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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

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

For the fiscal year ended January 2, 1999

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

For the transition period from _____ to _____

Commission File Number: 1-6024

WOLVERINE WORLD WIDE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

38-1185150

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

9341 COURTLAND DRIVE, ROCKFORD, MICHIGAN
(Address of principal executive offices)

49351
(Zip code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (616) 866-5500

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, \$1 Par Value	New York Stock Exchange/Pacific Exchange, Inc.

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

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

Yes No

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

Number of shares outstanding of the registrant's Common Stock, \$1 par value
(excluding shares of treasury stock) as of March 1, 1999: 41,002,243.

The aggregate market value of the registrant's voting stock held by non-
affiliates of the registrant based on the closing price on the New York
Stock Exchange on March 1, 1999: \$408,751,360.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held April 23, 1999, are incorporated by reference into Part III of this report.

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PART I

ITEM 1. BUSINESS.

GENERAL.

Wolverine World Wide, Inc. (the "Company") is a leading designer, manufacturer and marketer of a broad line of quality comfortable casual shoes, rugged outdoor and work footwear, and constructed slippers and moccasins. The Company, a Delaware corporation, is the successor of a 1969 reorganization of a Michigan corporation of the same name, originally organized in 1906, which in turn was the successor of a footwear business established in Grand Rapids, Michigan in 1883.

Consumers around the world purchased more than 38 million pairs of Company branded footwear during fiscal 1998, making the Company a global leader among U.S. shoe companies in the marketing of branded casual, work and outdoor footwear. The Company's products generally feature contemporary styling with patented technologies designed to provide maximum comfort. The products are marketed throughout the world under widely recognized brand names, including HUSH PUPPIES[REGISTERED], WOLVERINE[REGISTERED], BATES[REGISTERED], CATERPILLAR[REGISTERED], COLEMAN[REGISTERED], HY-TEST[REGISTERED], MERRELL[REGISTERED] and HARLEY-DAVIDSON[REGISTERED]. The Company believes that its primary competitive strengths are its well recognized brand names, broad range of comfortable footwear, patented comfort technologies, numerous distribution channels and diversified manufacturing and sourcing base.

The Company's footwear is sold under a variety of brand names designed to appeal to most consumers of casual, work and outdoor footwear at numerous price points. The Company's footwear products are organized under three operating divisions: (i) the Wolverine Footwear Group, focusing on

work, outdoor and lifestyle boots and shoes, (ii) the CATERPILLAR[REGISTERED] Footwear Group, focusing on the CATERPILLAR[REGISTERED] product line of work and lifestyle footwear and (iii) the Casual Footwear Group, focusing on HUSH PUPPIES[REGISTERED] brand comfortable casual shoes, slippers and moccasins under the HUSH PUPPIES[REGISTERED] brand and other private labels for third party retailers and children's footwear under various Wolverine brands. The Company's Global Operations Group is responsible for manufacturing and sourcing in support of the various Wolverine brands. The Company's footwear is distributed domestically to over 65,000 department store, footwear chain, catalog, specialty retailer and mass merchant accounts, as well as 56 Company-owned retail stores. The Company's products are distributed worldwide in 134 markets through licensees and distributors.

The Company, through its Wolverine Leathers Division, operates a Company-owned tannery and is one of the premier tanners of quality pigskin leather for the shoe and leather goods industries. The pigskin leather

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tanned by the Company is used in a significant portion of the footwear manufactured and sold by the Company, and is also sold to Company licensees and other domestic and foreign manufacturers of shoes. In addition, Wolverine Procurement, Inc. both performs skinning operations and purchases raw pigskins which it then cures and sells to the Wolverine Leathers Division and to outside customers for processing into pigskin leather products.

In October 1997, the Company acquired certain assets of the MERRELL[REGISTERED] outdoor footwear business from the Outdoor Division of Sports Holdings Corp. The acquisition included substantially all the assets of the MERRELL[REGISTERED] hiking and rugged outdoor footwear business and global rights to the MERRELL[REGISTERED] trademark. In addition, on March 12, 1998, the Company was granted the rights to manufacture and market footwear, including motorcycle, casual, fashion, work and western footwear under the HARLEY-DAVIDSON[REGISTERED] brand. The MERRELL[REGISTERED] and HARLEY-DAVIDSON[REGISTERED] footwear businesses are operated as part of the Wolverine Footwear Group.

For financial information regarding the Company, see the consolidated financial statements of the Company, which are attached as Appendix A to this Form 10-K. Effective January 4, 1998, the Company adopted Statement of Financial Accounting Standards No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION. The Company has one reportable operating segment, Branded Footwear. The "Branded Footwear" segment is engaged in the manufacture and marketing of branded footwear, including casual shoes, slippers, moccasins, dress shoes, boots, uniform shoes and work shoes. The Company's "Other Businesses" category consists of the Company's retail stores, tannery and pigskin procurement operations. Financial information regarding the Company's operating segments can be found in Note J to the consolidated financial statements of the Company, which are attached as Appendix A to this Form 10-K.

BRANDED FOOTWEAR.

The Company manufacturers and markets a broad range of footwear styles including shoes, boots and sandals, under many recognizable brand names including HUSH PUPPIES[REGISTERED], WOLVERINE[REGISTERED], BATES[REGISTERED], CATERPILLAR[REGISTERED], COLEMAN[REGISTERED], HY-TEST[REGISTERED], MERRELL[REGISTERED] and HARLEY-DAVIDSON[REGISTERED]. The Company through its wholly owned subsidiary, Wolverine Slipper Group, Inc., also manufactures constructed slippers and moccasins and markets them under the HUSH PUPPIES[REGISTERED] trademark and on a private label basis. The Company combines quality materials and skilled workmanship from around the world to produce footwear according to its specifications at both Company-owned and independent manufacturing facilities.

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

1. THE WOLVERINE FOOTWEAR GROUP. The Wolverine Footwear Group is one of the world's largest work and outdoor footwear companies, encompassing multiple brands designed with performance and comfort features to serve a variety of work, outdoor and lifestyle functions. The WOLVERINE[REGISTERED] brand, which has been in existence for 116 years, is identified with performance and quality and markets work and outdoor footwear in two categories: (i) work and industrial footwear; and (ii) rugged outdoor and sport footwear. The Wolverine Footwear Group also includes the BATES[REGISTERED] and HY-TEST[REGISTERED] product lines. These products feature patented technologies and designs, such as the DURASHOCKS[REGISTERED] and DURASHOCKS SR<Trademark> systems, innovative technologies with patent applications pending such as WOLVERINE FUSION<Trademark> and the use of quality materials and components. The Wolverine Footwear Group also includes the HARLEY-DAVIDSON[REGISTERED] Footwear Division, which markets motorcycle, casual, fashion, work and western footwear through the HARLEY-DAVIDSON[REGISTERED] product line. In addition, the Wolverine Footwear Group markets hiking and outdoor shoes, boots and sandals through the MERRELL[REGISTERED] and COLEMAN[REGISTERED] product lines.

WOLVERINE[REGISTERED] WORK AND INDUSTRIAL FOOTWEAR. The Company believes the WOLVERINE[REGISTERED] brand has built its reputation by making quality, durable and comfortable work boots and shoes. The development of DURASHOCKS[REGISTERED] technology allowed the WOLVERINE[REGISTERED] brand to introduce a broad line of work footwear with a focus on comfort and the new WOLVERINE FUSION<Trademark> technology is expected to continue the Company's tradition of comfortable work and industrial footwear. The WOLVERINE[REGISTERED] Work product line features work boots and shoes, including steel toe boots and shoes, targeting male and female industrial and farm workers.

WOLVERINE[REGISTERED] RUGGED OUTDOOR AND SPORT FOOTWEAR. The WOLVERINE[REGISTERED] rugged outdoor and sport product lines incorporate DURASHOCKS[REGISTERED], DURASHOCKS SR<Trademark> and WOLVERINE FUSION<Trademark> technology and other comfort features into products designed for rugged outdoor use. This broad product line targets active lifestyles and includes all-terrain sport boots, walking shoes, trail hikers, rugged casuals and outdoor sandals. The Company also produces boots that target hunters, fishermen and other active outdoor users. Warmth,

waterproofing and comfort are achieved through the use of GORE-TEX[REGISTERED], THINSULATE[REGISTERED] and the Company's performance leathers and patented DURASHOCKS[REGISTERED] technologies. In addition, the Company produces WOLVERINE[REGISTERED] brand rubber footwear, boots and waders for hunters, fishermen and farm workers.

BATES UNIFORM FOOTWEAR. The Company's Bates Uniform Footwear Division is an industry leader in supplying footwear to military and civilian uniform users. The Bates Uniform Footwear Division utilizes DURASHOCKS[REGISTERED], DURASHOCKS SR<Trademark>, COOL TECH<Trademark> and other proprietary comfort technologies in the design of its military-style boots and oxfords including the BATES[REGISTERED] ENFORCER

SERIES<Trademark> footwear line. The Bates Uniform Footwear Division currently contracts with the U.S. Department of Defense and other governmental organizations to supply military footwear. Civilian uniform uses include police, security, postal, restaurant and other industrial occupations. Bates Uniform Footwear Division products are also distributed through specialty retailers and catalogs.

HY-TEST. The HY-TEST[REGISTERED] product line consists primarily of high quality work boots and shoes designed to protect male and female industrial workers from foot injuries. HY-TEST[REGISTERED] footwear incorporates various safety features into its product lines, including steel toe footwear and electrical hazard, static dissipating and conductive footwear to protect against hazards of the workplace. In addition, HY-TEST[REGISTERED] brand footwear incorporates features such as FOOTRESTS[REGISTERED] comfort technology to provide comfort together with safety for working men and women. HY-TEST[REGISTERED] footwear is distributed primarily through a network of mobile truck "Shoemobiles<Trademark>" providing direct sales to workers at industrial facilities.

HARLEY-DAVIDSON FOOTWEAR DIVISION. On March 12, 1998 the Company entered into a License Agreement with the Harley-Davidson Motor Company granting the Company the right to manufacture, market, distribute and sell footwear under the HARLEY-DAVIDSON[REGISTERED] brand in most countries of the world. The Company's rights to the HARLEY-DAVIDSON[REGISTERED] brand became effective in North America, South America and Central America in

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1998, and become effective in the remaining areas of the world at various times in the future, such that by January 1, 2000, the Company will have the exclusive right to produce and distribute HARLEY-DAVIDSON[REGISTERED] footwear in most countries of the world. HARLEY-DAVIDSON[REGISTERED] brand footwear products include motorcycle, casual, fashion, work and western footwear for men, women and children. HARLEY-DAVIDSON[REGISTERED] footwear is sold primarily through a network of 600 independent HARLEY-DAVIDSON[REGISTERED] dealerships and through department stores and specialty retailers.

WOLVERINE OUTDOOR DIVISION. The Wolverine Outdoor Division consists of the MERRELL[REGISTERED] and COLEMAN[REGISTERED] footwear brands.

- MERRELL. The MERRELL[REGISTERED] product line, acquired by the Company in October 1997, consists primarily of technical hiking and rugged outdoor footwear designed for backpacking, day hiking and rugged every day use. MERRELL[REGISTERED] products are sold primarily through department stores, specialty retailers and catalogs.

- COLEMAN. The Company has been granted the exclusive worldwide rights to manufacture, market, distribute and sell outdoor footwear under the COLEMAN[REGISTERED] brand. COLEMAN[REGISTERED] brand footwear products include lightweight hiking boots, rubber footwear and outdoor sandals, which are sold primarily at value-oriented prices through specialty

retailers and mass merchants.

2. THE CATERPILLAR[REGISTERED] FOOTWEAR GROUP. The CATERPILLAR[REGISTERED] Footwear Group began operating as a separate division of the Company in 1997. Previously, the CATERPILLAR[REGISTERED] Footwear Group operated as part of the Wolverine Footwear Group. The Company has been granted the exclusive worldwide rights to manufacture, market and distribute footwear under the CATERPILLAR[REGISTERED], CAT & DESIGN[REGISTERED], WALKING MACHINES[REGISTERED] and other trademarks. The Company believes the association with CATERPILLAR[REGISTERED] equipment enhances the reputation of its boots for quality, ruggedness and durability. CATERPILLAR[REGISTERED] brand footwear products include work boots and shoes, sport boots, rugged casuals and lifestyle

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footwear. In addition, in 1997 the Company introduced CAT[REGISTERED] Marine Power footwear, designed for industrial and recreational marine uses. CATERPILLAR[REGISTERED] brand products target work and industrial users and active lifestyle users.

3. THE CASUAL FOOTWEAR GROUP. The Casual Footwear Group consists of the Hush Puppies Company, Wolverine Slipper Group, Inc., and the Children's Footwear Group. Each of these groups are described below.

THE HUSH PUPPIES COMPANY. The Company believes that the 40-year heritage of the HUSH PUPPIES[REGISTERED] brand as a pioneer of comfortable casual shoes positions the brand to capitalize on the global trend toward more casual workplace and leisure attire. The diverse product line includes numerous styles for both work and casual wear and utilizes comfort features, such as the COMFORT CURVE[REGISTERED] sole and patented BOUNCE[REGISTERED] technology. HUSH PUPPIES[REGISTERED] shoes are sold to men, women and children in over 80 countries.

WOLVERINE SLIPPER GROUP, INC. Through its wholly owned subsidiary, Wolverine Slipper Group, Inc., the Company is one of the leading suppliers of constructed slippers in the United States. Prior to 1999 these activities were operated as a division of the Company. The styling of Wolverine Slipper Group's footwear reflects consumer demand for the "rugged indoor" look by using natural leathers such as moosehide, shearling and suede in constructed slipper and indoor and outdoor moccasin designs. Wolverine Slipper Group, Inc., designs and manufactures constructed slippers and moccasins on a private label basis according to customer specifications. Such products are manufactured for leading United States retailers and catalogs, such as Nordstrom, J.C. Penney, L.L. Bean, Eddie Bauer and Lands' End. In addition to its traditional line of private label slippers, the Wolverine Slipper Group also manufactures HUSH PUPPIES[REGISTERED] brand slippers.

THE CHILDREN'S FOOTWEAR GROUP. The Children's Footwear Group was formed in 1998 to consolidate the Company's rapidly growing HUSH PUPPIES[REGISTERED] and CATERPILLAR[REGISTERED] children's footwear business with the recently started children's footwear programs for slippers and the COLEMAN[REGISTERED] and Harley-Davidson[REGISTERED] brands. The Company believes the consolidation will make possible the dedicated marketing, sourcing and sales programs that are necessary to extend the Company's high-profile, global brands into the children's footwear market segment.

OTHER BUSINESSES.

In addition to the manufacture and marketing of the Company's footwear products that are reported in the Branded Footwear segment, the Company also (i) operates a Company-owned pigskin tannery through its Wolverine Leathers Division, (ii) purchases and cures raw pigskins for sale to various customers through its wholly owned subsidiary Wolverine Procurement, Inc. and (iii) operates 56 domestic retail footwear stores.

1. THE WOLVERINE LEATHERS DIVISION. The Wolverine Leathers Division produces pigskin leathers primarily for use in the footwear industry. The Wolverine Leathers Division is the largest domestic tanner of pigskin. WOLVERINE LEATHERS[REGISTERED] brand products are manufactured in the Company's pigskin tannery located in Rockford, Michigan. The Company believes these leathers offer superior performance and cost advantages over cowhide leathers. The Company's waterproof, stain resistant and washable leathers are featured in many of the Company's domestic footwear lines and many products offered by the Company's international licensees and distributors.

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

3. RETAIL STORES. The Company operated 56 domestic retail shoe stores as of March 1, 1999, under two formats, consisting of factory outlet stores and one mall-based speciality store. The Company expects the scope of its retail operations to remain relatively consistent in the foreseeable future. Most of the Company's 55 factory outlet stores carry a large selection of first quality Company branded footwear at a discount to conventional retail prices. The regional mall-based full service, full price HUSH PUPPIES[REGISTERED] Specialty Store features a broad selection of men's and women's HUSH PUPPIES[REGISTERED] brand footwear and other Company brands and is used by the Company to test new styles and merchandising strategies.

MARKETING.

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

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

DOMESTIC SALES AND DISTRIBUTION.

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

- Traditional wholesale distribution is used to service department stores (such as J.C. Penney, Sears and Nordstrom), large footwear chains (such as Famous Footwear), specialty retailers, catalog and independent retailers, and military outlets. A dedicated sales force and customer service team, advertising and point of purchase support, and in-stock inventories are used to service these accounts.
- Volume direct programs provide branded and private label footwear at competitive prices with limited marketing support. These programs service major retail, mail order, mass merchants and government customers.

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- First cost agreements are primarily utilized to furnish brands licensed by the Company to mass merchants on a royalty basis.
- A network of independent SHOEMOBILE<Trademark> distributors is primarily used to distribute and sell HY-TEST[REGISTERED] brand products. The Company also distributes additional products through this independent distributor network.

In addition to its wholesale activities, the Company also operates domestic retail shoe stores as described above.

A broad distribution base insulates the Company from dependence on any one customer. No customer of the Company accounted for more than 10% of the Company's net sales and other operating income in fiscal 1998.

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

INTERNATIONAL OPERATIONS AND GLOBAL LICENSING.

The Company records revenue from foreign sources through a combination of sales of branded footwear products generated from the Company's wholly owned operations in Canada, the United Kingdom and Russia, and from royalty income through a network of independent licensees and distributors. The Company's owned operations include Hush Puppies UK, Ltd., Merrell Europe Ltd., Hush Puppies Canada and Wolverine CIS, Ltd. In addition, the Company's owned operations include Wolverine Russia, Inc., which provides

operational support, marketing assistance and consulting services to promote the sale of both HUSH PUPPIES[REGISTERED] and CATERPILLAR[REGISTERED] brand footwear in Russia. The Company's owned operations are located in markets where the Company believes it can gain a strategic advantage.

The Company derives royalty income from sales of Company footwear bearing the HUSH PUPPIES[REGISTERED], WOLVERINE[REGISTERED], BATES[REGISTERED], HY-TEST[REGISTERED], MERRELL[REGISTERED] and other trademarks by independent distributors and licensees. The Company also derives royalty income from sales of footwear bearing the CATERPILLAR[REGISTERED], COLEMAN[REGISTERED] and HARLEY-DAVIDSON[REGISTERED] trademarks through foreign distributors. License and distribution arrangements enable the Company to develop international markets without the capital commitment required to maintain inventories or fund localized marketing programs. In fiscal 1998, the Company's wholly

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owned foreign operations, together with the Company's foreign licensees and distributors sold an estimated 17 million pairs of footwear, a slight decrease from approximately 18 million pairs sold in fiscal 1997.

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

MANUFACTURING AND SOURCING.

Although approximately eighty percent of the Company's global branded footwear product line is purchased or sourced from third parties, the remainder is produced at Company-owned facilities. The Company's footwear is manufactured at Company-owned facilities in several domestic and certain affiliated foreign facilities located in Michigan, Arkansas, Missouri, New York, the Caribbean Basin, Costa Rica, Mexico and Canada. The Company has implemented a "twin plant" concept whereby a majority of the labor intensive cutting and fitting construction of the "upper" portion of shoes and boots is performed at the Company's facilities in the Caribbean Basin, Costa Rica and Mexico and the technology intensive construction, or "bottoming," is performed at the Company's domestic and Canadian facilities.

The Company's factories each have the flexibility to produce a variety of footwear, and depart from the industry's historic practice of dedicating a given facility to production of specific footwear products. This flexibility allows the Company to quickly respond to changes in market preference and demand. The Company produces various products for both men and women in most of its domestic and international facilities, allowing the Company to respond to both market and customer-specific demand.

The Company sources certain footwear from a variety of foreign manufacturing facilities in the Asia-Pacific region, Central and South America, India and Europe. The Company maintains technical offices in the Asia-Pacific region and in Europe to facilitate the sourcing and importation of quality footwear. The Company has established guidelines for each of its third-party manufacturers in order to monitor product quality, labor practices and financial viability. In addition, the Company has developed its "Engagement Criteria for Partners & Sources" to require that its domestic and foreign manufacturers, licensees and distributors use

ethical business standards, comply with all applicable health and safety laws and regulations, are committed to environmentally safe practices, treat employees fairly with respect to wages, benefits and working conditions, and do not use child or prison labor.

The Company's domestic manufacturing operations allow the Company to (i) reduce its lead time, enabling it to quickly respond to market demand and reduce inventory risk, (ii) lower freight and shipping costs, and (iii) closely monitor product quality. The Company's foreign manufacturing strategy allows the Company to (i) benefit from lower labor costs, (ii) source the highest quality raw materials from around the world, and (iii) avoid additional capital expenditures necessary for factories and equipment. The Company believes that its overall global manufacturing strategy gives the Company maximum flexibility to properly balance the need for timely shipments, high quality products and competitive pricing.

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

The Company's principal required raw material is quality leather, which it purchases primarily from a select group of domestic suppliers, including the Company's tannery. The global availability of shearling and cowhide leather eliminates any reliance by the Company upon a sole supplier. The Company currently purchases the vast majority of the raw pigskins used in a significant portion of its tannery operations from two domestic sources. One of these sources has been a reliable and consistent supplier for over 30 years. The Company purchases all of its other raw materials and component parts from a variety of sources, none of which is believed by the Company to be a dominant supplier.

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

TRADEMARKS, LICENSES AND PATENTS.

The Company holds a number of registered and common law trademarks that identify its branded footwear products. The trademarks that are most widely used by the Company include HUSH PUPPIES[REGISTERED], WOLVERINE[REGISTERED], BATES[REGISTERED], WOLVERINE FUSION<Trademark>, DURASHOCKS[REGISTERED], HIDDEN TRACKS[REGISTERED], BOUNCE AND DESIGN[REGISTERED], COMFORT CURVE[REGISTERED], TRU-STITCH[REGISTERED], SIOUX MOX[REGISTERED], HY-TEST[REGISTERED], MERRELL[REGISTERED] and FOOTRESTS[REGISTERED]. The Company has obtained the right to manufacture, market and distribute footwear throughout most countries of the world under the CATERPILLAR[REGISTERED] HARLEY-DAVIDSON[REGISTERED] and COLEMAN[REGISTERED] trademarks pursuant to license agreements with the respective trademark owners. All of the Company's licenses are long term and extend for four or more years with renewal options. The licenses are

subject to customary approval, performance and default provisions. Pigskin leather produced by the Company's Wolverine Leather Division is sold under the trademarks WOLVERINE LEATHERS [REGISTERED], WEATHER TIGHT[REGISTERED] and ALL SEASON WEATHER LEATHERS.<Trademark>

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

ORDER BACKLOG.

At March 27, 1999, the Company had a backlog of orders of approximately \$181 million compared with a backlog of approximately \$189 million at March 28, 1998. While orders in backlog are subject to cancellation by customers, the Company has not experienced significant cancellation of orders in the past and the Company expects that substantially all of the orders will be shipped in fiscal 1999. The backlog at a particular time is affected by a number of factors, including seasonality and the scheduling of the manufacture and shipment of products.

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Accordingly, a comparison of backlog from period to period is not necessarily meaningful and may not be indicative of eventual actual shipments.

COMPETITION.

The Company's footwear lines are manufactured and marketed in a highly competitive environment. The Company competes with numerous manufacturers (domestic and foreign) and importers of footwear, some of which are larger and have greater resources than the Company. The Company's major competitors for its brands of footwear are located in the United States. The Company has at least ten major competitors in connection with the sale of its work shoes and boots, at least eight major competitors in connection with the sale of its sport boots, and at least fifteen major competitors in connection with the sale of its casual and dress shoes. Product performance and quality, including technological improvements, product identity, competitive pricing, and the ability to adapt to style changes are all important elements of competition in the footwear markets served by the Company. The footwear industry in general is subject to changes in consumer preferences. The Company strives to meet competition and maintain its competitive position through promotion of brand awareness, manufacturing efficiencies, its tannery operations, and the style, comfort and value of its products. Future sales by the Company will be affected by its continued ability to sell its products at competitive prices and to meet shifts in consumer preferences.

Because of the lack of reliable published statistics, the Company is unable to state with certainty its position in the footwear industry. Market shares in the footwear industry are highly fragmented and no one company has a dominant market position; however, the Company believes it is among the largest domestic manufacturers of footwear.

RESEARCH AND DEVELOPMENT.

In addition to normal and recurring product development, design and styling activities, the Company engages in research and development related to new and improved materials for use in its branded footwear and other products and in the development and adaptation of new production techniques. The Company's continuing relationship with the Biomechanics Evaluation Laboratory at Michigan State University has led to specific biomechanical design concepts, such as BOUNCE[REGISTERED], DURASHOCKS[REGISTERED] and HIDDEN TRACKS[REGISTERED] comfort technologies, that have been incorporated in the Company's footwear. While the Company continues to be a leading developer of footwear innovations, research and development costs do not represent a material portion of operating expenses.

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ENVIRONMENTAL MATTERS.

Compliance with federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment have not had, nor are they expected to have, any material effect on the capital expenditures, earnings or competitive position of the Company. The Company uses and generates, and in the past has used and generated, certain substances and wastes that are regulated or may be deemed hazardous under certain federal, state and local regulations with respect to the environment. The Company from time to time works with federal, state and local agencies to resolve cleanup issues at various waste sites or other regulatory issues.

EMPLOYEES.

As of January 2, 1999, the Company had approximately 6,600 domestic and foreign production, office and sales employees. Approximately 1,731 employees were covered by eight union contracts expiring at various dates through February 11, 2002. The Company has experienced no work stoppages since 1990. The Company presently considers its employee relations to be good.

ITEM 2. PROPERTIES.

The Company owned or leased the following offices and manufacturing facilities as of January 2, 1999:

LOCATION	TYPE OF FACILITY	OWNED LEASED	SQUARE FOOTAGE
Rockford, MI	Administration/Sales	Owned	193,300
Jonesboro, AR	Administration/Sales	Leased	5,680
Malone, NY	Administration/Sales	Owned	11,718
New York, NY	Administration/Sales	Leased	3,811
Montecatine Terme, Italy	Administration/Sales	Leased	2,800
St. Laurent, Quebec, Canada	Administration/Sales	Leased	2,800
Saint-Sauveur-des-Monts, Quebec, Canada	Administration/Sales	Leased	1,500
Taipei, Taiwan	Administration/Sales	Leased	2,800
Chungli, Taiwan	Administration/Sales	Leased	2,800
Tai Chung, Taiwan	Administration/Sales	Leased	3,000
Leicester, England, United Kingdom	Administration/Sales	Leased	13,250
Bristol, England, United Kingdom	Administration/Sales	Leased	2,200
Moscow, Russia	Administration/Sales	Leased	3,800
TOTAL ADMINISTRATION/SALES			249,459
Rockford, MI	Tannery	Owned	160,000
Des Moines, IA	Procurement	Owned	6,200
Dyersburg, TN	Procurement	Leased	12,000
Durant, OK	Procurement	Leased	12,900
Dennison, KS	Procurement	Leased	1,855
TOTAL TANNERY AND PROCUREMENT			192,955
Jonesboro, AR	Manufacturing	Leased	79,197
Jonesboro, AR	Manufacturing	Owned	11,680
Monette, AR	Manufacturing	Owned	18,030
Rockford, MI	Manufacturing	Owned	20,833
Rockford, MI	Manufacturing	Owned	19,624
Rockford, MI	Manufacturing	Owned	7,790
Big Rapids, MI	Manufacturing	Owned	77,626
Kirksville, MO	Manufacturing	Owned	104,000
Malone, NY	Manufacturing	Owned	90,664
Malone, NY	Manufacturing	Owned	37,596
Malone, NY	Manufacturing	Owned	8,100
Malone, NY	Manufacturing	Owned	27,125

Bombay, NY	Manufacturing	Owned	58,980
Monterrey, MX	Manufacturing	Leased	60,000
Aquadilla, Puerto Rico	Manufacturing	Leased	62,100
San Pedro, Dominican Republic	Manufacturing	Leased	65,111
Santo Domingo, Dominican Republic	Manufacturing	Leased	54,332
Alexandria, Ontario, Canada	Manufacturing	Owned	28,000
Cartago, Costa Rica	Manufacturing	Leased	88,308
TOTAL MANUFACTURING			919,096
Jonesboro, AR	Warehouse	Leased	2,000
Jonesboro, AR	Warehouse	Leased	19,500
Jonesboro, AR	Warehouse	Owned	13,500
Jonesboro, AR	Warehouse	Owned	15,478
Walnut Ridge, AR	Warehouse	Leased	2,000
Rockford, MI	Warehouse	Owned	304,278
Rockford, MI	Warehouse	Owned	93,140
Rockford, MI	Warehouse	Owned	75,000
Grand Rapids, MI	Warehouse	Leased	20,000
Cedar Springs, MI	Warehouse	Leased	32,900
Cedar Springs, MI	Warehouse	Leased	230,000
Big Rapids, MI	Warehouse	Owned	39,800
Howard City, MI	Warehouse	Leased	350,000
Malone, NY	Warehouse	Owned	115,211
Bombay, NY	Warehouse	Owned	26,000
St. Laurent, Quebec, Canada	Warehouse	Leased	33,000

Moscow, Russia
TOTAL WAREHOUSE

Warehouse

Leased

2,500

1,374,307

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

ITEM 3. LEGAL PROCEEDINGS.

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

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

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

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT.

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

NAME ----	AGE ---	POSITIONS HELD WITH THE COMPANY -----
Geoffrey B. Bloom	57	Chief Executive Officer and Chairman of the Board
John Deem	43	Executive Vice President, and President, Casual Footwear Group
Steven M. Duffy	46	Executive Vice President and President, Global Operations Group
V. Dean Estes	49	Vice President and President, Wolverine Footwear Group
Stephen L. Gulis, Jr.	41	Executive Vice President, Chief Financial Officer and Treasurer
Blake W. Krueger	45	Executive Vice President, General Counsel and Secretary
Thomas P. Mundt	49	Vice President of Strategic Planning and Corporate Communications
Timothy J. O'Donovan	53	Chief Operating Officer and President
Nicholas P. Ottenwess	36	Corporate Controller
Robert J. Sedrowski	49	Vice President of Human Resources
James D. Zwiers	31	Associate General Counsel and Assistant Secretary

Geoffrey B. Bloom has served the Company as Chief Executive Officer and Chairman of the Board since April 1996. From 1993 to 1996 he served the Company as President and Chief Executive Officer. From 1987 to 1993 he served the Company as President and Chief Operating Officer.

John Deem has served the Company as Executive Vice President and President, Casual Footwear Group since July 1998. From 1996 to July 1998, he served as Vice President of Global Product Development. From 1992 to 1996 he served as Executive Vice President of Product Development and Marketing at Dexter Shoe Company.

Steven M. Duffy has served the Company as an Executive Vice President since April 1996 and is President of the Company's Global Operations Group. From 1993 to 1996 he served the Company as a Vice President. From 1989 to April 1993 he served the Company in various senior manufacturing positions.

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

Stephen L. Gulis, Jr., has served the Company as Executive Vice President, Chief Financial Officer and Treasurer since April 1996. From 1994 to April 1996 he served the Company as Vice President and Chief Financial Officer. From 1993 to 1994 he served the Company as Vice President of Finance and Corporate Controller, and from 1986 to 1993 he was the Vice President of Administration and Controller for The Hush Puppies Company.

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

Thomas P. Mundt has served the Company as Vice President of Strategic Planning and Corporate Communications since April 1996. From December 1993 to April 1996, he served the Company as Vice President of Strategic Planning and Treasurer. From 1988 to 1993 he served in various financial and planning positions at Sears Roebuck & Co., including Vice President Planning, Coldwell Banker's Real Estate Group and Director of Corporate Planning for Sears Roebuck & Co.

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

Nicholas P. Ottenwess has served as Corporate Controller of the Company since September 1997. From 1993 to September 1997 he served as Vice President of Finance & Administration for The Hush Puppies Company.

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

James D. Zwiers has served the Company as Associate General Counsel and Assistant Secretary since January 1998. From 1995 to 1998 he was an attorney with the law firm of Warner Norcross & Judd LLP. From 1992 to 1995 he attended the University of Michigan Law School. From 1990 to 1992 he was a Certified Public Accountant at BDO Siedman LLP.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

MATTERS.

Wolverine World Wide, Inc. common stock is traded on the New York Stock Exchange and the Pacific Exchange, Inc. under the symbol "WWW." The following table shows the high and low sales prices by calendar quarter for 1998 and 1997 as reported on the New York Stock Exchange. The prices shown below have been retroactively adjusted to reflect the three-for-two stock split announced in April 1997. The number of stockholders of record of common stock on March 1, 1999, was 2,230.

	1998		1997	
	HIGH	LOW	HIGH	LOW
	----	---	----	---
1st quarter	30 15/16	20 7/8	26 1/4	18 9/16
2nd quarter	29 1/4	19 7/8	27 5/8	22 11/16
3rd quarter	22 7/8	8 1/16	31 1/8	21 5/8
4th quarter	15	8 5/8	26 3/8	19 7/16

CASH DIVIDENDS DECLARED PER SHARE:

	1998	1997
	----	----
1st quarter	\$.0275	\$.0217
2nd quarter	.0275	.0217
3rd quarter	.0275	.0217
4th quarter	.0275	.0217

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Cash dividends declared per share for 1997 have been retroactively adjusted to reflect the three-for-two stock split announced in April 1997. Dividends of \$.03 were declared for the first quarter of fiscal 1999.

On December 8, 1998, the Company issued 6.50% Senior Notes of the Company due on December 8, 2008, in the aggregate principal amount of \$75,000,000 (the "Notes"). The Notes were sold to a limited number of institutional investors for cash pursuant to a private placement exemption from registration.

ITEM 6. SELECTED FINANCIAL DATA.

FIVE-YEAR OPERATING AND FINANCIAL SUMMARY <F1>
(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)

	1998	1997	1996	1995	1994
	----	----	----	----	----
SUMMARY OF OPERATIONS					
Net sales and other operating income	\$669,329	\$665,125	\$511,029	\$413,957	\$387,534
Net earnings	41,651	41,539	32,856	24,067	16,598
Per share of common stock:					
Net earnings<F2><F3>:					
Basic	\$ 1.00	\$ 1.00	\$.81	\$.66	\$.48
Diluted	.97	.96	.76	.62	.45
Cash dividends<F3><F4>	.11	.09	.07	.06	.05
FINANCIAL POSITION AT YEAR END					
Total assets	\$527,478	\$449,663	\$361,598	\$283,554	\$231,582
Long-term debt	161,650	94,264	41,309	30,678	43,786

NOTES TO FIVE-YEAR OPERATING AND FINANCIAL SUMMARY

1. This summary should be read in conjunction with the consolidated financial statements of the Company and the notes thereto, which are attached as Appendix A to this Form 10-K.
2. Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the year after adjustment for nonvested common stock. Diluted earnings per share assume the exercise of dilutive stock options and the vesting of all common stock.

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3. On April 17, 1997, July 11, 1996, April 19, 1995, and March 10, 1994, the Company announced three-for-two stock splits on shares of common stock outstanding at May 2, 1997, July 26, 1996, May 1, 1995, and March 21, 1994, respectively. All share and per share data have been retroactively adjusted for the increased shares resulting from these stock splits.
4. Cash dividends per share represent the rates paid by the Company on the shares outstanding.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OPERATIONS

RESULTS OF OPERATIONS 1998 COMPARED TO 1997

Net sales and other operating income increased 0.6% to \$669.3 million in 1998 as compared to \$665.1 million in 1997. The Company's branded footwear businesses consist primarily of The Hush Puppies Company, the Wolverine Footwear Group (comprised of WOLVERINE[REGISTERED], HY-TEST[REGISTERED], MERRELL[REGISTERED], COLEMAN[REGISTERED], BATES[REGISTERED] and HARLEY-DAVIDSON[REGISTERED] brands), the CATERPILLAR[REGISTERED] Footwear Group, and the Wolverine Slipper Group and contributed a \$10.1 million (1.7%) increase in 1998 net sales and other operating income, while the Company's other business units (Hush Puppies Retail Division and Wolverine Leathers Division) reported a \$5.9 million (7.7%) decline in net sales and other operating income in 1998 compared to 1997.

The Hush Puppies Company reported a \$29.8 million (13.0%) decline in 1998 net sales and other operating income, while the Wolverine Footwear Group contributed \$33.6 million (13.8%) of additional net sales and other operating income in 1998 as compared to 1997. The Caterpillar Footwear Group recorded a \$1.8 million (2.8%) decrease in 1998 net sales and other operating income compared to 1997. Net sales and other operating income of the Wolverine Slipper Group decreased \$1.9 million (4.5%) for 1998 compared to the prior year. The Company acquired Sivan-Co. Limited in the fourth quarter of 1998 and established a wholesale footwear operation in Russia that contributed \$5.0 million to net sales and other operating income in 1998.

The Hush Puppies U.S. wholesale operations' net sales and other operating income decreased \$12.7 million (9.3%) from the 1997 level primarily as the result of decreased demand for the HUSH PUPPIES[REGISTERED] Classics line. Net sales and other operating income related to Hush Puppies international licensing increased \$0.6 million (5.3%) in 1998 over 1997 levels, highlighted by gains from licensees in Japan, Mexico, Central America, India and Australia. The Hush Puppies U.K.

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wholesale operation's 1998 net sales and other operating income decreased \$18.7 million (29.7%) from 1997 as a result of the planned reduction in the specialty store segment of its distribution channel. Net sales and other

operating income in the Hush Puppies Canadian wholesale operation increased \$1.0 million (5.8%) in 1998 compared to 1997.

The Wolverine Footwear Group reported record net sales and other operating income in 1998 despite unseasonably warm weather during the key boot selling season. The Wolverine Boots and Shoes Division reported a \$1.5 million (1.1%) increase in net sales and other operating income over 1997 as the fourth quarter introduction of the new WOLVERINE FUSION<Trademark> durable comfort technology received favorable acceptance in the market place. Net sales and other operating income related to international licensing decreased \$0.3 million (16.2%) in 1998 compared to the prior year. Hy-Test Boots and Shoes experienced a \$3.8 million (10.3%) decrease in net sales and other operating income from 1997 primarily related to the sale of five Company-owned distribution units over the last eighteen months. The MERRELL[REGISTERED] outdoor footwear business, which was acquired in the fourth quarter of 1997, contributed \$23.9 million to the increase in net sales and other operating income in 1998 over 1997, while HARLEY-DAVIDSON[REGISTERED] brand footwear, manufactured under a license acquired in 1998, began shipping in the third quarter of 1998 and contributed \$6.0 million to net sales and other operating income. COLEMAN[REGISTERED] brand footgear contributed an additional \$6.0 million in net sales and other operating income to 1998 results as compared to 1997. Net sales and other operating income for BATES[REGISTERED] brand footwear, including shipments to the United States Department of Defense, remained flat in 1998 compared to 1997.

The CATERPILLAR[REGISTERED] Footwear Group recognized a \$1.8 million (2.8%) decrease in 1998 net sales and other operating income from the 1997 level. The U.S. wholesale operation reported a \$3.7 million (8.3%) drop in net sales and other operating income which was related primarily to unfavorably warm weather in the fourth quarter of 1998 and difficult retail market conditions. International royalty revenue continued to grow, reflecting a \$1.9 million (10.2%) increase over 1997 in net sales and other operating income for 1998.

The Wolverine Slipper Group's net sales and other operating income decreased \$1.9 million (4.5%) compared to the level recorded in 1997. The Wolverine Slipper Group, which historically ships the majority of its products in the fourth quarter, was particularly hard hit by the second unseasonably warm winter in a row.

The Hush Puppies Retail Division's net sales and other operating income increased \$1.2 million (3.4%) in 1998 compared to 1997; however, same-store net sales declined 3.7%.

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The Wolverine Leathers Division recorded a net sales and other operating income decrease of \$7.1 million (17.5%) in 1998 as compared to 1997. The decrease relates primarily to reduced demand for the HUSH PUPPIES[REGISTERED] Classics suede product line. In addition, during 1998 the price of cowhide leather decreased making it a cost-effective alternative to pigskin supplied by this business unit.

Gross margin as a percentage of net sales and other operating income increased to 31.8% in 1998 from 30.7% in 1997. Gross margin dollars increased \$8.5 million (4.2%) in 1998 to \$212.6 million as compared to \$204.1 million in 1997. The gross margin percentage of the branded footwear businesses increased to 31.0% in 1998 from 30.4% in 1997. The Hush Puppies Company reported a gross margin percentage in 1998 that was comparable with 1997 as improved margins in the Hush Puppies U.K. wholesale operation were offset by increased seasonal markdowns experienced by the U.S. wholesale operation. The Wolverine Footwear Group experienced a 0.5 percentage point increase in gross margins in 1998 compared to 1997 due primarily to the higher initial gross margins on MERRELL[REGISTERED] brand products. The CATERPILLAR[REGISTERED] Footwear Group reported an improved gross margin percentage in 1998 compared to 1997 as a result of higher

international royalties, which positively impacts the gross margin percentage. Additionally, the Wolverine Slipper Group experienced a 3.3% margin improvement primarily reflecting efficiencies resulting from the 1997 factory restructuring that was fully implemented in 1998 and the elimination of unprofitable product lines. Gross margins for the other business units increased from 33.0% in 1997 to 37.9% in 1998 primarily as a result of improved labor efficiencies and lower raw material costs experienced in the Wolverine Leathers Division.

Selling and administrative expenses as a percentage of net sales and other operating income increased to 21.4% in 1998 from 20.6% in 1997 as these costs increased \$6.2 million (4.6%) to \$143.4 million in 1998 from \$137.2 million in 1997. The increase in selling and administrative expenses as a percentage of net sales and other operating income resulted primarily from costs associated with the start up of the new 350,000 square foot Howard City distribution center, increased media advertising spending on the Company's core brands and increased investments in branded marketing and operations related to various new business initiatives, including the HARLEY-DAVIDSON[REGISTERED], MERRELL[REGISTERED] and COLEMAN[REGISTERED] footwear brands and the Russian footwear distribution operations.

Net interest expense of \$7.3 million was \$2.7 million (58.7%) greater in 1998 than the 1997 level of \$4.6 million. The increase in net interest expense for 1998 reflects additional borrowings on the Company's revolving credit facility to support the repurchase of 2.3 million shares of the Company's common stock during 1998, the 1997 fourth quarter acquisition of the MERRELL[REGISTERED] outdoor footwear business and increased working capital requirements in 1998 as compared to 1997.

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The 1998 effective tax rate of 32.6% increased from 32.0% in 1997 as a result of earnings from certain foreign subsidiaries, which are taxed generally at lower rates, becoming a smaller percentage of total consolidated earnings.

Net earnings of \$41.7 million for 1998 reflect a 0.3% increase over net earnings of \$41.5 million reported for 1997. Diluted earnings per share for 1998 were \$0.97 compared to \$0.96 in 1997. Basic earnings per share of \$1.00 were reported for both 1998 and 1997. Increased net earnings are primarily a result of the items noted above.

RESULTS OF OPERATIONS 1997 COMPARED TO 1996

Net sales and other operating income increased 30.2% to \$665.1 million during 1997 from \$511.0 million in 1996. The Company's branded footwear businesses contributed a \$133.5 million (29.3%) increase in 1997 net sales and other operating income, while the Company's other business units reported a \$20.6 million (36.8%) increase in net sales and other operating income in 1997 compared to 1996.

The Hush Puppies Company had a \$59.4 million (35.0%) increase in 1997 net sales and other operating income, while the Wolverine Footwear Group contributed \$42.9 million (24.4%) of additional net sales and other operating income in 1997 as compared to 1996. The CATERPILLAR[REGISTERED] Footwear Group continued its strong growth rate showing a \$24.9 million (63.7%) increase in 1997 net sales and other operating income over 1996. Net sales and other operating income of the Wolverine Slipper Group were flat for 1997 as compared to the prior year.

The Hush Puppies U.S. wholesale operations' net sales and other operating income increased \$16.6 million (13.7%) over the 1996 level as a result of the continued popularity of the HUSH PUPPIES[REGISTERED] Classics product line. Net sales and other operating income related to Hush Puppies international licensing increased \$1.3 million (12.1%) in 1997 over 1996 levels, reflecting solid growth rates throughout the world. The Hush Puppies U.K. wholesale operation, which was acquired at the end of the third quarter of 1996, had a \$36.4 million increase over its four months of

1996 operations.

The Wolverine Footwear Group continued its strong performance in 1997 as the Wolverine Boots and Shoes Division reported a \$22.8 million (19.0%) increase in net sales and other operating income over 1996. Hy-Test Boots and Shoes, which was acquired near the end of the first quarter of 1996, had a \$12.1 million (49.4%) increase over its nine months of 1996 operations. BATES[REGISTERED] footwear net sales and other operating income improved \$4.3 million (14.8%) in 1997 over 1996 reflecting increased penetration into military, uniform and export markets. The

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MERRELL[REGISTERED] outdoor footwear business was acquired in the fourth quarter of 1997 and contributed marginally to net sales and other operating income.

The CATERPILLAR[REGISTERED] Footwear Group recognized a \$24.9 million (63.7%) increase in 1997 net sales and other operating income over 1996. Domestically, the CAT[REGISTERED] footwear brand continued to gain momentum as approximately 800 new specialty and department store customers were added in 1997. Internationally, the brand continued to show solid growth gains in the United Kingdom and Europe and accelerated its growth in the Pacific Rim and Latin American regions.

The Wolverine Slipper Group's net sales and other operating income was 1.0% above the level recorded in 1996. Higher sales of HUSH PUPPIES[REGISTERED] branded slippers offset lower sales of private branded products in 1997.

The Hush Puppies Retail Division's net sales and other operating income increased \$6.1 million (20.2%) in 1997 with same-store net sales and other operating income improving 7.9%.

The Wolverine Leathers Division recorded a significant net sales and other operating income improvement of \$14.5 million (56.1%) in 1997 with both licensee and domestic accounts contributing to the increase. The 1997 performance represented the fourth consecutive year of net sales and other operating income increases for the division. Strong demand for performance leather and sueded products continued to drive volume increases.

Gross margin as a percentage of net sales and other operating income increased to 30.7% in 1997 from 30.5% in 1996. The gross margin percentage of the branded footwear businesses increased to 30.4% in 1997 from 29.9% in 1996. Gross margin dollars increased \$48.3 million (31.0%) in 1997 to \$204.1 million as compared to \$155.8 million in 1996. The gross margin improvement was primarily generated by The Hush Puppies Company where the Hush Puppies U.S. wholesale operation reported a gross margin improvement of 4.3 percentage points in 1997 related primarily to initial pricing improvements and manufacturing and sourcing efficiencies. The 1997 improvement in gross margin percentage by The Hush Puppies Company was tempered to some degree by the increased net sales and other operating income of the Hush Puppies U.K. wholesale operation, which operates at lower gross margin levels than comparable U.S. operations. The Wolverine and CATERPILLAR[REGISTERED] Footwear Groups experienced slightly lower gross margin percentages in 1997 as compared to 1996 as a result of initial investments required to position recent acquisitions and new products in both domestic and international markets. The Wolverine Slipper Group experienced lower gross margins as a percentage of net sales and other operating income due to a decline in factory efficiencies. Gross margins

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for the Company's other businesses declined slightly as a percentage of net sales and other operating income as a result of strong growth of the Wolverine Leathers Division which operates at lower gross margins than the

Hush Puppies' Retail Division.

Selling and administrative expenses as a percentage of net sales and other operating income decreased to 20.6% in 1997 from 21.0% in 1996 as these costs increased \$29.7 million (27.6%) to \$137.2 million in 1997 from \$107.5 million in 1996. Excluding the 1997 acquisition of the MERRELL[REGISTERED] outdoor footwear business and the 1996 acquisitions of Hy-Test and Hush Puppies (U.K.) Ltd., selling, advertising and distribution costs increased \$15.4 million or 21.4% during 1997. The reduction in selling and administrative expenses as a percentage of net sales and other operating income occurred despite increased investments in branded marketing initiatives, significant information system up-grades, higher profit sharing provisions and costs associated with employee performance incentive plans.

Net interest expense of \$4.6 million was \$3.0 million greater in 1997 than the 1996 level of \$1.6 million. The increase in net interest expense for 1997 reflects additional borrowings on the revolving credit facility over the 1996 level resulting from the 1997 acquisition of the MERRELL[REGISTERED] outdoor footwear business and increased working capital requirements associated with higher sales volume. Additionally, proceeds from the November 1995 equity offering provided cash, which resulted in lower average borrowings for the first quarter of 1996.

On September 24, 1997, the Company moved to strengthen its domestic footwear businesses by closing three Arkansas women's shoe factories and converting a New York slipper factory into a warehouse. These actions resulted in a restructuring charge of \$3.5 million in 1997. The restructuring balanced the sourcing mix for HUSH PUPPIES[REGISTERED] women's shoes and the Wolverine Slipper Group as more products will be sourced internationally in future years.

The 1997 effective tax rate of 32.0% increased from 31.1% in 1996 as a result of earnings from certain foreign subsidiaries, which are taxed generally at lower rates, becoming a smaller percentage of total consolidated earnings.

Net earnings of \$41.5 million for 1997 reflect a 26.4% increase over net earnings of \$32.9 million reported for 1996. Diluted earnings per share for 1997 were \$0.96 compared to \$0.76 in 1996. Basic earnings per share of \$1.00 and \$0.81 were reported for 1997 and 1996, respectively. Increased net earnings are primarily a result of the items noted above.

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LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$4.5 million in 1998 compared to \$0.2 million in 1997. Cash of \$54.7 in 1998 and \$52.6 million in 1997 was used to fund working capital requirements. Accounts receivable of \$152.1 million at January 2, 1999 reflect a \$14.0 million (10.2%) increase over the \$138.1 million balance at January 3, 1998. Inventories of \$167.0 million at January 2, 1999 increased by \$23.2 million (16.1%) over the \$143.8 million balance at January 3, 1998. More than half of the increase in inventories is attributable to new business initiatives, including the HARLEY-DAVIDSON[REGISTERED], MERRELL[REGISTERED] and COLEMAN[REGISTERED] brand initiatives and the acquisition of a wholesale footwear operation in Russia. As of year-end 1998, the Company's backlog was 13.0% below the prior year's levels, and plans are in place to reduce inventory levels to meet the Company's expected future customer demand. Accounts payable of \$14.9 million at January 2, 1999 reflects a \$9.4 million (38.6%) decrease from the \$24.3 million balance at January 3, 1998. The decrease in accounts payable is primarily attributable to the timing of 1998 year-end payments compared to 1997.

Additions to property, plant and equipment of \$32.4 million in 1998 compare to \$35.4 million reported in 1997. The replacement of legacy information systems accounted for \$15.1 million of the 1998 additions. Other expenditures were related to the completion of the new corporate business center, modernization of existing office buildings, expansion of warehouse facilities and purchases of manufacturing equipment necessary to upgrade the Company's footwear and leather manufacturing operations. Depreciation and amortization expense of \$13.0 million in 1998 compares to \$9.2 million in 1997. This increase resulted from the capital investments noted above and the amortization of goodwill related to the 1998 and 1997 acquisitions discussed below.

The Company maintains short-term borrowing and commercial letter-of-credit facilities of \$68.4 million, of which \$30.1 million and \$37.0 million were outstanding at the end of 1998 and 1997, respectively. Long-term debt, including current maturities of \$161.7 million at the end of 1998 increased \$67.4 million from the \$94.2 million balance at the end of 1997. The increase in debt primarily resulted from seasonal working capital requirements and the repurchase of 2.3 million shares of the Company's common stock as discussed below.

Effective August 20, 1998, the Company's Board of Directors approved and the Company executed a common stock repurchase program totalling 2.2 million shares of common stock. The primary purpose of this stock repurchase program was to take advantage of the low market price relative to management's assessment of the future prospects of the business and its corresponding favorable effect on stockholder value. The total cost of

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shares repurchased under this program totaled \$23.0 million, averaging \$10.25 per share. In addition, the Company repurchased in the ordinary course of business 0.1 million shares of common stock at a total cost of \$1.9 million.

It is expected that continued Company growth will require increases in capital funding over the next several years. In the first quarter of 1998, the Company renegotiated its long-term revolving debt agreement and increased the amount available under its domestic credit facilities from \$100 million to \$150 million. The Company's subsidiary in the United Kingdom has a \$17.2 million, three-year variable rate revolving credit agreement expiring in January 2000 to support its working capital requirements. In addition, the Company issued \$75 million of senior debt during the fourth quarter of 1998 and used the proceeds to reduce outstanding borrowings under its revolving credit facility. The combination of credit facilities and cash flows from operations is expected to be sufficient to meet future capital needs.

The Company declared dividends of \$4.6 million in 1998, or \$0.11 per share, which reflects a 25.3% increase over the \$3.7 million, or \$0.09 per share declared in 1997. Additionally, shares issued under stock incentive plans provided cash of \$4.1 million in 1998 compared to \$8.9 million during 1997.

On September 29, 1998, the Company acquired certain assets and assumed bank debt in the amount of \$4.1 million of Sivan-Co Limited, a Russian wholesale distributor of Hush Puppies and Caterpillar branded footwear, in exchange for the forgiveness of \$7.3 million in trade accounts receivable that were due to the Company.

On October 17, 1997, the Company completed the purchase of substantially all of the assets of the MERRELL[REGISTERED] outdoor footwear business from the Outdoor Division of Sports Holdings Corp for \$15.8 million and a \$0.5 million note payable.

The current ratio at year-end was 6.7 to 1.0 in 1998 compared to 4.7 to 1.0 at year-end 1997. The Company's total debt to total capital ratio

increased to .36 to 1.0 in 1998 from .26 to 1.0 in 1997.

MARKET RISK DISCLOSURE

The Company has assets, liabilities and inventory purchase commitments outside the United States that are subject to fluctuations in foreign currency exchange rates. A substantial portion of inventory sourced from foreign countries is purchased in U.S. dollars and is accordingly not subject to exchange rate fluctuations. Similarly, revenues from products sold in foreign countries under licensing and distribution arrangements are

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denominated in U.S. dollars. As a result, the Company does not engage in forward foreign exchange or other similar contracts to reduce its economic exposure to changes in exchange rates as the associated risk is not considered significant.

Assets and liabilities outside the United States are primarily located in Canada, the United Kingdom and Russia. The Company's investment in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company does not hedge these net investments. Foreign currency risk related to the Company's operations in Russia, whose economy is presently considered to be hyperinflationary, is limited as substantially all transactions are denominated in the U.S. dollar. As a result of current uncertainty regarding the stability of the Russian economy, the Company is presently limiting additional capital investment in Russia. At January 2, 1999, the Company's net investment in Russia was approximately \$14.0 million.

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

The Company is exposed to changes in interest rates primarily as a result of its long-term debt requirements. The Company's interest rate risk management objectives are to limit the effect of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve its objectives, the Company maintains a significant percentage of fixed-rate debt (62% at January 2, 1999) to take advantage of lower relative interest rates currently available and finances seasonal working capital needs with variable-rate debt. The Company has not historically utilized interest swap or similar hedging arrangements to fix interest rates, but in 1998 entered into an interest rate lock agreement to fix the interest rate prior to the issuance of 6.5% senior notes in the amount of \$75 million. The contract was settled in 1998 and resulted in a prepayment of \$2.2 million that is being amortized over the term of the senior notes. The amortization of the prepayment creates an effective interest rate of 6.78% on the senior debt.

The table that follows provides principal cash flows and related interest rates of the Company's short and long-term debt by fiscal year of maturity. For foreign currency-denominated debt, the information is presented in U.S. dollar equivalents. Variable interest rates are based on the weighted average rates of the portfolio at January 2, 1999.

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(MILLIONS OF DOLLARS)	1999	2000	2001	2002	2003	AFTER	TOTAL	VALUE
DENOMINATED IN U.S. DOLLARS:								
Fixed Rate	\$4.8	\$4.2	\$4.3	\$15.0	\$15.0	\$57.9	\$101.2	\$99.6
Average Interest Rate	7.8%	7.8%	7.8%	6.9%	6.9%	6.6%		
Variable Rate			\$59.0				\$59.0	\$59.0
Average Interest Rate			6.7%					
DENOMINATED IN CANADIAN DOLLARS:								
Variable Rate	\$4.5						\$4.5	\$4.5
Average Interest Rate	7.1%							
DENOMINATED IN BRITISH STERLING:								
Variable Rate	\$1.8	\$1.7					\$3.5	\$3.5
Average Interest Rate	7.0%	7.0%						

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

YEAR 2000 READINESS DISCLOSURE

The "Year 2000 Issue" is the result of computer programs that use two digits rather than four to define the applicable year. Any of the Company's computer programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This situation could result in system failures or miscalculations causing disruptions to operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

The Company has and continues to modify or replace portions of its software so that its computer systems and equipment will function properly with respect to dates in the year 2000 and thereafter. This modification and replacement process is being implemented by the Company's Information Systems Team under a general remediation strategy developed by an Executive Oversight Committee, consisting of internal executive management, a member of the Board of Directors and various other third parties. The Company presently believes that with planned modifications to existing software and conversions to new software, the Year 2000 Issue will not pose significant operational problems for its computer systems. However, if the Company

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fails to complete modifications required to obtain Year 2000 compliance in a timely manner or if significant suppliers or customers experience Year 2000 problems, the Year 2000 Issue could have a material adverse impact on the operations and financial condition of the Company.

The Company has completed a thorough assessment of all its existing information systems. A significant portion of the Company's Year 2000 Issues will be resolved by the installation of Year 2000 compliant information systems. The new systems are designed to manage order processing, warehousing and finance on a fully integrated enterprise-wide basis (the "Base System"). Implementation of the Base System began in 1997 primarily in response to business demand and growth, although implementation of the Base System will replace software that is not Year 2000 compliant as an ancillary benefit. Year 2000 compliance for information systems not replaced by the Base System, including manufacturing and raw material inventory systems, will be addressed through a combination of reprogramming and replacement. The Company is utilizing both internal and external resources to replace, reprogram and test its information systems for Year 2000 modifications. The Company anticipates implementation of the Base System to be substantially complete by mid-1999 and anticipates reprogramming and replacement efforts for Year 2000 compliance in its information systems to be substantially complete by the end of third quarter 1999, which is prior to any anticipated impact on its operating systems, with the balance of modifications to be completed on less critical systems during the fourth quarter of 1999.

The Company has also completed a thorough assessment of all operating systems and equipment containing computer microchips that may be Year 2000 sensitive (commonly referred to as "embedded chips"). With priority given to critical items, the Company intends to test operating systems and equipment containing embedded chips for Year 2000 compliance and to reprogram or replace such equipment as appropriate. Company-owned manufacturing systems are generally Year 2000 compliant and will not require significant reprogramming or replacement. It is intended that Year 2000 modifications for critical operating systems and equipment will be completed by mid-1999, with the modification or elimination of lower priority systems and equipment to be completed during the third and fourth quarters of 1999.

The Company has initiated formal communications with significant suppliers and vendors to determine the extent to which the Company may be vulnerable to a failure by any of these third parties to remediate their own Year 2000 Issues. The Company has also received Year 2000 communications from substantially all its significant customers indicating formal attention to Year 2000 Issues. Although the Company has not received any specific indications that any significant suppliers, vendors or customers will not be Year 2000 compliant, other companies are widely

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resistant to providing any written or binding assurances that they will be Year 2000 compliant given the scope and uncertainties relating to Year 2000 Issues. For this reason, the Company can provide no assurance that the systems of suppliers, vendors or significant customers will be Year 2000 compliant or that the lack of Year 2000 compliance among suppliers, vendors or significant customers could not have an adverse effect on the Company's operations or financial condition.

To date, the Company has spent approximately \$14.0 million for implementation of the new Base System and estimates that total costs for implementing the new Base System will approximate \$20.0 million. The Company has also spent approximately \$0.7 million to date for additional assessment, reprogramming, replacement and other Year 2000 compliance issues not covered by implementation of the Base System and estimates that total costs for such items will approximate \$2.5 million. To the extent these costs represent investment in new or upgraded technology with definable value lasting beyond 2000 and Year 2000 compliance is merely an ancillary benefit, the Company capitalizes and depreciates such assets over their estimated useful lives. To the extent that Year 2000 costs do not qualify as capital investments, the Company will expense such costs as incurred.

The Company has given consideration to the most reasonably likely worst-case Year 2000 scenarios and contingency planning to address such scenarios. Year 2000 problems may involve temporary delays in the delivery to the Company of footwear or raw materials used in manufacturing operations. The Company sources footwear from numerous vendors located in 22 countries and sources raw materials, principally leather and footwear soles, from a select group of domestic and international suppliers. The possibility that Year 2000 problems could cause the temporary failure in basic utilities, delays in transportation, interruption of electronic communications or the interruption of banking and commercial payment systems in various parts of the world is beyond the reasonable ability of the Company to assess or control. Any such events could disrupt suppliers' ability to make timely deliveries to the Company and could disrupt the Company's own operations. Although there is also the risk that suppliers may fail to completely remediate their own internal Year 2000 problems, the Company believes this risk is mitigated by the fact that the bulk of its supplied goods, such as pigskins for tanning or leather footwear uppers stitched offshore, involve relatively lower levels of technology that are less susceptible to Year 2000 problems. To the extent Year 2000 problems affect vendors and suppliers, the Company could experience delays which in

turn could adversely affect its ability to fill customer orders in a timely manner resulting in a reduction or delay in Company sales and earnings.

The Company believes that any supply delays will generally be temporary in nature and that the Company can address any material delays in

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supply through the diversity of its supplier base and owned manufacturing facilities. Because the Company sources finished footwear and stitched uppers from numerous vendors throughout the world, and because this work is to a large degree interchangeable, management believes it can address any serious supplier problems by shifting orders to suppliers not experiencing significant Year 2000 Issues or shifting production to Company-owned facilities as may be required. To the extent any important suppliers are unable to provide reasonable assurances of continued performance during the Year 2000, the Company may elect to accumulate reasonable advance inventories or, because the Company is not dependent upon any single supplier for footwear or raw materials, may identify alternative suppliers for the goods in question.

The Company's customers consist primarily of mass merchants and footwear retailers. Although the Company's customers are subject to the general risks associated with the Year 2000, these risks may be mitigated because the Company's footwear products are not vulnerable to Year 2000 Issues and because the Company's customers sell footwear in retail stores and have a relatively low degree of direct dependence upon technology that is vulnerable to Year 2000 Issues. Year 2000 problems among customers could adversely affect the Company's sales and earnings. Customers are not under an obligation to purchase Company products and an inability of customers to purchase Company products arising from Year 2000 problems is beyond the ability of the Company to correct or control.

Internally, an unforeseen delay in implementation of the Company's new Base System could adversely affect the Company's operations and sales and would have to be addressed by the parallel remediation of legacy information systems to support continuing operations until completion of the Base System. Additionally, any delay in the reprogramming and replacement of manufacturing or raw material inventory related systems could also adversely affect the Company's operations and sales. The Company does not currently believe these risks are likely because implementation of the Base System and the reprogramming and replacement efforts are scheduled for completion prior to the Year 2000.

The costs and anticipated completion dates for Year 2000 modifications and the estimated impact of Year 2000 issues are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third party modification plans and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, the level of Year 2000 disruptions experienced by the Company's suppliers and customers and the success of any required contingency actions, and similar uncertainties.

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This Year 2000 Readiness Disclosure is in part based upon and repeats information provided to the Company by outside sources, including certain customers, suppliers, outside consultants and other business partners and certain manufacturers, vendors and licensors of the Company's software, hardware and other systems and equipment. Although the Company believes this outside information is accurate, the Company is not the original source of this outside information and has not independently verified the information.

INFLATION

Inflation has not had a significant effect on the Company over the past three years nor is it expected to have a significant effect in the foreseeable future. The Company continuously attempts to minimize the effect of inflation through cost reductions and improved productivity.

FORWARD-LOOKING STATEMENTS

This discussion and analysis of financial condition and results of operations, and other sections of this report, contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the footwear industry, the economy and about the Company itself. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements.

Future Factors include, but are not limited to, uncertainties relating to changes in demand for the Company's products; changes in consumer preferences or spending patterns; the cost and availability of inventories, services, labor and equipment furnished to the Company; the degree of competition by the Company's competitors; changes in government and regulatory policies; changes in trading policies or import and export regulations; changes in interest rates, tax laws, duties or applicable assessments; technological developments; disruptions due to Year 2000 problems experienced by the Company and/or its suppliers or customers; and changes in domestic or international economic conditions. These matters are representative of the Future Factors that could cause a difference between an ultimate actual outcome and a forward-looking statement. Historical operating results are not necessarily indicative of the results that may be expected in the future. Furthermore, the Company undertakes no obligation

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to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The response to this item is set forth under the caption "MARKET RISK DISCLOSURE" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and is here incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information regarding directors of the Company contained under the captions "Board of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the definitive Proxy Statement of the Company dated March 22, 1999, is incorporated herein by reference. The information regarding Executive Officers is provided in the Supplemental Item following Item 4 of Part I above.

ITEM 11. EXECUTIVE COMPENSATION.

The information contained under the captions "Compensation of Directors," "Executive Compensation," "Employment Agreements and Termination of Employment and Change in Control Arrangements," and "Compensation Committee Report on Executive Compensation" in the definitive Proxy Statement of the Company dated March 22, 1999, is incorporated herein by reference.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information contained under the captions "Ownership of Common Stock" and "Securities Ownership of Management" contained in the definitive Proxy Statement of the Company dated March 22, 1999, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information regarding certain employee loans following the caption "Executive Compensation," under the subheading "Stock Options," and the information contained under the captions "Compensation of Directors" and "Certain Relationships and Related Transactions" contained in the definitive Proxy Statement of the Company dated March 22, 1999, are incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES, AND REPORTS ON FORM 8-K.

ITEM 14(a)(1). FINANCIAL STATEMENTS. Attached as Appendix A.

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

- Consolidated Balance Sheets as of January 2, 1999, and January 3, 1998.
- Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Fiscal Years Ended January 2, 1999, January 3, 1998, and December 28, 1996.
- Consolidated Statements of Operations for the Fiscal Years Ended January 2, 1999, January 3, 1998, and December 28, 1996.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended January 2, 1999, January 3, 1998, and December 28, 1996.
- Notes to Consolidated Financial Statements as of January 2, 1999.

- Report of Independent Auditors.

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ITEM 14(a)(2). FINANCIAL STATEMENT SCHEDULES. Attached as Appendix B.

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

- Schedule II--Valuation and qualifying accounts.

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

ITEM 14(a)(3). EXHIBITS.

The following exhibits are filed as part of this report:

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EXHIBIT
NUMBER

DOCUMENT

- - - - -

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- 3.1 Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 14, 1997. Here incorporated by reference.

- 3.2 Amended and Restated By-laws.
- 4.1 Certificate of Incorporation, as amended. See Exhibit 3.1 above.
- 4.2 Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
- 4.3 Credit Agreement dated as of October 11, 1996, with NBD Bank as Agent. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996. Here incorporated by reference.
- 4.4 Note Purchase Agreement dated as of August 1, 1994, relating to 7.81% Senior Notes. Previously filed as Exhibit 4(d) to the Company's Quarterly Report on Form 10-Q for the period ended September 10, 1994. Here incorporated by reference.
- 4.5 Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008.
- 4.6 Amendment No. 1 dated as of January 8, 1998, to the Credit Agreement dated as of October 11, 1996, with NBD Bank as Agent.
- 4.7 The Registrant has several classes of long-term debt instruments outstanding in addition to that described in Exhibits 4.4 and 4.5 above. The amount of none of these classes of debt outstanding on March 2, 1998, exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request.
- 10.1 Stock Option Plan of 1979, and amendment.<F*> Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988. Here incorporated by reference.
- 10.2 1993 Stock Incentive Plan.<F*> Previously filed as Exhibit 10(b) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.

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EXHIBIT NUMBER - - - - -	DOCUMENT -----
10.3	1988 Stock Option Plan.<F*> Previously filed as an exhibit to the Company's registration statement on Form S-8, filed July 21, 1988, Registration No. 33-23196. Here incorporated by reference.
10.4	Amended and Restated Directors Stock Option Plan.<F*> Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
10.5	Employees Pension Plan.<F*> Previously filed as Exhibit 10.5 to the Company's annual Report on Form 10-K for the fiscal year ended January 3, 1998. Here incorporated by reference.
10.6	Employment Agreement dated April 27, 1998, between the Company and Geoffrey B. Bloom.<F*>
10.7	Executive Long-Term Incentive (Three Year) Plan 1996-1998 Period.<F*> Previously filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996. Here incorporated by reference.

- 10.8 1994 Directors' Stock Option Plan.<F*> Previously filed as Exhibit 10(aa) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 10.9 Stock Option Loan Program.<F*> Previously filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1991. Here incorporated by reference.
- 10.10 Executive Severance Agreement.<F*> Previously filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998. Here incorporated by reference.
- 10.11 Supplemental Executive Retirement Plan, as amended.<F*> Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 15, 1996. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10.11.
- 10.12 1995 Stock Incentive Plan.<F*> Previously filed as an Appendix to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 19, 1995. Here incorporated by reference.

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EXHIBIT
NUMBER

DOCUMENT

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- 10.13 Executive Long-Term Incentive (Three Year) Plan for the three year period 1994-1996.<F*> Previously filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1995. Here incorporated by reference.
- 10.14 Executive Long-Term Incentive (Three Year) Plan for the three year period 1995-1997.<F*> Previously filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1995. Here incorporated by reference.
- 10.15 Indemnification Agreements.<F*> The form of agreement was previously filed as Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference. The Company has entered into an Indemnification Agreement with each director and executive officer.
- 10.16 Supplemental Retirement Benefits.<F*> Previously filed as Exhibit 10(1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988. Here incorporated by reference.
- 10.17 Benefit Trust Agreement dated May 19, 1987, and Amendments Number 1, 2 and 3 thereto.<F*> Previously filed as Exhibit 10(p) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference.
- 10.18 1996 Executive Short-Term Incentive Plan (Annual Bonus Plan).<F*> Previously filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1995. Here incorporated by reference.
- 10.19 Outside Directors' Deferred Compensation Plan.<F*> Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 15, 1996. Here incorporated by reference.
- 10.20 1984 Executive Incentive Stock Purchase Plan, and amendment.<F*>

Previously filed as Exhibit 10(b) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988. Here incorporated by reference.

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EXHIBIT NUMBER - - - - -	DOCUMENT -----
10.21	Supplemental Director's Fee Agreement dated as of March 27, 1995, between the Company and Phillip D. Matthews.<F*> Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 25, 1995. Here incorporated by reference.
10.22	Restricted Stock Agreement dated as of March 27, 1995, between the Company and Phillip D. Matthews.<F*> Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 25, 1995. Here incorporated by reference.
10.23	1997 Stock Incentive Plan.<F*> Previously filed as Appendix A to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 16, 1997. Here incorporated by reference.
10.24	Executive Short-Term Incentive Plan (Annual Bonus Plan).<F*> Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 16, 1997. Here incorporated by reference.
10.25	Executive Long-Term Incentive Plan (3-Year Bonus Plan).<F*> Previously filed as Appendix C to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 16, 1997. Here incorporated by reference.
21	Subsidiaries of Registrant.
23	Consent of Independent Auditors.
24	Powers of Attorney.
27	Financial Data Schedule.

<F*>Management contract or compensatory plan or arrangement.

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

ITEM 14(b). REPORTS ON FORM 8-K.

No reports on Form 8-K were filed in the fourth quarter of the fiscal year ended January 2, 1999.

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SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

Dated: April 2, 1999

By: /S/STEPHEN L. GULIS, JR.
Stephen L. Gulis, Jr.
Executive Vice President,
Chief Financial Officer and
Treasurer (Principal Financial
and Accounting Officer)

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

SIGNATURE	TITLE	DATE
*/S/GEOFFREY B. BLOOM Geoffrey B. Bloom	Chief Executive Officer and Chairman of the Board	April 2, 1999

of Directors

*S/TIMOTHY J. O'DONOVAN President and Director April 2, 1999
Timothy J. O'Donovan

/S/STEPHEN L. GULIS, JR. Executive Vice President, April 2, 1999
Stephen L. Gulis, Jr. Chief Financial Officer and
Treasurer (Principal
Financial and Accounting
Officer)

*S/DANIEL T. CARROLL Director April 2, 1999
Daniel T. Carroll

*S/DONALD V. FITES Director April 2, 1999
Donald V. Fites

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*S/ALBERTO L. GRIMOLDI Director April 2, 1999
Alberto L. Grimoldi

*S/DAVID T. KOLLAT Director April 2, 1999
David T. Kollat

*S/PHILLIP D. MATTHEWS Director April 2, 1999
Phillip D. Matthews

*S/DAVID P. MEHNEY Director April 2, 1999
David P. Mehney

*S/JOSEPH A. PARINI Director April 2, 1999
Joseph A. Parini

*S/JOAN PARKER Director April 2, 1999
Joan Parker

*S/ELIZABETH A. SANDERS Director April 2, 1999
Elizabeth A. Sanders

*S/PAUL D. SCHRAGE Director April 2, 1999
Paul D. Schrage

*BY/S/STEPHEN L. GULIS, JR.
Stephen L. Gulis, Jr.
Attorney-in-Fact

APPENDIX A

WOLVERINE WORLD WIDE, INC.

CONSOLIDATED BALANCE SHEETS

(THOUSANDS OF DOLLARS)

AS OF FISCAL YEAR END
1998 1997

ASSETS

Current assets:

Cash and cash equivalents	\$ 6,203	\$ 5,768
Accounts receivable, less allowances (1998-\$5,896; 1997-\$7,292)	152,110	138,066
Inventories:		
Finished products	113,923	100,272
Raw materials and work-in-process	53,116	43,562
	167,039	143,834
Refundable income taxes	4,822	7,174
Deferred income taxes	5,938	4,880
Other current assets	4,866	4,139
Total current assets	340,978	303,861

Property, plant and equipment:

Land	1,177	1,178
Buildings and improvements	63,006	58,483
Machinery and equipment	108,094	96,710
Software	22,097	7,010
	194,374	163,381
Less accumulated depreciation	83,239	73,050
	111,135	90,331

Other assets:

Goodwill and other intangibles, less accumulated amortization (1998-\$2,447; 1997-\$1,017)	19,931	18,789
Cash value of life insurance	14,725	13,166
Prepaid pension costs	15,242	9,963
Assets held for exchange	7,942	6,033
Notes receivable	4,921	4,388
Other	6,604	3,132
	69,365	55,471
Total assets	\$521,478	\$449,663

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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Notes payable	\$ 6,546	\$ 3,251
Accounts payable	14,934	24,318
Salaries, wages and other compensation	7,776	13,512
Taxes, other than income taxes	1,927	3,463
Other accrued expenses	15,524	15,934
Current maturities of long-term debt	4,561	4,417
Total current liabilities	51,268	64,895
Long-term debt, less current maturities	\$157,089	89,847
Supplemental employee retirement benefits	6,993	7,741
Deferred income taxes	5,808	4,203
Other noncurrent liabilities		547

Stockholders' equity:

Common stock, \$1 par value:		
Authorized: 80,000,000 shares		
issued, including treasury shares:		
1998-43,832,070 shares; 1997-43,310,718 shares	43,832	43,311
Additional paid-in capital	72,825	64,912
Retained earnings	227,829	190,799
Accumulated other comprehensive income	(1,014)	(68)
Unearned compensation	(5,999)	(4,285)
Cost of shares in treasury:		
1998-3,067,177 shares; 1997-758,113 shares	(37,153)	(12,239)
Total stockholders' equity	300,320	282,430
Total liabilities and stockholders' equity	\$521,478	\$449,663

() Denotes deduction.

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC.

<CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(THOUSANDS OF DOLLARS)	1998	FISCAL YEAR 1997	1996

COMMON STOCK			
Balance at beginning of the year	\$ 43,311	\$ 42,244	\$ 41,551
Common stock issued under stock incentive plans (1998-521,352 shares; 1997-1,067,109 SHARES; 1996-693,027 SHARES)	521	1,067	693

Balance at end of the year	43,832	43,311	42,244
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of the year	64,912	53,943	48,475
Proceeds over par value and income tax benefits associated with common stock issued under stock incentive plans	7,913	10,969	5,468

Balance at end of the year	72,825	64,912	53,943
RETAINED EARNINGS			
Balance at beginning of the year	190,799	152,948	123,066
Net earnings	41,651	41,539	32,856
Cash dividends (1998-\$.11 per share; 1997-\$.09 per share; 1996-\$.07 per share)	(4,621)	(3,688)	(2,974)

Balance at end of the year	227,829	190,799	152,948
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance at beginning of the year	(68)	79	(324)
Foreign currency translation adjustment	(946)	(147)	403

Balance at end of the year	(1,014)	(68)	79
UNEARNED COMPENSATION			
Balance at beginning of the year	(4,285)	(2,908)	(1,827)
Awards under stock incentive plans	(4,383)	(3,117)	(2,469)
Compensation expense	2,669	1,740	1,388

Balance at end of the year	(5,999)	(4,285)	(2,908)

COST OF SHARES IN TREASURY			
Balance at beginning of the year	(12,239)	(7,014)	(6,727)
Common stock purchased for treasury (1998-2,309,064 shares; 1997-200,790 shares; 1996-9,410 shares)	(24,914)	(5,225)	(287)

Balance at end of the year	(37,153)	(12,239)	(7,014)

Total stockholders' equity at end of the year	\$300,320	\$282,430	\$239,292
=====			

COMPREHENSIVE INCOME

Net earnings	\$ 41,651	\$ 41,539	\$ 32,856
Foreign currency translation adjustments	(946)	(147)	403

Total comprehensive income	\$ 40,705	\$ 41,392	\$ 33,259
=====			

() Denotes deduction.

See accompanying notes to consolidated financial statements.

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WOLVERINE WORLD WIDE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)	FISCAL YEAR		
	1998	1997	1996

Net sales and other operating income	\$669,329	\$665,125	\$511,029
Costs and expenses:			
Cost of products sold	456,726	460,999	355,224
Selling and administrative expenses	143,403	137,157	107,492
Interest expense	8,449	5,455	3,127
Interest income	(1,170)	(845)	(1,532)
Restructuring charge		3,450	
Other income - net	113	(2,172)	(949)

	607,521	604,044	463,362

Earnings before income taxes	61,808	61,081	47,667
Income taxes	20,157	19,542	14,811

Net earnings	\$ 41,651	\$ 41,539	\$ 32,856
=====			
Net earnings per share:			
Basic	\$ 1.00	\$ 1.00	\$.81
Diluted	.97	.96	.76

See accompanying notes to consolidated financial statements.

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WOLVERINE WORLD WIDE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(THOUSANDS OF DOLLARS)	FISCAL YEAR		
	1998	1997	1996
OPERATING ACTIVITIES			
Net earnings	\$ 41,651	\$ 41,539	\$ 32,856
Adjustments necessary to reconcile net earnings to net cash provided by (used in) operating activities:			
Depreciation and amortization	13,036	9,151	7,147
Deferred income taxes (credit)	547	4,642	(214)
Other	(5,025)	(2,980)	(398)
Changes in operating assets and liabilities:			
Accounts receivable	(21,322)	(6,092)	(32,752)
Inventories	(17,043)	(27,744)	(19,526)
Other operating assets	1,657	(5,794)	154
Accounts payable	(9,384)	(17,162)	26,085
Other operating liabilities	(8,588)	4,214	4,056
Net cash provided by (used in) operating activities	(4,471)	(226)	17,408
INVESTING ACTIVITIES			
Business acquisitions		(15,753)	(29,158)
Additions to property, plant and equipment	(32,376)	(35,419)	(20,639)
Other	(1,348)	(5,950)	4,086
Net cash used in investing activities	(33,724)	(57,122)	(45,711)
FINANCING ACTIVITIES			
Proceeds from short-term borrowings	12,739	4,711	
Payments of short-term debt	(9,444)	(3,090)	(1,313)
Proceeds from long-term borrowings	180,089	112,090	58,000
Payments of long-term debt	(116,814)	(59,135)	(47,369)
Deferred financing and interest costs	(2,456)		
Cash dividends	(4,621)	(3,688)	(2,974)
Purchase of common stock for treasury	(24,914)	(5,225)	(287)
Proceeds from shares issued under stock incentive plans	4,051	8,919	3,692
Net cash provided by financing activities	38,630	54,582	9,749
Increase (decrease) in cash and cash equivalents	435	(2,766)	(18,554)

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Cash and cash equivalents at beginning of the year	5,768	8,534	27,088
Cash and cash equivalents at end of the year	\$ 6,203	5,768	\$ 8,534
OTHER CASH FLOW INFORMATION			
Interest paid	\$ 9,596	6,361	\$ 3,595
Income taxes paid	10,751	11,174	8,426

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

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

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

FISCAL YEAR

The Company's fiscal year is the 52- or 53-week period that ends on the Saturday nearest the end of December. Fiscal years presented herein include the 52-week periods ended January 2, 1999 and December 28, 1996, and the 53-week period ended January 3, 1998.

USE OF ESTIMATES

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

REVENUE RECOGNITION

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

CASH EQUIVALENTS

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

Depreciation of plant, equipment and software is computed using the straight-line method. The depreciable lives for buildings and improvements

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WOLVERINE WORLD WIDE, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

range from five to forty years; from three to ten years for machinery and equipment; and from three to ten years for software.

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 98-1, ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE DEVELOPED AND OBTAINED FOR INTERNAL USE. The SOP provides guidelines for determining whether costs should be expensed or capitalized for computer software developed or purchased for internal use. SOP 98-1 is effective for fiscal years beginning after December 15, 1998. The Company believes that its current accounting policies for such items are substantially in compliance with SOP 98-1 and, therefore, adoption will not have a material effect on its consolidated financial position or results of operations.

ADVERTISING COSTS

Advertising costs are expensed as incurred and totaled \$29,673,000 in 1998, \$26,976,000 in 1997 and \$21,186,000 in 1996.

INCOME TAXES

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

EARNINGS PER SHARE

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

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

WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	1998	1997	1996
Outstanding during the year	42,218,378	42,214,620	41,541,944
Adjustment for nonvested common stock	(697,962)	(699,107)	(900,898)
Denominator for basic earnings per share	41,520,416	41,515,513	40,641,046
Effect of dilutive stock options	733,195	1,249,070	1,412,691
Adjustment for nonvested common stock	697,962	699,107	900,898
Denominator for diluted earnings per share	42,951,573	43,463,690	42,954,635

Options to purchase 989,662 shares of common stock in 1998 and 116,275 shares in 1997 have not been included in the denominator for computation of diluted earnings per share because related exercise prices were greater than the average market price for the period and, therefore, were antidilutive. Antidilutive options in 1996 were not significant.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, accounts and notes receivable, accounts and notes payable and long-term debt. The Company's estimate of the fair value of these financial instruments approximates their carrying amounts at January 2, 1999, January 3, 1998 and December 28, 1996. Fair value was determined using discounted cash flow analyses and current interest rates for similar instruments. The Company does not hold or issue financial instruments for trading purposes.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, which is effective for fiscal years beginning after June 15, 1999. SFAS No. 133 requires companies to record derivative instruments on the balance sheet at fair value and establishes accounting rules for changes in fair value that result from hedging activities. The Company does not currently engage in significant hedging activities that require use of derivative instruments and does not believe the adoption of SFAS No. 133 will have a material effect on its consolidated financial position or results of operations.

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

WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

COMPREHENSIVE INCOME

As of the beginning of 1998, the Company adopted SFAS No. 130, REPORTING COMPREHENSIVE INCOME. SFAS No. 130 defines comprehensive income as including net earnings and any revenues, expenses, gains and losses that, under generally accepted accounting principles, are excluded from net earnings and recognized directly as a component of stockholders' equity. The Company elected to disclose comprehensive income within the consolidated statements

of stockholders' equity and comprehensive income.

RECLASSIFICATIONS

Certain amounts previously reported in 1997 and 1996 have been reclassified to conform with the presentation used in 1998.

NOTE B - BUSINESS ACQUISITIONS

On September 29, 1998, the Company acquired certain assets and assumed bank debt in the amount of \$4,111,000 of Sivan-Co Limited, a Russian wholesale distributor of Hush Puppies and Caterpillar branded footwear, in exchange for the forgiveness of \$7,278,000 in trade accounts receivable that were due to the Company.

On October 17, 1997, the Company acquired the assets of the Merrell outdoor footwear business from the Outdoor Division of Sports Holding Corp. for cash of \$15,753,000, including related transaction expenses, and a \$500,000 note payable in 1998.

On March 22, 1996, the Company acquired the assets and assumed certain liabilities of the work, safety and occupational footwear business of Hy-Test, Inc. from The Florsheim Shoe Company for a cash purchase price of \$24,468,000, including related transaction expenses.

On August 24, 1996, the Company acquired the rights to and certain assets of the Hush Puppies[REGISTERED] wholesale shoe business in the United Kingdom and Ireland from British Shoe Corporation, a subsidiary of Sears Plc, for a purchase price of \$7,045,000, of which \$2,355,000 is payable over a three-year period ending in 1999.

The acquisitions were accounted for using the purchase method and, accordingly, the operating results of these acquired businesses are included in the consolidated statements of operations since the dates of acquisition.

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The purchase prices were allocated to the net assets acquired based on their fair market value at the dates of acquisition. Goodwill and other intangibles recognized in connection with these transactions totaled \$2,446,000 in 1998, \$5,914,000 in 1997 and \$11,480,000 in 1996, and are being amortized over periods ranging from five to seventeen years.

Consolidated net sales would not have differed materially from reported amounts in 1998 and would have approximated \$685,000,000 in 1997 and \$602,000,000 in 1996 on a pro forma basis if the acquisitions had occurred at the beginning of 1996. Consolidated pro forma net earnings for all three years would not have been materially different from reported amounts.

NOTE C - INVENTORIES

Inventories of \$136,198,000 at January 2, 1999 and \$122,607,000 at January 3, 1998 have been valued using the LIFO method. If the FIFO method had been used, inventories would have been \$14,455,000 and \$18,204,000 higher than reported at January 2, 1999 and January 3, 1998, respectively.

NOTE D - DEBT

Notes payable consist primarily of unsecured short-term debt of the Company's Canadian and United Kingdom subsidiaries. The notes bear interest of up to 1% over the respective foreign bank base rate (7.1% and 6.6% weighted average base rate at January 2, 1999 and January 3, 1998, respectively).

The Company has short-term debt and commercial letter-of-credit facilities that allow for total borrowings up to \$68,399,000. In addition to the notes payable discussed above, amounts outstanding under these facilities consist of letters-of-credit that totaled \$30,075,000 and \$37,047,000 at January 2, 1999 and January 3, 1998, respectively.

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-term debt consists of the following obligations:

(THOUSANDS OF DOLLARS)	1998	1997
6.5% senior notes payable	\$ 75,000	
7.81% senior notes payable to insurance companies	25,714	\$30,000
Revolving credit obligations	60,660	63,922
Other	276	342
	161,650	94,264
Less current maturities	4,561	4,417
	\$157,089	\$89,847

The 6.5% senior notes payable require payments of interest only through December 2002 at which time annual principal payments of \$10,714,000 become due through the maturity date of December 8, 2008. In connection with the issuance of these senior notes, the Company entered into an interest rate lock agreement with a bank that was settled on November 4, 1998 and resulted in a prepayment of \$2,200,000. This prepayment is being amortized over the term of the notes using the effective interest method.

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

The Company has domestic and foreign revolving credit agreements that allow for borrowings of up to \$167,470,000 (\$167,227,000 in 1997), of which \$17,470,000 pertains to the Company's United Kingdom subsidiary. The agreements require that interest be paid at variable rates based on both LIBOR and the domestic prime rate. The weighted average interest rate of outstanding borrowings under these facilities was 6.7% at January 2, 1999 and 6.4% at January 3, 1998. The foreign commitment expires on January 9, 2000 and the domestic facility expires on October 11, 2001. Maximum borrowings under the agreements were \$149,000,000 in 1998 and \$99,600,000 in 1997.

The long-term loan agreements contain restrictive covenants which, among other things, require the Company to maintain certain financial ratios and

WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

minimum levels of tangible net worth. At January 2, 1999, unrestricted retained earnings are \$53,099,000. The agreements also impose restrictions on securing additional debt, sale and merger transactions and the disposition of significant assets.

Principal maturities of long-term debt during the four years subsequent to 1999 are as follows: 2000 \$5,946,000; 2001 \$63,286,000; 2002 \$15,000,000; 2003 \$15,000,000.

Interest costs of \$1,145,000 in 1998, \$768,000 in 1997 and \$610,000 in 1996 were capitalized in connection with various capital improvement and computer hardware and software installation projects.

NOTE E - LEASES

The Company leases machinery, transportation equipment and certain warehouse and retail store space under operating lease agreements which expire at various dates through 2012. At January 2, 1999, minimum rental payments due under all noncancelable leases are as follows: 1999 \$6,721,000; 2000 \$5,862,000; 2001 \$4,948,000; 2002 \$3,350,000; 2003 \$2,423,000; thereafter \$14,068,000.

Rental expense under all operating leases consisted primarily of minimum rentals and totaled \$9,085,000 in 1998, \$9,013,000 in 1997 and \$7,468,000 in 1996.

NOTE F - CAPITAL STOCK

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

On April 17, 1997 and July 11, 1996, the Company announced three-for-two stock splits on shares of common stock outstanding at May 2, 1997 and July 26, 1996, respectively. All share and per share data included in the consolidated financial statements has been retroactively adjusted for the increased shares resulting from these stock splits.

WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company has a preferred stock rights plan that is designed to protect stockholder interests in the event the Company is confronted with coercive or unfair takeover tactics. One right is associated with each share of common stock currently outstanding. The rights trade with the common stock and become exercisable only upon the occurrence of certain triggering events. Each right, when exercisable, will entitle the holder to purchase one one-hundredth of a share of Series B junior participating preferred stock for \$120. The Company has designated 500,000 shares of preferred stock as Series B junior participating preferred stock for possible future issuance under the

Company's stock rights plan. Upon issuance for reasons other than liquidation, each share of Series B junior participating preferred stock will have 100 votes and a preferential quarterly dividend equal to the greater of \$21 per share or 100 times the dividend declared on common stock.

In the event the Company is a party to a merger or other business combination, regardless of whether the Company is the surviving corporation, rights holders other than the party to the merger will be entitled to receive common stock of the surviving corporation worth twice the exercise price of the rights. The plan also provides for protection against self-dealing transactions by a 15% stockholder or the activities of an adverse person (as defined). The Company may redeem the rights for \$.01 each at any time prior to a person being designated as an adverse person or fifteen days after a triggering event. Unless redeemed earlier, all rights expire on May 7, 2007.

The Company has stock incentive plans under which options to purchase shares of common stock may be granted to officers, other key employees and nonemployee directors. Options granted are exercisable over ten years and vest over various periods ranging up to three years. All unexercised options are available for future grants upon their cancellation.

WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	SHARES UNDER OPTIONS	WEIGHTED-AVERAGE OPTION PRICE

Outstanding at December 31, 1995	2,248,437	\$ 5.43
Granted in 1996	624,666	13.05
Exercised	(515,227)	13.85
Cancelled	(16,098)	11.02

Outstanding at December 28, 1996	2,341,778	7.71
Granted in 1997	798,015	24.12
Exercised	(922,491)	20.48
Cancelled	(35,861)	17.09

Outstanding at January 3, 1998	2,181,441	13.65
Granted in 1998	1,171,967	18.88
Exercised	(328,899)	20.65
Cancelled	(626,058)	25.48

Outstanding at January 2, 1999	2,398,451	\$14.82
=====		

Shares available for grant under the stock option plans were 1,131,544 at January 2, 1999 and 1,879,818 at January 3, 1998.

The weighted-average grant-date fair value was \$7.37 in 1998, \$7.91 in 1997 and \$4.27 in 1996 for stock options granted.

During 1998, the Board of Directors approved the cancellation and reissuance of stock options representing 594,478 shares of common stock. The cancelled options had original exercise prices ranging from \$21.00 to \$27.97. The reissued options have an exercise price of \$15.00, which was 38% above the closing market price on the date of reissuance.

The exercise price of options outstanding at January 2, 1999 ranges from \$1.73 to \$30.56. A summary of stock options outstanding at January 2, 1999 by range of option price is as follows:

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	WEIGHTED-AVERAGE				
	NUMBER OF OPTIONS		OPTION PRICE		REMAINING CONTRACTUAL LIFE
	OUTSTANDING	EXERCISABLE	OUTSTANDING	EXERCISABLE	
Less than \$10	689,092	689,092	\$ 6.51	\$ 6.51	5.3 years
\$10 to \$20	1,089,039	497,800	13.88	13.29	8.6 years
Greater than \$20	620,320	427,946	25.72	25.59	7.9 years
	2,398,451	1,614,838	\$14.82	\$13.66	7.5 years

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

Pro forma information regarding net earnings and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its stock awards using the fair value method. The fair value of these awards was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions: risk free interest rate of 5% (6% in 1997 and 1996); dividend yield of 0.5%; expected market price volatility factor of 0.46 (0.32 in 1997 and 1996); and an expected option life of four years.

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

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)	1998	1997	1996
Pro forma net earnings	\$39,130	\$38,945	\$31,613
Pro forma net earnings per share:			
Basic	\$.94	\$.94	\$.78
Diluted	.91	.90	.74

The Company also has nonvested stock award plans for officers and other key employees. Common stock issued under these plans is subject to certain restrictions, including prohibition against any sale, transfer or other disposition by the officer or employee, and a requirement to forfeit the award upon termination of employment. These restrictions lapse over a three- to five-year period from the date of the award. Shares aggregating 195,625 in 1998, 154,862 in 1997 and 200,418 in 1996 were awarded under these plans. The weighted-average award-date fair value was \$27.67 in 1998, \$23.75 in 1997 and \$13.09 in 1996 for the shares awarded. There were no cancellations of rights to shares in 1998, while rights to 8,250 shares in 1997 and 21,869 shares in 1996 were cancelled. Any future shares awarded reduce the number of shares identified as available for future grants in the stock option table. The market value of the shares awarded is recognized as unearned compensation in the consolidated statements of stockholders' equity and is amortized to operations over the vesting period.

NOTE G - RETIREMENT PLANS

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

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company also has individual deferred compensation agreements with certain current and former employees that entitle them to receive payments from the Company for a period of fifteen to eighteen years following retirement. Under the terms of the individual contracts, the employees are eligible for reduced benefits upon early retirement. The Company maintains life insurance policies which are intended to fund these deferred benefits.

The Company has a defined contribution money accumulation plan covering substantially all employees that provides for Company contributions based on earnings. This plan is combined with the principal defined benefit pension plan for funding purposes. Contributions to the money accumulation plan were \$1,500,000 in 1998, \$1,495,000 in 1997 and \$1,200,000 in 1996.

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

(THOUSANDS OF DOLLARS)	SEPTEMBER 30,	
	1998	1997
Pension assets at fair value, including underfunded plan amounts of \$5,370 in 1998 and \$8,184 in 1997	\$ 107,582	\$ 131,406
Projected benefit obligation on services rendered to date, including underfunded plan amounts of \$18,414 in 1998 and \$11,371 in 1997	(100,322)	(81,221)
Net pension assets	\$ 7,260	\$ 50,185
Components of net pension assets:		
Prepaid pension costs in other assets	\$ 15,242	\$ 9,963
Unrecognized amounts, net of amortization:		
Transition assets	968	1,902
Prior service costs	(8,934)	(7,140)
Net experience gains	(16)	45,460
Net pension assets	\$ 7,260	\$ 50,185

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Change in fair value of pension assets:		
Fair value of pension assets at beginning of the year	\$ 131,406	\$ 104,673
Actual net investment income (loss)	(20,285)	30,015
Company contributions	414	278
Benefits paid to plan participants	(3,953)	(3,560)
Fair value of pension assets at end of the year	\$ 107,582	\$ 131,406
Components of prepaid pension costs (liability):		
For overfunded plans	\$ 19,982	\$ 13,566
For underfunded plans	(4,740)	(3,603)
Prepaid pension costs	\$ 15,242	\$ 9,963
Change in projected benefit obligation:		
Projected benefit obligation at beginning of the year	\$ 81,221	\$ 73,277
Service cost pertaining to benefits earned during the year	4,249	3,698
Interest cost on projected benefit obligation	6,221	5,597
Effect of changes in actuarial assumptions and plan amendments	2,544	2,954
Actuarial losses (gains)	10,040	(745)
Benefits paid	(3,953)	(3,560)
Projected benefit obligation at end of the year	\$ 100,322	\$ 81,221

WOLVERINE WORLD WIDE, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(THOUSANDS OF DOLLARS)	1998	1997	1996
Service cost pertaining to benefits earned during the year	\$ (4,249)	\$ (3,698)	\$ (3,626)
Interest cost on projected benefit obligation	(6,221)	(5,116)	(4,704)
Expected return on pension assets	11,409	29,924	8,066
Net amortization	3,926	(18,481)	1,865
Net pension income	\$ 4,865	\$ 2,629	\$ 1,601

The discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7% and 4.5%, respectively, in 1998 and 7.5% and 5%, respectively, in 1997. The expected long-term return on plan assets was 10% in each year.

Plan assets were invested in listed equity securities (71%), fixed income funds (20%) and short-term and other investments (9%). Equity securities include 788,912 shares of the Company's common stock with a fair value of \$8,575,000 at September 30, 1998. Dividends paid on these shares of the Company's common stock were not significant.

NOTE H - INCOME TAXES

The provisions for income taxes consist of the following:

(THOUSANDS OF DOLLARS)	1998	1997	1996
Currently payable:			
Federal	\$16,248	\$12,505	\$13,247
State and foreign	3,362	2,395	1,778
Deferred (credit)	547	4,642	(214)
	\$20,157	\$19,542	\$14,811

WOLVERINE WORLD WIDE, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(THOUSANDS OF DOLLARS)	1998	1997	1996
------------------------	------	------	------

Income taxes at statutory rate	\$21,633	\$21,378	\$16,683
State income taxes, net of federal income tax reduction	899	777	746
Nontaxable earnings of Puerto Rican subsidiary and foreign affiliates	(2,211)	(2,233)	(1,854)
Other	(164)	(380)	(764)

	\$20,157	\$19,542	\$14,811
=====			

Significant components of the Company's deferred income tax assets and liabilities as of the end of 1998 and 1997 are as follows:

(THOUSANDS OF DOLLARS)	1998	1997

Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	\$ 2,987	\$ 1,256
Deferred compensation accruals	2,018	2,207
Other amounts not deductible until paid	5,470	6,281

Total deferred income tax assets	10,475	9,744
Deferred income tax liabilities:		
Tax over book depreciation	(3,479)	(3,032)
Prepaid pension costs	(5,877)	(4,239)
Unremitted earnings of Puerto Rican subsidiary	(802)	(1,543)
Other	(187)	(253)

Total deferred income tax liabilities	(10,345)	(9,067)

Net deferred income tax assets	\$ 130	\$ 677
=====		

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company has provided for all taxes that would be payable if accumulated earnings of its Puerto Rican subsidiary were distributed. Similar taxes on the unremitted earnings of the Company's foreign affiliates have not been provided because such earnings are considered permanently invested. The additional taxes that would be payable if unremitted earnings of its foreign affiliates were distributed approximate \$7,910,000 at January 2, 1999 and \$6,042,000 at January 3, 1998.

NOTE I - LITIGATION AND CONTINGENCIES

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

NOTE J - BUSINESS SEGMENTS

Effective January 4, 1998, the Company adopted SFAS No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION. SFAS No. 131 establishes new standards for the way public business enterprises report information about operating segments, and also requires certain disclosures about products and services, geographic areas of business and major customers. The adoption of SFAS No. 131 did not affect the Company's consolidated financial position or results of operations, but did change business segment information previously reported.

The Company has one reportable segment that is engaged in the manufacture and marketing of branded footwear, including casual shoes, slippers, moccasins,

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The other business units in the following tables consists of the Company's retail, tannery and pigskin procurement operations. The Company operates 56 domestic retail stores at January 2, 1999 that sell Company-manufactured or sourced products and footwear manufactured by unaffiliated companies. The other business units distribute products through retail and wholesale channels.

The Company measures segment profits as earnings before income taxes. The accounting policies used to determine profitability and total assets of the branded footwear segment are the same as disclosed in the summary of significant accounting policies (see Note A).

Business segment information is as follows:

	1998			
(THOUSANDS OF DOLLARS)	BRANDED FOOTWEAR	OTHER BUSINESSES	CORPORATE	CONSOLIDATED
Net sales and other operating income				
from external customers	\$598,741	\$70,588		\$669,329
Intersegment sales	31,120	8,323		39,443
Interest expense (net)	12,728	1,558	\$ (7,007)	7,279
Depreciation expense	6,787	2,083	2,736	11,606
Earnings before income taxes	53,336	7,095	1,377	61,808
Assets	385,262	33,178	103,038	521,478
Additions to property, plant and equipment	17,160	2,179	13,037	32,376

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1997

Net sales and other operating income				
from external customers	\$588,666	\$76,459		\$665,125
Intersegment sales	78,158	12,382		90,540
Interest expense (net)	9,104	1,521	\$(6,015)	4,610
Depreciation expense	4,598	1,919	1,810	8,327
Restructuring charge	3,450			3,450
Earnings before income taxes	61,374	8,019	(8,312)	61,081
Assets	329,224	31,851	88,588	449,663
Additions to property, plant and equipment	10,189	2,450	22,780	35,419

1996

Net sales and other operating income				
from external customers	\$455,153	\$55,876		\$511,029
Intersegment sales	82,320	12,825		95,145
Interest expense (net)	5,854	1,226	\$(5,485)	1,595
Depreciation expense	4,151	1,787	1,016	6,954
Earnings before income taxes	46,238	4,573	(3,144)	47,667
Assets	276,279	31,543	53,776	361,598
Additions to property, plant and equipment	12,681	2,466	5,492	20,639

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

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(THOUSANDS OF DOLLARS)	1998	1997	1996
United States	\$568,730	\$552,874	\$448,314
Canada	19,384	18,400	12,794
Europe	60,571	79,750	40,010
Central and South America	8,211	7,155	4,681
Middle East and Russia	8,162	2,690	687
Asia	4,271	4,256	4,543
	\$669,329	\$665,125	\$511,029

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

(THOUSANDS OF DOLLARS)	1998	1997	1996
United States	\$157,152	\$128,175	\$84,459
Foreign countries	23,348	17,627	12,511

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

No product groups, other than footwear, account for more than 10% of consolidated net sales and other operating income. Revenues derived from the sale and licensing of footwear account for approximately 95% of net sales and other operating income in 1998, 1997, and 1996.

Approximately 26% of the Company's employees are subject to bargaining unit contracts extending through various dates to 2002.

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WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE K - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The Company generally reports its quarterly results of operations on the basis of 12-week periods for each of the first three quarters and a 16-week period for the fourth quarter. The fourth quarter of 1998 includes 16 weeks of operating results, while the fourth quarter of 1997 includes 17 weeks, because 1997 was a 53-week period.

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

(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)	1998			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net sales and other operating income	\$148,514	\$142,002	\$164,486	\$214,327
Gross margin	45,897	47,732	51,720	67,254
Net earnings	6,388	9,155	10,831	15,277
Net earnings per share:				
Basic	\$.15	\$.22	\$.26	\$.37
Diluted	.15	.21	.25	.36

(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)	1997			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net sales and other operating income	\$129,301	\$127,789	\$162,246	\$245,789
Gross margin	38,389	40,817	47,910	77,010
Net earnings	4,693	7,368	9,199	20,279
Net earnings per share:				
Basic	\$.11	\$.18	\$.22	\$.49
Diluted	.11	.17	.21	.47

WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE L - RESTRUCTURING CHARGE

On September 24, 1997, the Company announced a restructuring of its domestic manufacturing and warehousing operations and closed three Hush Puppies[REGISTERED] women's shoe factories and converted a slipper factory into a warehouse. The total restructuring charge of \$3,450,000 included employee termination benefits (\$2,472,000) and other closing costs (\$978,000) associated with the facilities, and is disclosed separately in the 1997 consolidated statement of operations. As of January 2, 1999 and January 3, 1998, \$3,409,000 and \$1,620,000, respectively, of the restructuring costs have been incurred and charged against the related liability. The restructuring is substantially complete as of January 2, 1999.

WOLVERINE WORLD WIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
Wolverine World Wide, Inc.

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of January 2, 1999 and January 3, 1998, and the related consolidated statements of stockholders' equity and comprehensive income, operations and cash flows for each of the three fiscal years in the period ended January 2, 1999. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wolverine World Wide, Inc. and subsidiaries at January 2, 1999 and January 3, 1998, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 2, 1999 in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 8, 1999

Schedule II - Valuation and Qualifying Accounts

Wolverine World Wide, Inc. and Subsidiaries

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Additions		Deductions (Describe)	Balance at End of Period
		(1)	(2)		
		Charged to Costs and Expenses	Charged to Other Accounts (Describe)		
FISCAL YEAR ENDED JANUARY 2, 1999					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 6,038,000	\$ 1,035,000		\$ 2,344,000<FA>	\$ 4,729,000
Allowance for cash discounts	1,254,000	5,394,000		5,481,000<FB>	1,167,000
Inventory valuation allowances	4,552,000	12,629,000		13,939,000<FC>	3,242,000
	\$ 11,844,000	\$19,058,000		\$ 21,764,000	\$ 9,138,000
FISCAL YEAR ENDED JANUARY 3, 1998					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 4,228,000	\$ 2,956,000		\$ 1,146,000<FA>	\$ 6,038,000
Allowance for cash discounts	1,406,000	7,690,000		7,842,000<FB>	1,254,000
Inventory valuation allowances	2,954,000	6,888,000		5,290,000<FC>	4,552,000
	\$ 8,588,000	\$17,534,000		\$14,278,000	\$11,844,000
FISCAL YEAR ENDED DECEMBER 28, 1996					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 2,657,000	\$ 2,005,000		\$ 434,000<FA>	\$ 4,228,000
Allowance for cash discounts	750,000	4,896,000		4,240,000<FB>	1,406,000
Inventory valuation allowances	1,317,000	5,535,000		3,898,000<FC>	2,954,000
	\$ 4,724,000	\$12,436,000		\$8,572,000	\$ 8,588,000

<FN>
 <FA> Accounts charged off, net of recoveries.
 <FB> Discounts given to customers.
 <FC> Adjustment upon disposal of related inventories
 </FN>

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

EXHIBITS
TO
FORM 10-K

For the Fiscal Year Ended
January 2, 1999

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

EXHIBIT INDEX

EXHIBIT
NUMBER

- 3.1 Certificate of Incorporation, as amended. Previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 14, 1997. Here incorporated by reference.
- 3.2 Amended and Restated By-laws.
- 4.1 Certificate of Incorporation, as amended. See Exhibit 3.1 above.
- 4.2 Rights Agreement dated as of April 17, 1997. Previously filed with the Company's Form 8-A filed April 12, 1997. Here incorporated by reference.
- 4.3 Credit Agreement dated as of October 11, 1996, with NBD Bank as Agent. Previously filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996. Here incorporated by reference.
- 4.4 Note Purchase Agreement dated as of August 1, 1994, relating to

7.81% Senior Notes. Previously filed as Exhibit 4(d) to the Company's Quarterly Report on Form 10-Q for the period ended September 10, 1994. Here incorporated by reference.

- 4.5 Note Purchase Agreement dated as of December 8, 1998, relating to 6.50% Senior Notes due on December 8, 2008.
- 4.6 Amendment No. 1 dated as of January 8, 1998, to the Credit Agreement dated as of October 11, 1996, with NBD Bank as Agent.
- 4.7 The Registrant has several classes of long-term debt instruments outstanding in addition to that described in Exhibits 4.4 and 4.5 above. The amount of none of these classes of debt outstanding on March 2, 1998, exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request.
- 10.1 Stock Option Plan of 1979, and amendment.<F*> Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988. Here incorporated by reference.
- 10.2 1993 Stock Incentive Plan.<F*> Previously filed as Exhibit 10(b) to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10.3 1988 Stock Option Plan.<F*> Previously filed as an exhibit to the Company's registration statement on Form S-8, filed July 21, 1988, Registration No. 33-23196. Here incorporated by reference.
- 10.4 Amended and Restated Directors Stock Option Plan.<F*> Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1994. Here incorporated by reference.
- 10.5 Employees Pension Plan.<F*> Previously filed as Exhibit 10.5 to the Company's Annual report on Form 10-K for the fiscal year ended January 3, 1998. Here incorporated by reference.
- 10.6 Employment Agreement dated April 27, 1998, between the Company and Geoffrey B. Bloom.<F*>
- 10.7 Executive Long-Term Incentive (Three Year) Plan 1996-1998 Period.<F*> Previously filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996. Here incorporated by reference.
- 10.8 1994 Directors' Stock Option Plan.<F*> Previously filed as Exhibit 10(aa) to the Company's Quarterly Report on Form 10-Q for the period ended June 18, 1994. Here incorporated by reference.
- 10.9 Stock Option Loan Program.<F*> Previously filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1991. Here incorporated by reference.
- 10.10 Executive Severance Agreement.<F*> Previously filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998. Here incorporated by reference.
- 10.11 Supplemental Executive Retirement Plan, as amended.<F*> Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 15, 1996. Here incorporated by reference. An updated participant schedule is attached as Exhibit 10.11.
- 10.12 1995 Stock Incentive Plan.<F*> Previously filed as an Appendix to

the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 19, 1995. Here incorporated by reference.

10.13 Executive Long-Term Incentive (Three Year) Plan for the three year period 1994-1996.<F*> Previously filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1995. Here incorporated by reference.

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10.14 Executive Long-Term Incentive (Three Year) Plan for the three year period 1995-1997.<F*> Previously filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1995. Here incorporated by reference.

10.15 Indemnification Agreements.<F*> The form of agreement was previously filed as Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference. The Company has entered into an Indemnification Agreement with each director and executive officer.

10.16 Supplemental Retirement Benefits.<F*> Previously filed as Exhibit 10(1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988. Here incorporated by reference.

10.17 Benefit Trust Agreement dated May 19, 1987, and Amendments Number 1, 2 and 3 thereto.<F*> Previously filed as Exhibit 10(p) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1993. Here incorporated by reference.

10.18 1996 Executive Short-Term Incentive Plan (Annual Bonus Plan).<F*> Previously filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1995. Here incorporated by reference.

10.19 Outside Directors' Deferred Compensation Plan.<F*> Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 15, 1996. Here incorporated by reference.

10.20 1984 Executive Incentive Stock Purchase Plan, and amendment.<F*> Previously filed as Exhibit 10(b) to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1988. Here incorporated by reference.

10.21 Supplemental Director's Fee Agreement dated as of March 27, 1995, between the Company and Phillip D. Matthews.<F*> Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 25, 1995. Here incorporated by reference.

10.22 Restricted Stock Agreement dated as of March 27, 1995, between the Company and Phillip D. Matthews.<F*> Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 25, 1995. Here incorporated by reference.

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10.23 1997 Stock Incentive Plan.<F*> Previously filed as Appendix A to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 16, 1997. Here incorporated by reference.

10.24 Executive Short-Term Incentive Plan (Annual Bonus Plan).<F*>

Previously filed as Appendix B to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 16, 1997. Here incorporated by reference.

10.25 Executive Long-Term Incentive Plan (3-Year Bonus Plan).<F*> Previously filed as Appendix C to the Company's Definitive Proxy Statement with respect to the Company's Annual Meeting of Stockholders held on April 16, 1997. Here incorporated by reference.

21 Subsidiaries of Registrant.

23 Consent of Independent Auditors.

24 Powers of Attorney.

27 Financial Data Schedule.

<F*>Management contract or compensatory plan or arrangement.

EXHIBIT 3.2

AMENDED AND RESTATED

BY-LAWS

OF

WOLVERINE WORLD WIDE, INC.

ARTICLE I

OFFICES

Section 1. The corporation's principal office shall be in the City of Rockford, County of Kent, State of Michigan.

Section 2. The corporation's principal office and place of business in Delaware shall be its registered office in Delaware as set forth in the Certificate of Incorporation.

Section 3. The corporation may also have offices at such other places, both within and without the States of Michigan and Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders shall be held, except as otherwise provided by statute or these By-Laws, at such time and place as may be fixed from time to time by the Board of Directors. Meetings of stockholders may be held within or without the State of Delaware as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of the stockholders shall be held each year at such time and on such business day in the month of April as may be designated by the Board of Directors, or if no such designation is made, at 10:00 a.m. local time on the last Thursday in April, or if that day is a legal holiday, then on the next succeeding business day at such time as shall be stated in the notice of the meeting. Annual meetings shall be held to elect by a plurality vote successors to those members of the Board of Directors whose terms expire at the meeting and to transact only such other business as may be properly brought before the meeting in accordance with these By-Laws.

Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in Section 4 of Article II, provided, that nothing in Section 4 of Article II shall be considered to preclude discussion by any stockholder of any business properly brought before the annual meeting.

The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of Section 4 of Article II, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 3. Special meetings of the stockholders may be called by the Board of Directors, or by the Chief Executive Officer, or upon the written

request of stockholders holding in the aggregate at least forty (40) percentum of the issued and outstanding capital stock of the corporation entitled to vote on the business to be transacted at such meeting, delivered to such officer. Such stockholder request shall state the purpose or purposes of the proposed meeting. The meetings shall be held on a date fixed by the Board of Directors or the Chief Executive Officer, or in the case of a stockholder request, on a date determined by the Secretary. In the event the Secretary questions the propriety of any meeting requested by stockholders, such request shall be submitted to the Board of Directors at its next meeting, and the determination of the Board as to such propriety shall be final. No special meeting of stockholders shall be called for the purpose of removing a director or directors, for electing directors, or for amending the By-Laws of the corporation, such matters to be considered only at the annual meeting of stockholder, PROVIDED, HOWEVER, that a special meeting of stockholders may be called for the purpose of removing a director for cause, such term to be as defined under Delaware law, provided further that such cause is set forth in the request for meeting.

Section 4. Except as otherwise provided by statute, the corporation's Certificate of Incorporation or these By-Laws:

(a) No matter may be presented for stockholder action at an annual or special meeting of stockholders unless such matter is: (i) specified in the notice of the meeting (or any supplement to the notice) given by or at the direction of the Board of Directors; (ii) otherwise presented at the meeting by or at the direction of the Board of Directors; (iii) properly presented for action at the meeting by a stockholder in accordance with the notice provisions set forth in this Section and any other applicable requirements; or (iv) a procedural matter presented, or accepted for presentation, by the Chairman in his sole discretion.

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(b) For a matter to be properly presented by a stockholder, the stockholder must have given timely notice of the matter in writing to the Secretary of the Corporation. To be timely, the notice must be delivered to or mailed to and received at the principal executive offices of the Corporation not less than 120 calendar days prior to the date corresponding to the date of the Corporation's proxy statement or notice of meeting released to stockholders in connection with the last preceding annual meeting of stockholders in the case of an annual meeting (unless the Corporation did not hold an annual meeting within the last year, or if the date of the upcoming annual meeting changed by more than 30 days from the date of the last preceding meeting, then the notice must be delivered or mailed and received not more than ten days after the earlier of the date of the notice of the meeting or public disclosure of the date of the meeting), and not more than ten days after the earlier of the date of the notice of the meeting or public disclosure of the date of the meeting in the case of a special meeting. The notice by the stockholder must set forth: (i) a brief description of the matter the stockholder desires to present for stockholder action; (ii) the name and record address of the stockholder proposing the matter for stockholder action; (iii) the class and number of shares of capital stock of the Corporation that are beneficially owned by the stockholder; and (iv) any material interest of the stockholder in the matter proposed for stockholder action. For purposes of this Section, "public disclosure" means disclosure in a press release reported by the Dow Jones News Service, Associated Press or other comparable national financial news service or in a document publicly filed by the Corporation with the

Securities and Exchange Commission pursuant to Section 13, 14 or 15 of the Securities Exchange Act of 1934, as amended.

(c) Except to the extent that a stockholder proposal submitted pursuant to this Section is not made available at the time of mailing, the notice of the purposes of the meeting shall include the name and address of and the number of shares of the voting security held by the proponent of each stockholder proposal.

(d) Notwithstanding the above, if the stockholder desires to require the Corporation to include the stockholder's proposal in the Corporation's proxy materials, matters and proposals submitted for inclusion in the Corporation's proxy materials shall be governed by the

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solicitation rules and regulations of the Securities Exchange Act of 1934, as amended, including without limitation Rule 14a-8.

Section 5. Written notice of all meetings of stockholders, stating the time, place and in the case of special meetings, the purpose or purposes thereof, shall be given to each stockholder entitled to vote thereat, at least ten (10) days before the date fixed for the meeting.

Section 6. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held and which place shall be specified in the notice of the meeting, or, if not so specified, at the place where said meeting is to be held, and the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 7. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provide by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the officer of the corporation presiding as chairman of the meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meetings at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Except as otherwise set forth in Section 1(f) of Article III hereunder, when a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Except as otherwise provided by the Certificate of Incorporation or the resolution or resolutions of the Board of Directors

creating any class of stock, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder.

Section 10. Meetings of stockholders generally shall follow accepted rules of parliamentary procedure, subject to the following:

(a) The chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the chairman. If, in his absolute discretion, the chairman deems it advisable to dispense with the rules of parliamentary procedure as to any one meeting of stockholders or part thereof, he shall so state and shall clearly state the rules under which the meeting or appropriate part thereof shall be conducted.

(b) If disorder should arise which prevents the continuation of the legitimate business of the meeting, the chairman may quit the chair and announce the adjournment of the meeting; and upon his so doing, the meeting is immediately adjourned.

(c) The chairman may ask or require that anyone not a bona fide stockholder or proxy leave the meeting.

(d) A resolution or motion shall be considered for vote only if proposed by a stockholder or a duly authorized proxy and seconded by a stockholder or a duly authorized proxy other than the individual who proposed the resolution or motion.

Section 11. At or prior to any meeting of stockholders, the Board of Directors, or, if the Board of Directors shall have taken no action with respect thereto, the chairman of the meeting, may appoint one or more inspectors to act at the meeting or any adjournment thereof. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by appointment made by the person presiding at the meeting or entitled to preside at the adjourned meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Section 12. The Secretary of the corporation shall furnish the inspectors with a certificate setting forth the number of shares outstanding and entitled to vote, the voting power of each, the number of shares required to make a quorum and the number of shares required to be voted on any issue presented to the meeting if more than a simple majority of the quorum present. The inspectors shall determine the shares

represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them. The inspectors shall execute a certificate of the results of the election or vote found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them. In their determination of the validity and effect of proxies, the inspectors shall make such determination, to the extent possible, so as not to disenfranchise any stockholder.

Section 13. The inspectors may employ agents or other persons to assist in their duties. The meetings of the inspectors shall be closed to all persons except as may be requested by the inspectors, provided that the inspectors shall permit a reasonable time after their initial tabulations for the presentation and determination of challenges to the validity and effect of proxies and ballots. In the case of an election contest, whenever the representative of one or more sides is present during the course of the inspectors' duties, a representative of all other sides shall be afforded the opportunity to attend.

Section 14. In the tabulation of votes cast by proxies, it shall not be necessary for proxies to execute a ballot on matters, voting instructions (including no vote) for which are contained on the form of proxy itself, and in the absence of a ballot executed on such proxies, the proxy itself will be deemed a written ballot and tabulated in accordance with the directions contained thereon.

Section 15. The person presiding at a meeting of the stockholders may close the polls after the request for submission of proxies and ballots, upon the temporary adjournment of the meeting called to tabulate the proxies and ballots, or within a reasonable time thereafter. After the polls are closed, no proxy, revocation of proxy or ballot shall be accepted by or considered in the tabulation of proxies and ballots.

Section 16. In the event it becomes necessary to adjourn a meeting of stockholders beyond the day of the scheduled meeting in order to determine the results of any election or vote, said meeting may be adjourned from time to time by the person presiding or entitled to preside, with such meeting to be reconvened at the principal offices of the corporation in Rockford, Michigan. The only matter to be acted upon at such reconvened meeting shall be the acceptance and filing of the report from the inspectors of election.

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ARTICLE III

DIRECTORS

Section 1. Directors of the corporation shall be elected, replaced and removed as follows:

(a) NUMBER AND QUALIFICATION OF DIRECTORS. The number of directors which shall constitute the whole Board of Directors shall be not less than five (5) persons. Subject to the limit above specified, the number of directors shall be determined from time to time by resolution of the Board of Directors, provided that a vacancy in the Board of Directors need not be filled immediately, and until filled, such lesser number shall constitute the entire Board of Directors. Except as otherwise provided in this Section, directors shall be elected at the annual meeting of the stockholders, and each such director elected shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor is elected. A director need not be a stockholder, a citizen of the United States or a resident of the State of Delaware.

(b) CLASSIFICATION. The Board of Directors shall be divided into three classes, Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At the 1990 annual meeting of stockholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each succeeding annual meeting of stockholders, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a

term expiring at the annual meeting of stockholders held in the third year following the year of their election. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock shall have the right, voting separately as a class, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Certificate of Incorporation applicable thereto, and such directors shall not be divided into classes pursuant to this Section 1(b) of ARTICLE III, and the number of such directors shall not be counted in determining the maximum number of directors permitted under Section 1(a) of ARTICLE III hereof, in each case unless expressly provided by the Certificate of Incorporation.

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(c) VACANCIES AND NEWLY CREATED DIRECTORSHIPS. Subject to the right of the holders of any series of preferred stock then outstanding, any vacancy occurring in the Board of Directors caused by resignation, removal, death, disqualification or other incapacity, and any newly created directorships resulting from an increase in the number of directors, shall be filled exclusively by a majority vote of the directors then in office, whether or not a quorum and shall not be filled by the stockholders. When the number of directors is changed, any newly created or eliminated directorship shall be so apportioned among the classes of directors as to make all classes as nearly equal in number as possible. Each director chosen to fill a vacancy or a newly created directorship shall hold office for the term coinciding with the class of his or her directorship and until his successor shall be elected and qualify. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(d) REMOVAL. Subject to the rights of the holders of any series of preferred stock then outstanding, any or all of the directors may be removed from office at any time, but only for cause.

(e) RESIGNATION. Any director may resign at any time and such resignation shall take effect upon receipt thereof by the Chief Executive Officer or the Secretary unless otherwise specified in the resignation.

(f) AMENDMENT OR REPEAL. Notwithstanding any other provision of these By-Laws to the contrary, the provisions contained in this Section 1 shall not be amended, altered, modified or repealed, and no provision inconsistent with this Section 1 may be adopted, except upon either (i) the affirmative vote of the holders of not less than two-thirds of the outstanding stock of the corporation entitled to vote in elections of directors or (ii) the affirmative vote of a majority of the whole Board of Directors and the affirmative vote of the holders of a majority of such outstanding stock present in person or represented by proxy at any meeting of stockholders.

(g) NOMINATION OF DIRECTORS. Subject to the rights of holders of any classes or series of preferred stock then outstanding, only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors. Nomination of persons for election to the Board of the corporation at an annual meeting may be made at the annual meeting of stockholders by or at the direction of the Board of

Directors by any nominating committee or person appointed by the Board or by any stockholder of the corporation entitled to vote for the election of Directors at the annual meeting who complies with the notice procedures set forth in this Section 1(g) of Article III. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 50 days nor more than 75 days before the annual meeting; provided, however, that in the event that less than 65 days' notice or prior public disclosure of the date of an annual meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a Director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of Directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and record address of stockholder and (ii) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as Director of the corporation. No person shall be eligible for election as a Director of the corporation unless nominated in accordance with the procedures set forth herein.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 2. The business of the corporation shall be managed by its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the

Certificate of Incorporation or by these By- Laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 3. The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 4. The first meeting of each newly elected Board of Directors shall be held following the annual meeting of stockholders, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held immediately following the annual meeting of stockholders, the meeting may be held at such time and place as shall be

specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 5. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 6. Special meetings of the Board may be called by the Chief Executive Officer or Secretary or by any two (2) directors on two (2) days' notice to each director. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice of such meeting.

Section 7. At all meetings of the Board a majority of the directors (other than directors elected at that meeting) shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these By-Laws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent thereto is signed by all members of the Board or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

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Section 9. The Board of Directors or any committee designated by the Board of Directors may participate in a meeting of such Board, or committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

COMMITTEES OF DIRECTORS

Section 10. The Board of Directors may appoint an Executive Committee whose membership shall consist of such members of the Board of Directors as it may deem advisable from time to time to serve during the pleasure of the Board. The Board of Directors may also appoint directors to serve as alternates for members of the committee in the absence or disability of regular members. The Board of Directors may fill any vacancies as they occur. The Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business affairs and property of the corporation during the intervals between meetings of the Board of Directors, subject to law and to such limitations and control as the Board of Directors may impose from time to time, except that the Executive Committee shall not, without the express authorization of the Board of Directors:

- (a) Alter or amend the Certificate of Incorporation or the By-Laws;
- (b) Fill vacancies in the membership of the Board of Directors or the Executive Committee;
- (c) Declare dividends;
- (d) Authorize the issuance of stock.

Section 11. The Board of Directors may designate such other committees as it may deem appropriate, and such committees shall exercise the authority delegated to them.

Section 12. Each committee provided for above shall meet as often as its business may require and may fix a day and time each week or at other intervals for regular meetings, notice of which shall not be required. Whenever the day fixed for a meeting shall fall on a holiday, the meeting shall be held on the business day following or on such other day as the committee may determine. Special meetings of the committees may be called by the chairman, and notice thereof may be given to the members by telephone, telegram or letter. A majority of its members shall constitute a quorum for the transaction of the business of any of the committees. A record of the proceedings of each committee shall be kept and presented to

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the Board of Directors. The chairperson of any of the standing or special committees of the Board of Directors may appoint one or more independent directors to serve as alternates for members of the committee in the absence or disability of regular members.

COMPENSATION OF DIRECTORS

Section 13. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors and a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

CONSENT OF STOCKHOLDERS IN LIEU OF MEETING

Section 14. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholders of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days following the receipt of such a request, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of stockholders meetings are recorded, to the attention of the Secretary of the corporation. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

ARTICLE IV

NOTICES

Section 1. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram, which shall be deemed given at the time when the same shall be sent.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or by these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting has not been lawfully called or convened.

ARTICLE V

OFFICERS

Section 1. The officers of the corporation shall be chosen by the Board of Directors at its first meeting after the annual meeting of stockholders, or as soon as practicable after the annual election of directors in each year, and shall include a Chairman of the Board of Directors, a Chief Executive Officer, a President, a Secretary and a Treasurer. The Board of Directors may also choose one or more Vice Presidents, one or more Assistant Secretaries and Assistant Treasurers, and such other officers as the Board of Directors may from time to time determine. Any two or more offices, except those of Chief Executive Officer and Vice President, or Chief Executive Officer and Secretary, may be held by the same person.

Section 2. The Chairman of the Board of Directors, the Chief Executive Officer and the President shall be selected from among the members of the Board of Directors. No other officer need be a member of the Board of Directors.

TERM OF OFFICE

Section 3. Each officer shall hold office at the pleasure of the Board. The Board of Directors may remove any officer for cause or without

cause. Any officer may resign his or her office at any time, such resignation to take effect upon receipt of written notice thereof by the corporation unless otherwise specified in the resignation. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board.

THE CHAIRMAN OF THE BOARD

Section 4. The Chairman of the Board shall, when present, preside at all meetings of the directors and stockholders. He or she shall have such other duties and powers as may be imposed or given by the Board.

THE CHIEF EXECUTIVE OFFICER

Section 5. The Chief Executive Officer of the corporation shall have

general and active management of the business of the corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 6. In the event of the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the stockholders and of the directors. Except as otherwise herein provided, the Chief Executive Officer shall have the power, subject to the control of the Board of Directors, to appoint or discharge and to prescribe the duties and to fix the compensation of such agents and employees of the corporation as he may deem necessary, including the power to make temporary suspensions or appointments as officers of the corporation, such suspensions or appointments to be made effective only until the next meeting of the Board of Directors or the Executive Committee thereof. The Chief Executive Officer shall be the medium of communication to the Board of all matters presented for their consideration by persons other than the directors themselves. He or she shall be the direct representative of the Board of Directors and, subject to the Board of Directors, shall have the final control of the affairs and policy of the corporation. He or she shall be the arbiter of all differences between officers of the corporation, and his decision shall be final and binding, subject only to review by the Board of Directors of the corporation. He or she shall do and perform such other duties as may be assigned to him by the Board of Directors.

VICE PRESIDENTS

Section 7. Each Vice President shall have such title and powers and perform such duties as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors.

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THE SECRETARY

Section 8. The Secretary shall attend all meetings of the Board and of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer. He or she shall keep in safe custody the seal of the corporation and shall have authority to affix the same to all instruments where its use is required or appropriate.

THE TREASURER

Section 9. The Treasurer shall have the custody of the corporate funds and securities, except as otherwise provided by the Board, and shall cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation.

OTHER OFFICERS

Section 10. There may be elected one or more Assistant Secretaries and Assistant Treasurers who may, in the absence, disability or nonfeasance of the Secretary or Treasurer, perform the duties and exercise the powers

of such persons respectively.

Section 11. All other officers, as may from time to time be appointed by the Board of Directors pursuant to this Article shall perform such duties and exercise such authority as the Board of Directors shall prescribe.

Section 12. In the case of the absence of any officer, or for any other reason that the Board may deem sufficient, the Chief Executive Officer or the Board may delegate for the time being the powers or duties of such officer to any other person.

EXECUTIVE OFFICERS

Section 13. The Chairman of the Board, Chief Executive Officer, President, Vice President(s), Secretary and Treasurer shall be known as

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executive officers and shall have all the usual powers and shall perform all the usual duties incident to their respective offices, and shall in addition perform such other duties as shall be assigned to them from time to time by the Board of Directors.

OFFICER SALARIES

Section 14. The salaries of all corporate officers appointed by the Board of Directors shall be fixed by the Compensation Committee of the Board of Directors.

ARTICLE VI

SUBSIDIARIES AND DIVISIONS

Section 1. The Board of Directors or the Chief Executive Officer may, as they shall deem necessary, designate certain individuals as divisional officers. Any titles given to divisional officers may be withdrawn at any time, with or without cause, by the Board of Directors or the Chief Executive Officer. A divisional officer may, but need not be, a director or an executive officer of the corporation. All divisional officers shall perform such duties and exercise such authority as the Board of Directors or the Chief Executive Officer shall prescribe.

Section 2. The Board of Directors or the Chief Executive Officer may vote the shares of stock owned by the corporation in any subsidiary, whether wholly or partly owned by the corporation, in such manner as they may deem in the best interests of the corporation, including, without limitation, for the election of directors of any such subsidiary corporation, or for any amendments to the charter or by-laws of any such subsidiary corporation, or for the liquidation, merger, or sale of assets of any such subsidiary corporation. The Board of Directors or the Chief Executive Officer may cause to be elected to the board of directors of any such subsidiary corporation such persons as they shall designate, any of whom may, but need not be, directors, executive officers, or other employees or agents of the corporation. The Board of Directors or the Chief Executive Officer may instruct the directors of any such subsidiary corporation as to the manner in which they are to vote upon any issue properly coming before them as the directors of such subsidiary corporation, and such directors shall have no liability to the corporation as the result of any action taken in accordance with such instructions.

Section 3. Divisional officers, and the officers of any subsidiary corporation, shall not, by virtue of holding such title and position, be deemed to be officers of the corporation, nor shall any such divisional officer or officer of a subsidiary corporation, unless he shall also be a

director or officer of the corporation, be entitled to have access to any files, records or other information relating or pertaining to the corporation, its business and finances, or to attend or receive the minutes of any meetings of the Board of Directors or any committee of the corporation, except as and to the extent authorized and permitted by the Board of Directors or the Chief Executive Officer.

ARTICLE VII

CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the Chief Executive Officer, President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation, certifying the number of shares owned by such stockholder in the corporation.

Section 2. Where a certificate is signed (1) by a transfer agent or an assistant transfer agent, or (2) by a transfer clerk acting on behalf of the corporation and a registrar, the signature of any such Chief Executive Officer, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon a certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

RECORD DATES

Section 5. The Board of Directors may fix in advance a date, not exceeding sixty (60) days, but not less than ten (10) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any

change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

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ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds in the corporation, available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by

resolution of the Board of Directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

VOTING SECURITIES

Section 6. Unless otherwise directed by the Board, the Chief Executive Officer shall have full power and authority on behalf of the corporation to attend and to act and to vote, or to execute in the name or on behalf of the corporation a proxy authorizing an agent or

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attorney-in-fact for the corporation to attend and vote at any meetings of security holders of corporations in which the corporation may hold securities, and at such meetings the Chief Executive Officer or his or her duly authorized agent or attorney-in-fact shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the corporation might have possessed and exercised if present. The Board by resolution from time to time may confer like power upon any other person or persons.

ARTICLE IX

AMENDMENTS

Section 1. These By-Laws may be amended, altered, changed, added to or repealed at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the Board of Directors.

ARTICLE X

INDEMNIFICATION

The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

EXHIBIT 4.5

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WOLVERINE WORLD WIDE, INC.

\$75,000,000 6.50% Senior Notes due December 8, 2008

NOTE PURCHASE AGREEMENT

Dated December 8, 1998

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WOLVERINE WORLD WIDE, INC.
9341 Courtland Drive, NE
Rockford, Michigan 49351

6.50% Senior Notes due December 8, 2008

December 8, 1998

TO EACH OF THE PURCHASERS
LISTED IN THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

Wolverine World Wide, Inc., a Delaware corporation (the "COMPANY"), agrees with you as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of Seventy-Five Million Dollars (\$75,000,000) aggregate principal amount of its 6.50% Senior Notes due December 8, 2008 (the "NOTES", such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement or the Other Agreements (as hereinafter defined)). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amounts specified opposite your name in Schedule A at the purchase price of 100% of the principal amount thereof. Contemporaneously with entering into this Agreement, the Company is entering into separate Note Purchase Agreements (the "OTHER AGREEMENTS") identical with this Agreement with each of the other purchasers named in Schedule A (the "OTHER PURCHASERS"), providing for the sale at such Closing to each of the Other Purchasers of Notes in the principal amount specified opposite its name in Schedule A. Your obligations hereunder and the obligations of the Other Purchasers under the Other Agreements are several and not joint obligations and you shall have no obligation under any Other Agreement and no liability to any Person for

the performance or nonperformance by any Other Purchaser thereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Kilpatrick Stockton, LLP, at 1100 Peachtree Street, Suite 2800, Atlanta, Georgia 30309, at a closing (the "CLOSING") on December 8, 1998 or on such other Business Day thereafter as may be agreed upon by the Company and you and the Other Purchasers. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$100,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 04 045 53, Account Name: "Wolverine World Wide, Inc.", at NBD Bank N.A., Detroit, Michigan, ABA Routing # 072000326. If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1 REPRESENTATIONS AND WARRANTIES.

The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

4.2 PERFORMANCE; NO DEFAULT.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by this Agreement had it applied since such date.

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4.3 COMPLIANCE CERTIFICATES.

(a) OFFICER'S CERTIFICATE. The Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) SECRETARY'S CERTIFICATE. The Company shall have delivered to you a certificate from a duly authorized Secretary or Assistant Secretary of the Company certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes, this Agreement and the Other Agreements.

4.4 OPINIONS OF COUNSEL.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Warner, Norcross & Judd LLP, counsel for the Company, in the form attached hereto as Exhibit 4.4(a) and additional opinions of such counsel covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinions to you) and (b) from Kilpatrick Stockton LLP, your special counsel in connection with such transactions, covering the enforceability of this Agreement and the Notes, the absence of any requirement to register the Notes under the Securities Act or to qualify as an indenture under the Trust Indenture Act of 1939, as amended, and such other matters incident to such transactions as you may reasonably request.

4.5 PURCHASE PERMITTED BY APPLICABLE LAW, ETC.

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable Law (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any Tax, penalty or liability under or pursuant to any applicable Law, which Law was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6 SALE OF OTHER NOTES.

Contemporaneously with the Closing, the Company shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

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4.7 PAYMENT OF SPECIAL COUNSEL FEES.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

4.8 PRIVATE PLACEMENT NUMBER.

A Private Placement number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9 CHANGES IN CORPORATE STRUCTURE.

Except as specified in Schedule 4.9, the Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 5.5.

4.10 PROCEEDINGS AND DOCUMENTS.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

4.11 OFFEREE LETTER.

The Company shall have delivered a letter from First Chicago Capital Markets, Inc. to you and your special counsel describing in such detail as you may request the number and character of Persons to whom the Company or any Person acting on its behalf has offered any of the Notes or any similar securities of the Company and such other matters regarding the manner of such offering as you may request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to you that:

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5.1 ORGANIZATION; POWER AND AUTHORITY.

The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Other Agreements and the Notes and to perform the provisions hereof and thereof.

5.2 AUTHORIZATION, ETC.

This Agreement and the Other Agreements and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3 DISCLOSURE.

The Company, through its agent, First Chicago Capital Markets, Inc., has delivered to you and each Other Purchaser a copy of a Confidential Offering Memorandum, dated October, 1998 (the "MEMORANDUM"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. Except as disclosed in Schedule 5.3, this Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements identified in Section 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Memorandum or as expressly described in Schedule 5.3, or in one of the documents, certificates or other writings identified therein, or in the financial statements identified in Section 5.5, since January 3, 1998, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes

that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

5.4 ORGANIZATION AND OWNERSHIP OF SHARES OF SUBSIDIARIES; AFFILIATES.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, and specifying those Subsidiaries that are Material Subsidiaries, (ii) of the Company's Affiliates, other than Subsidiaries, and (iii) of the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4, and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5 FINANCIAL STATEMENTS.

The Company has delivered to you and to each Other Purchaser the consolidated balance sheets of the Company and its Subsidiaries as of December 31, 1994, December 30, 1995, December 28, 1996, and January 3, 1998 and the statements of income and retained earnings and changes in financial position or cash flows for the fiscal years ended on said dates, each accompanied by a report thereon containing an opinion unqualified as to scope limitations imposed by the Company and otherwise without qualification except as therein noted, by Ernst & Young. All of such statements (including in each case the related schedules and notes) have been prepared in accordance with GAAP except as therein noted, are correct and complete and present fairly the financial position of the Company and its Subsidiaries as of such dates and the consolidated results of their

operations and changes in their financial position or cash flows for such periods. The Company has delivered to you and to each Other Purchaser the unaudited consolidated balance sheets of the Company and its Subsidiaries as of September 12, 1998 and September 6, 1997, and the unaudited statements of operations and cash flows for the nine-month periods ended on said dates. Such financial statements have been prepared in accordance with GAAP consistently applied, are correct and complete and present fairly the financial position of the Company and its Subsidiaries as of said dates and the consolidated results of their operations and cash flows for such periods except as therein noted (subject to normal year-end adjustments).

5.6 COMPLIANCE WITH LAWS, OTHER INSTRUMENTS, ETC.

The execution, delivery and performance by the Company of this Agreement, the Other Agreements, and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any Law of any Governmental Authority applicable to the Company or any Subsidiary.

5.7 GOVERNMENTAL AUTHORIZATIONS, ETC.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Other Agreements, or the Notes.

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5.8 LITIGATION; OBSERVANCE OF AGREEMENTS, STATUTES AND ORDERS.

(a) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any Law (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9 TAXES.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid or reflected appropriate reserves or accruals on its balance sheets for all taxes (including federal, state, local, sales, use, VAT, customs, excise, franchise, assets, ad valorem and withholding taxes), duties, assessments and levies (collectively "TAXES"), except for any Taxes (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse

Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of federal, state or other Taxes for all fiscal periods are adequate. The federal income tax returns of the Company and its Subsidiaries have been audited by the Internal Revenue Service for all fiscal years up to and including the fiscal year ended December 30, 1995 and any resulting deficiencies, additional assessments, fines, penalties, interest or other charges have either been paid or adequately reserved for in the financial statements identified in Section 5.5.

5.10 TITLE TO PROPERTY; LEASES.

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected as owned in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except

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as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11 LICENSES, PERMITS, ETC.

Except as disclosed in Schedule 5.11,

(a) the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material;

(b) the ownership or use of the licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and tradenames, and other rights owned or used by the Company and its Subsidiaries do not conflict with the rights of others, except for such conflicts which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(c) to the best knowledge of the Company, no product of the Company or any Subsidiary infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(d) to the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

5.12 COMPLIANCE WITH ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other

than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than \$50,000 in the aggregate for all Plans. The term "BENEFIT LIABILITIES" has the meaning specified in section 4001 of ERISA and the terms "CURRENT VALUE" and "PRESENT VALUE" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(F) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to (i) the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you and (ii) the assumption, made solely for the purpose of making such representation, that Department of Labor Interpretive Bulletin 75-2 with respect to prohibited transactions remains valid in the circumstances of the transactions contemplated herein.

5.13 PRIVATE OFFERING BY THE COMPANY.

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than you, the Other Purchasers and not more than 45 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone

acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14 USE OF PROCEEDS; MARGIN REGULATIONS.

The Company will apply the proceeds of the sale of the Notes as set forth in Schedule 5.14. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation

of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 1% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 1% of the value of such assets. As used in this Section, the terms "MARGIN STOCK" and "PURPOSE OF BUYING OR CARRYING" shall have the meanings assigned to them in said Regulation U.

5.15 EXISTING INDEBTEDNESS; FUTURE LIENS.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of September 12, 1998 and, as to each item listed, a general description of any property securing such Indebtedness. Since the date as of which the Company has prepared Schedule 5.15, there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries or the security therefor. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.3.

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5.16 FOREIGN ASSETS CONTROL REGULATIONS, ETC.

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

5.17 STATUS UNDER CERTAIN STATUTES.

Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Interstate Commerce Act, as amended, or the Federal Power Act, as amended.

5.18 ENVIRONMENTAL MATTERS.

Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of

them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

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5.19 YEAR 2000 ISSUES.

The Company and its Subsidiaries have made a reasonable assessment of Year 2000 Issues, have adopted a program intended to remediate all Year 2000 Issues concerning the information and other systems and computer applications operated or used by the Company and its Subsidiaries on a timely basis, and have fully complied with the requirements of the Securities and Exchange Commission regarding disclosure of Year 2000 issues. Based on such assessment and program, the Company does not reasonably anticipate that Year 2000 Issues concerning the information and other systems and computer applications operated or used by the Company and its Subsidiaries will have a Material Adverse Effect. The Company has delivered to you a copy of its Quarterly Report on Form 10-Q for the most recently ended fiscal quarter of the Company filed with the Securities and Exchange Commission. There is no fact known to the Company that is inconsistent with the continued accuracy of the information contained in such Form under the heading "Year 2000 Readiness Disclosure" and such information continues to represent the Company's best estimate of the estimated impact of Year 2000 Issues on the Company and its Subsidiaries as provided therein.

6. REPRESENTATIONS OF THE PURCHASER.

6.1 PURCHASE FOR INVESTMENT.

You represent that (i) you are not a "creditor" as defined in Regulation T of the Board of Governors of the Federal Reserve System (12 CFR 220), (ii) you are an insurance company having its principal place of business in a state set forth on the Purchaser Schedule attached as Schedule A, (iii) you (and any separate accounts for which you are purchasing a Note or Notes) are an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act, and (iv) that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you and not with a view to the distribution thereof, PROVIDED that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act or any other state securities law and may be resold only if registered pursuant to the provisions of the Securities Act and applicable state securities laws or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

6.2 SOURCE OF FUNDS.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a "SOURCE") to be used

by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account" within the meaning of Prohibited Transaction Exemption ("PTE") 95-60 (issued July 12, 1995) and there is no employee benefit plan (treating as a single plan all plans maintained by the same employer or employee organization) with respect to which the amount of the general account reserves and liabilities for all contracts held by or on behalf of such plan exceeds 10% of the total reserves and liabilities of such general account (exclusive of separate account liabilities) plus surplus, as set forth in your most recent annual statement in the form required by the National Association of Insurance Commissioners as filed with your state of domicile; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company, and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee

benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "EMPLOYEE BENEFIT PLAN", "GOVERNMENTAL PLAN", and "SEPARATE ACCOUNT" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1 FINANCIAL AND BUSINESS INFORMATION.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) QUARTERLY STATEMENTS -- within 45 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of operations and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

PROVIDED THAT delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a) so long as such requirements of the Securities and Exchange Commission continue to require that Form 10-Q include the financial statements described in subparagraphs (i) and (ii) above;

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(b) ANNUAL STATEMENTS -- within 90 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of operations, changes in stockholders' equity and cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by:

(A) an opinion thereon of Ernst & Young LLP, or another firm of independent certified public accountants of comparable national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances; and

(B) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that

such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit);

PROVIDED THAT the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountant's certificate described in clause (B) above, shall be deemed to satisfy the requirements of this Section 7.1(b) so long as such requirements of the Securities and Exchange Commission continue to require that Form 10-K include the financial statements described in subparagraphs (i) and (ii) above;

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(c) SEC AND OTHER REPORTS -- promptly upon their becoming available, one copy of (I) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (II) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) NOTICE OF DEFAULT OR EVENT OF DEFAULT -- promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA MATTERS -- promptly, and in any event within ten days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan if such termination is reasonably likely to result in liability of the Company or any Subsidiary to PBGC or any Plan in excess of \$200,000; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights,

properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect; or

(iv) if at any time the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$50,000;

(f) NOTICES FROM GOVERNMENTAL AUTHORITY -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any Law that could reasonably be expected to have a Material Adverse Effect;

(g) RULE 144A INFORMATION -- with reasonable promptness, any information necessary to permit any such holder to comply with Rule 144A under the Securities Act, or any successor rule; and

(h) REQUESTED INFORMATION -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any holder of Notes that is an Institutional Investor.

7.2 OFFICER'S CERTIFICATE.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) COVENANT COMPLIANCE -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Sections 10.1 through 10.7 hereof, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) EVENT OF DEFAULT -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and

conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3 INSPECTION.

The Company shall permit the representatives of each holder of

Notes that is an Institutional Investor:

(a) NO DEFAULT -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld, and after giving the Company the opportunity to accompany the holder on such visitation) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) DEFAULT -- if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

8. PREPAYMENT OF THE NOTES.

8.1 REQUIRED PREPAYMENTS; PAYMENT AT MATURITY.

On December 8, 2002 and on each December thereafter to and including December, 2007, the Company will prepay \$10,714,285, and on December 8, 2008 the Company will make a final payment of \$10,714,290 of principal amount (or such amount as shall then be the remaining outstanding

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principal amount) of the Notes at par and without payment of the Make-Whole Amount or any premium, PROVIDED that upon any partial prepayment of the Notes pursuant to Section 8.2 or Section 8.7 the principal amount of each required prepayment and the payment at final maturity of the Notes becoming due under this Section 8.1 on and after the date of such prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Notes is reduced as a result of such prepayment.

8.2 OPTIONAL PREPAYMENTS WITH MAKE-WHOLE AMOUNT.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. Any such optional payment shall be on a Business Day. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate via facsimile transmission of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified

prepayment date. The Notes shall not be subject to prepayment at the option of the Company except pursuant to this Section 8.2.

8.3 ALLOCATION OF PARTIAL PREPAYMENTS.

Except as otherwise provided in Section 8.7, in the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts of all such Notes not theretofore called for prepayment.

8.4 MATURITY; SURRENDER, ETC.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable

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Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.5 PURCHASE OF NOTES.

The Company will not, and will not permit any Affiliate to, purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.6 MAKE-WHOLE AMOUNT.

The term "MAKE-WHOLE AMOUNT" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, PROVIDED that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"CALLED PRINCIPAL" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"DISCOUNTED VALUE" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" means, with respect to the Called Principal of any Note, the rate per annum equal to 0.50% plus the yield to maturity implied by (i) the yields reported (offer side), as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the Bloomberg Financial Markets Service for actively traded U.S. Treasury

securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield in (i) and (ii) above will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"REMAINING AVERAGE LIFE" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, PROVIDED that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 12.1.

"SETTLEMENT DATE" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

8.7 OFFER TO PREPAY NOTES IN THE EVENT OF A DEBT PREPAYMENT APPLICATION.

(a) NOTICE OF DEBT PREPAYMENT APPLICATION. In the event of a Debt Prepayment Application pursuant to Section 10.7, the Company shall offer to prepay, in accordance with and subject to the definition of Debt Prepayment Application, the Ratable Portion of each Note held by each holder on the Business Day specified in such offer, which date shall occur prior to the expiration of the 365 day period specified in Section 10.7 and no later than the first Debt Prepayment Application with respect to any other Senior Funded Debt of the Company or any of its Subsidiaries (the "PROPOSED DPA PREPAYMENT DATE"). The Proposed DPA Prepayment Date shall be not less than 30 days and not more than 60 days after the date of such offer (if the Proposed DPA Prepayment Date shall not be specified in such offer, the

Proposed DPA Prepayment Date shall be the 60th day after the date of such offer, or if such date is not a Business Day, then on the last Business Day prior to such date). Each offer under this Section 8.7(a) shall be accompanied by the certificate described in subparagraph (d) of this Section 8.7.

(b) ACCEPTANCE. A holder of Notes may accept an offer to prepay made pursuant to Section 8.7(a) by causing a notice of such acceptance to be delivered to the Company at least five Business Days prior to the Proposed DPA Prepayment Date. A failure by any holder of Notes to respond to an offer to prepay made pursuant to this Section 8.7 shall be deemed to constitute a rejection of such offer by such holder.

(c) PREPAYMENT. Prepayment of the Notes to be prepaid pursuant to this Section 8.7 shall be at 100% of the principal amount of such Notes, or such lesser principal amount as shall equal the Ratable Portion of the Notes being repaid, together with interest on such Notes accrued to the date of prepayment. The prepayment shall be made on the Proposed DPA Prepayment Date.

(d) OFFICER'S CERTIFICATE. Each offer to prepay the Notes pursuant to Section 8.7(a) shall be accompanied by a certificate of a Senior Financial Officer of the Company, dated the date of such offer and specifying: (i) the Proposed DPA Prepayment Date; (ii) that such offer is made pursuant to Section 8.7(a); (iii) the aggregate principal amount of all Notes, and the principal amount of each Note, offered to be prepaid (determined in accordance with the definition of Ratable Portion); (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed DPA Prepayment Date; and (v) in reasonable detail, the respective natures, dates and Net Proceeds Amounts of the Asset Dispositions giving rise to such offer of prepayment.

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9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

9.1 COMPLIANCE WITH LAW.

The Company will and will cause each of its Subsidiaries to comply with all Laws to which each of them is subject, including, without limitation, Environmental Laws and ERISA, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such Laws or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2 INSURANCE.

The Company will and will cause each of its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3 MAINTENANCE OF PROPERTIES.

The Company will and will cause each of its Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, PROVIDED that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4 PAYMENT OF TAXES AND CLAIMS.

The Company will and will cause each of its Subsidiaries to file all tax returns required to be filed in any jurisdiction and to pay and discharge all Taxes shown to be due and payable on such returns and all

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other Taxes imposed on them or any of their properties, assets, income or franchises, to the extent such Taxes have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, PROVIDED that neither the Company nor any Subsidiary need pay any such Tax or claims if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5 CORPORATE EXISTENCE, ETC..

The Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.6, 10.7 and 10.8, the Company will at all times preserve and keep in full force and effect the legal existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such legal existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

10.1 FIXED CHARGE COVERAGE.

The Company will not, at any time, permit the Fixed Charges Coverage Ratio to be less than 1.5 to 1.0.

10.2 MAINTENANCE OF CONSOLIDATED NET WORTH.

The Company shall not, at any time, permit Consolidated Net Worth to be less than the sum of (a) \$220,000,000, minus (b) Net Repurchase Expenditures, if any, at such time, plus (c) 40% of its aggregate Consolidated Net Earnings (but only if a positive number) for the period beginning on September 13, 1998 and ending at the end of the fiscal quarter most recently completed at such time.

10.3 LIENS.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon

the happening of a contingency or otherwise) any Lien on or with respect to any property (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Company or any Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the last paragraph of this Section 10.3), or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for Taxes which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay, provided that the Company and its Subsidiaries may incur and permit to exist attachment and judgment Liens not otherwise permitted by this subparagraph (b) if the judgments secured thereby shall not at any time exceed, in the aggregate, \$5,000,000, and provided, further, that no attachment or judgment Lien permitted by this subparagraph shall secure a judgment in excess of \$10,000,000 for a period in excess of 60 days after the entry thereof;

(c) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to, and not interfering with, the ordinary conduct of the business of the Company or any of its Subsidiaries, provided that such Liens do not, in the aggregate, materially detract from the value of such property;

(d) other Liens incidental to the normal conduct of the business of the Company or any Subsidiary or the ownership of their respective properties which are not incurred in connection with the incurrence or maintenance of Indebtedness and which do not in the aggregate materially impair the use of any property subject thereto in the operation of the business of the Company or any Subsidiary, or materially detract from the value of such property;

(e) Liens existing on the date of this Agreement on the property described by category in the column entitled "Collateral" on Schedule 5.15 and securing, in each case, the Debt of the Company and its Subsidiaries referred to in the corresponding item of such Schedule 5.15;

(f) any Lien renewing, extending or refunding any Lien permitted by subparagraph (e) of this Section, provided that (i) the principal amount of Debt secured by such Lien immediately prior to such

extension, renewal or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, removal or refunding no Default or Event of Default would exist;

(g) Liens on property of any Subsidiary of the Company securing Indebtedness owing to the Company or to any of its Wholly-Owned Subsidiaries;

(h) any Lien created to secure all or any part of the purchase price, or to secure Debt incurred or assumed to pay all or any part of the purchase price or cost of construction, of tangible property (or any improvement thereon) acquired or constructed by the Company or a Subsidiary after the date of the Closing, provided that

(i) any such Lien shall extend solely to the item or items of such property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvement thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon) or which is real property being improved by such acquired or constructed property (or improvement thereon),

(ii) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the lesser of (A) the cost to the Company or such Subsidiary of the property (or improvement thereon) so acquired or constructed or (B) the Fair Market Value (as determined in good faith by the Board of Directors of the Company) of such property (or improvement thereon) at the time of such acquisition or construction, and

(iii) any such Lien shall be created contemporaneously with, or within 180 days after, the acquisition or the completion of construction of such property;

(i) any Lien existing on property of a Person immediately prior to its being consolidated or merged with the Company or its becoming a Subsidiary, or any Lien existing on any property acquired by the Company or any Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of property, (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property and (iii)

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the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the lesser of (A) the cost to the Company or such Subsidiary of such property, as reflected on the books of the Company or such Subsidiary immediately after such merger, consolidation or acquisition in accordance with GAAP, or (B) the Fair Market Value (as determined in good faith by the Board of Directors of the Company) of such property at the time of such merger, consolidation or acquisition.; and

(j) other Liens not otherwise permitted by subparagraphs (a) through (i) of this section securing Funded Debt of the Company or any Subsidiary, provided that the aggregate amount of such Funded Debt secured by Liens permitted by this subparagraph (j) shall not at any time exceed 20% of Consolidated Net Worth as of the end of the then most recently ended fiscal quarter of the Company.

10.4 INCURRENCE OF FUNDED DEBT.

The Company will not, and will not permit any Subsidiary to, directly or indirectly create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to, any Funded Debt, except:

(a) the Notes;

(b) Funded Debt of a Subsidiary to the Company or to a Wholly-Owned Subsidiary; and

(c) additional Funded Debt of the Company and its Subsidiaries, provided that immediately after giving effect to the incurrence thereof and to the application of the proceeds therefrom, Consolidated Funded Debt does not exceed 55% of Consolidated Total Capitalization.

For the purposes of this Section 10.4, any Person becoming a Subsidiary after the date hereof shall be deemed, at the time it becomes a Subsidiary, to have incurred all of its then outstanding Debt, and any Person extending, renewing or refunding any Debt shall be deemed to have incurred such Debt at the time of such extension, renewal or refunding.

10.5 PRIORITY DEBT.

The Company shall not at any time permit Priority Debt to exceed the greater of (i) \$59,000,000 or (ii) 20% of Consolidated Net Worth as of the end of the then most recently ended fiscal quarter of the Company.

10.6 MERGER OR CONSOLIDATION.

The Company shall not, and shall not permit any Subsidiary to, merge or consolidate with any other Person, except that:

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(i) any Subsidiary may merge or consolidate with and into the Company or a Wholly-Owned Subsidiary, provided that the Company or such Wholly-Owned Subsidiary shall be the successor formed by such consolidation or the survivor of such merger; and

(ii) the Company may merge or consolidate with any other corporation so long as:

(a) the successor formed by such consolidation or the survivor of such merger, as the case may be (the "SUCCESSOR CORPORATION"), shall be a solvent corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(b) if the Company is not the Successor Corporation, such corporation shall have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes (pursuant to such agreements and instruments as shall be reasonably satisfactory to the Required Holders), and the Company shall have caused to be delivered to each holder of Notes an opinion of Warner, Norcross & Judd LLP, or other nationally recognized independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(c) immediately after giving effect to such transaction:

(1) no Default or Event of Default would exist, and

(2) the Successor Corporation would be permitted by the provisions of Section 10.4 hereof to incur at least \$1.00 of additional Funded Debt owing to a Person other than a Subsidiary of the Successor Corporation.

10.7 SALE OF ASSETS.

The Company will not, and will not permit any Subsidiary to, make any Asset Disposition unless:

(a) in the good faith opinion of the Company, the Asset Disposition is in exchange for consideration having a Fair Market Value at least equal to that of the property exchanged and is in the best interest of the Company or such Subsidiary;

(b) immediately after giving effect to the Asset Disposition, no Default or Event of Default would exist, and the Company would be permitted by the provisions of Section 10.4 hereof to incur at least

\$1.00 of additional Funded Debt owing to a Person other than a Subsidiary; and

(c) immediately after giving effect to the Asset Disposition, the Disposition Value of all property that was the subject of any Asset Disposition occurring in the period of four fiscal quarters of the Company then next ending would not exceed 10% of Consolidated Total Assets as of the end of the then most recently ended fiscal quarter of the Company.

If the Net Proceeds Amount for any Transfer is applied to a Debt Prepayment Application or a Property Reinvestment Application within 365 days after such Transfer, then such Transfer, only for the purpose of determining compliance with subsection (c) of this Section 10.7 as of a date on or after the Net Proceeds Amount is so applied, shall be deemed not to be an Asset Disposition.

10.8 TRANSACTIONS WITH AFFILIATES.

The Company will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's length transaction with a Person not an Affiliate.

10.9 NATURE OF BUSINESS.

The Company will not, and will not permit any of its Subsidiaries to, engage to any substantial extent in any business other than the businesses in which the Company and its Subsidiaries are engaged on the date of this Agreement as described in the Memorandum, and businesses reasonably related thereto or in furtherance thereof.

11. EVENTS OF DEFAULT.

An "EVENT OF DEFAULT" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Sections 7.1(d) or Section 10.1 through Section 10.9, inclusive; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a

Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$5,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$5,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared, due and payable before the stated maturity or before the regularly scheduled dates of payment of such Indebtedness, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of any Indebtedness to convert such Indebtedness into equity interests), the Company or any Subsidiary has become obligated to purchase, redeem, collateralize or pay, or to establish a sinking fund for, any Indebtedness before the regular maturity or before the regularly scheduled dates of payment (or before any regularly scheduled date of mandatory purchase, redemption, collateralization, or sinking fund payment) of such Indebtedness in an aggregate outstanding principal amount of at least \$5,000,000.

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(g) the Company or any Material Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Material Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Material Subsidiaries, or any such petition shall be filed against the Company or any of its Material Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments or one or more final orders of one or more courts or Governmental Authorities of competent jurisdiction providing for the payment of money aggregating in excess of \$5,000,000 are rendered against one or more of the Company and its

Subsidiaries and such judgments or orders are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA)

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under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$200,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(j), the terms "EMPLOYEE BENEFIT PLAN" and "EMPLOYEE WELFARE BENEFIT PLAN" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1 ACCELERATION.

(a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of 35% or more in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of

which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2 OTHER REMEDIES.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3 RESCISSION.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 66% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and (to the extent permitted by applicable Law) all interest on such overdue principal and Make-Whole Amount, if any, and any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4 NO WAIVERS OR ELECTION OF REMEDIES, EXPENSES, ETC.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the

Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1 REGISTRATION OF NOTES.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be

registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2 TRANSFER AND EXCHANGE OF NOTES.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$1,000,000 or, prior to the occurrence of any Default or Event of Default, to any person which is not (i) you or any Other Purchaser, (ii) an Affiliate of you or of any Other Purchaser, (iii) an Institutional Investor, or (iv) a nominee of a Person referred to in the foregoing clauses (i)-(iii), PROVIDED that such nominee is an Affiliate of such Person or is an entity or institution described in clause (c) of the definition of Institutional Investor, PROVIDED that if necessary to enable

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the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$1,000,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

13.3 REPLACEMENT OF NOTES.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to it (PROVIDED that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$50,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1 PLACE OF PAYMENT.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York, at the principal office of The Bank of New York in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2 HOME OFFICE PAYMENT.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by

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such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

15. EXPENSES, ETC.

15.1 TRANSACTION EXPENSES.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

15.2 SURVIVAL.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1 REQUIREMENTS.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2 SOLICITATION OF HOLDERS OF NOTES.

(a) SOLICITATION. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is

executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) PAYMENT. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

17.3 BINDING EFFECT, ETC.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "THIS AGREEMENT" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4 NOTES HELD BY COMPANY, ETC.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates (including without limitation any Subsidiaries) shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

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(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer (with a copy to the same address to the attention of the General Counsel), or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and

whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "CONFIDENTIAL INFORMATION" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Company or such Subsidiary, PROVIDED that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure,

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(b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, PROVIDED that you may deliver or disclose Confidential Information to (i) your directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by

this Agreement and shall contain a confirmation by such Affiliate of the

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accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. MISCELLANEOUS.

22.1 SUCCESSORS AND ASSIGNS.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

22.2 PAYMENTS DUE ON NON-BUSINESS DAYS.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

22.3 SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

22.4 CONSTRUCTION.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such

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provision shall be applicable whether such action is taken directly or indirectly by such Person.

22.5 COUNTERPARTS.

This Agreement may be executed in any number of identical counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

22.6 GOVERNING LAW.

THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[SIGNATURES ON FOLLOWING PAGES]

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If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

WOLVERINE WORLD WIDE, INC.

By: _____
Stephen L. Gulis, Jr.
Executive Vice President,
Chief Financial Officer and Treasurer

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

The foregoing is
hereby agreed to
as of the date thereof.

[PURCHASER]

By: _____
Name: _____
Title: _____

SCHEDULE A TO NOTE PURCHASE AGREEMENT
INFORMATION RELATING TO PURCHASERS

PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION (S)
EQUITABLE LIFE INSURANCE COMPANY OF IOWA	U.S.\$4,000,000	U.S.\$4,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

The Bank of New York
ABA #021000018
BNF: IOC566
Attn: William Cashman
Re: Equitable Life Insurance Company of Iowa - Account #068071
Reference: Cusip on bond description

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Securities Accounting
Fax: (770) 690-4899

- (3) Address for all other communications and notices:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Private Placements
Fax: (770) 690-4899

- (4) Tax Identification No: 42-0236150

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION (S)
USG ANNUITY & LIFE COMPANY	U.S.\$8,000,000	U.S.\$8,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

The Bank of New York
ABA #021000018
BNF: IOC566
Attn: William Cushman
Re: USG Annuity & Life Company - Account #368520
Reference: Cusip on bond description

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to

the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Securities Accounting
Fax: (770) 690-4899

- (3) Address for all other communications and notices:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Private Placements
Fax: (770) 690-4899

- (4) Tax Identification No: 73-0663836

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION(S)
SECURITY LIFE OF DENVER INSURANCE COMPANY	U.S.\$7,000,000	U.S.\$7,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Boston Safe Deposit & Trust Co.
Boston, Massachusetts
MBS Income
Account DD#: 125261
ABA #: 011-001-234
CC 1253

Credit to: Security Life of Denver Insurance Company
Account #INGF1007002

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Securities Accounting
Fax: (770) 690-4899

- (3) Address for all other communications and notices:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Private Placements
Fax: (770) 690-4899

- (4) Tax Identification No: 84-0499703

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION (S)
MIDWESTERN UNITED LIFE INSURANCE COMPANY	U.S.\$3,000,000	U.S.\$3,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Boston Safe Deposit & Trust Co.
 Boston, Massachusetts
 MBS Income
 Account DD#: 125261
 ABA #: 011-001-234
 CC 1253
 Credit to: Midwestern United Life Insurance Company
 Account #INGF1003002

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

ING Investment Management LLC
 5780 Powers Ferry Road, NW, Suite 300
 Atlanta, Georgia 30327-4349
 Attention: Securities Accounting
 Fax: (770) 690-4899

- (3) Address for all other communication and notices:

ING Investment Management LLC
 5780 Powers Ferry Road, NW, Suite 300
 Atlanta, Georgia 30327-4349
 Attention: Private Placements
 Fax: (770) 690-4899

- (4) Tax Identification No: 35-0838945

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION (S)
SOUTHLAND LIFE INSURANCE COMPANY	U.S.\$3,000,000	U.S.\$3,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Boston Safe Deposit & Trust Co.
 Boston, Massachusetts
 MBS Income
 Account DD#: 125261
 ABA #: 011-001-234
 CC 1253
 Credit to: Southland Life Insurance Company
 Account #INGF1013002

Each such wire transfer shall set forth the name of the Corporation, the full title (including the Coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, a reference to the PPN, and the due date and application (as among

principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Securities Accounting
Fax: (770) 690-4899

(3) Address for all other communications and notices:

ING Investment Management LLC
5780 Powers Ferry Road, NW, Suite 300
Atlanta, Georgia 30327-4349
Attention: Private Placements
Fax: (770) 690-4899

(4) Tax Identification No: 75-0572420

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION(S)
THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA (IN THE NOMINEE NAME OF CUDD & CO.)	U.S.\$19,000,000	U.S.\$19,000,000

(1) Payment by wire to:

The Chase Manhattan Bank
ABA #021000021
CHASE/NYC/CTR/BNF
A/C 900-9-000200
Reference A/C #G05978 The Guardian
and the name and CUSIP for which
payment is being made

(2) Address for all notices relating to payments:

The Guardian Life Insurance Company of America
Attn: Investment Accounting M-IA
201 Park Avenue South
New York, NY 10003
Fax (212) 677-9023

(3) Address for all other communications and notices:

The Guardian Life Insurance Company of America
201 Park Avenue South
New York, NY 10003
Attn: Raymond Henry and
Thomas M. Donohue, Investment Dept. 7B
Fax (212) 777-6715

(4) Tax Identification No.: 13-6022143

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AGGREGATE PRINCIPAL

PURCHASER	AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION (S)
THE GUARDIAN INSURANCE & ANNUITY COMPANY, INC. (IN THE NOMINEE NAME OF SIGLER & COMPANY)	U.S.\$1,000,000	U.S.\$1,000,000

(1) Payment

Wire:
The Chase Manhattan Bank
ABA # 021000021
For account #544755102
Reference #MR9228419

Payment by check to:

Chase Manhattan Bank
P.O. Box 50000
Newark, NJ 07101

(2) Confirmations

Guardian Insurance & Annuity
Securities Investment Department
201 Park Avenue South - 8B
New York, NY 10003

No Duplicate Confirms

(3) Address for all notices relating to payments:

The Guardian Life Insurance Company of America
Attn: Investment Accounting MIA
201 Park Avenue South
New York, NY 10003
Fax (212) 677-9023

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(4) Address for all other communications and notices:

The Guardian Life Insurance Company of America
201 Park Avenue South
New York, NY 10003
Attn: Raymond Henry and
Thomas M. Donohue, Investment Dept. 7B
(212) 598-7133
Fax: (212) 777-6715

Inquiries concerning confirmations: Dorene Smith (212) 598-8234

(5) Tax Identification No.: 13-3641527

PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION(S)
PRINCIPAL LIFE INSURANCE COMPANY	U.S.\$6,500,000	U.S.\$6,500,000

- (1) All payments on account of the Notes to be made by 12:00 noon (New York City time) by wire transfer of immediately available funds to:

ABA #073000228
 Norwest Bank Iowa, N.A.
 7th and Walnut Streets
 Des Moines, Iowa 50309
 For credit to Principal Life Insurance Company
 Account No. 0000032395
 OBI PFGSE (S) B0061889() Wolverine World Wide, Inc.

In each case with sufficient information (including interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds.

- (2) All notices with respect to payments to:

Principal Life Insurance Company
 711 High Street
 Des Moines, Iowa 50392-0960
 Attn: Investment Accounting - Securities
 Fax (515) 248-2643
 Confirmation (515) 247-0689

- (3) All other communications to:

Principal Life Insurance Company
 711 High Street
 Des Moines, Iowa 50392-0800
 Attn: Investment - Securities
 Fax (515) 248-2490
 Confirmation (515) 248-3495

- (4) Tax Identification No.: 42-0127290

PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION (S)
COMMERCIAL UNION LIFE INSURANCE COMPANY OF AMERICA	U.S.\$1,500,000	U.S.\$1,500,000

- (1) All payments on account of the Notes to be made by 12:00 noon (New York City time) by wire transfer of immediately available funds to:

CoreStates Bank (Philadelphia)
ABA No. 031-0000-11
1500 Market Street
Philadelphia, PA 19102-2509
Attn: Joe Amen
DDA 0123-9806

For further credit to Account No. 060073-02-4 (Commercial Union Life Insurance Company of America/Principal)

OBI PFGSE (S) B0061889() Wolverine World Wide, Inc.

In each case with sufficient information (including interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds.

- (2) All notices with respect to payments to:

Commercial Union Life Insurance Company of America
711 High Street
Des Moines, Iowa 50392-0960
Attn: Investment Accounting - Securities
Fax (515) 248-2643
Confirmation (515) 247-0689

- (3) All other communications to:

Commercial Union Life Insurance Company of America
711 High Street
Des Moines, Iowa 50392-0800
Attn: Investment - Securities - Jon Davidson
Fax (515) 248-2490
Confirmation (515) 248-3495

- (4) Tax Identification No.: 04-2235236

- (5) The principal place of business of Commercial Union Life Insurance Company of America is located in the State of Massachusetts.

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION(S)
AMERICAN INVESTORS LIFE INSURANCE COMPANY (IN THE NOMINEE NAME OF SALKELD & CO.)	U.S.\$7,000,000	U.S.\$7,000,000

(1) Address for all Notices with Respect to Payments:

AmerUS Capital Management
699 Walnut Street, Suite 1700
Des Moines, Iowa 50309
Attn: Dan Owens
Tele: (515) 283-3431
Fax: (515) 283-3434

(2) Address for all Other Communications:

AmerUS Capital Management
699 Walnut Street, Suite 1700
Des Moines, Iowa 50309
Attn: Investment Department
Tele: (515) 362-3527
Fax: (515) 283-3434

(3) Wire instructions for American Investors Life Insurance Company:

Bankers Trust Company
New York, NY
ABA #021001033
Credit Account #99911145
For Further Credit Account #093398
American Investors Life Insurance Co.
Ref: Wolverine World Wide, Inc. 6.50% Senior Note issued December 8, 1998,
due December 8, 2008; PPN: 978097B*3

(4) American Investors Life Insurance Company Tax ID #48-0696320

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION(S)
AMERICAN UNITED LIFE INSURANCE COMPANY	U.S.\$5,000,000	U.S.\$5,000,000

(1) Payment:

The Company shall make payment of principal and interest on the Notes in immediately available funds by wire transfer to the following bank account:

Bank of New York
Attn: P&I Department
One Wall Street, 3rd Floor
Window A
New York, NY 10286
ABA #021000018, BNF: IOC566
Acct. #186683/AUL

Payments should contain sufficient information to identify the breakdown of principal and interest and should identify the full description of the Notes and the payment date.

(2) Address for all notices:

American United Life Insurance Company
Attn: Christopher D. Pahlke
Securities Department
One American Square
Indianapolis, IN 46282

(3) Tax Identification No.: 35-0145825

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION(S)
MODERN WOODMEN OF AMERICA	U.S.\$5,000,000	U.S.\$5,000,000

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

The Northern Trust Company
 50 South LaSalle Street
 Chicago, IL 60675
 ABA No. 071-000-152
 Account Name: Modern Woodmen of America
 Account No. 84352

Each such wire transfer shall set forth the name of the Company, the full title (including the applicable coupon rate and final maturity date) of the Notes, a reference to PPN No. 978097B*3 and the due date and application (as among principal, premium and interest) of the payment being made.

- (2) Address for all notices relating to payments:

Modern Woodmen of America
 Attn: Investment Accounting Department
 1701 First Avenue
 Rock Island, IL 61201

- (3) Address for all other communications and notices:

Modern Woodmen of America
 Attn: Investment Department
 1701 First Avenue
 Rock Island, IL 61201

- (4) Tax Identification Number: 36-1493430

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION (S)
WOODMEN ACCIDENT AND LIFE COMPANY	U.S.\$3,000,000	U.S.\$3,000,000

- (1) All payments on or in respect of the Notes to be by bank wire transfer of Federal funds (identifying each payment as principal, premium or interest) to:

US Bank
 13 and M Streets
 Lincoln, Nebraska 68508
 ABA #: 1040-000-29

Credit to: Woodmen Accident and Life Company s
 General Fund
 Account #1-494-0092-9092

- (2) Notices

All notices and communications, including notices with respect to payments and written confirmation of each such payment, shall be addressed as follows:

P.O. Box 82288
 Lincoln, Nebraska 68501
 Attention: Securities Division
 Telecopy No. (402) 437-4392

provided, however, all notices and communications delivered by overnight courier shall be addressed as follows:

Woodmen Accident and Life Company
1526 K Street
Lincoln, Nebraska 68508
Attention: Securities Division

(3) Tax Identification No: 47-0339220

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PURCHASER	AGGREGATE PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED	NOTE DENOMINATION (S)
THE MUTUAL GROUP (IN THE NOMINEE NAME OF TMG LIFE INSURANCE COMPANY)	U.S.\$2,000,000	U.S.\$2,000,000

(1) All payments on account of the Notes shall be made by wire or intrabank transfer of immediately available funds to:

Norwest Bank Minnesota, N.A.
ABA #: 091000019
BNF A/C: 0840245
BNF: Trust Clearing Account
REF: ATTN: Income Collections
TRUST ACCOUNT: 12250600
Wolverine World Wide, Inc.
Company PPN:

(2) All notices in respect of payment shall be delivered to:

TMG Life Insurance Company
c/o The Mutual Group (U.S.), Inc.
Attn: Tamie Greenwood
401 North Executive Drive, Suite 300
Brookfield, WI 53008-0503
Telephone: (414) 641-4027
Facsimile: (414) 641-4055

(3) All other communications shall be delivered to:

TMG Life Insurance Company
c/o The Mutual Group (U.S.), Inc.
Attn: Connie Keller
401 North Executive Drive, Suite 300
Brookfield, WI 53008-0503
Telephone: (414) 641-4027
Facsimile: (414) 641-4055

(4) Tax Identification No: 45-0208990

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SCHEDULE B TO NOTE PURCHASE AGREEMENT

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"AFFILIATE" means, at any time, and with respect to any Person,
(a) any other Person that at such time directly or indirectly through one

or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) when used with reference to the Company or any Subsidiary, any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any Person of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company, including without limitation a Subsidiary.

"ASSET DISPOSITION" means any Transfer except :

(a) any Transfer from a Subsidiary to the Company or a Wholly-Owned Subsidiary;

(b) any Transfer from the Company to a Wholly-Owned Subsidiary;

(c) any Transfer made in the ordinary course of business and involving only property that is either (i) inventory held for sale or (ii) equipment, fixtures, supplies or other property no longer required in the operation of the business of the Company or any of its Subsidiaries or that is obsolete; or

(d) any Transfer of Subsidiary Stock to the Company or to a Wholly-Owned Subsidiary.

"BUSINESS DAY" means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City, New York, Chicago Illinois, or Grand Rapids, Michigan, are required or authorized to be closed.

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"CAPITALIZED RENTALS" means, with respect to any Person, the amount at which the aggregate Rentals due and to become due under all Capitalized Leases under which such Person is a lessee would be reflected as a liability on a consolidated balance sheet of such Person determined in accordance with GAAP.

"CLOSING" is defined in Section 3.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"COMPANY" means Wolverine World Wide, Inc., a Delaware corporation.

"COMPETITOR" shall mean any Person which is substantially engaged in the business of the manufacture or marketing of footwear.

"CONFIDENTIAL INFORMATION" is defined in Section 20.

"CONSOLIDATED FUNDED DEBT" means, as of any date of determination, the total of all Funded Debt of the Company and its Subsidiaries outstanding on such date, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in

accordance with GAAP.

"CONSOLIDATED NET EARNINGS" means, with reference to any period, the net income (or loss) of the Company and its Subsidiaries for such period (taken as a cumulative whole), as determined in accordance with GAAP, after eliminating all offsetting debits and credits between the Company and its Subsidiaries, all earnings or losses attributable to minority interests in Subsidiaries, and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP, provided that there shall be excluded:

(a) the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Company or a Subsidiary, and the income (or loss) of any Person, substantially all of the assets of which have been acquired in any manner, realized by such other Person prior to the date of acquisition,

(b) the income (or loss) of any Person (other than a Subsidiary) in which the Company or any Subsidiary has an ownership interest, except to the extent that any such income has been actually received by the Company

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or such Subsidiary in the form of cash dividends or similar cash distributions,

(c) the undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of its charter or any agreement, instrument, judgment, decree, order, or Law applicable to such Subsidiary,

(d) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of income accrued during such period,

(e) any aggregate net gain or net loss during such period arising from the sale, conversion, exchange or other disposition of capital assets (such term to include, without limitation, (i) all non-current assets and, without duplication, (ii) the following, whether or not current: all fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets, and all Securities),

(f) any gains resulting from any write-up of any assets,

(g) any net gain from the collection of the proceeds of life insurance policies,

(h) any gain arising from the acquisition of any Security, or the extinguishment, under GAAP, of any Debt, of the Company or any Subsidiary,

(i) any net income or gain or net loss during such period from (i) any change in accounting principles in accordance with GAAP, (ii) any prior period adjustments resulting from any change in accounting principles in accordance with GAAP, (iii) any extraordinary items, or (iv) any discontinued operations or the disposition thereof,

(j) any deferred credit representing the excess of equity in any Subsidiary at the date of acquisition over the cost of the investment in such Subsidiary,

(k) in the case of a successor to the Company by consolidation or merger, any earnings of the successor corporation prior to such consolidation or merger, and

(1) any portion of such net income that cannot be freely converted into United States Dollars.

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"CONSOLIDATED NET WORTH" means, at any time, (a) the sum of (i) the par value (or value stated on the books of the corporation) of the capital stock (but excluding treasury stock and capital stock subscribed and unissued) of the Company and its Subsidiaries plus (ii) the amount of the paid-in capital and retained earnings of the Company and its Subsidiaries, in each case as such amounts would be shown on a consolidated balance sheet of the Company and its Subsidiaries as of such time prepared in accordance with GAAP, minus (b) to the extent included in clause (a), all amounts properly attributable to minority interests, if any, in the stock and surplus of Subsidiaries.

"CONSOLIDATED TOTAL ASSETS" means as of the date of any determination thereof, total assets of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

"CONSOLIDATED TOTAL CAPITALIZATION" means, at any time, the sum of Consolidated Net Worth and Consolidated Funded Debt.

"CURRENT MATURITIES OF FUNDED DEBT" means, at any time and with respect to any item of Funded Debt, the portion of such Funded Debt outstanding at such time which by the terms of such Funded Debt or the terms of any instrument or agreement relating thereto is due on demand or within one year from such time (whether by sinking fund, other required prepayment or final payment at maturity).

"DEBT" means, with respect to any Person, without duplication, all obligations of such Person which would be classified as liabilities of such Person on a balance sheet of such Person prepared in accordance with GAAP, and in any case shall include:

(a) all liabilities of such Person for borrowed money;

(b) all liabilities of such Person incurred in connection with the acquisition of property (excluding accounts payable arising in the ordinary course of business but including, without limitation, all liabilities created or arising under any conditional sale or other title retention agreement with respect to any property, whether or not the rights and remedies of the seller, lender or lessor under agreement, in the event of default are limited to repossession or sale of property);

(c) all liabilities of such Person for Capitalized Rentals;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned directly or indirectly by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and

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(e) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"DEBT PREPAYMENT APPLICATION" means, with respect to any Transfer

of property, the application by the Company or its Subsidiaries of cash in an amount equal to the Net Proceeds Amount with respect to such Transfer to pay Senior Funded Debt of the Company (other than Senior Funded Debt owing to the Company, any of its Subsidiaries or any other Affiliate of the Company and other than Senior Funded Debt in respect of any revolving credit or similar credit facility providing the Company or any of its Subsidiaries with the right to obtain loans or other extensions of credit from time to time, except to the extent that in connection with such payment of Senior Funded Debt the availability of credit under such credit facility is permanently reduced by an amount not less than the amount of such proceeds applied to the payment of such Senior Funded Debt), PROVIDED THAT in the course of making such application the Company shall offer to prepay each outstanding Note in accordance with Section 8.7 in a principal amount which equals the Ratable Portion for such Note. If any holder of a Note fails to accept such offer of prepayment, then, the Ratable Portion for such Note shall not be deemed to constitute a Debt Prepayment Application except to the extent the Company shall pay other Senior Funded Debt with the Net Proceeds Amount otherwise payable on such Note. "RATABLE PORTION" for any Note means an amount equal to the product of (X) the Net Proceeds Amount being so applied to the payment of Senior Funded Debt MULTIPLIED BY (Y) a fraction the numerator of which is the outstanding principal amount of such Note and the denominator of which is the aggregate principal amount of Senior Funded Debt of the Company and its Subsidiaries.

"DEFAULT" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"DEFAULT RATE" means that rate of interest that is from time to time the greater of (i) 2% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2% over the rate of interest publicly announced by First Chicago NBD in Chicago, Illinois as its "base" or "prime" rate, such rate to change for purposes of determining the Default Rate when and as changes therein are made by such bank; provided that in no event shall the Default Rate at any time be greater than the maximum rate permitted by applicable law.

"DISPOSITION VALUE" means, at any time, with respect to any property

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(a) in the case of property that does not constitute Subsidiary Stock, the book value thereof, valued at the time of such disposition in good faith by the Company, and

(b) in the case of property that constitutes Subsidiary Stock, an amount equal to that percentage of book value of the assets of the Subsidiary that issued such Subsidiary Stock as is equal to the percentage that the book value of such Subsidiary Stock represents of the book value of all of the outstanding capital stock or other equity interests of such Subsidiary (assuming, in making such calculations, that all agreements and investments convertible into such capital stock or other equity interests are so converted and giving full effect to all transactions that would occur or be required in connection with such conversion) determined at the time of the disposition thereof, in good faith by the Company.

"ENVIRONMENTAL LAWS" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"EVENT OF DEFAULT" is defined in Section 11.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FAIR MARKET VALUE" means, at any time, the sale value of property that would be realized in an arm's length sale at such time between an informed and willing buyer, and an informed and willing seller, under no compulsion to buy or sell, respectively.

"FIXED CHARGES" for any period means on a consolidated basis the sum of (a) all Rentals (other than Rentals on Capitalized Leases) payable during such period by the Company and its Subsidiaries, and (b) all Interest Charges on all Debt (including the interest component of Rentals on Capitalized Leases) of the Company and its Subsidiaries.

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"FIXED CHARGES COVERAGE RATIO" means, at any time, the ratio of (a) Net Earnings Available for Fixed Charges for the period of four consecutive fiscal quarters ending on, or most recently ended prior to, such time to (b) Fixed Charges for such period.

"FUNDED DEBT" means, with respect to any Person, (a) all Debt of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, one year or more from, or is directly or indirectly renewable or extendible at the option of the obligor in respect thereof to a date one year or more (including, without limitation, an option of such obligor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more) from, the date of the creation thereof, (b) all Capitalized Rentals of such Person, and (c) all Guaranties by such Person of Funded Debt of others. "FUNDED DEBT" shall not include Debt of such Person outstanding under any revolving credit or similar agreement, if such agreement has been in effect for the one year period ending on the date of determination and during such period all Debt under such agreement has been fully paid (and not refinanced or otherwise financed from any other Debt) for a period of not less than 30 consecutive days in such one year period pursuant to the terms of such agreement; PROVIDED, that at the time of or as a result of the making of any such payment of such Debt, no Default or Event of Default shall have occurred at any time during such 30 consecutive day period. "FUNDED DEBT" shall include, as of any date of determination, Current Maturities of Funded Debt.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied.

"GOVERNMENTAL AUTHORITY" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

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"GUARANTY" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (I) for the purchase or payment of such Indebtedness or obligation, or (II) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of any other Person to make payment of the Indebtedness or obligation; or

(d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof. In any computation of the Indebtedness or other liabilities of the obligor under any Guaranty, the Indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"HAZARDOUS MATERIAL" means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

"HOLDER" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"INDEBTEDNESS" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

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(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(f) Swaps of such Person; and

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"INSTITUTIONAL INVESTOR" means (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form and (d) any other Person (other than a natural person) that is engaged in the business of purchasing notes, securities, obligations or financial assets, is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act, and is not, insofar as known to you, a Competitor.

"INTEREST CHARGES" means, with respect to any period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP): (A) all interest in respect of Debt of the Company and its Subsidiaries (including imputed interest on Capitalized Leases)

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deducted in determining Consolidated Net Earnings for such period, and (B) all debt discount and expense amortized or required to be amortized in the determination of Consolidated Net Earnings for such period.

"LAW" means any constitution, statute, regulation, rule, permit, administrative order, franchise, ordinance, judicial principle, or other law.

"LIEN" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capitalized Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements). The term "LIEN" does not include the interest or title of a lessor to such Person pursuant to a Capitalized Lease of such Person.

"MAKE-WHOLE AMOUNT" is defined in Section 8.6.

"MATERIAL" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets, properties

or prospects of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"MATERIAL SUBSIDIARY" means, at the date of any determination thereof, any Subsidiary that either (a) had assets that constituted 10% or more of Consolidated Total Assets as of the end of the then most recently completed fiscal quarter of the Company or (b) contributed 10% or more of Consolidated Net Earnings for the period of four fiscal quarters then most recently ended.

"MEMORANDUM" is defined in Section 5.3.

"MULTIEMPLOYER PLAN" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NET EARNINGS AVAILABLE FOR FIXED CHARGES" means, with respect to any period, the sum of (a) Consolidated Net Earnings for such period, plus (to the extent deducted in determining Consolidated Net Earnings) (b) all federal, state and other Taxes imposed on or measured by income or excess

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profits made by the Company and its Subsidiaries for such period, and plus (to the extent deducted in determining Consolidated Net Earnings) (c) Fixed Charges of the Company and its Subsidiaries for such period.

"NET PROCEEDS AMOUNT" means, with respect to any Transfer of any property by any Person, an amount equal to the DIFFERENCE of

(a) the aggregate amount of the consideration (valued at the Fair Market Value of such consideration at the time of the consummation of such Transfer) received by such Person in respect of such Transfer, MINUS

(b) all ordinary and reasonable out-of-pocket costs and expenses actually incurred by such Person in connection with such Transfer.

"NET PROCEEDS OF CAPITAL STOCK" means, with respect to any period, cash proceeds (net of all costs and out-of-pocket expenses in connection therewith, including, without limitation, placement, underwriting and brokerage fees and expenses), received by the Company and its Subsidiaries during such period, from the sale of all capital stock of the Company, including in such net proceeds:

(a) the net amount paid upon issuance and exercise during such period of any right to acquire any capital stock, or paid during such period to convert a convertible debt Security to capital stock (but excluding any amount paid to the Company upon issuance of such convertible debt Security); and

(b) any amount paid to the Company upon issuance of any convertible debt Security issued after the date of Closing and thereafter converted to capital stock during such period.

"NET REPURCHASE EXPENDITURES" means, as of any date of determination, the amount, if any, by which (a) the aggregate cash expenditures by the Company during the period (the "RELEVANT PERIOD") beginning with the date of the Closing and ending on the earlier of (i) such date of determination and (ii) the first anniversary of the date of the Closing, for the repurchase of capital stock of the Company EXCEEDS (b) the Net Proceeds of Capital Stock for the Relevant Period; provided, however, that for purposes of Section 10.2 Net Repurchase Expenditures shall not at any time exceed \$75,000,000.

"NOTES" is defined in Section 1.

"OFFICER'S CERTIFICATE" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"OTHER AGREEMENTS" is defined in Section 2.

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"OTHER PURCHASERS" is defined in Section 2.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"PERSON" means an individual, corporation, company, limited liability company, voluntary association, partnership, limited liability partnership, trust, unincorporated organization or joint venture or a government or any agency, instrumentality or political subdivision thereof, and for the purpose of the definition of "ERISA Affiliate", a trade or business.

"PLAN" means an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"PREFERRED STOCK" means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"PRIORITY DEBT" means as of the date of any determination, the sum of (a) all Debt of Subsidiaries (except Debt held by the Company or a Wholly-Owned Subsidiary) PLUS (b) Debt of the Company secured by a Lien other than a Lien permitted by any of clauses (a) - (i) of Section 10.3.

"PROPERTY" or "PROPERTIES" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"PROPERTY REINVESTMENT APPLICATION" means, with respect to any Transfer of property, the satisfaction of each of the following conditions:

a) an amount equal to the Net Proceeds Amount with respect to such Transfer shall have been applied to the acquisition by the Company, or any of its Subsidiaries making such Transfer, of property that upon such acquisition is unencumbered by any Lien (other than Liens described in subparagraphs (a) through (j), inclusive, of Section 10.3 and that

i) constitutes property that is (X) property classifiable under GAAP as non-current to the extent that such proceeds are derived from the transfer of property that was properly classifiable as non-current, and otherwise properly classifiable as either current or non-current, and (Y) to be used in the ordinary course of business of the Company and the Subsidiaries, or

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ii) constitutes equity interests of a Person that shall be, on or prior to the time of such acquisition, a Subsidiary of the Company, and that shall invest the proceeds of such acquisition in property of the nature described in the immediately preceding clause (i); and

b) the Company shall have delivered a certificate of a Responsible Officer of the Company to each holder of a Note referring to Section 10.7 and identifying the property that was the subject of such Transfer, the

Disposition Value of such property, and the nature, terms, amount and application of the proceeds from the Transfer.

"QPAM EXEMPTION" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"RENTALS" means, with respect to any period, the sum of all payments (including as such all payments which a lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Company or a Subsidiary, as lessee or sublessee under a lease of real or personal property (other than Capitalized Leases), EXCLUDING any amounts required to be paid by the Company or a Subsidiary (whether or not designated as rents or additional rents) (a) on account of maintenance, repairs, insurance, taxes and similar charges, or (b) which are based on profits, revenues or sales realized by the lessee from the leased property or otherwise based on the performance of the lessee.

"REQUIRED HOLDERS" means, at any time, the holders of at least 51% of the principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"RESPONSIBLE OFFICER" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this agreement.

"SECURITY" has the meaning set forth in section 2(1) of the Securities Act of 1933, as amended.

"SECURITIES ACT" means the Securities Act of 1933, as amended from time to time.

"SENIOR FUNDED DEBT" means (a) all Funded Debt of the Company that is not subordinated in right of payment and security to the Debt evidenced by the Notes in accordance with agreements and instruments satisfactory to the Required Holders and (b) all Funded Debt of any Subsidiary.

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"SENIOR FINANCIAL OFFICER" means the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, or the Treasurer of the Company.

"SUBSIDIARY" means, as to any Person, any corporation, association or other business entity in which such Person, or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries, owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries, or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"SUBSIDIARY STOCK" means, with respect to any Person, the stock or other equity interests (or any options or warrants to purchase stock or other equity interests, or other Securities exchangeable for or convertible into stock or other equity interests) of any Subsidiary of such Person.

"SUCCESSOR CORPORATION" has the meaning set forth in Section 10.6.

"SWAPS" means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

"TAXES" has the meaning set forth in Section 5.9.

"TRANSFER" means, with respect to any Person, any transaction in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including, without limitation, Subsidiary Stock, but excluding cash or marketable securities or stock of the Company. An issuance of capital stock or other equity interests of a Subsidiary shall constitute a Transfer by such Subsidiary; provided that the issuance

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thereof to the Company or a Wholly-Owned Subsidiary shall not constitute a Transfer and further provided that the issuance of capital stock or other equity interests in a Subsidiary shall not constitute a Transfer if, after giving effect thereto, the direct and indirect ownership interest of the Company in the issuing Subsidiary is at least equal to, or greater than, such ownership prior thereto. For purposes of determining the application of the Net Proceeds Amount in respect of any Transfer, the Company may designate any Transfer as one or more separate Transfers each yielding a separate Net Proceeds Amount. In any such case, the Disposition Value of any property subject to each such separate Transfer shall be determined by ratably allocating the aggregate Disposition Value of all property subject to all such separate Transfers to each such separate Transfer on a proportionate basis.

"WHOLLY-OWNED SUBSIDIARY" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

"YEAR 2000 ISSUES" means the anticipated costs, problems and uncertainties associated with the inability of certain computer applications to handle effectively data that includes dates before, on, and after January 1, 2000, as such inability affects the business, operations, affairs, financial condition, assets, properties or prospects of the Company and its Subsidiaries and of their respective customers, suppliers and vendors.

EXHIBIT 1 TO NOTE PURCHASE AGREEMENT
FORM OF SENIOR NOTE DUE DECEMBER 8, 2008
WOLVERINE WORLD WIDE, INC.
6.50% SENIOR NOTE DUE DECEMBER 8, 2008

No. [R-_____]
 \$[_____]

[Date of Issue]
 PPN 978097B*3

FOR VALUE RECEIVED, the undersigned, Wolverine World Wide, Inc. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on [_____], with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 6.50% per annum from the date hereof, payable semiannually, on the 8th day of December and June in each year, commencing with the December or June next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate (as defined in the Note Purchase Agreements referred to below).

Subject to Section 14.2 of each Note Purchase Agreement (as defined below), payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of The Bank of New York, New York City, New York, or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to separate Note Purchase Agreements, dated as of December 8, 1998 (as from time to time amended, the "Note Purchase Agreements"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreements and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreements.

This Note is registered on the books of the Company and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration, in the books of the Company, of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee.

Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreements. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

THIS NOTE IS GOVERNED BY AND IS TO BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCLUDING CHOICE OF LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

WOLVERINE WORLD WIDE, INC.

By: _____
Name:
Title:

EXHIBIT 4.6

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of January 9, 1998 (this "Amendment"), is among WOLVERINE WORLD WIDE, INC., a Delaware corporation (the "Company"), the banks set forth on the signature pages hereof (collectively, the "Banks") and NBD BANK, a Michigan banking corporation, as agent for the Banks (in such capacity, the "Agent").

RECITALS

A. The Company, the Agent and the Banks (other than Michigan National Bank) are parties to a Credit Agreement dated as of October 11, 1996 (the "Credit Agreement"),

B. The Company desires to amend the Credit Agreement to add Michigan National Bank as a Bank and to modify the Commitments as set forth herein, and the Agent and the Banks are willing to do so strictly in accordance with the terms hereof.

TERMS

In consideration of the premises and of the mutual agreements herein contained, the parties agree as follows:

ARTICLE I. AMENDMENTS. Upon fulfillment of the conditions set forth in Article III hereof, the Credit Agreement shall be amended as follows;

1.1 Michigan National Bank ("MNB") is hereby added as a Bank to the Credit Agreement. MNB hereby assumes an interest in and to all of the rights and obligations of a Bank under the Credit Agreement as of the date hereof with a Commitment equal to the amount set forth next to its signature on this Amendment. Neither the Agent nor any of the Banks (i) makes any representation or warranty and assume no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; and (ii) makes any representation or warranty and assume no responsibility with respect to the financial condition of the Company or the performance or observance by the Company of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto. MNB (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 6.6 thereof and such other documents and information as it has deemed

appropriate to make its own credit analysis and decision to enter into this Amendment; (ii) agrees that it will, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (iv) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Bank. MNB's address for notices is as set forth next to its signature on this Amendment.

1.2 The aggregate Commitments shall be increased to

\$150,000,000, and each Bank's Commitment is modified such that each Bank's Commitment on the effective date hereof shall be equal to the amount set forth next to the signature of such Bank on this Amendment and the amount set forth next to the signature of each Bank on the Credit Agreement as its Commitment shall be deemed equal to the amount set forth to such Bank's signature on this Amendment.

ARTICLE II. REPRESENTATIONS. The Company represents and warrants to the Agent and the Banks that:

2.1 The execution, delivery and performance of this Amendment and the New Notes (as defined below) are within its powers, has been duly authorized and is not in contravention with any law, of the terms of its Articles of Incorporation or By-laws, or any undertaking to which it is a party or by which it is bound.

2.2 This Amendment and the New Notes are the legal, valid and binding obligation of the Company enforceable against it in accordance with their terms.

2.3 After giving effect to the amendments herein contained, the representations and warranties contained in Article VI of the Credit Agreement are true on and as of the date hereof with the same force and effect as if made on and as of the date hereof.

2.4 No Event of Default or event or condition which could become an Event of Default with notice or lapse of time or both exists or has occurred and is continuing on the date hereof,

ARTICLE III. CONDITIONS OF EFFECTIVENESS. This Amendment shall not become effective until each of the following has been satisfied:

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3.1 This Amendment shall be signed by the Company, the Agent and the Banks.

3.2 The Company shall have executed and delivered new Notes (the "New Notes") in replacement and substitution for the existing Notes (the "Existing Notes"), which New Notes shall be in the amount of each Bank's Commitment as revised by this Amendment.

3.3 The Company shall deliver such resolutions, incumbency certificates and opinions of counsel as required by the Agent in connection herewith.

3.4 The Company shall pay an amendment fee to the Agent for the benefit of the Banks in an amount of 2.5 basis points of the amount of each Bank's commitment as revised by this Amendment.

ARTICLE IV. MISCELLANEOUS.

4.1 References in the Loan Documents to (a) the Credit Agreement shall be deemed to be references to the Credit Agreement as amended hereby and as further amended from time to time and (b) the Existing Notes shall be references to the New Notes, together with any promissory note or notes issued in exchange or replacement thereof and as amended or modified from time to time. The Company acknowledge and agree that (i) the New Notes are issued in exchange and replacement for the Existing Notes, (ii) the New Notes shall not be deemed a novation or satisfaction of the Existing Notes, (iii) the New Notes evidence the same indebtedness and liabilities as the Existing Notes plus additional amounts, and (iv) all amounts payable under the Existing Notes shall be deemed payable under the New Notes in accordance with the terms thereof.

4.2 The Company agrees to pay and to save the Agent harmless for

the payment of all costs and expenses arising in connection with this Amendment, including the reasonable fees or counsel to the Agent in connection with preparing this Amendment and any related documents.

4.3 Except as expressly amended hereby, the Company agrees that the Loan Documents are ratified and confirmed and shall remain in full force and effect and that it has no set off, counterclaim, defense or other claim or dispute with respect to any of the foregoing. Terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

4.4 This Amendment may be signed upon any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

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IN WITNESS WHEREOF, the parties signing this Amendment have caused this Amendment to be executed and delivered as of January 9, 1998.

WOLVERINE WORLD WIDE, INC.

By: _____

Its: _____

By: _____

Its: _____

Commitment Amount: \$44,000,000 NBD Bank, as Agent and as a Bank

By: _____

Its: _____

Commitment Amount: \$34,000,000 HARRIS TRUST AND SAVINGS BANK

By: _____

Its: _____

Commitment Amount: \$29,000,000 COMERICA BANK

By: _____

Its: _____

Address for Notices:

Attention: Brian Hudson
77 Monroe Center NW, 2nd Floor
Grand Rapids, MI 49501
Commitment Amount: \$23,000,000

MICHIGAN NATIONAL BANK

By: _____

Its: _____

Commitment Amount: \$10,000,000

OLD KENT BANK

By: _____

Its: _____

Commitment Amount: \$10,000,000

ABN AMRO BANK NV

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT 10.6

EMPLOYMENT AGREEMENT

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

R E C I T A L S :

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

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

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

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

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

4. COMPENSATION. For the services to be rendered by Executive as provided in this Agreement, Employer agrees to pay Executive in thirteen (13) equal installments during each year, a base salary of not less than Six Hundred Thousand Dollars (\$600,000) per annum, payable effective as of April 27, 1998 and prorated for any partial year of employment. Executive's base salary may be increased at the discretion of Employer's Board of Directors and/or its Compensation Committee at any time and from time to time during the term of this Agreement. Executive's base salary may be decreased, with the consent of Executive, by Employer's Board of Directors and/or its Compensation Committee at any time and from time to time during the term of this Agreement. Upon any such increase or decrease in Executive's base salary, the new rate shall without further action by the parties be deemed to be substituted for the rate set forth in this Agreement and this Agreement shall be deemed to be amended accordingly.

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

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

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

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

(d) Employer shall provide Executive with the benefits of a term life insurance policy in the amount of Five Hundred Thousand Dollars (\$500,000) payable to his designated beneficiaries, in addition to the benefits of all other life insurance plans as provided in this Agreement. Upon termination of Executive's

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employment (except for voluntary resignation by Executive without Good Reason or termination of Executive's employment by the Employer for Cause), such Five Hundred Thousand Dollar (\$500,000) life insurance policy shall be assigned to Executive and Employer shall pay all premiums due after any such assignment until the expiration of the term of this Agreement. In the event of voluntary resignation without Good Reason by Executive or termination of Executive for Cause, at Executive's option, such life insurance policy shall be assigned to Executive and Executive shall pay all premiums due after such assignment.

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

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

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

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

upper echelon executives of Employer, or their equivalent.

(i) Employer and Executive are party to a Supplemental Executive Retirement Plan ("SERP") Participation Agreement dated January 1, 1996. In consideration of entering into this Agreement, Executive will be credited with two (2) additional years of "deemed service" under SERP Section 5.1(a). Additionally, Executive's retirement benefits under the SERP will be calculated based upon Executive's "Average Earnings" for 1997, 1998 and 1999 rather than "Average Earnings" for the four consecutive highest compensation years out of the ten preceding retirement, and without annualization of any earnings in 2000, and the definition of "Average Earnings" in Executive's SERP Agreement is hereby amended to provide for the calculation of "Average Earnings" consistent with this provision.

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(j) If Executive remains employed under this Agreement through April 30, 2000, he will be credited with years of service under the SERP equal to his actual service as of April 30, 2000, (16 years, including years of deemed service in Section 5(i) of this Agreement), plus four (4) additional years of "deemed service" under SERP Section 5.1(a) (iii), (for the total years of service under the SERP of 20 years). Executive shall also be credited with an additional four (4) years of deemed service under the SERP (for total years of service under the SERP of 24 years) if the Employer's Board of Directors determines that the planning and effectuation of the transition from Executive to his successor have been carried out successfully (such determination to be made in the Board's good faith discretion, and to be made by April 30, 2000). Additional years of "deemed service" credited in accordance with this Section 5(j) are collectively referred to as the "Additional SERP Benefit."

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

(i) If the Employer's net earnings as reported in Employer's audited financial statements for its fiscal year 2001 exceed the Employer's net earnings for its fiscal year 2000 by at least 10%, all 40,000 shares shall vest as of April 30, 2002; or

(ii) If the Employer's net earnings for its fiscal year 2001 exceed the Employer's net earnings for its fiscal year 2000 by at least 5% but less than 10%, the number of shares that shall vest as of April 30, 2002 shall be: the percentage increase in net earnings in excess of 5% divided by 5% times 40,000 (for example, if the increase in net earnings was 6.32%, the number of shares to vest would be 1.32% divided by 5% times 40,000 = 10,560), and the balance of the 40,000 shares shall be forfeited; or

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

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

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

(ii) If the average closing per share price of the Employer's common stock as reported on the NYSE for the 10 trading days preceding April 30, 2001 is greater than the average closing per share price for the 10 trading days preceding April 30, 2000, but such increase is less than 15%, the number of restricted shares that shall vest as of April 30, 2001 shall be the percentage increase in the average closing per share price divided by 15% times 22,500 (for example, 7.5% divided by 15% times 22,500 = 11,250), and the balance of the 22,500 restricted shares shall be forfeited; or

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

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

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

6. ADDITIONAL BENEFITS. The provisions of this Agreement with respect to compensation and other benefits payable to Executive shall not preclude or in any way affect the grant by Employer or the receipt by Executive of increases in base salary or total compensation, or bonuses, or additional compensation, contingent or otherwise, to be determined solely

in the discretion of Employer's Board of Directors and/or its Compensation Committee, or by other persons or groups to whom such authority is legally delegated.

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

expenses of Executive's spouse incurred on more than two business trips per year with the prior approval of Employer's Board of Directors, and/or its Compensation Committee.

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

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

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

(c) TERMINATION BY EMPLOYER FOR CAUSE. Employer may terminate Executive's employment for Cause. For purposes of this Agreement, "Cause" shall mean: (i) the willful and continued failure by Executive to substantially perform his duties with Employer (other than any such failure resulting from Executive's incapacity due to physical or mental illness, or any such actual or anticipated failure resulting from Executive's termination for Good Reason) after a demand for substantial performance is delivered to Executive by Employer's Board of Directors (which demand shall specifically identify the manner in which the Board believes that Executive has not substantially performed his duties); or (ii) the commission of a felony or other gross misbehavior injurious to Employer or its reputation, as determined by Employer's Board of Directors; or (iii) willful

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misconduct by Executive which is intended to result in material harm to the business or goodwill of the Employer. For purposes of this Section, no act or failure to act on the part of Executive shall be considered "willful" unless done or omitted to be done by Executive not in good faith and without reasonable belief that his action(s) or omission(s) was in the best interests of Employer.

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

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

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

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

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

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aggregate investment in such residence or (B) the fair market value of such residence as determined by a real estate appraiser designated by Executive and reasonably satisfactory to Employer) realized in the sale of Executive's principal residence in connection with any such relocation;

(v) The failure by Employer to continue to provide Executive with benefits substantially similar to those enjoyed by Executive under any benefit or compensation plan, pension, life insurance, medical, health and accident or disability plan in which Executive is currently participating, the taking of any action by Employer which would adversely affect Executive's participation in or materially reduce Executive's benefits under any of such plans or deprive Executive of any material fringe benefit currently enjoyed by Executive, or the failure by Employer to provide Executive with the number of paid vacation days to which Executive is then entitled on the basis of years of service with Employer in accordance with this Agreement and Employer's normal vacation policy in effect on the date of this Agreement;

(vi) The failure of Employer to obtain the assumption of Employer's obligations under this Agreement by any successor as contemplated in Section 14 of this Agreement;

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

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

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

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

9. NOTICE OF TERMINATION. Any purported termination of Executive's employment by Employer or by Executive shall be communicated by written

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

10. DATE OF TERMINATION. "Date of Termination" shall mean (a) the date of Executive's death under Section 8(a); (b) if this Agreement is terminated for Disability, the time specified in Section 8(b) of this Agreement; and (c) if Executive's employment is terminated for any reason other than death or Disability, the date specified in the Notice of Termination (which, in the case of a termination pursuant to Section 8(d) above shall not be more than sixty (60) days from the date such Notice of Termination is given); provided, that, if within thirty (30) days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a binding arbitration award; and provided further, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, Employer will continue to pay Executive his full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue Executive as a participant in all compensation, benefit and insurance plans, subject to the terms of this Agreement, in which Executive was participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Section. Amounts paid under this Section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement; provided, however, in the event that the Date of Termination shall be extended by a notice of dispute and such dispute is resolved in favor of the Employer, then the Employer may credit and offset any compensation paid to Executive after the date specified in the Notice of Termination against any payments due to Executive hereunder or, at Employer's option, such payments shall be reimbursed by the Executive to Employer.

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

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

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

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

(a) By Executive's death or due to Executive's Disability, Executive will be entitled to the payments and benefits provided in Section 11 of this Agreement and will receive credit for eight

(8) years of "deemed service" under Section 5(j) (the Additional SERP Benefit) the same as if all conditions for such credit were satisfied under Section 5(j). If Executive's employment is terminated before April 30, 2000 by Executive's death or due to Executive's Disability, all 62,500 shares of restricted stock covered by Sections 5(k) and (l) shall be forfeited.

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

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

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

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

(i) an amount equal to the amount, if any, of the deferred portion of any awards which pursuant to the Plans has been awarded to Executive but which have not yet been paid to Executive as well as a bonus for the year prior to termination if not yet awarded and for the year of termination prorated through the date of termination, both based on 100% of any bonus awarded Executive for the immediately preceding year, or the average of Executive's

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bonus awards pursuant to the Plans for the two immediately preceding years, whichever is greater, and including in either case the amount of deferred distributions, if any, which have accrued to Executive's account;

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

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

(iv) All reasonable legal fees and expenses incurred by Executive as a result of such termination if Executive substantially prevails in enforcing his rights under this Agreement (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement);

(v) In lieu of the \$1.00 par value per share common stock of Employer ("Company Shares") issuable upon the exercise of options that have been awarded to Executive (whether or not exercisable or vested, but excluding options or portions thereof which have lapsed without being

exercised by Executive), under any and all Employer stock option plans or agreements, (which options shall be canceled upon payment of the amount set forth below), Executive shall receive an amount in cash equal to one hundred percent (100%) of the aggregate positive spread between the exercise prices of all such options held by Executive, whether or not then fully exercisable, and the closing price of Company Shares as reported on the New York Stock Exchange on the Date of Termination or the last trading date preceding the Date of Termination;

(b) If Employer shall terminate Executive's employment without Cause or if Executive terminates his employment for Good Reason and at the time of termination any restrictions against sale, transfer or other disposition of Company Shares awarded to Executive under any

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restricted stock plan or agreement have not lapsed on the Date of Termination, (i) Employer shall declare the restrictions to have lapsed with respect to those shares, provided such restrictions would have lapsed prior to April 30, 2000; and (ii) all restrictions on the 62,500 shares of restricted common stock issued pursuant to Sections 5(k) and (l) of this Agreement shall immediately lapse, and all such shares shall become the property of Executive without restrictions.

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

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

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

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

(f) If Executive's employment is terminated under circumstances entitling Executive to payments and benefits under this Agreement and the Executive Severance Agreement between Executive and Employer (a "change in control termination"), all payments and benefits due to Executive shall be determined exclusively in accordance with the Executive Severance Agreement and the terms of this Agreement shall not apply to the determination of payments or benefits due to Executive in the event of a change in control termination. Without limiting the foregoing, in the event of a change in control termination, Executive will not be entitled to credit for any additional years of "deemed service" referenced in Section 5(j) (the Additional SERP Benefit) or any of the restricted shares referenced in Sections 5(k) or (l). Notwithstanding the foregoing, in the event of a change in control termination, Executive shall be entitled to the assignment of life insurance in accordance with Section 5(d).

14. SUCCESSORS; BINDING AGREEMENT.

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

such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Employer" shall mean Employer as defined in this Agreement and any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

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

designee, to his estate.

15. NONCOMPETITION. Recognizing that his skill, experience and knowledge are unique and are a material inducement to Employer to enter into this Agreement, Executive agrees that during his employment, and for an additional period of sixty (60) months after any termination of his employment (provided the Employer complies with this Agreement), Executive will not (i) enter employment with, or, directly or indirectly, own an interest in, or manage, operate, control or participate in the business of, or furnish services or advice to, any company whose business is similar to or in competition with that of Employer without the express authorization of Employer's Board of Directors; or (ii) solicit or suggest to any customer, distributor or other person doing business with Employer that they should cease or diminish their business with Employer or do business with any other person or entity, to any extent, instead of Employer; or (iii) solicit or suggest to any employee of Employer that s/he should terminate employment with Employer or provide services or advice to any competitor of Employer. This provision shall not, however, restrict the right of Executive to own less than five percent (5%) of a class of equity securities in any company listed on a national or regional stock exchange, regardless of the nature of its business. The geographic scope of the covenant against competition in this Section 15 is worldwide. The parties hereto agree that in view of all the facts and circumstances, this provision is neither an unreasonable restraint nor unconscionable.

16. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and such officer as may be specifically designated by Employer's Board of Directors. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of the same or similar or dissimilar

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provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this Agreement have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

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

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

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

20. ARBITRATION. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration in Rockford, Michigan, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that Executive shall be entitled to seek specific performance of his right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

21. WAR OR NATIONAL EMERGENCY. Employer agrees that, in the event of a war or national emergency, Executive will, at his request, be granted a

leave of absence for military or governmental service and during said period of leave of absence shall be paid such compensation as may be fixed by, or with the authority of Employer's Board of Directors. During any such leave of absence, Executive shall, except with respect to his rights to the compensation provided in this Agreement and his obligation to perform such active duties of Employer, be deemed, for the purposes of this Agreement, to be continuing in the employment of Employer pursuant to the Agreement.

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

-15-

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

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

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

WOLVERINE WORLD WIDE, INC.

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

Geoffrey B. Bloom

EXHIBIT 10.11

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

2.4%	2.0%
-----	-----
Geoffrey B. Bloom	Owen S. Baxter
Louis A. Dubrow	William J.B. Brown
Steven M. Duffy	Arthur G. Croci
V. Dean Estes	Richard C. DeBlasio
Stephen L. Gulis, Jr.	John Deem
Blake W. Krueger	Ted Gedra
Timothy J. O'Donovan	Blaine C. Jungers
Robert J. Sedrowski	Thomas P. Mundt
John Deem	James Riedy
	Dan L. West
	Nicholas P. Ottenwess

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT
WOLVERINE WORLD WIDE, INC.

NAME	STATE OR COUNTRY OF INCORPORATION OR ORGANIZATION
Aquadilla Shoe Corporation	Michigan
Brooks France, S.A.	France
BSI Shoes, Inc.	Michigan
Dominican Wolverine Shoe Company Limited	Cayman Islands
Frolic de Mexico S.A. de C.V.	Mexico
Hush Puppies Canada Footwear, Ltd.	Canada
Hush Puppies Retail, Inc. d/b/a Little Red Shoe House	Michigan
Hush Puppies Factory Direct	
Hush Puppies (UK) Ltd.	England
Hy-Test, Inc.	Michigan
Merrell Europe Ltd.	England
Spartan Shoe Company Limited	Cayman Islands
Wolverine CIS, Ltd.	Russia
Wolverine de Costa Rica, S.A.	Costa Rica
Wolverine Design Center, Inc.	Michigan
Wolverine Outdoors, Inc.	Michigan
Wolverine Procurement, Inc.	Michigan
Wolverine Russia, Inc.	Michigan
Wolverine Slipper Group, Inc.	Michigan
Wolverine Sourcing, Inc.	Michigan

All of the subsidiaries of the Registrant are wholly owned.

Exhibit 23 - Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-49523, 33-63689, 33-55213, 33-64854, 33-23195, 33-23196, 2-92600 and 2-68548) pertaining to various stock option and incentive plans of Wolverine World Wide, Inc. of our report dated February 8, 1999, with respect to the consolidated financial statements and schedule of Wolverine World Wide, Inc. and subsidiaries included in the Annual Report on Form 10-K for the fiscal year ended January 2, 1999.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
March 30, 1999

EXHIBIT 24

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 2, 1999, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

DATE

SIGNATURE

March 1, 1999

/S/ DONALD V. FITES

EXHIBIT 24

POWER OF ATTORNEY

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premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

DATE

SIGNATURE

January 25, 1999

/S/ GEOFFREY B. BLOOM

EXHIBIT 24

POWER OF ATTORNEY

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DATE

SIGNATURE

January 26, 1999

/S/ DANIEL T. CARROLL

EXHIBIT 24

POWER OF ATTORNEY

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DATE

SIGNATURE

January 25, 1999

/S/ ALBERTO L. GRIMOLDI

EXHIBIT 24

POWER OF ATTORNEY

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DATE

SIGNATURE

January 21, 1999

/S/ DAVID T. KOLLAT

EXHIBIT 24

POWER OF ATTORNEY

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premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

DATE

SIGNATURE

January 21, 1999

/S/ PHILLIP D. MATTHEWS

EXHIBIT 24

POWER OF ATTORNEY

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DATE

SIGNATURE

January 26, 1999

/S/ DAVID P. MEHNEY

EXHIBIT 24

POWER OF ATTORNEY

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DATE

SIGNATURE

January 21, 1999

/S/ TIMOTHY J. O'DONOVAN

EXHIBIT 24

POWER OF ATTORNEY

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DATE

SIGNATURE

January 22, 1999

/S/ JOSEPH A. PARINI

EXHIBIT 24

POWER OF ATTORNEY

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

DATE

SIGNATURE

February 2, 1999

/S/ JOAN PARKER

EXHIBIT 24

POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint GEOFFREY B. BLOOM; TIMOTHY J. O'DONOVAN; STEPHEN L. GULIS, JR.; BLAKE W. KRUEGER; and JEFFREY A. OTT, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended January 2, 1999, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

DATE

SIGNATURE

February 2, 1999

/S/ ELIZABETH A. SANDERS

EXHIBIT 24

POWER OF ATTORNEY

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DATE

SIGNATURE

January 21, 1999

/S/ PAUL D. SCHRAGE

<ARTICLE>

5

<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS OF WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES FOR THE PERIOD ENDED JANUARY 2, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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