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

# FORM 10-K

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

**For the fiscal year ended December 31, 2011**

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

**For the transition period from to**

**Commission File Number: 001-6024**

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

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

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 |

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

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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. ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |

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

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 June 17, 2011, the last business day of the registrant's most recently completed second fiscal quarter: $1,851,731,010. Number of shares outstanding of the registrant's Common Stock, $1 par value as of February 24, 2012: 48,662,725.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held April 19, 2012 are incorporated by reference into Part III of this report.

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## FORWARD-LOOKING STATEMENTS

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

- changes in national, regional or global economic and market conditions;
- the impact of financial and credit markets on the Company, its suppliers and customers;
- changes in interest rates, tax laws, duties, tariffs, quotas or applicable assessments in countries of import and export;
- the impact of regulation, regulatory and legal proceedings, and legal compliance risks;
- currency fluctuations;
- changes in future pension funding requirements or pension expenses;
- the risks of doing business in developing countries, and politically or economically volatile areas;
- the ability to secure and protect owned intellectual property or use licensed intellectual property;
- changes in consumer preferences, spending patterns, buying patterns, price sensitivity or demand for the Company’s products;
- changes in relationships with, including the loss of, significant customers;
- the cancellation of orders for future delivery;
- the failure of the Department of Defense to exercise future purchase options or award new contracts, or the cancellation or modification of existing contracts by the Department of Defense or other military purchasers;
- the cost, availability and management of raw materials, inventories, services and labor for owned and contract manufacturers;
- service interruptions at shipping and receiving ports;
- the inability for any reason to effectively compete in global footwear, apparel and consumer-direct markets;
- strategic actions, including new initiatives and ventures, acquisitions and dispositions, and our success in integrating acquired businesses and implementing new initiatives and ventures; and
- many other matters of national, regional and global scale, including those of a political, environmental, economic, business and competitive nature.

These uncertainties could cause a material difference between a forward-looking statement and an actual outcome. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A, “Risk Factors” of this Annual Report on Form 10-K. The Company does not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

# PART I

## Item 1. Business

### General

Wolverine World Wide, Inc. (the "Company") is a leading designer, manufacturer and marketer of a broad range of quality casual footwear and apparel, performance outdoor footwear and apparel, industrial work shoes, boots and apparel, and uniform shoes and boots. The Company, a Delaware corporation, is the successor 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.

Approximately 52 million pairs/units of the Company's branded footwear and apparel were sold in the fiscal year ended December 31, 2011 ("fiscal year 2011") in more than 190 countries and territories around the world. The Company's products generally feature contemporary styling with proprietary technologies designed to provide maximum comfort and performance. The products are marketed under widely recognized brand names, including *Bates®*, *Cat®* Footwear, *Chaco®*, *Cushe®*, *Harley-Davidson®* Footwear, *Hush Puppies®*, *HyTest®*, *Merrell®*, *Patagonia®* Footwear, *Sebago®*, *Soft Style®* and *Wolverine®*. The Company believes that its primary competitive advantages are its well-recognized brand names, its patented proprietary designs and comfort technologies, its wide range of distribution channels and its diversified manufacturing and sourcing base. *Cat®* is a registered trademark of Caterpillar, Inc., *Harley-Davidson®* is a registered trademark of H-D Michigan, Inc. and *Patagonia®* is a registered trademark of Patagonia, Inc.

The Company's brands are sold at various price points targeting a wide range of consumers of casual, work and outdoor footwear and apparel. The Company also licenses some of its brands for use on products other than footwear or apparel. The Company has one reportable segment that is engaged in designing, manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. In January 2011, the Company realigned the operating groups included in the branded footwear, apparel and licensing reportable segment. As a result, the Company now identifies three operating groups within its reportable segment: (i) the **Outdoor Group**, consisting of *Merrell®*, *Patagonia®* and *Chaco®* footwear, and *Merrell®* brand apparel and accessories, (ii) the **Heritage Group**, consisting of *Wolverine®* boots and shoes and *Wolverine®* brand apparel, and *Cat®* footwear, *Bates®*, *Harley-Davidson®* footwear and *HyTest®* footwear, and (iii) the **Lifestyle Group**, consisting of *Hush Puppies®* footwear and apparel, *Sebago®* footwear and apparel, and *Cushe®* and *Soft Style®* footwear.

The Company's Global Operations Group is responsible for manufacturing, sourcing, distribution and customer support. The Company directly sells its products in the United States, Canada and certain countries in Europe to a wide range of retail customers, including department stores, national chains, catalogs, specialty retailers, mass merchants and Internet retailers, and to governments and municipalities. Many of the retailers carrying Wolverine products operate multiple storefront locations. The Company's products are marketed worldwide in more than 190 countries and territories through Company-owned wholesale and retail operations, licensees and distributors.

For financial information regarding the Company, see the consolidated financial statements and the accompanying notes, which are attached as Appendix A to this Annual Report on Form 10-K. As described above, the Company has one reportable segment, branded footwear, apparel and licensing. The Company's other operating groups consist of its consumer-direct operations and leathers operations, which are described below. Financial information regarding the Company's reportable segment and other operating groups and financial information by geographic area is found in Note 9 to the consolidated financial statements of the Company that are attached as Appendix A to this Annual Report on Form 10-K.

**Branded Footwear, Apparel and Licensing**

The Company sources and markets a broad range of footwear styles, including shoes, boots and sandals under many recognizable brand names, including *Bates*®, *Cat*®, *Chaco*®, *Cushe*®, *Harley-Davidson*®, *Hush Puppies*®, *HyTest*®, *Merrell*®, *Patagonia*®, *Sebago*®, *Soft Style*® and *Wolverine*®. The Company combines quality materials and skilled workmanship to produce footwear according to its specifications at both Company-owned and third-party manufacturing facilities. The Company also markets *Merrell*®, *Sebago*®, and *Wolverine*® brand apparel and accessories and licenses some of its brands for use on non-footwear products, including *Hush Puppies*® apparel, eyewear, watches, socks, handbags and plush toys and *Wolverine*® brand eyewear and gloves.

The Company's branded footwear, apparel and licensing operating groups for fiscal year 2011 are described below.

1. **The Outdoor Group** The Outdoor Group consists of *Merrell*® footwear, *Merrell*® apparel and accessories, *Patagonia*® footwear and *Chaco*® footwear.

   ***Merrell® Footwear:*** *Merrell*® footwear is designed to inspire and encourage everyone to increase participation in the outdoors. Known for quality, durability and comfort, the *Merrell*® footwear line uses a variety of proprietary designs and technologies to create footwear with unique styling, performance and comfort features for the trail or the town. *Merrell*® footwear products offer a wide range of styles from technical hiking, multi-sport footwear and the minimalist Merrell ® Barefoot Collection to versatile, lifestyle product for more casual outdoor adventures for men, women and kids. *Merrell*® footwear products are sold primarily through outdoor specialty retailers, sporting goods chains, department stores, on-line retailers and catalogs. *Merrell*® footwear is marketed in approximately 150 countries and territories worldwide.

   ***Merrell® Apparel and Accessories:*** The *Merrell*® apparel line extends the *Merrell*® commitment to an active outdoor lifestyle with a versatile line of apparel built for the summit or the street. The apparel line features stylized lifestyle silhouettes built with the technical, high performance, weather fighting materials that consumers expect from an outdoor brand. In addition to *Merrell*® apparel, the Outdoor Group markets *Merrell*® accessories, including packs, bags and luggage for men and women.

   ***Patagonia® Footwear:*** Pursuant to an agreement with Lost Arrow Corporation, the Company has the exclusive footwear marketing and distribution rights under *Patagonia*® and other trademarks. The *Patagonia*® footwear line focuses primarily on casual and outdoor performance footwear. *Patagonia*® is a registered trademark of Patagonia, Inc.

   ***Chaco® Footwear:*** The *Chaco*® footwear line focuses primarily on performance sandals and closed-toe products for the outdoor enthusiast.

2. **The Heritage Group** The Heritage Group markets footwear, apparel and accessories products under the *Wolverine*® brand and footwear under the *Cat*®, *Bates*®, *Harley-Davidson*® and *HyTest*® brands.

   ***Wolverine® Footwear:*** The *Wolverine*® brand offers high quality boots and shoes that incorporate innovative technologies to deliver comfort and durability. The *Wolverine*® brand, which has been in existence for 129 years, markets footwear in three categories: (i) work and industrial; (ii) outdoor sport; and (iii) rugged casual. The development of *DuraShocks*®*, MultiShox*®, *Wolverine Fusion*® and *Wolverine Compressor*® technologies, as well as the development of the *Contour Welt*® line, have allowed the *Wolverine*® *brand to offer a broad* line of work footwear with a focus on comfort. The *Wolverine*® work product line, whose target consumers are industrial workers, features work boots and shoes with protective features such as toe caps, metatarsal guards and electrical hazard protection. The *Wolverine*® rugged casual and outdoor sport product lines incorporate *DuraShocks*®, *Wolverine iCS*™ and other technologies and comfort features into products designed for casual and outdoor sport use. The target consumers for the rugged casual line products have active lifestyles. The outdoor sport line is designed to meet the needs of hunters, fishermen and other active outdoor sports enthusiasts.

***Wolverine® Apparel and Licensing:*** The Heritage Group markets a line of work and rugged casual *Wolverine*® brand apparel. In addition, the Company licenses its *Wolverine*® brand for use on eyewear and gloves.

***Cat® Footwear:*** Pursuant to a license arrangement with Caterpillar, Inc., the Company has exclusive footwear marketing and distribution rights under *Caterpillar*®, *Cat*®, Cat & Design, *Walking Machines*® and other trademarks. The Company believes the association with *Cat*® equipment encourages customers to view the footwear as high-quality, rugged and durable. *Cat*® brand footwear products include work boots and shoes, sport boots, rugged casual and lifestyle footwear, including lines of work and casual footwear featuring *iTechnology*™ and *Hidden Tracks*® comfort features. *Cat*® footwear targets work and industrial users and active lifestyle users. *Cat*® footwear is marketed in approximately 145 countries and territories worldwide. *Cat*®, *Caterpillar*®, Cat & Design and *Walking Machines*® are registered trademarks of Caterpillar Inc.

***Bates® Uniform Footwear:*** The *Bates*® brand is a leader in supplying footwear to military and civilian uniform users. *Bates*® utilizes *DuraShocks*®, *DuraShocks SR*™, CoolTech, *Wolverine iCS*™ and other proprietary comfort technologies in the design of its military-style boots and oxford shoes. *Bates*® contracts with the United States Department of Defense and the military branches of several foreign countries to supply military footwear. Civilian uniform users include individuals in police, security, postal, restaurant and other industrial occupations. *Bates*® products are also distributed through specialty retailers and catalogs.

***Harley-Davidson® Footwear:*** Pursuant to a license arrangement with the Harley-Davidson Motor Company, the Company has footwear marketing and distribution rights for *Harley-Davidson*® branded footwear. *Harley-Davidson*® branded footwear products include motorcycle, casual, fashion, work and western footwear for men, women and children. *Harley-Davidson*® footwear is sold globally through a network of independent *Harley-Davidson*® dealerships and other retail outlets. *Harley-Davidson*® is a registered trademark of H-D Michigan, Inc.

***HyTest® Safety Footwear:*** The *HyTest*® product line consists primarily of high-quality work boots and shoes that incorporate various specialty safety features designed to protect against hazards of the workplace, including steel toe, composite toe, metatarsal guards, and electrical hazard, static dissipating and conductive footwear. *HyTest*® footwear is distributed primarily through a network of independently-owned *Shoemobile*® mobile truck retail outlets providing direct sales of the Company's occupational and work footwear brands to workers at industrial facilities and also through direct sales arrangements with large industrial customers.

3. **The Lifestyle Group** The Lifestyle Group consists of *Hush Puppies*® footwear and apparel, *Sebago*® footwear and apparel, and *Cushe*® and *Soft Style*® footwear.

***Hush Puppies®:*** Since 1958, the *Hush Puppies*® brand has been a leader in casual footwear. The brand offers shoes, sandals and boots for men, women and children, and is marketed in approximately 140 countries and territories. The modern styling is complemented by a variety of comfort features and proprietary technologies that have earned the brand its reputation for comfort, style and value. In addition, the *Hush Puppies®* brand is licensed for use on certain items, including apparel, eyewear, handbags, socks, watches and plush toys.

***Sebago®:*** The *Sebago®* product line has been marketed since 1946 and consists primarily of performance nautical and American-inspired casual footwear for men and women, such as boat shoes and hand sewn loafers. Highly recognized *Sebago®* line extensions include *Sebago Docksides™*, *Drysides™* and *Athletic Marine.* The *Sebago®* product line is marketed in approximately 125 countries and territories worldwide. The *Sebago®* manufacturing and design tradition of quality components, durability, comfort and "Americana" heritage is further supported by targeted distribution to better-grade independent, marine and department store retailers throughout the world. The Company also markets a classic and marine *Sebago®* apparel line.

***Cushe®:*** The *Cushe®* business focuses on relaxed, design-led footwear for active men and women. The *Cushe®* Footwear business targets younger adult consumers and better-grade retailers with products ranging from sport casual footwear to sandals. *Cushe®* is marketed under three primary collections: Universal Traveler, Urban Safari and Coastal Supremacy.

***Soft Style®:*** The *Soft Style®* product line consists primarily of women's dress and casual footwear.

**Other Businesses**

In addition to its branded footwear, apparel and licensing operations, the Company also (i) operates 89 retail stores in North America and 12 retail stores in the United Kingdom that feature footwear and apparel; and (ii) operates a performance leathers business through its Wolverine Leathers Division.

1. **Wolverine Retail** The Company's consumer-direct business operates 89 North American and 12 United Kingdom-based retail stores at December 31, 2011. These stores are operated under the *Hush Puppies®*, *Hush Puppies and Family℠*, *Track'N Trail®*, *Sebago®, Wolverine Company Store, Rockford Footwear Depot®* and *Merrell®* names. The *Rockford Footwear Depot®*, *Track'N Trail®*, *Hush Puppies®* and *Hush Puppies and Family℠* retail formats carry a large selection of Company-branded products, featuring such brands as *Wolverine®*, *Merrell®*, *Hush Puppies®*, *Cat®*, *Chaco®*, *Cushe®*, *Patagonia®*, *Sebago®* and *Harley-Davidson®*. The Company also operates *Merrell®* concept stores, *Hush Puppies®* concept stores and *Sebago®* concept stores, providing a platform to showcase these brands exclusively. In addition, the Company operates 42 consumer-direct retail websites, including *www.merrell.com, www.wolverine.com, www.cushe.com, www.hushpuppies.com*, *www.chacos.com, www.catfootwear.com*, *www.sebago.com* and *www.batesfootwear.com*.

2. **The Wolverine Leathers Division** The Wolverine Leathers Division markets pigskin leather for use primarily in the footwear industry. The Company believes pigskin leather offers superior performance and other advantages over cowhide leather. The Company's waterproof and stain resistant leathers are featured in some of the Company's footwear lines and many products offered by the Company's international licensees and distributors.

**Marketing**

The Company's marketing strategy is to develop brand-specific plans and related promotional materials for U.S. and international markets to foster a consistent message for each of the Company's core brands. Each brand operating group has dedicated marketing personnel who develop the marketing strategy for brands within that group. Marketing campaigns and strategies vary by brand and are designed to target accounts and/or end users as the brand operating groups strive to increase awareness of, and affinity for, the Company's brands. The Company's advertisements typically emphasize fashion, comfort, quality, durability, functionality and other performance and lifestyle aspects of the Company's products. Components of the brand-specific plans vary and may include print, radio and television advertising, search engine optimization, social networking sites, event sponsorships, in-store point-of-purchase displays, promotional materials, and sales and technical assistance.

The Company's brand operating groups provide its licensees and distributors with creative direction, brand images and other materials to convey consistent brand messaging, including (i) direction on 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 services regarding retail store layout and design. The Company believes its brand names represent a competitive advantage, and the Company makes significant expenditures on marketing and promotion to support the position of its products and enhance brand awareness.

**Domestic Sales and Distribution**

The Company uses a wide variety of domestic distribution channels and strategies to distribute its branded products:

- The Company uses a dedicated sales force and customer service team, advertising and point-of-purchase support and maintains in-stock inventories to service department stores, national chains, specialty retailers, catalogs, independent retailers, uniform outlets and its own consumer direct business.

- Volume direct programs ship products directly to the retail customer without going through a Company distribution center and provide products at competitive prices with limited marketing support. The Company uses these programs to service major retail, catalog, mass merchant and government customers.

- A network of independent *Shoemobile®* distribution outlets distributes the Company's work and occupational footwear at industrial facilities.

- The Company solicits all branches of the United States military and submits bids for contracts to supply specific footwear products. Such contracts typically contain future purchase options that may or may not be exercised.

In addition to its wholesale activities, the Company also operates a consumer-direct business as described above. The Company continues to develop new programs, both independently and in conjunction with its retail customers, for the distribution of its products.

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 revenue in fiscal year 2011.

The Company experiences moderate fluctuations in sales volume during the year as reflected in quarterly revenue (and taking into consideration the 16 weeks or 17 weeks included in the Company's fiscal fourth quarter versus the 12 weeks included in each of the first three fiscal quarters). The Company expects current seasonal sales patterns to continue in future years. The Company also experiences some fluctuation in its levels of working capital, typically including an increase in working capital requirements near the end of the first and third quarters. The Company meets its working capital requirements through internal free cash flow and, as needed, a revolving credit agreement.

**International Operations and Global Licensing**

The Company's foreign-sourced revenue is generated from a combination of (i) sales of branded footwear and apparel through the Company's owned operations in Canada, the United Kingdom and several branch offices in Europe; (ii) sales to third-party distributors for certain markets and businesses; and (iii) royalty income from a network of third-party licensees and distributors. The Company's owned operations are located in markets where the Company believes it can gain a strategic advantage by directly controlling the sale of its products into retail accounts. License and distribution arrangements enable the Company to develop sales in other markets without the capital commitment required to maintain related foreign operations, employees, inventories or localized marketing programs.

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

**Manufacturing and Sourcing**

The Company directly controls the majority of the units of footwear and apparel manufactured or sourced under the Company's brand names. The balance is controlled directly by the Company's licensees. A substantial majority of the units sourced and/or manufactured by the Company are purchased or sourced from third parties, with the remainder produced at Company-owned facilities. The Company sources a majority of its footwear from numerous third-party manufacturers in the Asia Pacific region, South America and India. The Company maintains offices in the Asia Pacific region to facilitate and develop strategies for the sourcing and importation of quality footwear and apparel. The Company has established guidelines for each of its third-party manufacturers in order to monitor product quality, labor practices and financial viability. The Company has adopted "Engagement Criteria for Partners & Sources," a policy that requires that the Company's domestic and foreign manufacturers, licensees and distributors use ethical business standards; comply with all applicable health and safety laws and regulations; commit to use environmentally safe practices; treat employees fairly with respect to wages, benefits and working conditions; and not use child or prison labor. Footwear produced by the Company is manufactured at Company-operated facilities located in Michigan and the Dominican Republic.

The Company's owned manufacturing operations allow the Company to (i) reduce its production lead time, to more quickly respond to market demand and reduce inventory risk, (ii) lower freight, shipping and duty costs for sales to certain markets, and (iii) more closely monitor product quality. The Company's third-party sourcing strategy allows the Company to (i) benefit from lower manufacturing costs and state-of-the-art manufacturing facilities, (ii) source high quality raw materials from around the world, and (iii) avoid capital expenditures necessary for additional owned factories. The Company believes that its overall global manufacturing strategy provides the flexibility to properly balance the need for timely shipments, high quality products and competitive pricing.

The Company's principal required raw material is quality leather, which it purchases from a select group of domestic and foreign suppliers. The global availability of common upper materials and specialty leathers eliminates any reliance by the Company on a sole supplier.

The Company currently purchases all of the raw pigskins used for its Wolverine Leathers Division from one domestic source, which has been a reliable and consistent supplier to the Company for over 40 years. Alternative sources of raw pigskin are available, but with less advantageous pricing, quality and compatibility with the Company's processing method. The Company purchases all of its other raw materials and component parts from a variety of sources and does not believe that any of these sources are a dominant supplier.

The Company is subject to the normal risks of doing business abroad due to its international operations, including the risk of expropriation, acts of war or terrorism, political disturbances and similar events, the imposition of trade barriers, quotas, tariffs and duties, loss of most favored nation trading status and currency and exchange rate fluctuations. 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, but that a sustained disruption of such sources of supply could have an adverse impact on the Company's results of operations and financial position.

### Trademarks, Licenses and Patents

The Company holds a significant portfolio of registered and common law trademarks that identify its branded products. The Company's owned trademarks include *Hush Puppies*®, *Wolverine*®, *Bates*®, *Cushe*®, *Chaco*®, *Soft Style*®, *Wolverine Fusion*®, *DuraShocks*®, *MultiShox*®, *Wolverine Compressor*®, *Hidden Tracks*®, *iTechnology*™, *Bounce*®, *Comfort Curve*®, *HyTest*®, *Merrell*®, M Circle Design (registered design trademark), *Continuum*®, *Sebago*®, *Q Form*® and *Track 'N Trail*®. The Company's Wolverine Leathers Division markets its pigskin leathers under the trademarks *Wolverine Warrior Leather*®, *Weather Tight*® and *All Season Weather Leathers*™. The Company has footwear marketing and distribution rights under the *Cat*®, *Harley-Davidson*® and *Patagonia*® trademarks pursuant to license arrangements with the respective trademark owners. The Cat ®, Harley-Davidson®, and Patagonia® licenses extend for three or more years and are subject to early termination for breach.

The Company believes that consumers identify its products by the Company's 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. The Company has a policy of registering its primary trademarks and vigorously defending its trademarks against infringement or other threats whenever practicable. The Company also holds many design and utility patents, copyrights and various other proprietary rights. The Company vigorously protects its proprietary rights under applicable laws.

#### Order Backlog

At December 31, 2011 the Company had an order backlog of approximately $483 million compared to an order backlog of approximately $470 million at January 1, 2011, determined on a consistent basis. A majority of the backlog relates to orders for products expected to be shipped in 2012. Orders in the backlog are subject to cancellation by customers and to changes in planned customer demand or at-once orders. The backlog at any particular time is affected by a number of factors, including seasonality, retail conditions, expected customer demand, product availability and the schedule for the manufacture and shipment of products. Accordingly, a comparison of backlog from period to period is not necessarily meaningful and may not be predictive of eventual actual shipments.

#### Competition

The Company markets its footwear and apparel lines in a highly competitive and fragmented environment. The Company competes with numerous domestic and international marketers and importers, some of which are larger and have greater resources than the Company. The Company has at least forty major competitors for its brands of footwear and apparel. Product performance and quality, including technological improvements, product identity, competitive pricing and ability to control costs, and the ability to adapt to style changes are all important elements of competition in the footwear and apparel markets served by the Company. The footwear and apparel industries in general are subject to changes in consumer preferences. The Company strives to maintain its competitive position through promotions designed to increase brand awareness, manufacturing and sourcing efficiencies, 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 competitive position in the overall footwear and apparel industries. Market shares in the non-athletic footwear and apparel industry are highly fragmented, and no one company has a dominant market position.

**Research and Development**

In addition to normal and recurring product development, design and styling activities, the Company engages in research and development activities related to the development of new production techniques and to the improvement of the function, performance, reliability and quality of its branded footwear and other products. For example, the Company's continuing relationship with the Biomechanics Evaluation Laboratory at Michigan State University has helped validate and refine specific biomechanical design concepts, such as *Bounce*®, *DuraShocks*® and *Hidden Tracks*® comfort technologies, which have been incorporated into the Company's footwear. While the Company expects to continue to be a leading developer of footwear innovations, research and development costs do not represent a material portion of operating expenses.

**Environmental Matters**

Compliance with domestic and foreign federal, state and local requirements 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 certain substances and wastes that are regulated or may be deemed hazardous to the environment under certain federal, state and local regulations. The Company works with domestic and foreign federal, state and local agencies from time to time to resolve cleanup issues at various waste sites and other regulatory issues.

**Employees**

As of December 31, 2011, the Company had approximately 4,435 domestic and foreign production, office and sales employees. Approximately 54 employees were covered by a single union contract that expires on March 31, 2013. The Company presently considers its employee relations to be good.

**Available Information**

Information about the Company, including the Company's Code of Conduct & Compliance, Corporate Governance Guidelines, Director Independence Standards, Accounting and Finance Code of Ethics, Audit Committee Charter, Compensation Committee Charter, and Governance Committee Charter, is available at its website at *www.wolverineworldwide.com/investor-relations/corporate-governance*. Printed copies of the documents listed above are available, without charge, by writing to the Company at 9341 Courtland Drive, N.E., Rockford, Michigan 49351, Attention: General Counsel.

The Company also makes available on or through its website, free of charge, the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports (along with certain other Company filings with the Securities and Exchange Commission ("SEC")), as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC. These materials are also accessible on the SEC's website at *www.sec.gov*.

**Item 1A. Risk Factors**

**Changes in general economic conditions and other factors affecting consumer spending could adversely affect the Company's sales, operating results or financial position.**

The Company's global operations depend on factors affecting consumer disposable income and spending patterns. These factors include general economic conditions, employment rates, business conditions, interest rates and tax policy. Customers may defer or cancel purchases of the Company's products due to uncertainty about global economic conditions. Consumer confidence may decline due to recessionary economic cycles, high interest rates on consumer or business borrowings, restricted credit availability, inflation, high levels of unemployment or consumer debt, high tax rates or other economic factors. Declining consumer confidence could adversely affect demand for the Company's products. Changes in the amount or severity of bad weather and the growth or decline of global footwear, apparel or consumer-direct markets could affect negatively consumer spending. A decline in demand for the Company's products could reduce the Company's revenues or profit margins.

General economic conditions and regulatory factors such as those listed above, as well as increased costs of fuel, labor, commodities, insurance and health care, may increase the Company's cost of sales and operating expenses. Such increases could adversely affect the Company's financial position and results of operations.

**The Company operates in competitive industries and markets.**

The Company competes with a large number of marketers of footwear or apparel, and consumer-direct companies. Some of these competitors are larger and have greater resources than the Company. Important elements of such competition are product performance and quality, including technological improvements, product identity, competitive pricing and the ability to adapt to style changes. Consumer preferences and, as a result, the popularity of particular designs and categories of footwear and apparel generally change over time. The Company strives to maintain and improve its competitive position by monitoring and responding to changes in consumer preferences, increasing brand awareness, gaining sourcing efficiencies, and enhancing the style, comfort and perceived value of its products. The Company's continued ability to sell its products at competitive prices and to meet shifts in consumer preferences will affect its future sales. If the Company is unable to respond effectively to competitive pressures and changes in consumer spending, its results of operations and financial position may be adversely affected.

Many of the Company's competitors have more developed consumer and customer bases, lower prices, or greater financial, technical or marketing resources than the Company, particularly in the apparel and consumer-direct businesses. The Company's competitors may implement more effective marketing campaigns; adopt more aggressive pricing policies; make more attractive offers to potential employees, distribution partners and manufacturers; or respond more quickly to changes in consumer preferences, than the Company. The Company's results of operations and financial position could be adversely affected if the Company's businesses are not successful.

**The Company's operating results depend on effectively managing inventory levels.**

The Company's ability to manage its inventories effectively is an important factor in its operations. Inventory shortages can impede the Company's ability to meet orders, adversely affect the timing of shipments to customers, and, consequently, diminish brand loyalty. Conversely, excess inventories can result in lower gross margins if the Company lowers prices in order to liquidate excess inventories. The Company's business, results of operations and financial position could be adversely affected if the Company is unable to effectively manage its inventory.

**Increases or changes in duties, quotas, tariffs and other trade restrictions could adversely impact the Company's sales and profitability.**

All of the Company's products manufactured overseas and imported into the U.S., the European Union and other countries are subject to customs duties collected by customs authorities. Customs information submitted by the Company is routinely subject to review by customs authorities. Additional U.S. or foreign customs duties, quotas, tariffs, anti-dumping duties, safeguard measures, cargo restrictions to prevent terrorism or other trade restrictions may be imposed on the importation of the Company's products in the future. The imposition of such costs or restrictions in foreign countries where the Company operates, as well as in countries where the Company's third-party distributors and licensees operate, could result in increases in the cost of the Company's products generally and could adversely affect the sales and profitability of the Company.

**Foreign currency exchange rate fluctuations could adversely impact the Company's business.**

Foreign currency fluctuations affect the Company's reported revenue and profitability. In addition, because the Company may employ hedging strategies over time, changes in currency exchange rates may impact the Company's financial results positively or negatively in one period and not another, which may make it difficult to compare the Company's operating results from different periods. Currency exchange rate fluctuations may also adversely impact third parties who manufacture the Company's products by making their costs of raw materials or other production costs more expensive and more difficult to finance, thereby raising prices for the Company, its distributors and licensees. For a more detailed discussion of risk relating to foreign currency fluctuation, see Item 7A, *Quantitative and Qualitative Disclosures About Market Risk.*

**Significant raw material shortages, supplier capacity constraints, supplier production disruptions, supplier quality issues or price increases could increase the Company's operating costs and adversely impact the competitive position of the Company's products.**

The Company currently sources most of its products from third-party manufacturers in foreign countries, predominantly China. As is common in the industry, the Company does not have long-term contracts with its third-party suppliers. There can be no assurance that the Company will not experience difficulties with such suppliers, including reduction in the availability of production capacity, failure to meet production deadlines or increases in manufacturing costs. The Company's future results will depend partly on its ability to maintain positive working relationships with third-party suppliers.

Foreign manufacturing is subject to a number of risks, including work stoppages, transportation delays and interruptions, political instability, foreign currency fluctuations, changing economic conditions, expropriation, nationalization, the imposition of tariffs, import and export controls and other non-tariff barriers and changes in governmental policies. Various factors could significantly interfere with the Company's ability to source its products, including adverse developments in trade or political relations with China or other countries where the Company sources its products, or a shift in China's manufacturing capacity away from footwear and apparel to other industries. Any of these events could have an adverse effect on the Company's business, results of operations and financial position and, in particular, on the Company's ability to meet customer demands and produce its products in a cost-effective manner.

The Company's ability to competitively price its products depends on the cost of components, services, labor, equipment and raw materials, including leather and materials used in the production of footwear outsoles. The cost of services and materials is subject to change based on availability and market conditions that are difficult to predict. Various conditions, such as diseases affecting the availability of leather, affect the cost of the footwear marketed by the Company. In addition, fuel prices and numerous other factors, such as the possibility of service interruptions at shipping and receiving ports, affect the Company's shipping costs. Increases in cost for services and materials used in production could have a negative impact on the Company's results of operations and financial position.

The Company purchases raw pigskins for its leathers operations from a single domestic source pursuant to short-term contracts. Although this source has been a reliable and consistent supplier for over 40 years, there are no assurances that it will continue as a supplier. Failure of this source to continue to supply the Company with raw pigskin or to supply the Company with raw pigskin on less favorable terms could increase the Company's cost of raw materials for its leathers operations and, as a result, have a negative impact on the Company's results of operations and financial position.

**A significant reduction in customer purchases of the Company's products or failure of customers to pay for the Company's products in a timely manner could adversely affect the Company's business.**

The Company's financial success is directly related to its customers continuing to purchase its products. The Company does not typically have long-term contracts with its customers. Sales to the Company's customers are generally on an order-by-order basis and are subject to rights of cancellation and rescheduling by the customers. Failure to fill customers' orders in a timely manner could harm the Company's relationships with its customers. Furthermore, if any of the Company's major customers experience a significant downturn in its business, or fail to remain committed to the Company's products or brands, they may reduce or discontinue purchases from the Company, which could have an adverse effect on the Company's results of operations and financial position.

The Company sells its products to customers and extends credit based on an evaluation of each customer's financial condition. The financial difficulties of a customer could cause the Company to stop doing business with that customer or reduce its business with that customer. The Company's inability to collect from its customers or a cessation or reduction of sales to certain customers because of credit concerns could have an adverse effect on the Company's business, results of operations and financial position.

The general trend toward consolidation in retail and specialty retail could lead to fewer customers, customers seeking more favorable price, payment or other terms from the Company and a decrease in the number of stores that carry the Company's products. In addition, changes in the channels of distribution, such as the continued growth of Internet commerce and the trend toward the sale of private label products by major retailers, could have an adverse effect on the Company's results of operations and financial position.

The Company has been awarded a number of U.S. Department of Defense contracts that include future purchase options for *Bates®* footwear. Failure by the Department of Defense to exercise these purchase options or the failure of the Company to secure future U.S. Department of Defense contracts could have an adverse effect on the Company's results of operations and financial position.

**Changes in the credit markets could adversely affect the Company's financial success.**

Changes in the credit markets could adversely impact the Company's future results of operations and financial position. If the Company's third-party distributors, suppliers and retailers are not able to obtain financing on favorable terms, or at all, they may delay or cancel orders for the Company's products, or fail to meet their obligations to the Company in a timely manner, either of which could adversely impact the Company's sales, cash flow and operating results. In addition, the lack of available credit and/or the increased cost of credit may significantly impair the Company's ability to obtain additional credit to finance future expansion plans, or refinance existing credit, on favorable terms, or at all.

**Unfavorable findings resulting from a government audit could subject the Company to a variety of penalties and sanctions, and could negatively impact the Company's future revenues.**

The federal government has the right to audit the Company's performance under its government contracts. If a government audit discovers improper or illegal activities, the Company could be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or debarment from doing business with U.S. federal government agencies. The Company could also suffer serious harm to its reputation if the government alleges that the Company acted in an improper or illegal manner, whether or not any such allegations have merit. If, as the result of an audit or for any other reason, the Company is suspended or barred from contracting with the federal government generally, or any specific agency, if the Company's reputation or relationship with government agencies is impaired, or if the government otherwise ceases doing business with the Company or significantly decreases the amount of business it does with the Company, the Company's revenue and profitability could decrease. The Company is also subject to customs and other audits in various jurisdictions where it operates. Negative audit findings could have an adverse effect on the Company's results of operations and financial position.

**An increase in the Company's effective tax rate or negative determinations by domestic or foreign tax authorities could have a material adverse effect on the Company's results of operations and financial position.**

A significant amount of the Company's earnings are generated by its Canadian, European and Asia Pacific subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax and free trade zones where the Company owns manufacturing operations. As a result, the Company's income tax expense has historically differed from the tax computed at the U.S. federal statutory income tax rate due to discrete items and because the Company does not provide for U.S. taxes on earnings the Company considers permanently reinvested in foreign operations. The Company's future effective tax rates could be unfavorably affected by factors including: changes in the tax rates in jurisdictions in which the Company generates income; changes in, or in the interpretation of, tax rules and regulations in the jurisdictions in which the Company does business; decreases in the amount of earnings in countries with low statutory tax rates; or if the Company repatriates foreign earnings for which no provision for U.S. taxes has previously been made. An increase in the Company's effective tax rate could have a material adverse effect on the Company's after-tax results of operations and financial position.

In addition, the Company's income tax returns are subject to examination by the Internal Revenue Service and other domestic and foreign tax authorities. The Company regularly assesses the likelihood of outcomes resulting from these examinations to determine the adequacy of the Company's provision for income taxes and establishes reserves for potential adjustments that may result from these examinations. While the Company believes the estimates used to establish these reserves are reasonable, there can be no assurance that the final determination of any of these examinations will not have an adverse effect on the Company's results of operations and financial position.

**Failure of the Company's international licensees and distributors to meet sales goals or to make timely payments on amounts owed to the Company could adversely affect the Company's financial performance.**

In many international markets, independent licensees or distributors sell the Company's products. Failure by the Company's licensees or distributors to meet planned annual sales goals or to make timely payments on amounts owed to the Company could have an adverse effect on the Company's business, results of operations and financial position, and it may be difficult and costly to locate an acceptable substitute distributor or licensee. If a change in licensee or distributor becomes necessary, the Company may experience increased costs, as well as substantial disruption and a resulting loss of sales and brand equity in the market where such licensee or distributor operates.

**The Company's reputation and competitive position are dependent on its third-party manufacturers, distributors, licensees and others complying with applicable laws and the Company's ethical standards.**

The Company requires its independent contract manufacturers, distributors, licensees and others with which it does business to comply with the Company's ethical standards and applicable laws relating to working conditions and other matters. If a party with whom the Company does business is found to have violated the Company's ethical standards or applicable laws, the Company could receive negative publicity that could damage its reputation and negatively affect the value of its brands.

**Global political and economic uncertainty could adversely impact the Company's business.**

Concerns regarding acts of terrorism and international conflict have created significant global economic and political uncertainties that may have material and adverse effects on consumer demand, acceptance of U.S. brands in international markets, foreign sourcing of products, shipping and transportation, product imports and exports and the sale of products in foreign markets, any of which could adversely affect the Company's ability to source, manufacture, distribute and sell its products. The Company is subject to risks of doing business in developing countries and economically volatile areas. These risks include social, political and economic instability; nationalization of the Company's, or the Company's distributors and licensees, assets and operations by local government authorities; slower payment of invoices; and restrictions on the Company's ability to repatriate foreign currency or receive payment of amounts owed by third party distributors and licensees. In addition, commercial laws in these areas may not be well developed or consistently administered, and new laws may be retroactively applied. Any of these risks could have an adverse impact on the Company's prospects and results of operations in these areas.

**Unsuccessful efforts by the Company to establish and protect its intellectual property could adversely affect the value of its brands.**

The Company invests significant resources to develop and protect its intellectual property, and believes that its trademarks and other intellectual property rights are important to its future success. The Company's ability to remain competitive is dependent upon its continued ability to secure and protect trademarks, patents and other intellectual property rights in the United States and internationally for all of its lines of business. The Company relies on a combination of trade secret, patent, trademark, copyright and other laws, license agreements and other contractual provisions and technical measures to protect its intellectual property rights; however, some countries' laws do not protect intellectual property rights to the same extent as do U.S. laws. The Company's business could be significantly harmed if it is not able to protect its intellectual property, or if a court found that the Company was infringing on other persons' intellectual property rights. Any intellectual property lawsuits or threatened lawsuits in which the Company is involved, either as a plaintiff or as a defendant, could cost the Company a significant amount of time and money and distract management's attention from operating the Company's business. In addition, if the Company does not prevail on any intellectual property claims, the Company may have to change its manufacturing processes, products or trade names, any of which could reduce its profitability.

In addition, some of the Company's branded footwear operations are operated pursuant to licensing agreements with third-party trademark owners. These agreements are subject to early termination for breach. Expiration or early termination of any of these license agreements by the licensor could have a material adverse effect on the Company's business, results of operations and financial position.

The Company periodically discovers products that are counterfeit reproductions of its products or that the Company believes otherwise infringe on its intellectual property rights. The Company has not always been able to stop production and sales of counterfeit products and infringement of the Company's intellectual property rights. The actions the Company takes to establish and protect trademarks, patents and other intellectual property rights both inside and outside of the United States may not be adequate to prevent imitation of its products by others. Continued sales of products that infringe the Company's intellectual property rights could adversely affect the Company's sales, devalue its brands and result in the shift of consumer preference away from the Company's products.

**The Company's inability to attract and retain executive managers and other key employees, or the loss of one or more executive managers or other key employees, could adversely affect the Company's business.**

The Company depends on its executive management and other key employees. In the footwear, apparel and consumer-direct industries, competition for key executive talent is intense, and the Company's failure to identify, attract or retain executive managers or other key employees could adversely affect its business. The Company must offer and maintain competitive compensation packages to effectively recruit and retain such individuals. Further, the loss of one or more executive managers or other key employees, or the Company's failure to successfully implement succession planning, could adversely affect the Company, its results of operations or financial position.

**Market interest rates, inflationary pressures and other pressures may lead to higher employment and pension costs for the Company.**

General inflationary pressures, changes in employment laws and regulations, and other factors could increase the Company's overall employment costs. The Company's employment costs include costs relating to health care benefits and benefits under the Company's retirement plans, including a U.S.-based defined benefit plan. The annual cost of benefits can vary significantly depending on a number of factors, including changes in the assumed or actual rate of return on pension plan assets, a change in the discount rate used to determine the annual service cost related to the defined benefit plans, a change in method or timing of meeting pension funding obligations and the rate of health care cost inflation. Increases in the Company's overall employment and pension costs could have an adverse effect on the Company's business, results of operations and financial position.

**Disruption of the Company's information technology systems could adversely affect the Company's business.**

The Company's information technology systems are critical to the operations of its business. Any interruption, unauthorized access, impairment or loss of data integrity or malfunction of these systems could severely impact the Company's business, including delays in product fulfillment and reduced efficiency in operations. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems, or with maintenance or adequate support of existing systems, could disrupt or reduce the efficiency of the Company's operations.

**The Company faces risks associated with its growth strategy and acquiring businesses.**

The Company has expanded its products and markets in part through strategic acquisitions, and it may continue to do so in the future, depending on its ability to identify and successfully pursue suitable acquisition candidates. Acquisitions involve numerous risks, including risks inherent in entering new markets in which the Company may not have prior experience; potential loss of significant customers or key personnel of the acquired business; managing geographically-remote operations; and potential diversion of management's attention from other aspects of the Company's business operations. Acquisitions may also cause the Company to incur debt, dilutive issuances of the Company's equity securities and write-offs of goodwill and substantial amortization expenses of other intangible assets. The Company may not be able to obtain financing that may be necessary to finance future acquisitions, on favorable terms, making any such acquisitions more expensive. Any such financing may have onerous terms that restrict the Company's operations. The Company cannot provide assurance that it will be able to successfully integrate the operations of any acquired businesses into the Company's operations and achieve the expected benefits of any acquisitions. The failure to successfully integrate newly-acquired businesses or achieve the expected benefits of strategic acquisitions in the future could have an adverse effect on the Company's results of operations and financial position. The Company may also incur costs in the preliminary stages of an acquisition that it cannot recover, but the Company may not consummate the potential acquisition for a variety of reasons.

**Maintenance and growth of the Company's business depends upon the availability of adequate capital.**

The maintenance and growth of the Company's business depends on the availability of adequate capital, which in turn depends in large part on cash flow generated by its business and the availability of equity and debt financing. The Company cannot provide assurance that its operations will generate positive cash flow or that it will be able to obtain equity or debt financing on acceptable terms or at all. Further, the Company cannot provide assurance that it will be able to finance any expansion plans.

**Expanding the Company's brands into new markets may be difficult and costly, and unsuccessful efforts to do so may adversely affect the Company's brands or business.**

As part of its growth strategy, the Company seeks to enhance the positioning of its brands, to extend its brands into complementary product categories, to expand geographically, and to expand its owned consumer-direct operations. There can be no assurance that the Company will be able to successfully implement any or all of these growth strategies, which could have an adverse effect on the Company's results of operations and financial position.

**Changes in government regulation may increase the costs of compliance.**

The Company's business is affected by changes in government and regulatory policies in the United States and in foreign jurisdictions. New requirements relating to product safety and testing and new environmental requirements, as well as changes in tax laws, duties, tariffs and quotas, could have a negative impact on the Company's ability to produce and market footwear at competitive prices.

**The disruption, expense, and potential liability associated with existing and future litigation against the Company could adversely affect the Company's reputation, financial position or results of operations.**

The Company is a defendant from time to time in lawsuits and regulatory actions relating to its business. Due to the inherent uncertainties of litigation and regulatory proceedings, the Company cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have an adverse impact on the Company's business, financial position and results of operations. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are expensive and may require that the Company devote substantial resources and executive time to defend the Company.

**Provisions of Delaware law and the Company's certificate of incorporation and bylaws could prevent or delay a change in control or change in management that could be beneficial to the Company's stockholders.**

Provisions of the Company's certificate of incorporation and bylaws, as well as provisions of Delaware law, could discourage, delay or prevent a merger, acquisition or other change in control of the Company. These provisions are intended to protect stockholders' interests by providing the Board of Directors a means to attempt to deny coercive takeover attempts or to negotiate with a potential acquirer in order to obtain more favorable terms. Such provisions include a board of directors that is classified so that only one-third of directors stand for election each year. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions.

**There are risks, including stock market volatility, inherent in owning the Company's common stock.**

The market price and volume of the Company's common stock have been, and may continue to be, subject to significant fluctuations. These fluctuations may arise from general stock market conditions, the impact of risk factors described in this Item 1A on the Company's financial position and results of operations, a change in sentiment in the market regarding the Company's business prospects or other factors, many of which may be outside the Company's immediate control. Changes in the amounts and frequency of share repurchases or dividends could adversely affect the value of the Company's common stock.

## Item 1B. Unresolved Staff Comments

None.

## Item 2. Properties

The Company operates its domestic administration, sales and marketing operations primarily from an owned facility of approximately 225,000 square feet in Rockford, Michigan. The Company's manufacturing operations are conducted primarily at a combination of leased and owned facilities in Michigan and the Dominican Republic. The Company operates its U.S. distribution operations primarily through an owned distribution center in Rockford, Michigan, of approximately 305,000 square feet, a leased distribution center in Cedar Springs, Michigan, of approximately 356,000 square feet and a leased distribution center in Howard City, Michigan, of approximately 460,000 square feet.

The Company also leases and owns various other offices and distribution centers to meet its operational requirements. In addition, the Company operates retail stores through leases with various third-party landlords. The Company conducts international operations in Canada, the United Kingdom, China, Hong Kong and continental Europe through leased distribution centers, offices and/or showrooms. The Company believes that its current facilities are suitable and adequate to meet its current needs. The Company intends to expand its U.S. and European distribution infrastructure and its brick-and-mortar retail stores to sustain future growth.

### 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 related to legal and regulatory matters and advice 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 position, results of operations, or cash flows.

### Supplemental Item. Executive Officers of the Registrant

The following table lists the names and ages of the executive officers of the Company and the positions held with the Company as of February 29, 2012. The information provided below the table lists the business experience of each such Executive Officer for at least 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 |
|---|---|---|
| Kenneth A. Grady | 55 | General Counsel and Secretary |
| Donald T. Grimes | 49 | Senior Vice President, Chief Financial Officer and Treasurer |
| Michael Jeppesen | 52 | President, Global Operations Group |
| Douglas M. Jones | 46 | Corporate Controller |
| Robin J. Kleinjans-McKee | 36 | Vice President, Corporate Planning and Analysis |
| Blake W. Krueger | 58 | Chairman, Chief Executive Officer and President |
| Pamela L. Linton | 62 | Senior Vice President, Global Human Resources |
| James D. Zwiers | 44 | Senior Vice President and President, Outdoor Group |

Kenneth A. Grady has served the Company as General Counsel and Secretary since October 2006. During 2006, he was President and shareholder of the law firm K.A. Grady PC. During 2005, he served as Vice President, General Counsel and Secretary of PC Connection, Inc., a direct marketer of information technology products and solutions. From 2004 to 2005, Mr. Grady served as Executive Vice President of Administration, General Counsel and Secretary of KB Toys, Inc., a specialty toy retailer. From 2001 to 2004, he served as Vice President, General Counsel and Secretary of KB Toys, Inc.

Donald T. Grimes has served the Company as Senior Vice President, Chief Financial Officer and Treasurer since May 2008. From 2007 to 2008, he was the Executive Vice President and Chief Financial Officer for Keystone Automotive Operations, Inc., a distributor of automotive accessories and equipment. Prior to Keystone, Mr. Grimes held a series of senior corporate and divisional finance roles at Brown-Forman Corporation, a manufacturer and marketer of premium wines and spirits. During his employment at Brown-Forman, Mr. Grimes was Vice President, Director of Beverage Finance from 2006 to 2007; Vice President, Director of Corporate Planning and Analysis from 2003 to 2006; and Senior Vice President, Chief Financial Officer of Brown-Forman Spirits America from 1999 to 2003.

Michael Jeppesen has served the Company as President, Global Operations Group since January 2012. From 2005 to 2011, he was Senior Vice President, Design and Sourcing, for Collective Brands Inc., a wholesaler and retailer of footwear and related accessories.

Douglas M. Jones has served the Company as Corporate Controller since September 2011. From 2009 to 2011, he was the Company's Director, Internal Audit. From 2006 to 2009, he was Director – Controls and Plant Financial Reporting for Indalex Inc., a manufacturer of extruded aluminum.

Robin J. Kleinjans-McKee has served the Company as Vice President, Corporate Planning and Analysis since September 2011. She served as the Company's Corporate Controller from 2009 to September 2011. From 2006 to 2009, Ms. Kleinjans-McKee was the Company's Director of Financial Reporting. From 2004 to 2006, she served as Assurance Senior Manager at BDO Seidman, LLP, a professional services firm. From 1997 to 2004, Ms. Kleinjans-McKee served in various audit positions at BDO Seidman, LLP.

Blake W. Krueger has served the Company as Chairman since January 2010 and as Chief Executive Officer and President since April 2007. From October 2005 to April 2007, he served as Chief Operating Officer and President. From August 2004 to October 2005, he served as Executive Vice President and Secretary of the Company and President of the Heritage Brands Group. From November 2003 to August 2004, he served the Company as Executive Vice President, Secretary, and President of Caterpillar Footwear. From April 1996 to November 2003, he served the Company as Executive Vice President, General Counsel and Secretary. From 1993 to April 1996, he served as General Counsel and Secretary. From 1985 to 1996, he was a partner with the law firm of Warner Norcross & Judd LLP.

Pamela L. Linton has served the Company as Senior Vice President, Global Human Resources since December 2007. From 2005 to 2007, she was an independent consultant. From 2001 to 2005, she was Senior Vice President, Global Human Resources of American Greetings Corporation, a greeting card and gift wrap company.

James D. Zwiers has served the Company as Senior Vice President and President, Outdoor Group since March 2009. From January 2008 until March 2009, he served as Senior Vice President of the Company. From October 2006 to December 2007, he served as President of the Company's Hush Puppies U.S. Division. From October 2005 to October 2006, he served as the Company's General Counsel and Secretary. From December 2003 to October 2005, he served as General Counsel and Assistant Secretary. From January 1998 to December 2003, he served the Company as Associate General Counsel and Assistant Secretary. From 1995 to 1998, he was an attorney with the law firm of Warner Norcross & Judd LLP.

## Item 4. Mine Safety Disclosures

Not applicable.

# PART II

## Item 5. Marketfor Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is traded on the New York Stock Exchange under the symbol "WWW." The following table shows the high and low stock prices on the New York Stock Exchange and dividends declared by calendar quarter for 2011 and 2010. The number of stockholders of record on February 24, 2012, was 1,634.

| | **2011** | | 2010 | |
|---|---|---|---|---|
| Stock Price | High | Low | High | Low |
| First quarter | **$ 37.52** | **$ 30.31** | $ 29.76 | $ 23.51 |
| Second quarter | **$ 40.48** | **$ 35.35** | $ 32.38 | $ 26.33 |
| Third quarter | **$ 43.36** | **$ 30.77** | $ 29.99 | $ 24.25 |
| Fourth quarter | **$ 39.48** | **$ 32.77** | $ 33.00 | $ 26.89 |

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| Cash Dividends Declared Per Share | 2011 | 2010 |
|---|---|---|
| First quarter | **$ 0.12** | $ 0.11 |
| Second quarter | **$ 0.12** | $ 0.11 |
| Third quarter | **$ 0.12** | $ 0.11 |
| Fourth quarter | **$ 0.12** | $ 0.11 |

A quarterly dividend of $0.12 per share was declared during the first quarter of fiscal 2012. The Company currently expects that comparable cash dividends will be paid in future quarters in 2012.

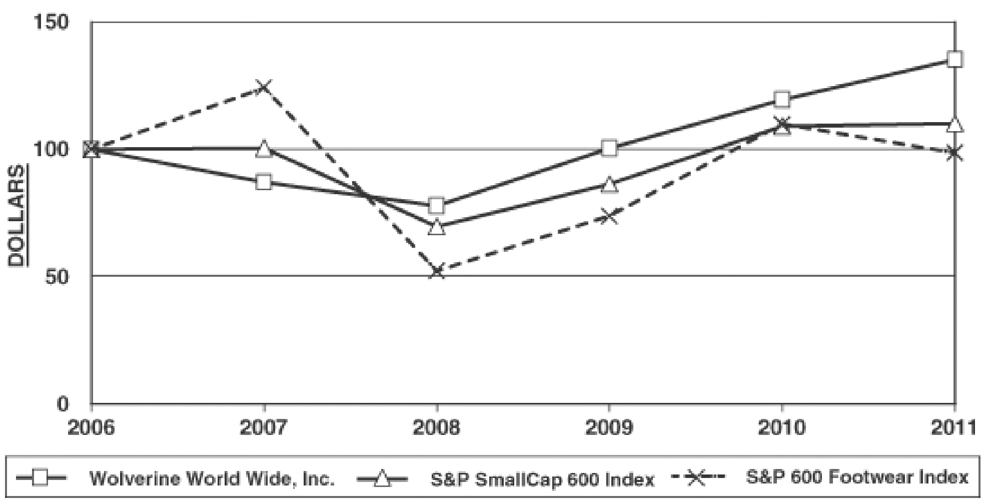
The Company's credit agreement imposes certain restrictions on the Company's ability to pay cash dividends. As long as no default under the credit agreement exists or would be caused by the payment of the dividend, the Company may pay cash dividends (i) in an aggregate amount not to exceed $80 million per fiscal year and (ii) in an aggregate amount greater than $80 million per fiscal year if the Company maintains a prescribed leverage ratio.

See Item 12 for information with respect to the Company's equity compensation plans.

**Stock Performance Graph**

The following graph compares the five year cumulative total stockholder return on Wolverine common stock to the Standard & Poor's Small Cap 600 Index and the Standard & Poor's 600 Footwear Index, assuming an investment of $100 at the beginning of the period indicated. Wolverine is part of the Standard & Poor's Small Cap 600 Index and the Standard & Poor's Footwear Index. This Stock Performance Graph shall not be deemed to be incorporated by reference into the Company's SEC filings and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

**Five Year Cumulative Total Return Summary**



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The following table provides information regarding the Company's purchases of its own common stock during the fourth quarter of fiscal year 2011:

**Issuer Purchases of Equity Securities**

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| Period 1 (September 11, 2011 to October 8, 2011) | | | | |
| Common Stock Repurchase Program (1) | 58,142 | $ 35.06 | 58,142 | $ 96,276,894 |
| Employee Transactions(2) | 319 | 36.01 | – | |
| Period 2 (October 9, 2011 to November 5, 2011) | | | | |
| Common Stock Repurchase Program (1) | 44,940 | $ 35.86 | 44,940 | $ 94,665,411 |
| Employee Transactions(2) | 48,728 | 38.08 | – | |
| Period 3 (November 6, 2011 to December 3, 2011) | | | | |
| Common Stock Repurchase Program (1) | 167,800 | $ 34.88 | 167,800 | $ 88,813,479 |
| Employee Transactions(2) | 1,888 | 37.19 | – | |
| Period 4 (December 4, 2011 to December 31, 2011) | | | | |
| Common Stock Repurchase Program (1) | – | $ – | – | $ 88,813,479 |
| Employee Transactions(2) | 25,295 | 36.33 | – | |
| Total for Fourth Quarter ended December 31, 2011 | | | | |
| Common Stock Repurchase Program (1) | 270,882 | $ 35.08 | 270,882 | $ 88,813,479 |
| Employee Transactions(2) | 76,230 | 37.47 | – | |

(1) The Company's Board of Directors approved a common stock repurchase program on February 11, 2010. This program authorized the repurchase of up to $200 million of common stock over a four-year period, commencing on the effective date of the program. All shares repurchased during fourth quarter of fiscal year 2011 (other than repurchases pursuant to the "Employee Transactions" set forth above) were purchased under this publicly announced program.

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

## Item 6. Selected Financial Data

**Five-Year Operating and Financial Summary (1)**

| | **2011** | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| *(Thousands of Dollars, Except Per Share Data)* | | | | | |
| **Summary of Operations** | | | | | |
| Revenue | **$ 1,409,068** | $ 1,248,517 | $ 1,101,056 | $ 1,220,568 | $ 1,198,972 |
| Net earnings | **123,287** | 104,470 | 61,912 | 95,821 | 92,886 |
| Per share of common stock: | | | | | |
| Basic net earnings(2)(3) | **$ 2.54** | $ 2.15 | $ 1.26 | $ 1.94 | $ 1.75 |
| Diluted net earnings(2)(3) | **2.48** | 2.11 | 1.24 | 1.90 | 1.70 |
| Cash dividends declared | **0.48** | 0.44 | 0.44 | 0.44 | 0.36 |
| **Financial Position at Year End** | | | | | |
| Total assets | **$ 851,652** | $ 786,575 | $ 712,076 | $ 664,780 | $ 638,378 |
| Long-term debt | **515** | 1,034 | 1,615 | 5 | 10,731 |

*Notes to Five-Year Operating and Financial Summary*

(1) This summary should be read in conjunction with the consolidated financial statements and the related notes, which are attached as Appendix A to this Annual Report on 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 restricted common stock. Diluted earnings per share assume the exercise of dilutive stock options and the vesting of all outstanding restricted stock.

(3) Basic and diluted net earnings per share have been retroactively adjusted to reflect the adoption of FASB ASC Topic 260, *Earnings Per Share* on January 4, 2009, for participating securities which represent unvested restricted common stock which contain non-forfeitable rights to dividends or dividend equivalents.

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

### OVERVIEW

### BUSINESS OVERVIEW

The Company is a leading global designer, manufacturer and marketer of branded footwear, apparel and accessories. The Company's stated mission is to "*Excite Consumers Around the World with Innovative Footwear and Apparel that Bring Style to Purpose*." The Company seeks to fulfill this mission by offering innovative products and compelling brand propositions; delivering supply chain excellence; complementing its footwear brands with strong apparel and accessories offerings; and expanding its global consumer-direct footprint.

The Company's portfolio consists of 12 brands that were marketed in more than 190 countries and territories at December 31, 2011. This diverse brand portfolio and broad geographic reach position the Company for continued strong organic growth. The Company's brands are distributed into the market via owned operations in the United States, Canada, the United Kingdom and certain countries in continental Europe. In other regions (Asia Pacific, Latin America and certain other counties in continental Europe), the Company relies on a network of third-party distributors and licensees to market its brands. At December 31, 2011, the Company operated 101 brick-and-mortar retail stores in the United States, Canada and the United Kingdom and operated 42 consumer-direct websites.

### 2011 FINANCIAL OVERVIEW

- Revenue for fiscal year 2011 was $1.409 billion, 12.9% above fiscal year 2010 revenue of $1.249 billion, reflecting strong performance from all of the Company's operating divisions.
- Gross margin for fiscal year 2011 of 39.5% was equal to the prior year, representing outstanding performance in a challenging sourcing and rising product cost environment.
- Operating expenses as a percentage of revenue decreased to 27.4% for fiscal year 2011 compared to 28.1% for fiscal year 2010.
- Diluted earnings per share for fiscal year 2011 were $2.48 compared to $2.11 per share for fiscal year 2010, including the impact of $0.06 per share of restructuring and other transition costs in fiscal year 2010.
- Accounts receivable increased 12.0% in fiscal year 2011 compared to 2010, driven by a 5.6% increase in fourth quarter revenue. Days sales outstanding increased slightly in 2011 to 61.6 days from 60.5 days in 2010.
- Inventory increased $26.1 million, or 12.5%, in fiscal year 2011 compared to fiscal year 2010, due to new product offerings and increased product costs.

- The Company declared cash dividends of $0.48 per share in fiscal year 2011 compared to $0.44 per share declared in fiscal year 2010.
- The Company repurchased approximately 1,840,000 shares of common stock in fiscal year 2011 for approximately $65.3 million and repurchased approximately 1,795,000 shares in fiscal year 2010 for approximately $51.2 million, both of which lowered the average shares outstanding.

**OUTLOOK FOR 2012**

Fiscal year 2012 revenue is expected to increase based on continued positive momentum across the brand portfolio. The Company anticipates full year revenue growth in the mid to high single digits with revenue growth weighted towards the second half of the year.

The Company expects modest gross margin growth in fiscal year 2012, driven by continued favorable shifts in brand and channel mix, strategic selling price increases and more moderate product costs. The Company anticipates modest full year operating expense deleverage as a result of increased pension expense, costs associated with expanding the Company's U.S. and European distribution infrastructure and continued growth of the Company's brick-and-mortar retail operations. The Company expects a full year effective tax rate of approximately 28.0% and fully diluted earnings per share growth in the mid to high single digits.

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

**RESULTS OF OPERATIONS – FISCAL 2011 COMPARED TO FISCAL 2010**

**FINANCIAL SUMMARY – 2011 VERSUS 2010**

| | 2011 | | 2010 | | Change | |
|---|---|---|---|---|---|---|
| *(Millions of Dollars, Except Per Share Data)* | | | | | | |
| | $ | % of Total | $ | % of Total | $ | % |
| Revenue | | | | | | |
| Branded footwear, apparel and licensing | **$ 1,274.1** | **90.4%** | $ 1,117.6 | 89.5% | $ 156.5 | 14.0% |
| Other business units | **135.0** | **9.6%** | 130.9 | 10.5% | 4.1 | 3.1% |
| Total Revenue | **$ 1,409.1** | **100.0%** | $ 1,248.5 | 100.0% | $ 160.6 | 12.9% |
| | $ | % of Revenue | $ | % of Revenue | $ | % |
| Gross Profit | | | | | | |
| Branded footwear, apparel and licensing | **$ 497.4** | **39.0%** | $ 440.1 | 39.4% | $ 57.3 | 13.0% |
| Other business units | **59.4** | **44.0%** | 52.5 | 40.1% | 6.9 | 13.1% |
| Total Gross Profit | **$ 556.8** | **39.5%** | $ 492.6 | 39.5% | $ 64.2 | 13.0% |
| Selling, general and administrative expenses | **$ 386.5** | **27.4%** | $ 347.5 | 27.8% | $ 39.0 | 11.2% |
| Restructuring and other transition costs | - | - | 2.8 | 0.2% | (2.8) | (100%) |
| Total Operating Expenses | **$ 386.5** | **27.4%** | $ 350.3 | 28.1% | $ 36.2 | 10.3% |

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| (Millions of Dollars, Except Per Share Data) | 2011 $ | 2011 % of Revenue | 2010 $ | 2010 % of Revenue | Change $ | Change % |
|---|---|---|---|---|---|---|
| Interest expense – net | **$ 1.1** | **0.0%** | $ 0.4 | 0.0% | $ 0.7 | 175% |
| Other expense (income) – net | **0.3** | **0.0%** | (1.3) | 0.1% | (1.6) | nm |
| Earnings before income taxes | **168.9** | **12.0%** | 143.2 | 11.5% | 25.7 | 17.9% |
| Net Earnings | **$ 123.3** | **8.8%** | $ 104.5 | 8.4% | $ 18.8 | 18.0% |
| Diluted earnings per share | **$ 2.48** | **-** | $ 2.11 | - | $ 0.37 | 17.5% |

The Company has one reportable segment that is engaged in designing, manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. In January 2011, the Company realigned its branded operating groups, and now identifies three operating groups within its branded footwear, apparel and licensing reportable segment:

- **Outdoor Group**, consisting of *Merrell*®, *Chaco*® and *Patagonia*® footwear and *Merrell*® brand apparel;
- **Heritage Group**, consisting of *Wolverine*® boots and shoes and *Wolverine*® brand apparel, *Cat*® footwear, *Bates*®, *Harley-Davidson*® footwear, and *HyTest*®; and
- **Lifestyle Group**, consisting of *Hush Puppies*® footwear and apparel, *Sebago*® footwear and apparel, *Cushe*® and *Soft Style*®.

The Company's other operating groups, which do not collectively comprise a separate reportable segment, consist of Wolverine Retail (the Company's consumer-direct business) and Wolverine Leathers (which markets pigskin leather primarily for use in the footwear industry).

The following is supplemental information on total revenue:

**TOTAL REVENUE**

| (Millions of Dollars) | 2011 $ | 2011 % of Total | 2010 $ | 2010 % of Total | Change $ | Change % |
|---|---|---|---|---|---|---|
| Outdoor Group | **$ 551.8** | **39.2%** | $ 467.6 | 37.5% | $ 84.2 | 18.0% |
| Heritage Group | **500.3** | **35.5%** | 454.6 | 36.4% | 45.7 | 10.1% |
| Lifestyle Group | **206.3** | **14.6%** | 182.9 | 14.6% | 23.4 | 12.8% |
| Other | **15.7** | **1.1%** | 12.5 | 1.0% | 3.2 | 25.6% |
| Total branded footwear, apparel and licensing revenue | **$1,274.1** | **90.4%** | $1,117.6 | 89.5% | $156.5 | 14.0% |
| Other business units | **135.0** | **9.6%** | 130.9 | 10.5% | 4.1 | 3.1% |
| Total Revenue | **$ 1,409.1** | **100.0%** | $ 1,248.5 | 100.0% | $ 160.6 | 12.9% |

**REVENUE**

Revenue for fiscal year 2011 increased $160.6 million from fiscal year 2010, to $1.409 billion. The growth was driven by double digit percentage increases in revenue for all three branded footwear, apparel and licensing operating groups. Revenue for the other business units increased 3.1% for fiscal year 2011. Changes in foreign exchange rates increased reported revenue by $17.3 million. International revenue represented 40.2% of total reported revenue in fiscal year 2011 compared to 38.4% in fiscal year 2010.

The **Outdoor Group** branded footwear, apparel and licensing operating group's revenue increased 18.0% in fiscal year 2011 compared to fiscal year 2010. Leading the group's growth, the *Merrell*® brand footwear and apparel business enjoyed increased demand for performance products, including its new *Merrell*® Barefoot Collection. Fueling the growth for the *Merrell*® branded footwear business was a mid teens percentage increase in units sold. The increase in *Merrell*® brand apparel was driven by a strong double digit increase in revenue generated by the Outerwear category and a low triple digit percentage increase in revenue generated by the Sportswear category. *Patagonia*® footwear's revenue increased at a rate in the high teens in fiscal year 2011 due to continued strong demand from key outdoor retailers. Revenue from the *Chaco*® brand grew at a rate in the high teens compared to fiscal year 2010 as the brand expanded its closed-toe product offerings for fall, extending the brand's reach to become a year-round footwear option for consumers.

The **Heritage Group** branded footwear, apparel and licensing operating group's revenue increased 10.1% in fiscal year 2011 compared to fiscal year 2010. Driving the revenue growth for the group was a mid twenties percentage increase in revenue from the *Cat*® footwear brand and a high single digit percentage increase in revenue from *Wolverine*® brand footwear and apparel. The *Cat*® footwear revenue increase was driven by revenue growth in the mid-teens or higher in each of its major geographic regions compared to fiscal year 2010. The *Wolverine*® brand's revenue grew as a result of low single digit unit volume growth in the U.S. rugged casual and core work boot business and a growth rate in the low thirties for the *Wolverine*® brand apparel business. *Harley-Davidson*® Footwear revenue decreased at a mid single digit rate compared to fiscal year 2010 as a high single digit decline in the U.S. market was partially offset by an increase at a rate in the high seventies in the European market.

The **Lifestyle Group** branded footwear, apparel and licensing operating group's revenue increased 12.8% in fiscal year 2011 compared to fiscal year 2010. Revenue from the *Hush Puppies*® brand increased at a high single digit rate as a result of mid twenties percentage growth in its third-party licensing business; growth in the European markets at a percentage rate in the mid teens; and high single digit percentage growth in the Canadian market. These increases were partially offset by a mid single digit percentage decline in *Hush Puppies*® revenue in the U.S. The *Sebago*® brand generated a revenue growth rate in the mid teens in fiscal year 2011 as a result of its European market growing at a rate in the mid teens. The *Cushe*® brand revenue almost doubled compared to fiscal year 2010, fueled by strong unit volume growth of over 150% in the U.S. as the brand continues to benefit from excellent placement in specialty, outdoor and surf retail venues.

Within the Company's other business units, Wolverine Retail reported revenue growth in the mid teens in fiscal year 2011 compared to fiscal year 2010 as a result of a high twenties percentage growth rate in the Company's e-commerce channel and a mid single digit percentage growth rate in comparable store sales from Company-owned stores. Wolverine Retail operated 101 retail stores worldwide at the end of fiscal year 2011 and operated 88 retail stores at the end of fiscal year 2010, with sixteen new store openings in fiscal year 2011 partially offset by the closure of three existing locations during fiscal year 2011. The Wolverine Leathers business reported a revenue decline at a rate in the mid twenties, as a result of soft demand from certain key customers and the divestiture of its low-margin procurement division in the fourth quarter of 2010.

**GROSS MARGIN**

For fiscal year 2011, the Company's consolidated gross margin was flat compared to fiscal year 2010. Higher product input costs and a negative shift in the mix of product sold decreased consolidated gross margin by approximately 150 basis points and 110 basis points, respectively. These decreases were offset by the positive impact from strategic selling price increases and the effect of foreign exchange.

**OPERATING EXPENSES**

Operating expenses increased \$36.2 million, from \$350.3 million in fiscal year 2010 to \$386.5 million in fiscal year 2011. The higher operating expense was due to an increase at a rate in the mid teens in distribution costs, which vary with revenue and advertising and marketing expenses, designed to enhance brand awareness. In addition, selling commissions, which vary with revenue, increased at a rate in the low teens and changes in foreign exchange rates had a $5.0 million unfavorable impact on reported operating expenses. These increases were partially offset by a $2.8 million dollar reduction in restructuring and other transition costs in fiscal year 2011 compared to fiscal year 2010.

**INTEREST, OTHER AND TAXES**

The increase in net interest expense reflects the increase in revolver borrowings for fiscal year 2011 compared to fiscal year 2010.

The decrease in other income is related to the sale of Wolverine Procurement assets in the fourth quarter of fiscal year 2010, which resulted in a $1.1 million gain, with the remainder of the decrease due to the change in realized gains or losses on foreign denominated assets and liabilities.

The Company's full year effective tax rate in fiscal year 2011 was 27.0%, compared to 27.1% in fiscal year 2010. The modestly lower effective tax rate reflects the fact that a higher percentage of the Company's earnings in fiscal year 2011 were attributable to foreign jurisdictions where tax rates are lower than in the U.S. or nontaxable based on specific tax rulings and legislation. The Company maintains certain strategic management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that are generally lower than the U.S. federal statutory income tax rate. A significant amount of the Company's earnings are generated by its Canadian, European and Asia Pacific subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax and free trade zones where the Company owns manufacturing operations. The Company has not provided for U.S. taxes for earnings generated in foreign jurisdictions because it plans to reinvest these earnings indefinitely outside the U.S. However, if certain foreign earnings previously treated as permanently reinvested are repatriated, the additional U.S. tax liability could have a material adverse effect on the Company's after-tax results of operations and financial position.

**NET EARNINGS AND EARNINGS PER SHARE**

As a result of the revenue, gross margin and expense changes discussed above, the Company had net earnings of $123.3 million in fiscal year 2011, compared to $104.5 million in fiscal year 2010, an increase of $18.8 million.

Diluted net earnings per share increased 17.5% in fiscal year 2011 to $2.48, from $2.11 in fiscal year 2010. The increase was attributable to increased revenue, stable gross margin and lower restructuring and other transition costs, as detailed above. The Company repurchased approximately 1,840,000 shares of common stock in fiscal year 2011 for approximately $65.3 million and repurchased approximately 1,795,000 shares in fiscal year 2010 for approximately $51.2 million, both of which lowered the average shares outstanding.

Inflation did not have a significant impact on revenue or net earnings.

**RESULTS OF OPERATIONS – FISCAL 2010 COMPARED TO FISCAL 2009**

**FINANCIAL SUMMARY – 2010 VERSUS 2009**

| *(Millions of Dollars, Except Per Share Data)* | **2010** | | 2009 | | Change | |
|---|---|---|---|---|---|---|
| | **$** | **% of Total** | $ | % of Total | $ | % |
| Revenue | | | | | | |
| Branded footwear, apparel and licensing | **$ 1,117.6** | **89.5%** | $ 991.2 | 90.0% | $ 126.4 | 12.8% |
| Other business units | **130.9** | **10.5%** | 109.9 | 10.0% | 21.0 | 19.1% |
| Total Revenue | **$ 1,248.5** | **100.0%** | $ 1,101.1 | 100.0% | $ 147.4 | 13.4% |

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| (Millions of Dollars, Except Per Share Data) | 2010 $ | 2010 % of Revenue | 2009 $ | 2009 % of Revenue | Change $ | Change % |
|---|---|---|---|---|---|---|
| Gross Profit | | | | | | |
| Branded footwear, apparel and licensing | **$ 440.1** | **39.4%** | $ 390.8 | 39.4% | $ 49.3 | 12.6% |
| Other business units | **52.5** | **40.1%** | 40.9 | 37.2% | 11.6 | 28.4% |
| Total Gross Profit | **$ 492.6** | **39.5%** | $ 431.7 | 39.2% | $ 60.9 | 14.1% |
| Selling, general and administrative expenses | **$ 347.5** | **27.8%** | $ 316.4 | 28.7% | $ 31.1 | 9.8% |
| Restructuring and other transition costs | **2.8** | **0.2%** | 29.7 | 2.7% | (26.9) | (90.6%) |
| Total Operating Expenses | **$ 350.3** | **28.1%** | $ 346.1 | 31.4% | $ 4.2 | 1.2% |
| Interest expense – net | **$ 0.4** | **0.0%** | $ 0.1 | 0.0% | $ 0.3 | 300.0% |
| Other (income) – net | **(1.3)** | **0.1%** | (0.2) | 0.0% | 1.1 | 550.0% |
| Earnings before income taxes | **143.2** | **11.5%** | 85.7 | 7.8% | 57.5 | 67.1% |
| Net Earnings | **$ 104.5** | **8.4%** | $ 61.9 | 5.6% | $ 42.6 | 68.8% |
| Diluted earnings per share | **$ 2.11** | - | $ 1.24 | - | $ 0.87 | 70.2% |

The following is supplemental information on total revenue:

**TOTAL REVENUE**

| (Millions of Dollars) | 2010 $ | 2010 % of Total | 2009 $ | 2009 % of Total | Change $ | Change % |
|---|---|---|---|---|---|---|
| Outdoor Group | **$ 467.6** | **37.5%** | $ 416.2 | 37.8% | $ 51.4 | 12.3% |
| Heritage Group | **454.6** | **36.4%** | 394.2 | 35.8% | 60.4 | 15.3% |
| Lifestyle Group | **182.9** | **14.6%** | 168.9 | 15.3% | 14.0 | 8.3% |
| Other | **12.5** | **1.0%** | 11.9 | 1.1% | 0.6 | 5.0% |
| Total branded footwear, apparel and licensing revenue | **$ 1,117.6** | **89.5%** | $ 991.2 | 90.0% | $ 126.4 | 12.8% |
| Other business units | **130.9** | **10.5%** | 109.9 | 10.0% | 21.0 | 19.1% |
| Total Revenue | **$ 1,248.5** | **100.0%** | $ 1,101.1 | 100.0% | $ 147.4 | 13.4% |

**REVENUE**

Revenue in fiscal year 2010 increased $147.4 million, to $1.249 billion. The growth was driven by increases in revenues for all three branded footwear, apparel and licensing operating groups and the Company’s other business units. The Outdoor Group and Heritage Group led the revenue growth, with revenues increasing 12.3% and 15.3%, respectively, while revenues for the other business units increased 19.1%. Changes in foreign exchange rates increased reported revenue by $4.3 million. International revenue represented 38.4% of total revenue in fiscal year 2010 compared to 37.3% in fiscal year 2009.

The **Outdoor Group** branded footwear, apparel and licensing operating group’s revenue increased 12.3%. Fueling growth for the group was a mid single digit percentage increase in *Merrell*® brand footwear unit sales, driven by an increase in units at a rate in the high teens rate in the brand’s international markets. For *Merrell*® brand apparel, the increase in revenue for fiscal 2010 was driven by unit sales growth in the mid fifties, attributable to strong category presentations and improved product lines. *Patagonia®* footwear's revenue increased at a growth rate in the mid thirties in fiscal year 2010 compared to fiscal year 2009 due to continued strong demand from key outdoor retailers. The *Chaco®* brand revenue in fiscal year 2010 grew at a rate in the high teens compared to fiscal year 2009, due to the brand's expanded distribution in the United States.

The **Heritage Group** branded footwear, apparel and licensing operating group's revenue increased 15.3%. The growth drivers for the group were the *Wolverine®* brand and *Cat®* footwear, with growth at rates in the low twenties and mid teens, respectively. The revenue increase for the *Wolverine®* brand resulted from a U.S. revenue growth rate in the mid teens for the brand's core work boot and rugged casual businesses. *Cat®* footwear's revenue increased at a rate in the mid teens compared to fiscal year 2009, reflecting stronger sales in both the U.S. and European markets, with percentage increases in the mid teens and low twenties, respectively. Revenue from the *Bates®* footwear business grew at a high single digit rate as the Company began shipping military boots under a major contract awarded in the third quarter of fiscal year 2010. *Harley-Davidson®* footwear revenue increased at a mid single digit rate compared to fiscal year 2009 due to organic growth in the European market. *HyTest®* revenue increased at a rate in the low thirties due to a rebound in the safety footwear market in the United States.

The **Lifestyle Group** branded footwear, apparel and licensing operating group's revenue increased 8.3%. The *Hush Puppies®* brand revenue increased at a low single digit rate as mid single digit percentage growth in the U.S., and a growth rate in the mid teens for the third-party licensing business was partially offset by a high single digit percentage revenue decline in the Canadian market. The *Sebago®* brand revenue increased at a rate in the mid teens, and the *Cushe®* brand more than doubled its revenue in fiscal year 2010. The *Sebago®* brand's increase resulted from solid organic growth in European and third party distributor markets, with percentage increases in the mid twenties and mid teens, respectively, as the brand benefitted from investments designed to increase brand awareness. The *Cushe®* brand's growth was driven by the excellent placement secured in specialty, outdoor and surf retail venues.

Within the Company's other business units, Wolverine Retail reported a revenue growth rate in the mid teens compared to fiscal year 2009 as a result of growth in the Company's e-commerce channel at a rate in the mid fifties and mid single-digit percentage growth in comparable store sales from Company-owned stores. Wolverine Retail operated 88 retail stores worldwide at the end of both fiscal years 2010 and 2009, with seven store openings in fiscal year 2010 offset by the closure of seven existing locations during fiscal year 2010. The Wolverine Leathers business reported a revenue percentage increase in the low thirties, due to strong demand for Wolverine's proprietary pigskin leather from third-party customers.

**GROSS MARGIN**

For fiscal year 2010, the Company's consolidated gross margin was 30 basis points higher than the prior year. Favorable shift in the mix of product sold increased consolidated gross margin by approximately 60 basis points. This increase was partially offset by the negative effect of higher product costs.

**OPERATING EXPENSES**

Operating expenses increased $4.2 million, from $346.1 million in fiscal year 2009 to $350.3 million in fiscal year 2010. The increase was related to a mid twenties percentage increase in advertising and marketing expenses designed to increase brand awareness; a high single digit percentage increase in selling commissions, which vary with revenue; and a mid single digit percentage increase in distribution costs, which also vary with revenue. These increases were partially offset by continued discipline in general and administrative expenses and a $26.9 million dollar reduction in restructuring and other transition costs.

**INTEREST, OTHER AND TAXES**

The increase in net interest expense reflected increased facility fees under the new credit agreement and increased amortization of closing costs related to the new credit facility, offset by a reduction in revolver borrowings in fiscal year 2010.

The increase in other income is due to the sale of Wolverine Procurement assets in the fourth quarter of fiscal year 2010, which resulted in a $1.1 million gain, with the remainder of the increase due to the change in realized gains or losses on foreign denominated assets and liabilities.

The Company's full year effective tax rate in fiscal year 2010 was 27.1%, compared to 27.8% in fiscal year 2009. The lower effective tax rate reflects benefits from the favorable settlement of a foreign tax audit and the fact that a higher percentage of the Company's earnings in fiscal year 2010 were attributable to foreign jurisdictions where tax rates are lower than in the U.S. or nontaxable based on specific tax rulings and legislation. The Company maintains certain strategic management and operational activities in overseas subsidiaries and its foreign earnings are taxed at rates that are generally lower than the U.S. federal statutory income tax rate. A significant amount of the Company's earnings are generated by its Canadian, European and Asia Pacific subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax and free trade zones where the Company owns manufacturing operations. The Company has not provided for U.S. taxes for earnings generated in foreign jurisdictions because it plans to reinvest these earnings indefinitely outside the U.S. However, if certain foreign earnings previously treated as permanently reinvested are repatriated, the additional U.S. tax liability could have a material adverse effect on the Company's after-tax results of operations and financial position.

**NET EARNINGS AND EARNINGS PER SHARE**

As a result of the revenue, gross margin and expense changes discussed above, the Company had net earnings of $104.5 million in fiscal year 2010 compared to $61.9 million in fiscal year 2009, an increase of $42.6 million.

Diluted net earnings per share increased 70.2% in fiscal year 2010 to $2.11 from $1.24 in fiscal year 2009. The increase was attributable to increased revenues, improved gross margin and lower restructuring and other transition costs as detailed above. The Company repurchased approximately 1,795,000 shares of common stock in fiscal year 2010 for approximately $51.2 million and repurchased approximately 406,000 shares in fiscal year 2009 for approximately $5.6 million, both of which lowered the average shares outstanding.

Inflation did not have a significant impact on revenue or net earnings.

**LIQUIDITY AND CAPITAL RESOURCES**

| | **December 31, 2011** | January 1, 2011 | Change $ | Change % |
|---|---|---|---|---|
| *(Millions of Dollars)* | | | | |
| Cash and cash equivalents | **$ 140.0** | $ 150.4 | $ (10.4) | (6.9%) |
| Accounts receivable | **220.0** | 196.5 | 23.5 | 12.0% |
| Inventories | **234.8** | 208.7 | 26.1 | 12.5% |
| Accounts payable | **57.1** | 64.1 | (7.0) | (10.9%) |
| Current accrued liabilities | **80.1** | 76.6 | 3.5 | 4.6% |
| Interest-bearing debt | **11.5** | 1.0 | 10.5 | nm |
| Cash provided by operating activities | **78.8** | 67.9 | 10.9 | 16.1% |
| Additions to property, plant and equipment | **19.4** | 16.4 | 3.0 | 18.3% |
| Depreciation and amortization | **15.9** | 16.2 | (0.3) | (1.9%) |

Cash and cash equivalents of $140.0 million as of December 31, 2011 were $10.4 million lower than the balance at January 1, 2011. The decrease was due to incremental investments in working capital and other operating assets to support future growth, partially offset by improved revenue and profit. Accounts receivable increased 12.0% compared to the end of fiscal year 2010 on a 5.6% increase in fourth quarter revenue and a slight increase in days sales outstanding. No single customer accounted for more than 10% of the outstanding accounts receivable balance at December 31, 2011. As expected, inventory levels at year end increased from 2010 year end, up 12.5%. The increase is due to new product offerings and increased product costs.

The decrease in accounts payable as of December 31, 2011 compared to January 1, 2011 was attributable to the timing of cash payments to vendors. Current accrued liabilities increased $3.5 million, or 4.6%, due to an increase at a rate in the mid sixties in accrued value added taxes and an increase at a rate in the low thirties in accrued royalties, partially offset by decreases in accrued salaries and wages and a decrease in the Company's restructuring liability.

The Company's credit agreement with a bank syndicate provides the Company with access to capital under a revolving credit facility, including a swing-line facility and letter of credit facility, in an initial aggregate amount of up to $150.0 million. This amount is subject to increase up to a maximum aggregate amount of $225.0 million under certain circumstances. The revolving credit facility is used to support working capital requirements and other business needs. There was $11.0 million drawn under the revolving credit facility at December 31, 2011 and there were no amounts outstanding at January 1, 2011. The Company considers balances drawn on the revolving credit facility, if any, to be short-term in nature. The Company was in compliance with all debt covenant requirements under the revolving credit facility at both December 31, 2011 and January 1, 2011. Cash flows from operations, along with proceeds from the revolving credit facility, if needed, are expected to be sufficient to meet working capital needs for the foreseeable future. Any excess cash flows from operating activities are expected to be used to purchase property, plant and equipment, pay down debt, fund internal and external growth initiatives, pay dividends or repurchase the Company's common stock.

Net cash provided by operating activities in fiscal year 2011 was $78.8 million versus $67.9 million in fiscal year 2010, an increase of $10.9 million. Stronger earnings performance and lower cash payments for restructuring were partially offset by additional investments in working capital and the timing of tax and operating expense payments.

The majority of the capital expenditures for the year were for information system enhancements, manufacturing equipment and building improvements. The Company leases machinery, equipment and certain warehouse, office and retail store space under operating lease agreements that expire at various dates through 2023.

The Company's Board of Directors approved a common stock repurchase program on April 19, 2007. The program authorized the repurchase of up to 7.0 million shares of common stock over a 36-month period beginning on the effective date of the program. The Company repurchased 199,996 shares at an average price of $26.52 per share during the first quarter of 2010, which exhausted the number of shares authorized for repurchase under the program.

The Company's Board of Directors approved a common stock repurchase program on February 11, 2010 (the "February 2010 Program"). The February 2010 Program authorizes the repurchase of up to $200.0 million in common stock over a four-year period. The Company repurchased 142,198 shares at an average price of $35.57 in the first quarter of 2011, 478,747 shares at an average price of $37.74 in the second quarter of 2011, 948,256 shares at an average price of $34.45 in the third quarter of 2011 and 270,882 shares at an average price of $35.08 in the fourth quarter of 2011 under the February 2010 Program. The Company repurchased 683,808 shares at an average price of $28.18 in the first quarter of 2010, 752,643 shares at an average price of $29.99 per share during the second quarter of 2010, 158,700 shares at an average price of $25.51 per share during the third quarter and repurchased no shares during the fourth quarter of 2010 under the February 2010 Program. The primary purpose of the stock repurchase programs is to increase stockholder value. The Company intends to continue to repurchase shares of its common stock under the February 2010 Program from time to time in open market or privately negotiated transactions, depending upon market conditions and other factors.

| (Thousands of Dollars, Except Share Data) | **2011** | | 2010 | | Cumulative | |
|---|---|---|---|---|---|---|
| Authorization effective date | **Shares repurchased** | **Market price of shares repurchased** | Shares repurchased | Market price of shares repurchased | Shares repurchased | Market price of shares repurchased |
| April 19, 2007 | – | **$ –** | 199,996 | $ 5,304 | 7,000,000 | $ 180,802 |
| February 11, 2010 | **1,840,083** | **$ 65,296** | 1,595,151 | $ 45,890 | 3,435,234 | $ 111,186 |

In addition to the repurchases noted above under the Company's Common Stock Repurchase Programs, the Company acquired 55,810 shares at an average price of $36.48 per share during fiscal year 2011 and 37,046 shares at an average price of $25.43 per share during fiscal year 2010 related to employee transactions to offset statutory minimum tax withholding that occurs upon vesting of restricted shares.

The Company declared total dividends of $0.48 per share for fiscal year 2011 and $0.44 for fiscal year 2010. On February 9, 2012, the Company declared a quarterly cash dividend of $0.12 per share of common stock, to be paid on May 1, 2012 to stockholders of record on April 2, 2012.

**NEW ACCOUNTING STANDARDS**

In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-08, *Testing Goodwill for Impairment* (ASU No. 2011-08). ASU No. 2011-08 amended the provisions of FASB ASC 350-20-35 by allowing an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company adopted the applicable requirements of this ASU in the fourth quarter of 2011, and the adoption did not affect the Company's consolidated financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220), Presentation of Comprehensive Income* (ASU 2011-05). ASU 2011-05 eliminates the option to present other comprehensive income (OCI) in the statement of stockholders' equity. Under ASU 2011-05, the Company has the option to present the total of comprehensive income, the components of net income and the components of OCI in either a continuous statement of comprehensive income or in two separate continuous statements. Earnings per share would continue to be based on net income. Also in December 2011, the FASB issued ASU 2011-12, *Comprehensive Income (Topic 220), Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* (ASU 2011-12). ASU 2011-12 defers the ASU 2011-05 requirement that companies present reclassification adjustments for each component of accumulated other comprehensive income (AOCI) in both net income and other comprehensive income (OCI) on the face of the financial statements. The amendments in ASU 2011-05 should be applied retrospectively, and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 (first quarter 2012 for the Company). The adoption of ASU 2011-05 and ASU 2011-12 are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820), Amendments to achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* (ASU 2011-04). ASU 2011-04 amends the fair value measurement and disclosure guidance in ASC 820, *Fair Value Measurement*, to converge US GAAP and IFRS requirements for measuring amounts at fair value as well as disclosures about these measurements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011 (first quarter 2012 for the Company). The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

## CRITICAL ACCOUNTING POLICIES

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

The Company has identified the following critical accounting policies used in determining estimates and assumptions in the amounts reported. Management believes that an understanding of these policies is important to an overall understanding of the Company's consolidated financial statements.

## REVENUE RECOGNITION

Revenue is recognized on the sale of products manufactured or sourced by the Company when the related goods have been shipped, legal title has passed to the customer and collectability is reasonably assured. Revenue generated through licensees and distributors involving products bearing the Company's trademarks is recognized as earned according to stated contractual terms upon either the purchase or shipment of branded products by licensees and distributors.

The Company records provisions for estimated sales returns and allowances at the time of sale based on historical rates of returns and allowances and specific identification of outstanding returns not yet received from customers. However, estimates of actual returns and allowances in any future period are inherently uncertain and actual returns and allowances for the relevant periods may differ from these estimates. If actual or expected future returns and allowances were significantly greater or lower than established reserves, a reduction or increase to net revenues would be recorded in the period this determination was made.

## ACCOUNTS RECEIVABLE

The Company maintains an allowance for uncollectible accounts receivable for estimated losses resulting from its customers' inability to make required payments. Company management evaluates the allowance for uncollectible accounts receivable based on a review of current customer status and historical collection experience. Historically, losses have been within the Company's expectations. Adjustments to these estimates may be required if the financial condition of the Company's customers were to change. If the Company were to determine that increases or decreases to the allowance for uncollectible accounts were appropriate, the Company would record either an increase or decrease to general and administrative expenses in the period in which the Company made such a determination. At December 31, 2011 and January 1, 2011, management believed that it had provided sufficient reserves to address future collection uncertainties.

## INVENTORY

The Company values its inventory at the lower of cost or market. Cost is determined by the last-in, first-out ("LIFO") method for all domestic raw materials and work-in-process inventories and certain domestic finished goods inventories. Cost is determined using the first-in, first-out ("FIFO") method for all raw materials, work-in-process and finished goods inventories in foreign countries. The FIFO method is also used for all finished goods inventories of the Company's retail business, due to the unique nature of those operations, and for certain other domestic finished goods inventories. The Company has applied these inventory cost valuation methods consistently from year to year.

The Company reduces the carrying value of its inventories to the lower of cost or market for excess or obsolete inventories based upon assumptions about future demand and market conditions. If the Company were to determine that the estimated market value of its inventory is less than the carrying value of such inventory, the Company would provide a reserve for such difference as a charge to cost of sales. If actual market conditions are different from those projected, adjustments to those inventory reserves may be required. The adjustments would increase or decrease the Company's cost of sales and net income in the period in which they were realized or recorded. Inventory quantities are verified at various times throughout the year by performing physical inventory observations and perpetual inventory cycle count procedures. If the Company determines that adjustments to the inventory quantities are appropriate, an increase or decrease to the Company's cost of sales and inventory is recorded in the period in which such determination was made. At December 31, 2011 and January 1, 2011, management believed that it had provided sufficient reserves for excess or obsolete inventories.

**GOODWILL AND OTHER NON-AMORTIZABLE INTANGIBLES**

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The Company has early-adopted the provisions of ASU 2011-08, which permits the Company to qualitatively assess indicators of the Company's reporting unit's fair value when it is unlikely that a reporting unit is impaired. After completing the qualitative assessment, the Company may also use assumptions about expected future operating performance and utilize a discounted cash flow analysis to estimate fair value. If the recorded values of these assets are not recoverable, based on either the assessment screen or discounted cash flow analysis, management performs the next step, which compares the fair value of the reporting unit to the fair value of the tangible and intangible assets of the reporting units. Goodwill is considered impaired if the fair value of the tangible and intangible assets exceeds the fair value of the reporting unit.

The Company tests indefinite-lived intangibles by comparison of the individual carrying values to the fair value. Future cash flows of the individual indefinite-lived intangible assets are used to measure their fair value after consideration by management of certain assumptions, such as forecasted growth rates and cost of capital, which are derived from internal projections and operating plans.

The Company did not recognize any impairment charges for goodwill or indefinite-lived intangible assets during the fiscal years ended December 31, 2011 or January 1, 2011 as the annual impairment testing indicated that all reporting unit goodwill and indefinite-lived intangible asset fair values exceed their respective recorded values.

**INCOME TAXES**

The Company maintains certain strategic management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that are generally lower than the U.S. federal statutory income tax rate. A significant amount of the Company's earnings are generated by its Canadian, European and Asia Pacific subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax and free trade zones where the Company owns manufacturing operations. The Company has not provided for U.S. taxes for earnings generated in foreign jurisdictions because it plans to reinvest these earnings indefinitely outside the U.S. However, if certain foreign earnings previously treated as permanently reinvested are repatriated, the additional U.S. tax liability could have a material adverse effect on the Company's after-tax results of operations and financial position. Income tax audits associated with the allocation of this income and other complex issues may require an extended period of time to resolve and may result in income tax adjustments if changes to the income allocation are required between jurisdictions with different income tax rates. Because income tax adjustments in certain jurisdictions can be significant, the Company records accruals representing management's best estimate of the resolution of these matters. To the extent additional information becomes available, such accruals are adjusted to reflect the revised estimated outcome. The Company believes its tax accruals are adequate to cover exposures related to changes in income allocation between tax jurisdictions. The carrying value of the Company's deferred tax assets assumes that the Company will be able to generate sufficient taxable income in future years to utilize these deferred tax assets. If these assumptions change, the Company may be required to record valuation allowances against its gross deferred tax assets in future years, which would cause the Company to record additional income tax expense in its consolidated statements of operations. Management evaluates the potential the Company will be able to realize its gross deferred tax assets and assesses the need for valuation allowances on a quarterly basis.

On a periodic basis, the Company estimates what the effective tax rate will be for the full fiscal year and records a quarterly income tax provision in accordance with the projected full year rate. As the fiscal year progresses, that estimate is refined based upon actual events and the distribution of earnings in each tax jurisdiction during the year. This continual estimation process periodically results in a change to the expected effective tax rate for the fiscal year. When this occurs, the Company adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the revised anticipated annual rate.

**RETIREMENT BENEFITS**

The determination of the obligation and expense for retirement benefits is dependent on the selection of certain actuarial assumptions used in calculating such amounts. These assumptions include, among others, the discount rate, expected long-term rate of return on plan assets and rates of increase in compensation. These assumptions are reviewed with the Company's actuaries and updated annually based on relevant external and internal factors and information, including but not limited to, long-term expected asset returns, rates of termination, regulatory requirements and plan changes.

The Company utilizes a bond matching calculation to determine the discount rate used to calculate its year-end pension liability and subsequent year pension expense. A hypothetical bond portfolio is created based on a presumed purchase of individual bonds to settle the plan's expected future benefit payments. The discount rate is the resulting yield of the hypothetical bond portfolio. The bonds selected are rated AA- or higher by at least two recognized ratings agency and are non-callable, currently purchasable and non-prepayable. The discount rate at year end 2011 was 5.42%. Pension expense is also impacted by the expected long-term rate of return on plan assets, which the Company determined to be 8.0% in 2011. This determination is based on both actual historical rates of return experienced by the pension assets and the long-term rate of return of a composite portfolio of equity and fixed income securities that reflects the approximate diversification of the pension assets.

**STOCK-BASED COMPENSATION**

The Company accounts for stock-based compensation in accordance with the fair value recognition provisions of FASB ASC Topic 718, *Compensation – Stock Compensation*. The Company utilizes the Black-Scholes model, which requires the input of subjective assumptions. These assumptions include estimating (a) the length of time employees will retain their vested stock options before exercising them ("expected term"), (b) the volatility of the Company's common stock price over the expected term and (c) the number of options that will be forfeited. Changes in these assumptions can materially affect the estimate of fair value of stock-based compensation and, consequently, the related expense amounts recognized in the consolidated statements of operations.

**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company faces market risk to the extent that changes in foreign currency exchange rates affect the Company's foreign assets, liabilities and inventory purchase commitments and to the extent that its long-term debt requirements are affected by changes in interest rates. The Company manages these risks by attempting to denominate contractual and other foreign arrangements in U.S. dollars. The Company does not believe that there has been a material change during 2011 in the nature of the Company's primary market risk exposures, including the categories of market risk to which the Company is exposed and the particular markets that present the primary risk of loss to the Company. As of the date of this Annual Report on Form 10-K, the Company does not know of or expect there to be any material change in the near-term in the general nature of its primary market risk exposure.

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

The Company conducts wholesale operations outside of the United States in the United Kingdom, continental Europe and Canada where the functional currencies are primarily the British pound, euro and Canadian dollar, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. At December 31, 2011 and January 1, 2011, the Company had outstanding forward currency exchange contracts to purchase $106.3 million and $111.8 million, respectively, of U.S. dollars with maturities ranging up to 336 and 364 days, respectively.

The Company also has production facilities in the Dominican Republic and sourcing locations in Asia, where financial statements reflect the U.S. dollar as the functional currency. However, operating costs are paid in the local currency. Royalty revenue generated by the Company from third-party foreign licensees is calculated in the licensees' local currencies, but paid in U.S. dollars. Accordingly, the Company's reported results are subject to foreign currency exposure for this stream of revenue and expenses.

Assets and liabilities outside the United States are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company currently does not hedge these net investments. At December 31, 2011, a stronger U.S. dollar compared to foreign currencies decreased the value of these investments in net assets by $11.3 million. At January 1, 2011, a stronger U.S. dollar compared to foreign currencies decreased the value of these investments in net assets by $2.9 million. These changes resulted in cumulative foreign currency translation adjustments at December 31, 2011 and January 1, 2011 of $0.3 million and $11.5 million, respectively, that are deferred and recorded as a component of accumulated other comprehensive income in stockholders' equity.

Because the Company markets, sells and licenses its products throughout the world, it could be 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 revolving credit agreement. As of December 31, 2011 the Company had $11.0 million outstanding on its revolving credit facility and had no outstanding balances on its revolving credit facility as of January 1, 2011.

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

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as of December 31, 2011.

**CONTRACTUAL OBLIGATIONS**

The Company has the following payments under contractual obligations due by period:

| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|
| *(Thousands of Dollars)* | | | | | |
| Operating leases | $ 133,506 | 18,574 | 32,941 | 29,065 | 52,926 |
| Debt obligations | 11,515 | 11,515 | – | – | – |
| Purchase obligations (1) | 198,016 | 198,016 | – | – | – |
| Restructuring related obligations | 330 | 330 | – | – | – |
| Deferred compensation | 566 | 148 | 208 | 37 | 173 |
| Pension (2) | 26,657 | 26,657 | – | – | – |
| SERP | 32,749 | 2,091 | 5,792 | 7,094 | 17,772 |
| Dividends declared | 5,699 | 5,699 | – | – | – |
| Minimum royalties | 4,350 | 750 | 2,100 | 1,500 | – |
| Minimum advertising | 18,662 | 2,360 | 5,369 | 5,696 | 5,237 |
| Total (3) | $ 432,050 | $ 266,140 | $ 46,410 | $ 43,392 | $ 76,108 |

(1) Purchase obligations primarily relate to inventory and capital expenditure commitments.
(2) Pension obligations reflect expected pension funding as there are currently no required funding obligations under government regulation. Funding amounts are calculated on an annual basis and no required or planned funding beyond one year has been determined.
(3) The Company adopted FASB ASC Topic 740, *Income Taxes,* on December 31, 2006. The total amount of unrecognized tax benefits on the Consolidated Balance Sheet at December 31, 2011 is $13.1 million. At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments in individual years beyond 12 months due to uncertainties in the timing of tax audit outcomes. As a result, this amount is not included in the table above.

At December 31, 2011, the Company had $139.0 million of additional borrowing capacity available under a revolving credit agreement with a termination date of June 7, 2014 and $1.6 million of additional borrowing capacity under three standby letters of credit.

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

The response to this Item is set forth under the caption “Quantitative and Qualitative Disclosures About Market Risk” in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and is incorporated herein by reference.

## Item 8. Financial Statements and Supplementary Data

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

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

None.

## Item 9A. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on and as of the time of such evaluation, the Company’s management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this report.

### Management’s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting as of December 31, 2011, based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on that evaluation, management concluded that internal control over financial reporting was effective as of December 31, 2011.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2011 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report, which is included in Appendix A and is incorporated into this Item 9A by reference.

**Changes in Internal Control Over Financial Reporting**

There was no change in the Company's internal control over financial reporting that occurred during the sixteen-week period ended December 31, 2011 that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

## Item 9B. Other Information

None.

# PART III

## Item 10. Directors, Executive Officers and Corporate Governance

The Company's Audit Committee is comprised of four Board members, all of whom are independent under independence standards adopted by the Board and applicable SEC regulations and New York Stock Exchange standards (including independence standards related specifically to Audit Committee membership). The Audit Committee members each have financial and business experience with companies of substantial size and complexity and have an understanding of financial statements, internal controls and audit committee functions. The Company's Board of Directors has determined that Jeffrey M. Boromisa and William K. Gerber are audit committee financial experts, as defined by the SEC. Additional information regarding the Audit Committee is provided in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, under the caption "Corporate Governance" under the subheading "Board of Directors and Committees."

The Company has adopted an Accounting and Finance Code of Ethics that applies to the Company's principal executive officer, principal financial officer and principal accounting officer, and has adopted a Code of Conduct & Compliance that applies to the Company's directors and employees. The Accounting and Finance Code of Ethics and the Code of Conduct & Compliance are available on the Company's website at *www.wolverineworldwide.com/investor-relations/corporate-governance*. Any waiver from the Accounting and Finance Code of Ethics or the Code of Conduct & Compliance with respect to the Company's executive officers and directors will be disclosed on the Company's website. Any amendment to the Accounting and Finance Code of Ethics and the Code of Conduct & Compliance will be disclosed on the Company's website.

The information regarding directors of the Company contained under the caption "Directors" in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, is incorporated herein by reference.

The information regarding directors and executive officers of the Company under the caption "Additional Information" under the subheading "Section 16(a) Beneficial Ownership Reporting Compliance" in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, is incorporated herein by reference.

## Item 11. Executive Compensation

The information contained under the captions "Non-Employee Director Compensation in Fiscal Year 2011," "Compensation Discussion and Analysis," "Compensation Committee Report," "2011 Summary Compensation Table," "Grants of Plan-Based Awards in Fiscal 2011," "Outstanding Equity Awards at 2011 Fiscal Year-End," "Option Exercises and Stock Vested in Fiscal 2011," "Pension Plans and 2011 Pension Benefits" and "Potential Payments upon Termination or Change in Control" in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, is incorporated herein by reference. The information contained under the caption "Corporate Governance" under the subheadings "Risk

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Considerations in Compensation Programs" and "Board of Directors and Committees" in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, is also incorporated herein by reference.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information contained under the caption "Securities Ownership of Officers and Directors and Certain Beneficial Owners" contained in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, is incorporated herein by reference.

**Equity Compensation Plan Information**

The following table provides information about the Company's equity compensation plans as of December 31, 2011:

| Plan Category[1] | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) |
|---|---|---|---|
| **Equity compensation plans approved by security holders** | 3,694,984[2,3] | $ 23.40 | 3,786,121[4] |
| **Equity compensation plans not approved by security holders** | - | N/A | - |
| **Total** | 3,694,984 | $ 23.40 | 3,786,121 |

1 Each plan for which aggregated information is provided contains customary anti-dilution provisions that are applicable in the event of a stock split, stock dividend or certain other changes in the Company's capitalization.

2 Includes: (i) 3,343,546 stock options awarded to employees under the 1993 Stock Incentive Plan, the 1995 Stock Incentive Plan, the 1997 Stock Incentive Plan, the Amended and Restated Stock Incentive Plan of 1999, the Amended and Restated Stock Incentive Plan of 2001, the Amended and Restated Stock Incentive Plan of 2003, the Amended and Restated Stock Incentive Plan of 2005 and the Stock Incentive Plan of 2010; and (ii) and 351,448 stock options awarded to non-employee directors under the Stock Incentive Plan of 2010, the Amended and Restated Stock Incentive Plan of 2005 and the Amended and Restated Directors' Stock Option Plan last approved by stockholders in 2002. Column (a) does not include stock units credited to outside directors' fee accounts or retirement accounts under the Outside Directors' Deferred Compensation Plan. Stock units do not have an exercise price. Each stock unit credited to a director's fee account and retirement account under the Outside Directors' Deferred Compensation Plan will be converted into one share of common stock upon distribution. Column (a) also does not include shares of restricted or unrestricted common stock previously issued under the Company's equity compensation plans.

3 Of this amount, 828,072 options were not exercisable as of December 31, 2011, due to vesting restrictions.

4 Comprised of: (i) 414,570 shares available for issuance under the Outside Directors' Deferred Compensation Plan upon the retirement of the current directors or upon a change in control; and (ii) 3,371,551 shares issuable under the Stock Incentive Plan of 2010.

The Outside Directors' Deferred Compensation Plan is a supplemental, unfunded, nonqualified deferred compensation plan for non-employee directors. Beginning in 2006, the Company began paying an annual equity retainer to non-management directors in the form of a contribution under the Outside Directors' Deferred Compensation Plan. Non-management directors may also voluntarily elect to receive, in lieu of some or all directors' fees, a number of stock units equal to the amount of the deferred directors' fees divided by the fair market value of the Company's common stock on the date of payment of the next cash dividend on the Company's common stock. These stock units are increased by a dividend equivalent based on dividends paid by the Company and the amount of stock units credited to the participating director's fee account and retirement account. Upon distribution, the participating directors receive a number of shares of the Company's common stock equal to the number of stock units to be distributed at that time. Distribution is triggered by termination of service as a director or by a change in control of the Company and can occur in a lump sum, in installments or on another deferred basis. Of the 414,570 shares issuable under the Outside Directors' Deferred Compensation Plan, 227,278 shares have been issued to a trust to satisfy the Company's obligations when distribution is triggered and are included in shares the Company reports as issued and outstanding.

The Stock Incentive Plan of 2010 is an equity-based incentive plan for officers, key employees, and directors. The Stock Incentive Plan of 2010 authorizes awards of stock options, restricted common stock, common stock, restricted stock units, and/or stock appreciation rights. The Stock Incentive Plan of 2010 provides that each share of restricted or unrestricted common stock and each restricted stock unit is counted as two shares against the total number of shares authorized for issuance under the plan. The number of securities listed as remaining available in column (c) of the table assumes the grant of all stock options, which count as only one share against the total number of shares authorized for issuance under the plan. Actual shares available under the plan will be less to the extent that the Company awards restricted common stock, unrestricted common stock or restricted stock units under the plan. The numbers provided in this footnote and in column (c) will increase to the extent that options relating to the number of shares listed in column (a) of the table or other outstanding awards (e.g., shares of restricted or unrestricted stock, restricted stock units or stock appreciation rights) previously issued under the plan are canceled, surrendered, modified, exchanged for substitutes or expire or terminate prior to exercise or vesting because the number of shares underlying any such awards will again become available for issuance under the plan under which the award was granted.

Of the total number of shares available under column (C), the number of shares with respect to the following plans may be issued other than upon the exercise of an option, warrant or right outstanding as of December 31, 2011:

- Outside Directors' Deferred Compensation Plan: 414,570
- Stock Incentive Plan of 2010: 1,685,776

## Item 13. Certain Relationships and Related Transactions, and Director Independence

The information contained under the caption "Related Party Matters" under the subheadings "Certain Relationships and Related Transactions" and "Related Person Transactions Policy" contained in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, is incorporated herein by reference. The information contained under the caption "Corporate Governance" under the subheading "Director Independence" contained in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, is incorporated herein by reference.

## Item 14. Principal Accountant Fees and Services

The information contained under the caption "Independent Auditor" in the Definitive Proxy Statement of the Company with respect to the Annual Meeting of Stockholders to be held on April 19, 2012, is incorporated herein by reference.

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**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

**Item 15(a)(1). Financial Statements** Attached as Appendix A

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

- Consolidated Balance Sheets as of December 31, 2011 and January 1, 2011.
- Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Fiscal Years Ended December 31, 2011, January 1, 2011 and January 2, 2010.
- Consolidated Statements of Operations for the Fiscal Years Ended December 31, 2011, January 1, 2011 and January 2, 2010.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended December 31, 2011, January 1, 2011 and January 2, 2010.
- Notes to the Consolidated Financial Statements.
- Reports of Independent Registered Public Accounting Firm.

**Item 15(a)(2). Financial Statement Schedules** Attached as Appendix B

The following consolidated financial statement schedule of Wolverine World Wide, Inc. and its 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 SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

**Item 15(a)(3). Exhibits**

The following exhibits are filed as part of this report:

| Exhibit Number | Document |
|---|---|
| 3.1 | Restated Certificate of Incorporation. Previously filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the period ended December 30, 2006. Here incorporated by reference. |
| 3.2 | Amended and Restated By-laws. Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 15, 2010. Here incorporated by reference. |
| 4.1 | The Registrant has other long-term debt instruments outstanding in addition to those described in Exhibit 4.2. The authorized amount of none of these classes of debt exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request. |
| 4.2 | Credit Agreement, dated as of June 7, 2010, among Wolverine World Wide, Inc., certain foreign subsidiaries of Wolverine World Wide, Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, and the lenders party thereto. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 8, 2010. Here incorporated by reference. |
| 10.1 | 1993 Stock Incentive Plan, as amended and restated.* Previously filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |

| Exhibit Number | Document |
|---|---|
| 10.2 | Amended and Restated 1995 Stock Incentive Plan.* Previously filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.3 | Amended and Restated 1997 Stock Incentive Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.4 | Amended and Restated Stock Incentive Plan of 1999.* Previously filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.5 | Amended and Restated Stock Incentive Plan of 2001.* Previously filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.6 | Amended and Restated Stock Incentive Plan of 2003.* Previously filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.7 | Amended and Restated Stock Incentive Plan of 2005.* Previously filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.8 | Amended and Restated Directors' Stock Option Plan.* Previously filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.9 | Amended and Restated Outside Directors' Deferred Compensation Plan.* Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2007. Here incorporated by reference. |
| 10.10 | Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Previously filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.11 | Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan).* Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.12 | Amended and Restated Stock Option Loan Program.* Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2007. Here incorporated by reference. |
| 10.13 | Executive Severance Agreement.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 17, 2008. Here incorporated by reference. A participant schedule of current executive officers who are parties to this agreement is attached as Exhibit 10.13. |
| 10.14 | Executive Severance Agreement.* A participant schedule of current executive officers who are parties to this agreement is included in Exhibit 10.14 |
| 10.15 | Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and with Messrs. Grady, Grimes, Jeppesen, Krueger and Zwiers and Ms. Linton. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference. |

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| Exhibit Number | Document |
|---|---|
| 10.16 | Amended and Restated Benefit Trust Agreement dated April 25, 2007.* Previously filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference. |
| 10.17 | Employees' Pension Plan (Restated as amended through January 1, 2011).* |
| 10.18 | Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 15, 2005. Here incorporated by reference. |
| 10.19 | Form of Non-Qualified Stock Option Agreement for Blake W. Krueger and Timothy J. O'Donovan.* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 15, 2005. Here incorporated by reference. |
| 10.20 | Form of Non-Qualified Stock Option Agreement for executive officers other than those to whom Exhibit 10.19 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 15, 2005. Here incorporated by reference. |
| 10.21 | Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 15, 2005. Here incorporated by reference. |
| 10.22 | Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 17, 2006. Here incorporated by reference. |
| 10.23 | Form of Non-Qualified Stock Option Agreement for Blake W. Krueger and Timothy J. O'Donovan.* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 17, 2006. Here incorporated by reference. |
| 10.24 | Form of Non-Qualified Stock Option Agreement for executive officers other than those to whom Exhibit 10.23 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2006. Here incorporated by reference. |
| 10.25 | Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 17, 2006. Here incorporated by reference. |
| 10.26 | Form of Stock Option Agreement for non-employee directors.* Previously filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference. |
| 10.27 | 2009 Form of Non-Qualified Stock Option Agreement for Donald T. Grimes, Blake W. Krueger, Pamela L. Linton and James D. Zwiers.* Previously filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.28 | 2009 Form of Non-Qualified Stock Option Agreement for executive officers other than those to whom Exhibit 10.27 applies.* Previously filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.29 | Form of Performance Share Award Agreement (2009 – 2011 performance period).* Previously filed as Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.30 | Form of Performance Share Award Agreement (2010 – 2012 performance period).* Previously filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2010. Here incorporated by reference. |

| Exhibit Number | Document |
|---|---|
| 10.31 | Form of Performance Share Award Agreement (2011 – 2013 performance period).* Previously filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2011. Here incorporated by reference. |
| 10.32 | Form of Performance Share Award Agreement (2012 – 2014 performance period).* |
| 10.33 | Separation Agreement between Wolverine World Wide, Inc. and Blake W. Krueger, dated as of March 13, 2008, as amended.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 22, 2008. Here incorporated by reference. |
| 10.34 | First Amendment to Separation Agreement between Wolverine World Wide, Inc. and Blake W. Krueger, dated as of December 11, 2008.* Previously filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.35 | 409A Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 17, 2008. Here incorporated by reference. A participant schedule of current executive officers who participate in this plan is attached as Exhibit 10.35. |
| 10.36 | Form of 409A Supplemental Retirement Plan Participation Agreement with Blake W. Krueger.* Previously filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.37 | Outside Directors' Deferred Compensation Plan.* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 17, 2008. Here incorporated by reference. |
| 10.38 | Stock Incentive Plan of 2010.* Previously filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed on March 4, 2010. Here incorporated by reference. |
| 21 | Subsidiaries of Registrant. |
| 23 | Consent of Ernst & Young LLP. |
| 24 | Powers of Attorney. |
| 31.1 | Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Senior Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 | Certification pursuant to 18 U.S.C. § 1350. |
| 101 | Interactive Data File.** |

* Management contract or compensatory plan or arrangement.

** IN ACCORDANCE WITH THE TEMPORARY HARDSHIP EXEMPTION PROVIDED BY RULE 201 OF REGULATION S-T, THE DATE BY WHICH THE INTERACTIVE DATA FILE IS REQUIRED TO BE SUBMITTED HAS BEEN EXTENDED BY SIX BUSINESS DAYS.

The Company will furnish a copy of any exhibit listed above to any stockholder without charge upon written request to Mr. Kenneth A. Grady, General Counsel and Secretary, 9341 Courtland Drive N.E., Rockford, Michigan 49351.

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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: February 29, 2012

By: /s/ Blake W. Krueger
Blake W. Krueger
Chairman, Chief Executive Officer and President
(Principal Executive 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/ Blake W. Krueger<br>Blake W. Krueger | Chairman, Chief Executive Officer and President (Principal Executive Officer) | February 29, 2012 |
| /s/ Donald T. Grimes<br>Donald T. Grimes | Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer) | February 29, 2012 |
| */s/ Jeffrey M. Boromisa<br>Jeffrey M. Boromisa | Director | February 29, 2012 |
| */s/ William K. Gerber<br>William K. Gerber | Director | February 29, 2012 |
| */s/ Alberto L. Grimoldi<br>Alberto L. Grimoldi | Director | February 29, 2012 |
| */s/ Joseph R. Gromek<br>Joseph R. Gromek | Director | February 29, 2012 |
| */s/ David T. Kollat<br>David T. Kollat | Director | February 29, 2012 |
| /s/ Blake W. Krueger<br>Blake W. Krueger | Director | February 29, 2012 |
| */s/ Brenda J. Lauderback<br>Brenda J. Lauderback | Director | February 29, 2012 |
| */s/ Nicholas T. Long<br>Nicholas T. Long | Director | February 29, 2012 |
| */s/ David P. Mehney<br>David P. Mehney | Director | February 29, 2012 |
| */s/ Timothy J. O'Donovan<br>Timothy J. O'Donovan | Director | February 29, 2012 |

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| Signature | Title | Date |
|---|---|---|
| */s/ Shirley D. Peterson<br>Shirley D. Peterson | Director | February 29, 2012 |
| */s/ Michael A. Volkema<br>Michael A. Volkema | Director | February 29, 2012 |
| *By /s/ Blake W. Krueger<br>Blake W. Krueger<br>Attorney-in-Fact | Chairman, Chief Executive Officer and President | February 29, 2012 |

# APPENDIX A

## Financial Statements

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## CONSOLIDATED BALANCE SHEETS

| | As of Fiscal Year End | |
|---|---|---|
| | **2011** | 2010 |
| *(Thousands of Dollars, Except Share and Per Share Data)* | | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 140,012** | $ 150,400 |
| Accounts receivable, less allowances (2011 – $12,688; 2010 – $11,413) | **219,963** | 196,457 |
| Inventories | | |
| Finished products | **211,183** | 188,647 |
| Raw materials and work-in-process | **23,574** | 20,008 |
| | **234,757** | 208,655 |
| Deferred income taxes | **9,801** | 13,225 |
| Prepaid expenses and other current assets | **29,963** | 11,397 |
| Total current assets | **634,496** | 580,134 |
| Property, plant and equipment: | | |
| Land | **826** | 826 |
| Buildings and improvements | **73,926** | 71,724 |
| Machinery and equipment | **135,118** | 129,707 |
| Software | **83,809** | 79,307 |
| | **293,679** | 281,564 |
| Accumulated depreciation | **(215,190)** | (207,167) |
| | **78,489** | 74,397 |
| Other assets: | | |
| Goodwill | **38,894** | 39,014 |
| Other non-amortizable intangibles | **17,375** | 16,464 |
| Cash surrender value of life insurance | **38,203** | 36,042 |
| Deferred income taxes | **42,349** | 37,602 |
| Other | **1,846** | 2,922 |
| | **138,667** | 132,044 |
| Total assets | **$ 851,652** | $ 786,575 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | **$ 57,099** | $ 64,080 |
| Accrued salaries and wages | **22,635** | 26,848 |
| Income taxes | **2,822** | 2,746 |
| Taxes, other than income taxes | **8,093** | 6,586 |
| Restructuring reserve | **330** | 1,314 |
| Other accrued liabilities | **44,033** | 37,046 |
| Accrued pension liabilities | **2,151** | 2,018 |
| Current maturities of long-term debt | **515** | 517 |
| Borrowings under revolving credit agreement | **11,000** | – |
| Total current liabilities | **148,678** | 141,155 |
| Long-term debt, less current maturities | **–** | 517 |
| Deferred compensation | **4,113** | 4,410 |
| Accrued pension liabilities | **103,825** | 83,685 |
| Other liabilities | **16,386** | 12,911 |
| Stockholders' equity: | | |
| Common stock, $1 par value: authorized 160,000,000 shares; shares issued, including treasury shares: 2011 – 65,019,406; 2010 – 63,976,387 | **65,019** | 63,976 |
| Additional paid-in capital | **138,585** | 108,286 |
| Retained earnings | **889,765** | 789,684 |
| Accumulated other comprehensive income (loss) | **(71,029)** | (41,123) |
| Cost of shares in treasury: 2011 – 16,848,374 shares; 2010 – 14,976,835 shares | **(443,690)** | (376,926) |
| Total stockholders' equity | **578,650** | 543,897 |
| Total liabilities and stockholders' equity | **$ 851,652** | $ 786,575 |

See accompanying notes to consolidated financial statements.

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## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

| | Fiscal Year | | |
|---|---|---|---|
| | **2011** | 2010 | 2009 |
| *(Thousands of Dollars, Except Share and Per Share Data)* | | | |
| **COMMON STOCK OUTSTANDING** | | | |
| Balance at beginning of the year | **$ 63,976** | $ 62,764 | $ 61,656 |
| Common stock issued under stock incentive plans, net of forfeitures (2011 – 1,043,019 shares; 2010 – 1,212,463 shares; 2009 – 1,108,112 shares) | **1,043** | 1,212 | 1,108 |
| Balance at end of the year | **65,019** | 63,976 | 62,764 |
| **ADDITIONAL PAID-IN CAPITAL** | | | |
| Balance at beginning of the year | **108,286** | 81,021 | 64,696 |
| Stock-based compensation expense | **14,074** | 11,543 | 8,649 |
| Amounts associated with common stock issued under stock incentive plans: | | | |
| Proceeds over par value | **4,919** | 6,289 | 2,050 |
| Income tax benefits | **4,071** | 4,094 | 1,427 |
| Issuance of performance-based shares (2011 – 206,148 shares; 2010 – 215,027 shares; 2009 – 286,006 shares) | **7,550** | 5,197 | 4,507 |
| Issuance of treasury shares (2011 –24,354 shares; 2010 – 25,829 shares; 2009 – 32,455 shares) | **(315)** | 142 | (111) |
| Net change in employee notes receivable | **–** | – | (197) |
| Balance at end of the year | **138,585** | 108,286 | 81,021 |
| **RETAINED EARNINGS** | | | |
| Balance at beginning of the year | **789,684** | 706,439 | 666,027 |
| Net earnings | **123,287** | 104,470 | 61,912 |
| Cash dividends declared (2011 – $0.48 per share; 2010 – $0.44 per share; 2009 – $0.44 per share) | **(23,206)** | (21,225) | (21,500) |
| Balance at end of the year | **889,765** | 789,684 | 706,439 |
| **ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)** | | | |
| Balance at beginning of the year | **(41,123)** | (42,806) | (42,834) |
| Foreign currency translation adjustments | **(11,290)** | (2,929) | 15,349 |
| Change in fair value of foreign exchange contracts, net of taxes (2011 – $(2,346); 2010 – $(750); 2009 – $3,482) | **5,110** | 1,731 | (7,469) |
| Pension adjustments, net of taxes (2011 – $12,776; 2010 – $(1,551); 2009 – $4,228 | **(23,726)** | 2,881 | (7,852) |
| Balance at end of the year | **(71,029)** | (41,123) | (42,806) |
| **COST OF SHARES IN TREASURY** | | | |
| Balance at beginning of the year | **(376,926)** | (325,385) | (319,623) |
| Common stock acquired for treasury (2011 – 1,895,893 shares; 2010 – 1,832,193 shares; 2009 – 454,205 shares) | **(67,388)** | (52,190) | (6,566) |
| Issuance of treasury shares (2011 – 24,354 shares; 2010 – 25,829 shares; 2009 – 32,455 shares) | **624** | 649 | 804 |
| Balance at end of the year | **(443,690)** | (376,926) | (325,385) |
| Total stockholders' equity at end of the year | **$ 578,650** | $ 543,897 | $ 482,033 |
| **COMPREHENSIVE INCOME** | | | |
| Net earnings | **$123,287** | $ 104,470 | $ 61,912 |
| Foreign currency translation adjustments | **(11,290)** | (2,929) | 15,349 |
| Change in fair value of foreign exchange contracts, net of taxes | **5,110** | 1,731 | (7,469) |
| Pension adjustments, net of taxes | **(23,726)** | 2,881 | (7,852) |
| Total comprehensive income | **$ 93,381** | $ 106,153 | $ 61,940 |

See accompanying notes to consolidated financial statements.

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## CONSOLIDATED STATEMENTS OF OPERATIONS

| | Fiscal Year | | |
|---|---|---|---|
| (Thousands of Dollars, Except Per Share Data) | **2011** | 2010 | 2009 |
| Revenue | **$ 1,409,068** | $ 1,248,517 | $ 1,101,056 |
| Cost of goods sold | **852,316** | 754,537 | 663,461 |
| Restructuring and other transition costs | **–** | 1,406 | 5,873 |
| Gross profit | **556,752** | 492,574 | 431,722 |
| Selling, general and administrative expenses | **386,534** | 347,499 | 316,378 |
| Restructuring and other transition costs | **–** | 2,828 | 29,723 |
| Operating profit | **170,218** | 142,247 | 85,621 |
| Other expenses (income): | | | |
| Interest expense | **1,395** | 571 | 494 |
| Interest income | **(370)** | (184) | (383) |
| Other expense (income)—net | **283** | (1,366) | (182) |
| | **1,308** | (979) | (71) |
| Earnings before income taxes | **168,910** | 143,226 | 85,692 |
| Income taxes | **45,623** | 38,756 | 23,780 |
| Net earnings | **$ 123,287** | $ 104,470 | $ 61,912 |
| Net earnings per share (see Note 1): | | | |
| Basic | **$ 2.54** | $ 2.15 | $ 1.26 |
| Diluted | **$ 2.48** | $ 2.11 | $ 1.24 |

See accompanying notes to consolidated financial statements.

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## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Fiscal Year | | |
|---|---|---|---|
| | **2011** | 2010 | 2009 |
| *(Thousands of Dollars)* | | | |
| **OPERATING ACTIVITIES** | | | |
| Net earnings | **$ 123,287** | $ 104,470 | $ 61,912 |
| Adjustments necessary to reconcile net earnings to net cash provided by operating activities: | | | |
| Depreciation | **14,870** | 14,509 | 15,932 |
| Amortization | **1,037** | 1,692 | 1,689 |
| Deferred income taxes | **7,676** | (4,298) | (7,845) |
| Stock-based compensation expense | **14,074** | 11,543 | 8,943 |
| Excess tax benefits from stock-based compensation | **(3,255)** | (1,362) | (462) |
| Pension contribution | **(31,800)** | (10,400) | (2,600) |
| Pension expense | **17,502** | 16,286 | 15,891 |
| Restructuring and other transition costs | **–** | 4,234 | 35,596 |
| Cash payments related to restructuring and other transition costs | **(984)** | (7,516) | (20,653) |
| Other | **11,271** | 3,524 | (7,929) |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | **(24,802)** | (32,466) | 9,817 |
| Inventories | **(28,120)** | (51,173) | 44,500 |
| Other operating assets | **(18,559)** | 1,080 | 3,103 |
| Accounts payable | **(7,054)** | 21,672 | (7,326) |
| Income taxes | **76** | (11,888) | 12,817 |
| Other operating liabilities | **3,595** | 7,959 | 5,224 |
| Net cash provided by operating activities | **78,814** | 67,866 | 168,609 |
| **INVESTING ACTIVITIES** | | | |
| Business acquisitions | **–** | – | (7,954) |
| Additions to property, plant and equipment | **(19,397)** | (16,370) | (11,670) |
| Proceeds from sales of property, plant and equipment | **50** | 1,756 | – |
| Other | **(3,236)** | (2,424) | (2,679) |
| Net cash used in investing activities | **(22,583)** | (17,038) | (22,303) |
| **FINANCING ACTIVITIES** | | | |
| Net borrowings (repayments) under revolver | **11,000** | – | (59,500) |
| Payments of long-term debt | **(530)** | (538) | – |
| Payments of capital lease obligations | **–** | – | (5) |
| Cash dividends paid | **(22,737)** | (21,414) | (21,502) |
| Purchase of common stock for treasury | **(67,388)** | (52,190) | (6,566) |
| Proceeds from shares issued under stock incentive plans | **14,083** | 13,631 | 7,867 |
| Excess tax benefits from stock-based compensation | **3,255** | 1,362 | 462 |
| Net cash used in financing activities | **(62,317)** | (59,149) | (79,244) |
| Effect of foreign exchange rate changes | **(4,302)** | (1,718) | 3,875 |
| Increase (decrease) in cash and cash equivalents | **(10,388)** | (10,039) | 70,937 |
| Cash and cash equivalents at beginning of the year | **150,400** | 160,439 | 89,502 |
| Cash and cash equivalents at end of the year | **$ 140,012** | $ 150,400 | $ 160,439 |
| **OTHER CASH FLOW INFORMATION** | | | |
| Interest paid | **$ 840** | $ 192 | $ 486 |
| Net income taxes paid | **$ 29,967** | $ 30,604 | $ 7,297 |

See accompanying notes to consolidated financial statements.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in thousands of dollars except share and per share data and elsewhere as noted.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations**

Wolverine World Wide, Inc. is a leading designer, manufacturer and marketer of a broad range of quality casual footwear and apparel; performance outdoor footwear and apparel; industrial work shoes, boots and apparel; and uniform shoes and boots. The Company's portfolio of owned and licensed brands includes: *Bates*®, *Cat*® Footwear, *Chaco*®, *Cushe*®, *Harley-Davidson*® Footwear, *Hush Puppies*®, *HyTest*®, *Merrell*®, *Patagonia*® Footwear, *Sebago*®, *Soft Style*® and *Wolverine*®. Licensing and distribution arrangements with third parties extend the global reach of the Company's brand portfolio. The Company also operates a consumer-direct division to market both its own brands and branded footwear and apparel from other manufacturers and a leathers division that markets *Wolverine Performance Leathers*™.

**Principles of Consolidation**

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

**Fiscal Year**

The Company's fiscal year is the 52- or 53-week period that ends on the Saturday nearest to December 31. Fiscal years presented in this report include the 52-week period ended December 31, 2011, the 52-week period ended January 1, 2011 and the 52-week period ended January 2, 2010.

**Use of Estimates**

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

**Revenue Recognition**

Revenue is recognized on the sale of products manufactured or sourced by the Company when the related goods have been shipped, legal title has passed to the customer and collectability is reasonably assured. Revenue generated through licensees and distributors involving products bearing the Company's trademarks is recognized as earned according to stated contractual terms upon either the purchase or shipment of branded products by licensees and distributors.

The Company records provisions for estimated sales returns and allowances at the time of sale based on historical rates of returns and allowances and specific identification of outstanding returns not yet received from customers. However, estimates of actual returns and allowances in any future period are inherently uncertain and actual returns and allowances may differ from these estimates. If actual or expected future returns and allowances were significantly greater or lower than established reserves, a reduction or increase to net revenues would be recorded in the period this determination was made.

**Cost of Goods Sold**

Cost of goods sold includes the actual product costs, including inbound freight charges, purchasing, sourcing, inspection and receiving costs. Warehousing costs are included in selling, general and administrative expenses.

**Shipping and Handling Costs**

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

**Cash Equivalents**
Cash equivalents include highly liquid investments with an original maturity of three months or less. Cash equivalents are stated at cost, which approximates market.

**Allowance for Uncollectible Accounts**
The Company maintains an allowance for uncollectible accounts receivable for estimated losses resulting from its customers' inability to make required payments. Company management evaluates the allowance for uncollectible accounts receivable based on a review of current customer status and historical collection experience. Adjustments to these estimates may be required if the financial condition of the Company's customers were to change.

**Inventories**
The Company values its inventory at the lower of cost or market. Cost is determined by the last-in, first-out ("LIFO") method for all domestic raw materials and work-in-process inventories and certain domestic finished goods inventories. Cost is determined using the first-in, first-out ("FIFO") method for all raw materials, work-in-process and finished goods inventories in foreign countries; certain domestic finished goods inventories; and for all finished goods inventories of the Company's consumer-direct business, due to the unique nature of those operations. The Company has applied these inventory cost valuation methods consistently from year to year.

**Property, Plant and Equipment**
Property, plant and equipment are stated on the basis of cost and include expenditures for computer hardware and software, store furniture and fixtures, office furniture and machinery and equipment. Normal repairs and maintenance are expensed as incurred.

Depreciation of property, plant and equipment is computed using the straight-line method. The depreciable lives range from fourteen to twenty years for buildings and improvements and from three to ten years for machinery, equipment and software. Leasehold improvements are depreciated at the lesser of the estimated useful life or lease term, including reasonably-assured lease renewals as determined at lease inception.

**Goodwill and Other Intangibles**
Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses. Other intangibles consist primarily of trademarks and patents. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The Company has early-adopted the provisions of ASU 2011-08, which permits the Company to qualitatively assess indicators of the Company's reporting unit's fair value when it is unlikely that a reporting unit is impaired. After completing the qualitative assessment, the Company may also use assumptions about expected future operating performance and utilize a discounted cash flow analysis to estimate fair value. If the recorded values of these assets are not recoverable, based on either the assessment screen or discounted cash flow analysis, management performs the next step, which compares the fair value of the reporting unit to the fair value of the tangible and intangible assets of the reporting units. Goodwill is considered impaired if the fair value of the tangible and intangible assets exceeds the fair value of the reporting unit.

The Company tests indefinite-lived intangibles by comparison of the individual carrying values to the fair value. Future cash flows of the individual indefinite-lived intangible assets are used to measure their fair value after consideration by management of certain assumptions, such as forecasted growth rates and cost of capital, which are derived from internal projections and operating plans.

The Company did not recognize any impairment charges for goodwill or indefinite-lived intangible assets during the fiscal years ended December 31, 2011 or January 1, 2011 as our annual impairment testing indicated that all reporting unit goodwill and indefinite-lived intangible asset fair values exceed their respective recorded values.

Other amortizable intangible assets (principally patents) are amortized using the straight-line method over their estimated useful lives (periods ranging from two to seven years). Other amortizable intangible assets are included in other assets on the consolidated balance sheets and have gross carrying amounts of $8,573 and $8,614 for fiscal 2011 and fiscal 2010, respectively, and accumulated amortization of $7,448 and $6,472 for fiscal 2011 and fiscal 2010, respectively.

Estimated aggregate amortization expense for such intangibles for each of the five fiscal years subsequent to 2011 is as follows:

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Amortization expense | $ 481 | $ 246 | $ 149 | $ 104 | $ 28 |

The changes in the carrying amount of goodwill and other non-amortizable intangibles for the years ended December 31, 2011 and January 1, 2011 are as follows:

| | Goodwill | Trademarks | Total |
|---|---|---|---|
| Balance at January 2, 2010 | $ 39,972 | $ 16,226 | $ 56,198 |
| Intangibles acquired | — | 360 | 360 |
| Foreign currency translation effects | (958) | (122) | (1,080) |
| Balance at January 1, 2011 | $ 39,014 | $ 16,464 | $ 55,478 |
| Intangibles acquired | — | **1,074** | **1,074** |
| Intangibles disposed | — | **(11)** | **(11)** |
| Foreign currency translation effects | **(120)** | **(152)** | **(272)** |
| Balance at December 31, 2011 | **$ 38,894** | **$ 17,375** | **$ 56,269** |

**Impairment of Long-Lived Assets**
The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or an asset group may not be recoverable. Each impairment test is based on a comparison of the carrying amount of the asset or asset group to the future undiscounted net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment amount to be recognized is the amount by which the carrying value of the assets exceeds their fair value.

**Retirement Benefits**
The determination of the obligation and expense for retirement benefits is dependent on the selection of certain actuarial assumptions used in calculating such amounts. These assumptions include, among others, the discount rate, expected long-term rate of return on plan assets and rates of increase in compensation. These assumptions are reviewed with the Company's actuaries and updated annually based on relevant external and internal factors and information, including, but not limited to, long-term expected asset returns, rates of termination, regulatory requirements and plan changes. See Note 6 to the consolidated financial statements for additional information.

**Stock-Based Compensation**
The Company accounts for stock-based compensation in accordance with the fair value recognition provisions of FASB ASC Topic 718, *Compensation – Stock Compensation* ("ASC 718"). The Company recognized compensation expense of $14,074, $11,543, and $8,943 and related income tax benefits of $4,540, $3,552, and $2,321 for grants under its stock-based compensation plans in the statements of operations for the years ended December 31, 2011, January 1, 2011, and January 2, 2010, respectively.

Stock-based compensation expense recognized in the consolidated condensed statements of operations for the years ended December 31, 2011, January 1, 2011, and January 2, 2010, is based on awards ultimately expected to vest and, as such, has been reduced for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

The Company estimated the fair value of employee stock options on the date of grant using the Black-Scholes model. The estimated weighted-average fair value for each option granted was $10.46, $6.97, and $4.40 per share for fiscal years 2011, 2010, and 2009, respectively, with the following weighted-average assumptions:

| | **2011** | 2010 | 2009 |
|---|---|---|---|
| Expected market price volatility (1) | **38.6%** | 37.9% | 34.8% |
| Risk-free interest rate (2) | **1.8%** | 1.9% | 1.6% |
| Dividend yield (3) | **1.6%** | 1.9% | 1.8% |
| Expected term (4) | **4 years** | 4 years | 4 years |

(1) Based on historical volatility of the Company's common stock. The expected volatility is based on the daily percentage change in the price of the stock over the four years prior to the grant.
(2) Represents the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant.
(3) Represents the Company's cash dividend yield for the expected term.
(4) Represents the period of time that options granted are expected to be outstanding. As part of the determination of the expected term, the Company concluded that all employee groups exhibit similar exercise and post-vesting termination behavior.

The Company issued 1,294,246 shares of common stock in connection with the exercise of stock options and new restricted stock grants during the fiscal year ended December 31, 2011. The Company cancelled 92,201 shares of common stock issued under restricted stock awards as a result of forfeitures during fiscal year 2011.

**Income Taxes**
The provision for income taxes is based on the geographic dispersion of the earnings reported in the consolidated financial statements. A deferred income tax asset or liability is determined by applying currently-enacted tax laws and rates to the cumulative temporary differences between the carrying values of assets and liabilities for financial statement and income tax purposes.

The Company records an increase in liabilities for income tax accruals associated with tax benefits claimed on tax returns but not recognized for financial statement purposes (unrecognized tax benefits). The Company recognizes interest and penalties related to unrecognized tax benefits through interest expense and income tax expense, respectively.

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

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

| | **2011** | 2010 | 2009 |
|---|---|---|---|
| Numerator: | | | |
| Net earnings | **$ 123,287** | $ 104,470 | $ 61,912 |
| Adjustment for earnings allocated to nonvested restricted common stock | **(2,627)** | (1,608) | (1,036) |
| Net earnings used to calculate basic earnings per share | **120,660** | 102,862 | 60,876 |
| Adjustment for earnings reallocated to nonvested restricted common stock | **112** | 38 | 8 |
| Net earnings used to calculate diluted earnings per share | **$ 120,772** | $ 102,900 | $ 60,884 |

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| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Denominator: | | | |
| Weighted average shares outstanding | **$ 48,910,599** | $ 49,051,739 | $ 49,192,662 |
| Adjustment for nonvested restricted common stock | **(1,432,541)** | (1,206,460) | (921,715) |
| Shares used to calculate basic earnings per share | **47,478,058** | 47,845,279 | 48,270,947 |
| Effect of dilutive stock options | **1,250,612** | 1,011,731 | 708,485 |
| Shares used to calculate diluted earnings per share | **48,728,670** | 48,857,010 | 48,979,432 |
| Net earnings per share: | | | |
| Basic | **$ 2.54** | $ 2.15 | $ 1.26 |
| Diluted | **$ 2.48** | $ 2.11 | $ 1.24 |

Options to purchase 338,877 shares of common stock in fiscal year 2011, 865,072 shares in fiscal year 2010, and 2,353,412 shares in fiscal year 2009 have not been included in the denominator for the computation of diluted earnings per share because the related exercise prices were greater than the average market price for the year, and they were, therefore, anti-dilutive.

**Foreign Currency**

For most of the Company's international subsidiaries, the local currency is the functional currency. Assets and liabilities of these subsidiaries are translated into U.S. dollars at the year-end exchange rate. Operating statement amounts are translated at average exchange rates for each period. The cumulative translation adjustments resulting from changes in exchange rates are included in the consolidated balance sheets as a component of accumulated other comprehensive income (loss) in stockholders' equity. Transaction gains and losses are included in the consolidated statements of operations and were not material for fiscal years 2011, 2010 and 2009.

**Financial Instruments and Risk Management**

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

| | |
|---|---|
| Level 1: | Fair value is measured using quoted prices (unadjusted) in active markets for identical assets and liabilities. |
| Level 2: | Fair value is measured using either direct or indirect inputs, other than quoted prices included within Level 1, which are observable for similar assets or liabilities. |
| Level 3: | Fair value is measured using valuation techniques in which one or more significant inputs are unobservable. |

The Company's financial instruments consist of cash and cash equivalents, accounts and notes receivable, accounts payable, foreign currency forward exchange contracts, borrowings under the Company's revolving credit agreement and long-term debt. The carrying amount of the Company's financial instruments is historical cost, which approximates their fair value, except for the foreign currency exchange contracts, which are carried at fair value. The Company does not hold or issue financial instruments for trading purposes.

As of December 31, 2011 and January 1, 2011, assets of $4,015 and liabilities of $1,095, respectively, have been recognized for the fair value of the Company's foreign currency forward exchange contracts. In accordance with ASC 820, these assets and liabilities fall within Level 2 of the fair value hierarchy. The prices for the financial instruments are determined using prices for recently-traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs. The Company did not have any additional assets or liabilities that were measured at fair value on a recurring basis at December 31, 2011 and January 1, 2011.

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The Company follows FASB ASC Topic 815, *Derivatives and Hedging*, which is intended to improve transparency in financial reporting and requires that all derivative instruments be recorded on the consolidated balance sheets at fair value by establishing criteria for designation and effectiveness of hedging relationships. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. At December 31, 2011 and January 1, 2011, foreign exchange contracts with a notional value of $106,265 and $111,802, respectively, were outstanding to purchase U.S. dollars with maturities ranging up to 336 days and 364 days, respectively. These contracts have been designated as cash flow hedges.

The fair value of the foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. Hedge effectiveness is evaluated by the hypothetical derivative method. Any hedge ineffectiveness is reported within the cost of goods sold caption of the consolidated condensed statements of operations. Hedge ineffectiveness was not material to the Company's consolidated condensed financial statements for fiscal years 2011, 2010, or 2009. If, in the future, the foreign exchange contracts are determined to be ineffective hedges or terminated before their contractual termination dates, the Company would be required to reclassify into earnings all or a portion of the unrealized amounts related to the cash flow hedges that are currently included in accumulated other comprehensive income (loss) within stockholders' equity.

For the fiscal years ended December 31, 2011, January 1, 2011, and January 2, 2010, the Company recognized net losses of $1,302, $318 and $547, respectively, in accumulated other comprehensive income (loss) related to the effective portion of its foreign exchange contracts. For the fiscal years ended December 31, 2011, January 1, 2011, and January 2, 2010, the Company reclassified a gain of $2,949, a gain of $1,274, and a loss of $2,996, respectively, from accumulated other comprehensive income (loss) into cost of goods sold related to the effective portion of its foreign exchange contracts designated and qualifying as cash flow hedges.

**Comprehensive Income (Loss)**
Comprehensive income (loss) represents net earnings and any revenue, expenses, gains and losses that, under accounting principles generally accepted in the United States, are excluded from net earnings and recognized directly as a component of stockholders' equity. The ending accumulated other comprehensive income (loss) is as follows:

| | **2011** | 2010 |
|---|---|---|
| Foreign currency translation adjustments | **$ 258** | $ 11,548 |
| Change in fair value of foreign exchange contracts, net of taxes (2011 – $(1,518); 2010 – $828) | **3,295** | (1,815) |
| Pension adjustments, net of taxes (2011 – $39,684; 2010 – $26,908) | **(74,582)** | (50,856) |
| Accumulated other comprehensive income (loss) | **$(71,029)** | $ (41,123) |

**Reclassifications**
Certain prior period amounts on the consolidated financial statements have been reclassified to conform to current period presentation. These reclassifications did not affect net earnings.

**2. INVENTORIES**
Inventories of $63,210 at December 31, 2011 and $66,370 at January 1, 2011 have been valued using the LIFO method. If the FIFO method had been used, inventories would have been $15,301 and $11,071 higher than reported at December 31, 2011 and January 1, 2011, respectively.

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### 3. DEBT

Long-term debt consists of the following obligations:

| | **2011** | 2010 |
|---|---|---|
| Notes payable | **$ 515** | $1,034 |
| Current maturities | **(515)** | (517) |
| Total long-term debt | **$ —** | $ 517 |

In 2009, the Company entered into a $1,615 note payable in connection with the *Cushe®* acquisition. The note is payable over three years at a fixed interest rate of 4.5%.

The Company's credit agreement with a bank syndicate provides the Company with access to capital under a revolving credit facility, including a swing-line facility and letter of credit facility, in an initial aggregate amount of up to $150.0 million and is set to expire June 17, 2014. This amount is subject to increase up to a maximum aggregate amount of $225.0 million under certain circumstances. The revolving credit facility is used to support working capital requirements and other business needs. There was $11,000 outstanding at December 31, 2011 and there were no amounts outstanding at January 1, 2011 under the Company's revolving credit facility. The Company considers balances drawn on the revolving credit facility, if any, to be short-term in nature. The Company was in compliance with all debt covenant requirements at December 31, 2011 and January 1, 2011 under the Company's revolving credit facility. Interest is paid at a variable rate based on one of the following options elected by the Company: prime, LIBOR, or money market rate plus applicable spread. The annual interest rate for fiscal year 2011 related to the outstanding revolver balance was 2.60%. Cash flow from operations, along with proceeds from the revolving credit facility, if any, are expected to be sufficient to meet working capital needs for the foreseeable future. Any excess cash flows from operating activities are expected to be used to purchase property, plant and equipment, reduce debt, fund internal and external growth initiatives, pay dividends or repurchase the Company's common stock.

### 4. LEASES

The Company leases machinery, equipment, and certain warehouse, office and retail store space under operating lease agreements that expire at various dates through 2023. Certain leases contain renewal provisions and generally require the Company to pay utilities, insurance, taxes and other operating expenses.

At December 31, 2011, minimum rental payments due under all non-cancelable leases were as follows:

| | 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter |
|---|---|---|---|---|---|---|
| Minimum rental payments | $18,574 | $17,330 | $15,611 | $14,437 | $14,628 | $ 52,926 |

Rental expense under all operating leases, consisting primarily of minimum rentals, totaled $20,117 in fiscal year 2011, $18,919 in fiscal year 2010 and $19,187 in fiscal year 2009.

### 5. CAPITAL STOCK

The Company has 2,000,000 authorized shares of $1 par value preferred stock, of which none was issued or outstanding as of December 31, 2011 or January 1, 2011. The Company has designated 150,000 shares of preferred stock as Series A junior participating preferred stock and 500,000 shares of preferred stock as Series B junior participating preferred stock for possible future issuance.

As of December 31, 2011, the Company had stock options outstanding under various stock incentive plans. As of December 31, 2011, the Company had approximately 3,371,551 stock incentive units (stock options, stock appreciation rights, restricted stock, restricted stock units and common stock) available for issuance. Each option or stock appreciation right granted counts as one stock incentive unit and all other awards granted, including restricted stock, count as two stock incentive units. Options granted under each plan have an exercise price equal to the fair market value of the underlying stock on the grant date, expire no later than ten years from the grant date, and generally vest over three years. Restricted stock issued under these plans is subject to certain restrictions, including a prohibition against any sale, transfer, or other disposition by the officer or employee during the vesting period (except for certain transfers for estate planning purposes for certain officers), and a requirement to forfeit all or a certain portion of the award upon certain terminations of employment or upon failure to achieve performance criteria in certain instances. These restrictions typically lapse over a three- to five-year period from the date of the award. The Company has elected to recognize expense for these stock-based incentive plans ratably over the vesting term on a straight-line basis. Certain option and restricted share awards provide for accelerated vesting under various scenarios, including retirement and upon a change in control of the Company. With regard to acceleration of vesting upon retirement, employees of eligible retirement age are vested in accordance with plan provisions and applicable stock option and restricted stock agreements. The Company issues shares to plan participants upon exercise or vesting of stock-based incentive awards from either authorized, but unissued, shares or treasury shares.

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

| | Shares Under Option | Weighted-Average Exercise Price | Average Remaining Contractual Term *(Years)* | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at January 3, 2009 | 4,572,384 | $ 19.95 | 5.6 | $16,155 |
| Granted | 863,017 | 17.55 | | |
| Exercised | (582,318) | 13.56 | | |
| Cancelled | (233,737) | 20.91 | | |
| Outstanding at January 2, 2010 | 4,619,346 | $ 20.17 | 5.8 | $ 34,212 |
| Granted | 537,807 | 25.55 | | |
| Exercised | (848,106) | 16.83 | | |
| Cancelled | (60,137) | 23.84 | | |
| Outstanding at January 1, 2011 | 4,248,910 | $ 21.47 | 5.7 | $ 44,254 |
| Granted | **398,749** | **36.75** | | |
| Exercised | **(887,671)** | **19.90** | | |
| Cancelled | **(65,004)** | **26.79** | | |
| Outstanding at December 31, 2011 | **3,694,984** | **$ 23.40** | **5.5** | **$ 45,663** |
| Estimated forfeitures | **(3,238)** | | | |
| Vested or expected to vest at December 31, 2011 | **3,691,746** | **$ 23.39** | **5.5** | **$ 45,654** |
| Nonvested at December 31, 2011 and expected to vest | **(824,834)** | | | |
| Exercisable at December 31, 2011 | **2,866,912** | **$ 22.06** | **4.7** | **$ 39,045** |

The total pretax intrinsic value of options exercised during the years ended December 31, 2011, January 1, 2011 and January 2, 2010 was $14,931, $10,407 and $5,745, respectively. As of December 31, 2011, there was $2,414 of unrecognized compensation expense related to stock option awards that is expected to be recognized over a weighted-average period of 1.0 years. As of January 1, 2011 and January 2, 2010, there was $2,393 and $2,329, respectively, of unrecognized compensation expense related to stock option awards that was expected to be recognized over a weighted-average period of 1.1 and 1.2 years, respectively.

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company's closing stock price of $35.64 as of December 31, 2011, which would have been received by the option holders had all option holders exercised in-the-money options as of that date. The total number of in-the-money options exercisable as of December 31, 2011 was 2,831,883 and the weighted-average exercise price was $21.85. As of January 1, 2011, 3,134,585 outstanding options were exercisable and the weighted-average exercise price was $21.24.

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Beginning in 2009, the Board of Directors has awarded an annual grant of performance share awards to the officers of the Company. The number of performance-based shares that will be earned (and eligible to vest) during the performance period will depend on the Company's level of success in achieving two specifically identified performance targets. Any portion of the performance shares that are not earned by the end of the three-year measurement period will be forfeited. The final determination of the number of shares to be issued in respect to an award is determined by the Compensation Committee of the Company's Board of Directors.

A summary of the nonvested restricted shares issued under stock award plans is as follows:

| | Restricted Awards | Weighted-Average Grant Date Fair Value | Performance Awards | Weighted-Average Grant Date Fair Value |
|---|---|---|---|---|
| Nonvested at January 3, 2009 | 472,492 | $ 24.11 | — | — |
| Granted | 350,653 | 17.34 | 286,006 | 17.21 |
| Vested | (145,797) | 20.31 | — | — |
| Forfeited | (36,878) | 22.45 | (22,101) | 17.11 |
| Nonvested at January 2, 2010 | 640,470 | $ 21.34 | 263,905 | $ 17.22 |
| Granted | 262,342 | 25.51 | 215,027 | 24.30 |
| Vested | (117,438) | 22.71 | — | — |
| Forfeited | (21,828) | 21.93 | (4,407) | 17.11 |
| Nonvested at January 1, 2011 | 763,546 | $ 22.55 | 474,525 | $ 20.43 |
| Granted | **200,427** | **36.57** | **206,148** | **36.63** |
| Vested | **(165,186)** | **24.27** | **—** | **—** |
| Forfeited | **(52,858)** | **24.72** | **(39,343)** | **24.76** |
| Nonvested at December 31, 2011 | **745,929** | **$ 25.78** | **641,330** | **$ 25.37** |

As of December 31, 2011, there was $6,466 of unrecognized compensation expense related to nonvested share-based compensation arrangements granted under restricted stock award plans. That cost is expected to be recognized over a weighted-average period of 2.0 years. The total fair value of shares vested during the year ended December 31, 2011 was $6,203. As of January 1, 2011, there was $6,194 of unrecognized compensation cost related to nonvested share-based compensation arrangements granted under restricted stock award plans. That cost is expected to be recognized over a weighted-average period of 1.6 years. The total fair value of shares vested during the year ended January 1, 2011 was $3,012. As of January 2, 2010, there was $4,792 of unrecognized compensation cost related to nonvested share-based compensation arrangements granted under restricted stock award plans. That cost is expected to be recognized over a weighted-average period of 2.0 years. The total fair value of shares vested during the year ended January 2, 2010 was $2,761.

As of December 31, 2011, there was $4,718 of unrecognized compensation expense related to nonvested share-based compensation arrangements granted under performance-based award plans. That cost is expected to be recognized over a weighted-average period of 2.0 years. The total fair value of shares vested during the year ended December 31, 2011 was $4,699. As of January 1, 2011, there was $4,950 of unrecognized compensation cost related to nonvested share-based compensation arrangements granted under performance-based restricted stock award plans. That cost is expected to be recognized over a weighted-average period of 2.0 years. The total fair value of shares vested during the year ended January 1, 2011 was $3,203. As of January 2, 2010, there was $2,992 of unrecognized compensation cost related to nonvested share-based compensation arrangements granted under performance-based restricted stock award plans. That cost is expected to be recognized over a weighted-average period of 2.0 years. The total fair value of shares vested during the year ended January 2, 2010 was $1,496.

**6. RETIREMENT PLANS**

The Company has two non-contributory, 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 in the plan), while the other plan provides benefits at a fixed rate per year of service.

The Company has a Supplemental Executive Retirement Plan (the "SERP") for certain current and former employees that entitles a participating employee to receive payments from the Company following retirement based on the employee's years of service and final average earnings (as defined in the SERP). Under the SERP, the employees can elect early retirement with a corresponding reduction in benefits. The Company also has individual deferred compensation agreements with certain former employees that entitle these employees to receive payments from the Company for a period of fifteen to eighteen years following retirement. The Company maintains life insurance policies with a cash surrender value of $38,203 at December 31, 2011 and $36,042 at January 1, 2011 that are intended to fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has a defined contribution 401(k) plan covering substantially all domestic employees that provides for Company contributions based on earnings. The Company recognized expense for its defined contribution plan of $2,500 in fiscal year 2011, $2,061 in fiscal year 2010 and $1,919 in fiscal year 2009.

The Company has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were $918 in fiscal year 2011, $858 in fiscal year 2010 and $954 in fiscal year 2009. The Company also has a benefit plan at a foreign location that provides for retirement benefits based on years of service. The obligation recorded under this plan was $3,139 at December 31, 2011 and $3,068 at January 1, 2011 and is recognized as a deferred compensation liability on the accompanying balance sheet.

The following summarizes the status of and changes in the Company's assets and related obligations for its pension plans (which include the Company's defined benefit pension plans and the SERP) for the fiscal years:

| | **2011** | 2010 |
|---|---|---|
| Change in projected benefit obligations: | | |
| Projected benefit obligations at beginning of the year | **$ 230,114** | $ 211,670 |
| Service cost pertaining to benefits earned during the year | **6,499** | 5,729 |
| Interest cost on projected benefit obligations | **13,326** | 12,719 |
| Actuarial losses | **30,320** | 10,955 |
| Benefits paid to plan participants | **(11,160)** | (10,959) |
| Projected benefit obligations at end of the year | **$ 269,099** | $ 230,114 |
| Change in fair value of pension assets: | | |
| Fair value of pension assets at beginning of the year | **$ 144,411** | $ 125,492 |
| Actual return on plan assets | **(3,857)** | 17,549 |
| Company contributions - pension | **31,800** | 10,400 |
| Company contributions - SERP | **1,929** | 1,929 |
| Benefits paid to plan participants | **(11,160)** | (10,959) |
| Fair value of pension assets at end of the year | **$ 163,123** | $ 144,411 |
| Funded status | **$ (105,976)** | $ (85,703) |
| Amounts recognized in the consolidated balance sheets: | | |
| Current liabilities | **$ (2,151)** | $ (2,018) |
| Non current liabilities | **(103,825)** | (83,685) |
| Net amount recognized | **$ (105,976)** | $ (85,703) |

| | 2011 | 2010 |
|---|---|---|
| Amounts recognized in accumulated other comprehensive income (loss): | | |
| Unrecognized net actuarial loss (net of tax: 2011 – $(74,272); 2010 – $(50,452)) | **$(113,789)** | $(76,258) |
| Unrecognized prior service cost (net of tax: 2011 – $(310); 2010 – $(404)) | **(477)** | (622) |
| Net amount recognized | **$(114,266)** | $ (76,880) |
| Funded status of pension plans and SERP (supplemental): | | |
| Funded status of qualified defined benefit plans and SERP | **$(105,976)** | $ (85,703) |
| Nonqualified trust assets (cash surrender value of life insurance) recorded in other assets and intended to satisfy the projected benefit obligation of unfunded SERP | **38,203** | 34,549 |
| Net funded status of pension plans and SERP (supplemental) | **$ (67,773)** | $(51,154) |

The accumulated benefit obligations for all defined benefit pension plans and the SERP were $254,198 at December 31, 2011 and $218,949 at January 1, 2011.

The following is a summary of net pension and SERP expense recognized by the Company:

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Service cost pertaining to benefits earned during the year | **$ (6,499)** | $ (5,729) | $ (4,543) |
| Interest cost on projected benefit obligations | **(13,326)** | (12,719) | (12,233) |
| Expected return on pension assets | **14,400** | 12,467 | 10,911 |
| Net amortization loss | **(12,077)** | (10,305) | (9,275) |
| Curtailment (gain) | **—** | — | (612) |
| Special termination benefit charge | **—** | — | (139) |
| Net pension expense | **$(17,502)** | $(16,286) | $(15,891) |

The prior service cost and actuarial loss included in accumulated other comprehensive income (loss) and expected to be recognized in net periodic pension expense during 2012 is $127 and $20,826, respectively. Expense for qualified defined benefit pension plans was $12,579 in fiscal year 2011, $11,903 in fiscal year 2010 and $12,871 in fiscal year 2009.

| | 2011 | 2010 |
|---|---|---|
| Weighted-average assumptions used to determine benefit obligations at fiscal year-end: | | |
| Discount rate | **5.42%** | 5.94% |
| Rate of compensation increase - pension | **4.85%** | 3.25% |
| Rate of compensation increase - SERP | **7.00%** | 3.25% |
| Weighted average assumptions used to determine net periodic benefit cost for the years ended: | | |
| Discount rate | **5.94%** | 6.17% |
| Expected long-term rate of return on plan assets | **8.00%** | 8.50% |
| Rate of compensation increase - pension | **4.85%** | 3.25% |
| Rate of compensation increase - SERP | **7.00%** | 3.25% |

Unrecognized net actuarial losses exceeding certain corridors are amortized over a five-year period, unless the minimum amortization method based on average remaining service periods produces a higher amortization. The Company utilizes a bond matching calculation to determine the discount rate. A hypothetical bond portfolio is created based on a presumed purchase of high-quality corporate bonds with maturities that match the plan’s expected future cash outflows. The discount rate is the resulting yield of the hypothetical bond portfolio. The discount rate is used in the calculation of the year end pension liability and service cost for the subsequent year.

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The long-term rate of return is based on overall market expectations for a balanced portfolio with an asset mix similar to the Company's, utilizing historic returns for broad market and fixed income indices.

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | $ | % | $ | % |
| Weighted average asset allocations at fiscal yearend by asset category are as follows: | | | | |
| Equity securities | **119,444** | **73.2%** | 102,144 | 70.7% |
| Fixed income investments | **43,581** | **26.7%** | 37,038 | 25.7% |
| Cash and money market investments | **98** | **0.1%** | 5,229 | 3.6% |
| Fair value of plan assets | **163,123** | **100.0%** | 144,411 | 100.0% |

The Company's investment policy for plan assets uses a blended approach of U.S. and foreign equities combined with U.S. fixed income investments. Policy guidelines indicate that total equities should not exceed 80% and fixed income securities should not exceed 28%. Within the equity and fixed income classifications, the investments are diversified.

In accordance with ASC 820, the 2011 assets fall within Level 2 of the fair value hierarchy. Fair value is measured using either direct or indirect inputs, other than quoted prices included within Level 1, which are observable for similar assets or liabilities. In accordance with ASC 820, the 2010 assets fall within Level 1 of the fair value hierarchy. Fair value is determined using quoted prices (unadjusted) in active markets for identical assets. The change results from all of the plan assets being transferred to a new trustee in fiscal year 2011.

The Company expects to contribute approximately $27.0 million to its qualified defined benefit pension plans and approximately $2.1 million to the SERP in 2012.

Expected benefit payments for the five years subsequent to 2011 and the sum of the five years following those are as follows:

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017- 2021 |
|---|---|---|---|---|---|---|
| Expected benefit payments | $12,288 | $12,843 | $14,469 | $15,049 | $15,736 | $ 86,392 |

**7. INCOME TAXES**

The geographic components of earnings before income taxes are as follows:

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| United States | **$105,470** | $ 86,817 | $51,167 |
| Foreign | **63,440** | 56,409 | 34,525 |
| | **$168,910** | $143,226 | $85,692 |

The provisions for income taxes consist of the following:

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Current expense: | | | |
| Federal | **$22,860** | $28,620 | $ 7,506 |
| State | **99** | 1,866 | 1,596 |
| Foreign | **15,134** | 13,759 | 20,930 |
| Deferred expense (credit): | | | |
| Federal | **5,848** | (4,896) | (6,380) |
| State | **458** | (351) | (475) |
| Foreign | **1,224** | (242) | 603 |
| | **$45,623** | $38,756 | $23,780 |

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:

| | **2011** | 2010 | 2009 |
|---|---|---|---|
| Income taxes at U.S. statutory rate | **$ 59,119** | $50,129 | $29,992 |
| State income taxes, net of federal income tax | **1,008** | 557 | 324 |
| Nontaxable earnings of foreign affiliates | **(4,611)** | (4,586) | (2,981) |
| Research and development credits | **(600)** | (600) | (700) |
| Foreign earnings taxed at rates different from the U.S. statutory rate | **(13,415)** | (9,226) | (8,444) |
| Adjustments for uncertain tax positions | **3,506** | 2,142 | 4,908 |
| Other | **616** | 340 | 681 |
| | **$ 45,623** | $38,756 | $ 23,780 |

Significant components of the Company's deferred income tax assets and liabilities as of the end of fiscal years 2011 and 2010 are as follows:

| | **2011** | 2010 |
|---|---|---|
| Deferred income tax assets: | | |
| Accounts receivable and inventory valuation allowances | **$ 5,341** | $ 5,415 |
| Deferred compensation accruals | **3,146** | 2,073 |
| Accrued pension expense | **36,560** | 29,644 |
| Stock-based compensation | **11,182** | 9,963 |
| Net operating loss and foreign tax credit carryforward | **2,755** | 1,397 |
| Other amounts not deductible until paid | **7,285** | 10,448 |
| Total gross deferred income tax assets | **66,269** | 58,940 |
| Less valuation allowance | **(2,463)** | (1,397) |
| Net deferred income tax assets | **63,806** | 57,543 |
| Deferred income tax liabilities: | | |
| Tax depreciation in excess of book depreciation | **(6,045)** | (4,347) |
| Other | **(5,611)** | (2,369) |
| Total deferred income tax liabilities | **(11,656)** | (6,716) |
| Net deferred income tax assets | **$ 52,150** | $50,827 |

The valuation allowance for deferred tax assets as of December 31, 2011 and January 1, 2011, was $2,463, and $1,397, respectively. The net change in the total valuation allowance for each of the years ended December 31, 2011, and January 1, 2011, was $1,066 and $371, respectively. The valuation allowance was related to foreign net operating loss carryforwards and foreign tax credit carryforwards that, in the judgment of management, are not more likely than not to be realized. The ultimate realization of the carryforwards depends on the generation of future taxable income in the foreign tax jurisdictions.

At December 31, 2011, the Company had foreign net operating loss carryforwards of $6,913, which have expiration periods ranging from nine years to an unlimited term during which they are available to offset future foreign taxable income. The Company also had foreign tax credit carryforwards of $511, which are available for an unlimited carryforward period to offset future foreign taxable income.

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The following table summarizes the activity related to the Company's unrecognized tax benefits:

| | **2011** | 2010 |
|---|---|---|
| Beginning balance | **$ 10,741** | $ 8,396 |
| Increases related to current year tax positions | **5,293** | 2,645 |
| Decreases related to prior years positions | **(1,139)** | - |
| Decrease due to lapse of statute | **(1,070)** | (300) |
| Ending balance | **$ 13,825** | $ 10,741 |

The portion of the unrecognized tax benefits that, if recognized currently, would reduce the annual effective tax rate was $13,137, as of December 31, 2011, $9,731 as of January 1, 2011 and $7,588 as of January 2, 2010. The Company recognizes interest and penalties related to unrecognized tax benefits through interest expense and income tax expense, respectively. Interest accrued related to unrecognized tax benefits was $789 as of December 31, 2011 and $818 as of January 1, 2011.

The Company is subject to periodic audits by domestic and foreign tax authorities. Currently, the Company is undergoing routine periodic audits in both domestic and foreign tax jurisdictions. It is reasonably possible that the amounts of unrecognized tax benefits could change in the next 12 months as a result of the audits; however, any payment of tax is not expected to be significant to the consolidated financial statements.

For the majority of tax jurisdictions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2007.

No provision has been made for U.S. federal and state income taxes or foreign taxes that may result from future remittances of the remaining undistributed earnings of foreign subsidiaries of $260,195 at December 31, 2011, as the Company expects such earnings will remain reinvested overseas indefinitely. At January 1, 2011, undistributed foreign earnings were $199,767.

**8. LITIGATION AND CONTINGENCIES**

The Company is involved in various environmental claims and other legal actions arising in the normal course of business. The environmental claims include sites where the U.S. 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 costs 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, it is management's opinion that the outcome of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

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

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations are as follows:

| | 2012 | 2013 | 2014 | 2015 | Beyond |
|---|---|---|---|---|---|
| Minimum royalties | 750 | 900 | 1,200 | 1,500 | — |
| Minimum advertising | 2,360 | 2,645 | 2,724 | 2,806 | 8,127 |

Minimum royalties are based on both fixed obligations and assumptions regarding the consumer price index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of $3,270, $3,028, and $2,861 for 2011, 2010, and 2009, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales. In accordance with these agreements, the Company incurred advertising expense of $3,273, $2,998, and $2,682 for fiscal years 2011, 2010, and 2009, respectively.

The Company had no amounts outstanding under commercial letters of credit at December 31, 2011 and had $95 outstanding at January 1, 2011.

**9. BUSINESS SEGMENTS**

The Company has one reportable segment that is engaged in designing, manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. Revenue from this segment is derived from the sale of branded footwear, apparel and accessories to third-party customers and royalty income from the licensing of the Company's trademarks and brand names to third-party licensees and distributors. The operating groups aggregated into the branded footwear, apparel and licensing reportable segment all source, market and distribute products in a similar manner.

The other business units in the following tables consist of the Company's consumer-direct, leather marketing and pigskin procurement operations. Substantially all of the assets of the pigskin procurement operations were sold to a third-party buyer on December 29, 2010. These other operations do not collectively form a reportable segment at December 31, 2011 because their respective operations are dissimilar and they do not meet the applicable quantitative requirements. At December 31, 2011, the Company owned and operated 101 brick-and-mortar retail stores in the United States, Canada and the United Kingdom and operated 42 consumer-direct websites. 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, apparel and licensing segment and other business units are the same as disclosed in Note 1.

Business segment information is as follows:

| | 2011 | | | |
|---|---|---|---|---|
| | **Branded Footwear, Apparel and Licensing** | **Other Businesses** | **Corporate** | **Consolidated** |
| Revenue | **$ 1,274,069** | **$ 134,999** | **$ —** | **$ 1,409,068** |
| Intersegment revenue | **53,500** | **2,178** | **—** | **55,678** |
| Interest expense – net | **—** | **—** | **1,025** | **1,025** |
| Depreciation expense | **6,260** | **3,407** | **5,203** | **14,870** |
| Earnings (loss) before income taxes | **203,959** | **11,436** | **(46,485)** | **168,910** |
| Total assets | **663,388** | **71,236** | **117,028** | **851,652** |
| Additions to property, plant and equipment | **7,517** | **7,282** | **4,598** | **19,397** |

| 2010 | Branded Footwear, Apparel, and Licensing | Other Businesses | Corporate | Consolidated |
|---|---|---|---|---|
| Revenue | $ 1,117,644 | $ 130,873 | $ – | $ 1,248,517 |
| Intersegment revenue | 44,721 | 2,789 | – | 47,510 |
| Interest expense – net | – | – | 387 | 387 |
| Depreciation expense | 6,067 | 3,373 | 5,069 | 14,509 |
| Earnings (loss) before income taxes | 174,563 | 12,987 | (44,324) | 143,226 |
| Total assets | 599,354 | 41,980 | 145,241 | 786,575 |
| Additions to property, plant and equipment | 8,282 | 4,329 | 3,759 | 16,370 |

| 2009 | Branded Footwear, Apparel, and Licensing | Other Businesses | Corporate | Consolidated |
|---|---|---|---|---|
| Revenue | $ 991,168 | $ 109,888 | $ – | $ 1,101,056 |
| Intersegment revenue | 55,983 | 3,019 | – | 59,002 |
| Interest expense – net | – | – | 111 | 111 |
| Depreciation expense | 6,501 | 3,035 | 6,396 | 15,932 |
| Earnings (loss) before income taxes | 116,568 | (8,092) | (22,784) | 85,692 |
| Total assets | 499,091 | 34,036 | 174,806 | 707,933 |
| Additions to property, plant and equipment | 3,240 | 3,712 | 4,718 | 11,670 |

Geographic information, based on shipping destination, related to revenue from external customers included in the consolidated statements of operations is as follows:

| | **2011** | 2010 | 2009 |
|---|---|---|---|
| United States | **$ 841,988** | $ 768,594 | $ 690,269 |
| Foreign: | | | |
| Europe | **336,949** | 218,542 | 198,487 |
| Canada | **113,970** | 103,374 | 89,409 |
| Other | **116,161** | 158,007 | 122,891 |
| Total from foreign territories | **567,080** | 479,923 | 410,787 |
| | **$1,409,068** | $1,248,517 | $1,101,056 |

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

| | **2011** | 2010 |
|---|---|---|
| United States | **$71,418** | $69,545 |
| Foreign countries | **8,917** | 7,774 |
| | **$80,335** | $ 77,319 |

The Company does not believe that it is dependent upon any single customer because no customer accounts for more than 10% of consolidated revenue.

The Company sources approximately 95% (based on pairs) of its footwear products from third party suppliers located primarily in the Asia Pacific region. The remainder is produced in Company-owned manufacturing facilities in the United States and the Dominican Republic. All apparel and accessories are sourced from third party suppliers. While changes in suppliers could cause delays in manufacturing and a possible loss of sales, management believes that other suppliers could provide similar products on comparable terms.

Revenue derived from the branded footwear, apparel and licensing segment accounted for approximately 90% of revenue in fiscal years 2011, 2010 and 2009. No other business unit accounts for more than 10% of consolidated revenue.

**10. RESTRUCTURING AND OTHER TRANSITION COSTS**

On January 7, 2009, the Board of Directors of the Company approved a strategic restructuring plan designed to create significant operating efficiencies, improve the Company's supply chain and create a stronger global platform. On October 7, 2009, the Company announced an expansion of its restructuring plan to include the consolidation of two domestic manufacturing facilities into one and to finalize realignment in certain of the Company's product creation organizations. The strategic restructuring plan and all actions under the plan, except for certain cash payments, were completed as of June 19, 2010. Accordingly, the Company did not incur any restructuring or other transition costs for the year ended December 31, 2011. For the years ended January 1, 2011 and January 2, 2010 the Company incurred restructuring and other transition costs of $4,234 ($3,087 on an after-tax basis) and $35,596 ($25,700 on an after-tax basis), or $0.06 and $0.53 per diluted share, respectively.

**Restructuring**

The Company did not incur restructuring charges for the year ended December 31, 2011. For the years ended January 1, 2011 and January 2, 2010, the Company incurred restructuring charges of $2,239 ($1,632 on an after-tax basis) and $29,083 ($20,998 on an after-tax basis), respectively.

The following is a summary of the activity with respect to a reserve established by the Company in connection with the restructuring plan, by category of costs:

| | Severance and employee related | Facility exit costs and other | Total |
|---|---|---|---|
| Balance at January 2, 2010 | $ 3,866 | $ 2,060 | $ 5,926 |
| Charges incurred | 571 | 1,668 | 2,239 |
| Amounts paid or utilized | (4,150) | (2,701) | (6,851) |
| Balance at January 1, 2011 | $ 287 | $ 1,027 | $ 1,314 |
| Amounts paid or utilized | **(287)** | **(697)** | **(984)** |
| Balance at December 31, 2011 | **$ —** | **$ 330** | **$ 330** |

**Other Transition Costs**

Incremental costs incurred related to the restructuring plan that do not qualify as restructuring costs under the provisions of FASB ASC Topic 420, *Exit or Disposal Cost Obligations*, have been included in the Company's consolidated condensed statements of operations on the line items titled "Restructuring and other transition costs". These primarily include costs related to closure of facilities, new employee training and transition to outsourced services. All costs included in this caption were solely related to the transition and implementation of the restructuring plan and do not include ongoing business operating costs. There were no other transition costs incurred during the year ended December 31, 2011. Other transition costs for the years ended January 1, 2011, and January 2, 2010, were, $1,995 ($1,454 on an after-tax basis) and $6,513 ($4,702 on an after-tax basis), respectively.

**11. BUSINESS ACQUISITIONS**

The Company accounted for the following acquisitions under the provisions of FASB ASC Topic 805, *Business Combinations*.

On January 8, 2009, the Company announced the acquisition of the *Cushe®* footwear brand. The purchase price consisted of $1,550 cash, a $1,550 note payable over three years and contingent consideration of $878. The

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Company acquired assets valued at $285, consisting primarily of property, plant and equipment, inventory, and assumed operating liabilities valued at $303, resulting in goodwill and intangibles of $3,986 at January 2, 2010. Amounts relating to the acquisition are subject to changes in foreign currency exchange rates.

On January 22, 2009, the Company acquired the *Chaco®* footwear brand and certain assets valued at $3,912, consisting primarily of accounts receivable and inventory, for cash of $6,910 and assumed operating liabilities valued at $4,662. The purchase resulted in goodwill and intangibles recorded of $7,660.

Using the purchase method of accounting, the purchase price in each of these acquisitions is allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the effective date of the acquisition. The excess purchase price over the assets and liabilities is recorded as goodwill. The purchase price allocation for each acquisition was finalized during the third quarter of 2009 and a final determination of all purchase accounting adjustments was made upon finalization of asset valuations and acquisition costs. Pro forma results of operations have not been presented because the effects of these acquisitions, individually and in the aggregate, were not material to the Company's consolidated results of operations. Both of the brands have been consolidated into the Company's results of operations since their respective acquisition dates.

**12. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)**

The Company reports its quarterly results of operations on the basis of 12-week periods for each of the first three fiscal quarters and a 16- or 17-week period for the fiscal fourth quarter. The fourth quarters of fiscal year 2011 and fiscal year 2010 consist of 16 weeks. The aggregate quarterly earnings per share amounts disclosed in the table below may not equal the annual per share amounts due to rounding and the fact that results for each quarter are calculated independently of the annual period.

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

| | **2011** | | | |
|---|---|---|---|---|
| | **First Quarter** | **Second Quarter** | **Third Quarter** | **Fourth Quarter** |
| Revenue | **$ 330,872** | **$ 310,139** | **$ 361,590** | **$ 406,466** |
| Gross profit | **137,797** | **122,117** | **146,683** | **150,153** |
| Net earnings | **35,863** | **23,963** | **40,435** | **23,026** |
| Net earnings per share: | | | | |
| Basic | **$ 0.74** | **$ 0.49** | **$ 0.84** | **$ 0.48** |
| Diluted | **0.72** | **0.48** | **0.82** | **0.47** |

| | 2010 | | | |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Revenue | $ 284,897 | $258,199 | $ 320,396 | $385,025 |
| Gross profit | 117,589 | 103,681 | 128,571 | 142,733 |
| Net earnings | 27,459 | 17,222 | 34,143 | 25,646 |
| Net earnings per share: | | | | |
| Basic | $ 0.55 | $ 0.35 | $ 0.71 | $ 0.54 |
| Diluted | 0.54 | 0.35 | 0.70 | 0.52 |

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of Wolverine World Wide, Inc.

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of December 31, 2011 and January 1, 2011, and the related consolidated statements of stockholders' equity and comprehensive income, operations, and cash flows for each of the three fiscal years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15(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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wolverine World Wide, Inc. and subsidiaries at December 31, 2011 and January 1, 2011, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended December 31, 2011, in conformity with U.S. 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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Wolverine World Wide, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 29, 2012

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of Wolverine World Wide, Inc.

We have audited Wolverine World Wide, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Wolverine World Wide, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Wolverine World Wide, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of December 31, 2011 and January 1, 2011, and the related consolidated statements of stockholders' equity and comprehensive income, operations, and cash flows for each of the three fiscal years in the period ended December 31, 2011, and our report dated February 29, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 29, 2012

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# APPENDIX B

## Schedule II - Valuation and Qualifying Accounts

## Wolverine World Wide, Inc. and Subsidiaries

| Column A | Column B | Column C | | Column D | Column E |
|---|---|---|---|---|---|
| | | Additions | | | |
| Description | Balance at Beginning of Period | (1) Charged to Costs and Expenses | (2) Charged to Other Accounts (Describe) | Deductions (Describe) | Balance at End of Period |
| **Fiscal year ended December 31, 2011** | | | | | |
| Deducted from asset accounts: | | | | | |
| Allowance for doubtful accounts | $ 5,754,000 | $ 5,953,000 | | $ 6,927,000 (A) | $ 4,780,000 |
| Allowance for sales returns | 4,474,000 | 48,484,000 | | 47,761,000 (B) | 5,197,000 |
| Allowance for cash discounts | 1,185,000 | 10,084,000 | | 8,558,000 (C) | 2,711,000 |
| Inventory valuation allowances | 8,619,000 | 8,753,000 | | 7,042,000 (D) | 10,330,000 |
| | $ 20,032,000 | $ 73,274,000 | | $ 70,287,000 | $ 23,018,000 |
| **Fiscal year ended January 1, 2011** | | | | | |
| Deducted from asset accounts: | | | | | |
| Allowance for doubtful accounts | $ 8,137,000 | $ 3,846,000 | | $ 6,229,000 (A) | 5,754,000 |
| Allowance for sales returns | 4,649,000 | 38,093,000 | | 38,268,000 (B) | 4,474,000 |
| Allowance for cash discounts | 1,160,000 | 10,568,000 | | 10,543,000 (C) | 1,185,000 |
| Inventory valuation allowances | 6,350,000 | 8,276,000 | | 6,007,000 (D) | 8,619,000 |
| | $20,296,000 | $52,296,000 | | $ 52,560,000 | 20,032,000 |
| **Fiscal year ended January 2, 2010** | | | | | |
| Deducted from asset accounts: | | | | | |
| Allowance for doubtful accounts | $ 8,383,000 | $ 1,733,000 | | $ 1,979,000 (A) | $ 8,137,000 |
| Allowance for sales returns | 5,311,000 | 35,702,000 | | 36,364,000 (B) | 4,649,000 |
| Allowance for cash discounts | 1,467,000 | 11,717,000 | | 12,024,000 (C) | 1,160,000 |
| Inventory valuation allowances | 8,912,000 | 6,419,000 | | 8,981,000 (D) | 6,350,000 |
| | $ 24,073,000 | $ 48,255,000 | | $ 52,032,000 | $20,296,000 |

(A) Accounts charged off, net of recoveries.
(B) Actual customer returns.
(C) Discounts given to customers.
(D) Adjustment upon disposal of related inventories.

## EXHIBIT INDEX

| Exhibit Number | Document |
|---|---|
| 3.1 | Restated Certificate of Incorporation. Previously filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the period ended December 30, 2006. Here incorporated by reference. |
| 3.2 | Amended and Restated By-laws. Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 15, 2010. Here incorporated by reference. |
| 4.1 | The Registrant has other long-term debt instruments outstanding in addition to those described in Exhibit 4.2. The authorized amount of none of these classes of debt exceeds 10% of the Company's total consolidated assets. The Company agrees to furnish copies of any agreement defining the rights of holders of any such long-term indebtedness to the Securities and Exchange Commission upon request. |
| 4.2 | Credit Agreement, dated as of June 7, 2010, among Wolverine World Wide, Inc., certain foreign subsidiaries of Wolverine World Wide, Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, and the lenders party thereto. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 8, 2010. Here incorporated by reference. |
| 10.1 | 1993 Stock Incentive Plan, as amended and restated.* Previously filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.2 | Amended and Restated 1995 Stock Incentive Plan.* Previously filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.3 | Amended and Restated 1997 Stock Incentive Plan.* Previously filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.4 | Amended and Restated Stock Incentive Plan of 1999.* Previously filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.5 | Amended and Restated Stock Incentive Plan of 2001.* Previously filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.6 | Amended and Restated Stock Incentive Plan of 2003.* Previously filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.7 | Amended and Restated Stock Incentive Plan of 2005.* Previously filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.8 | Amended and Restated Directors' Stock Option Plan.* Previously filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.9 | Amended and Restated Outside Directors' Deferred Compensation Plan.* Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2007. Here incorporated by reference. |

| Exhibit Number | Document |
|---|---|
| 10.10 | Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Previously filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.11 | Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan).* Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.12 | Amended and Restated Stock Option Loan Program.* Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2007. Here incorporated by reference. |
| 10.13 | Executive Severance Agreement.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 17, 2008. Here incorporated by reference. A participant schedule of current executive officers who are parties to this agreement is attached as Exhibit 10.13. |
| 10.14 | Executive Severance Agreement.* A participant schedule of current executive officers who are parties to this agreement is included in Exhibit 10.14 |
| 10.15 | Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and with Messrs. Grady, Grimes, Jeppesen, Krueger and Zwiers and Ms. Linton. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference. |
| 10.16 | Amended and Restated Benefit Trust Agreement dated April 25, 2007.* Previously filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 25, 2007. Here incorporated by reference. |
| 10.17 | Employees' Pension Plan (Restated as amended through January 1, 2011).* |
| 10.18 | Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 15, 2005. Here incorporated by reference. |
| 10.19 | Form of Non-Qualified Stock Option Agreement for Blake W. Krueger and Timothy J. O'Donovan.* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 15, 2005. Here incorporated by reference. |
| 10.20 | Form of Non-Qualified Stock Option Agreement for executive officers other than those to whom Exhibit 10.19 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 15, 2005. Here incorporated by reference. |
| 10.21 | Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 15, 2005. Here incorporated by reference. |
| 10.22 | Form of Incentive Stock Option Agreement.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 17, 2006. Here incorporated by reference. |
| 10.23 | Form of Non-Qualified Stock Option Agreement for Blake W. Krueger and Timothy J. O'Donovan.* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 17, 2006. Here incorporated by reference. |
| 10.24 | Form of Non-Qualified Stock Option Agreement for executive officers other than those to whom Exhibit 10.23 applies.* Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2006. Here incorporated by reference. |
| 10.25 | Form of Restricted Stock Agreement.* Previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 17, 2006. Here incorporated by reference. |

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| Exhibit Number | Document |
|---|---|
| 10.26 | Form of Stock Option Agreement for non-employee directors.* Previously filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2005. Here incorporated by reference. |
| 10.27 | 2009 Form of Non-Qualified Stock Option Agreement for Donald T. Grimes, Blake W. Krueger, Pamela L. Linton and James D. Zwiers.* Previously filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.28 | 2009 Form of Non-Qualified Stock Option Agreement for executive officers other than those to whom Exhibit 10.27 applies.* Previously filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.29 | Form of Performance Share Award Agreement (2009 – 2011 performance period).* Previously filed as Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.30 | Form of Performance Share Award Agreement (2010 – 2012 performance period).* Previously filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2010. Here incorporated by reference. |
| 10.31 | Form of Performance Share Award Agreement (2011 – 2013 performance period).* Previously filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2011. Here incorporated by reference. |
| 10.32 | Form of Performance Share Award Agreement (2012 – 2014 performance period).* |
| 10.33 | Separation Agreement between Wolverine World Wide, Inc. and Blake W. Krueger, dated as of March 13, 2008, as amended.* Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 22, 2008. Here incorporated by reference. |
| 10.34 | First Amendment to Separation Agreement between Wolverine World Wide, Inc. and Blake W. Krueger, dated as of December 11, 2008.* Previously filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.35 | 409A Supplemental Executive Retirement Plan.* Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 17, 2008. Here incorporated by reference. A participant schedule of current executive officers who participate in this plan is attached as Exhibit 10.35. |
| 10.36 | Form of 409A Supplemental Retirement Plan Participation Agreement with Blake W. Krueger.* Previously filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Here incorporated by reference. |
| 10.37 | Outside Directors' Deferred Compensation Plan.* Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 17, 2008. Here incorporated by reference. |
| 10.38 | Stock Incentive Plan of 2010.* Previously filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed on March 4, 2010. Here incorporated by reference. |
| 21 | Subsidiaries of Registrant. |
| 23 | Consent of Ernst & Young LLP. |
| 24 | Powers of Attorney. |

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| Exhibit Number | Document |
|---|---|
| 31.1 | Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Senior Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 | Certification pursuant to 18 U.S.C. § 1350. |
| 101 | Interactive Data File.** |

* Management contract or compensatory plan or arrangement.

** IN ACCORDANCE WITH THE TEMPORARY HARDSHIP EXEMPTION PROVIDED BY RULE 201 OF REGULATION S-T, THE DATE BY WHICH THE INTERACTIVE DATA FILE IS REQUIRED TO BE SUBMITTED HAS BEEN EXTENDED BY SIX BUSINESS DAYS.

The Company will furnish a copy of any exhibit listed above to any stockholder without charge upon written request to Mr. Kenneth A. Grady, General Counsel and Secretary, 9341 Courtland Drive N.E., Rockford, Michigan 49351.

**Exhibit 10.13**

The following current executive officers have entered into Executive Severance Agreements with the Company in the form filed herewith. The information listed below is inserted into the blanks for the respective executive officer's Executive Severance Agreement.

| | Salary Multiplier Rate (Section 4(a)(4)) | Termination Period (Section 1(a)) | Change of Control Continuation Period (Section 2) |
|---|---|---|---|
| Blake W. Krueger | 3 | 3 years | 36 months |
| Kenneth A. Grady | 2 | 2 years | 24 months |
| Donald T. Grimes | 2 | 2 years | 24 months |
| Pamela L. Linton | 2 | 2 years | 24 months |
| James D. Zwiers | 2 | 2 years | 24 months |

**Exhibit 10.14**

WOLVERINE WORLD WIDE, INC
EXECUTIVE SEVERANCE AGREEMENT

THIS AGREEMENT is entered into as of the day of , (the “Effective Date”), by and between Wolverine World Wide, Inc., a Delaware corporation (“Wolverine”), and (“Executive”).

W I T N E S S E T H:

WHEREAS, Executive currently serves as a key employee of Wolverine and/or its subsidiaries and his/her services and knowledge are valuable to Wolverine in connection with the management of one or more of Wolverine’s principal operating facilities, divisions, or subsidiaries; and

WHEREAS, Wolverine considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of Wolverine and its stockholders; and

WHEREAS, the Board has determined that it is in the best interests of Wolverine and its stockholders to secure Executive’s continued services and to ensure Executive’s continued dedication and objectivity in the event of any threat or occurrence of, or negotiation or other action that could lead to, or create the possibility of, a Change in Control (as hereafter defined) of Wolverine, without concern as to whether Executive might be hindered or distracted by personal uncertainties and risks created by any such possible Change in Control, and to encourage Executive’s full attention and dedication to Wolverine and/or its subsidiaries, the Board has authorized Wolverine to enter into this Agreement.

NOW, THEREFORE, WOLVERINE AND EXECUTIVE AGREE AS FOLLOWS:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) “Board” means the Board of Directors of the Company.

(b) “Cause” means (1) the willful and continued failure by Executive to substantially perform his or her duties with Company (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 the Board and/or its Chairman (which demand shall specifically identify the manner in which the Board and/or its Chairman believes that Executive has not substantially performed his or her duties); or (2) the willful engaging by Executive in gross misconduct materially and demonstrably injurious to the Company. 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 or her action(s) or omission(s) was in the best interests of the Company. In addition, no termination of Executive's employment shall be for Cause unless the Company shall have provided to Executive written notice of its intent to terminate Executive's employment for Cause that includes a description of the events constituting Cause, and Executive shall not have cured such purported Cause (to the extent it is curable) to the reasonable satisfaction of the Board within ten (10) days after receipt of such notice. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until the Company provides Executive with a copy of a resolution adopted by an affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to Executive and an opportunity for Executive, with counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive has been guilty of conduct set forth in subsections (1) or (2) above, setting forth the particulars in detail. A determination of Cause by the Board shall not be binding upon or entitled to deference by any finder of fact in the event of a dispute, it being the intent of the parties that such finder of fact shall make an independent determination of whether the termination was for "Cause" as defined in (1) and (2) above.

(c) "Change in Control" means:

(1) the acquisition by any individual, entity, or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (a) any acquisition by the Company, (b) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, (c) any acquisition by any corporation pursuant to a reorganization, merger, or consolidation involving the Company, if, immediately after such reorganization, merger, or consolidation, each of the conditions described in clauses (i), (ii), and (iii) of subsection (3) shall be satisfied, or (d) any acquisition by the Executive or any group of persons including the Executive; and provided further that, for purposes of clause (a), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of 20% or more of the Outstanding Company Common Stock or 20% or more of the Outstanding Company Voting Securities by reason of an acquisition by the Company and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Company Common Stock or any additional Outstanding Voting Securities, such additional beneficial ownership shall constitute a Change in Control;

(2) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided, however, that any individual who becomes a director of the Company subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least three-quarters of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be deemed to have been a member of the Incumbent Board; and provided further, that no individual who was initially elected as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board, shall be deemed to have been a member of the Incumbent Board;

(3) approval by the stockholders of the Company of a reorganization, merger, or consolidation unless, in any such case, immediately after such reorganization, merger, or consolidation, (i) more than 50% of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger, or consolidation and more than 50% of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation and in substantially the same proportions relative to each other as their ownership, immediately prior to such reorganization, merger, or consolidation, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or the corporation resulting from such reorganization, merger, or consolidation (or any corporation controlled by the Company), or any Person which beneficially owned, immediately prior to such reorganization, merger, or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of such corporation or 20% or more of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger, or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such reorganization, merger, or consolidation; or

(4) approval by the stockholders of the Company of (i) a plan of complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately after such sale or other disposition, (a) more than 50% of the then outstanding shares of common stock thereof and more than 50% of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such sale or other disposition and in substantially the same proportions relative to each other as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be,(b) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or such corporation (or any corporation controlled by the Company), or any Person which beneficially owned, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of Common stock thereof or 20% or more of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors and (c) at least a majority of the members of the board of directors thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition.

Notwithstanding anything contained in this Agreement to the contrary, if Executive's employment is terminated prior to a Change in Control and Executive reasonably demonstrates that such termination was at the request of or in response to a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control (a "Third Party") who effectuates a Change in Control, then for all purposes of this Agreement, the date of a Change of Control shall mean the date immediately prior to the date of such termination of Executive's employment.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Common Stock" means the common stock of the Company, $1 par value per share.

(f) "Company" means Wolverine World Wide, Inc., a Delaware corporation, and any corporation or other entity in which Wolverine World Wide, Inc. has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of such corporation or other entity entitled to vote generally in the election of directors.

(g) “Date of Termination” means the effective date on which Executive’s employment by the Company terminates in a manner constituting a “Separation from Service” as that term is defined by Section 409A of the Code as specified in a Notice of Termination by the Company or Executive, as the case may be. Notwithstanding the previous sentence, (i) if the Executive’s employment is terminated for Disability, as defined in Section 1(h), then such Date of Termination shall be no earlier than thirty (30) days following the date on which a Notice of Termination is received, and (ii) if the Executive’s employment is terminated by the Company other than for Cause, then such Date of Termination shall be no earlier than thirty (30) days following the date on which a Notice of Termination is received.

(h) “Disability” means Executive’s failure to substantially perform his/her duties with the Company on a full-time basis for at least one hundred eighty (180) consecutive days as a result of Executive’s incapacity due to mental or physical illness.

(i) “Good Reason” means, without Executive’s express written consent, the occurrence of any of the following events:

(1) (i) the assignment to Executive of any duties inconsistent in any material adverse respect with Executive’s position(s), duties, responsibilities, or status with the Company immediately prior to such Change in Control, (ii) a material adverse change in Executive’s reporting responsibilities, titles or offices with the Company as in effect immediately prior to such Change in Control, (iii) any removal or involuntary termination of Executive by the Company otherwise than as expressly permitted by this Agreement (including any purported termination of employment which is not effected by a Notice of Termination), or (iv) any failure to re-elect Executive to any position with the Company held by Executive immediately prior to such Change in Control;

(2) a reduction by the Company in Executive’s rate of annual base salary as in effect immediately prior to such Change in Control or as the same may be increased from time to time thereafter;

(3) any requirement of the Company that Executive (i) be based anywhere other than the facility where Executive is located at the time of the Change in Control or reasonably equivalent facilities within Kent County, Michigan or (ii) travel for the business of the Company to an extent substantially more burdensome than the travel obligations of Executive immediately prior to such Change in Control;

(4) the failure of the Company to continue the Company’s executive incentive plans or bonus plans in which Executive is participating immediately prior to such Change in Control or a reduction of the Executive’s target incentive award opportunity under the Company’s Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan) and Amended and Restated Executive

Short-Term Incentive Plan (Annual Bonus Plan) (collectively, annual bonus plans) or other bonus plan adopted by the Company, unless Executive is permitted to participate in other plans providing Executive with substantially comparable benefits or receives compensation as a substitute for such plans providing Executive with a substantially equivalent economic benefit;

(5) the failure of the Company to (i) continue in effect any employee benefit plan or compensation plan in which Executive is participating immediately prior to such Change in Control, unless Executive is permitted to participate in other plans providing Executive with substantially comparable benefits or receives compensation as a substitute for such plans providing Executive with a substantially equivalent economic benefit, or the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under any such plan, (ii) provide Executive and Executive's dependents with welfare benefits (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in accordance with the most favorable plans, practices, programs, and policies of the Company in effect for Executive immediately prior to such Change in Control, (iii) provide fringe benefits in accordance with the most favorable plans, practices, programs, and policies of the Company in effect for Executive immediately prior to such Change in Control, or (iv) provide Executive with paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company as in effect for Executive immediately prior to such Change in Control;

(6) the failure of the Company to pay any amounts owed Executive as salary, bonus, deferred compensation or other compensation;

(7) the failure of the Company to obtain an assumption agreement from any successor as contemplated in Section 9(b);

(8) any purported termination of Executive's employment which is not effected pursuant to a Notice of Termination which satisfies the requirements of a Notice of Termination; or

(9) any other material breach by Company of its obligations under this Agreement.

For purposes of this Agreement, any good faith determination of Good Reason made by Executive shall be conclusive on the parties; provided, however, that an isolated and insubstantial action taken in good faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by Executive shall not constitute Good Reason. Any event or condition described in this Section 1(g) which occurs prior to a Change in Control, but which Executive reasonably demonstrates was at the request of or in response to a Third Party who effectuates a Change in Control or who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, shall constitute Good Reason following a Change in Control for purposes of this Agreement notwithstanding that it occurred prior to the Change in Control.

(j) “Nonqualifying Termination” means a termination of Executive’s employment (1) by the Company for Cause, (2) by Executive for any reason other than for Good Reason with Notice of Termination, (3) as a result of Executive’s death, (4) by the Company due to Executive’s Disability, unless within thirty (30) days after Notice of Termination is provided to Executive after such Disability Executive shall have returned to substantial performance of Executive’s duties on a full-time basis, or (5) as a result of Executive’s Retirement. For purposes of this Agreement, termination by the Company shall not include a transfer of employment between subsidiaries of Wolverine or between Wolverine and its subsidiaries. The terms of such transfer, however, may serve as the basis for termination of employment by Executive for Good Reason.

(k) “Notice of Termination” means a written notice by the Company or Executive, as the case may be, to the other, which (1) indicates the specific reason for Executive’s termination, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment, and (3) specifies the termination date. The failure by Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive’s or the Company’s rights hereunder.

(l) “Positive Spread” means the spread between the exercise price of the options held by Executive under the 1993, 1995, 1997, 1999, 2001, 2003, 2005 or 2010 Stock Incentive Plan or any other stock option plan now or subsequently adopted by the Company, and the higher of (1) the closing price of the Common Stock as reported on the Termination Date on the New York Stock Exchange, or if the New York Stock Exchange is closed on that date, the last preceding date on which the New York Stock Exchange was open and on which shares of Common Stock were traded, or (2) the highest price per share paid in connection with the Change in Control.

(m) “Retirement” means termination of employment by either the Executive or the Company on or after the Executive’s normal retirement date under the terms of retirement plans of the Company, but not earlier than the age of 65.

(n) “Termination Period” means the period of time beginning with a Change in Control and ending on the earliest to occur of Executive’s death and years following such Change in Control.

2. Term of Agreement. This Agreement shall commence on the Effective Date and shall continue in effect through the third anniversary of the Effective Date. However, on the first anniversary of the Effective Date, and on each such anniversary thereafter, the term of this Agreement will be extended automatically for one (1) year (to a total of three (3) years) unless,

not later than six (6) months prior to such anniversary date, the Company gives Executive written notice that it has elected not to extend this Agreement; provided that (a) no such action shall be taken by the Company during any period of time when the Board has knowledge that any person has taken steps reasonably calculated to effect a Change in Control until, in the opinion of the Board, such person has abandoned or terminated its efforts to effect a Change in Control, and (b) this Agreement shall continue in effect for at least months following the occurrence of a Change in Control. Notwithstanding anything in this Section 2 to the contrary, this Agreement shall terminate upon termination of Executive's employment with the Company prior to a Change in Control (except as otherwise provided hereunder).

3. Obligations of Executive. Executive agrees that in the event any person or group attempts a Change in Control, he/she shall not voluntarily leave the employ of the Company (other than as a result of Disability or upon Retirement) without Good Reason until the earlier of (a) the termination of such attempted Change in Control or (b) the occurrence of a Change in Control. For purposes of this Section 3, Good Reason shall be determined as if a Change in Control had occurred when such attempted Change in Control became known to the Board. Termination of employment by Executive without Good Reason, however, shall not entitle Executive to benefits under Section 4 unless he/she is entitled to such benefits under another provision of this Agreement.

4. Severance Benefits. If the employment of Executive shall terminate during the Termination Period in a manner constituting a "Separation from Service" as that term is defined by Section 409A of the Code, other than by reason of a Nonqualifying Termination, then Executive shall receive the following severance benefits as compensation for services rendered:

(a) Lump Sum Cash Payment. On the fifth business day after the Date of Termination (except as provided in Subsection 4(f) hereof), Executive shall receive a lump sum cash payment in an amount equal to the sum of the following:

(1) Executive's unpaid base salary from the Company through the Date of Termination at the rate in effect (without taking into account any reduction of base salary constituting Good Reason), just prior to the time a Notice of Termination is given plus any benefit awards (including both the cash and stock components) and bonus payments which pursuant to the terms of any plans have been earned or become payable, to the extent not theretofore paid;

In addition, if the Executive's Date of Termination is prior to the date on which the Company will pay an Incentive Bonus under the Annual Bonus Plan for the fiscal year performance period prior to the fiscal year of termination or pay an Incentive Bonus under a Three Year Plan for any completed three year performance period, the Company shall also pay the Executive 100% of his Incentive Bonus for that prior fiscal year performance period as set forth in Section 6.2(a) of the Annual Bonus Plan and 100% of his Incentive Bonus for the completed three year performance period as set forth in Section 6.2(a) of the Three Year Plan, less applicable tax and other withholdings required by law. For purposes of Section 6.2(b) of the Annual Bonus Plan and the Three Year Plan, the

Executive shall have retired under Section 6.2(a) of the Annual Bonus Plan and the Three Year Plan;

(2) As payment in lieu of a bonus to be paid under the Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan) (an annual bonus plan) or comparable plans for the time Executive was employed by the Company in the year of termination, an amount equal to the number of days Executive was employed by the Company prior to the Date of Termination in the year of termination divided by the number of days in the year multiplied by 100% of the greater of either (a) the bonus awarded to Executive under the Executive Short-Term Incentive Plan for the immediately preceding year, or (b) the average bonus paid to Executive over the preceding two-year period under the Executive Short-Term Incentive Plan;

(3) As payment in lieu of bonuses that would have been paid under each Executive Long-Term Incentive Plan (3-Year Bonus Plan) ("Three Year Plan") or other comparable plan(s) in which the Executive was eligible to participate on the Date of Termination, the Executive shall receive an amount based on the goals under each of the Three Year Plans. The earnings per share for each Three Year Plan will be calculated in the following manner:

(a) for any year prior to the year of termination, the earnings per share will equal the actual earnings per share attained in that year;

(b) for the year of termination, the earnings per share will equal the projected earnings per share based upon the latest internal company projection for such year;

(c) for any year subsequent to the year of termination, the earnings per share will equal the earnings per share required to attain the maximum goal under the Three Year Plan for that year.

To the extent that all or a portion of the goals under a Three Year Plan are based on targets other than earnings per share that are determined by reference to discreet annual goals, the manner of calculation shall be consistent with the manner of calculating earnings per share. To the extent that all or a portion of the goals under a Three Year Plan are based on targets other than earnings per share that are not determined by reference to discreet annual goals, the calculation shall be made assuming attainment of the maximum goal under the Three Year Plan for that period with respect to that element of performance. The payment made for each Three Year Plan will equal the bonus the Executive would have received under the Three Year Plan using the determinations above, multiplied by the number of days the Executive participated in the Three Year Plan prior to the Date of Termination, divided by the total number of days in the Three Year Plan. To the extent that all or a portion of any payment for a Three Year Plan is to be paid in stock (whether restricted or unrestricted shares), the cash payment under this Agreement relating to the stock shall be calculated using the closing price of Wolverine common stock on the New York Stock Exchange (or any successor exchange that is the primary stock exchange for trading of Wolverine common stock) (the “Exchange”) on the date of termination of employment or, if the Exchange is closed that date, the last preceding date on which the Exchange was open for trading and on which shares of Wolverine common stock were traded;

(4) times the sum of the following: (a) Executive’s highest annual rate of base salary from the Company in effect during the 12-month period prior to the Date of Termination, plus (b) the greater of the average amount earned by Executive during the previous two (2) years or for the previous year under the Amended and Restated Executive Short Term Incentive Plan (Annual Bonus Plan) (or other annual bonus plans);

(5) 100% of the Positive Spread for any options held by Executive, whether vested or not vested, which are not incentive stock options as defined under Section 422 of the Code, with payment under this subsection conditioned upon surrender by Executive of such options; and

(6) 100% of the Positive Spread for any options held by Executive, whether vested or not vested, which are incentive stock options as defined under Section 422 of the Code, with payment under this subsection conditioned upon surrender by Executive of such options.

(b) Loans. Any loans that the Executive had outstanding under the loan program of the Company shall remain payable according to the terms of such program.

(c) Benefits. Excepting any retirement plans covered by Subsection 4(f) below, the Company shall maintain in full force and effect for the benefit of Executive all employee benefit plans, programs and arrangements that the Executive was entitled to participate in immediately prior to the Date of Termination for the longer of six (6) months after the Date of Termination or the date upon which the Executive receives comparable benefits from a new employer. The Company, however, need not maintain such benefit plans, programs or arrangements after one (1) year following the Date of Termination. If the Executive’s participation in any such plan or program is barred, the Company shall arrange to provide comparable benefits substantially similar to those which the Executive received under such plans and programs.

(d) Retirement Benefits. In addition to the benefits the Executive is entitled to receive under any retirement plans in which the Executive participates on the Date of Termination, on the fifth business day after the Date of Termination the Company shall pay the Executive a cash payment of an amount equal to the actuarial equivalent of any additional benefit the Executive would have been entitled to receive under the terms of the plan or program without regard to any vesting or minimum service requirements under the plan had the Executive received three (3) additional years of service following the Date of Termination, subject to any maximum years of service limitations under any retirement plan. The earnings for those three (3) additional years of services shall equal the Executive's annualized earnings at the Date of Termination (with earnings calculated the same as "Earnings" are defined in the Company's Supplemental Executive Retirement Plan ("SERP")), using the then-current annualized rate of base salary (determined by multiplying Executive's then-current bi-weekly gross salary by twenty-six) and any annual bonus (including all annual bonus amounts pursuant to any Company bonus plan) paid in the year of the Date of Termination (or if the Date of Termination occurs prior to payment of an annual bonus in that year, the annual bonus paid in the preceding year) and without taking into account any reduction of base salary constituting Good Reason. For purposes of this Subsection, "retirement plans" shall be deemed to include, without limitation, the Company's Pension Plan and the Company's SERP. For purposes of the SERP, the additional benefit under this Subsection shall be calculated on the basis of the change in control benefit under the SERP.

(e) Out-Placement Services. For the period beginning with the Date of Termination and ending on the last day of the second calendar year following the calendar year in which the Date of Termination occurred, the Company shall provide the Executive with executive out-placement services by entering into a contract with a company chosen by the Executive specializing in such services.

(f) Delay in Payment to a Specified Employee. Notwithstanding any provision of this Agreement to the contrary, if, at the time of Executive's Date of Termination, he is a "specified employee" as defined in Section 409A of the Code, and one or more of the payments or benefits received or to be received by Executive pursuant to this Agreement would constitute deferred compensation subject to Section 409A, no such payment or benefit will be provided until the earlier of (A) the date which is six (6) months after Executive's "separation from service" for any reason, other than due to death or "disability" (as such terms are used in Section 409A(a)(2) of the Code); or (B) the date of his death. The provisions of this Section shall only apply to the extent required to avoid Executive's incurrence of any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder.

(g) Acceleration of Payments. Payments may not begin before the dates specified in this Agreement except, upon failure of the Agreement to meet the requirements of Code Section 409A, in an amount required to pay all taxes attributable to an amount to be included in income as the result of the failure.

5. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, if any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment")) would equal or exceed the amount that would trigger application of the excise tax imposed by Section 4999 of the Code, or any successor Code provision (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), such Payments shall be reduced to the highest amount that avoids application of the Excise Tax to the Executive; provided, however, if the Executive would retain a higher amount on an net after-tax basis (including the Excise Tax) if there is no such reduction (or a lesser reduction), the Payments shall not be so reduced (or shall be reduced by the lesser amount, if applicable). If the determination made pursuant to this Section 5(a) results in a reduction of the Payments that would otherwise be paid to the Executive except for the application of this Section 5(a), the amounts payable or benefits to be provided to the Executive shall be reduced such that the reduction of compensation to be provided to the Executive is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis (but not below zero).

(b) All determinations required to be made under this Section 5, including the assumptions to be utilized in arriving at the necessary determinations, shall be made by the public accounting firm that is retained by the Company as of the date immediately prior to the Change in Control (the “Accounting Firm”) which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by the Company or Executive (collectively, the “Determination”). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group affecting the Change in Control, Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. The Determination by the Accounting Firm shall be binding upon the Company and Executive. However, as a result of the uncertainty in the application of Section 280G of the Code at the time of a determination hereunder, it is possible that Payments will be made by the Company which should not have been made under Section 5(a) (“Overpayment”) or that additional Payments which are not made by the Company pursuant to Section 5 (a) should have been made (“Underpayment”). In the event that there is a final determination by the Internal Revenue Service, or a final determination by a court of competent jurisdiction, that an Overpayment has been made, any such Overpayment shall be repaid by the Executive to the Company together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code. In the event that there is a final determination by the Internal Revenue Service, a final determination by a court of competent jurisdiction or a change in the provisions of the Code or regulations pursuant to which an Underpayment arises, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive, together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code.

6. Withholding Taxes. The Company may withhold from all payments due to Executive (or his/her beneficiary or estate) hereunder all taxes which, by applicable federal, state, local, or other law, the Company is required to withhold therefrom.

7. Reimbursement of Expenses. If any contest or dispute shall arise under or related to this Agreement involving termination of Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof; the Company shall reimburse Executive, on a current basis, for all legal fees and expenses, if any, incurred by Executive in connection with such contest or dispute regardless of the result thereof. Any reimbursement under this Section must be made within five (5) days after the date on which the expense being reimbursed was incurred.

8. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle Executive to continued employment with the Company.

9. Successors; Binding Agreement.

(a) This Agreement shall not be terminated by any merger or consolidation of the Company whereby the Company is or is not the surviving or resulting corporation or as a result of any transfer of all or substantially all of the assets of the Company. In the event of any such merger, consolidation, or transfer of assets, the provisions of this Agreement shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred.

(b) The Company agrees that concurrently with any merger, consolidation or transfer of assets referred to in this Section 9, it will cause any successor or transferee unconditionally to assume, by written instrument delivered to Executive (or his/her beneficiary or estate), all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such merger, consolidation, or transfer of assets shall be a breach of this Agreement and shall constitute Good Reason hereunder and shall entitle Executive to compensation and other benefits from the Company in the same amount and on the same terms as Executive would be entitled hereunder if Executive's employment were terminated following a Change in Control other than by reason of a Nonqualifying Termination. For purposes of implementing the foregoing, the date on which any such merger, consolidation, or transfer becomes effective shall be deemed the date Good Reason occurs, and shall be the Date of Termination if requested by Executive.

(c) 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 shall die while any amounts would be payable to Executive hereunder had Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Executive to receive such amounts or, if no person is so appointed, to Executive's estate.

10. Notice. For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or received by facsimile transmission or five (5) days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

________________________________________
________________________________________
________________________________________
________________________________________

If to the Company:

General Counsel
Wolverine World Wide, Inc.
9341 Courtland Drive, N.E.
Rockford, Michigan 49351

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. Full Settlement; Resolution of Disputes.

(a) The Company's obligation to make any payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, such amounts shall not be reduced whether or not Executive obtains other employment.

(b) If there shall be any dispute between the Company and Executive in the event of any termination of Executive's employment then, until there is a final, nonappealable, determination pursuant to arbitration declaring that such termination was for Cause, that the determination by Executive of the existence of Good Reason was not made in good faith, or that the Company is not otherwise obligated to pay any amount or provide any benefit to Executive and his/her dependents or other beneficiaries, as the case may be, under Section 4, the Company shall pay all amounts, and provide all benefits, to Executive and his/her dependents or other beneficiaries, as the case may be, that the Company would be required to pay or provide pursuant to Section 4 as though such termination were by the Company without Cause or by Executive with Good Reason; provided, however, that the Company shall not be required to pay any disputed amounts pursuant to this Section 11 except upon receipt of an undertaking by or on behalf of

Executive to repay all such amounts to which Executive is ultimately determined by the arbitrator not to be entitled.

12. Governing Law; Validity. The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without regard to the principle of conflicts of laws. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which other provisions shall remain in full force and effect.

13. Arbitration. Any dispute or controversy under this Agreement shall be settled exclusively by arbitration in Rockford, Michigan, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that Executive shall be entitled to seek specific performance of his/her right to be paid pursuant to Section 11(b) during a dispute. Judgment may be entered on the arbitration award in any court having jurisdiction. The Company shall reimburse Executive immediately for all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 13. Any reimbursement under this Section must be made within five (5) days after the date on which the expense being reimbursed was incurred.

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

15. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification is agreed to in writing and signed by Executive and by a duly authorized officer of the Company, or such waiver is signed by the waiving party. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right Executive or the Company may have hereunder, including, without limitation, the right of Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. The rights of, and benefits payable to, Executive, his/her estate, or his/her beneficiaries pursuant to this Agreement are in addition to any rights of, or benefits payable to, Executive, his/her estate, or his/her beneficiaries under any other employee benefit plan or compensation program of the Company, except that no benefits pursuant to any other employee plan or compensation program that become payable or are paid in accordance with this Agreement shall be duplicated by operation of this Agreement. No agreements or representations, oral or otherwise, express or implied, with regard to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. This Agreement supersedes and replaces any prior agreement between the parties (including, without limitation, any previous Executive Severance Agreement) with respect to the matters addressed herein.

16. Compliance with Section 409A. If any provision of this Agreement would cause Executive to incur any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Company may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company. Executive has executed this Agreement as of the day and year written below.

WOLVERINE WORLD WIDE, INC.

By: ________________________

Its: ________________________

“Company

AGREED TO THIS DAY OF , 20 .

/s/ ________________________

“Executive”

**Participant Schedule**

The following current executive officers have entered into Executive Severance Agreements with the Company in the form filed herewith. The information listed below is inserted into the blanks for the respective executive officer's Executive Severance Agreement.

| | Salary Multiplier Rate (Section 4(a)(4)) | Termination Period (Section 1(a)) | Change of Control Continuation Period (Section 2) |
|---|---|---|---|
| Michael Jeppesen | 2 | 2 years | 24 months |

**Exhibit 10.17**

# WOLVERINE

# EMPLOYEES' PENSION PLAN

(Amended and Restated Effective January 1, 2011)

Warner Norcross & Judd LLP
316 Morris Avenue, Suite 400
Muskegon, Michigan 49440
P.O. Box 900
Muskegon, Michigan 49443-0900
(231) 727-2600

WOLVERINE

EMPLOYEES' PENSION PLAN

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WOLVERINE

EMPLOYEES' PENSION PLAN

Wolverine World Wide, Inc., a Delaware corporation, amends and restates the Wolverine Employees' Pension Plan.

## ARTICLE 1

## Establishment of Plan and Trust

1.1 Establishment of Plan.

This defined benefit plan is established by the Employer for the exclusive benefit of eligible Employees and their beneficiaries.

(a) Employer. "Employer" means Wolverine World Wide, Inc.

(b) Plan History. A schedule of the effective dates of this plan and certain amendments may be attached.

(c) Adoption by Affiliated Employer. Adoption of this plan by an Affiliated Employer shall be effective as of the date specified by the Employer in Schedule A. Adoption of this plan by an Affiliated Employer shall not create a separate plan.

(i) Conditions/Special Provisions. In approving adoption of this plan by an Affiliated Employer, the Employer may specify special eligibility rules, entry dates, prior service credits or other provisions that apply to employees of the Affiliated Employer. The Employer may limit participation to, or exclude from participation, employees of any division, facility, subsidiary or other economic or administrative unit of the Employer or Affiliated Employer.

(ii) Affiliated Employer. An "Affiliated Employer" may be a subsidiary, which is an entity of which 50% or more of the voting control is owned directly or indirectly by the Employer, or an affiliate which is an entity of which 50% or more of the voting control is owned by owners of 50% or more of the voting stock of the Employer.

(d) Administration. For purposes of administration of this plan, "Employer" means only Wolverine World Wide, Inc.

1.2 Declaration of Trust.

The Employer may establish one or more Trusts to fund the benefits under the Plan. The "Trustee" (PW Trust Company or a successor Trustee) declares that plan assets delivered to it will be held in trust and administered under the terms of this plan and trust. A trust so established shall be operated for the exclusive benefit of Participants and their beneficiaries. Trust assets shall not be used for any other purpose except payment of reasonable administrative expenses.

1.3 Compliance With Law.

This benefit program is intended to continue a qualified retirement plan and trust under the Internal Revenue Code of 1986 ("Code") and the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and all applicable Regulations issued under the Code and ERISA ("Regulations").

1.4 Effective Dates of Plan Provisions.

"Effective Date" of this restated plan means January 1, 2011, unless a provision specifies a different effective date. Each plan provision applies from its effective date until the effective date of an amendment.

Notwithstanding the Effective Date specified in the preceding paragraph, the provisions of this restated plan complying with the Economic Growth and Tax Relief Reconciliation Act of 2001, including technical corrections made under the Job Creation and Workers Assistance Act of 2002, are retroactively effective as of the first day of the Plan Year beginning after December 31, 2001.

1.5 Application to Inactive and Former Participants.

An amendment to this plan shall apply to former Participants and to Participants not employed in Covered Employment on the effective date of the amendment only if it amends a provision of the plan that continues to apply to those Participants or only to the extent it expressly states that it is applicable. Except as specified in the preceding sentence, if a Participant is not employed in Covered Employment on the effective date of an amendment, the amendment shall not become applicable to the Participant unless the Participant has an Hour of Service in Covered Employment after the effective date of the amendment.

## ARTICLE 2

## Definitions

Except for the following general definitions, defined terms are located at or near the first major use of the term in this plan. A table showing the location of all definitions appears immediately after the table of contents. When used as defined, the first letter of each defined term is capitalized.

2.1 Break in Service.

"Break in Service" means an Employee's failure to complete more than 500 Hours of Service during a 12-consecutive-month period. An unpaid leave of absence under the Family and Medical Leave Act of 1993 shall not be treated as or counted toward a Break in Service. Any other leave of absence (for sickness, accident, vacation or similar reasons governed by rules uniformly applied to similarly situated Employees by the Employer) shall not cause a Break in Service.

2.2 Employer Contributions.

"Employer Contributions" means all contributions paid to the trust by the Employer under Article 4.

2.3 5% Owner.

"5% Owner" means:

(a) Corporation. An individual who owns (or is considered to own under Code Section 318) either more than 5% of the outstanding stock of a corporate Employer or Related Employer, or stock possessing more than 5% of the total combined voting power of all stock of a corporate Employer or Related Employer;

(b) Partnership. A partner who owns more than 5% of the capital or profits interest in an Employer or Related Employer that is a partnership; or

(c) Proprietorship. An Employer or Related Employer that is a sole proprietor.

Notwithstanding aggregation of the Employer and all Related Employers as required by Code Sections 414(b), (c) and (m), the percentage of ownership for purposes of this definition shall be determined separately for each entity that is an Employer or Related Employer.

2.4 Highly Compensated Employee.

(a) Definition. "Highly Compensated Employee" for a Plan Year means any Employee who:

(i) 5% Owner. Was a 5% Owner at any time during the current Plan Year or the 12-month period immediately preceding the current Plan Year; or

(ii) Other. Is described in (A) and (B) during the Look-Back Year.

(A) Compensation. Received Section 415 Compensation in excess of $110,000 (as adjusted under Code Section 415(d)); and

(B) Top-Paid 20%. Was among the top-paid 20% of Employees when ranked by Section 415 Compensation.

(b) Determination Rules. The determination of who is a Highly Compensated Employee for a Plan Year shall be made under Code Section 414(q) and Regulations, including the following rules:

(i) Look-Back Year. "Look-Back Year" means the 12-month period immediately preceding the current Plan Year.

(ii) Top-Paid 20%. The following Employees are excluded before determining the top-paid 20% of Employees:

(A) Age and Service. Employees who have not attained age 21 or completed six months of service by the last day of the Look-Back Year;

(B) Part-Time/Seasonal. Employees who normally work less than 17 1/2 hours per week or normally work six months or less in any Plan Year;

(C) Nonresident Aliens. Employees who are nonresident aliens receiving no earned income from sources within the United States; and

(D) Collective Bargaining Employees. Employees covered by a collective bargaining agreement if more than 90% of all Employees are covered by a collective bargaining agreement and this plan excludes them.

(iii) Former Employees. A former Employee who was a Highly Compensated Employee at termination of employment or at any time after attaining age 55 shall be a Highly Compensated Employee at all times thereafter.

(iv) Consistency. The determination of Highly Compensated Employees shall be applied consistently to the determination years of all qualified retirement and non-retirement plans maintained by the Employer (and any Related Employer) that begin with or within the same calendar year. For purposes of this provision, determination year means the plan year for which the determination of Highly Compensated Employees is being made.

2.5 Hour of Service.

(a) Definition. "Hour of Service" means each hour that an Employee is directly or indirectly paid or entitled to be paid by the Employer for the performance of duties during the applicable period. These hours will be credited for the period in which the duties are performed.

(b) Back Pay. Hours of Service include each hour for which back pay, irrespective of mitigation of damages, is awarded or agreed to by the Employer. Back pay hours shall be credited to the Employee for the period or periods to which the award or agreement pertains.

(c) No Duties Performed. For all purposes under this plan, an Employee shall be credited with the first 501 Hours of Service for which the Employee is directly or indirectly paid or entitled to be paid by the Employer (including back pay) for each single period of absence from work, even if no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military service, leave of absence, or other similar reasons, even if employment terminates. However, an Employee is not required to be credited with Hours of Service for periods in which no duties are performed if the Employee is compensated solely as required by worker's compensation, unemployment compensation, or disability insurance laws. Hours described in this subsection (c) shall be credited to the Employee for the period in which payment is made or amounts payable to the Employee become due.

(d) Qualified Maternity or Paternity Absence . Only for purposes of determining whether the Employee has a Break in Service, an Employee shall be credited with the first 501 Hours of Service during a Qualified Maternity or Paternity Absence.

(i) Definition of Qualified Maternity or Paternity Absence . "Qualified Maternity or Paternity Absence" means an absence from work due to pregnancy of the Employee, birth of a child of the Employee, placement of a child with the Employee in connection with adoption of the child, or caring for a child immediately after the birth or placement of the child with the Employee.

(ii) Credit. If necessary to avoid a Break in Service, Hours of Service shall be credited for the period in which the absence begins. If the hours are not necessary to prevent a Break in Service for that period, the hours shall be credited for the next period. Hours of Service are credited at the rate the Employee normally would have earned Hours of Service. If these hours cannot be determined, the hours shall be credited at the rate of eight hours per day of absence.

(e) Qualified Military Service. If employment terminates due to Qualified Military Service, the Employee shall be credited with Hours of Service for the hours the Employee would have been scheduled to work during the period of Qualified Military Service.

(i) Definition of Qualified Military Service. "Qualified Military Service" means the performance of duty, on a voluntary or involuntary basis, in a uniformed service under competent authority and includes active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty, and a period for which a person is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any such duty. For purposes of this definition, a uniformed service means the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, or any other category of persons designated by the President in time of war or national emergency.

(ii) Qualification/Reemployment. To qualify for this credit, the Employee must return to employment with the Employer in accordance with and within the time limits established by the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") (Chapter 43 of Title 38 of the United States Code).

(f) No Duplication. There shall be no duplication in the crediting of Hours of Service. An Employee shall not be credited with more than one Hour of Service for each hour paid at a premium rate.

(g) Non-Covered Employment. Hours of Service earned in employment with the Employer or a Related Employer that is not Covered Employment count toward Years of Eligibility and Vesting Service, but not toward Years of Benefit Service.

(h) Periods Credited. Generally, Hours of Service shall be credited as provided in Section 2530.200b of the ERISA Regulations. Hours of Service under (c) above shall be credited under the rules of this section and as provided in Section 2530.200b-2(b) of those Regulations. Hours of Service shall be credited to appropriate periods determined under the rules set forth in Section 2530.200b-2(c) of those Regulations.

(i) Additional Hours. The Administrator may adopt additional written, uniform, and nondiscriminatory rules that credit more Hours of Service than those required under the rules set forth in this section.

(j) Predecessor Plan. If this plan is required to be treated as a continuation of the plan of a predecessor employer under Code Section 414(a), an Employee shall be credited with all Hours of Service credited to the Employee under the predecessor's plan.

(k) Leased Employee. Hours of Service shall be credited for any period for which an individual is a Leased Employee or would have been a Leased Employee but for the requirement that the individual perform services as described in Section 3.4(a)(i) on a full-time basis for at least a one-year period.

(l) Equivalency. If an Employee is not paid on an hourly basis and records of hours worked are not maintained, Hours of Service shall be credited at the rate of 10 hours per day that the Employee would be credited with at least one Hour of Service under this section.

2.6 Person.

"Person" means an individual, committee, proprietorship, partnership, corporation, trust, estate, association, organization, or similar entity.

2.7 Plan Year.

"Plan Year" means the 12-month period beginning each January 1.

2.8 Related Employer.

"Related Employer" means (i) each corporation, other than the Employer, that is a member of a controlled group of corporations, as defined in Code Section 414(b), of which the Employer is a member; (ii) each trade or business, other than the Employer, whether or not incorporated, under common control of or with the Employer within the meaning of Code Section 414(c); (iii) each member, other than the Employer, of an affiliated service group, as defined in Code Section 414(m), of which the Employer is a member; and (iv) any other entity required to be aggregated with the Employer by Regulations under Code Section 414(o). An entity shall not be considered a Related Employer for any purpose under this plan during any period it is not described in (i), (ii), (iii), or (iv) in the preceding sentence.

2.9 Valuation Date.

"Valuation Date" means the last day of the Plan Year and any other date specified as a Valuation Date by the Administrator.

## ARTICLE 3

### Eligibility to Participate

3.1 Eligibility Requirements.

The eligibility requirements for participation in this plan are as to Regular Employees, the completion of one Hour of Service and as to all other Employees the completion of one Year of Eligibility Service. An Employee in Covered Employment shall become a Participant ("Participant") on the first Entry Date following the date the Employee satisfies the eligibility requirements.

(a) Employee Definitions. "Employee" means an individual who is employed by the Employer or a Related Employer and who receives compensation for personal services to the Employer or Related Employer that is subject to withholding for federal income tax purposes. "Regular Employee" means an Employee who normally renders, or is scheduled to render, personal services for at least 1,000 hours per Plan Year.

(b) Entry Date. "Entry Date" means each January 1, or July 1.

(c) Year of Eligibility Service. "Year of Eligibility Service" means completion of at least 1,000 Hours of Service during an Eligibility Period. A Year of Eligibility Service is credited only at the end of the Eligibility Period.

An Employee who is credited with at least 1,000 Hours of Service in both the initial Eligibility Period and the second Eligibility Period (the Plan Year beginning during the initial Eligibility Period) shall be credited with two Years of Eligibility Service.

(d) Eligibility Period. The initial "Eligibility Period" means the 12-month period beginning on the date the Employee first has an Hour of Service. For an Employee who has a Break in Service due to termination of employment before completing the eligibility service requirements, the initial Eligibility Period begins on the date the Employee has an Hour of Service due to reemployment. The second "Eligibility Period" means the Plan Year beginning within the initial Eligibility Period. Each later Eligibility Period shall coincide with each later Plan Year.

(e) Breaks in Service. Breaks in Service under this article shall be determined by reference to Eligibility Periods.

3.2 Requirement of Covered Employment.

If an eligible Employee is not employed in Covered Employment on the applicable Entry Date and the Employee's Years of Eligibility Service are not canceled under Section 3.3(b), the Employee shall become a Participant on the first subsequent day on which the Employee has an Hour of Service in Covered Employment.

"Covered Employment" means all employment with the Employer except employment with a Related Employer, employment as a Leased Employee, employment in a unit of employees covered by a collective bargaining agreement which does not extend the Plan to Employees within the unit under which the Employer has engaged in good faith negotiations about retirement benefits, employment of individuals employed by Sebago, Inc. on the date of the asset acquisition by the Employer (except as provided under Schedule C-9 or unless the Employee is subsequently hired independently of the acquisition by the Employer), employment as an employee of Wolverine Colorado, Inc., a Delaware corporation, or employment as a nonresident alien receiving no earned income from sources within the United States or, for Employees hired on or after August 1, 2011, employment as a retail store Employee. "Covered Employment" also excludes any person who is classified by the Employer as other than an Employee even if it is later determined that the classification is not correct.

3.3 Participation Rules.

(a) Termination of Participation. Participation shall terminate upon the earliest of the date the Participant is not an Employee and has been paid the full amount due under this plan, the date of the Participant's death, or the date the Participant's Years of Eligibility Service are canceled under (b) below.

(b) Cancellation of Years of Eligibility Service. An Employee's Years of Eligibility Service shall be canceled if the Employee's vested percentage is zero and the Employee has at least five consecutive Breaks in Service.

(c) Resumption of Participation. If an Employee's Years of Eligibility Service are canceled under (b) above, the Employee must satisfy the eligibility requirements of Section 3.1 again to participate or to resume participation in this plan. If the Years of Eligibility Service of a former Participant are not canceled, the former Participant shall resume participation immediately upon completion of an Hour of Service in Covered Employment.

3.4 Leased Employee.

(a) Definition. “Leased Employee” means an individual described in and required to be treated as employed by the recipient under Code Sections 414(n) and 414(o) and Regulations. For this definition, the term recipient includes the Employer and any Related Employer for whom the individual performs services.

(i) Code Section 414(n). A Leased Employee under Code Section 414(n) is an individual who is not an Employee but who performs services for the recipient under the primary direction or control of the recipient, pursuant to an agreement between the recipient and a leasing organization, on a full-time basis for at least a one-year period.

(ii) Code Section 414(o). A Leased Employee includes a leased owner or a leased manager determined to be a Leased Employee under Code Section 414(o) and the Regulations.

(b) Exceptions. A Leased Employee shall not be treated as employed by the recipient if:

(i) Less Than 20%. Leased Employees determined under (a) above do not constitute more than 20% of the recipient’s non-highly compensated work force, and

(ii) Covered by Plan Described in Code Section 414(n). The individual is covered by a money purchase pension plan described in Code Section 414(n) maintained by the leasing organization with a nonintegrated employer contribution rate of at least 10% of compensation, immediate participation for all employees of the leasing organization, and full and immediate vesting. Immediate participation shall not be required for employees who received less than $1,000 in compensation from the leasing organization in each Plan Year during the four-year period ending with the current Plan Year. For purposes of this provision, compensation means Section 415 Compensation.

# ARTICLE 4

## Contributions

4.1 Contributions/Amount.

Each Plan Year the Employer shall contribute to the trust an amount determined by a funding policy consistent with plan objectives and in accordance with the funding method adopted on the advice of the Actuary. The funding method shall not be changed except with the automatic or prior approval of the Internal Revenue Service. The Employer Contribution for any Plan Year need not be sufficient to fully fund any benefit. The Employer Contribution shall meet the minimum funding requirements of the Code, unless the Employer obtains a waiver of that requirement. Forfeitures shall be applied to reduce the cost of this plan in the calculations of the Actuary and shall not be applied to increase the benefits otherwise payable to a Participant.

4.2 Limits on Employer Contributions.

Employer Contributions for a Plan Year shall not exceed the amount allowable as a deduction under Code Section 404 and shall not exceed the full funding limitation under Code Section 412. A nondeductible Employer Contribution may be subject to a 10% excise tax.

4.3 Return of Employer Contributions.

(a) Mistake of Fact. Part or all of any Employer Contribution made by mistake of fact shall be returned to the Employer, upon demand, within one year after payment of the contribution.

(b) Nondeductible. Each Employer Contribution is conditioned on its deductibility under Code Section 404. A nondeductible Employer Contribution shall be returned to the Employer, upon demand, before the due date for the Employer's federal income tax return for the taxable year for which the contribution was made or if later, within one year after the date of disallowance of the deduction. The portion of the contribution to be returned shall not exceed the amount determined to be nondeductible.

(c) Amount. The amount that may be returned shall be determined as of the Valuation Date coinciding with or most recently preceding the date of repayment. The amount shall be the excess of the amount contributed over the amount that is deductible or the amount that would have been contributed if the mistake of fact had not occurred. Earnings attributable to the excess amount shall not be returned. Losses attributable to the excess amount shall reduce the amount returned.

4.4 Reduction of Contribution for Leased Employees.

If a Leased Employee becomes a Participant in this plan, the Employer Contribution shall be reduced by the Actuarially Equivalent value of contributions made by the leasing organization on behalf of the Participant to a qualified retirement plan for services performed by the Leased Employee for the Employer.

4.5 Timing of Contributions.

(a) Quarterly Payments. The Employer Contribution may be made at any time during the Plan Year to which it relates. When required by Code Section 412, the Employer shall contribute four equal, quarterly installments (not more than 15 days after the end of each quarter) during the Plan Year. If the Employer fails to pay the full amount of a required installment for a Plan Year, interest on the underpayment shall be charged in accordance with Code Section 412.

(b) Final Payment. The entire Employer Contribution shall be made by the due date (including extensions) of the Employer’s federal income tax return, but not later than 8 1/2 months after the end of the Plan Year unless the Employer obtains a waiver of the minimum funding requirement.

## ARTICLE 5

## Amount of Benefits

5.1 Normal Retirement.

A Participant whose employment terminates, for reasons other than death or Disability, on the Participant's Normal Retirement Date is eligible for a Normal Retirement Benefit.

(a) Normal Retirement Date. "Normal Retirement Date" means the date the Participant attains age 65.

(b) Normal Retirement Benefit. "Normal Retirement Benefit" means the Participant's Accrued Benefit. The monthly Normal Retirement Benefit shall be not less than the amount of any Early Retirement Benefit to which the Participant was entitled if the Participant had retired at any time under the provisions of Section 5.2.

(c) Accrued Benefit. "Accrued Benefit" means a monthly pension benefit, payable as a Single Life Annuity, beginning on the first day of the month following the Participant's Normal Retirement Date reduced by any charge.

(i) Base Monthly Amount. The monthly amount shall be the greater of:

(A) Unit. 1.6% of Average Monthly Compensation multiplied by the Participant's Years of Benefit Service (not exceeding 30) less the Participant's Monthly Social Security Allowance, or

(B) Flat Dollar. The applicable dollar amount set forth in Schedule B multiplied by the Participant's Years of Benefit Service (not exceeding 30).

(ii) Monthly Social Security Allowance. A Participant's Monthly Social Security Allowance shall be the lesser of:

(A) 3/4 Unit. 3/4 of 1% of the lesser of the Participant's Final Average Monthly Compensation or Covered Compensation multiplied by the Participant's Years of Benefit Service.

(B) 1/2 Benefit. 1/2 of the Participant's Accrued Benefit calculated under 5.1(c)(i)(A) above but based upon the smallest of the Participant's Monthly Average Compensation, Final Average Compensation or Covered Compensation.

If payment begins after normal retirement age but before Social Security Retirement Age, the monthly Social Security Allowance shall be reduced by .5555% (1/180th) for each month by which payment precedes the Participant's attainment of Social Security Retirement Age.

(iii) Covered Compensation. "Covered Compensation" is the monthly average of the Social Security taxable wage bases in effect for each of the 35 calendar years ending with the year in which the Participant attains Social Security Retirement Age assuming that the wage base is the same as that for the current year.

(iv) Final Average Compensation. "Final Average Compensation" means the monthly average of the Participant's Compensation (not exceeding the Social Security Taxable Wage Base) for the three consecutive calendar years preceding retirement or earlier termination of employment.

(v) Preserved Benefits. A Participant's Accrued Benefit shall not be less than:

(A) 1989. The Accrued Benefit determined under the terms of the Plan as of December 31, 1988, or

(B) 1994. The sum of the Participant's Accrued Benefit as of December 31, 1993, (based on the then terms of the Plan and the Participant's Credited Service and earnings) plus the benefit accrued since December 31, 1993.

(vi) Fresh Start Extended Wear Away. Benefit determined under 5.1(c)(i)(A) above shall be the greater of the actual benefit amount or the sum of the Adjusted Accrued Benefit and Future Service Benefit.

(A) 401(a)(17) Participant. A 401(a)(17) Participant is a Participant with accrued benefits before January 1, 1994, that were determined taking into account Compensation in excess of $150,000.

(B) Adjusted Accrued Benefit. The "Adjusted Accrued Benefit" shall mean the Participant's Accrued Benefit determined as of December 31, 1993, determined without regard to the $150,000 Code Section 401(a)(127) compensation limit adjusted as permitted under Section 415(d) of the Code.

(C) Future Service Benefit. The "Future Service Benefit" shall be equal to the benefit computed under 5.1(c)(i)(A) above for Years of Benefit Service after December 31, 1993. In calculating the benefit:

(1) Less Than 30 Years. For a Participant who would have less than 30 Years of Benefit Service as of the later of December 31, 1993, or Normal Retirement Date, future service benefit credits shall equal the excess of 1.6% of Average Monthly Compensation multiplied by Years of Benefit Service after December 31, 1993. The Participant's Monthly Social Security Allowance utilizing only Years of Benefit Service after December 31, 1993. The post-December 31, 1993, Years of Benefit Service shall not exceed the difference between 30 years and the Years of Benefit Service used in determining the Adjusted Accrued Benefit.

(2) 30 Years or More. For a Participant not described in (1) above, the Future Service Benefit shall be determined by multiplying the excess of 1.6% of Monthly Average compensation multiplied by Years of Benefit Service (not exceeding 30) over the Monthly Social Security Allowance by a fraction. The numerator of the fraction is the Participant's years of Benefit Service credited before December 31, 1993, and the denominator is the Participant's total Years of Benefit Service at Normal Retirement Date.

(d) Average Monthly Compensation. "Average Monthly Compensation" means the monthly average of the Participant's Compensation for the four consecutive Plan Years that yield the highest average during the 10-year period preceding the Participant's Normal Retirement Date (or earlier termination of employment). A Participant's Compensation for the calendar year of retirement or earlier termination of employment shall be annualized (based upon current pay plus non-deferral bonus).

(i) Less Than 4 Years. If the Participant does not have four complete consecutive Plan Years of Compensation, Average Monthly Compensation shall be the average of the Participant's total Compensation during the Participant's completed consecutive Plan Years of employment.

(ii) Calculation. The average shall be determined and expressed as a monthly amount by adding the Participant's total Compensation for the period of four or fewer consecutive Plan Years and dividing the sum by 48 or by the lesser number of months of total service. Average Monthly Compensation shall be determined as of the date the Participant's employment terminates.

(e) Compensation. "Compensation" means the gross salary or wages paid to a Participant in a Plan Year for personal services performed for the Employer that are required to be reported under Code Sections 6041, 6051, and 6052 (Wages, tips and other compensation as reported on Form W-2) for the Participant plus Elective Deferrals and any amount that is excluded from gross income pursuant to Code Section 125, but excluding, whether or not includable in income, reimbursements or other expense allowances, cash and noncash fringe benefits, moving expenses, deferred compensation, welfare benefits, and payments under the Wolverine World Wide, Inc. Executive Long Term Incentive Plan.

(i) Elective Deferrals. "Elective Deferrals" means any portion of the Participant's income deferred and excluded from current taxation under Code Sections 401(k) (a qualified cash or deferred arrangement); 408(k)(6) (a simplified employee pension plan); 403(b) (a tax-sheltered annuity); 408(p)(2)(A)(ii) (a SIMPLE retirement plan); 457 (a deferred compensation plan of governments and tax-exempts); or 501(c)(18) (a pre-June 25, 1959, employee contributions only plan).

(ii) Adjusted Annual Compensation Limit. Compensation for any Plan Year shall not exceed the Annual Compensation Limit. For Plan Years beginning on or after January 1, 2002, the "Annual Compensation Limit" means $200,000 (as adjusted under Code Section 401(a)(17)(B)).

If Compensation for any prior Plan Year is used to determine a Participant's benefit accruing in a Plan Year beginning on or after January 1, 2002, the Participant's Compensation for that prior Plan Year is subject to the Annual Compensation Limit. For this purpose, for Plan Years beginning before January 1, 2002, the Annual Compensation Limit is $200,000.

(iii) Compensation For Period of Qualified Military Service. Effective December 12, 1994, if a Participant returns from Qualified Military Service to employment with the Employer within the time limits established by USERRA, the Participant shall be treated as receiving Compensation from the Employer at the rate of pay the Participant would have received during the period of qualified military Service. If the Participant's Compensation during the period of qualified Military Service cannot be determined with reasonable certainty, the Participant's Compensation shall equal the Participant's average compensation from the Employer for the 12-month period immediately preceding the Qualified Military Service (or, if shorter than 12 months, the period of employment immediately preceding the Qualified Military Service).

(iv) Commissioned Salesperson. Compensation, for a salesperson compensated on a commission basis, shall be 70% of the amount otherwise determined in this subsection.

(f) Benefit Service. A Participant shall earn a "Year of Benefit Service" for each full or fractional year of Credited Service to which the Participant was entitled under the terms of the Plan prior to January 1, 1976, and Plan Years after December 31, 1975, in which the Participant completes at least 1,000 Hours of Service in Covered Employment.

(i) Maximum. A Participant shall not be credited with more than 30 Years of Benefit Service.

(ii) Restoration. Notwithstanding the provisions of Section 6.4(b), if a Participant has completed at least four years of continuous employment at termination of employment and the Participant is reemployed after attaining age 55 and remains employed until attainment of Normal Retirement Age or subsequently is credited with at least 10 Years of Vesting Service, all years of the Participant's Benefit Service (including those which would have otherwise been cancelled) shall be included in determining the Participant's Benefit Service.

5.2 Early Retirement.

A Participant whose employment terminates, for reasons other than death or Disability, on or after the Participant's Early Retirement Date and before the Participant's Normal Retirement Date is eligible for an Early Retirement Benefit.

(a) Early Retirement Date. "Early Retirement Date" means the date the Participant attains age 60, or if later, the date the Participant completes 10 Years of Vesting Service.

(b) Early Retirement Benefit. "Early Retirement Benefit" means the Participant's Accrued Benefit determined as of the date that the Participant's employment terminated. In determining the benefit under 5.1(c)(i)(A):

(i) Tentative Benefit. The tentative benefit shall be calculated utilizing what the Participant's Years of Benefit Service (not exceeding 30) and Compensation would have been had the Participant continued in employment until the Normal Retirement Date.

(ii) Compensation. The Participant's Compensation shall be assumed to have continued at the same amount immediately before the Participant's early retirement.

(iii) Fraction. The tentative benefit shall be multiplied by a fraction. The numerator of the fraction shall be the Participant's Years of Benefit Service at the Early Retirement Date (not limited to 30) and the denominator shall be the total number of Years of Benefit Service (not limited to 30) that the Participant would have had at Normal Retirement Date.

(c) Early Payment. If the Participant elects payment of the Early Retirement Benefit beginning earlier than the first day of the month after the Participant's Normal Retirement Date, the monthly amount of the benefit shall be reduced for each additional month that the benefit is payable by the percentage determined below:

| | Percentage Reduction |
|---|---|
| 1.6% or Dollar Formula | .3333 (1/3 of 1%) |
| Social Security Allowance First 60 months Preceding Social Security Retirement Age | .5555 (5/9% per month) |
| Social Security Allowance Next 60 months Preceding Social Security Retirement Age | .2777 (5/18% per month) |

5.3 Late Retirement.

A Participant whose employment terminates or whose employment continues after the Participant's Normal Retirement Date is eligible for a Late Retirement Benefit.

(a) Late Retirement Date. "Late Retirement Date" means the date that the Participant's employment terminates or, if earlier, the Participant's Required Beginning Date.

(b) Late Retirement Benefit. "Late Retirement Benefit" means a monthly pension benefit equal to:

(i) Before Required Beginning Date. If the Participant's employment terminates on or before the Participant's Required Beginning Date, the greater of:

(A) Actuarially Equivalent. The monthly benefit that is Actuarially Equivalent to the Normal Retirement Benefit that would have been payable on the Participant's Normal Retirement Date; or

(B) Additional Accrual. The monthly benefit that is determined as of the Late Retirement Date, including any additional benefits accrued for the period of employment after the Participant's Normal Retirement Date.

(ii) After Required Beginning Date. If the Participant's employment terminates after the Participant's Required Beginning Date, the amount determined in (i) above reduced by the Actuarially Equivalent value of the total plan distributions made to the Participant up to the Participant's Late Retirement Date.

5.4 Deferred Vested Retirement.

A Participant whose vested percentage is greater than zero and whose employment terminates before the Participant's Normal or Early Retirement Date, for reasons other than death or Disability, is eligible for a Deferred Vested Benefit.

(a) Deferred Vested Benefit. "Deferred Vested Benefit" means the Participant's Vested Accrued Benefit determined under Section 5.2(b) (Early Retirement Benefit).

(b) Vested Accrued Benefit. "Vested Accrued Benefit" means the Participant's Deferred Vested Benefit multiplied by the Participant's vested percentage. The nonvested portion of a Participant's Accrued Benefit is the difference between the Participant's Accrued Benefit and the Participant's Vested Accrued Benefit.

(c) Early Payment. If the Participant is eligible to elect and elects payment of the Deferred Vested Benefit beginning earlier than the first day of the month after the Participant's Normal Retirement Date, the monthly amount of the benefit shall be reduced for each additional month that the benefit is payable in the same manner as provided for early payment of the Early Retirement Benefit.

5.5 Death Benefits.

A death benefit shall be paid only as provided in this section.

(a) Death Before Vesting. If a Participant whose vested percentage is zero dies, a benefit shall not be payable under this plan.

(b) Death Before Annuity Starting Date. If a Participant who has a Vested Accrued Benefit dies before the Annuity Starting Date benefits, if any, will be paid as follows:

(i) Surviving Spouse. If the Participant has a Surviving Spouse, the Surviving Spouse shall receive a QPSA unless the Surviving Spouse waives the QPSA and elects another available form of payment.

(A) Spouse Defined. "Spouse" means the husband or wife to whom the Participant was married at any specified time. A former Spouse shall not be a Spouse except to the extent specified in a QDRO.

(B) Surviving Spouse Defined. "Surviving Spouse" means the Spouse to whom the Participant was married at the time of death and who survives the Participant. If the Participant dies before benefit payments begin, "Surviving Spouse" means the Spouse to whom the Participant was married for at least 6 consecutive months at the Participant's death and who survives the Participant.

(C) QPSA Defined. "QPSA" means a qualified pre-retirement survivor annuity that is a monthly Single Life Annuity payable to the Surviving Spouse of a Participant. The monthly amount of the QPSA is:

(1) Employee - 10 Years. If the Participant had three years of Vesting Service by December 31, 2003, and had completed at least 10 Years of Vesting Service and was an Employee on the Date of Death, 50% of the monthly pension which should have been provided under the standard form of payment computed as though the Participant had continued in covered Employment until the Normal Retirement Date based on his Average Monthly Compensation at the date of death.

(2) Non-Employee – 10 Years. If the Participant had three years of Vesting Service by December 31, 2003, was not employed but had completed at least 10 years of Vesting Service on the date of death, 50% of the Deferred Vested Benefit payable without reduction for early payment; or

(3) Other. As to any other Participant, 50% of the benefit that would have been payable to the Participant if the Participant had retired on the day before the Participant died and had elected to have benefit payments begin on the earliest permitted payment date in the form of an immediate QJSA. The monthly amount is subject to reasonable actuarial adjustments to reflect a payment earlier or later than the date as of which the QPSA was determined.

(ii) No Surviving Spouse. If the Participant does not have a Surviving Spouse, a benefit shall not be payable under this plan.

(c) Death After Annuity Starting Date. If a Participant who has a Vested Accrued Benefit dies after the Annuity Starting Date, the Beneficiary shall be paid any remaining benefits payable under the form of payment the Participant was receiving before death.

(d) Death While Performing Qualified Military Service. If a Participant dies on or after January 1, 2007, while performing Qualified Military Service and the Participant was entitled to reemployment rights under USERRA immediately before the Participant's death, the Participant's Beneficiary shall be entitled to any additional benefits (including, without limitation, accelerated vesting, credit for service for vesting purposes, and any survivor benefit, but not including benefit accruals relating to the period of Qualified Military Service) that would have been provided under the plan had the Participant resumed employment with the Employer and then terminated employment due to death.

5.6 Pension Offsets.

The amount of any retirement benefit shall be reduced by payments (other than reimbursement for medical expenses) to the Participant.

(a) Workers Compensation. On account of disability due to injury or occupational disease for which an Employer is liable under workers compensation for occupational disease law received after becoming eligible for and meeting all requirements to commence benefits.

(i) Lump Sum. A lump sum payment of amounts under this paragraph shall be charged in full on a monthly basis against the benefit otherwise payable until the amount received is exhausted.

(ii) Offset Limited. A lump sum shall not be charged to the extent that the lump sum would have been previously exhausted if the Participant has been receiving benefits and the payment has been charged since the earlier of the Participant's receipt of disability benefits or the date the Participant last completed an Hour of Service.

(b) Disability Pension. In the nature of a disability pension under Federal or State law (other than a military service pension, disability insurance benefits under the Social Security Act or payments under State law enacted pursuant to Title I of the Social Security Act).

Payments due to dismemberment or loss of sight or payments arising from disability provisions of group life insurance policies shall not reduce any retirement benefit.

5.7 Special Benefit Schedules.

The provisions of this Article (and, if necessary Articles 3 and 6) may be modified and superceded as specified in Schedule C to apply to any identified group or classification of Employees.

5.8 Benefit Rules.

(a) Single Benefit. A Participant shall not receive more than one type of benefit in any month.

(b) Previously Paid Benefits. The amount of a benefit payable under this article shall be reduced by the amount of benefits previously paid to or with respect to the Participant, including a lump-sum payment of the Participant's entire Vested Accrued Benefit after the Participant's employment terminates. All reductions shall be computed on a uniform basis by calculating and offsetting the Actuarially Equivalent value of the benefit previously paid from the Participant's final benefit.

(c) Transfer. A transfer between Covered Employment and any other employment with the Employer (including employment as a Leased Employee), or a transfer between the Employer and a Related Employer, is not termination of employment.

5.9 Maximum Annual Benefits.

The Annual Benefit accrued by or payable to a Participant in a Limitation Year, from all defined benefit plans maintained by the Employer and each Related Employer, may not exceed the lesser of the Defined Benefit Dollar Limit or the Compensation Limit. If the benefit that a Participant would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the permissible amount under Code Section 415 and Regulations, the benefit shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the limits. The limitations of this section apply for Limitation Years beginning on or after July 1, 2007, unless otherwise provided.

(a) Annual Benefit. "Annual Benefit" means a benefit payable annually in the form of a Single Life Annuity. Annual Benefit includes social security supplements described in Code Section 411(a)(9) and benefits transferred from another defined benefit plan (other than transfers of distributable benefits pursuant to Regulations Section 1.411(d)-4, Q&A-3(c)), but does not include benefits attributable to after-tax employee contributions or rollover contributions. The treatment of benefits that are transferred to this plan is determined pursuant to Regulations Section 1.415(b)-1(b)(3).

(b) Defined Benefit Dollar Limit. "Defined Benefit Dollar Limit" means $195,000, as adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary shall prescribe, and payable in the form of a straight life annuity. The limit as adjusted under Code Section 415(d) will apply to Limitation Years ending with or within the calendar year for which the adjustment applies, however, a Participant's benefit shall not reflect the adjusted limit prior to January 1 of that calendar year.

(c) Compensation Limit. Effective for Limitation Years beginning after December 31, 2005, “Compensation Limit” means 100% of the average of the Participant’s Section 415 Compensation for the three consecutive years of service (or, if the Participant has less than three consecutive years, the Participant’s longest consecutive period of service, including fractions thereof, but not less than one year) that produce the highest average. The period for determining a year of service under this provision shall be the Plan Year.

(i) Termination of Employment. If a Participant’s employment terminates, the Participant’s highest average compensation shall be automatically adjusted by the cost-of-living adjustment factor under Code Section 415(d) in the manner prescribed by the Secretary of Treasury. The adjusted compensation amount shall apply to Limitation Years ending with or within the calendar year of the date of the adjustment, however, a Participant’s benefit shall not reflect the adjusted limit prior to January 1 of that calendar year.

(ii) Reemployment. If a Participant is subsequently reemployed following a termination of employment, the “Compensation Limit” for the Participant is the greater of (A) 100% of the average of the Participant’s Section 415 Compensation for the three consecutive years that produced the highest average determined at the time the Participant’s employment terminated (as adjusted under (i) above) or (b) 100% of average of the Participant’s Section 415 Compensation for the three consecutive years that produce the highest average determined by excluding all years for which the Participant performed no services for, and received no compensation from, the Employer or any Related Employer and by treating the years immediately preceding the date of termination and the years following the date of reemployment as consecutive.

(d) Section 415 Compensation. “Section 415 Compensation” means the gross salary or wages paid to a Participant in a Plan Year for personal services performed for the Employer that are required to be reported under Code Sections 6041, 6051, and 6052 (wages, tips and other compensation as reported on Form W-2) for the Participant. Differential wage payments as defined under Code Section 3401(h)(2) made by the Employer to an Employee with respect to any period during which the Employee is performing Qualified Military Service for a period of more than 30 days shall be included in Section 415 Compensation. Differential wage payments as described in the preceding sentence shall be included only for purposes of determining compliance with Code Section 415 and Regulations and in no event, notwithstanding any other provision of this plan to the contrary, shall any benefit under this plan be based on the differential wage payment.

(i) Inclusions. Section 415 Compensation includes:

(A) Elective Contributions. Elective contributions that are excluded from gross income by Code Sections 125, 132(f)(4), 402(g)(3) or 457;

(B) Deemed Section 125 Compensation. Elective contributions for payment of group health coverage that are not available to a Participant in cash because the Participant is unable to certify to alternative health coverage but only if the Employer does not request or collect information regarding the Participant’s alternative health coverage as part of the enrollment process for the group health plan;

(C) Compensation Paid after Employment Terminates. For Limitation Years beginning on or after July 1, 2007, the following amounts provided they are paid by the later of 2 1/2 months after the Participant's employment terminates or the end of the Limitation Year that includes the date of termination:

(1) Regular Compensation. Regular compensation for services performed during the Participant's regular working hours, or compensation for services performed outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, provided they would have been made had the Participant continued in employment with the Employer;

(2) Leave Cashouts. Payments made for unused accrued bona fide sick, vacation, or other leave that the Participant would have been able to use if employment had continued; or

(3) Deferred Compensation. Payments made pursuant to a nonqualified unfunded deferred compensation plan that would have been paid at the same time had employment continued, but only to the extent the payment is includible in the Participant's gross income.

(ii) Limitation. Section 415 Compensation shall not exceed the Annual Compensation Limit.

(iii) Estimation. Until Section 415 Compensation is actually determinable, the Employer may use a reasonable estimate of Section 415 Compensation. As soon as administratively feasible, actual Section 415 Compensation shall be determined.

(e) Limitation Year. "Limitation Year" means the Plan Year. If the Limitation Year is amended to a different 12-month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(f) Aggregation Rules.

(i) General Rule. In accordance with Regulations Section 1.415(f)-1, all defined benefit plans maintained by the Employer and any Related Employer (as modified by Code Section 415(h)), all benefits under those plans, and Section 415 Compensation from the Employer and any Related Employer (as modified by Code Section 415(h)) shall be aggregated for purposes of applying this section and the remainder of this article. In applying the limitations of this article, if this plan is aggregated with another plan, a Participant's benefits shall not be counted more than once in determining the Participant's aggregate Annual Benefit pursuant to Regulations Section 1.415(f)-1(d)(1).

(ii) Terminated Plan. The benefits provided under a terminated defined benefit plan maintained by the Employer or any Related Employer shall be taken into account in applying the limitations of this article in accordance with Regulations Section 1.415(b)-(1)(b)(5).

(iii) Formerly Affiliated Plan. A formerly affiliated plan shall be treated as a plan maintained by the Employer but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay benefit liabilities under the plan and had purchased annuities to provide benefits. For purposes of this provision, a formerly affiliated plan is a plan that, immediately prior to the cessation of affiliation, was actually maintained by an entity that constitutes the Employer (as determined under Regulations Sections 1.415(a)-1(f)(1) and (2)) and immediately after the cessation of affiliation, is not actually maintained by the entity. Cessation of affiliation under the preceding sentence means the event that causes an entity to no longer be aggregated with the Employer under the affiliation rules described in Regulations Sections 1.415(a)-1(f)(1) and (2) (such as the sale of a subsidiary to an unrelated corporation) or that causes a plan to not actually be maintained by an entity that constitutes the Employer under the affiliation rules described in Regulations Sections 1.415(a)-1(f)(1) and (2) (such as a transfer of plan sponsorship to an unrelated corporation).

(iv) Predecessor Employer. If the Employer maintains a defined benefit plan that provides benefits accrued by a Participant while performing services for a former employer (for example, the Employer assumed sponsorship of the former employer's plan or this plan received a transfer of benefits from the former employer's plan), the Participant's benefit under plan maintained by the former employer shall be treated as provided under a plan maintained by the Employer as provided under Regulations Section 1.415(f)-1(c). A former entity that existed before the Employer will be considered a predecessor employer with respect to a Participant if, under the facts and circumstances, the Employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(v) Previously Unaggregated Plans. In accordance with Regulations Section 1.415(f)-1(e), two or more defined benefit plans that were not required to be aggregated as of the first day of a Limitation Year will satisfy the requirements of Code Section 415 with respect to a Participant for the Limitation Year if the plans are aggregated later in that Limitation Year, provided that no plan amendments increasing benefits with respect to the Participant under either plan are made after the occurrence of the event causing the plans to be aggregated. Two or more defined benefit plans that are required to be aggregated pursuant to Code Section 415(f) during a Limitation Year subsequent to the Limitation Year during which the plans were first aggregated will satisfy the requirements of Code Section 415 with respect to a Participant for the Limitation Year if they are aggregated, provided there have been no increases in the Participant's benefit (including increases as a result of increased compensation or service) under any of the plans at any time during which the plans have been aggregated.

5.10 Adjustments to Maximum Annual Benefits.

The Annual Benefit and limitations described in Section 5.9 shall be adjusted in accordance with this section and applicable Regulations. The provisions of this section shall apply for Limitation Years beginning on or after July 1, 2007, unless otherwise provided.

(a) Annual Benefit Actuarial Adjustment.

(i) Actuarial Adjustment. Except as specified in (ii) below, an Annual Benefit payable in form other than a Single Life Annuity must be adjusted to the actuarially equivalent value of the Single Life Annuity in accordance with the following.

(A) Benefits Not Subject To 417(e). For any benefit paid in a form to which Code Section 417(e) does not apply, the actuarially equivalent value of the Single Life Annuity shall be the greater of (1) the annual amount of the Single Life Annuity (if any) payable to the Participant under the plan commencing at the same Annuity Starting Date as the form of benefit payable to the Participant, or (2) annual amount of the Single Life Annuity commencing at the Annuity Starting Date that has the same actuarial present value as the form of benefit payable to the Participant, computed using an interest rate assumption of 5% and the 417(e) Mortality Table for that Annuity Starting Date.

(B) Benefits Subject To 417(e). For any benefit paid in a form to which Code Section 417(e) applies, the actuarially equivalent value of the Single Life Annuity shall be determined as follows:

(1) After December 31, 2005. If the Annuity Starting Date occurs in a Limitation Year beginning after December 31, 2005, the value shall equal the greatest annual amount of the Single Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the form of benefit payable to the Participant computed by: (i) using the interest rate and mortality table specified in this plan for adjusting benefits in the same form, (ii) using an interest rate assumption of 5.5% and the 417(e) Mortality Table, or (iii) using the 417(e) Interest Rate and the 417(e) Mortality Table and then dividing the result by 1.05.

(2) 2004 or 2005. If the Annuity Starting Date occurs in a Limitation Year beginning in 2004 or 2005, the value shall be the largest amount determined under (1) above using the actuarial equivalence factors specified in (i) and (ii) only.

(3) PFEA Transition Rule. Notwithstanding (2) above, if the Annuity Starting Date occurs after December 31, 2003 and before January 1, 2005, the value shall not be less than the greatest benefit determined by (i) using the interest rate and mortality table specified in this plan for adjusting benefits in the same form, (ii) using the 30-Year Treasury Rate as defined and determined under the provisions of this plan then in effect and the 417(e) Mortality Table, or (iii) using the 30-Year Treasury Rate on the last day of the last Limitation Year beginning before January 1, 2004 under the provisions of this plan then in effect and the 417(e) Mortality Table.

(ii) No Actuarial Adjustment. Actuarial adjustments are not required for:

(A) Survivor Benefits. Survivor benefits payable to a Surviving Spouse under a QJSA to the extent such benefits would not be payable if the Participant's benefit were paid in another form;

(B) Ancillary Benefits. Benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and post-retirement medical benefits); and

(C) Automatic Benefit Increase. The inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Code Section 417(e)(3) and would otherwise satisfy the limitations of Code Section 415(b) and Regulations, and in no event would the amount payable to the Participant under the form of benefit in any Limitation Year exceed the limits of Code Section 415(b) and Regulations applicable at the Annuity Starting Date, as increased in subsequent years pursuant to Code Section 415(d) and Regulations Section 1.415(d)-1. For purposes of the preceding sentence, an automatic benefit increase feature is included in a form of benefit if the benefit provides for automatic, periodic increases to the benefits paid in that form, such as a form of benefit that automatically increases the benefit annually according to a specified percentage or objective index, or a form of benefit that automatically increases the benefit to share favorable investment returns on plan assets.

(iii) Adjustment For Multiple Annuity Starting Dates. If a Participant has or will have payments commencing at more than one Annuity Starting Date, the limitations of Code Section 415 must be satisfied as of each of the Annuity Starting Dates, taking into account the benefits that have been or will be provided at all of the Annuity Starting Dates. In determining the Annual Benefit for such a Participant as of a particular Annuity Starting Date, the plan must actuarially adjust the past and future payments with respect to the benefits that commenced at the other Annuity Starting Dates. The determination of whether a new Annuity Starting Date has occurred is made pursuant to Regulations Section 1.415(b)-1(b)(1)(iii) and without regard to Regulations Section 1.410(a)(20), Q&A-10(d) (under which the commencement of certain distributions may not give rise to a new Annuity Starting Date).

(b) Adjustments to Defined Benefit Dollar Limit and Compensation Limit.

(i) Service Adjustment. If the Annual Benefit begins when the Participant has less than 10 years of participation (as defined below), the Defined Benefit Dollar Limit shall be multiplied by a fraction. The numerator of the fraction is the number of the Participant's years of participation (not less than one) and the denominator is 10. If the Participant has less than 10 years of service (as defined below) when the Annual Benefit begins, the Compensation Limit shall be multiplied by a fraction. The numerator of the fraction is the number of the Participant's years of service (not less than one) and the denominator is 10.

(A) Year of Participation. A Participant shall be credited with a year of participation (computed to fractional parts of a year) for each Plan Year during which the Participant is credited with the service required for benefit accrual purposes beginning with the Plan Year in which the Participant first becomes a Participant.

(B) Year of Service. A Participant shall be credited with a year of service (computed to fractional parts of a year) for each Plan Year during which the Participant is credited with the service required for benefit accrual purposes taking into account only service with the Employer or a predecessor employer (as defined in Regulations Section 1.415(f)-1(c)).

(C) General Rules. A Participant who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for a Plan Year shall be credited with a year of participation and/or service for that Plan Year. A Participant will not be credited with more than one year of participation and/or year of service for each Plan Year. If two or more defined benefit plans are required to be aggregated for a Limitation Year, periods that are counted as years of participation or years of service, as applicable, under any of the plans are counted in computing the reduction for the plans as aggregated.

(ii) Age Adjustment.

(A) Before Age 62. If the Annual Benefit begins before the date the Participant attains age 62 and the plan does not have an immediately commencing Single Life Annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limit at that Annuity Starting Date is the annual amount of a benefit payable as a Single Life Annuity commencing on the Participant's Annuity Starting Date that is the actuarially equivalent of the Defined Benefit Dollar Limit (as reduced under (i) above if necessary) with actuarial equivalence computed using an interest rate assumption of 5% and the 417(e) Mortality Table in effect for that Annuity Starting Date (and expressing the Participant's age based on completed calendar months as of the Annuity Starting Date). If, however, the plan has an immediately commencing Single Life Annuity payable both at age 62 and at the age of benefit commencement, the Defined Benefit Dollar Limit at the Participant's Annuity Starting Date is the lesser of (1) the reduced Defined Benefit Dollar Limit as determined under the preceding sentence or (2) the Defined Benefit Dollar Limit (as reduced under (i) above if necessary) multiplied by the ratio of the annual amount of the immediately commencing Single Life Annuity under the plan at the Participant's Annuity Starting Date to the annual amount of the immediately commencing Single Life Annuity under the plan at age 62, with both annual amounts determined without applying the rules of Code Section 415.

(B) After Age 65. If the Annual Benefit begins after the Participant attains age 65 and the plan does not have an immediately commencing Single Life Annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limit at that Annuity Starting Date is the annual amount of a benefit payable as a Single Life Annuity commencing on the Participant's Annuity Starting Date that is the actuarially equivalent of the Defined Benefit Dollar Limit (as reduced under (i) above if necessary) with actuarial equivalence computed using an interest rate assumption of 5% and the 417(e) Mortality Table in effect for that Annuity Starting Date (and expressing the Participant's age based on completed calendar months as of the Annuity Starting Date). If, however, the plan has an immediately commencing Single Life Annuity payable both at age 65 and at the age of benefit commencement, the Defined Benefit Dollar Limit at the Participant's Annuity Starting Date is the lesser of (1) the increased Defined Benefit Dollar Limit as determined under the preceding sentence or (2) the Defined Benefit Dollar Limit (as reduced under (i) above if necessary) multiplied by the ratio of the annual amount of the adjusted immediately commencing Single Life Annuity under the plan at the Participant's Annuity Starting Date to the annual amount of the adjusted immediately commencing Single Life Annuity under the plan at age 65, with both annual amounts determined without applying the rules of Code Section 415. For this purpose, the adjusted immediately commencing Single Life Annuity under the plan at the Participant's Annuity Starting Date is the annual amount of such annuity payable to the Participant computed disregarding the Participant's accruals after age 65 but including actuarial adjustments, even if those actuarial adjustments are applied to offset accruals, and the adjusted immediately commencing Single Life Annuity under the plan at age 65 is the annual amount of such annuity that would be payable under the plan to a hypothetical participant who is age 65 and has the same accrued benefit (with no actuarial increases for commencement after age 65) as the Participant receiving the payment (determined disregarding the Participant's accruals after age 65).

(iii) Mortality Adjustment. In adjusting the Defined Benefit Dollar Limit for the Participant's Annuity Starting Date under (ii) above, no adjustment shall be made to reflect the probability of a Participant's death between the Annuity Starting Date and age 62, or between age 65 and the Annuity Starting Date, if benefits will not be forfeited upon the Participant's death before the Annuity Starting Date. To the extent that a forfeiture occurs upon the Participant's death before the Annuity Starting Date, an adjustment must be made to reflect the probability of the Participant's death. A forfeiture shall not be treated as occurring upon the Participant's death If the plan does not charge Participants for providing the QPSA on the Participant's death.

(c) $10,000 Minimum Benefit. A benefit shall not be deemed to exceed the Compensation Limit if benefits payable for a Limitation Year under any form of benefit with respect to the Participant under this plan and all other defined benefit plans (regardless of whether terminated) of the Employer and all Related Employers does not at any time exceed $1,000 multiplied by the Participant's years of service or parts thereof (not to exceed 10) with the Employer and any Related Employer. This limitation shall be applicable only to a Participant who has never participated in a defined contribution plan maintained by the Employer or a Related Employer.

(d) Grandfathered Annual Benefit. The maximum Annual Benefit shall be the greatest of the maximum Annual Benefit as specified in this Article that applies to a Participant at the time of application under Code Section 415, ERISA Section 2004, Section 235(g) of the Tax Equity and Fiscal Responsibility Act of 1982, Section 1106 of the Tax Reform Act of 1986, the Retirement Protection Act of 1994, Section 1449(a) of the Small Business Job Protection Act of 1996, Revenue Ruling 98-1, Section 611 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Section 101 of the Pension Funding Equity Act of 2004, the Pension Protection Act of 2006, and Regulations under the acts and Final Regulations under Code Section 415, including all effective dates, transitional rules and alternate limitations contained in those acts and Regulations.

(e) Cost of Living Adjustment. If the Annual Benefit payable to a terminated Participant who has not received a complete distribution of the Participant's Accrued Benefit is limited by either the Defined Benefit Dollar Limit or the Compensation Limit, such benefit, may, as determined by the Employer in a nondiscriminatory and uniform manner, be increased in accordance with the cost of living adjustments under Code Section 415(d).

## ARTICLE 6

### Determination of Vested Percentage

6.1 Year of Vesting Service.

(a) Credit. An Employee shall be credited with a "Year of Vesting Service" for each Vesting Period in which the Employee completes at least 1,000 Hours of Service, including periods before the Employee became a Participant and before the original effective date of this plan.

(b) No Credit. An Employee shall not be credited with Years of Vesting Service for service before the date that ERISA became effective for this plan, if that service would have been disregarded under the rules of the plan then in effect with respect to breaks in service.

The "Vesting Period" for determining Years of Vesting Service and the existence of Breaks in Service under this article shall be the Plan Year.

6.2 Vested Percentage.

(a) Vesting Schedule. A Participant's vested percentage shall be determined as follows:

| Years of Vesting Service | Vested Percentage |
|---|---|
| Less than 5 years | -0- |
| 5 years or more | 100% |

(b) Normal Retirement Date. The vested percentage of a Participant who is employed in Covered Employment on the Participant's Normal Retirement Date shall be 100%.

6.3 Cashout.

If a Participant's employment terminates and the Participant's vested percentage under Section 6.2(b) is zero, the nonvested amount shall be forfeited as of the date that the Participant's employment terminates. If the former Participant is reemployed by the Employer or a Related Employer before the Participant has five consecutive Breaks in Service, the forfeited amount shall be restored as of the date the Participant is reemployed.

6.4 Five Breaks in Service.

(a) Cancellation of Vesting Service. If an Employee whose vested percentage is zero has five consecutive Breaks in Service, the Participant's Years of Vesting Service and years of Benefit Service credited before the Breaks in Service shall be permanently canceled except as provided in Section 5.1(f)(ii).

(b) Forfeiture of Nonvested Accrued Benefit. Unless previously forfeited, a Participant's nonvested Accrued Benefit shall be permanently forfeited as of the end of the period that includes the Participant's fifth consecutive Break in Service except as provided in Section 5.1(f)(ii).

6.5 Death After Termination/Lost Recipient.

(a) Death After Termination. If a Participant whose vested percentage is not 100% dies after termination of employment but before the Participant has five consecutive Breaks in Service, any nonvested amount shall be forfeited as of the date of the Participant's death.

(b) Lost Recipient. If a Person entitled to a payment cannot be located after the Administrator has made a diligent search, the Participant's account shall be forfeited as of the date the Administrator certifies to the Trustee that the Person cannot be located. The Participant's Vested Accrued Benefit shall be restored to the Participant's account if the Person entitled to the payment submits a written election of method of payment.

ARTICLE 7

Payment of Benefits

7.1 Time of Payment.

Subject to the QJSA and QPSA provisions of this plan and the required distribution rules of Section 7.4, benefit payments shall begin not later than the time required under Code Section 401(a)(14). Notwithstanding the preceding sentence, a Participant may elect to defer benefit payments scheduled to begin at the Participant's Normal Retirement Date or Late Retirement Date to any date not later than the Participant's Required Beginning Date as defined in Section 7.4(a).

(a) Normal Retirement Benefit. The Normal Retirement Benefit shall begin on the first day of the month following the Participant's Normal Retirement Date.

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

(c) Late Retirement Benefit. The Late Retirement Benefit shall begin on the first day of the month following the Participant's termination of employment or, if earlier, the Participant's Required Beginning Date.

(d) Deferred Vested Benefit. The Deferred Vested Benefit shall begin on the first day of the month following the Participant's Normal Retirement Date. If the Participant had completed at least 10 Years of Vesting Service at termination of employment, the Participant may elect earlier payment beginning on the first day of any month following the date the Participant attains age 60.

(e) Death Benefit.

(i) Before Annuity Starting Date. The QPSA shall begin on the first day of the month following the Participant's Normal Retirement Date. The Surviving Spouse may elect earlier payment beginning on the first day of the month following the date of death, or if later, the first day a Participant could have elected early payment of an Early Retirement Benefit or a Deferred Vested Benefit, if applicable.

(ii) After Annuity Starting Date. If the form of payment to the Participant provides for benefits after the Participant's death, the continuing benefit shall be paid to the Beneficiary as provided.

(f) Disability Benefit. The Disability Benefit shall begin on the first day of the month following the date of Disability.

(g) Immediate Payment.

(i) $1,000 or Less. If the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit or the Alternate Payee's benefit payable under a QDRO is $1,000 or less and the Participant's employment terminates for any reason, or the QDRO provides for immediate payment, the Administrator shall direct payment of the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit or the Alternate Payee's assigned benefit in a lump sum as soon as administratively feasible following termination of employment for determination of a valid QDRO.

(ii) Over $1,000 But Not More Than $10,000. If the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit or the Alternate Payee's benefit payable under a QDRO is more than $1,000 but does not exceed $10,000, and the Participant's employment terminates for any reason and the Participant (and the spouse, if required) consent or the QDRO provides for immediate payment, the Administrator shall direct payment of the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit or the Alternate Payee's assigned benefit in a lump sum as soon as administratively feasible after the Participant elects a lump sum payment or determination of a valid QDRO.

(h) QDRO. If the plan receives a QDRO, benefits to an alternate payee shall begin as specified in the QDRO, but not before benefits could have otherwise been payable.

"QDRO" means a qualified domestic relations order, as defined in Code Section 414(p), that is issued by a competent state court and that meets the following conditions:

(i) Alternate Payee. The alternate payee must be the Spouse or former Spouse or a child or other dependent of the Participant.

(ii) Reason for Payments. The payments must relate to alimony, support of a child or other dependent, or a division of marital property.

(iii) Contents. The QDRO must contain the name and address of the Participant and the alternate payee, the amount of benefits or percentage of the Participant's Vested Accrued Benefit to be paid to the alternate payee, the Valuation Date as of which the amount or percentage is to be determined, and instructions concerning the timing and method of payment.

(iv) Restrictions. A QDRO may not require (A) this plan to pay more than the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit to the Participant and all alternate payees; (B) a method, payment date, or duration of payment not otherwise permitted under this article; or (C) cancellation of the prior rights of another alternate payee.

(i) Plan Termination; Partial Termination. Benefits shall be paid in accordance with Article 12 as soon as administratively feasible following termination or partial termination of this plan.

7.2 Determination of Benefits.

The age of the individuals to whom benefits are payable shall be determined as of the date the benefit is payable. All forms of payment shall be Actuarially Equivalent to the benefit payable as a Single Life Annuity.

(a) Lump Sum. For purposes of determining the lump sum present value of a benefit:

(i) Interest Rate. The interest rate shall be the 417(e) Interest Rate. "417(e) Interest Rate" means the applicable interest rate determined in accordance with Code Section 417(e). The 417(e) Interest Rate shall be the interest rate determined under the preceding sentence for the month that is three months preceding the first day of the Plan Year that includes the Annuity Starting Date.

(ii) Mortality Table. The mortality table shall be the 417(e) Mortality Table. "417(e) Mortality Table" means the applicable mortality table prescribed by the Internal Revenue Service to be used for purposes of Code Section 417(e).

(b) Optional Forms. For purposes of determining the amount of optional forms of benefit, the interest rate shall be 8% and the mortality table shall be the 417(e) Mortality Table. The amount of an optional form of benefit shall not be less than the amount determined as of June 30, 2004.

7.3 Form of Payment.

(a) Standard Form. Generally, benefits under this plan shall be paid as follows:

(i) Married. If the Participant is married when benefit payments are to begin, the Participant's benefit shall be paid as a QJSA unless the Participant waives the QJSA, with consent of the Spouse, and properly elects another available form of payment.

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

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

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

(b) Optional Forms of Payment. Upon waiver of the QJSA (or Single Life Annuity for an unmarried Participant), the Participant may elect one of the following optional forms of benefit payment. Upon waiver of the QPSA by the Surviving Spouse, the Surviving Spouse may elect one of the following optional forms of benefit payment. A Beneficiary other than the Surviving Spouse shall not be permitted to elect an alternative form of payment. A lump sum shall be the only available optional form of benefit payment for payment prior to the Participant's earliest Early Retirement Date.

(i) Single Life Annuity. A "Single Life Annuity" is a monthly benefit payable in equal installments for the life of the Participant or other individual with no payments to be made for any periods after the recipient's death.

(ii) 75% or 100% Joint and Survivor Annuity. A 75% or 100% joint and survivor annuity is an Actuarially Equivalent monthly benefit payable to the Participant for life with a continuation of 75% or 100% of the Participant's monthly benefit to the Surviving Spouse for the remainder of the Spouse's life after the Participant's death.

(iii) 60 or 120 Months Certain and Life Annuity. A 60 or 120 months certain and life annuity is an Actuarially Equivalent monthly benefit payable to the Participant for life while the Participant is alive. If the Participant dies before receiving 60 or 120 monthly payments, the Participant's Beneficiary shall receive the monthly benefit the Participant was receiving until a total of 60 or 120 monthly payments have been paid.

(iv) Lump Sum. A lump sum is an Actuarially Equivalent benefit payable in a single payment, or if necessary, in one or more payments, within one taxable year of the recipient. The Actuarially Equivalent present value of a Participant's Vested Accrued Benefit paid as a lump sum before a Participant's Normal Retirement Date shall be Actuarially Equivalent to the Vested Accrued Benefit payable at Normal Retirement Date (without regard to any early retirement subsidies). The lump sum shall be available only if the Participant's consent is not required pursuant to Section 7.6(f)(i) or for a QDRO or benefit for which the present value does not exceed $10,000.

(c) Direct Transfer. A distributee may elect to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan.

(i) Eligible Rollover Distribution. An eligible rollover distribution is a distribution of any portion of the balance to the credit of a distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent that the distribution is required under Code Section 401(a)(9); any hardship distribution; and any other distribution that is reasonably expected to total less than $200 during a year.

(ii) Eligible Retirement Plan. An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), an annuity contract described in Code Section 403(b), or a qualified trust described in Code Section 401(a), that accepts the distributee's eligible rollover distribution. An eligible retirement plan also includes an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. For any portion of an eligible rollover distribution consisting of after-tax contributions that are not includable in gross income, an eligible retirement plan is an individual retirement account or annuity described in Code Section 408(a) or 408(b), a qualified defined contribution plan described in Code Section 401(a) or 403(a) and effective January 1, 2007, a qualified defined benefit plan described in Code Section 401(a) or an annuity contract described in Code Section 403(b) that agrees to separately account for such portion (including attributable earnings).

(iii) Distributee. A distributee includes a Participant or former Participant, the Participant's or former Participant's Surviving Spouse, and the Participant's or former Participant's Spouse or former Spouse who is an alternate payee under a QDRO.

(iv) Non-Spouse Beneficiary. Effective January 1, 2007, a Beneficiary who is not a Spouse may elect to transfer all or any portion of a distribution deemed to be an eligible rollover distribution to an individual retirement account or annuity described in Code Section 408(a) or (b) that is established for the purpose of receiving the distribution on behalf of the designated Beneficiary and which is treated as an inherited IRA within the meaning of Code Section 408(d)(3)(C). Additional rules, including the determination of any distribution required under Code Section 401(a)(9), apply as provided under Code Section 402(c)(11) and Regulations and any other applicable guidance published by the Internal Revenue Service.

7.4 Required Distribution Rules.

Subject to the QJSA and QPSA provisions, this section generally states the requirements of Code Section 401(a)(9) and the Regulations and shall take precedence over any other provision of this plan that permits payment at a later time or in a smaller amount. The provisions of this section apply to calendar years beginning on or after January 1, 2003. All payments shall be determined and made in accordance with the Regulations under Code Section 401(a)(9), including the minimum incidental benefit requirement under Code Section 401(a)(9)(G).

(a) Time of Distribution.

(i) Required Beginning Date. Unless payments begin earlier, the entire interest of the Participant must be distributed or distribution must begin not later than the Participant's Required Beginning Date. "Required Beginning Date" means:

(A) 5% Owner. For a Participant who is a 5% Owner, the April 1 following the calendar year in which the Participant attains age 70 1/2. Once distribution begins to a 5% Owner, it shall continue even if the Participant ceases to be a 5% Owner.

(B) Non-5% Owner. For a Participant who is not a 5% Owner, the April 1 following the calendar year in which the Participant attains age 70 1/2, or, if later, following the calendar year in which the Participant's employment terminates.

(ii) Death Before Required Beginning Date. If the Participant dies before the Required Beginning Date and before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) Spouse is Only Beneficiary. If the Participant's Surviving Spouse is the Participant's sole designated beneficiary, then distributions to the Surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(B) Other Beneficiary. If the Participant's Surviving Spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) No Beneficiary. If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(D) Death of Spouse Prior to Payment. If the Participant's Surviving Spouse is the Participant's sole designated beneficiary and the Surviving Spouse dies after the Participant but before distributions to the Surviving Spouse begin, this section (other than (A) above), will apply as if the Surviving Spouse were the Participant.

For purposes of this provision and (d) below, distributions are considered to begin on the Participant's Required Beginning Date (or, if (D) above applies, the date distributions are required to begin to the Surviving Spouse under (A) above). If annuity payments irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's Surviving Spouse before the date distributions are required to begin to the Surviving Spouse under (A) above), the date distributions are considered to begin is the date distributions actually commence.

(iii) Death After Required Beginning Date. If the Participant dies after the Required Beginning Date, or if earlier, the date payment begins in the form of an irrevocable annuity, payments shall be made at least as rapidly as benefit payments were being paid to the Participant before death.

(b) General Annuity Requirements.

(i) Annuity Payments. If benefit payments under this plan are paid in the form of an annuity, the annuity payments shall comply with the following requirements:

(A) Payment Intervals. The annuity payments will be paid in periodic payments made at uniform intervals not longer than one year;

(B) Payment Period. The distribution period will be over a life (or lives) or over a period certain not longer than the period described in (c) or (d) below;

(C) No Recalculation. Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted; and

(D) Nonincreasing or Permissible Increase. Payments will either be nonincreasing or increase only as permitted under Regulation Section 1.401(a)9)-6, Q&A-14.

(ii) Amount Required to be Distributed by Required Beginning Date . The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under (a)(ii) above) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date.

(iii) Additional Accruals After First Distribution Calendar Year . Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(c) Requirements For Annuity Distributions That Commence During Participant's Lifetime .

(i) Joint Life Annuities Where the Beneficiary Is Not the Participant's Spouse . If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2(c)(2) of Regulations Section 1.401(a)(9)-6, in the manner described in Q&A-2(c) of those Regulations, to determine the applicable percentage. If the form of distribution combines a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(ii) Period Certain Annuities . Unless the Participant's Spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Regulations Section 1.401(a)(9)-9, Q&A-2, for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Regulations Section 1.401(a)(9)-9, Q&A-2, plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's Spouse is the Participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this section, or the joint life and last survivor expectancy of the Participant and the Participant's Spouse as determined under the Joint and Last Survivor Table set forth in Regulations Section 1.401(a)(9)-9, Q&A-3, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the calendar year that contains the Annuity Starting Date.

(d) Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin .

(i) Participant Survived by Designated Beneficiary . If the Participant dies before the date distribution begins and there is a designated beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in (a)(ii)(A) or (B) above, over the life of the designated beneficiary or over a period certain not exceeding:

(A) Annuity Starting Date After First Distribution Calendar Year. If the Annuity Starting Date is after the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(B) Annuity Starting Date Before First Distribution Calendar Year. If the Annuity Starting Date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the Annuity Starting Date.

(ii) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin . If the Participant dies before the date distribution begins, the Participant's Surviving Spouse is the Participant's sole designated beneficiary, and the Surviving Spouse dies before distributions to the Surviving Spouse begin, this section will apply as if the Surviving Spouse were the Participant, except that the time by which distributions must begin will be determined without regard to (a)(ii)(A) above.

(iv) Payments to Surviving Child. Payments made to a Participant's surviving child until the child reaches the age of majority, as determined under Regulations Section 1.401(a)(9)-6, Q&A-15, or the child dies, if earlier, may be treated as if such payments were made to the Surviving Spouse to the extent the payments become payable to the Surviving Spouse upon cessation of the payments to the child.

(e) Definitions.

(i) Designated Beneficiary. The designated beneficiary is the individual who is designated as the beneficiary under Section 7.6 and is the designated beneficiary under Code Section 401(a)(9) and Regulations Section 1.401(a)(9)-4.

(ii) Distribution Calendar Year. A distribution calendar year is a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to (a) above.

(iii) Life Expectancy. Life expectancy is the life expectancy computed by use of the Single Life Table in Regulations Section 1.401(a)(9)-9, Q&A-1.

(f) Actuarial Increase. If benefit payments to a Participant who is not a 5% Owner begin on a Required Beginning Date that is later than the April 1 following the calendar year in which the Participant attains age 70 1/2, the benefit shall be actuarially increased to reflect the delay in payment to the date on which benefit payments commence.

The period for the actuarial increase shall begin on April 1 following the calendar year in which the Participant attains age 70 1/2 (or January 1, 1997, in the case of an Employee who attained age 70 1/2 prior to 1996) and shall end on the date on which benefits commence after termination of employment in an amount sufficient to satisfy Code Section 401(a)(9). The amount of the increase for the period for the actuarial increase must result in a benefit that is Actuarially Equivalent to the benefit payable on the April 1 following the calendar year in which the Participant attains age 70 1/2 plus the Actuarially Equivalent value of all additional benefits accrued after that date minus the Actuarially Equivalent value of any benefit payments made after that date. The actuarial increase is generally the same as, and not in addition to, the actuarial increase required for that same period under Code Section 411 to reflect a delay in payments after normal retirement, except that the actuarial increase required under Code Section 401(a)(9)(C) must be provided even during the period during which a Participant is in Section 203(a)(3)(B) Service.

For purposes of Code Section 411(b)(1)(H), the actuarial increase will be treated as an adjustment attributable to the delay in payment of benefits after the attainment of normal retirement age. Accordingly, to the extent permitted under Code Section 411(b)(1)(H), the actuarial increase required under Code Section 401(a)(9)(C)(iii) may reduce the benefit accrual otherwise required under Code Section 411(b)(1)(H)(i), except that the rules on suspension of benefits are not applicable.

(g) TEFRA Election. Benefit payments may begin or may be made at the time and by the method specified in a TEFRA Election even if later than the Required Beginning Date. "TEFRA Election" means a written election made before January 1, 1984, pursuant to the transitional rules of Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act of 1982. An amendment or revocation of a TEFRA Election shall void the election, and the Participant's benefits shall be paid pursuant to this article. Designation of a different or additional beneficiary shall not void a TEFRA Election if the designation does not directly or indirectly alter the time when benefits begin or the period over which benefits are to be paid.

7.5 Waiver of QJSA or QPSA; Election of Method and Time of Benefit Payments.

(a) Waiver of QJSA.

(i) Notice. At least 30 days, but not more than 180 days, before the Annuity Starting Date, the Administrator shall provide each Participant, in writing, a reasonable explanation of (A) the terms and conditions of the QJSA; (B) the Participant's right to waive, and the effect of the waiver of, the QJSA; (C) the rights of the Spouse; and (D) the right to revoke, and the effect of a revocation of, a previous waiver of the QJSA.

(ii) Waiver. During the 180-day period before the Annuity Starting Date, a Participant may waive the QJSA, or the Single Life Annuity if the Participant is not married, and may revoke a prior waiver. A waiver of a QJSA shall not be effective unless the Spouse consents to the waiver. The Participant may revoke the waiver without the Spouse's consent. The waiver may be in the form of a written election under (g) below containing the Spouse's consent.

(b) Waiver of QPSA.

(i) Notice. The Administrator shall provide each Participant with a written notice containing an explanation of the QPSA and other benefits available upon the death of the Participant. The explanation shall be comparable to the explanation described above with respect to the QJSA. The notice shall be provided to each Participant within the period described below that ends last:

(A) Age Related. The period beginning with the first day of the Plan Year that includes the date the Participant attains age 32 and ending with the last day of the Plan Year preceding the Plan Year in which the Participant attains age 35; or

(B) Participation. A reasonable period that includes the date the Employee becomes a Participant. A reasonable period is the two-year period beginning one year before, and ending one year after, the occurrence of the described event.

If a Participant's employment terminates before the Plan Year that includes the date the Participant attains age 35, notice shall be provided within the two-year period beginning one year before termination of employment and ending one year after termination of employment. If the Participant later returns to employment with the Employer, the applicable period for the Participant shall be redetermined.

(ii) Waiver. At any time during the period beginning on the first day of the Plan Year that includes the date a Participant attains age 35 (or the date the Participant's employment terminates, if earlier) and ending on the earlier of the date the first payment is made to the Participant or the Participant's death, the Participant may waive the QPSA with the written consent of the Spouse and elect an optional form of benefit payment. The waiver shall be in the form of a written election by the Participant and consent by the Spouse. The Participant may not designate a different Beneficiary without a new consent by the Spouse. If the Participant does not waive the QPSA during the Participant's lifetime, the Spouse may waive the QPSA and elect an optional form of benefit payment at any time after the Participant's death and before payment begins. A Participant or Spouse may waive the QPSA as to the entire benefit or any portion of the otherwise payable benefit.

(iii) Pre-Age 35 Waiver. A Participant who has not attained age 35 as of the last day of any current Plan Year may make a special waiver of the QPSA for the period beginning on the date of the waiver and ending on the first day of the Plan Year in which the Participant attains age 35. The waiver is subject to (i) and (ii) above except that the notice under (i) above must be provided to the Participant before the date of the waiver. The waiver shall not be valid unless the Participant receives the notice before the date of the waiver.

The QPSA shall be automatically reinstated as of the first day of the Plan Year in which the Participant attains age 35. Any new waiver on or after that date is subject to (i) and (ii) above.

(c) Spousal Consent. A consent by a Spouse shall not be effective unless the consent is in writing, signed by the Spouse and witnessed by an individual designated for this purpose by the Administrator or by a notary public. The consent must acknowledge the effect of the waiver of the QJSA or the QPSA. If it is established to the satisfaction of the Administrator that the Spouse cannot be located or if other circumstances set forth in Regulations issued under Code Section 417 exist, the Spouse's consent is not required. The consent is effective only with respect to the consenting Spouse and not with respect to a subsequent Spouse. Consent by the Spouse will be irrevocable with respect to the Participant's election, waiver, or designation of a Beneficiary to which the consent relates.

(i) Specific Beneficiary or Form of Payment. The consent may be limited to payment to a specific alternate Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, and a specified form of payment. Any waiver after the revocation of a prior waiver or change of Beneficiary will require a new spousal consent.

(ii) General Consent. The consent may permit the Participant to designate a Beneficiary, or elect an optional form of benefit payment, or to change either or both without a further consent by the Spouse. This form of consent is not valid unless the Spouse expressly and voluntarily permits such designations and elections without any further spousal consent. The consent may be limited to certain Beneficiaries or to certain forms of payment.

(iii) Consent Not Required. This subsection (c) shall apply only to a Participant whose payments had not actually begun on or before August 23, 1984, who was alive on August 23, 1984, and who had at least one Hour of Service on or after September 2, 1974.

(d) Permitted Elections. To the extent permitted under this article and subject to waiver of the QJSA or QPSA, the Participant or other recipient may elect the method and time of payment. To the extent satisfied under subsections (a), (b), or (c), the requirements under (e) and (g) need not be met again.

(e) Participant Consent. If payment is due to termination of employment prior to the Participant's Normal Retirement Date for any reason other than death, payment of benefits shall not begin without the Participant's consent. The consent shall be given by an election of benefit payments. An election of payment shall be made within the 180-day period ending on the Annuity Starting Date.

(i) Notice. When consent is required, the Participant shall be notified of the right to elect benefit payments and the right (if any) to defer payments and the consequences of failing to defer. The written notice shall provide an explanation of the material features and relative values of the available forms of payment. The notice shall be provided at least 30 days and not more than 180 days before the Annuity Starting Date.

(ii) Annuity Starting Date. "Annuity Starting Date" means the first day of the first period for which an amount is payable in any form. Generally, the Annuity Starting Date is the date on which benefit payments may begin after all conditions and requirements for payment have been met.

(A) Disability. The Annuity Starting Date for Disability Benefits shall be the date they begin if the Disability Benefit is not an auxiliary benefit. An auxiliary benefit is a Disability Benefit that does not reduce the benefit payable at Normal Retirement Date. Payment of a Disability Benefit that is an auxiliary benefit is disregarded in determining the Annuity Starting Date.

(B) Suspension of Benefits. If benefit payments are suspended pursuant to Section 7.9 for an Employee who continues to be employed without terminating employment and without receiving benefit payments under this plan, the date benefit payments start shall be the Annuity Starting Date for the Participant. Benefit payments that commence on the Participant's Required Beginning Date and before the Participant terminates employment shall be disregarded in determining the Annuity Starting Date.

(f) Exceptions.

(i) Small Balance Exceptions. The waiver of the QJSA or QPSA and the Participant's consent are not required with respect to a payment made when the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit is $5,000 (or such larger amount as may be specified in Code Section 411(a)(11)(A)) or less unless the distribution is one of a series of scheduled periodic payments and the Participant's consent was required at the time the initial payment was made.

(ii) Waiver of Notice Period. Payments may commence less than 30 days after the notices required under (a)(i) and (e)(i) above are given, provided:

(A) Right to 30-day Period. The Administrator clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notices to consider the decision of whether or not to elect payment or to waive the QJSA and consent to a form of payment other than the QJSA;

(B) Election. The Participant, after receiving the notices, affirmatively elects an optional form of payment;

(C) Right to Revoke. The Participant is permitted to revoke the affirmative election until the Annuity Starting Date or, if later, at any time prior to the end of the 7-day period that begins the day after the notices are given to the Participant; and

(D) Benefit Payments. Benefit payments in accordance with the affirmative election do not commence before the end of the 7-day period described in (C) above.

(g) Election Requirements.

(i) Time. The election shall be made not later than the date benefit payments begin or, if earlier, the date when benefit payments must begin. An election may be revoked or changed before benefit payments begin.

(ii) Form. An election shall be made in a form acceptable to the Administrator.

(iii) Other Conditions. An election shall become void upon the death of the Participant prior to the date the first monthly payment is required to be paid to the Participant. If a benefit is payable to a Surviving Spouse and conditioned upon the survival of and measured by the life of the Surviving Spouse, death of the Surviving Spouse prior to the date the first monthly benefit is required to be paid to the Participant shall void the election.

(h) Failure to Elect. If a Person fails to elect (or multiple recipients cannot agree):

(i) Method. The form of benefit payment shall be a QJSA or QPSA if the Participant is married or a Single Life Annuity if the Participant is not married.

(ii) Time. Benefit payments shall begin at the time specified in this article.

(i) Additional Information. The Administrator may require additional forms or information when required by law or deemed necessary or appropriate in connection with any benefit payment.

(j) No Reduction or Delay of Payments. An election or failure to elect shall not cause noncompliance with the QJSA or QPSA provisions, the requirements of Section 7.4, the requirements of Code Section 415, or the terms of a QDRO.

(k) No Retroactive Payment. Payment shall not be made for any period prior to the date the notice under (a)(i) is provided and the Participant has properly completed a written application for the benefit on the form provided for such purpose by the Administrator. If the written application as originally filed with the Administrator is not completed properly, benefit payments shall not begin until a properly completed application has been filed. If the notice under (a)(i) is properly provided to the Participant at the Participant's Normal or Late Retirement Date and the Participant fails to make an election, the Participant shall be deemed to have made an election to defer payment to a later date, but not later than the Participant's Required Beginning Date. If the Participant makes or is deemed to make an election to defer payment beyond the Participant's Normal or Late Retirement Date, the amount of the benefit payment shall be Actuarially Equivalent to the benefit that would have been payable but for the deferral.

7.6 Determination of Beneficiary.

A Participant's Beneficiary and successor Beneficiaries are determined under this section. The determination of a designated beneficiary under Section 7.4 is not only determined under this section but also is subject to and determined under Code Section 401(a)(9) and Regulations. A Participant may designate or change a Beneficiary by filing a signed designation with the Administrator in a form approved by the Administrator. The Participant's Will is not effective for this purpose.

(a) Beneficiary. "Beneficiary" means the Person designated by the Participant, or determined under this section, to receive the Participant's benefits, if any, that are provided by this plan or by the form of payment in effect under this plan after the Participant's death. The rules of this section apply to a designation by the Participant and in the absence of a valid designation or upon the failure of a designation by the Participant.

(b) Successor Beneficiaries. One or more successor Beneficiaries may be designated by the Participant or determined under this section.

(c) Married Participant; Spousal Consent. The Beneficiary of a married Participant shall be the Spouse unless the Spouse consents to designation of a Beneficiary other than the Spouse. If a married Participant designates or changes a Beneficiary other than the Spouse without the Spouse's consent, the designation will be void. A consent that permits further designations without consent is void unless the consent expressly permits such designations without additional spousal consent.

(i) Consent. Consent by the Spouse must be voluntary and must acknowledge and accept the consequences of the designation of a Beneficiary other than the Spouse. Consent by the Spouse is irrevocable. The consent and acknowledgment must be witnessed by an individual designated by the Administrator or by a notary public. If the Spouse cannot be located or if any of the other exceptions set forth in Regulations issued under Code Section 417 apply, a consent is not required.

(ii) Successors. Spousal consent is not required for the designation or determination under this section of successor Beneficiaries to the Spouse.

(iii) Change of Marital Status. An existing Beneficiary designation by a Participant will be void upon the Participant's subsequent marriage or remarriage unless the new Spouse consents to the designation.

(d) Default Determination. If a Participant fails to designate a Beneficiary, or if there is no Beneficiary or successor at the Participant's death or at any later payment date for the reason specified in (e) below or for any other reason, the Beneficiary shall be the surviving Spouse at the time of the Participant's death and the Spouse's estate with respect to any amount remaining undistributed at the subsequent death of the Spouse. If the Participant is not survived by a Spouse, the Beneficiary shall be the members of the first of the following classes with a living member on the date a benefit payment is due:

(i) Children. The Participant's children, including those by adoption, dividing the distribution equally among the Participant's children with the living issue of any deceased child taking their parent's share by right of representation;

(ii) Parents. The Participant's parents, dividing the distribution equally if both parents are living;

(iii) Brothers and Sisters. The Participant's brothers and sisters, dividing the distribution equally among the Participant's living brothers and sisters.

(e) Death of Beneficiary. If payment to one Beneficiary is pending or has begun and the Beneficiary dies before all payments have been made, the remaining payments shall be paid to the successor Beneficiary designated by the Participant or, if no successor Beneficiary has been designated, to the Beneficiary determined under (d) above. If payment is pending or has begun to more than one Beneficiary, payments shall continue to the survivor or survivors of them, and any amount remaining upon the death of the last survivor shall be paid to the successor Beneficiary designated by the Participant or, if no successor Beneficiary has been designated, to the Beneficiary determined under (d) above. Survivors shall include the issue of any deceased child who shall take the deceased child's share by right of representation.

(f) No Surviving Beneficiary. If a deceased Participant has no surviving Beneficiary or successor Beneficiaries as designated by the Participant or as determined under (d) above on the date of the Participant's death, or on any subsequent date on which a payment is due, all remaining payments shall be paid to the Participant's estate, if then under the active administration applicable probate or similar laws, or if not, to those Persons who would then take the Participant's personal property under the Michigan intestate laws then in force, and in the proportions provided by those laws, as though the Participant had died at that time.

(g) Alternate Payee. An alternate payee awarded an independent benefit under this plan shall be considered a Participant for purposes of determining the alternate payee's Beneficiary under this section.

(h) Determination. The Administrator shall apply the rules of this section to determine the proper Persons to whom payment should be made. The decision of the Administrator shall be final and binding on all Persons.

7.7 Facility of Payment.

A payment under this section shall fully discharge the Employer and Trustee from all future liability with respect to that payment.

(a) Minimum Payments. When the amount of a benefit payment is less than $25 per month, the Administrator may direct payment of accumulated amounts at less frequent intervals, but at least annually, in order to minimize the administrative expense of the payment.

(b) Incapacity. If a recipient entitled to a payment is legally, physically, or mentally incapable of receiving or acknowledging payment, the Administrator may direct the payment to the recipient; or, for the benefit of the recipient, to the recipient's legal representative or any other Person who is legally entitled to receive payments on behalf of the recipient under the laws of the state in which the recipient resides; or to a custodian for the recipient under any applicable uniform transfers to minors act.

(c) Legal Representative. Neither the Employer nor the Trustee shall be required to commence probate proceedings or to secure the appointment of a legal representative.

(d) Annuity Contract Purchase. An annuity contract purchased and distributed by the plan shall comply with the requirements of this plan and shall be nontransferable.

7.8 Penalties.

The following penalties apply to payment of, or failure to make payment of, certain amounts under this plan.

(a) Payment Before Age 59 1/2. A Participant who receives a payment of benefits before attaining age 59 1/2 may be liable for an additional 10% federal income tax on any portion of the benefit payments included in gross income.

(b) Failure to Receive Minimum Payments. For a calendar year in which a Participant or Beneficiary fails to receive the minimum payments required under Code Section 401(a)(9), the recipient shall be subject to an additional tax equal to 50% of the difference between the minimum payments and the amount the recipient actually received.

7.9 Suspension of Benefit Payments.

(a) Normal/Early Retirement Benefits. Normal or Early or Deferred Vested Retirement Benefits in pay status will be suspended at the first day of the first Plan Year following a Plan Year in which the Participant is credited with at least 500 Hours of Service.

(i) Resumption of Payment. If benefit payments have been suspended, payments shall resume at the earlier of the first day of the Plan Year following a Plan Year in which the Participant incurs a Break in Service or the month after the calendar month in which the Participant ceases to be employed. The initial payment upon resumption shall occur in the calendar month when payments resume and shall include any amounts withheld during the period between the cessation of employment and the resumption of payments.

(ii) Amount of Benefit Payment at Resumption of Payments. When a Participant whose retirement benefit payments have been in pay status and were then suspended ceases to be employed with the Employer and resumes receipt of benefit payments, the benefits shall be increased to the Actuarially Equivalent value of the benefits at the date payments were suspended (but not in excess of the maximum Annual Benefit).

(iii) Death During Suspension of Benefits. If a Participant dies while benefit payments are suspended, benefit payments to the Surviving Spouse or other Beneficiary shall be determined as if the Participant had ceased employment the day before death. If the Participant had begun receiving benefit payments before the suspension of benefit payments, payment to the Surviving Spouse or other Beneficiary shall be made in the manner required under the form of benefit payment the Participant elected before the suspension. If the benefit payments had been paid as a Single Life Annuity, the Surviving Spouse or other Beneficiary shall receive a lump-sum payment in the amount of the sum of the benefit payments suspended before the Participant died. If benefit payments had not begun before the suspension of benefits, the Surviving Spouse shall receive benefit payments under the death benefit or the QPSA.

(b) Disability. Disability Benefits shall be suspended:

(i) Employment. If the Employee engages in a regular occupation or employment (except for rehabilitation as determined by the Administrator) for remuneration or profit;

(ii) Recovery. If the Administrator determines on the basis of a medical examination that the Employee has sufficiently recovered to return to regular work; or

(iii) Refuse Examination. If the Employee refuses to undergo a medical examination ordered by the Administrator. The Employee shall not be required to undergo medical examinations more frequently than once during each six-month period or after attaining age 65.

ARTICLE 8

Administration of the Plan

8.1 Duties, Powers, and Responsibilities of the Employer.

(a) Required. The Employer shall be responsible for:

(i) Employer Contributions.

(A) Amount. Determining the amount of Employer Contributions,

(B) Payment. Paying Employer Contributions (including additional contributions if necessary to correct an error); and

(C) Compliance. Determining that the amount and time of Employer Contributions comply with this plan;

(ii) Agent for Service of Process. Serving as the agent for service of process;

(iii) Trustee. Appointing the Trustee;

(iv) Amendment. Amending this plan and trust;

(v) Plan Termination. Revoking this instrument and terminating this plan and trust; and

(vi) Mergers; Spin-Offs. Merging this plan with another qualified retirement plan maintained by the Employer or dividing this plan into multiple plans.

(b) Discretionary. The Employer may exercise the following responsibilities:

(i) Investment Manager. Appointing one or more Investment Managers who shall have the power to acquire, manage, or dispose of any or all trust assets subject to:

(A) Functions. The functions of the Investment Manager shall be limited to those specified services and duties for which the Investment Manager is engaged, and the Investment Manager shall have no other duties, obligations, or responsibilities under this plan or trust;

(B) Qualification. "Investment Manager" means a Person that is a registered investment adviser under the Investment Advisors Act of 1940, a bank (as defined in the Investment Advisors Act of 1940), or an insurance company licensed to manage, acquire, and dispose of assets of qualified retirement plans under the laws of more than one state; and

(C) Acknowledgment. A prospective Investment Manager must acknowledge in writing that it is a fiduciary with respect to this plan and trust;

(ii) Custodian. Appointing one or more agents to act as custodians of trust assets transferred to the custodian;

(iii) Alternate Administrator. Designating a Person other than the Employer as the Administrator; and

(iv) Payment of Administrative Expenses. Paying administrative expenses incurred in the operation, administration, management, and control of this plan or the trust. These expenses shall be the obligation of the trust unless paid by the Employer.

8.2 Employer Action.

An action required to be taken by the Employer shall be taken by its board of directors, by resolution of an authorized committee of the Board of Directors, or by a person authorized to act on behalf of the Employer.

8.3 Plan Administrator.

"Administrator" means the Employer or a Person designated by the Employer. The Administrator is a named fiduciary for operation and management of this plan and shall have the responsibilities conferred by ERISA upon the "Administrator" as defined in ERISA Section 3(16).

8.4 Administrative Committee.

(a) Appointment. The Employer may, but shall not be required to, appoint an administrative committee to perform the duties involved in the daily operation of this plan.

(b) Agent; Powers and Duties. The administrative committee is an agent of the Employer. The administrative committee shall have the powers and duties delegated to it by the Administrator.

(c) Not Fiduciary. Except to the extent the administrative committee is expressly delegated a fiduciary responsibility with respect to this plan, the administrative committee will be responsible to the Employer for its actions and will not be a named fiduciary for operation and management of this plan.

(d) Membership. The number of members of the administrative committee shall be determined by the Employer and shall be not less than three nor more than seven. The Employer shall appoint the members of the administrative committee and may remove or replace them at any time.

(e) Records. The administrative committee shall keep records of its proceedings.

(f) Actions. The administrative committee shall act by a majority of its members then in office. Action may be taken either by a vote at a meeting or in writing without a meeting. Any or all members may participate in a meeting by a conference telephone or similar electronic equipment. Actions of the administrative committee may be evidenced by written instrument executed by the chairman or the secretary of the administrative committee.

(g) Report to Administrator. The administrative committee shall report to the Administrator when requested with respect to the administration, operation, and management of this plan.

(h) Compensation. Any member of the administrative committee who is an Employee shall serve without compensation.

(i) Conflict of Interest. Any member of the administrative committee who is a Participant shall not vote or act on a matter that relates solely to that Participant. If that Participant is the only member of the administrative committee, the necessary action shall be exercised by the Administrator.

8.5 Duties, Powers, and Responsibilities of the Administrator.

Except to the extent properly delegated, the Administrator shall have the following duties, powers, and responsibilities and shall:

(a) Plan Interpretation. Interpret all provisions of this instrument (including resolving an inconsistency or ambiguity or correcting an error or an omission);

(b) Participant Rights. Subject to Section 8.10, determine the rights of Participants and Beneficiaries under the terms of this plan and communicate that information to the Trustee;

(c) Limits; Tests. Be responsible for determining that this plan complies with all limitations and tests (including, without limitation, nondiscrimination tests, coverage tests, and top-heavy tests) under the Code and Regulations and maintain records necessary to demonstrate compliance with such limits and tests;

(d) Benefits and Vesting. Determine which Participants are entitled to additional benefit accruals for a Plan Year, the amount of each eligible Participant's Compensation for the Plan Year, and a Participant's vested percentage;

(e) Errors. Correct an error, including (but not limited to) errors in the calculation of benefits, allocation of investment experience, or in determination of vesting or payment of a Participant's benefits;

(f) Claims and Elections. Establish or approve the manner of making an election, designation, application, claim for benefits, and review of claims;

(g) Benefit Payments. Direct the Trustee as to the recipient, time payments are to be made or to begin, and the elected form of payment;

(h) QDRO Determination. Establish procedures to determine whether or not a domestic relations order is a QDRO, to notify the Participant and any alternate payee of this determination, and to administer benefit payments pursuant to a QDRO;

(i) Administration Information. Obtain to the extent reasonably possible all information necessary for the proper administration of this plan;

(j) Recordkeeping. Establish procedures for and supervise the establishment and maintenance of all records necessary and appropriate for the proper administration of this plan;

(k) Reporting and Disclosure. Prepare and (i) file annual and periodic reports required under ERISA and Regulations; and (ii) distribute disclosure documents including (but not limited to) the summary plan description, an explanation to recipients of payments eligible for rollover treatment, the summary annual report, Form 5500 series, requested and required benefit statements, and notices to Employees of applications for determination;

(l) Penalties; Excise Taxes. Report and pay any penalty tax or excise taxes incurred by this plan or the Employer in connection with this plan on the proper tax form designated by the Internal Revenue Service and within the time limits specified for the tax form;

(m) Advisers. Employ attorneys, "Actuaries" (an individual or firm employed to provide actuarial services for this plan), accountants, clerical employees, agents, or other Persons who are necessary for operation, administration, and management of this plan;

(n) Expenses, Fees, and Charges. Present to the Trustee for payment (if not paid by the Employer) or reimbursement (if advanced by the Employer) all reasonable and necessary expenses, fees and charges, including fees for attorneys, Actuaries, accountants, clerical employees, agents, or other Persons, incurred in connection with the administration, management, or operation of this plan;

(o) Nondiscrimination. Apply all rules, policies, procedures, and other acts without discrimination among Participants;

(p) Bonding. Review compliance with the bonding requirements of ERISA; and

(q) Other Powers and Duties. Exercise all other powers and duties necessary or appropriate under this plan, except those powers and duties allocated to another named fiduciary.

8.6 Delegation of Administrative Duties.

The powers and duties of the Employer and the Administrator set forth in Sections 8.1 and 8.5 may be delegated to another fiduciary.

(a) In Writing. The written delegation shall specify (i) the date of the action and the effective date of the delegation; (ii) the responsibility delegated; (iii) the name, office, or other reference of each fiduciary to whom the responsibility is delegated; and (iv) if a responsibility is delegated to more than one fiduciary, the allocation of the responsibility among the fiduciaries.

(b) Acceptance of Responsibility. The delegation shall be communicated to the fiduciary to whom the responsibility is assigned, and written acceptance of the responsibility shall be made by the fiduciary. A fiduciary shall retain the responsibility until the fiduciary resigns or rejects the responsibility in writing, or the Administrator takes a superseding action.

(c) Conflict. If a fiduciary's powers or actions conflict with those of the Administrator, the powers of and actions of the Administrator will control.

8.7 Interrelationship of Fiduciaries; Discretionary Authority.

A Person may serve in more than one fiduciary capacity with respect to this plan and trust.

(a) Performance of Duties. Each fiduciary shall act in accordance with this plan and trust. Each fiduciary shall be responsible for the proper exercise of its responsibilities.

(b) Reliance on Others. Except as required by ERISA Section 405(b), each fiduciary may rely upon the action of another fiduciary and is not required to inquire into the propriety of any action.

(c) Discretionary Authority of Fiduciaries. Each fiduciary shall have full discretionary authority in the exercise of the powers, duties, and responsibilities allocated or delegated to that fiduciary under this instrument.

8.8 Compensation; Indemnification.

An Employee fiduciary who is compensated on a full-time basis by the Employer shall not receive compensation from this plan, except for reimbursement of expenses, unless permitted under a prohibited transaction exemption issued by the Department of Labor. The Employer shall indemnify and hold harmless each member of the Board of Directors and each Employee to whom fiduciary duties or other responsibilities for the operation and administration of this plan and trust have been assigned or delegated, from any and all claims, losses, damages, expenses, and liabilities arising from any action or failure to act with respect to any matter related to this plan and trust. Indemnification shall not apply if the action or inaction is due to gross negligence or willful misconduct. The Employer may purchase and maintain liability insurance covering itself, any Related Employer, and any other Person against claims, losses, damages, expenses, and liabilities arising from the performance or failure to perform any power, duty, or responsibility with respect to this plan and trust.

8.9 Fiduciary Standards.

Each fiduciary shall act solely in the interest of Participants and Beneficiaries:

(a) Prudence. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent Person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(b) Exclusive Purpose. For the exclusive purpose of providing benefits and paying expenses of administration; and

(c) Prohibited Transaction. To avoid engaging in a prohibited transaction under the Code or ERISA unless an exemption for the transaction is available or obtained.

8.10 Benefit Applications; Appeal Procedures .

(a) Application for Benefits. The Administrator will process an application for benefits by a Participant or Beneficiary and provide written notification of the determination to the Participant or Beneficiary not later than 90 days after receipt of the application unless the Administrator determines that special circumstances require an extension of time for processing the application.

(b) Notification of Adverse Determination for Application . Notification of an adverse determination shall be written in a manner that can be understood by the Participant or Beneficiary and shall include: (i) the specific reasons for the denial; (ii) specific reference to pertinent plan provisions on which the denial is based; (iii) a statement outlining additional material or information necessary to enable approval of the claim and the reasons why such material is necessary; and (iv) an explanation of the appeal procedures, including a statement of the Participant's or Beneficiary's right to initiate a lawsuit under ERISA Section 502(a) in the event of a denial on appeal.

(c) Appeal. Any Participant or Beneficiary asserting entitlement to a benefit different from the benefit approved by the Administrator in response to the application for payment, or who has received an adverse determination from the Administrator, whether relating to the amount, form of payment or time of payment, may, within 60 days after notice of the determination, file a written appeal for a full and fair review by the Administrator.

(d) Final Decision. The Administrator shall render a final determination and provide written notification to the Participant or Beneficiary within 60 days after receipt of the appeal, unless the Administrator determines that circumstances require an extension of time for processing the appeal.

(e) Notification of Adverse Determination on Appeal . Notification of an adverse determination on appeal shall be written in a manner that can be understood by the Participant or Beneficiary and shall include: (i) the specific reasons for the denial; (ii) specific reference to pertinent plan provisions on which the denial is based; (iii) a statement of the Participant's or Beneficiary's right to reasonable access to, and copies of, all documents, records and information relevant to the claim at no cost; and (iv) an explanation of the additional appeal procedures, if any are available, including a statement of the Participant's or Beneficiary's right to initiate a lawsuit under ERISA Section 502(a).

(f) Disability Claims. For the application and any appeal involving a claim for benefit payments due to Disability, the alternative and additional requirements and the shorter response times specified in Regulations Section 2560.503-1 shall apply.

(g) Extensions. If the response time in (a) or (d) is extended, written notice of the extension must be provided within the original response period and the extension cannot be longer than the original response period – i.e., 90 or 60 days. Notice of the extension must specify the circumstances requiring the extension and the date by which the Administrator expects to complete the determination.

Except as provided in (f), the initial and extended response times in (d) are automatically extended, to the extent permitted under Regulations Section 2560.503-1(i), if appeals are processed by a committee or board that holds regular meetings at least quarterly.

(h) Full and Fair Review. A full and fair review provides the Participant or Beneficiary with (i) reasonable access to, and copies of, all documents, records, and information relevant to the claim at no cost, (ii) the opportunity to submit written comments, documents or information relating to the claim, and (iii) the right to have such comments, documents or information taken into account, even if not submitted or considered in the preceding determination.

(i) Authorized Representative; Hearings. A Participant or Beneficiary may designate an authorized representative to act on behalf of, or with, the Participant or Beneficiary at all stages of an appeal. There shall be no right to a hearing or other presentation before the Administrator or its committee. The Administrator or its committee may, in its sole discretion, require a hearing or other presentation if deemed necessary for full and fair review and adjudication of the claim.

8.11 Participant's Responsibilities.

All requests for action of any kind by a Participant or Beneficiary under this plan shall be in writing, executed by the Participant or Beneficiary, sent to the Plan Administrator by registered mail, and shall be subject to any other plan rules applicable to any specific type of request.

8.12 Electronic Administration.

Notwithstanding the requirement set forth in this plan that certain transactions, notices, elections, consents and disclosures be evidenced in the form of written documentation, documentation for such transactions, notices, elections, consents or disclosures may be provided or obtained through electronic media to the extent consistent with Regulations and other guidance.

## ARTICLE 9

## Investment of Funds

9.1 Investment Responsibility.

Except to the extent investment responsibility is granted to an Investment Manager, the Trustee shall have sole and complete authority and responsibility for the investment, management, and control of trust assets.

9.2 Authorized Investments.

The trust may be invested and reinvested in common or preferred stocks, bonds, mortgages, leases, notes, debentures, mutual funds, guaranteed investment contracts and other contracts and funds of insurance companies, other securities, and other real or personal property including, without limitation, the investments described in (a) below.

(a) Specific Investments.

(i) Interest-Bearing Deposits. The trust may be invested in deposits, certificates, or share accounts of a bank, savings and loan association, credit union, or similar financial institution, including a fiduciary, if the deposits bear a reasonable rate of interest, whether or not the deposits or certificates are insured or guaranteed by an agency of the United States Government.

(ii) Pooled Investment Funds. The trust may be invested through ownership of assets or shares in a common trust fund, pooled investment fund, mutual fund, or other commingled investment, including any pooled or common fund or mutual fund maintained, sponsored, or provided investment management services by, or otherwise associated with, the Trustee, custodian, or other fiduciary, or affiliate of the Trustee or custodian, that allows participation or investment by a trust fund established under a qualified retirement plan. For this purpose, the terms and provisions of the declaration of trust or other governing documents through which the common trust fund, pooled investment fund or mutual fund is maintained are incorporated in, and made applicable to, this plan.

(iii) Qualifying Employer Securities. The trust may be invested in Qualifying Employer Securities in an amount which, together with all other qualifying employer securities held by the trust on the date of the investment, does not exceed 10% of the fair market value of the trust. Fair market value shall be determined as of the most recent Valuation Date coinciding with or preceding the date of investment.

"Qualifying Employer Security" means stock of the Employer or a marketable obligation of the Employer, as defined in ERISA Section 407.

(b) Right of Trustee To Hold Cash. The Trustee may hold a reasonable portion of the trust in cash pending investment or payment of expenses and benefits.

9.3 Commingled Investment.

The trust and separate accounts may be commingled for investment without distinction between principal and income.

## ARTICLE 10

## Administration of the Trust

10.1 Duties and Powers of the Trustee.

(a) Duties of the Trustee. The Trustee shall be a named fiduciary having the following duties:

(i) Control, Manage, and Invest Assets. To control, manage, and invest trust assets;

(ii) Administrator's Instructions. To carry out the instructions of the Administrator; and

(iii) Records; Reports. To maintain records and to prepare and file reports required by law or Regulations, other than those for which the Administrator is responsible under the terms of this plan.

(b) Powers of the Trustee. The Trustee shall have the following powers:

(i) Control Property. To hold, manage, improve, repair, and control all property, real or personal, forming part of the trust;

(ii) Asset Investment. To invest trust assets subject to the limitations in this plan;

(iii) Disposition of Asset. To sell, convey, transfer, exchange, partition, lease for any term (even extending beyond the duration of the trust), or otherwise dispose of a trust asset from time to time, in the manner, for the consideration, and upon the terms and conditions that the Trustee, in its discretion, determines;

(iv) Agents, Advisers, and Counsel. To employ and to compensate from the trust agents, advisers, and legal counsel reasonably necessary in managing the trust and advising the Trustee as to its powers, duties, and liabilities;

(v) Claims. To prosecute, defend, settle, arbitrate, compromise, or abandon all claims and demands in favor of or against the trust, with or without the assistance of legal counsel;

(vi) Vote Securities. To vote a corporation's stock or other securities, either in person or by proxy, for any purpose;

(vii) Exercise Trust Rights. To exercise, refrain from the exercise of, or convey a conversion privilege or subscription right applicable to a trust asset;

(viii) Collection. To demand, collect, and receive the principal, dividends, interest, income, and all other moneys or other property due upon trust assets;

(ix) Change of Structure. To consent to, oppose, or take another action in connection with a bankruptcy, composition, arrangement, reorganization, consolidation, merger, liquidation, readjustment of the financial structure, or sale of assets of a corporation or other organization, the securities of which may constitute a portion of the trust;

(x) Issue, Hold, or Register Securities. To cause securities or other property forming part of the trust to be issued, held, or registered in the individual name of the Trustee or its nominee; provided, however, any securities held in a nominee or street name must be held on behalf of the plan by (a) a bank or trust company that is subject to supervision by the US or a state, or a nominee of such bank or trust company; (b) a broker or dealer registered under the Securities Exchange Act of 1934, or a nominee of such broker or dealer; or (c) a clearing agency as defined in Section 3(a)(23) of the Securities Exchange Act, or its nominee;

(xi) Borrowing. To borrow money for the benefit of the trust without binding itself individually, and to secure the loan by pledge, mortgage, or creation of another security interest in the property;

(xii) Benefit Payments. To make benefit payments from the trust as directed by the Administrator;

(xiii) Expenses. Unless paid by the Employer, to pay from the trust all reasonable fees, taxes, commissions, charges, premiums and other expenses, including expenses described in Section 8.5(n) and reasonable fees of the Trustee and any other custodian or Investment Manager, incurred in connection with the administration of this plan or trust;

(xiv) Insure Assets. To insure trust assets through a policy or contract of insurance;

(xv) Incorporate. To incorporate (or participate in an incorporation) under the laws of any state for the purpose of acquiring and holding title to any property that is part of the trust;

(xvi) Depository. To keep any part of the trust on deposit with a custodian in the United States; and

(xvii) Other Acts. To perform all other acts the Trustee deems necessary, suitable, or desirable for the control and management of the trust and discharge of its duties.

(c) Limitation on Duties and Powers of the Trustee. Unless properly delegated and assumed by agreement of the Trustee, the Trustee shall not be required to exercise a duty or power of the Employer, Administrator, or any other fiduciary under this instrument.

If an Investment Manager is appointed to manage and invest some or all of the trust assets, the Investment Manager shall have, and the Trustee shall not have, the specified duties and powers with respect to investment of trust assets subject to the Investment Manager's control. The Trustee shall have no obligation or power to exercise discretionary authority or control with respect to investment of the assets subject to management by the Investment Manager or to render advice regarding the investment of such assets, unless required by ERISA Section 405. The Trustee shall not be liable for the investment performance of the assets subject to management by the Investment Manager. The powers and duties of the Trustee with respect to such assets shall be limited to the following:

(i) Custody and Protection. To act as custodian of the trust assets not transferred to the custody of the Investment Manager or another custodian, and to protect the assets in its custody from loss by theft, fire, or other cause;

(ii) Acquisitions. To acquire additional assets for the trust in accordance with the direction of the Investment Manager;

(iii) Dispositions. To sell or otherwise dispose of trust assets in accordance with the direction of the Investment Manager;

(iv) Accountings. To account for and render accountings with respect to the trust (except for assets held by another custodian);

(v) Authorized Actions. To take authorized actions for and on behalf of the trust in accordance with the direction of the Investment Manager; and

(vi) Ministerial and Custodial Tasks. To perform other ministerial and custodial tasks in accordance with the direction of the Investment Manager.

If trust assets are transferred to another custodian, that custodian shall have, and the Trustee shall not have, the foregoing duties and powers with respect to those assets.

10.2 Accounting.

The Trustee shall maintain accurate and detailed records of all investments, receipts, disbursements, and other transactions for the trust. The records shall be available for inspection at all reasonable times by Persons designated by the Administrator.

(a) Report. As soon as administratively feasible after the last day of each Plan Year and each other date agreed to by the Administrator and the Trustee, the Trustee shall prepare and furnish to the Administrator a statement of account containing the information required by ERISA Section 103(b)(3).

(b) Judicial Settlement. A dispute concerning the Trustee's records or statement of account may be settled by a suit for an accounting brought by a Person having an interest in the trust.

The accounting and reporting responsibilities shall not apply with respect to assets held by another custodian except to the extent assumed by the Trustee at the direction of the Administrator.

10.3 Appointment, Resignation, and Removal of Trustee.

The Trustee shall be at least one individual or eligible corporation with trust powers appointed in writing by the Employer and authorized to act as Trustee by ERISA and the Code.

(a) Resignation. The Trustee may resign with at least 60 days' written notice to the Employer, effective as of the date specified in the notice.

(b) Removal. The Employer may remove the Trustee with at least 60 days' written notice to the Trustee, effective as of the date specified in the notice.

(c) Successor Trustee. At least 10 days before the effective date of the resignation or removal, the Employer shall appoint a successor Trustee by written instrument delivered to the Trustee with the acceptance of the successor Trustee endorsed on the instrument.

(d) Effective Date of Resignation or Removal. The resignation or removal of the Trustee shall not be effective before the appointment is made and accepted by the successor Trustee. The parties, by agreement, may waive the time requirements.

(e) Procedure Upon Transfer. Upon the resignation or removal of the Trustee, the Trustee shall pay from the trust all accrued fees and expenses of the trust, including its own fees, and, as of the effective date of its resignation or removal, shall deliver a statement of account to the Administrator and the successor Trustee.

(f) Earlier Transfer. In order to facilitate the prompt transfer of fiduciary responsibility and trust assets to the successor Trustee, the Administrator and the Trustee may agree upon a procedure by which the Trustee shall deliver all trust assets (less a reasonable reserve for fees and expenses) to the successor Trustee as soon as administratively feasible after receipt of notice of appointment of the successor Trustee and acceptance of trust by the successor Trustee. The Administrator and the Trustee may agree to the transfer of trust assets to the successor Trustee pending preparation and approval of the final trust accountings.

(g) Final Transfer. As soon as administratively feasible, the Trustee shall deliver the remaining trust assets to the successor Trustee, together with records maintained by the Trustee.

(h) In Kind Transfer. The Trustee shall consult with the Administrator concerning the liquidation of trust assets to be transferred for the purpose of determining the feasibility of the transfer of certain trust assets in kind before implementing the liquidation.

(i) Limitation on Liability of Successor. The successor Trustee shall not be liable for the acts or omissions of any prior Trustee.

10.4 Trustee Action.

Actions by a corporate Trustee shall be either by a resolution of its board of directors or by a written instrument executed by one of its authorized officers. Actions taken by any other Trustee shall be by a written instrument executed by the Trustee.

10.5 Exculpation of Nonfiduciary.

A transfer agent, brokerage, clearing house, insurance company, or any other Person that is not a fiduciary with respect to this plan and who has paid money or delivered property to the Trustee shall not be responsible for its application or for determining the propriety of the actions of the Trustee concerning the money or other property.

ARTICLE 11

Amendment, Mergers, Successor Employer

11.1 Amendment.

The Employer may amend this plan and trust. An amendment may be retroactive or prospective, in the sole discretion of the Employer, except where prohibited by ERISA or the Code.

(a) Prohibitions. An amendment may be made without the consent of any other Person, except that an amendment shall not:

(i) Exclude Participant. Exclude an Employee who previously became a Participant;

(ii) Decrease Benefit. Decrease a Participant's Vested Accrued Benefit, determined as of the later of the date the amendment is adopted or becomes effective, except as permitted by ERISA Section 302(c)(8) and Code Section 412(c)(8) (for Plan Years beginning on or before December 31, 2007), and Code Section 412(d)(2) (for Plan Years beginning after December 31, 2007);

(iii) Reduce Vested Percentage. Reduce a Participant's vested percentage as of the later of the adoption of the amendment or the effective date of the amendment;

(iv) Vesting Schedule. Modify the vesting schedule for a Participant who was a Participant on the later of the effective date or the date of adoption of the amendment, except to increase the Participant's vested percentage (for each Year of Vesting Service);

(v) Elimination of Protected Benefits. Eliminate any early retirement benefits and retirement-type subsidy under Code Section 411(d)(6)(B)(i) or any optional forms of distribution with respect to benefits attributable to service earned before the amendment, except as may be permitted under Code Sections 401(a)(4) and 411; and

(vi) Alter Duties. Alter the duties, responsibilities, or liabilities of the Trustee or the Committee without the consent of the affected party; and

(vii) Special Restrictions. Violate the special restrictions of Section 12.7.

(b) Notice. An amendment which provides for a significant reduction in future benefit accruals shall require at least 15 days prior notice to affected Participants and alternate payees under a QDRO before becoming effective.

11.2 Amendment by WN&J.

(a) Authorized Amendments. Warner Norcross & Judd LLP ("WN&J") adopted an amendment on June 30, 2006, which permits WN&J to amend this plan on behalf of the Employer for changes in the Code, Regulations, revenue rulings, other statements published by the Internal Revenue Service (including model, sample, or other required good faith amendments, but only if their adoption will not cause the plan to be individually designed), and for corrections of prior approved plans.

(b) Termination of Authority. WN&J will no longer have the authority to amend the plan on behalf of the Employer as of:

(i) Form 5300. The date the Internal Revenue Service requires the Employer to file Form 5300 as an individually designed plan as a result of an amendment by the Employer to incorporate a type of plan not allowable in the volume submitter program (as described in Revenue Procedure 2005-16); or

(ii) Individually Designed. The date the plan is otherwise considered an individually designed plan due to the nature and extent of amendments by the Employer.

(c) Authority Conditioned on Favorable Determination Letter. If the Employer is required to obtain a determination letter for any reason in order to maintain reliance on the advisory letter for the volume submitter plan, WN&J's authority to amend this plan on behalf of the Employer is conditioned on the receipt of a favorable determination letter.

11.3 Merger of Plans.

This plan may be merged or consolidated, or its assets and liabilities may be transferred, in whole or in part, to another qualified retirement plan if:

(a) Preservation of Accrued Benefits. Each Participant's Accrued Benefit would be equal to or greater than the Participant's Accrued Benefit as of the date immediately before the merger, consolidation, or transfer, assuming that this plan had terminated at that time.

(b) Actuarial Statement. If required, at least 30 days before the merger, consolidation, or transfer, the Administrator shall file an actuarial statement of valuation, in accordance with Code Section 6058, that the requirements of (a) will be met upon consummation of the merger, consolidation, or transfer.

(c) Authorization. The Employer and any new or successor employer shall authorize the merger, consolidation, or transfer.

11.4 Successor Employer.

If an Employer is dissolved, merged, consolidated, restructured, or reorganized, or if the assets of the Employer are transferred, this plan and trust may be continued by the successor, and in that event, the successor will be substituted for the Employer.

## ARTICLE 12

## Termination

12.1 Right to Terminate.

(a) Employer. The Employer reserves the right to revoke this instrument and terminate this plan and trust. The right to terminate is subject to, and conditioned upon, proper and timely notice to the Participants before the effective date of plan termination, including, if applicable, advance notice of the effective date of an amendment which ceases the accrual of benefits under this plan.

(b) Pension Benefit Guaranty Corporation. Unless this plan meets the exception described in ERISA Section 4021(b)(13), termination of this plan is also subject to the requirements of the Pension Benefit Guaranty Corporation ("PBGC"). These requirements include:

(i) Intent to Terminate. A notice of the intention to terminate this plan to the affected parties at least 60 days and not more than 90 days before the proposed termination date;

(ii) PBGC Certification. An actuarial certification to the PBGC stating the projected amount of plan assets, the Actuarially Equivalent present value of Benefit Commitments, and either that this plan is projected to be sufficient for all Benefit Commitments or that this plan meets the criteria for a distress termination together with a certification by the Administrator of the accuracy of the information underlying the actuarial certification; and

(iii) Benefit Commitments. As soon as possible after issuance of the notice of intent to terminate, a notice to each Participant and Beneficiary of the amount of Benefit Commitments or benefits payable, the amount and availability of alternative benefits or forms of payment, and the specific personal data (retirement age, spouse's age, and service) used to calculate the benefit. "Benefit Commitments" consist of all amounts set forth in subparagraphs (i)-(v) of Section 12.3(c).

12.2 Automatic Termination.

This plan shall automatically terminate, or partially terminate when applicable, and contributions to the trust shall cease upon the Employer's legal dissolution or when required by ERISA or the Code.

12.3 Termination or Partial Termination of Plan.

(a) Termination. Upon plan termination, the trust assets shall be liquidated over a reasonable period determined by the Trustee after consultation with the Administrator and, if covered by ERISA Section 4021(a), upon expiration of the statutory 60-day period after filing of the PBGC certification or extension of that period (for a standard termination), or upon the consent and approval of the PBGC (for a distress termination). The net assets (after provision is made for administrative expenses and expenses of liquidation) shall be applied and paid as provided in this section.

(b) Partial Termination. If there is a partial termination of this plan, trust assets representing the interests of affected Participants shall be segregated by the Trustee. The proportionate interest of the affected Participants shall be determined by the Actuary on the basis of the funding method used by this plan, the assumptions used by the Actuary in making actuarial valuations of this plan, and other factors as the Actuary deems appropriate and equitable.

(c) Priorities. Assets remaining after reserving sufficient assets to pay the expenses of administration and termination shall be applied as required under ERISA Section 4044 in the following order of priority:

(i) After-Tax Employee Contribution Benefits. First, to the portion of Participant's Accrued Benefits derived from the Participant's after-tax employee contributions.

(ii) Mandatory Contribution Benefits . Second, to the portion of Participant's Accrued Benefits derived from Participants' mandatory contributions. The amount of mandatory contributions shall be reduced by amounts paid to the Participant before the termination of this plan.

(iii) Benefits Payable. Third, to benefits payable to a Participant or Beneficiary who at the date which is three years before termination either had begun to receive benefit payments or would have begun receiving benefit payments had the Participant elected to retire and begin receiving benefits as of that date.

(A) Benefit. For this purpose, the benefit shall be the smaller of the benefit that was being received or the benefit that would have been received had the Participant retired based on the least benefit in effect during the five-year period ending at termination.

(B) Benefit Decrease. If benefits under this plan had been reduced during the three-year period ending at termination by amendment or due to the form of payment, the lowest payment received during that period shall be considered as the benefit that was being received three years before termination.

(iv) Benefits Guaranteed. Fourth, to benefits to a Participant (or Beneficiary) if, on the effective date of plan termination, the Participant's employment had terminated with a pension payable or the Participant would have had a pension payable had the Participant's employment terminated other than by death on that date.

(A) Benefit. The benefit shall be the benefit not covered in the previous priority category which was provided by this plan at the date five years prior to the effective date of plan termination and a prorated portion of any benefit increase from that period to the effective date of termination. The prorated portion of a benefit increase shall be determined by multiplying the amount of the increase by 20% for each Plan Year that the increase was in effect.

(B) Limitation. A benefit payable under this subsection shall not be greater than the actuarial value of a monthly single life annuity benefit of $750 beginning at age 65. The amount shall be increased by cost of living and other adjustments after 1974.

(v) Other Vested Benefits. Fifth, to benefits to a Participant (or Beneficiary) if, on the effective date of plan termination, the Participant's employment had terminated with a benefit payable or the Participant would have had a benefit payable had such Participant's employment terminated other than by death on that date. The benefit shall be the benefit provided by this plan as in effect on the date of termination.

(vi) Other Nonvested Benefits. Sixth, to benefits to a nonvested Participant whose employment had not terminated as of the effective date of plan termination. The benefit shall be the Actuarially Equivalent present value of the Participant's Accrued Benefit determined without regard to the vesting schedule under this plan.

(d) Rules For Application. The liability established by each priority shall be fully satisfied before provision for payment may be made under the next priority.

(i) Distress Termination. If the assets of the trust fund are insufficient to satisfy the benefits payable under priorities (c)(i) through (v), this plan shall be subject to the distress termination provisions of ERISA.

(ii) Insufficiency Within Priority. If the assets of the trust are insufficient within a priority to provide full benefits for all persons included within priorities (c)(i), (ii), (iii), (iv), and (vi), the benefits shall be proportionately reduced based upon the present value of the full benefit payable. If the insufficiency occurs in priority (c)(v), benefits in effect for the entire five-year period shall first be satisfied. Then benefit increases shall be satisfied in the chronological order of their effective dates.

12.4 Effect of Termination or Partial Termination.

(a) Nonforfeitability. Upon termination or partial termination of this plan, the rights of all affected Participants to Accrued Benefits as of the date of termination shall be nonforfeitable, except to the extent that they are subject to limitations with respect to maximum benefits.

(b) Distribution. Upon satisfaction of the procedural termination (or partial termination) requirements, the Administrator shall direct payment of benefits under the payment provisions of this plan, providing the benefits, where appropriate or required, through the purchase of annuity contracts.

(c) Recourse Only Against Trust Assets. Except as required under ERISA, Participants shall not have recourse for the payment of Accrued Benefits as of the date of plan termination other than against the trust assets and the Employer shall have no further liability for contributions to this plan or for payment of benefits for affected Participants upon plan termination.

12.5 Reversion of Assets.

The Employer shall not receive an amount from the trust due to plan termination, except that, the Employer shall receive all amounts, if any, remaining after payment of the present value of (or application to purchase annuities to pay) the Benefit Commitments under this plan to Participants and Beneficiaries. Any excess remaining after payment or application of these amounts shall be considered to result from a variation between actual experience and expected actuarial experience.

12.6 Highest Paid Restriction.

(a) Restrictions on Termination. If this plan terminates, the benefit of any present or former Highly Compensated Employee shall be limited to a benefit that is nondiscriminatory under Code Section 401(a)(4).

(b) Restrictions on Distributions. The benefits payable to any of the 25 present and former Highly Compensated Employees paid the most compensation in the current or any prior Plan Year shall be restricted to annual payments no greater than (1) the annual payment that would be made to or with respect to the Participant under a life annuity that is Actuarially Equivalent to the sum of the Participant’s Vested Accrued Benefit and the Participant’s other benefits under this plan (other than a social security supplement) plus (2) the amount the Participant is entitled to receive under a social security supplement.

(i) Exceptions. The restriction shall not apply if: after payment of the benefit the value of the plan assets equals or exceeds 110% of the value of current liabilities as defined in Code Section 412(l)(7); the value of the benefits for the Participant is less than 1% of the value of current liabilities before distribution; the value of the benefit payable does not exceed the amount described in Code Section 411(a)(11)(A); or the plan terminates and the benefit is nondiscriminatory under Code Section 401(a)(4).

(ii) Benefit. For purposes of the restriction, the Participant's benefit includes loans in excess of the amount set forth in Code Section 72(p)(2)(A), any periodic income, any withdrawal values paid to a Participant, and any death benefits not provided for by insurance on the Participant's life.

(c) Payment of Restricted Benefit in Full. A Participant's otherwise restricted benefit may be paid in full if the Participant enters into a written agreement with the Administrator to secure repayment of the restricted amount. The restricted amount is the excess of the amount paid to the Participant (accumulated with reasonable interest) over the amount that could have been paid under the restriction (accumulated with reasonable interest). The Participant may secure repayment of the restricted amount by one of the following methods.

(i) Deposit in Escrow. The Participant may deposit in escrow, with an acceptable depository, property having a fair market value equal to at least 125% of the restricted amount. The escrow arrangement may permit the Participant to withdraw amounts in excess of 125% of the restricted amount. If the market value of the property falls below 110% of the remaining restricted amount, the Participant must deposit additional property to bring the value of the property held by the depository up to 125% of the restricted amount. The escrow arrangement may provide that the Participant may have the right to receive any income from the property placed in escrow, subject to the Participant's obligation to deposit additional property.

(ii) Letter of Credit. The Participant may provide a bank letter of credit in an amount equal to at least 100% of the restricted amount.

(iii) Bond. The Participant may post a bond equal to at least 100% of the restricted amount. If a bond is posted, the bond must be furnished by an insurance company, bonding company or other surety for federal bonds.

A surety or bank may release any liability on a bond or letter of credit in excess of 100% of the restricted amount. If the Administrator certifies to the depository, surety, or bank that the Participant (or the Participant's estate) is no longer obligated to repay any restricted amount, a depository may redeliver any property held under the escrow arrangement, and a surety or bank may release any liability on the Participant's bond or letter of credit. The Administrator shall make such a certification only upon an occurrence described in (b)(i) above.

(d) Payments Prior to January 1, 1994. Payments that were made or began before January 1, 1994, and that were restricted under Regulations Section 1.401-4(c) will not continue to be restricted unless the payments also would be subject to restriction under the rules of this section. Any payment that remains restricted will be restricted in accordance with Regulations Section 1.401-4(c), but the Participant may receive payment of an amount in escrow or release of any bond or letter of credit if the amount could be released under either Regulations Section 1.401-4(c) or 1.401(a)(4)-5(b).

12.7 Special Restriction.

If the Plan is terminated or merged during the period from a Restricted Date to the following Unrestricted Date ("a Restricted Period"), the provisions of this section shall govern any termination, partial termination or merger or consolidation of the Plan.

(a) Restricted Date. "Restricted Date" means the first date on which the Employer enters into an agreement which could constitute a Change in Control; a person (including the Employer) publicly announces an intention to take or consider taking actions which would, if consummated, constitute a Change in Control; a Person (other than the Trustee or a fiduciary holding Employer securities under an employee benefit plan or any entity owned directly or indirectly by shareholders of the Employer in substantially the same proportions as their ownership of the Employer) increases beneficial ownership of the combined voting power of the Employer's then outstanding securities by 5% or more over the percentage owned on May 19, 1987, and after the increase the Person holds as beneficial owner, directly or indirectly, 9.5% or more of securities of the Employer; or the Board of Directors of the Employer adopts a resolution to the effect that a Potential Change in Control has occurred for purposes of this Agreement.

(b) Change in Control. "Change in Control" means:

(i) the acquisition of 20% or more of either (1) the then outstanding shares of common stock of the employer or (2) the combined voting power entitled to vote for the Board of Directors of the Employer, excluding: (A) an acquisition by the Employer, (B) an acquisition by an employee benefit plan (or related trust) of the Employer, (C) an acquisition where, afterwards the ownership is substantially the same (in accordance with (1), (2), and (3) of subsection (iii) of this Section), or (D) an acquisition by an executive or group of executives of the Employer;

(ii) a change in majority of the incumbent Board of Directors of the Employer as of May 9, 1987, except that a board member approved by a three-quarters vote of the directors shall be defined as an incumbent and a board member elected out of a proxy contest is deemed not to be an incumbent;

(iii) approval by the stockholders of the Employer of a reorganization, merger, consolidation plan of complete liquidation or distribution or sale of substantially all of the Employer's assets unless the ownership afterwards is substantially the same including, (1) more than 50% of common stock and voting power is the same and in roughly the same proportion, (2) no Person except the Employer, an Employer employee benefit plan (or related trust) or stockholder who held 20% before such transaction, owns 20% of the common stock or voting power of the new company, and (3) at least a majority of the new board members were members of the incumbent board.

(c) Unrestricted Date. "Unrestricted Date" means the last day of the two-year period following the Restricted Date.

(d) Termination/Partial Termination. Upon termination (or partial termination) during a Restricted Period, if assets remain in the Trust which could otherwise be reverted to the Employer, the assets shall instead be applied:

(i) Retiree Benefits. First, to the purchase of retiree medical and life insurance to Participants and their beneficiaries in full (or partial prorata) satisfaction of the Employers' obligation then existing obligation; and

(ii) Benefit Increase. To increase benefits on a prorata basis to Participants and beneficiaries to the maximum extent permissible under the Plan.

(e) Merger Consolidation. If the Plan is merged or consolidated with another plan or a transfer of plan assets and liabilities is effected during a Restricted Period:

(i) Full Vesting. The Accrued Benefit of each Participant whose benefit may be affected and is in Covered Employment on the proposed effective date of the merger, consolidation or transfer shall be fully vested.

(ii) Benefit Increase. The vested accrued benefit of each Participant or beneficiary shall be increased under subsection (d) above (including retiree benefits) as though the Plan had terminated immediately prior to the effective date of the merger, consolidation or transfer shall be fully vested.

(iii) Payment/Purchase. The increased fully-vested benefit provided by this Section shall be satisfied before the consummation of the merger, consolidation or transfer by, at the Participant or beneficiary's election: a lump sum payment of the present value of the benefits calculated on a termination basis or by the purchase of an annuity contract which represents an irrevocable commitment to satisfy the increased, fully-vested benefit and satisfies applicable provisions of law regarding selection of an annuity provider.

(f) Amendment. During a Restricted Period, the Plan my not be amended to:

(i) Adversely Impact. Adversely affect the computation or amount of or entitlement to benefits under this Section including any adverse change in or to: the rate at which benefit accrue or vest; the determination of compensation; optimal forms of payment; the time of commencement of benefits; or actuarial factors utilized to compute benefits.

(ii) Modify Section 12.7. Modify this Section 12.7 without the consent of a majority of the Participants in Covered Employment immediately prior to the Restricted Date in both number and interest (calculated based upon the present value of the benefits provided by this Section).

## ARTICLE 13

## General Provisions

13.1 Spendthrift Provision.

An interest in the trust shall not be subject to assignment, conveyance, transfer, anticipation, pledge, alienation, sale, encumbrance, or charge, whether voluntary or involuntary, by a Participant or Beneficiary except under a QDRO or as permitted in subsection (a) or (b).

(a) Not Security. An interest shall not provide collateral or security for a debt of a Participant or Beneficiary or be subject to garnishment, execution, assignment, levy, or to another form of judicial or administrative process or to the claim of a creditor of a Participant or Beneficiary, through legal process or otherwise, except for a claim under a voluntary revocable assignment permitted by Regulation Section 1.401(a)-13.

(b) Crimes and ERISA Violations. A Participant's interest in the trust may be offset to pay an amount that the Participant is required to pay to the plan for certain crimes and ERISA violations in accordance with the following rules:

(i) Express Provision. An offset may be made if it is expressly provided for by:

(A) Judgment of Conviction. A judgment of conviction for a crime involving this plan;

(B) Civil Judgment. A civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of the fiduciary responsibility provisions under ERISA; or

(C) IRS/PBGC Settlement. A settlement agreement between the Participant and the Internal Revenue Service or Pension Benefit Guaranty Corporation in connection with a violation (or alleged violation) of the fiduciary responsibility provisions under ERISA by a fiduciary or any other person.

(ii) Spousal Consent. A Participant's interest in the trust shall not be offset if the Participant has a Spouse on the date of the offset unless the QJSA and QPSA have been waived or the Spouse consents in writing to the offset. The consent must be witnessed by an individual named by the Administrator or by a notary public. If the Spouse cannot be located or if other circumstances set forth in Regulations issued under Code Section 417 exist, the consent is not required.

(iii) Waiver of Consent Requirement. The consent of the Spouse is not required if the judgment or settlement agreement in (i) above:

(A) Payment Ordered. Orders or requires the Spouse to pay an amount to this plan in connection with a violation of the fiduciary responsibility provisions under ERISA; or

(B) Rights Retained. Retains the Spouse's right to the QJSA or QPSA determined in accordance with Code Section 401(a)(13)(D).

(c) Attempts Void. Any other attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of benefits payable, before actual receipt of the benefits, or a right to receive benefits, shall be void. The trust shall not be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of a Person entitled to benefits. The benefits and trust assets under this plan shall not be considered an asset of a Participant or Beneficiary in the event of insolvency or bankruptcy.

13.2 Effect Upon Employment Relationship.

The adoption of this plan shall not create a contract of employment between the Employer and an Employee, confer upon an Employee a legal right to continuation of employment, limit or qualify the right of the Employer to discharge or retire an Employee, or affect the right of an Employee to remain in service after the Normal Retirement Date.

13.3 No Interest in Employer Assets.

Nothing in this plan and trust shall be construed to give an Employee, Participant, or Beneficiary an interest in the assets or the business affairs of the Employer or the right to examine the books and records of the Employer. A Participant's rights are solely those granted by this instrument.

13.4 Construction.

The singular includes the plural, and the plural includes the singular, unless the context clearly indicates the contrary. Capitalized terms have the meaning specified in this plan. If a term is not defined, the term shall have the general, accepted meaning of the term.

Any period of time described in this plan shall consist of consecutive days, months, or years, as appropriate.

13.5 Severability.

If any provision of this plan is invalid, unenforceable, or disqualified under the Code, ERISA, or Regulations, for any period of time, the affected provision shall be ineffective, but the remaining provisions shall be unaffected.

13.6 Governing Law.

This plan and trust shall be interpreted, administered, and managed in compliance with the Code, ERISA, and Regulations. To the extent not preempted by federal law, this plan and trust shall be interpreted, administered, and managed in compliance with the laws of the State of Michigan.

13.7 Nondiversion.

Except for reversion of assets permitted upon plan termination, all of the trust assets shall be retained for the exclusive benefit of Participants and their Beneficiaries, shall be used to pay benefits to such Persons and to pay administrative expenses to the extent not paid by the Employer and shall not revert to or inure to the benefit of the Employer.

13.8 Limitations for Underfunded Plans.

This section generally states the requirements of Code Section 436 and the Regulations and shall take precedence over any other provision of this plan. The applicability of Code Section 436 and its limitations shall be determined in accordance with the provisions of Regulations Section 1.436-1, including, but not limited to, the application of Code Section 436 to the plan as determined under Regulations Section 1.436-1(a) and the methods for avoiding the benefit limitations of Code Section 436 specified in Regulations Section 1.436-1(f).

(a) Limitation on Benefit Accruals. If the AFTAP for a Plan Year is less than 60%, benefit accruals under this plan will cease as of the Applicable Measurement Date in accordance with Regulations Section 1.436-1(e). If benefit accruals must cease under this provision, the plan may not be amended in a manner that would increase the liabilities of the plan by reason of an increase in benefits or establishment of new benefits, regardless of whether such amendment would otherwise be permitted under Code Section 436(c)(3).

(b) Limitation on Benefit Payments. Benefit payments to a Participant or Beneficiary will be limited as specified below.

(i) AFTAP Less Than 60%. If the AFTAP for a Plan Year is less than 60%, a Participant or Beneficiary may not elect an optional form of benefit payment that includes a Prohibited Payment, and the plan will not pay any Prohibited Payment, with an Annuity Starting Date that is on or after the Applicable Measurement Date.

(ii) Bankruptcy. A Participant or Beneficiary may not elect an optional form of benefit payment that includes a Prohibited Payment, and the plan will not pay any Prohibited Payment, with an Annuity Starting Date that occurs during any period in which the Employer is a debtor in a case under Title 11 of the United States Code or similar federal or state law. The preceding sentence shall not apply to payments made within a Plan Year with an Annuity Starting Date that occurs on or after the date on which the Actuary certifies that the AFTAP for that Plan Year is not less than 100%.

(iii) AFTAP Between 60% and 80%. If the AFTAP for a Plan Year is 60% or more but less than 80%, a Participant or Beneficiary may not elect an optional form of benefit that includes a Prohibited Payment, and the plan will not pay any Prohibited Payment, with an Annuity Starting Date that is on or after the Applicable Measurement Date, unless the present value, determined in accordance with Code Section 417(e)(3), of the Restricted Portion of the benefit does not exceed the lesser of (A) 50% of the present value (determined in accordance with Code Section 417(e)(3)) of the benefit payable in the optional form of benefit payment that includes the Prohibited Payment or (B) 100% of the PBGC Maximum Benefit Guarantee Amount.

(A) Election Options. If an optional form of benefit payment that is otherwise available under this plan is not available as of the Annuity Starting Date due to (iii) above, the Participant or Beneficiary may elect to:

(1) Bifurcation. Receive the Unrestricted Portion of that optional form at that Annuity Starting Date, determined by treating the Unrestricted Portion of the benefit as if it were the Participant's or Beneficiary's entire benefit under this plan, and to receive payment of the remainder of the benefit in any optional form of benefit at the same Annuity Starting Date otherwise available that would not have included a Prohibited Payment if that optional form applied to the Participant or Beneficiary's entire benefit; provided the rules of Code Section 1.417(e)-1 are applied separately to the separate optional forms of payment for the Unrestricted Portion of the benefit and the remainder of the benefit;

(2) Other Optional Form. Commence benefit payments with respect to the Participant's or Beneficiary's entire benefit in any other optional form of benefit available under this plan at the same Annuity Starting Date that is not restricted under (iii) above; or

(3) Defer Payment. Defer commencement of the benefit payments if permitted and in accordance with the terms of this plan.

(B) One Time Application. If a Prohibited Payment (or series of Prohibited Payments under a single optional form of benefit payment) is made to a Participant in accordance with the above provisions, no additional Prohibited Payment may be made with respect to that Participant during any period of consecutive Plan Years for which the limitations on benefit payments under (b) above apply.

(C) Alternative Election Option. With respect to an optional form of benefit payment that includes a Prohibited Payment that is not permitted to be paid under (iii) above, for which no additional information from the Participant or Beneficiary is needed, rather than wait for the Participant or Beneficiary to elect such optional form of benefit payment, the Administrator may determine to provide for separate elections with respect to the Restricted and Unrestricted Portions of that optional form of benefit provided this rule is applied to all such optional forms and the option that the separate election replaces is identified.

(iv) Special Election Options. The Administrator may determine, on a uniform and nondiscriminatory basis, to offer optional forms of benefit in accordance with Regulations Section 1.436-1(d)(6) including, but not limited to, the options listed in (A) and (B) below that will be available solely during the period in which subsections (i), (ii), or (iii) apply to limit Prohibited Payments under this plan.

(A) Single Sum Payment. A Participant or Beneficiary who commences benefit payments during the period in which (i) or (ii) above applies to limit Prohibited Payments under this plan may be permitted to elect (when the restricted period expires) to receive the remaining benefit in the form of a single-sum payment equal to the present value of the remaining benefit, but only to the extent then permitted under this section.

(B) Deferral of Restricted Portion. A Participant or Beneficiary who commences benefit payments during the period in which (iii) above applies to restrict Prohibited Payments under this plan may be permitted to elect payment in an optional form of benefit payment that provides for the current payment of the Unrestricted Portion of the benefit with a delayed commencement for the Restricted Portion of the benefit, subject to the other requirements of this plan.

(c) Limitation on Unpredictable Contingent Event Benefits. Unpredictable Contingent Event Benefits with respect to an Unpredictable Contingent Event occurring during a Plan Year shall not be paid if the AFTAP for the Plan Year is (i) less than 60%, or (ii) 60% or more, but would be less than 60% if the AFTAP were redetermined applying an actuarial assumption that the likelihood of occurrence of the Unpredictable Contingent Event during the Plan Year is 100%.

(d) Limitation on Plan Amendments. In accordance with Regulations Section 1.436-1(c) and except as otherwise provided therein, no amendment to the plan that has the effect of increasing liabilities of the plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable will take effect in a Plan Year if the AFTAP for the Plan Year is (i) less than 80%; or (ii) 80% or more, but would be less than 80% if the benefits attributable to the amendment were taken into account in determining the AFTAP.

(e) Automatic Resumption/Restoration.

(i) Benefit Accruals. Benefit accruals that had been limited under (a) above shall be automatically restored as of the Applicable Measurement Date that the limitation ceases to apply. The restoration of benefit accrual is treated as a plan amendment subject to the limitations under (d) above, unless the continuous period of the limitation was 12 months or less and the plan's Actuary certifies that the AFTAP would not be less than 60% taking into account the restored benefit accruals for the prior Plan Year.

(ii) Benefit Payments. If a limitation on Prohibited Payments under (b) above applied to the plan as of an Applicable Measurement Date, but that limit no longer applies as of a later Applicable Measurement Date, the limitation on Prohibited Payments does not apply to benefits with Annuity Starting Dates that are on or after that later Applicable Measurement Date. Notwithstanding any other provision of this plan to the contrary, the Administrator may determine, on a uniform and nondiscriminatory basis, to provide a Participant who had an Annuity Starting Date within a period during which a limitation under (b) above applied to the plan with the opportunity to have a new Annuity Starting Date (which would constitute a new Annuity Starting Date under Code Sections 415 and 417) under which the form of benefit payment previously elected may be modified once the limitations cease to apply.

(iii) Unpredictable Contingent Event Benefits. If Unpredictable Contingent Event Benefits with respect to an Unpredictable Contingent Event that occurs during the Plan Year are not permitted to be paid after the occurrence of the event in accordance with (c) above, but are permitted to be paid later in the Plan Year as a result of additional contributions under Regulations Section 1.436-1(f)(2) or pursuant to the Actuary's certification of the AFTAP for the Plan Year that meets the requirements of Regulations Section 1.436-1(g)(5)(ii)(B), the Unpredictable Contingent Event Benefits will automatically become payable, retroactive to the period those benefits would have been payable under the terms of this plan. If the benefits do not become payable during the Plan Year in accordance with the preceding sentence, the plan is treated as if it does not provide those benefits; provided, however, that all or any portion of those benefits can be restored pursuant to an amendment that meets the requirements of (d) above.

(iv) Plan Amendments. If an amendment to the plan does not take effect as of the effective date of the amendment in accordance with (d) above, but is permitted to take effect later in the Plan Year as a result of additional contributions under Regulations Section 1.436-1(f)(2) or pursuant to the Actuary's certification of the AFTAP for the Plan Year that meets the requirements of Regulations Section 1.436-1(g)(5)(ii)(C), the amendment will automatically take effect as of the first day of the Plan Year (or, if later, the original effective date of the amendment). If the amendment cannot take effect during the Plan Year, it will be treated as if it were never adopted, unless the amendment provides otherwise.

(f) Definitions. The following definitions apply for purposes of this section only.

(i) AFTAP. "AFTAP" means the adjusted funding target attainment percentage as defined in Regulations Section 1.436-1(j)(1), including all applicable assumptions, elections, and transition rules specified in Code Section 436 and Regulations Section 1.436-1.

(ii) Annuity Starting Date. "Annuity Starting Date" generally means the first day of the first period for which an amount is payable as an annuity as described in Code Section 417(f)(2)(A)(i). The Annuity Starting Date shall be determined in accordance with Regulations Section 1.436-1(j)(2).

(iii) Applicable Measurement Date. "Applicable Measurement Date" means the date used to determine when the limitations of this article apply or cease to apply, and also for calculations with respect to applying the limitations of this article, as defined in Regulations Section 1.436-1(j)(8).

(iv) PBGC Maximum Benefit Guarantee Amount. "PBCG Maximum Benefit Guarantee Amount" means the present value (determined under guidance prescribed by the Pension Benefit Guaranty Corporation, using the interest and mortality assumptions under Code Section 417(e)) of the maximum benefit guarantee with respect to a Participant (based on the Participant's age or the Beneficiary's age at the Annuity Starting Date) under ERISA Section 4022 for the year in which the Annuity Starting Date occurs.

(v) Prohibited Payment. "Prohibited Payment" means any payment for a month that is in excess of the monthly amount paid under a Single Life Annuity (plus any social security supplements described in the last sentence of Code Section 411(a)(9)) to a Participant or Beneficiary whose Annuity Starting Date occurs during any period that a limitation on Prohibited Payments is in effect, as well as any payment for the purchase of an irrevocable commitment from an insurer to pay benefits. Prohibited Payment includes any transfer of assets and liabilities to another plan maintained by the Employer or any Related Employer that is made to avoid or terminate the application Code Section 436 and any other amount that is identified as a Prohibited Payment in guidance published by the Commissioner of the Internal Revenue Service. Prohibited Payment does not include the payment of a benefit which may be distributed without the consent of the Participant in accordance with Code Section 411(a)(11).

(vi) Restricted Portion. “Restricted Portion” means, with respect to a benefit being paid in an optional form for which any of the payments is greater than the amount payable under a Single Life Annuity to the Participant or Beneficiary (plus any social security supplements described in the last sentence of Code Section 411(a)(9) payable to the Participant or Beneficiary) with the same Annuity Starting Date, the excess of each payment over the smallest payment during the Participant’s lifetime under the optional form of benefit (treating a period after the Annuity Starting Date and during the Participant’s lifetime in which no payments are made as a payment of zero).

(vii) Unpredictable Contingent Event. “Unpredictable Contingent Event” means a plant shutdown (whether full or partial) or similar event, or an event (including the absence of an event) other than the attainment of any age, performance of any service, receipt or derivation of any compensation, or the occurrence of death or Disability.

(viii) Unpredictable Contingent Event Benefits. “Unpredictable Contingent Event Benefits” means any benefit or increase in benefits to the extent the benefit or increase would not be payable but for the occurrence of an Unpredictable Contingent Event.

(ix) Unrestricted Portion. “Unrestricted Portion” generally means 50% of the amount payable under the optional form of benefit. The Unrestricted Portion of the benefit shall be determined in accordance with Regulations Section 1.436-1(d)(3)(iii)(D).

## ARTICLE 14

## Top-Heavy Plan Provisions

14.1 Top-Heavy Plan.

If this plan is or becomes a Top-Heavy Plan in a Plan Year, the provisions of this article shall supersede all conflicting plan provisions. "Top-Heavy Plan" means this plan for a Plan Year if:

(a) Not Required or Permissive Aggregation Group . This plan is not part of a Required Aggregation Group or a Permissive Aggregation Group, and the Top-Heavy Ratio exceeds 60%;

(b) Required Aggregation Group . This plan is part of a Required Aggregation Group (but not part of a Permissive Aggregation Group), and the Top-Heavy Ratio for the Required Aggregation Group exceeds 60%; or

(c) Permissive Aggregation Group . This plan is part of a Permissive Aggregation Group, and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60%.

14.2 Top-Heavy Determination.

The determination of the Top-Heavy Ratio and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and Regulations.

(a) Top-Heavy Ratio. "Top-Heavy Ratio" means the ratio, as of this plan's Determination Date, calculated by dividing the aggregate Present Value of Accrued Benefits of all Key Employees of each plan in the Required Aggregation Group (and each other plan in the Permissive Aggregation Group, if necessary or desirable) by the aggregate Present Value of Accrued Benefits of all Participants under all plans in the Required (or Permissive) Aggregation Group.

(i) Disregard Certain Employees . In calculating the Top-Heavy Ratio, the account balance or Accrued Benefit of a Participant who was a Key Employee in a prior year but is no longer a Key Employee or has not performed services for an Employer maintaining this plan at any time during the one-year period ending on the Determination Date(s) will be disregarded.

(ii) Ownership. Ownership shall be determined under Code Section 318 as modified by Code Section 416(i)(1)(B)(iii) without regard to the aggregation rules under Code Section 414.

(b) Present Value of Accrued Benefits.

(i) This Plan. “Present Value of Accrued Benefits” under this plan means the Actuarially Equivalent present value of the Accrued Benefits of all Participants and Beneficiaries determined as of the most recent Top-Heavy Valuation Date within the 12-month period ending on the Determination Date. The Present Value of Accrued Benefits includes:

(A) One-Year Period. The amount of benefit payments made from this plan due to severance from employment, death or disability during the one-year period ending on the Determination Date; and

(B) Five-Year Period. The amount of benefit payments made from this plan for any other reason during the five-year period ending on the Determination Date.

(ii) Accrual Method. The Accrued Benefit of any Participant who is not a Key Employee shall be determined (i) under the method, if any, that applies uniformly with respect to all defined benefit plans maintained by the Employer, or (ii) if there is no uniform method, as if the benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

(iii) Multiple Plans. The Present Value of Accrued Benefits shall be determined with respect to, and pursuant to the provisions of, all qualified retirement plans (including a simplified employee pension plan) in the aggregation group. When aggregating plans, the Present Value of Accrued Benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(iv) Unpaid Contribution. A contribution not paid as of a Determination Date for any plan in the aggregation group shall be included in the determination of the Present Value of Accrued Benefits as required in Code Section 416 and Regulations.

(v) Actuarial Assumptions. If this plan is part of a Permissive Aggregation Group or a Required Aggregation Group and at least one of the qualified retirement plans aggregated with this plan is a defined benefit plan, the Present Value of Accrued Benefits under any such defined benefit plan shall be determined based on the interest rates and mortality tables set forth in Section 7.2.

(vi) Rollovers and Transfers. A distribution rolled over or an amount transferred from this plan to another qualified retirement plan of the Employer or a Related Employer shall not be included in the Present Value of Accrued Benefits under this plan. A distribution rolled over or an amount transferred from another qualified retirement plan of the Employer or a Related Employer to this plan shall be included in the Present Value of Accrued Benefits under this plan. If a rollover or transfer to a qualified retirement plan of an unrelated employer was initiated by the former Participant, it shall be deemed a distribution from this plan. If a rollover or transfer from a qualified retirement plan of an unrelated employer to this plan for a Participant was initiated by the Participant, it shall not be included in the Present Value of Accrued Benefits under this plan.

(c) Required Aggregation Group. "Required Aggregation Group" means all qualified retirement plans, including terminated plans, of the Employer and each Related Employer in which at least one Key Employee is a participant at any time during the Plan Year containing the Determination Date or any of the four preceding Plan Years (regardless of whether the plan has terminated), plus all other qualified retirement plans of the Employer and each Related Employer, that enable one or more of the plans covering at least one Key Employee to meet the requirements of Code Sections 401(a)(4) or 410.

(d) Permissive Aggregation Group. "Permissive Aggregation Group" means all qualified retirement plans, including terminated plans, if any, of the Employer and each Related Employer that are part of a Required Aggregation Group that includes this plan, plus any other qualified retirement plan (designated by the Employer) of the Employer and each Related Employer that is not part of the Required Aggregation Group but that, when considered part of the Permissive Aggregation Group, does not prevent the group from meeting the requirements of Code Sections 401(a)(4) and 410.

(e) Determination Date. For any Plan Year after the initial Plan Year, "Determination Date" means the last day of the preceding Plan Year. For the initial Plan Year, "Determination Date" means the last day of the initial Plan Year.

(f) Key Employee. "Key Employee" means an Employee or former Employee (including any deceased Employee or the Beneficiary of any deceased Employee) who, under Code Section 416(i), is or was, during the Plan Year that includes the Determination Date, one of the following:

(i) Officer. An officer of an Employer or Related Employer if the officer's Section 415 Compensation exceeds $160,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2010);

(ii) 5% Owner. A 5% Owner; or

(iii) 1% Owner; $150,000 Compensation. A 1% owner, determined under the definition of 5% Owner but replacing "5%" with "1%," whose Section 415 Compensation exceeds $150,000.

Ownership under (ii) and (iii) shall be determined separately for each Employer and Related Employer. Compensation for (i) and (iii) above for a Plan Year is determined without regard to the Annual Compensation Limit.

(g) Top-Heavy Valuation Date. "Top-Heavy Valuation Date" means, for a defined contribution plan (including a simplified employee pension plan), the date for revaluation of the assets to market value coinciding with, or occurring most recently within the 12-month period ending on, the Determination Date. For a defined benefit plan, the term means the most recent date used for computing the plan costs for minimum funding purposes (whether or not an actuarial valuation is performed during that Plan Year) occurring within the 12-month period ending on the Determination Date.

14.3 Minimum Benefits.

For each Plan Year in which this plan is or becomes a Top-Heavy Plan, each Participant who is not a Key Employee and who completes at least 1,000 Hours of Service shall accrue a Minimum Accrued Benefit.

(a) Minimum Accrued Benefit. The "Minimum Accrued Benefit" for a Participant who is not a Key Employee means the monthly amount of a pension benefit payable as a Single Life Annuity beginning on the first day of the first month following the Participant's Normal Retirement Date. The monthly amount shall be 2% of Minimum Average Monthly Compensation multiplied by Years of Vesting Service (maximum of 10 years) earned for Plan Years beginning on or after January 1, 1984, during which this plan is a Top-Heavy Plan.

(b) Minimum Average Monthly Compensation. "Minimum Average Monthly Compensation" means the Participant's Average Monthly Compensation, provided that Minimum Average Monthly Compensation shall not be less than the average of the Participant's Section 415 Compensation for the five consecutive Plan Years during the Participant's period of employment that yield the highest amount. The five consecutive Plan Years shall not include Plan Years beginning before January 1, 1984, and any Plan Year after the last Plan Year in which this plan is a Top-Heavy Plan, and shall not include or be deemed interrupted by, Plan Years during which the Participant does not earn a Year of Vesting Service.

14.4 Vesting Schedule.

The vesting schedule for each Participant who has an Hour of Service during a Plan Year in which this plan is or becomes a Top-Heavy Plan shall be replaced with the following schedule:

| Years of Vesting Service | Vested Percentage |
|---|---|
| Less than 2 years | -0- |
| 2 years | 20% |
| 3 years | 40% |
| 4 years | 60% |
| 5 years | 100% |

(a) Cessation. If this plan ceases to be a Top-Heavy Plan, vested percentages shall continue to be determined under this schedule.

(b) Vesting Schedule Change. Any change in the vesting schedule due to this plan becoming, or ceasing to be, a Top-Heavy Plan shall be treated as an amendment to this plan, and all rules applying to the amendment of a vesting schedule shall apply.

The Employer has executed this instrument this day of , 20 .

WOLVERINE WORLD WIDE, INC.

By ________________________

Its ________________________

**Employer**

PW Trust Company ("Trustee") accepts the duties, powers and responsibilities of the Trustee as described in Articles 9 and 10 of the Wolverine Employees' Pension Plan, effective as of January 1, 2011.

Dated: , 20 .

PW TRUST COMPANY

By ______________________________

Its ______________________________

**Trustee**

SCHEDULE A

COVERED EMPLOYEE GROUPS/ADOPTING EMPLOYERS

(Except Sections 4.6 and 4.7)

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

COVERED EMPLOYEE GROUPS/ADOPTING EMPLOYERS

(Section 4.6 and 4.7)

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

## SCHEDULE B

| Retirement Date (Normal/Deferred Benefit), Date of Disability (Disability Retirement Benefit) or Termination of Employment Date (Early Retirement/Monthly Deferred | Dollar Benefit Multiplier |
|---|---|
| January 1, 1976 - December 31, 1978 | $4 (pre-1/1/76 Service)/ $6 (post-12/31/75 Service) |
| January 1, 1979 - December 31, 1983 | $ 6.00 |
| January 1, 1984 - December 31, 1975 | $ 7.00 |
| January 1, 1986 - December 31, 1988 | $ 8.00 |
| January 1, 1989 - December 31, 1989 | $ 8.50 |
| January 1, 1990 - December 31, 1991 | $ 9.00 |
| January 1, 1992 - December 31, 1992 | $ 11.00 |
| January 1, 1993 - December 31, 1993 | $ 12.00 |
| January 1, 1994 - December 31, 1994 | $ 14.00 |
| January 1, 1995 - December 31, 1995 | $ 15.00 |
| January 1, 1996 - December 31, 1997 | $ 16.00 |
| January 1, 1998 - December 31, 1998 | $ 18.00 |
| January 1, 1999 - December 31, 1999 | $ 20.00 |
| January 1, 2000 - December 31, 2000 | $ 21.00 |
| January 1, 2001 – December 31, 2001 | $ 23.00 |
| January 1, 2002 or after | $ 24.00 |

SCHEDULE C-1
FORMER PARTICIPANTS UNDER
WEBSTER MANUFACTURING UNIT
HOURLY RATED EMPLOYEES PENSION PLAN

C1.1 Purpose. This Schedule recognizes and preserves certain benefits resulting from the merger of the above Plan ("Webster Plan") with this Plan effective May 31, 1988.

C1.2 Participant. Each Participant in the Webster Plan on May 31, 1988, shall be a C-1 Participant.

C1.3 Benefit. Each C-1 Participant's Accrued Benefit shall be equal to the sum of:

(a) Post-May 31, 1998. $3 multiplied by Years of Benefit Service after May 31, 1988 (utilizing a full year of Benefit Service for 1998).

(b) 1970 – June 1, 1988. $3 multiplied by Years of Benefit Service between January 1, 1970, and June 1, 1988, under the Webster Plan, and

(c) Pre-1970. $1.20 multiplied by the Participant's Years of Benefit Service under the Webster Plan before January 1, 1970.

C1.4 Supplemental Benefit. Each C-1 Participant who terminates employment after May 31, 1988, shall be entitled to a monthly accrued benefit in addition to the benefit set forth above equal to the actuarially equivalent of the following applicable single sum amount.

(a) 1-10 Years of Service. If the C1 Participant had completed 1 but less than 10 Years of Service, $111 multiplied by the by the Participant's Years of Service.

(b) 10-20 Years of Service. If the C1 Participant had completed 10 but less than 20 Years of Service, $166.50 multiplied by the by the Participant's Years of Service.

(c) At Least 20 Years of Service. If the C1 Participant had completed at least 20 Years of Service, $222 multiplied by the by the Participant's Years of Service.

SCHEDULE C-2
BENEFITS FOR CERTAIN FORMER EMPLOYEES
1994 SPECIAL SEVERANCE PROGRAM

C2.l Purpose. The purpose of this Schedule is to provide benefits for certain Participants of the Plan who retire under the 1994 Wolverine Special Severance Program (the "1994 Program").

C2.2 C-2 Participant. A Participant shall be a "C-2 Participant" if the Participant is eligible for and elects between November 3, 1994 and December 18, 1994 to retire under the 1994 Program.

C2.3 Highly Compensated Exclusion. The benefits under this Schedule shall not be available to a Participant who is a "Highly Compensated Employee."

C2.4 Amount of Pension. Each C-2 Participant shall be entitled to a monthly pension computed under Section 5.1 of the Plan, based on final average earnings and years of credited service at the date that employment with the Employers terminates. If the pension of a C-2 Participant is determined under subsection 4.2(a) of the Plan, then the amount payable to the C-2 Participant as of the first day of any month coincident with or preceding the date the C-2 Participant attains age 62 shall be calculated without reduction of the monthly Social Security Allowance.

C2.5 Full Vesting. Each C-2 Participant shall be fully vested in the Participant's benefits under the Plan.

C2.6 Commencement of Pension. Payment of the monthly pension to a C-2 Participant shall begin as of the first day of the month coincident with or next following the date that employment terminates. The pension of a C-2 Participant shall not be reduced for commencement prior to normal retirement date.

SCHEDULE C-3
NONDISCRIMINATORY EXECUTIVE BENEFITS

C3.1 Purpose. The purpose of this Supplement is to define and designate certain executives of the Company to receive benefits under a nondiscriminatory enhancement of the Plans' benefit formula.

C3.2 A Executive. An "A Executive" is a Participant whose name is listed below in this section:

G. Bloom (Normal Retirement 5/1/2000)
W. Brown (Through 12/31/2003)
J. Deem (Deferred vested as of 10/30/2001)
L. Dubrow (Deferred vested as of 10/30/2001)
S. Duffy
D. Estes
S. Gulis
B. Krueger
T. O'Donovan
R. Sedrowski

C3.3 B Executive. A "B Executive" is a Participant whose name is listed below in this Section:

O. Baxter (for benefits accrued through 12/31/2003)
A. Croci
R. DeBlasio
T. Gedra
B. Jungers
J. Lovejoy (Normal retirement / /2000)
T. Mundt
N. Ottenwess
D. West
G. Fountain
J. Lavertue
A.T. Payne, III
S. Zimmerman
J. Weston
W. Brown (Beginning 1/1/2004)
S. Sible
J. Zwiers
D. Grimes
P. Linton
M. Jeppesen

C3.4 Benefit. The Accrued Benefit for:

(a) A Executive. A Supplement A Executive shall be the greatest of the Accrued Benefit at Section 5.1(c) or 2.4 percent of Final Average Compensation multiplied by the A Executive's Years of Benefit Service (not in excess of 25 years).

(b) B Executive. A Supplement B Executive shall be the greatest of the Accrued Benefit at Section 5.1(c) or 2.0 percent of Final Average Compensation multiplied by the B Executive's Years of Benefit Service (not in excess of 25 years).

C3.5 Modifications. The Company may add, remove, or reclassify a Participant under this Schedule. The modification of a Participant's status may not reduce a Participant's benefit or become effective until the date which is 45 days after the Participant receives notice of the modification.

SCHEDULE C-4
BENEFITS FOR CERTAIN FORMER EMPLOYEES
OF FROLIC FOOTWEAR DIVISION
OR THE WOLVERINE SLIPPER GROUP

C4.l Purpose. The purposes of this Schedule C-4 is to provide benefits for certain Participants of Wolverine Employees' Pension Plan (the "Plan") who terminate employment under The Frolic Footwear Special Severance Program dated August 4, 1997, (the "Frolic Program") and the Wolverine Slipper Group Special Severance Program (the "Slipper Program") dated December 1997.

C4.2 C-4 Participant. A Participant will be a "C-4 Participant" if the Participant is eligible for and elects to terminate employment under the "Frolic Program" no later than September 15, 1997, or under the "Slipper Program" no later than January 30, 1998.

C4.3 Highly Compensated Employees Excluded. A Participant who is a "Highly Compensated Employee" shall not be entitled to any benefits under this Schedule.

C4.4 Amount of Pension. Each C-4 Participant shall be entitled to a monthly pension computed under subsection 4.1 of the Plan based on final average earnings and years of credited service at the date that employment terminates. If the pension of a C-4 Participant is determined under subparagraph 5.1(c)(i)(A) of the Plan, then the amount payable as of the first day of any month on or before the date the Participant attains age 62 shall be calculated without reduction for the Social Security Allowance.

C4.5 Full Vesting. Each C-4 Participant shall be fully vested in his benefits under the Plan.

C4.6 Commencement of Pension. Payment of the monthly pension to a C-4 Participant shall begin as of the first day of the month coincident with or next following the date that his employment with the employers terminates, in the full amount determined under paragraph G-4 above. The pension of a Supplement G Participant shall not be reduced for commencement prior to normal retirement date.

SCHEDULE C-5
2000 EARLY RETIREMENT WINDOW

C5.1 Purpose. The purpose of this Schedule C-5 is to provide benefits for TruStitch employee Participants of the Wolverine Employees' Pension Plan who were eligible to terminate employment under the Wolverine Early Retirement Window-2000, dated July 12, 2000. (2000 Window) but remained employed as of June 1, 2001, Participants who terminated employment under the 2000 Window, or members who terminated under the reduction in force dated July 12, 2000, and were listed as severance only in the listing maintained by the Employer (the RIF).

C5.2 C-5 Participant. A Participant will be a C-5 Participant if the Participant is eligible and retired under the 2000 Window or was terminated under the RIF.

C5.3 Calculation of Pension. For purposes of calculating the Normal, Late, Early, or Deferred Vested Benefit and for purposes of commencing benefits under those sections, a C-5 Participant shall be deemed to be 5 years older or age 65 whichever is less. However, this increase in age shall not change a Participant's normal retirement date.

C5.4 Amount of Pension. In addition to the increased age: a C-5 Participant shall be entitled to;

(a) Lump Sum. The following Lump Sum payment

| Health Care Plan Status (as of July 12, 2000) | Lump Sum Amount |
|---|---|
| Employee Only | $ 1576.08 |
| Employee & Child | $ 3050.22 |
| Employee & Spouse | $ 3874.92 |
| Employee & Family | $ 4932.42 |

This benefit shall not apply to C-5 Participants who remained employed on June 1, 2001.

(b) Age 60-65. If the Participant is at least age 60, an additional percentage increase in the benefit calculated under C5.3 above, as follows;

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

C5.5 4.7 Transfer. For purposes of former Section 4.7:

(a) Allocation of Transfer. A C-5 Participant shall be treated as having retired during the year of termination of employment.

(b) Vesting. A C-5 Participant shall be fully, 100% vested in the Participant's Section 4.7 account.

C5.6 Full Vesting. A Participant who is terminated under the RIF and listed in the "Severance Only" classification shall be fully vested in the accrued benefits under the Plan (including the benefits provided by this Schedule).

C5.7 Commencement of Pension. Benefits shall be paid as follows:

(a) Lump Sum. The lump sum benefit, as soon as administratively feasible after the expiration of the revocation period following written acceptance of the 2000 Window.

(b) Monthly Pension. The monthly pension at the first day of any month following the latest of: expiration of the revocation period following written acceptance of the 2000 Window; the attainment of the deemed age of 60 by a C-5 Participant; or a C-5 Participant's termination of employment on or after June 1, 2001.

SCHEDULE C-6
HY-TEST MERGER

C6.1 Purpose. The purpose of this Schedule is to reflect the merger of the Wolverine Hy-Test, Inc. Collectively Bargained Pension Plan (Hy-Test Plan) with this Plan and to provide enhanced pension benefits for members formerly included within the drivers unit represented by Teamsters Local 406 (Teamsters Unit).

C6.2 Participants Included. This Schedule shall apply to Participants formerly included within the Hy-Test Plan and formerly covered by a collective bargaining agreement between the Employer and Local 160A, UNITE!, AFL/CIO/CLC and, only where specifically designated, to Participants within the Teamsters Unit.

C6.3 Teamsters Unit Members. Each Participant included within the Teamsters Unit shall be fully vested in the Participants accrued benefit as of the member’s termination of employment. Each Participant between ages 55 and 60 as of September 30, 2000, shall receive an additional seven Years of Vesting Service for purposes of determining the Participant’s eligibility for monthly pension benefits.

C6.4 Hy-Test Members. The following provisions apply to former Participants of the Hy-Test Plan.

(a) Normal Retirement. A Participant whose employment terminates, other than by death or Disability, on the Participant’s Normal Retirement Date is eligible for a Normal Retirement Benefit.

(i) Normal Retirement Date. “Normal Retirement Date” means the date the Participant attains age 62.

(ii) Normal Retirement Benefit. “Normal Retirement Benefit” means the Participant’s Accrued Benefit. The monthly Normal Retirement Benefit shall be not less than the amount of any Early Retirement Benefit to which the Participant was entitled if the Participant had retired at any time under the provisions of C6.4(b).

(iii) Accrued Benefit. “Accrued Benefit” means a monthly pension benefit, payable as a Single Life Annuity, beginning on the first day of the month following the Participant’s Normal Retirement Date. The monthly amount shall be equal to the Participant’s Years of Benefit Service multiplied by the applicable Benefit Rate set forth in this subsection.

| Retirement Date | Benefit Rate |
|---|---|
| On or after January 1, 1996 | $ 10.25 |
| On or after January 1, 1997 | $ 10.75 |
| On or after January 1, 1998 | $ 11.00 |
| On or after March 1, 1999 | $ 12.00 |
| On or after January 1, 2000 | $ 13.00 |

(iv) Benefit Service. A Participant earns a “Year of Benefit Service” for each Plan Year under the following schedule:

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

(b) Early Retirement. A Participant whose employment terminates, other than by death or Disability, on or after the Participant’s Early Retirement Date and before the Participant’s Normal Retirement Date is eligible for an Early Retirement Benefit.

(i) Early Retirement Date. “Early Retirement Date” means the date the Participant attains age 55, or if later, the date the Participant completes 25 Years of Vesting Service.

(ii) Early Retirement Benefit. “Early Retirement Benefit” means the Participant’s Accrued Benefit determined as of the date that the Participant’s employment terminated.

(iii) Early Payment. A Participant who is eligible for Early Retirement may elect to begin payment on the first day of any month following the termination of employment after the Participant’s Early Retirement Date. If the Participant elects and payment begins before the first day of the month after the Participant’s Normal Retirement Date, the monthly amount of the benefit shall be reduced and shall be the actuarial equivalent of the Accrued Benefit payable at the Participant’s Normal Retirement Age.

(c) Late Retirement. A Participant whose employment terminates after the Participant’s Normal Retirement Date is eligible for a Late Retirement Benefit.

(i) Late Retirement Date. “Late Retirement Date” means the date that the Participant’s employment terminates or, if earlier, the Participant’s Required Beginning Date.

(ii) Late Retirement Benefit. “Late Retirement Benefit” means a monthly pension equal to:

(A) Pre-Age 70 1/2. If the Participant’s employment terminated on or before the Required Beginning Date, the Normal Retirement Benefit determined as of the Late Retirement Date, including any additional benefits accrued for the period of the Participant’s employment after the Normal Retirement Date.

(B) Post-Age 70 1/2. If the Participant's employment terminated after the Required Beginning Date, the amount determined in (A) above reduced by the actuarial equivalent of the total plan distributions made to the Participant up to the Participant's Late Retirement Date. The benefit shall not be reduced to an amount less than the Participant's Accrued Benefit determined as of the Participant's Normal Retirement Date.

(d) Deferred Vested Retirement. A Participant who has an Accrued Benefit and whose employment terminated before the Participant's Normal or Early Retirement Date, other than by death or Disability, is eligible for a Deferred Vested Benefit.

(i) Deferred Vested Benefit. "Deferred Vested Benefit" means the Participant's Accrued Benefit determined as of the date that the Participant's employment terminated.

(ii) Early Payment. If the Participant is eligible and elects payment of the Deferred Vested Benefit before the first day of the month following the Participant's Normal Retirement Date, the monthly amount of the benefit shall be reduced and shall be determined in the same manner as provided for early payment of the Early Retirement Benefit.

(e) Death Benefits. A death benefit shall be paid only as provided in this section.

(i) Death Before Annuity Starting Date. If a Participant who has an Accrued Benefit dies before the Annuity Starting Date, benefits will be paid as follows:

(A) Surviving Spouse. If the Participant has a Surviving Spouse, the Surviving Spouse shall receive a QPSA unless the Surviving Spouse waives the QPSA and elects another available form of payment.

(1) Spouse Defined. "Spouse" means the husband or wife to whom the Participant was married at any specified time. A former Spouse shall not be a Spouse except to the extent specified in a QDRO.

(2) Surviving Spouse Defined. "Surviving Spouse" means the Spouse to whom the Participant was married at the time of death and who survives the Participant. If the Participant dies before benefit payments begin, "Surviving Spouse" means the Spouse to whom the Participant was married for at least 12 consecutive months at the Participant's death and who survives the Participant.

(3) QPSA Defined. "QPSA" means a qualified pre-retirement survivor annuity that is a monthly Single Life Annuity payable to the Surviving Spouse of a Participant. The monthly amount of the QPSA is 50% of the benefit that would have been payable to the Participant if the Participant had retired on the day before the Participant died and had elected to have benefit payments begin on the earliest permitted payment date in the form of an immediate QJSA.

(B) No Surviving Spouse. If the Participant does not have a Surviving Spouse, a benefit shall not be payable under this plan.

(ii) Death After Annuity Starting Date . If a Participant who has a Vested Accrued Benefit dies after the Annuity Starting Date, the Beneficiary shall be paid any remaining benefits payable under the form of payment the Participant was receiving before death.

(f) Benefit Rules.

(i) Single Benefit. A Participant shall not receive more than one type of benefit in any month.

(ii) Previously Paid Benefits. The amount of a benefit payable under this article shall be reduced by the amount of benefits previously paid to or with respect to the Participant, including a lump-sum payment of the Participant's entire Vested Accrued Benefit after the Participant's employment terminates. All reductions shall be computed on a uniform basis by calculating and offsetting the Actuarially Equivalent value of the benefit previously paid from the Participant's final benefit.

(iii) Transfer. A transfer between Covered Employment and employment with the Employer other than Covered Employment, or a transfer between the Employer and a Related Employer, is not termination of employment.

(iv) Pay Status. Benefits in pay status on or after the merger shall continue to be paid in the form provided by the Plan.

(g) Vested Percentage. A Participant's Accrued Benefit shall be 100% vested. A Participant shall be credited with Vesting Service for full years of benefit service under the Florsheim Shoe Company Retirement Plan as of April 17, 1996.

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

(i) Normal Retirement Benefit. The Normal Retirement Benefit shall begin on the first day of the month following the Participant's Normal Retirement Date.

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

(iii) Late Retirement. The Late Retirement Benefit shall begin on the first day of the month following the Participant's termination of employment or, if earlier, the Participant's Required Beginning Date.

(iv) Deferred Vested Benefit. The Deferred Vested Benefit shall begin on the first day of the month following the Participant's Normal Retirement Date. If the Participant is credited with at least 25 (or 10 if the Participant's termination is due to permanent closing of the facility in which the Participant was employed) Years of Vesting Service at termination of employment, the Participant may elect earlier payment beginning on the first day of any month following the date the Participant attains age 55.

(v) Death Benefit.

(A) Before Annuity Starting Date. The QPSA shall begin on the first day of the month following the date of death, or if later, the first day a Participant could have elected early payment of an Early Retirement Benefit or a Deferred Vested Benefit, if applicable. The Surviving Spouse may elect to delay commencement of the benefit to the first day of any later month but not later than the first day of the month following the Participant's Normal Retirement Date.

(B) After Annuity Starting Date. If the form of payment to the Participant provides for benefits after the Participant's death, the continuing benefit shall be paid to the Beneficiary as provided.

(vi) Immediate Payment. If the Participant's employment terminates for any reason before the Participant's Normal Retirement Date and the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit, including any earlier payments, is $5,000 or less, the Administrator shall direct payment of the present value as soon as administratively feasible following termination of employment.

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

(i) Interest Rate. 6 1/2% per annum, compounded annually.

(ii) Mortality Table. 1971 Group Annuity Mortality Table assuming three males for every seven females

(iii) Lump Sum Determination. Actuarial Equivalence of a lump-sum payment shall be determined based on.

(A) Mortality. The 1983 Group Annuity Mortality Table weighted 50% male and 50% female.

(B) Interest Rate. An interest rate for the Plan Year consisting of the annual rate of interest on 30-year Treasury securities for the month of December preceding the Plan Year in which the lump sum is calculated.

(j) Form of Payment.

(i) Standard Form. Benefits under this Schedule shall be paid as follows:

(A) Married. If the Participant is married when benefit payments are to begin, the Participant's benefit shall be paid as a QJSA unless the Participant waives the QJSA, with consent of the Spouse, and properly elects another available form of payment.

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

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

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

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

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

SCHEDULE C-7
SPECIAL SERVICE CREDIT
TRU STITCH DIVISION/WOLVERINE PROCUREMENT INC.

C7.1 Purpose. The purpose of this Schedule is to recognize certain service before extension of the Plan to TruStitch Division and Wolverine Procurement, Inc. Employees for purposes of determining Years of Benefit and Vesting Service.

C7.2 TruStitch Division. An hourly nonunion employee of the TruStitch Division who became a Participant in the Plan on January 1, 1985, shall be credited with Years of Benefit Service and Vesting Service for the period of service (including union service) beginning on or after January 1, 1970, under the rules of the Plan in effect during those periods.

C7.3 Wolverine Procurement, Inc. An Employee of Wolverine Procurement, Inc. shall be credited with Years of Benefit Service and Vesting Service for service on or after July 1, 1989, under the rules of the Plan in effect during those periods.

SCHEDULE C-8
SERVICE CREDIT AND INCLUSION OF
CERTAIN FORMER SEBAGO, INC. EMPLOYEES

C8.1 Purpose. The purpose of this Schedule is to recognize eligibility and vesting service of certain former employees of Sebago, Inc. who have become permanent, regular employees of the Employer.

C8.2 Designated Employees. The following individuals shall be covered by this Schedule (Schedule C-8 individuals).

Name
Belsak, Harald
Charron, Elayne
Cremer, Vivian
Delaware, Marie
Dufault, Victor
Josselyn, Marvin
Kriner, Debora
Mowatt, Timothy
Walls, Michael
Warren, Joseph

C8.3 Eligibility/Participation. A Schedule C-8 individual shall become eligible and a Participant in the Plan under Section 3.1 as of July 1, 2004.

C8.4 Covered Employment. A Schedule C-8 individual shall not be excluded from Covered Employment under Section 3.2 as a former employee of Sebago, Inc.

C8.5 Vesting Service. A Schedule C-8 individual shall be credited with Years of Vesting Service under Section 6.1 for all periods of service beginning with their most recent date of hire with Sebago, Inc.

SCHEDULE D

PLAN HISTORY

| | Adopted | Effective |
|---|---|---|
| D.1 Gust Restatement. | September 25, 2003 | January 1, 1997 |
| (a) First Amendment. | September 25, 2003 | January 1, 2002 |
| (b) Second Amendment. | December 19, 2003 | July 1, 2004 |
| (c) Third Amendment. | July 7, 2004 | July 1, 2004 |
| (d) Fourth Amendment. | , 2004 | January 1, 1997 |
| (e) Fifth Amendment. | September 26, 2005 | March 28, 2005 |
| (f) Implementing Amendment | June 30, 2006 | June 30, 2006 |
| (g) Sixth Amendment. | November 30, 2007 | January 1, 2003 |
| (h) Seventh Amendment. | November 30, 2007 | January 1, 2000/<br>January 1, 2008 |
| (i) Eighth Amendment. | June 16, 2008 | January 1, 2008 |
| (j) Ninth Amendment. | January 19, 2009 | January 20, 2009 |
| (k) Tenth Amendment. | December 3, 2009 | January 1, 2007 |
| (l) Eleventh Amendment. | November 29, 2011 | January 1, 2007/<br>December 31, 2008 |
| D.2 EGTRRA Restatement. | , 2011 | January 1, 2011 |

**Exhibit 10.32**

# FORM OF PERFORMANCE SHARE AWARD AGREEMENT

## Performance Share Agreement #

PERFORMANCE SHARE AWARD AGREEMENT

This Performance Share Award Agreement ("Agreement") is made as of the award date set forth above, between WOLVERINE WORLD WIDE, INC., a Delaware corporation ("Wolverine" or the "Company"), and the employee named above ("Employee").

Wolverine World Wide, Inc. has an Amended and Restated Executive Long-Term Incentive Plan (3-Year Bonus Plan) that the Compensation Committee of Wolverine's Board of Directors (the "Committee") administers. The Committee makes long term incentive awards to encourage longer range strategic planning, cooperation among all the units of the Company, and executive officers and key management individuals to enter and continue in the employ of the Company. Wolverine has a Stock Incentive Plan of 2010 (the "Plan") that also is administered by the Committee, under which the Committee may award restricted stock as all or part of a long term incentive award. Both the 3-Year Bonus Plan and the Plan have been approved by the Company's shareholders.

The Committee has determined that Employee is eligible to participate in the Plan for a long term incentive award, the Employee's participation level, and the criteria for the award. The Committee has awarded to Employee shares of Wolverine's common stock subject to terms, conditions and restrictions contained in this Agreement and in the Plan (the "Performance Share Award"). Employee acknowledges receipt of a copy of the Plan and accepts this Performance Share Award subject to all of those terms, conditions and restrictions.

1. Award. Wolverine hereby awards to Employee a number of shares of Wolverine's common stock, $1 par value, as set forth in the grant (the "Performance Restricted Stock"). The Performance Restricted Stock is subject to the restrictions imposed under this Agreement and the Plan ("Stock Restrictions"). The periods during which Performance Restricted Stock is subject to the Stock Restrictions shall be known as "Restricted Periods." Unless otherwise determined by the Committee, Employee's "Incentive Award" will be the number of shares of Performance Restricted Stock on which the Stock Restrictions shall lapse.

2. Transferability. Until the Stock Restrictions lapse as set forth in section 3 below, the Plan provides that Performance Restricted Stock is generally not transferable by Employee except by will or according to the laws of descent and distribution. The Plan further provides that all rights with respect to the Performance Restricted Stock are exercisable during Employee's lifetime only by Employee, Employee's guardian, or legal representative. Wolverine shall place an appropriate legend upon any certificate representing shares of Performance Restricted Stock and may also issue appropriate stop transfer instructions to its transfer agent with respect to such shares.

3. Lapsing of Restrictions. Except as otherwise provided in this Agreement or by action of the Committee, the Stock Restrictions imposed on the Performance Restricted Stock shall lapse as set forth in Attachment 1.

4. Registration and Listing; Securities Laws.

(a) The Performance Share Award is conditioned upon (i) the effective registration or exemption of the Plan and the Performance Restricted Stock granted there under the Securities Act of 1933 and applicable state or foreign securities laws, and (ii) the effective listing of the common stock on the New York Stock Exchange.

(b) Employee hereby represents and warrants that Employee is receiving the Performance Restricted Stock for Employee's own account and investment and without any intent to resell or distribute the Performance Restricted Stock. Employee shall not resell or distribute the Performance Restricted Stock after any Restricted Period except in compliance with such conditions as Wolverine may reasonably specify to ensure compliance with federal and state securities laws.

5. Termination of Employment Status.

(a) Except as set forth in subsection (b), Employee:

(i) must be an employee of the Company or one of its Subsidiaries at the time the Committee certifies the achievement of the Performance Period performance criteria for the Stock Restrictions to lapse on any portion of the Performance Share Award (the performance criteria being Cumulative BVA and Cumulative EPS, as defined in Schedule 1); and

(ii) shall forfeit the entire Performance Share Award if, before such certification, Employee's employment with Wolverine and its Subsidiaries terminates (the "Employment Termination") or the Committee terminates Employee's Performance Share Award for the Performance Period ("Award Termination").

(b) If the Employment Termination is:

(i) due to Employee's:

(1) disability (as defined in Wolverine's long-term disability plan);
(2) death;
(3) voluntary termination after Employee has attained 50 years of age and seven years of service as an employee of Wolverine or its Subsidiaries, or 62 years of age, or such other age or years of service as may be determined by the Committee in its sole discretion; or

(ii) due to such other circumstances as the Committee in its discretion allows;

then the number of shares of Performance Restricted Stock on which the Stock Restrictions lapse at the end of the Performance Period shall be calculated as set forth in subsection (c) or in such other manner as the Committee directs. If there is an Award Termination, the Committee may in its discretion allow the Stock Restrictions to lapse on some or all of the Performance Restricted Stock, calculated as set forth in subsection (c) or in such other manner as the Committee directs.

(c) As soon as reasonably practicable following the end of the Performance Period, the Committee shall calculate, as set forth in Schedule 1, the number of shares on which the Stock Restrictions would have lapsed if Employee's employment or Performance Share Award had not been terminated prior to the certification. That number of shares shall then be multiplied by a fraction, the numerator of which shall be the number of full months during the Performance Period prior to the Employment Termination or Award Termination (as applicable) and the denominator of which shall be the total number of months in the Performance Period. The result of the calculation in the preceding sentence shall be the Employee's "Prorated Incentive Award" for the Performance Period, which will be the number of shares of Performance Restricted Stock on which the Stock Restrictions shall lapse. The remainder of the Performance Share Award shall be forfeited.

6. Employment by Wolverine. The award of Performance Restricted Stock under this Agreement shall not impose upon Wolverine or any of its Subsidiaries any obligation to retain Employee in its employ for any given period or upon any specific terms of employment. Wolverine or any of its Subsidiaries may at any time dismiss Employee from employment, free from any liability or claim under the Plan or this Agreement, unless otherwise expressly provided in any written agreement with Employee.

7. Stockholder Rights. During the Restricted Period, Employee shall have all voting and liquidation rights with respect to the Performance Restricted Stock held of record by Employee as if Employee held unrestricted common stock; provided, however, that the portion of any Performance Share Award on which the Stock Restrictions have not lapsed shall be subject to any restrictions on transferability or risks of forfeiture imposed pursuant to this Agreement or the Plan. Any cash and stock dividends with respect to any Performance Restricted Stock will be withheld by the Company for the Award Recipient's account and will be paid upon the lapsing of the Stock Restrictions imposed on the Performance Restricted Stock in respect of which the dividends were paid, and any dividends deferred in respect of any Performance Restricted Stock will be forfeited upon the forfeiture of such Performance Restricted Stock. Any noncash dividends or distributions paid with respect to shares of Performance Restricted Stock on which the Stock Restrictions have not lapsed shall be subject to the same restrictions as those relating to the Performance Restricted Stock awarded under this Agreement. After the restrictions applicable to the Performance Restricted Stock lapse, Employee shall have all stockholder rights, including the right to transfer the shares, subject to such conditions as Wolverine may reasonably specify to ensure compliance with federal and state securities laws.

8. Withholding. Wolverine and any of its Subsidiaries shall be entitled to (a) withhold and deduct from Employee's future wages (or from other amounts that may be due and owing to Employee from Wolverine or a Subsidiary), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all federal, state, and local withholding and employment-related tax requirements attributable to the Performance Restricted Stock award under this Agreement, including, without limitation, the award or lapsing of Stock Restrictions on the Performance Restricted Stock; or (b) require Employee promptly to remit the amount of such withholding to Wolverine or a subsidiary before taking any action with respect to the Performance Restricted Stock. Unless the Committee provides otherwise, withholding may be satisfied by withholding common stock to be received or by delivery to Wolverine or a subsidiary of previously owned common stock of Wolverine.

9. Effective Date. This award of Performance Restricted Stock shall be effective as of the date first set forth above.

10. Amendment. This Agreement shall not be modified except in a writing executed by the parties hereto.

11. Agreement Controls. The Plan is incorporated in this Agreement by reference. Capitalized terms not defined in this Agreement shall have those meanings provided in the Plan. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the provisions of the Agreement shall control.

**ATTACHMENT 1 TO PERFORMANCE SHARE AWARD AGREEMENT**

The “Incentive Award” for the Employee will be the number of shares of Performance Restricted Stock on which the Stock Restrictions shall lapse, calculated as:

[(Overall Award Percentage x Incentive Award Percentage x Applicable Earnings)/Market Price]

rounded up to the nearest whole number, where:

Overall Award Percentage will be the sum of (i) the BVA Award Percentage multiplied by the BVA Factor, and (ii) the EPS Award Percentage multiplied by the EPS Factor, but in no event shall the Overall Award Percentage exceed the Award Cap for the Employee. If the Overall Award Percentage calculated for the Employee is greater than the Award Cap, the Overall Award Percentage shall be reduced to the Award Cap to calculate the Incentive Award.

1. BVA Award Percentage will be calculated as follows:

If the Cumulative BVA is < Threshold BVA, BVA Award Percentage = 0%

If the Cumulative BVA is ≥ Threshold BVA and < Target BVA, BVA Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative BVA - Threshold BVA})}{(\text{Target BVA - Threshold BVA})}\right] x\ 0.5\right] + 0.5\right) x100$$

If the Cumulative BVA is ≥ Target BVA and < Goal BVA, BVA Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative BVA - Target BVA})}{(\text{Goal BVA - Target BVA})}\right] x\ 0.5\right] + 1.0\right) x100$$

If the Cumulative BVA is ≥ Goal BVA and < Stretch BVA, BVA Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative BVA - Goal BVA})}{(\text{Stretch BVA - Goal BVA})}\right] x\ 0.5\right] + 1.5\right) x100$$

If the Cumulative BVA is ≥ Stretch BVA, BVA Award Percentage = Award Cap

2. EPS Award Percentage will be calculated as follows:

If the Cumulative EPS is < Threshold EPS, EPS Award Percentage = 0%

If the Cumulative EPS is ≥ Threshold EPS and < Target EPS, EPS Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative EPS - Threshold EPS})}{(\text{Target EPS - Threshold EPS})}\right] x\ 0.5\right] + 0.5\right) x100$$

If the Cumulative EPS is ≥ Target EPS and < Goal EPS, EPS Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative EPS} - \text{Target EPS})}{(\text{Goal EPS} - \text{Target EPS})}\right] \times 0.5\right] + 1.0\right) \times 100$$

If the Cumulative EPS is ≥ Goal EPS and < Stretch EPS, EPS Award Percentage =

$$\left(\left[\left[\frac{(\text{Cumulative EPS} - \text{Goal EPS})}{(\text{Stretch EPS} - \text{Goal EPS})}\right] \times 0.5\right] + 1.5\right) \times 100$$

If the Cumulative EPS is ≥ Stretch EPS, EPS Award Percentage = Award Cap

and the other defined terms shall have the following meanings:

| | |
|---|---|
| Applicable Earnings | The Earnings amount used to calculate the Performance Share Award for the Award Recipient. |
| Award Cap | The maximum percentage of the Incentive Award that the Award Recipient may receive for the Performance Period upon achievement of “stretch” goal, used to calculate the Performance Share Award for the Award Recipient. |
| Award Recipient | An employee of the Company to whom the Compensation Committee of the Board of Directors or the Board of Directors grants a Performance Share Award, for such portion of the Performance Period as the Committee determines. |
| BVA | An economic value added measurement that equals the operating income for a Fiscal Year reduced by (i) a provision for income taxes equal to the operating income multiplied by the Company’s total effective tax rate for the same Fiscal Year; and (ii) a capital charge equal to a 14-point average of “net operating assets” at the beginning and end of a Fiscal Year (with “net operating assets” defined as the net of trade receivables (net of reserves), inventory (net of reserves), other current assets, property, plant and equipment, trade payables and accrued liabilities) multiplied by 10%. |
| Cumulative BVA | The sum of the BVA for each of the Fiscal Years in the Performance Period. |
| Cumulative EPS | The sum of the EPS for each of the Fiscal Years in the Performance Period. |
| Earnings | An Award Recipient’s base salary at the time of Performance Share Award. |
| EPS | The total after-tax profits for a Fiscal Year divided by the fully-diluted weighted average shares outstanding during the Fiscal Year. |
| Fiscal Year | The fiscal year of the Company for financial reporting purposes as the Company may adopt from time to time. |
| Incentive Award Percentage | The Incentive Award Percentage used to calculate the Performance Share Award for the Award Recipient. |
| Market Price | The closing market price of shares of Common Stock reported on the New York Stock Exchange (or any successor exchange that is the primary stock exchange for trading of Common Stock) on the date the award is granted by the Compensation Committee. |

| | |
|---|---|
| Stock Restrictions | Restrictions on the common stock covered by the Performance Share Award, as set forth in the Plan and the Performance Share Award Agreement. |
| Performance Period | The three year period beginning on the first day of the Company's 2012 Fiscal Year and ending on the last day of the Company's 2014 Fiscal Year. |
| BVA Factor | As set by the Compensation Committee. |
| Threshold BVA | As set by the Compensation Committee. |
| Target BVA | As set by the Compensation Committee. |
| Goal BVA | As set by the Compensation Committee. |
| Stretch BVA | As set by the Compensation Committee. |
| EPS Factor | As set by the Compensation Committee. |
| Threshold EPS | As set by the Compensation Committee. |
| Target EPS | As set by the Compensation Committee. |
| Goal EPS | As set by the Compensation Committee. |
| Stretch EPS | As set by the Compensation Committee. |

**Exhibit 10.35**

The following executive officers 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%** |
|---|---|
| Blake W. Krueger | Donald T. Grimes |
| | Pamela L. Linton |
| | Michael Jeppesen |
| | James D. Zwiers |

**Exhibit 21**

## SUBSIDIARIES OF THE REGISTRANT

| Name | State or Country of Incorporation or Organization |
|---|---|
| BSI Shoes, Inc. | Michigan |
| Chaco Outdoor, Inc. | Delaware |
| Dominican Wolverine Shoe Company Limited | Cayman Islands |
| Hush Puppies Retail, Inc. | Michigan |
| d/b/a Hush Puppies | |
| Hush Puppies & Family | |
| Hush Puppies Factory Direct | |
| Hush Puppies / Merrell | |
| Hush Puppies / Merrell / Sebago | |
| Hush Puppies / Merrell / Wolverine | |
| Hush Puppies / Sebago / Merrell | |
| Merrell | |
| Rockford Footwear Depot | |
| The Slipper Store | |
| The Slipper Store.Com | |
| Track 'N Trail | |
| Hy-Test, Inc. | Michigan |
| Sebago Dominican Limited | Cayman Islands |
| Sebago International Limited | Cayman Islands |
| Sebago Realty, LLC | Delaware |
| Sebago USA, LLC | Delaware |
| Spartan Shoe Company Limited | Cayman Islands |
| Wolverine Consulting Services (Zhuhai) Company Limited | People's Republic of China |
| Wolverine de Argentina, S.R.L. | Argentina |
| Wolverine de Costa Rica, S.A. | Costa Rica |
| Wolverine de Mexico S.A. de C.V. | Mexico |
| Wolverine Design Center, Inc. | Michigan |
| Wolverine Europe B.V. | The Netherlands |
| Wolverine Europe Limited | England & Wales |
| Wolverine Europe Retail B.V. | The Netherlands |
| Wolverine Europe Retail Limited | England & Wales |
| Wolverine International GP, LLC | Michigan |
| Wolverine International, L.P. | Cayman Islands |
| Wolverine International S.à.r.l. | Luxembourg |
| Wolverine International, S.L. | Spain |
| Wolverine Newco Cayman, Ltd. | Cayman Islands |
| Wolverine Outdoors, Inc. | Michigan |
| Wolverine Procurement, Inc. | Michigan |
| Wolverine Slipper Group, Inc. | Michigan |
| d/b/a Wolverine Slipper Group | |
| Wolverine Sourcing, Inc. | Michigan |
| Wolverine Sourcing, Ltd. | Cayman Islands |
| Wolverine World Wide Canada ULC | Alberta |
| Wolverine World Wide Europe Limited | England & Wales |
| Wolverine World Wide HK Limited | Hong Kong |
| Wolverine Worldwide Leathers HK Limited | Hong Kong |
| Wolverine Worldwide Leathers, Inc. | Delaware |

**Exhibit 23**

Exhibit 23 – Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos., 33-55213, 33-63689, 33-64854, 333-49523, 333-93563, 333-67462, 333-88898, 333-97917, 333-106973, 333-129202, 333-165201) pertaining to the various stock option, incentive and deferred compensation plans of Wolverine World Wide, Inc. of our reports dated February 29, 2012, with respect to the consolidated financial statements and schedule of Wolverine World Wide, Inc., and the effectiveness of internal control over financial reporting of Wolverine World Wide, Inc., included in this Annual Report on Form 10-K for the year ended December 31, 2011.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 29, 2012

**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 BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
|---|---|
| January 5, 2012 | /s/ Jeffrey M. Boromisa |
| | Jeffrey M. Boromisa |

**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 BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
|---|---|
| January 10, 2012 | /s/ William K. Gerber |
| | William K. Gerber |

**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 BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
|---|---|
| January 10, 2012 | /s/ Alberto L. Grimoldi |
| | Alberto L. Grimoldi |

## POWER OF ATTORNEY

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
| --- | --- |
| January 9, 2012 | /s/ Joseph R. Gromek |
| | Joseph R. Gromek |

## POWER OF ATTORNEY

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| Date | Signature |
| --- | --- |
| January 8, 2011 | /s/ David T. Kollat |
| | David T. Kollat |

## POWER OF ATTORNEY

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| Date | Signature |
| --- | --- |
| January 13, 2012 | /s/ Brenda J. Lauderback |
| | Brenda J. Lauderback |

**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 BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
|---|---|
| January 6, 2012 | /s/ Nicholas T. Long |
| | Nicholas T. Long |

**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 BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
|---|---|
| January 7, 2012 | /s/ David P. Mehney |
| | David P. Mehney |

**POWER OF ATTORNEY**

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
|---|---|
| January 8, 2012 | /s/ Timothy J. O’Donovan |
| | Timothy J. O’Donovan |

**POWER OF ATTORNEY**

The undersigned, in his or her capacity as a director or officer, or both, as the case may be, of Wolverine World Wide, Inc., does hereby appoint BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
| --- | --- |
| January 6, 2012 | /s/ Shirley D. Peterson |
| | Shirley D. Peterson |

**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 BLAKE W. KRUEGER; KENNETH A. GRADY; TIMOTHY E. FOLEY; and DONALD T. GRIMES, or any of them, his or her attorneys or attorney, with full power of substitution, to execute in his or her name an Annual Report of Wolverine World Wide, Inc. on Form 10-K for its fiscal year ended December 31, 2011, and any amendments to that report, and to file it or them with the Securities and Exchange Commission. Each attorney shall have power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act to be done in the premises as fully and to all intents and purposes as the undersigned could do in person, and the undersigned hereby ratifies and approves the acts of such attorneys.

| Date | Signature |
| --- | --- |
| January 9, 2012 | /s/ Michael A. Volkema |
| | Michael A. Volkema |

**Exhibit 31.1**

**CERTIFICATION**

I, Blake W. Krueger, certify that:

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

Date: February 29, 2012

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

**Exhibit 31.2**

**CERTIFICATION**

I, Donald T. Grimes, certify that:

1. I have reviewed this Annual Report on Form 10-K of Wolverine World Wide, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2012

/s/ Donald T. Grimes

Donald T. Grimes
Senior Vice President, Chief Financial Officer and Treasurer
Wolverine World Wide, Inc.

**Exhibit 32**

## CERTIFICATIONS

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Annual Report of the Company on Form 10-K for the accounting period ended December 31, 2011 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

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

/s/ Donald T. Grimes
Donald T. Grimes
Senior Vice President, Chief Financial Officer and Treasurer