive income				2.3		0.1	2.4
Shares issues, net of shares forfeited under stock incentive plans (38,505 shares)	—	(3.9)					(3.9)
Shares issued for stock options exercised, net (350,097 shares)	0.4	5.4					5.8
Stock-based compensation expense		10.2					10.2
Cash dividends declared ($0.20 per share)			(17.6)				(17.6)
Issuance of treasury shares (4,000 shares)		0.1			0.1		0.2
Purchase of common stock for treasury (6,480,892 shares)					(207.4)		(207.4)
Purchases of shares under stock-based compensation plans (358,459 shares)					(12.6)		(12.6)
Capital contribution from noncontrolling interest						5.7	5.7
Balance at June 29, 2019	$ 108.0	$ 213.2	$ 1,232.8	$ (86.0)	$ (624.3)	$ 11.5	$ 855.2
Balance at December 28, 2019	$ 108.3	$ 233.4	$ 1,263.3	$ (102.1)	$ (736.2)	$ 11.7	$ 778.4
Net earnings (loss)			**11.4**			**(0.5)**	**10.9**
Other comprehensive loss				**(9.4)**		**(1.1)**	**(10.5)**
Shares issued, net of shares forfeited under stock incentive plans (1,485,553 shares)	**1.5**	**(18.5)**					**(17.0)**
Shares issued for stock options exercised, net (191,714 shares)	**0.2**	**2.0**					**2.2**
Stock-based compensation expense		**10.2**					**10.2**
Cash dividends declared ($0.20 per share)			**(16.4)**				**(16.4)**
Issuance of treasury shares (2,768 shares)					**0.1**		**0.1**
Purchase of common stock for treasury (877,624 shares)					**(21.0)**		**(21.0)**
Purchases of shares under stock-based compensation plans (90,169 shares)					**(2.8)**		**(2.8)**
Capital contribution from noncontrolling interest						**1.8**	**1.8**
Balance at June 27, 2020	**$ 110.0**	**$ 227.1**	**$ 1,258.3**	**$ (111.5)**	**$ (759.9)**	**$ 11.9**	**$ 735.9**

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
Quarters Ended June 27, 2020 and June 29, 2019
(Unaudited)

1. BASIS OF PRESENTATION

Nature of Operations

Wolverine World Wide, Inc. (the "Company") is a leading designer, marketer and licensor of a broad range of quality casual footwear and apparel; performance outdoor and athletic footwear and apparel; kids' footwear; industrial work shoes, boots and apparel; and uniform shoes and boots. The Company's portfolio of owned and licensed brands includes: *Bates*®, *Cat*®, *Chaco*®, *Harley-Davidson*®, *Hush Puppies*®, *Hytest*®, *Keds*®, *Merrell*®, *Saucony*®, *Sperry*®, *Stride Rite*® and *Wolverine*®. The Company's products are marketed worldwide through owned operations, through licensing and distribution arrangements with third parties, and joint ventures. The Company also operates retail stores and eCommerce sites to market both its own brands and branded footwear and apparel from other manufacturers, as well as a leathers division that markets *Wolverine Performance Leathers*™.

Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for a complete presentation of the financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included in the accompanying financial statements. For further information, refer to the consolidated financial statements and footnotes included in the Company's 2019 Form 10-K.

Fiscal Year

The Company's fiscal year is the 52 or 53-week period that ends on the Saturday nearest to December 31. Fiscal year 2020 has 53 weeks and fiscal year 2019 contained 52 weeks. The Company reports its quarterly results of operations on the basis of 13-week quarters for each of the first three fiscal quarters and a 13 or 14-week period for the fiscal fourth quarter. References to particular years or quarters refer to the Company's fiscal years ended on the Saturday nearest to December 31 or the fiscal quarters within those years.

Seasonality

The Company's business is subject to seasonal influences that can cause significant differences in revenue, earnings and cash flows from quarter to quarter; however, the differences have followed a consistent pattern in recent years.

2. NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board ("FASB") issued the following Accounting Standards Updates ("ASU") that the Company adopted during fiscal year 2020. The following is a summary of the effect of adoption of this new standard.

Standard	Description	Effect on the Financial Statements or Other Significant Matters
ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	Seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates.	The Company adopted ASU 2016-13 at the beginning of the first quarter on a prospective basis. The Company adjusted its business policies and processes relating to the measurement of allowances for credit losses to consider reasonable and supportable information to determine expected credit losses on accounts receivable. The adoption of the ASU did not have a material effect on the consolidated financial statements.
ASU 2017-04, Intangibles Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	Eliminates step two of the goodwill impairment test under legacy US GAAP. Annual and interim goodwill impairment tests are performed by comparing the fair value of a reporting unit with its carrying amount and the amount by which the carrying amount exceeds the reporting unit's fair value will be recognized as an impairment charge.	The Company adopted the ASU at the beginning of the first quarter on a prospective basis. The adoption of the ASU did not have a significant impact on the Company's financial statements and all prospective impairment tests will be completed under this standard.

3. EARNINGS PER SHARE

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

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

(In millions, except per share data)	Quarter Ended June 27, 2020	Quarter Ended June 29, 2019	Year-To-Date Ended June 27, 2020	Year-To-Date Ended June 29, 2019
Numerator:				
Net earnings (loss) attributable to Wolverine World Wide, Inc.	**$ (1.6)**	$ 40.2	**$ 11.4**	$ 80.7
Adjustment for earnings allocated to non-vested restricted common stock	**(0.2)**	(0.8)	**(0.4)**	(1.6)
Net earnings (loss) used in calculating basic earnings per share	**(1.8)**	39.4	**11.0**	79.1
Adjustment for earnings reallocated from non-vested restricted common stock	**—**	—	**—**	0.1
Net earnings (loss) used in calculating basic and diluted earnings per share	**$ (1.8)**	$ 39.4	**$ 11.0**	$ 79.2
Denominator:				
Weighted average shares outstanding	**81.7**	87.4	**81.6**	89.2
Adjustment for non-vested restricted common stock	**(0.8)**	(0.5)	**(0.6)**	(0.8)
Shares used in calculating basic earnings per share	**80.9**	86.9	**81.0**	88.4
Effect of dilutive stock options	**—**	1.4	**0.5**	1.7
Shares used in calculating diluted earnings per share	**80.9**	88.3	**81.5**	90.1
Net earnings (loss) per share:				
Basic	**$ (0.02)**	$ 0.45	**$ 0.14**	$ 0.89
Diluted	**$ (0.02)**	$ 0.45	**$ 0.14**	$ 0.88

For the quarter and year-to-date ended June 27, 2020, 1,955,425 and 1,183,907 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

For the quarter and year-to-date ended June 29, 2019, 134,549 and 38,932 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

4. GOODWILL AND INDEFINITE-LIVED INTANGIBLES

The changes in the carrying amount of goodwill are as follows:

(In millions)	Year-To-Date Ended June 27, 2020	Year-To-Date Ended June 29, 2019
Goodwill balance at beginning of the year	$ 438.9	$ 424.4
Acquisition of a business (see Note 17)	—	12.0
Foreign currency translation effects	**(3.3)**	2.1
Goodwill balance at end of the quarter	**$ 435.6**	$ 438.5

The Company's indefinite-lived intangible assets, which comprise trade names and trademarks, totaled $604.5 million as of June 27, 2020, December 28, 2019 and June 29, 2019. The carrying value of the Company's *Sperry*® trade name was $518.2 million as of June 27, 2020. Based on the interim impairment assessment as of June 27, 2020, it was determined there were no triggering events of impairment for goodwill and indefinite-lived intangible assets. If the operating results for *Sperry*® were to decline in future periods compared to current projections, or if further deterioration of macroeconomic conditions due to the COVID-19 pandemic adversely affect the value of the Company's *Sperry*® trade name and goodwill balances, the Company may need to record a non-cash impairment charge. We continue to monitor the effects of the COVID-19 pandemic, and actions taken by governments, businesses and individuals in response to the pandemic, on the global economy to assess the outlook for demand for our products and the impact on our business and financial performance.

5. ACCOUNTS RECEIVABLE

The Company has an agreement with a financial institution to sell selected trade accounts receivable on a recurring, nonrecourse basis that expires in the fourth quarter of fiscal 2020. Under the agreement, up to $150.0 million of accounts receivable may be sold to the financial institution and remain outstanding at any point in time. After the sale, the Company does not retain any interests in the accounts receivable and removes them from its consolidated condensed balance sheet, but continues to service and collect the outstanding accounts receivable on behalf of the financial institution. The Company recognizes a servicing asset or servicing liability, initially measured at fair value, each time it undertakes an obligation to service the accounts receivable under the agreement. For receivables sold under the agreement, 90% of the stated amount is paid in cash to the Company at the time of sale, with the remainder paid to the Company at the completion of the collection process.

The following is a summary of the stated amount of accounts receivable that was sold as well as fees charged by the financial institution.

(In millions)	Quarter Ended June 27, 2020	Year-To-Date Ended June 27, 2020
Accounts receivable sold	**$ —**	$ 14.1
Fees charged	**—**	0.1

The fees charged are recorded in other expense. Net proceeds of this program are classified in operating activities in the consolidated condensed statements of cash flows. There were no amounts outstanding under this program as of June 27, 2020 and June 29, 2019, respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition and Performance Obligations

The Company recognizes revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*. Revenue is recognized upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration to be received in exchange for those goods or services. The Company identifies the performance obligation in the contract, determines the transaction price, allocates the transaction price to the performance obligations and recognizes revenue upon completion of the performance obligation. Revenue is recognized net of variable consideration and any taxes collected from customers, which are subsequently remitted to governmental authorities.

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company is due $27.9 million of remaining fixed transaction price under its license agreements as of June 27, 2020, which it expects to recognize per the terms of its contracts over the course of time through December 2024. The Company has elected to omit the remaining variable consideration under its license agreements given the Company recognizes revenue equal to what it has the right to invoice and that amount corresponds directly with the value to the customer of the Company’s performance to date.

The Company provides disaggregated revenue by sales channel, including the wholesale and consumer-direct sales channels, reconciled to the Company’s reportable segments. The wholesale channel includes royalty revenues due to the similarity in the Company’s oversight and management, customer base, the performance obligation (footwear and apparel goods) and point in time completion of the performance obligation.

	Quarter Ended June 27, 2020			Quarter Ended June 29, 2019		
(In millions)	Wholesale	Consumer-Direct	Total	Wholesale	Consumer-Direct	Total
Wolverine Michigan Group	**$ 149.0**	**$ 68.4**	**$ 217.4**	$ 277.3	$ 40.9	$ 318.2
Wolverine Boston Group	**74.5**	**48.0**	**122.5**	191.7	39.0	230.7
Other	**8.8**	**0.4**	**9.2**	18.4	1.3	19.7
Total	**$ 232.3**	**$ 116.8**	**$ 349.1**	$ 487.4	$ 81.2	$ 568.6

	Year-To-Date Ended June 27, 2020			Year-To-Date Ended June 29, 2019		
(In millions)	Wholesale	Consumer-Direct	Total	Wholesale	Consumer-Direct	Total
Wolverine Michigan Group	**$ 363.3**	**$ 101.9**	**$ 465.2**	$ 549.6	$ 71.3	$ 620.9
Wolverine Boston Group	**223.6**	**81.0**	**304.6**	367.2	68.3	435.5
Other	**17.5**	**1.1**	**18.6**	33.4	2.2	35.6
Total	**$ 604.4**	**$ 184.0**	**$ 788.4**	$ 950.2	$ 141.8	$ 1,092.0

Reserves for Variable Consideration

Revenue is recorded at the net sales price ("transaction price"), which includes estimates of variable consideration for which reserves are established. Components of variable consideration include trade discounts and allowances, product returns, customer markdowns, customer rebates and other sales incentives relating to the sale of the Company's products. These reserves, as detailed below, are based on the amounts earned, or to be claimed on the related sales. These estimates take into consideration a range of possible outcomes, which are probability-weighted in accordance with the expected value method for relevant factors such as current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of the respective underlying contracts. Revenue recognized during the fiscal periods presented related to the Company's contract liabilities was nominal.

The Company's contract balances are as follows:

(In millions)	June 27, 2020	December 28, 2019	June 29, 2019
Product returns reserve	**$ 11.8**	$ 11.4	$ 10.5
Customer markdowns reserve	**5.7**	4.4	4.8
Other sales incentives reserve	**3.4**	2.3	1.9
Customer rebates liability	**11.0**	12.0	10.2
Customer advances liability	**5.8**	7.2	4.1

The amount of variable consideration included in the transaction price may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the contract will not occur in a future period. Actual amounts of consideration ultimately received may differ from initial estimates. If actual results in the future vary from initial estimates, the Company subsequently adjusts these estimates, which affects net revenue and earnings in the period such variances become known.

7. DEBT

Total debt consists of the following obligations:

(In millions)	June 27, 2020	December 28, 2019	June 29, 2019
Term Loan A, due December 6, 2023	**$ 187.5**	$ 192.5	$ 197.5
Incremental Term Loan, due May 4, 2021	**171.0**	—	—
Senior Notes, 5.000% interest, due September 1, 2026	**250.0**	250.0	250.0
Senior Notes, 6.375% interest, due May 15, 2025	**300.0**	—	—
Borrowings under revolving credit agreements	**125.0**	360.0	368.0
Unamortized deferred financing costs	**(9.1)**	(4.1)	(4.5)
Total debt	**$ 1,024.4**	$ 798.4	$ 811.0

On May 5, 2020, the Company entered into a Second Amendment (the "Amendment") which amended its senior credit facility that was most recently amended and restated as of December 6, 2018 (as so amended by the Amendment, the "Amended Senior Credit Facility"). In connection with the Amendment, the Company borrowed $171.0 million in aggregate principal amount of incremental term loan (the "Incremental Term Loan"). The Incremental Term Loan will mature on May 4, 2021 and bear interest at a rate equal either to (i) the applicable base rate plus 1.250% or (ii) LIBOR plus 2.250%. The Amended Senior Credit Facility also included a $200.0 million term loan facility ("Term Loan A") and an $800.0 million Revolving Credit Facility, both with maturity dates of December 6, 2023, that remain unchanged as a result of the Amendment. The Amended Senior Credit Facility's debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed $1,750.0 million, unless certain specified conditions set forth in the Amended Senior Credit Facility are met. Term Loan A requires quarterly principal payments with a balloon payment due on December 6, 2023. The scheduled principal payments due under Term Loan A and the Incremental Term Loan over the next 12 months total $183.5 million as of June 27, 2020 and are recorded as current maturities of long-term debt on the consolidated condensed balance sheets.

The Revolving Credit Facility allows the Company to borrow up to an aggregate amount of $800.0 million, which includes a $200.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, British pounds, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies as are determined in accordance with the Amended Senior Credit Facility. The Revolving Credit Facility also includes a $50.0 million swingline subfacility and a $50.0 million letter of credit subfacility. The Company had outstanding letters of credit under the Revolving Credit Facility of $5.8 million, $5.7 million and $3.9 million as of June 27, 2020, December 28, 2019 and June 29, 2019, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Credit Facility.

The interest rates applicable to amounts outstanding under Term Loan A and to U.S. dollar denominated amounts outstanding under the Revolving Credit Facility will be, at the Company’s option, either (1) the Alternate Base Rate plus an Applicable Margin as determined by the Company’s Consolidated Leverage Ratio, within a range of 0.125% to 1.000%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company’s Consolidated Leverage Ratio, within a range of 1.125% to 2.000% (all capitalized terms used in this sentence are as defined in the Amended Senior Credit Facility). The Company has two interest rate swap arrangements that reduce the Company’s exposure to fluctuations in interest rates on its variable rate debt. At June 27, 2020, Term Loan A and the Incremental Term Loan had a weighted-average interest rate of 3.27% and the Revolving Credit Facility had a weighted-average interest rate of 3.34%.

The obligations of the Company pursuant to the Amended Senior Credit Facility are guaranteed by substantially all of the Company’s material domestic subsidiaries and secured by substantially all of the personal and real property of the Company and its material domestic subsidiaries, subject to certain exceptions.

The Amended Senior Credit Facility also contains certain affirmative and negative covenants, including covenants that limit the ability of the Company and its Restricted Subsidiaries to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments, as well as covenants restricting the activities of certain foreign subsidiaries of the Company that hold intellectual property related assets. Further, the Amended Senior Credit Facility requires compliance with the following financial covenants: a maximum Consolidated Leverage Ratio and a minimum Consolidated Interest Coverage Ratio (all capitalized terms used in this paragraph are as defined in the Amended Senior Credit Facility). As of June 27, 2020, the Company was in compliance with all covenants and performance ratios under the Amended Senior Credit Facility.

On May 11, 2020 the Company issued $300.0 million aggregate principal amount of 6.375% Senior Notes due on May 15, 2025. Related interest payments are due semi-annually beginning on November 15, 2020. These senior notes are guaranteed by substantially all of the Company’s domestic subsidiaries.

The Company has $250.0 million of senior notes outstanding that are due on September 1, 2026. These senior notes bear interest at 5.00% with the related interest payments due semi-annually and are guaranteed by substantially all of the Company’s domestic subsidiaries.

The Company has a foreign revolving credit facility with aggregate available borrowings of $4.0 million that are uncommitted and, therefore, each borrowing against the facility is subject to approval by the lender. There were no borrowings against this facility as of June 27, 2020, December 28, 2019 and June 29, 2019.

The Company included in interest expense the amortization of deferred financing costs of $0.7 million and $1.1 million for the quarter and year-to-date ended June 27, 2020, respectively. The Company included in interest expense the amortization of deferred financing costs of $0.4 million and $0.8 million for the quarter and year-to-date ended June 29, 2019, respectively.

8. LEASES

The Company’s leases consist primarily of corporate offices, retail stores, distribution centers, showrooms, vehicles and office equipment. The Company leases assets in the normal course of business to meet its current and future needs while providing flexibility to its operations. The Company enters into contracts with third parties to lease specifically identified assets. Most of the Company’s leases have contractually specified renewal periods. Most retail store leases have early termination clauses that the Company can elect if stipulated sales amounts are not achieved. The Company determines the lease term for each lease based on the terms of each contract and factors in renewal and early termination options if such options are reasonably certain to be exercised.

The following is a summary of the Company's lease cost.

	Quarter Ended		Year-To-Date Ended	
(In millions)	**June 27, 2020**	June 29, 2019	**June 27, 2020**	June 29, 2019
Operating lease cost	**$ 8.1**	$ 8.2	**$ 16.3**	$ 16.2
Variable lease cost	**2.7**	3.8	**6.1**	7.3
Short-term lease cost	**0.2**	0.4	**0.5**	0.6
Sublease income	**(1.1)**	(0.9)	**(2.3)**	(1.9)
Total lease cost	**$ 9.9**	$ 11.5	**$ 20.6**	$ 22.2

Future undiscounted cash flows for operating leases for the fiscal periods subsequent to June 27, 2020 are as follows:

(In millions)	Operating Leases
Remainder of 2020	$ 21.5
2021	30.8
2022	28.1
2023	21.0
2024	18.1
Thereafter	107.6
Total future payments	227.1
Less: imputed interest	50.4
Recognized lease liability	$ 176.7

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company follows FASB ASC Topic 815, *Derivatives and Hedging* ("ASC 815"), which requires that all derivative instruments be recorded on the consolidated condensed balance sheets at fair value by establishing criteria for designation and effectiveness of hedging relationships. The Company does not hold or issue financial instruments for trading purposes.

The Company utilizes foreign currency forward exchange contracts designated as cash flow hedges to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extended out to a maximum of 412 days, 545 days and 468 days, as of June 27, 2020, December 28, 2019 and June 29, 2019, respectively. If, in the future, the foreign exchange contracts are determined not to be highly effective or are terminated before their contractual termination dates, the Company would remove the hedge designation from those contracts and reclassify into earnings the unrealized gains or losses that would otherwise be included in accumulated other comprehensive income (loss) ("AOCI") within stockholders' equity. During the quarter ended June 27, 2020, the Company reclassified $1.3 million to other income for foreign currency contracts that were no longer deemed highly effective.

The Company also utilizes foreign currency contracts that are not designated as hedging instruments to manage foreign currency transaction exposure. Foreign currency derivatives not designated as hedging instruments are offset by foreign exchange gains or losses resulting from the underlying exposures of foreign currency denominated assets and liabilities.

The Company has two interest rate swap arrangements, which unless otherwise terminated, will mature on July 13, 2020 and December 6, 2023, respectively. These agreements, which exchange floating rate for fixed rate interest payments over the life of the agreements without the exchange of the underlying notional amounts, have been designated as cash flow hedges of the underlying debt. The notional amounts of the interest rate swap arrangements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The differential paid or received on the interest rate swap arrangements is recognized as interest expense. In accordance with ASC 815, the Company has formally documented the relationship between the interest rate swaps and the variable rate borrowing, as well as its risk management objective and strategy for undertaking the hedge transactions. This process included linking the derivative to the specific liability or asset on the balance sheet. The Company also assessed at the inception of each hedge, and continues to assess on an ongoing basis, whether the derivatives used in the hedging transactions are highly effective in offsetting changes in the cash flows of the hedged item.

The Company has a cross currency swap to minimize the impact of exchange rate fluctuations. The hedging instrument, which, unless otherwise terminated, will mature on September 1, 2021, has been designated as a hedge of a net investment in a foreign operation. The Company will pay 2.75% on the euro-denominated notional amount and receive 5.00% on the U.S. dollar notional amount, with an exchange of principal at maturity. Changes in fair value related to movements in the foreign currency exchange spot rate are recorded in AOCI, offsetting the currency translation adjustment related to the underlying net investment that is also recorded in AOCI. All other changes in fair value are recorded in interest expense. In accordance with ASC 815, the Company has formally documented the relationship between the cross-currency swap and the Company's investment in its euro-denominated subsidiary, as well as its risk management objective and strategy for undertaking the hedge transaction. This process included linking the derivative to its net investment on the balance sheet. The Company also assessed at the hedge's inception, and continues to assess on an ongoing basis, whether the derivative used in the hedging transaction is highly effective in offsetting changes in expected cash flows of the hedged item.

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

(Dollars in millions)	**June 27, 2020**	December 28, 2019	June 29, 2019
Foreign exchange contracts:			
Hedge contracts	**$ 161.1**	$ 246.3	$ 238.1
Non-hedge contracts	**—**	7.3	8.5
Interest rate swaps	**314.6**	355.8	141.9
Cross currency swap	**79.8**	79.8	79.8

The recorded fair values of the Company's derivative instruments are as follows:

(In millions)	**June 27, 2020**	December 28, 2019	June 29, 2019
Financial assets:			
Foreign exchange contracts - hedge	**$ 4.1**	$ 2.3	$ 4.3
Financial liabilities:			
Foreign exchange contracts - hedge	**$ (0.1)**	$ (1.8)	$ (0.1)
Interest rate swaps	**(9.8)**	(1.8)	(0.2)
Cross currency swap	**(1.9)**	(3.0)	(5.3)

10. STOCK-BASED COMPENSATION

The Company recognized compensation expense of $7.5 million and $10.2 million, and related income tax benefits of $1.5 million and $2.0 million, for grants under its stock-based compensation plans for the quarter and year-to-date ended June 27,2020, respectively. The Company recognized compensation expense of $3.6 million and $10.2 million, and related income tax benefits of $0.7 million and $2.0 million, for grants under its stock-based compensation plans for the quarter and year-to-date ended June 29, 2019, respectively.

The Company grants restricted stock or units ("restricted awards"), performance-based restricted stock or units ("performance awards") and stock options under its stock-based compensation plans.

During the year-to-date ended June 27, 2020, the Company issued 1,325,475 restricted awards at a weighted average grant date fair value of $22.28 per award. During the year-to-date ended June 29, 2019, the Company issued 531,383 restricted awards at a weighted average grant date fair value of $35.01 per award.

During the year-to-date ended June 27, 2020, the Company issued 346,584 performance awards at a weighted average grant date fair value of $35.02 per award. During the year-to-date ended June 29, 2019, the Company issued 329,089 performance awards at a weighted average grant date fair value of $37.65 per award.

11. RETIREMENT PLANS

The following is a summary of net pension and Supplemental Executive Retirement Plan (“SERP”) expense recognized by the Company.

	Quarter Ended		Year-To-Date Ended	
(In millions)	**June 27, 2020**	June 29, 2019	**June 27, 2020**	June 29, 2019
Service cost pertaining to benefits earned during the period	**$ 1.6**	$ 1.4	**$ 3.2**	$ 2.8
Interest cost on projected benefit obligations	**3.6**	3.8	**7.1**	7.6
Expected return on pension assets	**(4.7)**	(4.5)	**(9.3)**	(8.9)
Net amortization loss	**1.7**	0.7	**3.3**	1.3
Net pension expense	**$ 2.2**	$ 1.4	**$ 4.3**	$ 2.8

The non-service cost components of net pension expense is recorded in the Other income, net line item on the consolidated condensed statements of operations and comprehensive income.

12. INCOME TAXES

The Company maintains management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that are different than the U.S. federal statutory income tax rate. A significant amount of the Company’s earnings are generated by its Canadian, European and Asian subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax.

The Company intends to permanently reinvest all non-cash undistributed earnings outside of the U.S. and has, therefore not established a deferred tax liability on that amount of foreign unremitted earnings. However, if these non-cash undistributed earnings were repatriated, the Company would be required to accrue and pay applicable U.S. taxes and withholding taxes payable to various countries. It is not practicable to estimate the amount of the deferred tax liability associated with these non-cash unremitted earnings due to the complexity of the hypothetical calculation.

The Company’s effective tax rates for the quarter and year-to-date ended June 27, 2020 were (28.3)% and (33.0)%, respectively. The Company’s effective tax rates for the quarter and year-to-date ended June 29, 2019 were 19.4% and 16.4%, respectively. The change in effective tax rate is driven by a decrease of pretax book income in the Company's material tax jurisdictions as a result of the global COVID-19 pandemic.

The Company is subject to periodic audits by U.S. federal, state, local and non-U.S. tax authorities. Currently, the Company is undergoing routine periodic audits in both U.S. federal, state, local and non-U.S. tax jurisdictions. It is reasonably possible that the amounts of unrecognized tax benefits could change in the next 12 months as a result of the audits; however, any payment of tax is not expected to be significant to the consolidated condensed financial statements. The Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2015 in the majority of tax jurisdictions.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

AOCI represents net earnings and any revenue, expenses, gains and losses that, under U.S. GAAP, are excluded from net earnings and recognized directly as a component of stockholders’ equity.

The change in AOCI during the quarters ended June 27, 2020 and June 29, 2019 is as follows:

(In millions)	Foreign currency translation adjustments	Derivatives	Pension adjustments	Total
Balance of AOCI as of March 30, 2019	$ (50.6)	$ 0.6	$ (35.7)	$ (85.7)
Other comprehensive income (loss) before reclassifications [1]	2.6	(2.1)	—	0.5
Amounts reclassified from AOCI	—	(1.7) [2]	0.7 [3]	(1.0)
Income tax expense (benefit)	—	0.4	(0.2)	0.2
Net reclassifications	—	(1.3)	0.5	(0.8)
Net current-period other comprehensive income (loss) [1]	2.6	(3.4)	0.5	(0.3)
Balance of AOCI as of June 29, 2019	$ (48.0)	$ (2.8)	$ (35.2)	$ (86.0)
Balance of AOCI as of March 28, 2020	$ (58.5)	$ (5.6)	$ (47.4)	$ (111.5)
Other comprehensive income (loss) before reclassifications [1]	**2.6**	**(1.8)**	**—**	**0.8**
Amounts reclassified from AOCI	**—**	**(2.4)** [2]	**1.7** [3]	**(0.7)**
Income tax expense (benefit)	**—**	**0.3**	**(0.4)**	**(0.1)**
Net reclassifications	**—**	**(2.1)**	**1.3**	**(0.8)**
Net current-period other comprehensive income (loss) [1]	**2.6**	**(3.9)**	**1.3**	**—**
Balance of AOCI as of June 27, 2020	**$ (55.9)**	**$ (9.5)**	**$ (46.1)**	**$ (111.5)**

(1) Other comprehensive income (loss) is reported net of taxes and noncontrolling interest.

(2) Amounts related to foreign currency derivatives are included in cost of goods sold. Amounts related to foreign currency derivatives that are no longer deemed to be highly effective are included in other income. Amounts related to interest rate swaps and the cross-currency swap are included in interest expense.

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

The change in AOCI during the year-to-dates ended June 27, 2020 and June 29, 2019 is as follows:

(In millions)	Foreign currency translation adjustments	Derivatives	Pension adjustments	Total
Balance of AOCI as of December 29, 2018	$ (53.0)	$ 0.9	$ (36.2)	$ (88.3)
Other comprehensive income (loss) before reclassifications [1]	5.0	(0.8)	—	4.2
Amounts reclassified from accumulated other comprehensive income (loss)	—	(3.5) [2]	1.3 [3]	(2.2)
Income tax expense (benefit)	—	0.6	(0.3)	0.3
Net reclassifications	—	(2.9)	1.0	(1.9)
Net current-period other comprehensive income (loss) [1]	5.0	(3.7)	1.0	2.3
Balance of AOCI as of June 29, 2019	$ (48.0)	$ (2.8)	$ (35.2)	$ (86.0)
Balance of AOCI as of December 28, 2019	$ (47.6)	$ (5.8)	$ (48.7)	$ (102.1)
Other comprehensive income (loss) before reclassifications [1]	**(8.3)**	**(0.7)**	**—**	**(9.0)**
Amounts reclassified from accumulated other comprehensive income (loss)	**—**	**(3.6)** [2]	**3.3** [3]	**(0.3)**
Income tax expense (benefit)	**—**	**0.6**	**(0.7)**	**(0.1)**
Net reclassifications	**—**	**(3.0)**	**2.6**	**(0.4)**
Net current-period other comprehensive income (loss) [1]	**(8.3)**	**(3.7)**	**2.6**	**(9.4)**
Balance of AOCI as of June 27, 2020	**$ (55.9)**	**$ (9.5)**	**$ (46.1)**	**$ (111.5)**

(1) Other comprehensive income (loss) is reported net of taxes and noncontrolling interest.

(2) Amounts related to foreign currency derivatives are included in cost of goods sold. Amounts related to foreign currency derivatives that are no longer deemed to be highly effective are included in other income. Amounts related to interest rate swaps and the cross-currency swap are included in interest expense.

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

14. FAIR VALUE MEASUREMENTS

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

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

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

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

Recurring Fair Value Measurements

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

	Fair Value Measurements		
	Quoted Prices With Other Observable Inputs (Level 2)		
(In millions)	**June 27, 2020**	December 28, 2019	June 29, 2019
Financial assets:			
Derivatives	**$ 4.1**	$ 2.3	$ 4.3
Financial liabilities:			
Derivatives	**$ (11.8)**	$ (6.6)	$ (5.6)

The fair value of foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. The two interest rate swaps are valued based on the current forward rates of the future cash flows. The fair value of the cross-currency swap is determined using the current forward rates and changes in the spot rate.

Fair Value Disclosures

The Company's financial instruments that are not recorded at fair value consist of cash and cash equivalents, accounts and notes receivable, accounts payable, borrowings under revolving credit agreements and other short-term and long-term debt. The carrying amount of these financial instruments is historical cost, which approximates fair value, except for the debt. The carrying value and the fair value of the Company's debt, excluding capital leases, are as follows:

(In millions)	**June 27, 2020**	December 28, 2019	June 29, 2019
Carrying value	**$ 1,024.4**	$ 798.4	$ 811.0
Fair value	**1,062.4**	817.6	828.9

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

15. LITIGATION AND CONTINGENCIES

Litigation

The Company operated a leather tannery in Rockford, Michigan from the early 1900s through 2009 (the "Tannery"). The Company also owns a parcel on House Street in Plainfield Township that the Company used for the disposal of Tannery byproducts until about 1970 (the "House Street" site). Beginning in the late 1950s, the Company used 3M Company's Scotchgard™ in its processing of certain leathers at the Tannery. Until 2002 when 3M Company changed its Scotchgard™ formula, Tannery byproducts disposed of by the Company at the House Street site and other locations may have contained

PFOA and/or PFOS, two chemicals in the family of compounds known as per- and polyfluoroalkyl substances (together, “PFAS”). PFOA and PFOS help provide non-stick, stain-resistant, and water-resistant qualities, and were used for many decades in commercial products like firefighting foams and metal plating, and in common consumer items like food wrappers, microwave popcorn bags, pizza boxes, Teflon™, carpets and Scotchgard™.

The United States Centers for Disease Control and Prevention has concluded that studies of the health effects of PFOA and PFOS are “inconsistent and inconclusive,” but in May 2016, the Environmental Protection Agency (“EPA”) announced a lifetime health advisory level of 70 parts per trillion (“ppt”) combined for PFOA and PFOS. Lifetime health advisories, while not enforceable, serve as guidance and are benchmarks for determining if concentrations of chemicals in tap water from public utilities are safe for public consumption. In January 2018, the Michigan Department of Environmental Quality (“MDEQ”) enacted a drinking water criterion of 70 ppt combined for PFOA and PFOS, which set an official state standard for acceptable concentrations of these contaminants in groundwater used for drinking water purposes. On April 22, 2019, the MDEQ was reorganized into the Michigan Department of Environment, Great Lakes, and Energy (“EGLE”). On August 3, 2020 Michigan drinking water standards became effective for PFOA, PFOS, PFNA, PFHxA, PFHxS, PFBS, and HFPO-DA.

The Company has been served with two regulatory actions including a civil action filed by the EGLE under the federal Resource Conservation and Recovery Act of 1976 (“RCRA”), Part 201 of the Michigan Natural Resources and Environmental Protection Act (“NREPA”) and Part 31 of NREPA, and a Unilateral Administrative Order issued by the EPA under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) Section 106. The Company has also been served with individual lawsuits and three putative class action lawsuits. The three putative class action lawsuits were subsequently refiled as a single consolidated putative class action lawsuit.

Civil and Regulatory Actions of EGLE and EPA

On January 10, 2018, EGLE filed a civil action against the Company in the U.S District Court for the Western District of Michigan under RCRA and Parts 201 and 31 of NREPA alleging that the Company’s past and present handling, storage, treatment, transportation and/or disposal of solid waste at the Company’s properties has contributed to the disposal of solid wastes that was done in a way that resulted in releases of PFAS at levels that resulted in detections exceeding applicable Michigan cleanup criteria for PFOA and PFOS (the "EGLE Action"). Plainfield and Algoma Townships intervened in the EGLE Action alleging claims under RCRA, CERCLA, Part 201 of NREPA, and common law nuisance.

On December 19, 2018, the Company filed a third-party complaint against 3M Company seeking, among other things, recovery of the Company’s remediation and other costs incurred in defense of the EGLE Action ("the 3M Action"). On June 20, 2019, the 3M Company filed a counterclaim against the Company in response to the 3M Action, seeking, among other things, contractual and common law indemnity and contribution under CERCLA and Part 201 of NREPA. On February 3, 2020, the parties entered into a consent decree resolving the EGLE Action, which was approved by U.S. District Judge Janet T. Neff on February 19, 2020 (the “Consent Decree”). On February 20, 2020, the Company and the 3M Company entered into a settlement agreement resolving the 3M Action, under which 3M Company paid the Company a lump sum amount of $55.0 million during the first quarter of 2020.

Under the Consent Decree, the Company will pay to extend Plainfield Township’s municipal water system to more than 1,000 properties in Plainfield and Algoma Townships, subject to an aggregate cap of $69.5 million. The Consent Decree also obligates the Company to continue maintaining water filters for certain homeowners, resample certain residential wells for PFAS, continue remediation at the Company’s Tannery property and House Street site, and conduct further investigations and monitoring to the assess the presence of PFAS in area groundwater. The Company’s activities under the Consent Decree are not materially impacted by the drinking water standards that became effective on August 3, 2020.

On January 10, 2018, the EPA entered a Unilateral Administrative Order (the “Order”) under Section 106(a) of CERCLA, 42 U.S.C. § 9606(a). The effective date of the Order was February 1, 2018. The Order pertained to the Company's Tannery and House Street sites and directed the Company to conduct specified removal actions, including certain time critical removal actions subsequently identified in an April 29, 2019 letter from the EPA, to abate the actual or threatened release of hazardous substances at or from the sites. On October 28, 2019, the EPA and the Company entered into an Administrative Settlement and Order on Consent (“AOC”) that supersedes the Order and addresses the agreed-upon removal actions outlined in the Order. The Company has completed almost all of these activities related to the AOC, and will complete the remaining activities in 2020 pursuant to approved work plans.

The Company discusses its reserve for remediation costs in the environmental liabilities section below.

Individual and Class Action Litigation

Individual lawsuits and three putative class action lawsuits have been filed against the Company that raise a variety of claims, including claims related to property, remediation, and human health effects. The three putative class action lawsuits were subsequently refiled in the U.S. District Court for the Western District of Michigan as a single consolidated putative class action lawsuit. 3M Company, which sold Scotchgard containing PFAS to the Company, has been named as a co-defendant in the individual lawsuits and consolidated putative class action lawsuit. In addition, the current owner of a former landfill and gravel mining operation sued the Company seeking damages and cost recovery for property damage allegedly caused by the Company's disposal of tannery waste containing PFAS (this suit collectively with the individual lawsuits and putative class action, the "Litigation Matters").

Assessing potential liability with respect to the Litigation Matters at this time is difficult. The Litigation Matters are in various stages of discovery and related motions. In addition, there is minimal direct and relevant precedent for these types of claims related to PFAS, and the science regarding the human health effects of PFAS exposure in the environment remains inconclusive and inconsistent, thereby creating additional uncertainties. Due to these factors, combined with the complexities and uncertainties of litigation, the Company is unable to conclude that adverse verdicts resulting from the Litigation Matters are probable, and therefore no amounts are currently reserved for these claims. The Company intends to continue to vigorously defend itself against these claims.

In addition, in December 2018 the Company filed a lawsuit against certain of its historic liability insurers, seeking their participation in the Company's defense and remediation efforts. During the second quarter of 2020, the Company recognized $5.8 million in recoveries from legacy insurance policies. The recoveries resulted from interim payment agreements reached with the insurers and are pending final resolution of the lawsuit.

Other Litigation

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

Environmental Liabilities

The following is a summary of the activity with respect to the environmental remediation reserve established by the Company:

	Year-To-Date Ended	
(In millions)	**June 27, 2020**	June 29, 2019
Remediation liability at beginning of the year	$ 124.4	$ 22.6
Changes in estimate	**—**	—
Amounts paid	**(17.7)**	(5.3)
Remediation liability at the end of the quarter	**$ 106.7**	$ 17.3

The reserve balance as of June 27, 2020 includes $34.5 million that is expected to be paid within the next twelve months and is recorded as a current obligation in other accrued liabilities, with the remaining $72.2 million expected to be paid over the course of up to 25 years, recorded in other liabilities.

The Company's remediation activity at the Tannery property, House Street site and other relevant disposal sites is ongoing. Although the recent Consent Decree has made near-term costs more clear, it is difficult to estimate the long-term cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Future developments may occur that could materially change the Company's current cost estimates, including, but not limited to: (i) changes in the information available regarding the environmental impact of the Company's operations and products; (ii) changes in environmental regulations, changes in permissible levels of specific compounds in drinking water sources, or changes in enforcement theories and policies, including efforts to recover natural resource damages; (iii) new and evolving analytical and remediation techniques; (iv) changes to the form of remediation; (v) success in allocating liability to other potentially responsible parties; and (vi) the financial viability of other potentially responsible parties and third-party indemnitors. For locations at which remediation activity is largely ongoing, the Company cannot estimate a possible loss or range of loss in excess of the associated established reserves for the reasons described above. The Company adjusts recorded liabilities as further information develops or circumstances change.

Minimum Royalties and Advertising Commitments

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations for the fiscal periods subsequent to June 27, 2020 are as follows:

(In millions)	2020	2021	2022	2023	2024	Thereafter
Minimum royalties	$ 0.5	$ 1.7	$ 1.8	$ —	$ —	$ —
Minimum advertising	2.2	3.3	3.4	3.5	3.6	—

Minimum royalties are based on both fixed obligations and assumptions regarding the Consumer Price Index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of $0.4 million and $0.8 million for the quarter and year-to-date ended June 27, 2020, respectively. For the quarter and year-to-date ended June 29, 2019, the Company incurred royalty expense in accordance with these agreements of $0.5 million and $1.0 million, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales of the licensed products. In accordance with these agreements, the Company incurred advertising expense of $0.4 million and $1.0 million for the quarter and year-to-date ended June 27, 2020, respectively. For the quarter and year-to-date ended June 29, 2019, the Company incurred advertising expense in accordance with these agreements of $1.5 million and $1.9 million, respectively.

16. BUSINESS SEGMENTS

The Company’s portfolio of brands is organized into the following two operating segments, which the Company has determined to be reportable segments.

- **Wolverine Michigan Group**, consisting of *Merrell*® footwear and apparel, *Cat*® footwear, *Wolverine*® footwear and apparel, *Chaco*® footwear, *Hush Puppies*® footwear and apparel, *Bates*® uniform footwear, *Harley-Davidson*® footwear and *Hytest*® safety footwear; and
- **Wolverine Boston Group**, consisting of *Sperry*® footwear and apparel, *Saucony*® footwear and apparel, *Keds*® footwear and apparel, and the Kids’ footwear business, which includes the *Stride Rite*® licensed business, as well as kids' footwear offerings from *Saucony*®, *Sperry*®, *Keds*®, *Merrell*®, *Hush Puppies*® and *Cat*®.

The reportable segments are engaged in designing, manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. Revenue for the reportable segments includes revenue from the sale of branded footwear, apparel and accessories to third-party customers; revenue from third-party licensees and distributors; and revenue from the Company’s consumer-direct businesses.

The Company also reports “Other” and “Corporate” categories. The Other category consists of the Company’s leather marketing operations, sourcing operations that include third-party commission revenues and multi-branded consumer-direct retail stores. The Corporate category consists of unallocated corporate expenses, such as reorganization costs, environmental and other related costs. The Company’s reportable segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions. The reportable segment managers all report directly to the chief operating decision maker.

Company management uses various financial measures to evaluate the performance of the reportable segments. The following is a summary of certain key financial measures for each reportable segment.

	Quarter Ended		Year-To-Date Ended	
(In millions)	**June 27, 2020**	June 29, 2019	**June 27, 2020**	June 29, 2019
Revenue:				
Wolverine Michigan Group	**$ 217.4**	$ 318.2	**$ 465.2**	$ 620.9
Wolverine Boston Group	**122.5**	230.7	**304.6**	435.5
Other	**9.2**	19.7	**18.6**	35.6
Total	**$ 349.1**	$ 568.6	**$ 788.4**	$ 1,092.0
Operating profit (loss):				
Wolverine Michigan Group	**$ 38.4**	$ 59.3	**$ 81.5**	$ 117.8
Wolverine Boston Group	**8.6**	37.2	**27.4**	69.2
Other	**0.4**	1.5	**0.3**	2.3
Corporate	**(39.9)**	(42.5)	**(84.8)**	(81.4)
Total	**$ 7.5**	$ 55.5	**$ 24.4**	$ 107.9

(In millions)	**June 27, 2020**	December 28, 2019	June 29, 2019
Total assets:			
Wolverine Michigan Group	**$ 714.4**	$ 773.8	$ 774.9
Wolverine Boston Group	**1,307.0**	1,354.8	1,426.2
Other	**37.0**	38.4	43.6
Corporate	**531.0**	313.0	198.2
Total	**$ 2,589.4**	$ 2,480.0	$ 2,442.9
Goodwill:			
Wolverine Michigan Group	**$ 143.2**	$ 144.4	$ 143.8
Wolverine Boston Group	**292.4**	294.5	294.7
Total	**$ 435.6**	$ 438.9	$ 438.5

17. BUSINESS ACQUISITIONS

On April 30, 2019, the Company acquired assets and assumed liabilities from Sportlab S.R.L. ("Sportlab"), the distributor of *Saucony®* footwear in Italy. Total purchase consideration of $25.2 million includes cash paid, extinguishment of Sportlab's accounts payable balance that was due to the Company at the time of acquisition and contingent consideration. The contingent consideration was based on sales activity from the date of the acquisition through the end of fiscal 2019 and was paid in the first quarter of fiscal 2020. The detailed amounts of each component of the purchase consideration are as follows:

(In millions)	Purchase Consideration
Cash paid	$ 15.1
Extinguishment of Sportlab's accounts payable balance	4.6
Contingent consideration	5.5
Total purchase consideration	$ 25.2

The Company accounted for the acquisition under the provisions of FASB ASC Topic 805, *Business Combinations*. The related assets acquired and liabilities assumed were recorded at fair value on the acquisition date. The operating results for the acquired *Saucony®* distribution business are included in the Company's consolidated results of operations beginning April 30, 2019, and are included in the Wolverine Boston Group reporting group for segment reporting purposes.

The final allocation of the purchase price as of December 28, 2019 was:

(In millions)	Initial Valuation
Accounts receivable	$ 1.8
Inventories	6.2
Goodwill	12.0
Amortizable intangibles	12.9
Total assets acquired	32.9
Deferred income taxes	3.2
Other liabilities	4.5
Total liabilities assumed	7.7
Net assets acquired	$ 25.2

The excess of the purchase price over the fair value of the net assets acquired, amounting to $12.0 million, was recorded as goodwill in the consolidated balance sheet and was assigned to the Wolverine Boston Group reportable segment. The goodwill that was recognized is attributable to the efficiencies to be gained by integrating operations with the *Saucony*® distribution business purchased from Sportlab. Other intangible assets acquired include order backlog, valued at $1.7 million, and customer relationship assets, valued at $11.2 million, which had estimated useful lives at the acquisition date of 7 months and 14 years, respectively.

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

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

BUSINESS OVERVIEW

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

The Company’s brands are marketed in approximately 170 countries and territories at June 27, 2020, including through owned operations in the U.S., Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures. At June 27, 2020, the Company operated 92 retail stores in the U.S. and Canada and 36 consumer-direct eCommerce sites.

COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. COVID-19 has had a negative effect on the global economy and on the Company’s 2020 operating and financial results to date. The full financial effects of the COVID-19 pandemic cannot be reasonably estimated at this time due to uncertainty as to its severity and duration. The Company has taken the following proactive and precautionary measures to mitigate known areas of risk and navigate the future environment:

- To increase liquidity and flexibility of the Company’s capital structure, the Company borrowed $171 million in incremental 364-day term loan under its senior credit facility and sold $300 million of 6.375% Senior Notes (refer to Note 7, “Debt”), delayed most capital projects, suspended share repurchases, implemented select employee furloughs and organizational changes, compensation changes for the Company's management team and Board of Directors, delayed or canceled certain future product purchases across its portfolio of brands, initiated conversations with landlords to seek lease concessions, and took additional steps to reduce discretionary spending and other expenditures.
- The Company temporarily closed all U.S. and Canada retail stores on March 17, 2020. Stores began reopening in May under a phased approach and as of the end of the second quarter all stores had reopened with newly instituted health and safety protocols for customers and employees following regulatory guidance and protocols promulgated and health authorities and government officials. During the period stores were closed, the Company’s distribution centers remained open and the Company’s direct on-line channels continued to serve customer demand.

The COVID-19 pandemic has had, and is expected to continue to have, a material adverse impact on the Company’s financial results. The full nature and extent of the impact will depend on future developments, including, among other things; the continued spread and duration of the pandemic; the negative impact on global and regional economies and economic activity; actions governments, businesses and individuals take in response to the pandemic; the effects of the pandemic, including all of the foregoing, on the Company’s manufacturers, distributors, suppliers, joint venture partners, wholesale customers and other counterparties, and how quickly the global economy and demand for the Company's products recovers after the pandemic subsides. The Company continues to monitor the situation closely.

2020 FINANCIAL OVERVIEW

- Revenue was $349.1 million for the second quarter of 2020, representing a decline of 38.6% compared to the second quarter of 2019. The change in revenue reflected a 31.7% decline from the Michigan Group and a 46.9% decline from the Boston Group. Changes in foreign exchange rates decreased revenue by $2.0 million during the second quarter of 2020. Owned eCommerce revenue increased during the second quarter of 2020 by 96.0% compared to the second quarter of 2019.
- Gross margin was 42.2% in the second quarter of 2020 compared to 40.5% in the second quarter of 2019.
- The effective tax rates in the second quarters of 2020 and 2019 were (28.3)% and 19.4%, respectively.
- Diluted earnings (loss) per share for the second quarters of 2020 and 2019 were $(0.02) per share and $0.45 per share, respectively.
- The Company declared cash dividends of $0.10 per share in both the second quarters of 2020 and 2019.

- Cash flow provided by operating activities was $39.0 million and $3.9 million for the first two quarters of 2020 and 2019, respectively, and was $115.6 million and $136.3 million for the second quarter of 2020 and 2019, respectively.
- Compared to the second quarter of 2019, inventory decreased $20.0 million, or 4.9%.

RESULTS OF OPERATIONS

	Quarter Ended			Year-To-Date Ended		
(In millions, except per share data)	**June 27, 2020**	June 29, 2019	Percent Change	**June 27, 2020**	June 29, 2019	Percent Change
Revenue	**$ 349.1**	$ 568.6	(38.6)%	**$ 788.4**	$ 1,092.0	(27.8)%
Cost of goods sold	**201.9**	338.2	(40.3)	**459.4**	641.4	(28.4)
Gross profit	**147.2**	230.4	(36.1)	**329.0**	450.6	(27.0)
Selling, general and administrative expenses	**143.6**	168.7	(14.9)	**299.7**	332.7	(9.9)
Environmental and other related costs, net of recoveries	**(3.9)**	6.2	(162.9)	**4.9**	10.0	(51.0)
Operating profit	**7.5**	55.5	(86.5)	**24.4**	107.9	(77.4)
Interest expense, net	**10.5**	6.7	56.7	**18.3**	13.6	34.6
Debt extinguishment and other costs	**0.2**	—	—	**0.2**	—	—
Other income, net	**(1.7)**	(1.0)	(70.0)	**(2.3)**	(2.3)	—
Earnings (loss) before income taxes	**(1.5)**	49.8	(103.0)	**8.2**	96.6	(91.5)
Income tax expense (benefit)	**0.4**	9.6	(95.8)	**(2.7)**	15.8	(117.1)
Net earnings (loss)	**(1.9)**	40.2	(104.7)	**10.9**	80.8	(86.5)
Less: net earnings (loss) attributable to noncontrolling interests	**(0.3)**	—	—	**(0.5)**	0.1	(600.0)
Net earnings (loss) attributable to Wolverine World Wide, Inc.	**$ (1.6)**	$ 40.2	(104.0)%	**$ 11.4**	$ 80.7	(85.9)%
Diluted earnings (loss) per share	**$ (0.02)**	$ 0.45	(104.4)%	**$ 0.14**	$ 0.88	(84.1)%

REVENUE

Revenue was $349.1 million for the second quarter of 2020, representing a decline of 38.6% compared to the second quarter of 2019. The change in revenue reflected a 31.7% decline from the Michigan Group and a 46.9% decline from the Boston Group. The Michigan Group's revenue decline was driven by low-thirties decline from *Merrell®*, high-thirties decline from *Cat®*, high-twenties decline from *Wolverine®*, mid-teens decline from *Chaco®*, and a high-forties decline from *Hush Puppies®*. The Boston Group's revenue decline was driven by low-sixties decline from *Sperry®*, high-twenties decline from *Saucony®*, high-forties decline from *Keds®*, and a low-fifties decline from Kids'. Changes in foreign exchange rates decreased revenue by $2.0 million during the second quarter of 2020. Owned eCommerce revenue increased during the second quarter of 2020 by 96.0% compared to the second quarter of 2019.

Revenue was $788.4 million for the first two quarters of 2020, representing a decline of 27.8% compared to the first two quarters of 2019. The change in revenue reflected a 25.1% decline from the Michigan Group and a 30.1% decline from the Boston Group. The Michigan Group's revenue decline was driven by low-twenties decline from *Merrell®*, mid-thirties decline from *Cat®*, low-twenties decline from *Wolverine®*, mid-twenties decline from *Chaco®*, and a high-thirties decline from *Hush Puppies®*. The Boston Group's revenue decline was driven by low-forties decline from *Sperry®*, low-teens decline from *Saucony®*, high-twenties decline from *Keds®*, and a mid-thirties decline from Kids'. Changes in foreign exchange rates decreased revenue by $4.9 million during the first two quarters of 2020. Owned eCommerce revenue increased during the first two quarters of 2020 by 61.8% compared to the first two quarters of 2019.

GROSS MARGIN

Gross margin was 42.2% in the second quarter of 2020 compared to 40.5% in the second quarter of 2019. Gross margin was 41.7% in the first two quarters of 2020 compared to 41.3% during the first two quarters of 2019. The gross margin increase in the current year periods resulted from a favorable sales channel shift to higher margin eCommerce and favorable wholesale product mix, partially offset by increased tariffs on inventory sourced from China.

OPERATING EXPENSES

Operating expenses decreased $35.2 million, from $174.9 million in the second quarter of 2019 to $139.7 million in the second quarter of 2020. The decrease was driven by lower selling costs ($20.1 million), lower product development costs ($4.0 million), lower distribution costs ($2.4 million), lower general and administrative costs ($13.4 million), and lower environmental and other related costs, net of insurance recoveries ($10.1 million), partially offset by higher advertising ($1.0 million), higher incentive compensation ($1.2 million), and higher non-operating costs incurred due to COVID-19 ($12.7 million).

Operating expenses decreased $38.1 million, from $342.7 million in the first two quarters of 2019 to $304.6 million in the first two quarters of 2020. The decrease was driven by lower selling costs ($20.4 million), lower product development costs ($5.8 million), lower distribution costs ($3.9 million), lower incentive compensation ($7.5 million), lower general and administrative costs ($11.5 million), and lower environmental and other related costs, net of insurance recoveries ($5.1 million), partially offset by higher non-operating costs incurred due to COVID-19 ($16.2 million).

INTEREST, OTHER AND INCOME TAXES

Net interest expense was $10.5 million in the second quarter of 2020 compared to $6.7 million in the second quarter of 2019. Net interest expense was $18.3 million in the first two quarters of 2020 compared to $13.6 million in the first two quarters of 2019. Interest expense increased in the current year periods due to higher average debt balances in 2020.

Other income was $1.7 million in the second quarter of 2020, compared to $1.0 million in the second quarter of 2019. The increase was driven by foreign exchange derivative gains reclassified from AOCI ($1.3 million), partially offset by higher non-service pension costs ($0.5 million). Other income was $2.3 million in the first two quarter of 2020, compared to $2.3 million in the first two quarters of 2019. Other income in the current period included higher non-service pension costs ($1.0 million) and gains on foreign exchange derivatives reclassified from AOCI ($1.3 million).

The effective tax rates in the second quarter of 2020 and 2019 were (28.3)% and 19.4%, respectively. The effective tax rates in the first two quarters of 2020 and 2019 were (33.0)% and 16.4%, respectively. The change in effective tax rate is driven by a decrease of pretax book income in the Company's material tax jurisdictions as a result of the global COVID-19 pandemic.

REPORTABLE SEGMENTS

The Company’s portfolio of brands is organized into the following two operating segments, which the Company has determined to be reportable segments.

- **Wolverine Michigan Group**, consisting of *Merrell*® footwear and apparel, *Cat*® footwear, *Wolverine*® footwear and apparel, *Chaco*® footwear, *Hush Puppies*® footwear and apparel, *Bates*® uniform footwear, *Harley-Davidson*® footwear and *Hytest*® safety footwear; and
- **Wolverine Boston Group**, consisting of *Sperry*® footwear and apparel, *Saucony*® footwear and apparel, *Keds*® footwear and apparel, and the Kids’ footwear business, which includes the *Stride Rite*® licensed business, as well as kids' footwear offerings from *Saucony*®, *Sperry*®, *Keds*®, *Merrell*®, *Hush Puppies*® and *Cat*®.

The Company also reports “Other” and “Corporate” categories. The Other category consists of the Company’s leather marketing operations, sourcing operations that include third-party commission revenues and multi-branded consumer-direct retail stores. The Corporate category consists of unallocated corporate expenses, such as environmental and other related costs.

The reportable segment results are as follows:

(In millions)	Quarter Ended June 27, 2020	Quarter Ended June 29, 2019	Quarter Ended Change	Quarter Ended Percent Change	Year-To-Date Ended June 27, 2020	Year-To-Date Ended June 29, 2019	Year-To-Date Ended Change	Year-To-Date Ended Percent Change
REVENUE								
Wolverine Michigan Group	**$ 217.4**	$ 318.2	$ (100.8)	(31.7)%	**$ 465.2**	$ 620.9	$ (155.7)	(25.1)%
Wolverine Boston Group	**122.5**	230.7	(108.2)	(46.9)	**304.6**	435.5	(130.9)	(30.1)
Other	**9.2**	19.7	(10.5)	(53.3)	**18.6**	35.6	(17.0)	(47.8)
Total	**$ 349.1**	$ 568.6	$ (219.5)	(38.6)%	**$ 788.4**	$ 1,092.0	$ (303.6)	(27.8)%

(In millions)	Quarter Ended June 27, 2020	Quarter Ended June 29, 2019	Quarter Ended Change	Quarter Ended Percent Change	Year-To-Date Ended June 27, 2020	Year-To-Date Ended June 29, 2019	Year-To-Date Ended Change	Year-To-Date Ended Percent Change
OPERATING PROFIT (LOSS)								
Wolverine Michigan Group	**$ 38.4**	$ 59.3	$ (20.9)	(35.2)%	**$ 81.5**	$ 117.8	$ (36.3)	(30.8)%
Wolverine Boston Group	**8.6**	37.2	(28.6)	(76.9)	**27.4**	69.2	(41.8)	(60.4)
Other	**0.4**	1.5	(1.1)	(73.3)	**0.3**	2.3	(2.0)	(87.0)
Corporate	**(39.9)**	(42.5)	2.6	6.1	**(84.8)**	(81.4)	(3.4)	(4.2)
Total	**$ 7.5**	$ 55.5	$ (48.0)	(86.5)%	**$ 24.4**	$ 107.9	$ (83.5)	(77.4)%

Further information regarding the reportable segments can be found in Note 16 to the consolidated condensed financial statements.

Wolverine Michigan Group

The Michigan Group's revenue decreased $100.8 million, or 31.7%, in the second quarter of 2020 compared to the second quarter of 2019. The revenue decline included low-thirties decline from *Merrell*®, high-thirties decline from *Cat*®, high-twenties decline from *Wolverine*®, mid-teens decline from *Chaco*®, and a high-forties decline from *Hush Puppies*®. The Michigan Group's revenue decreased $155.7 million, or 25.1% in the first two quarters of 2020 compared to the first two quarters of 2019. The revenue decline was driven by low-twenties decline from *Merrell*®, mid-thirties decline from *Cat*®, low-twenties decline from *Wolverine*®, mid-twenties decline from *Chaco*®, and a high-thirties decline from *Hush Puppies*®. The decline across all brands is due to the COVID-19 pandemic, partially offset by eCommerce growth. The closure of *Merrell*® owned retail stores due to the COVID-19 pandemic also contributed to the revenue decline.

The Michigan Group's operating profit decreased $20.9 million in the second quarter of 2020 compared to the second quarter of 2019. The operating profit decline was due to the revenue declines, partially offset by a $17.4 million decrease in selling, general and administrative costs. The Michigan Group's operating profit decreased $36.3 million in the first two quarters of 2020 compared to the first two quarters of 2019. The operating profit decline was due to the revenue declines, partially offset by a $25.5 million decrease in selling, general and administrative costs. The decrease in selling, general and administrative expenses in the current year periods was due to declines in distribution, advertising and reductions in employee costs and other discretionary spending.

Wolverine Boston Group

The Boston Group's revenue decreased $108.2 million, or 46.9%, during the second quarter of 2020 compared to the second quarter of 2019. The revenue decline included low-sixties decline for *Sperry*®, high-twenties decline for *Saucony*®, high-forties decline for *Keds*®, and a low-fifties decline for Kids'. The Boston Group's revenue decreased by $130.9 million, or 30.1%, during the first two quarters of 2020 compared to the first two quarters of 2019. The revenue decline included low-forties decline for *Sperry*®, low-teens decline for *Saucony*®, high-twenties decline for *Keds*®, and a mid-thirties decline for Kids'. The decline across all brands is due to the COVID-19 pandemic, partially offset by eCommerce growth. The closure of *Sperry*® owned retail stores due to the COVID-19 pandemic also contributed to the revenue decline.

The Boston Group's operating profit decreased $28.6 million in the second quarter of 2020 compared to the second quarter of 2019. The operating profit decline was due to the revenue declines, partially offset by a $13.5 million decrease in selling, general and administrative costs. The Boston Group's operating profit decreased $41.8 million in the first two quarters of 2020 compared to the first two quarters of 2019. The operating profit decline was due to the revenue declines, partially offset by a $10.0 million decrease in selling, general and administrative costs. The decrease in selling, general and administrative expenses in the current year periods was due to declines in distribution, advertising and reductions in employee costs and other discretionary spending.

Other

The Other category's revenue decreased $10.5 million, or 53.3%, in the second quarter of 2020 compared to the second quarter of 2019. The Other category's revenue decreased $17.0 million, or 47.8%, during the first two quarters of 2020 compared to the first two quarters of 2019. The decrease in the current year periods was due to a decline in the performance leathers business as a result of lower demand and lower revenue from multi-branded stores and third-party sourcing commission revenue resulting from the COVID-19 pandemic.

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	June 27, 2020	December 28, 2019	June 29, 2019
Cash and cash equivalents	**$ 422.6**	$ 180.6	$ 116.5
Debt	**1,024.4**	798.4	811.0
Available revolving credit facility [1]	**669.2**	434.3	428.1

[1] Amounts are net of both borrowings, if any, and outstanding standby letters of credit in accordance with the terms of the Revolving Credit Facility.

	Year-To-Date Ended	
(In millions)	June 27, 2020	June 29, 2019
Net cash provided by operating activities	**$ 39.0**	$ 3.9
Net cash provided by (used in) investing activities	**9.2**	(42.4)
Net cash provided by financing activities	**195.1**	11.0
Additions to property, plant and equipment	**6.6**	18.3
Depreciation and amortization	**15.4**	15.0

Liquidity

Cash and cash equivalents of $422.6 million as of June 27, 2020 were $306.1 million higher compared to June 29, 2019. The increase is due primarily to the issuance of $300.0 million Senior Notes on May 11, 2020 and cash provided by operating activities during the previous four quarters of $257.7 million, partially offset by share repurchases of $132.8 million, net repayments under the Amended Senior Credit Facility of $82.0 million, increased investing activity of $9.9 million and cash dividends paid of $33.8 million. The Company had $669.2 million of borrowing capacity available under the Revolving Credit Facility as of June 27, 2020. Cash and cash equivalents located in foreign jurisdictions totaled $105.0 million as of June 27, 2020.

Cash flow from operating activities is expected to be sufficient to meet the Company's working capital needs for the foreseeable future. Any excess cash flow from operating activities is expected to be used to reduce debt.

A detailed discussion of environmental remediation costs is found in Note 15 to the consolidated condensed financial statements. The Company has established a reserve for estimated environmental remediation costs based upon an evaluation of currently available facts with respect to each individual site. As of June 27, 2020, the Company had a reserve of $106.7 million, of which $34.5 million is expected to be paid in the next 12 months and is recorded as a current obligation in other accrued liabilities with the remaining $72.2 million recorded in other liabilities expected to be paid over the course of up to 25 years. The Company's remediation activity at its former Tannery site and sites where the Company disposed of Tannery byproducts is ongoing. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Developments may occur that could materially change the Company's current cost estimates. The Company adjusts recorded liabilities as further information develops or circumstances change.

There is significant uncertainty regarding the future impact of the COVID-19 pandemic on the Company's statement of operations and cash flows. The actions the Company has taken and continues to take to improve the Company's liquidity are discussed above in this Item 2.

Operating Activities

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

For the first two quarters of 2020, an increase in net working capital represented a use of cash of $27.1 million. Working capital balances were unfavorably impacted by a decrease in accounts payable of $45.9 million, an increase in inventories of $41.0 million, and a decrease in other operating liabilities of $14.5 million, partially offset by a decrease in accounts receivable of $64.5 million, a decrease in other operating assets of $6.3 million, and an increase in income taxes payable of $3.5 million. Operating cash flows were favorably impacted by Environmental and other related costs, net of cash payments and recoveries received of $34.2 million, which are inclusive of a lump sum amount of $55.0 million from 3M Company during the first quarter of 2020. See Note 15 for additional information regarding this settlement.

Investing Activities

The Company made capital expenditures of $6.6 million and $18.3 million in the first two quarters of 2020 and 2019, respectively, for building improvements, new retail stores and information system enhancements. During the second quarter of 2020, the Company made a cash investment of $3.5 million in joint ventures. During the first quarter of 2020, the Company made a contingent consideration payment of $5.5 million related to the *Saucony*® Italy distributor acquisition. See Note 17 for additional information regarding the acquisition. During the second quarter of 2020, the Company received proceeds of $25.6 million from company-owned life insurance policy liquidations.

Financing Activities

On May 5, 2020, the Company entered into a Second Amendment to its senior credit facility. In connection with the Second Amendment, the Company borrowed an incremental $171.0 million in aggregate principal in Incremental Term Loan. The Incremental Term Loan will mature on May 4, 2021 and bear interest at a rate equal either to (i) the applicable base rate plus 1.250% or (ii) LIBOR plus 2.250%. The Amended Senior Credit Facility also includes a $200.0 million term loan facility and an $800.0 million Revolving Credit Facility, both with maturity dates of December 6, 2023, that remain unchanged as a result of the Second Amendment. The Amended Senior Credit Facility’s debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed $1,750.0 million, unless certain specified conditions set forth in the Amended Senior Credit Facility are met. Term Loan A requires quarterly principal payments with a balloon payment due on December 6, 2023.

On May 11, 2020, the Company issued $300.0 million aggregate principal amount of 6.375% Senior Notes due on May 15, 2025 with related interest payments due semi-annually beginning on November 15, 2020. These senior notes are guaranteed by substantially all of the Company’s domestic subsidiaries.

As of June 27, 2020, the Company was in compliance with all covenants and performance ratios under the Senior Credit Facility.

The Company’s debt at June 27, 2020 totaled $1,024.4 million compared to $798.4 million at December 28, 2019. The Company expects to use the increased borrowings for working capital and general corporate purposes. The increased cash position resulted from net incremental borrowings under the Amended Senior Credit Facility and the May 11, 2020 Senior Notes allow for greater financial flexibility in light of current uncertainty in the global markets resulting from the COVID-19 pandemic.

The Company repurchased $21.0 million and $207.4 million of shares in the first two quarters of 2020 and 2019, respectively. The Company may purchase up to an additional $487.4 million of shares under its existing common stock repurchase program which expires in 2023. As part of its strategy to increase liquidity and flexibility of Company’s capital structure as result of the COVID-19 pandemic, the Company suspended share repurchases in March 2020. The Company also paid $19.9 million in the first two quarters of 2020 in connection with shares or units withheld to pay employee taxes related to awards under stock incentive plans and received $24.5 million in connection with company-owned life insurance policies.

The Company declared a cash dividend of $0.10 per share in the second quarter of 2020 and 2019, respectively, or $8.2 million and $8.6 million, respectively. A quarterly dividend of $0.10 per share was declared on April 29, 2020 to shareholders of record on July 1, 2020.

CRITICAL ACCOUNTING POLICIES

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

The Company has identified the critical accounting policies used in determining estimates and assumptions in the amounts reported and for information regarding our critical accounting policies refer to Management Discussion and Analysis of Financial Conditions and Results of Operations in the 2019 Form 10-K and Note 5, Goodwill and indefinite-lived intangibles for discussion regarding the valuation of goodwill and indefinite-lived intangible assets. Management believes there have been no material changes in those critical accounting policies.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

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

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

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, United Kingdom, Colombia, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Colombian peso, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. As of June 27, 2020 and June 29, 2019, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of $161.1 million and $238.1 million, respectively, with maturities ranging up to 412 and 468 days, respectively.

The Company also has sourcing locations in Asia, where financial statements reflect the U.S. dollar as the functional currency. However, operating costs are paid in the local currency. Revenue generated by the Company from third-party foreign licensees is calculated in the local currencies but paid in U.S. dollars. Accordingly, the Company's reported results are subject to foreign currency exposure for this stream of revenue and expenses. Any associated foreign currency gains or losses on the settlement of local currency amounts are reflected within the Company's consolidated condensed statement of operations and comprehensive income.

Assets and liabilities outside the U.S. are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. As of June 27, 2020, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by $8.3 million from their value as of December 28, 2019. As of June 29, 2019, a weaker U.S. dollar compared to certain foreign currencies increased the value of these investments in net assets by $5.0 million from their value at December 29, 2018. The Company has a cross currency swap, which has been designated as a hedge of a net investment in a foreign operation. As of June 27, 2020, the hedge had a notional amount of $79.8 million and will mature on September 1, 2021.

The Company is exposed to interest rate changes primarily as a result of interest expense on borrowings used to finance acquisitions and working capital requirements. As of June 27, 2020, the Company's total variable-rate debt was $483.5 million and the Company held two interest rate swap agreements, denominated in U.S. dollars, that effectively converted $314.6 million to fixed-rate debt.

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

ITEM 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on, and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this report. There have been no changes during the quarter ended June 27, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. Risk Factors

There have been no material changes in the assessment of the Company's risk factors from those set forth in the Company's Annual Report on Form 10-K for the year ended December 28, 2019, except for the risk factors included below:

The COVID-19 pandemic has had a material adverse impact on the Company's operations and financial results, and such impact could worsen and last for an unknown period of time.

The COVID-19 pandemic has negatively affected the global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets both globally and in the United States. This has led to a decline in discretionary spending by consumers and, in turn, a negative effect on the Company's financial condition and results of operations. The extent to which the COVID-19 pandemic impacts the Company's business, operations, and financial results, including the duration and magnitude of such effects, will depend on numerous evolving factors outside of our control that we cannot currently fully predict or assess, the duration and scope of the pandemic and effectiveness of containment efforts; the negative impact on global and regional economies and economic activity, including the duration and magnitude of its impact on unemployment rates, consumer discretionary spending and levels of consumer confidence; and actions governments, businesses and individuals may take in response to the pandemic. The timing of recovery after the pandemic is also uncertain. The Company's business has been and could continue to be materially adversely affected by several factors related to the COVID-19 pandemic, including, but not limited to:

- The inability of our employees, suppliers, and other business providers to carry out tasks at ordinary levels of performance as a result of measures taken to limit the spread of COVID-19, such as those promulgated by governmental authorities.
- Further outbreaks could require the closure of our and our wholesale customers recently reopened retail stores. As a result, there can be no assurance as to whether recently reopened stores can remain open.
- Decreased retail traffic resulting from social distancing restrictions.
- Negative effects on consumer spending due to general macroeconomic conditions, decreased disposable income and increased unemployment.
- Wholesale and distributor customer order cancellations resulting from lower consumer demand.
- Decline in the performance or financial condition of the Company's major wholesale customers as a result of retail store closures, bankruptcy, or liquidation.
- Disruption to the operations of the Company's distribution centers and our third-party manufacturers because of facility closures, reductions in operating hours, labor or material shortages, travel limitations or mass transit disruptions.
- Additional expenses related to mitigating the pandemic's impact on regular operations.
- Increased cyber security risk due to the increase in the number of employees working remotely.

The disruption to the global economy and to our business may lead to triggering events that may indicate that the carrying value of certain assets, such as long-lived assets, intangibles and goodwill, may not be recoverable. Any related non-cash impairment charges will adversely affect our results of operations.

COVID-19 may also affect our operating and financial results in a manner that is not presently known to us or that we currently do not consider as presenting significant risks to our operations.

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

The following table provides information regarding the Company's purchases of its own common stock during the second quarter of 2020.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs
Period 4 (March 29, 2020 to May 2, 2020)				
Common Stock Repurchase Program[1]	—	$ —	—	$ 487,440,708
Employee Transactions[2]	4,796	$ 20.54	—	
Period 5 (May 3, 2020 to May 30, 2020)				
Common Stock Repurchase Program[1]	—	$ —	—	$ 487,440,708
Employee Transactions[2]	—	$ —	—	
Period 6 (May 31, 2020 to June 27, 2020)				
Common Stock Repurchase Program[1]	—	$ —	—	$ 487,440,708
Employee Transactions[2]	988	$ 22.97	—	
Total for the second Quarter Ended June 27, 2020				
Common Stock Repurchase Program[1]	—	$ —	—	$ 487,440,708
Employee Transactions[2]	5,784	$ 20.96	—	

(1) On February 11, 2019, the Company's Board of Directors approved a common stock repurchase program that authorized the repurchase of $400.0 million of common stock over a four-year period. On September 11, 2019, the Company's Board of Directors approved a new common stock repurchase program that authorizes the repurchase of $400.0 million of common stock over a four-year period, incremental to the $113.4 million remaining under the previous program. The annual amount of any stock repurchases is restricted under the terms of the Company's Amended Senior Credit Facility and senior notes indenture. As part of the Company's strategy to increase liquidity and flexibility of the capital structure as a result of the COVID-19 pandemic, the Company suspended share repurchases in March 2020.

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

ITEM 6. Exhibits

Exhibits filed as a part of this Form 10-Q are incorporated by reference herein.

Exhibit Number	Document
3.1	Amended and Restated Certificate of Incorporation. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 24, 2014.
3.2	Amended and Restated By-laws. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 8, 2019.
4.1	Senior Notes Indenture, dated May 11, 2020, among Wolverine World Wide, Inc., the guarantors named therein, and Wells Fargo Bank, National Association. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 11, 2020.
4.2	Form of 6.375% Senior Notes due 2025. Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 11, 2020.
10.1	Second Amendment, dated as of May 5, 2020, to the Amended and Restated Credit Agreement, dated as of December 6, 2018, among Wolverine World Wide, Inc., as parent borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, the other borrowers party thereto, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on May 6, 2020.
31.1	Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Senior Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. §1350.
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 27, 2020, formatted in Inline XBRL: (i) Consolidated Condensed Statements of Operations and Comprehensive Income; (ii) Consolidated Condensed Balance Sheets; (iii) Consolidated Condensed Statements of Cash Flows; (iv) Consolidated Condensed Statements of Stockholders' Equity; and (v) Notes to Consolidated Condensed Financial Statements.
104	The cover page of the Company's Quarterly Report on Form 10-Q for the quarter ended June 27, 2020, formatted in Inline XBRL (included in Exhibit 101).

* Management contract or compensatory plan or arrangement.

SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

August 6, 2020	/s/ Blake W. Krueger
Date	Blake W. Krueger Chairman, Chief Executive Officer and President (Principal Executive Officer and Duly Authorized Signatory for Registrant)
August 6, 2020	/s/ Michael D. Stornant
Date	Michael D. Stornant Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer and Duly Authorized Signatory for Registrant)

Exhibit 31.1

CERTIFICATION

I, Blake W. Krueger, certify that:

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

Date: August 6, 2020

/s/ Blake W. Krueger

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

Exhibit 31.2

CERTIFICATION

I, Michael D. Stornant, certify that:

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

Date: August 6, 2020

/s/ Michael D. Stornant

Michael D. Stornant
Senior Vice President, Chief Financial Officer and Treasurer
Wolverine World Wide, Inc.

Exhibit 32

CERTIFICATIONS

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Quarterly Report of the Company on Form 10-Q for the year-to-date ended June 27, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

Date: August 6, 2020

/s/ Blake W. Krueger
Blake W. Krueger
Chairman, Chief Executive Officer and President
(Principal Executive Officer)

/s/ Michael D. Stornant
Michael D. Stornant
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)