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 30, 2017**

or

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

For the transition period from _____ to _____

Commission file number 001-06024

WOLVERINE WORLD WIDE, INC.

(Exact name of registrant as specified in its charter)

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

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 if 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 (§ 229.405 of this chapter) 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the 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 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter: $2,604,753,929. Number of shares outstanding of the registrant's Common Stock, $1 par value as of February 16, 2018: 96,009,236.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held May 3, 2018 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, national, regional or global political, economic and market conditions, and the Company itself. Such statements often contain words such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “is likely,” “plans,” “predicts,” “projects,” “should,” “will,” variations of such words, and similar expressions. Forward-looking statements, by their nature, address matters that are, to varying degrees, uncertain. Uncertainties that could cause the Company’s performance to differ materially from what is expressed in forward-looking statements include, but are not limited to, the following:

- changes in general economic conditions, employment rates, business conditions, interest rates, tax policies and other factors affecting consumer spending in the markets and regions in which the Company’s products are sold;
- the inability for any reason to effectively compete in global footwear, apparel and consumer-direct markets;
- the inability to maintain positive brand images and anticipate, understand and respond to changing footwear and apparel trends and consumer preferences;
- the inability to effectively manage inventory levels;
- increases or changes in duties, tariffs, quotas or applicable assessments in countries of import and export;
- foreign currency exchange rate fluctuations;
- currency restrictions;
- capacity constraints, production disruptions, quality issues, price increases or other risks associated with foreign sourcing;
- the cost and availability of raw materials, inventories, services and labor for contract manufacturers;
- labor disruptions;
- changes in relationships with, including the loss of, significant wholesale customers;
- risks related to the significant investment in, and performance of, the Company’s consumer-direct operations;
- risks related to expansion into new markets and complementary product categories as well as consumer-direct operations;
- the impact of seasonality and unpredictable weather conditions;
- changes in general economic conditions and/or the credit markets on the Company’s distributors, suppliers and retailers;
- increase in the Company’s effective tax rates;
- failure of licensees or distributors to meet planned annual sales goals or to make timely payments to the Company;
- the risks of doing business in developing countries and politically or economically volatile areas;
- the ability to secure and protect owned intellectual property or use licensed intellectual property;
- the impact of regulation, regulatory and legal proceedings and legal compliance risks, including compliance with federal, state and local laws and regulations relating to the protection of the environment, environmental remediation and other related costs, and litigation or other legal proceedings relating to the protection of the environment or environmental effects on human health;
- the potential breach of the Company’s databases, or those of its vendors, which contain certain personal information or payment card data;
- problems affecting the Company’s distribution system, including service interruptions at shipping and receiving ports;
- strategic actions, including new initiatives and ventures, acquisitions and dispositions, and the Company’s success in integrating acquired businesses, and implementing new initiatives and ventures;
- the risk of impairment to goodwill and other intangibles;
- the success of the Company’s restructuring and realignment initiatives; and
- changes in future pension funding requirements and pension expenses.

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

PART I

Item 1. Business

General

Wolverine World Wide, Inc. (the "Company") is a leading designer, marketer and licensor of a broad range of quality casual footwear and apparel, performance outdoor and athletic footwear and apparel, children's footwear, industrial work 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. The Company's products are marketed worldwide in approximately 200 countries and territories through owned operations in the United States ("U.S."), Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures.

Today, 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*®, *Harley-Davidson*®, *Hush Puppies*®, *HyTest*®, *Keds*®, *Merrell*®, *Saucony*®, *Sperry*® and *Wolverine*®. The Company licenses its *Stride Rite*® brand under a global license arrangement. The Company also markets *Merrell*® 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; *Wolverine*® eyewear and gloves; *Keds*® apparel; *Saucony*® apparel and *Sperry*® apparel. *Cat*® is a registered trademark of Caterpillar Inc. and *Harley-Davidson*® is a registered trademark of H-D U.S.A., LLC.

The Company's products generally feature contemporary styling with proprietary technologies designed to provide maximum comfort and performance. The Company believes that its primary competitive advantages are its well-recognized brand names, patented proprietary designs, diverse product offerings and comfort technologies, wide range of distribution channels and diversified manufacturing and sourcing base. 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's products are sold at various price points targeting a wide range of consumers of casual, work, outdoor and athletic footwear and apparel.

The Company's portfolio of brands is organized into the following four operating segments, which the Company has determined to be reportable operating segments. During the second quarter of fiscal 2017, the components within the Wolverine Multi-Brand Group were realigned as the Company transitioned *Stride Rite*® to a global license arrangement, which was effective on July 2, 2017.

- **Wolverine Outdoor & Lifestyle Group**, consisting of *Merrell*® footwear and apparel, *Cat*® footwear, *Hush Puppies*® footwear and apparel, and *Chaco*® footwear;
- **Wolverine Boston Group**, consisting of *Sperry*® footwear and apparel, *Saucony*® footwear and apparel and *Keds*® footwear and apparel;
- **Wolverine Heritage Group**, consisting of *Wolverine*® footwear and apparel, *Bates*® uniform footwear, *Harley-Davidson*® footwear and *HyTest*® safety footwear; and
- **Wolverine Multi-Brand Group**, consisting of the Company's Children's footwear business and the Company's multi-brand consumer-direct businesses. The Children's footwear business includes the *Stride Rite*®licensed business, as well as children's footwear offerings from *Saucony*®, *Sperry*®, *Keds*®, *Merrell*® and *Hush Puppies*®.

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

The Company also reports "Other" and "Corporate" categories. The Other category consists of the Company's leather marketing operations and sourcing operations that include third-party commission revenues. The Corporate category consists of unallocated corporate expenses, including restructuring and other related costs, impairment of intangible assets, organizational transformation costs, and environmental and other related costs. The Company's operating segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions. The operating segment managers all report directly to the chief operating decision maker. The Company's Global Operations Group is responsible for sourcing, distribution, logistics and customer support.

For financial information regarding the Company, see the consolidated financial statements and the accompanying notes, which are included in Item 8 of this Annual Report on Form 10-K. Financial information regarding the Company's reportable segments and other operating categories and financial information by geographic area is found in Note 16 to the consolidated financial statements.

The Company's operating segments and related brands are described in more detail below.

1. **Wolverine Outdoor & Lifestyle Group**

Merrell®: *Merrell®* products (footwear/apparel/accessories) are created to empower amazing outdoor lives. Known for quality, durability, versatility and comfort, *Merrell®* is focused on delivering gear with compelling technologies, performance features and inspired styling for use both on the trail and around town. *Merrell®* footwear offers an assortment of products in strategic categories such as technical hike, trail, run, outdoor fitness, lifestyle and work for both men and women. *Merrell®* footwear is sold in outdoor specialty retailers, sporting goods chains, department stores, internet and catalog retailers as well as *Merrell®* stores and an eCommerce site. *Merrell®* apparel and accessories extend to an active outdoor lifestyle with a versatile line of apparel built for both performance and lifestyle. *Merrell®* apparel features stylized lifestyle silhouettes built with the technical, high performance, weather fighting materials that consumers expect from a premium outdoor brand. *Merrell®* also markets accessories including technical duffels and backpacks.

Cat® Footwear: *Cat®* footwear comes from a world of industry and action. The Company is the exclusive global footwear licensee of Caterpillar Inc., and for over two decades, *Cat®* footwear has been designing and engineering quality footwear that lives up to the hard-working reputation of the Caterpillar® brand. *Cat®* footwear originally created a small collection of rugged work boots designed to provide workers with comfort and durability that met the challenges of the worksite. Today, *Cat®* footwear offers a wide range of footwear, including work boots, casual shoes and women's fashion product - sold through a global distribution network. *Cat®*, *Caterpillar®*, *Build For It®*, "Caterpillar Yellow" and "Power Edge" are registered trademarks of Caterpillar Inc.

Hush Puppies®: In 1958, *Hush Puppies®* introduced the world to shoes with casual style and an easygoing attitude made to relax in. The desire to create customers' "favorite pair of shoes" remains the measurement of success for *Hush Puppies®*. Inspired by its beloved basset hound icon, *Hush Puppies®* is easygoing and fun. Built-in comfort and fit features and proprietary technologies have made *Hush Puppies®* a brand well known for comfort. In addition to a wholesale and licensed footwear business, the *Hush Puppies®* brand is licensed to third parties engaged in the manufacturing, marketing and distribution of apparel, handbags, eyewear, socks, watches and plush toys sold around the world.

Chaco®: The *Chaco®* footwear line focuses primarily on performance sandals and closed-toe products for the outdoor enthusiast, including the *Chaco®* proprietary LUVSEAT™ footbed for premium comfort. The brand's products are distributed primarily through leading outdoor and footwear specialty retailers, as well as the *Chaco®* eCommerce site. *Chaco®* also features MyChacos custom designs for sandals.

2. **Wolverine Boston Group**

Sperry®: *Sperry®* is a leading global nautical performance and lifestyle brand offering footwear, apparel and accessories to a broad range of consumers. The brand has been an American favorite since 1935 with the introduction of the industry's first boat shoe. Today, *Sperry®* remains the leader in the boat shoe category, but has also expanded its business into casuals, dress casuals, wet weather, boots and vulcanized product categories. *Sperry®* has evolved into a well-balanced, multi-category (footwear, apparel and accessories) and year-round lifestyle brand for men and women. *Sperry®* also offers sport-specific and athlete-tested performance footwear solutions for sailors, boaters, anglers and multi-water sports enthusiasts. The Advance Water Technologies™ product collection featuring *ASV™ (Anti-Shock and Vibration)*, *Grip X3 Technology®* and *SON-R Technology®* has allowed *Sperry®* to reinforce its position as an innovation leader in these categories. The brand is primarily distributed through leading premium and better lifestyle retailers, as well as through Company-owned specialty retail stores and website.

Saucony®: *Saucony®* is a leading performance running brand with roots dating back to 1898. *Saucony®* targets both elite and casual runners through award winning design, innovation and performance technology. The brand is focused on meeting the biomechanical needs of runners while maximizing comfort and protection, bringing to market innovations such as: *EVERUN®*, a cushioning technology system; *PowerGrid™* and PWRGRID+™ midsole technologies; *Sauc-Fit®*, *ComfortLite Sock Liner™*, *HydraMAX™* and ISO-Fit™ upper technologies; and *iBR+™* and *XT-900™* outsole material innovations. *Saucony®* offers five categories of footwear products – technical, race, trail, Life on the Run and lifestyle "Originals". *Saucony®* also offers the Total Run System™, a complete line of performance running apparel. Through the Find Your Strong™ brand platform, *Saucony®* is strengthening connections with consumers and elevating the positioning of the brand. The brand's products are distributed primarily through leading run specialty, sporting goods retailers, as well as *Saucony®* stores and an eCommerce site.

Keds®: *Keds®* is an authentic casual lifestyle brand brought to life in 1916 with its simple, yet chic take on canvas footwear. Emerging from its popularity came the iconic *Champion®* sneaker, a shoe that soon ignited a style revolution, popularized by everyone from fashion icons to the girl next door. Today, *Keds®* remains a true American brand, rooted in female empowerment and fueled by a passion for inspiring a new generation of ladies. The brand's product architecture targets young women consumers with both core offerings and seasonal iterations featuring updated prints, patterns, materials and constructions on lace-up and slip-on silhouettes, all designed specifically for a woman's foot. *Keds®* continues to inspire loyalty through purposeful, innovative and classic, yet modernized footwear and its unwavering support for putting ladies first.

3. **Wolverine Heritage Group**

Wolverine®: The *Wolverine®* brand offers high-quality boots and shoes that incorporate innovative technologies to deliver comfort and durability. The *Wolverine®* brand, in existence since 1883, markets footwear in three categories: (i) work and industrial; (ii) rugged outdoor for hunting; and (iii) lifestyle and heritage. The development of *DuraShocks®*, *MultiShox®*, *Wolverine Fusion®* and *Wolverine Compressor®* technologies, as well as the development of the *Contour Welt®* line, allows the *Wolverine®* brand to offer a broad line of footwear with a focus on comfort. The *Wolverine®* work product line targets industrial workers and focuses on work boots and shoes with protective features such as toe caps, metatarsal guards and electrical hazard protection. The *Wolverine®* rugged outdoor product lines incorporate *DuraShocks®* and other technologies and comfort features into products designed for outdoor sport use and to meet the needs of hunters, fishermen and other active outdoor sports enthusiasts. The brand's lifestyle and heritage line targets consumers that have active lifestyles. The brand also markets a line of work and rugged casual *Wolverine®* brand apparel, and licenses its *Wolverine®* brand for use on eyewear, gloves and socks.

Bates®: The *Bates®* brand is a leader in supplying footwear to military and civilian uniform wearers. *Bates®* utilizes *DuraShocks®*, *Bates iCS®*, *Bates Endurance Performance System* and other proprietary comfort technologies in the design of its footwear. *Bates®* supplies military footwear to several foreign countries. Civilian uniform users include police officers, security and emergency medical services workers, and others in light industrial occupations. *Bates®* products are distributed through sporting goods chains, department stores, uniform specialty retailers and catalog retailers.

Harley-Davidson® Footwear: Pursuant to a license arrangement with the Harley-Davidson Motor Company, Inc., 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 U.S.A., LLC.

HyTest® Safety Footwear: The *HyTest®* product line consists 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, electrical hazard protection, 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.

4. **Wolverine Multi-Brand Group**

Children's Footwear - The Children's footwear business includes the *Stride Rite®* licensed business, as well as children's footwear offerings from *Saucony®*, *Sperry®*, *Keds®*, *Merrell®* and *Hush Puppies®*. With a history dating back to 1919, *Stride Rite®* is an industry leader in children's footwear. The Company signed a multi-year license agreement in 2017 to license the *Stride Rite®* brand. Children's footwear offerings from *Saucony®*, *Sperry®*, *Keds®*, *Merrell®* and *Hush Puppies®* are sold through its owned wholesale channel, consumer-direct websites and by a license partner.

Multi-brand Consumer-Direct - The multi-brand consumer-direct division includes brick and mortar and eCommerce operations that sell and distribute footwear and apparel from the Company's brand portfolio and other brands.

Other Businesses

In addition to its reportable segments, the Company also operates a performance leather business.

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 also sold to external footwear brands.

Marketing

The Company's marketing strategy is to develop brand-specific plans and related promotional materials that foster a consistent message for each of the Company's core brands across the globe. Each operating segment has dedicated marketing personnel who develop the marketing strategies for specific brands. Marketing campaigns and strategies vary by brand, but are generally designed to target consumers in order 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 attributes of the Company's brands and products. Components of brand-specific marketing plans vary and may include print and radio advertising, search engine optimization, social networking sites, event sponsorships, in-store point-of-purchase displays, promotional materials and sales and technical assistance.

In addition to the Company's internal marketing efforts, each brand provides its third-party licensees and distributors with creative direction, brand images and other materials to convey globally consistent brand messaging, including (i) direction on the categories of footwear and apparel to be promoted; (ii) photography and layouts; (iii) broadcast advertising, including commercials and film footage; (iv) point-of-purchase 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, along with its licensees and distributors, make significant marketing investments to promote and enhance the market position of its products and drive brand awareness.

Domestic Sales and Distribution

The Company uses a variety of means to support sales to a variety of domestic distribution channels:

- The Company uses a dedicated sales force and customer service team, third party sales representatives and point-of-purchase materials to support domestic sales.
- The Company maintains core in-stock inventories to service department stores, national chains, specialty retailers, catalog retailers, independent retailers, uniform outlets and its own consumer-direct business.
- The Company uses volume direct programs to ship products directly to the retail customer without going through a Company distribution center and provide products at competitive prices to service major retail, catalog, mass merchant and government customers.
- The Company also operates brick and mortar retail stores and eCommerce websites.

A broad distribution base insulates the Company from dependence on any one customer. No single customer accounted for more than 10% of the Company's consolidated revenue in fiscal 2017 or fiscal 2016.

Seasonality

The Company experiences moderate fluctuations in sales volume during the year, as reflected in quarterly revenue. 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 net working capital requirements near the end of the first and third fiscal quarters. The Company meets its working capital requirements through internal operating cash flows and, as needed, the Revolving Credit Facility, as discussed in more detail under the caption "Liquidity and Capital Resources" in Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operations".

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 certain countries in continental Europe and Asia-Pacific; (ii) revenue from third-party distributors for certain markets and businesses; (iii) revenue from a network of third-party licensees; and (iv) revenue and income from joint ventures that market the Company's branded products in certain countries in South America and Mexico. The Company's international 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 generate sales in other markets without the capital commitment required to maintain related foreign operations, employees, inventories or localized marketing programs. The Company believes that joint ventures will provide it with a more meaningful ownership stake and near-term brand impact in fast-growing markets than its traditional licensee and distributor arrangements.

The Company continues to develop its international network of third-party licensees and distributors to market its branded products. The Company assists its licensees in designing products that are appropriate to each foreign market, yet consistent with global brand positioning. Pursuant to license or distribution 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 the Company's 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 sourced under the Company's brand names. The Company's licensees directly control the balance. Substantially all of the units sourced by the Company are procured from numerous third-party manufacturers in the Asia Pacific region. The Company maintains offices in the Asia Pacific region to develop and facilitate sourcing strategies. 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 and Sources," a policy that requires the Company's domestic and foreign manufacturers, licensees and distributors to 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. 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 raw material is quality leather, which it purchases from a select group of domestic and foreign suppliers. The widespread availability of common upper materials and specialty leathers eliminates reliance by the Company on a single 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 50 years. Alternative sources of raw pigskin are available, but the Company believes these sources offer 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.

Trademarks, Licenses and Patents

The Company holds a significant portfolio of registered and common law trademarks that identify its branded products and technologies. The Company's owned trademarks include *Hush Puppies*®, Dog Likeness (registered design trademark), *Wolverine*®, *Bates*®, *Chaco*®, *Soft Style*®, *Wolverine Fusion*®, *DuraShocks*®, *MultiShox*®, *Wolverine Compressor*®, *Wolverine ICS*®, *Hidden Tracks*®, *iTechnology*™, *Bounce*®, *Comfort Curve*®, *HyTest*®, *Merrell*®, M Circle Design (registered design trademark), *Continuum*®, *Q Form*®, *Sperry*®, *Saucony*®, *Stride Rite*® and *Keds*®. 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*® and *Harley-Davidson*® trademarks pursuant to license arrangements with the respective trademark owners. The *Cat*® license extends for more than five years and the *Harley-Davidson*® license has a term through December 31, 2020. Both licenses 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 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 protects its proprietary rights under applicable laws.

Order Backlog

At February 18, 2018, the Company had an order backlog of approximately $913 million compared to an order backlog of approximately $979 million at February 19, 2017. The February 19, 2017 order backlog contains $52 million related to fiscal 2017 divestitures. Substantially all of the backlog relates to orders for products expected to ship in fiscal 2018. 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 footwear marketers, some of whom are larger and have greater resources than the Company. 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 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. The non-athletic footwear and apparel markets 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 that have been incorporated into the Company's footwear. The Company also utilizes the research and testing capabilities of the *Saucony*® human performance and innovation lab, with a particular focus on quantifying the interaction between footwear and runners' strides. 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

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 foreign and domestic federal, state and local agencies from time to time to resolve cleanup issues at various sites and other regulatory issues.

Employees

As of December 30, 2017, the Company had approximately 3,700 domestic and foreign production, office and sales employees. 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 upon request, 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 at *www.wolverineworldwide.com/investor-relations*, 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

Risks Related to the Company's Business

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

The Company's 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 in each of the markets and regions in which the Company or its third-party distributors and licensees operates. Customers may defer or cancel purchases of the Company's products due to uncertainty about global economic conditions. Disposable income and consumer spending 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, declines in consumer confidence or other factors. A decline in disposable income and consumer spending could adversely affect demand for the Company's products.

The Company operates in competitive industries and markets.

The Company competes with a large number of wholesalers, and retailers of footwear and apparel, and consumer-direct footwear and apparel companies. Many of the Company's competitors have greater resources and larger customer and consumer bases, are able to sell their products at lower prices, or have greater financial, technical or marketing resources than the Company, particularly its competitors in the apparel and consumer-direct businesses. The Company's competitors may own more recognized brands; 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. 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, its results of operations and financial position may be adversely affected.

The Company's operating results could be adversely affected if it is unable to maintain its brands' positive images with consumers or anticipate, understand and respond to changing footwear and apparel trends and consumer preferences.

Consumer preferences and, as a result, the popularity of particular designs and categories of footwear and apparel, generally change over time. The Company's success depends in part on its ability to maintain its brands' positive images, and the ability to anticipate, understand and respond to changing footwear and apparel trends and consumer preferences in a timely manner. The Company's efforts to maintain and improve its competitive position by monitoring and timely and appropriately responding to changes in consumer preferences, increasing brand awareness, gaining sourcing efficiencies, and enhancing the style, comfort and perceived value of its products may not be successful. If the Company is unable to maintain or enhance the images of its brands or if it is unable to timely and appropriately respond to changing consumer preferences and evolving footwear and apparel trends, consumers may consider its brands' images to be outdated, associate its brands with styles that are no longer popular and decrease demand for its products. Such failures could result in reduced sales, excess inventory, trade name impairments, lower gross margin and adverse impacts on the Company's operating results.

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

The Company's ability to effectively manage its inventories and accurately forecast demand are important factors in its operations. Inventory shortages can impede the Company's ability to meet demand, adversely affect the timing of shipments to customers and, consequently, adversely affect business relationships with retail customers, diminish brand loyalty and decrease sales.

Conversely, excess inventory can result in lower gross margins if the Company lowers prices in order to liquidate it. In addition, inventory may become obsolete as a result of changes in consumer preferences over time. The Company's business, results of operations and financial position could be adversely affected if it 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., Canada, the European Union and other countries are subject to customs duties collected by customs authorities. The customs information submitted by the Company is routinely subject to review by customs authorities and any such review might result in the assessment of additional duties or penalties. Additional U.S. or foreign customs duties, quotas, tariffs, anti-dumping duties, safeguard measures, cargo restrictions, the loss of most favored nation trading status 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 countries where the Company operates, as well as in countries where its third-party distributors and licensees operate, could result in increases in the cost of the Company's products generally and adversely affect its sales and profitability.

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

Foreign currency exchange rate fluctuations affect the Company's revenue and profitability. Changes in foreign currency exchange rates may impact the Company's financial results positively or negatively in any given period, which may make it difficult to compare the Company's operating results from different periods. Foreign currency exchange rate fluctuations may also adversely impact third parties that manufacture the Company's products by increasing their costs of production and raw materials and making such costs more difficult to finance, thereby raising prices for the Company, its distributors and its licensees. The Company's hedging strategy may not successfully mitigate the Company's foreign currency exchange rate risk. For a more detailed discussion of the risks related to foreign currency exchange rate fluctuations, see Item 7A: "Quantitative and Qualitative Disclosures About Market Risk."

In addition, our foreign subsidiaries purchase products in U.S. dollars and the cost of those products will vary depending on the applicable foreign currency exchange rate, which will impact the price charged to customers. The Company’s foreign distributors also purchase products in U.S. dollars and sell in local currencies, which impacts the price to foreign consumers and in turn, impacts the amount of royalties paid to the Company in U.S. dollars. As the U.S. dollar strengthens relative to foreign currencies, the Company's revenues and profits are reduced when converted into U.S. dollars and the Company's margins may be negatively impacted by the increase in product costs. Although the Company typically has sought to mitigate the negative impacts of foreign currency exchange rate fluctuations through price increases and further actions to reduce costs, the Company may not be able to fully offset the impact, if at all. The Company’s success depends, in part, on its ability to manage these various foreign currency impacts as changes in the value of the U.S. dollar relative to other currencies could have a material adverse effect on the Company’s business and results of operations.

Significant capacity constraints, production disruptions, quality issues, price increases and other risks associated with foreign sourcing could increase the Company’s operating costs and adversely impact the Company’s business and reputation.

The Company currently sources a substantial majority of its products from third-party manufacturers in foreign countries, predominantly in the Asia Pacific region. As is common in the footwear and apparel industry, the Company does not have long-term contracts with its third-party manufacturers. There can be no assurance that the Company will not experience difficulties with such manufacturers, including reductions in the availability of production capacity, failures to meet production deadlines, failure to make products that meet applicable quality standards, or increases in manufacturing costs. The Company’s future results depend partly on its ability to maintain its relationships with third-party manufacturers.

Foreign manufacturing is subject to a number of risks, including work stoppages, transportation delays and interruptions, political instability, foreign currency exchange rate 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 it sources its products, or a shift in these countries' manufacturing capacities 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.

Increases in the cost of raw materials, labor and services could adversely affect the Company’s results of operations.

The Company’s ability to competitively price its products and, as a result, its operating results are dependent on the prices of commodities, such as cotton, leather, rubber, petroleum, cattle, pigskin hides, and other raw materials, used to make and transport its products, as well as the prices of equipment, labor, insurance and health care. The cost of commodities, equipment, services and materials is subject to change based on availability and general economic 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. Increases in costs for commodities, equipment, services and materials used in production could have a negative impact on the Company’s results of operations and financial position.

The Company purchases pigskin hides for its leathers operations from a single domestic source pursuant to short-term contracts. If this source fails to continue to supply the Company with raw pigskin or supplies the Company with raw pigskin on less favorable terms, the Company’s cost of raw materials for its leathers operations could increase and, as a result, have a negative impact on the Company’s results of operations and financial position.

Labor disruptions could adversely affect the Company’s business.

The Company’s business depends on its ability to source and distribute products in a timely and cost-effective manner. Labor disputes at or that affect independent factories where the Company’s goods are produced, shipping ports, such as the 2015 labor dispute at west coast U.S. ports, tanneries, transportation carriers, retail stores or distribution centers create significant risks for the Company’s business, particularly if these disputes result in work slowdowns, stoppages, lockouts, strikes or other disruptions. Any such disruption may have a material adverse effect on the Company’s business by potentially resulting in inventory shortages, delayed or canceled orders by customers and unanticipated inventory accumulation, and may negatively impact the Company’s results of operations and financial position.

A significant reduction in wholesale customer purchases of the Company’s products, wholesale customers seeking more favorable terms or failure of wholesale 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 dependent on its wholesale customers continuing to purchase its products. The Company does not typically have long-term contracts with its wholesale customers. Sales to the Company’s wholesale customers are generally on an order-to-order basis and are subject to rights of cancellation and rescheduling by the wholesale customers. Failure to fill wholesale customers' orders in a timely manner could harm the Company's relationships with its wholesale customers. Furthermore, if any of the Company's major wholesale customers experiences a significant downturn in its business, or fails to remain committed to the Company's products or brands, these wholesale customers 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 wholesale customers and extends credit based on an evaluation of each wholesale customer's financial condition. The financial difficulties of a wholesale customer could cause the Company to stop doing business with that wholesale customer or reduce its business with that wholesale customer. The Company's inability to collect from its wholesale customers or a cessation or reduction of sales to certain wholesale customers because of credit concerns could have an adverse effect on the Company's business, results of operations and financial position.

Retail consolidation could lead to fewer wholesale customers, wholesale 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 eCommerce and related competitive pressures, and 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's consumer-direct operations have required, and will continue to require, a substantial investment and commitment of resources and are subject to numerous risks and uncertainties.

The Company's consumer-direct operations, including its brick and mortar locations as well as its eCommerce and mobile channels, have required substantial fixed investment in equipment and leasehold improvements, information systems, inventory and personnel. The Company has also made substantial operating lease commitments for retail space. Due to the high fixed-cost structure associated with the Company's brick and mortar consumer-direct operations, a decline in sales or the closure or poor performance of individual or multiple stores could result in significant lease termination costs, write-offs of equipment and leasehold improvements, and employee-related costs. The success of our consumer-direct operations also depends on the Company's ability to identify and adapt to changes in consumer spending patterns and retail shopping preferences, including the shift from brick and mortar to eCommerce and mobile channels, reductions in mall traffic, and the Company's ability to effectively develop its eCommerce and mobile channels. The Company's failure to successfully respond to these factors could adversely affect the Company's consumer-direct business, as well as damage its reputation and brands, and could materially affect the Company's results of operations and financial position.

Expanding the Company's brands into new markets and product categories and re-aligning its consumer-direct operations may be difficult and costly, and unsuccessful efforts to do so may adversely affect the Company's brands and business.

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

Part of the future growth and profitability of the Company's consumer-direct operations is significantly dependent on the Company's ability to close underperforming stores and successfully develop its eCommerce and mobile platforms. The Company cannot be sure whether its eCommerce and mobile platforms will be successful, whether it will be able to terminate existing store leases in a cost-effective manner, or whether it will recapture lost sales from closed retail store locations through its wholesale, eCommerce or mobile businesses. The closure of stores and the failure to recapture sales from closed retail store locations could adversely impact the Company's operations and financial position.

Unseasonable or extreme weather conditions could adversely affect the Company's results of operations.

The Company markets and sells footwear and apparel suited for specific seasons, such as sandals and flats for the summer season and boots for the winter season. If the weather conditions for a particular season vary significantly from those typical for that season, such as an unusually cold and rainy summer or an unusually warm and dry winter, consumer demand for seasonally appropriate products could be adversely affected. Lower demand for seasonally appropriate products may result in excess inventory, forcing the Company to sell these products at significantly discounted prices, which would adversely affect the Company's results of operations. Conversely, if weather conditions permit the Company to sell seasonal products early in the season, this may reduce inventory levels needed to meet customers' needs later in that same season. Consequently, the Company's results of operations are highly dependent on future weather conditions and its ability to react to changes in weather conditions.

Extreme weather conditions can also adversely impact the Company's business, results of operations and financial position. If extreme weather events forced closures of, or disrupted operations at, distribution centers maintained by the Company or third parties, the Company could incur higher costs and experience longer lead times to distribute its products on a timely basis to the Company's retail stores, wholesale customers or eCommerce consumers. In addition, consumer traffic may be reduced as a result of extreme weather conditions and a decrease in shopping traffic could have an adverse effect on the Company’s results of operations and financial position.

Changes in general economic conditions and/or the credit markets affecting our distributors, suppliers and retailers could adversely affect the Company’s results of operations and financial position.

Changes in general economic conditions and/or the credit markets could adversely impact the Company’s future results of operations and financial position. Negative trends in global economic conditions may adversely impact our third-party distributors’, suppliers’ and retailers’ ability to meet their obligations to provide the Company with the materials and services it needs at the prices, terms or levels as such third-parties have historically, which could adversely impact the Company’s ability to meet our consumers’ demands and, in turn, our results of operations and financial position.

In addition, 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.

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. As a result, the Company’s income tax expense has historically differed from the tax computed at the U.S. statutory income tax rate due to discrete items and because the Company did not provide for U.S. taxes on earnings it considered to be permanently reinvested in foreign operations. The Company’s future effective tax rates could be unfavorably affected by a number of factors, including, but not limited to, 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; or decreases in the amount of earnings in countries with low statutory tax rates. An increase in the Company’s effective tax rate could have a material adverse effect on its 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 its provision for income taxes and establishes reserves for potential adjustments that may result from these examinations. 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 third-party 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 third-party 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. If a change in licensee or distributor becomes necessary, it may be difficult and costly to locate an acceptable substitute distributor or licensee and 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 ethical standards.

The Company cannot ensure that its independent contract manufacturers, third-party distributors, third-party licensees and others with which it does business comply with all applicable laws and ethical standards relating to working conditions and other matters. If a party with which the Company does business is found to have violated applicable laws or ethical standards, the Company could receive negative publicity that could damage its reputation, negatively affect the value of its brands and subject the Company to legal risks.

In addition, the Company relies on its third-party licensees to help preserve the value of the Company’s brands. The Company’s attempts to protect its brands through approval rights over design, production processes, quality, packaging, merchandising, distribution, advertising and promotion of its licensed products may not be successful as the Company cannot completely control the use by its licensees of its licensed brands. The misuse of a brand by a licensee could adversely affect the value of such brand.

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

The Company’s products are marketed in approximately 200 countries and territories, and the Company sources a substantial majority of its products from foreign countries. Concerns regarding acts of terrorism or regional and international conflicts 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.

In addition, an economic downturn, whether actual or perceived, a further decrease in economic growth rates or an otherwise uncertain economic outlook in China or any other market in which the Company operates could have a material adverse effect on the Company. The Company cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery, worldwide, in China or any other market in which the Company operates, or in its industry.

The Company is also subject to risks related to doing business in developing countries and economically volatile areas. These risks include social, political and economic instability; nationalization by local governmental authorities of the Company’s, its distributors’, or its licensees’ assets and operations; 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 unfavorable 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.

Global capital markets could enter a period of severe disruption and instability, which could have a material adverse effect on debt and equity markets in the United States, which in turn could have a materially negative impact on the Company’s business, financial condition and results of operations.

The U.S. and global capital markets have experienced periods of disruption characterized by the freezing of available credit, a lack of liquidity in the debt capital markets, significant losses in the principal value of investments, the re-pricing of credit risk in the broadly syndicated credit market, the failure of major financial institutions and general volatility in the financial markets. During these periods of disruption, general economic conditions deteriorated with material and adverse consequences for the broader financial and credit markets, and the availability of debt and equity capital for the market as a whole, and financial services firms in particular, was reduced significantly. These conditions may recur for a prolonged period of time or materially worsen in the future.

The Company may in the future have difficulty accessing capital, and a severe disruption in the global financial markets, deterioration in credit and financing conditions or uncertainty regarding U.S. government spending and deficit levels, European sovereign debt, Chinese economic slowdown or other global economic conditions could have a material adverse effect on our business, financial condition and results of operations.

If the Company is unsuccessful in establishing and protecting its intellectual property, the value of its brands could be adversely affected.

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 U.S. and internationally for all of the Company’s 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 U.S. laws do.

The Company’s business could be significantly harmed if it is not able to protect its intellectual property or if a court found it to be 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. If the Company does not prevail on any intellectual property claims, then 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. These agreements also expire by their terms and as the agreements expire, the Company may be forced to stop selling the related products. Expiration or early termination by the licensor of any of these license agreements could have a material adverse effect on the Company’s business, results of operations and financial position.

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 markets, 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's business, results of operations and financial position.

Changes in employment laws and regulations and other related changes may lead to higher employment and pension costs for the Company.

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 and retirement benefits, including U.S.-based defined benefit pension plans. 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 or mortality assumptions used to determine the annual service cost related to the defined benefit plans, a change in the 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.

The Company's marketing programs, eCommerce initiatives and use of consumer information are governed by an evolving set of laws, industry standards and enforcement trends and unfavorable changes in those laws, standards or trends, or the Company's failure to comply with existing or future laws, could substantially harm the Company's business and results of operations.

The Company collects, maintains and uses data provided to it through its online activities and other consumer interactions in its business. The Company's current and future marketing programs depend on its ability to collect, maintain and use this information, and its ability to do so is subject to certain contractual restrictions in third party contracts as well as evolving international, federal and state laws, industry standards and enforcement trends. The Company strives to comply with all applicable laws and other legal obligations relating to privacy, data protection and consumer protection, including those relating to the use of data for marketing purposes. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, may conflict with other rules or may conflict with the Company's practices. If so, the Company may suffer damage to its reputation and be subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt the Company's reputation, force it to spend significant amounts to defend its practices, distract its management, increase its costs of doing business, and result in monetary liability.

In addition, as data privacy and marketing laws change, the Company may incur additional costs to ensure it remains in compliance. If applicable data privacy and marketing laws become more restrictive at the federal or state level, the Company's compliance costs may increase, the Company's ability to effectively engage customers via personalized marketing may decrease, its opportunities for growth may be curtailed by its compliance capabilities or reputational harm and its potential liability for security breaches may increase.

Because the Company processes and transmits payment card information, the Company is subject to the Payment Card Industry ("PCI") Data Security Standard (the "Standard"), and card brand operating rules ("Card Rules"). The Standard is a comprehensive set of requirements for enhancing payment account data security that was developed by the PCI Security Standards Council to help facilitate the broad adoption of consistent data security measures. The Company is required by payment card network rules to comply with the Standard, and the Company's failure to do so may result in fines or restrictions on its ability to accept payment cards. Under certain circumstances specified in the payment card network rules, the Company may be required to submit to periodic audits, self-assessments or other assessments of its compliance with the Standard. Such activities may reveal that the Company has failed to comply with the Standard. If an audit, self-assessment or other test determines that the Company needs to take steps to remediate any deficiencies, such remediation efforts may distract the Company's management team and require it to undertake costly and time consuming remediation efforts. In addition, even if the Company complies with the Standard, there is no assurance that it will be protected from a security breach. Further, changes in technology and processing procedures may result in changes in the Card Rules. Such changes may require the Company to make significant investments in operating systems and technology that may impact business. Failure to keep up with changes in technology could result in loss of business. Failure to comply with the Standard or Card Rules could result in losing certification under the PCI standards and an inability to process payments.

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. Disruption to the Company's information technology systems may be caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, denial-of-service attacks, computer viruses, physical or electronic break-ins, or similar events or disruptions. System redundancy may be ineffective or inadequate, and the Company's disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could prevent access to the Company's online services and preclude store transactions. System failures and disruptions could also impede the manufacturing and shipping of products, transactions processing and financial reporting. Additionally, the Company may be materially adversely affected if it is unable to improve, upgrade, maintain, and expand its technology systems.

The Company's and its vendors' databases containing personal information and payment card data of the Company's customers, employees and other third parties, could be breached, which could subject the Company to adverse publicity, litigation, fines and expenses. If the Company is unable to comply with bank and payment card industry standards, its operations could be adversely affected.

The protection of the Company's customer, associate and Company data is critically important to the Company. The Company relies on its networks, databases, systems and processes, as well as those of third parties such as vendors, to protect its proprietary information and information about its customers, employees and vendors. The Company's customers and associates have a high expectation that the Company will adequately safeguard and protect their sensitive personal information. The Company has become increasingly centralized and dependent upon automated information technology processes. In addition, a portion of the Company's business operations is conducted electronically, increasing the risk of attack or interception that could cause loss or misuse of data, system failures or disruption of operations. If unauthorized parties gain access to these networks or databases, they may be able to steal, publish, delete or modify the Company's private and sensitive third-party or employee information. Improper activities by third parties, exploitation of encryption technology, new data-hacking tools and discoveries and other events or developments may result in a future compromise or breach of the Company's networks, payment card terminals or other payment systems. In particular, the techniques used by criminals to obtain unauthorized access to sensitive data change frequently and often are not recognized until launched against a target; accordingly, the Company may be unable to anticipate these techniques or implement adequate preventative measures. Any failure to maintain the security of the Company's customers' sensitive information, or data belonging to it or its suppliers, could put it at a competitive disadvantage, result in deterioration of its customers' confidence in it, and subject it to potential litigation, liability, fines and penalties, resulting in a possible material adverse impact on its financial condition and results of operations. While the Company maintains insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses and would not remedy damage to its reputation. In addition, employees may intentionally or inadvertently cause data or security breaches that result in unauthorized release of personal or confidential information. In such circumstances, the Company could be held liable to its customers, other parties or employees, be subject to regulatory or other actions for breaching privacy laws or failing to adequately protect such information or respond to a breach. This could result in costly investigations and litigation, civil or criminal penalties, operational changes and negative publicity that could adversely affect the Company's reputation and its results of operations and financial position. In addition, if the Company is unable to comply with bank and PCI security standards, it may be subject to fines, restrictions and expulsion from card acceptance programs, which could adversely affect the Company's consumer-direct operations.

If the Company encounters problems affecting its logistics and distribution systems, its ability to deliver its products to the market could be adversely affected.

The Company relies on owned or independently operated distribution facilities to transport, warehouse and ship products to its customers. The Company's logistic and distribution systems include computer-controlled and automated equipment, which may be subject to a number of risks related to security or computer viruses, the proper operation of software and hardware, power interruptions or other system failures. Substantially all of the Company's products are distributed from a relatively small number of locations. Therefore, its operations could be interrupted by earthquakes, floods, fires or other natural disasters near its distribution centers. The Company's business interruption insurance may not adequately protect the Company from the adverse effects that could be caused by significant disruptions affecting its distribution facilities, such as the long-term loss of customers or an erosion of brand image. In addition, the Company's distribution capacity is dependent on the timely performance of services by third parties, including the transportation of products to and from the Company's distribution facilities. If the Company encounters problems affecting its distribution system, its results of operations and its ability to meet customer expectations, manage inventory, complete sales and achieve operating efficiencies could be materially adversely affected.

The Company's business depends on effective marketing, advertising and promotional programs.

Consumer traffic and demand for our merchandise is influenced by the Company's advertising, marketing and promotional activities, the name recognition and reputation of its brands. Although the Company uses marketing, advertising and promotional programs to attract consumers through various media, including social media, database marketing and print, our competitors may spend more or use different approaches, which could provide them with a competitive advantage. The Company's promotional activity and other programs may not be effective, may be perceived negatively or could require increased expenditures, which could adversely impact the Company's business, results of operations and financial position.

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; not obtaining the expected benefits; 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 or result in dilutive issuances of its equity securities, write-offs of goodwill and substantial amortization expenses associated with other intangible assets. The Company may not be able to obtain financing for future acquisitions on favorable terms, making any such acquisitions more expensive. Any such financing may have 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 its operations and achieve the expected benefits of any acquisitions. In addition, the Company may not consummate a potential acquisition for a variety of reasons, but it may nonetheless incur material costs in the preliminary stages of such an acquisition that it cannot recover. The failure to successfully integrate newly acquired businesses or achieve the expected benefits of strategic acquisitions in the future, or consummate a potential acquisition after incurring material costs, could have an adverse effect on the Company's business, results of operations and financial position.

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 the Company's 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.

An impairment of goodwill or other intangibles could have an adverse material impact to the Company's results of operations.

The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other intangibles represents the fair value of trade names and other acquired intangibles as of the acquisition date. Goodwill and other acquired intangibles expected to contribute indefinitely to the Company's cash flows are not amortized, but must be evaluated by the Company at least annually for impairment. If the carrying amounts of one or more of these assets are not recoverable based upon discounted cash flow and market-approach analyses, the carrying amounts of such assets are impaired by the estimated difference between the carrying value and estimated fair value. An impairment charge could materially affect the Company's results of operations.

There is no assurance that the Company will be able to successfully implement its restructuring plans.

In 2017, 2016 and 2014, the Company initiated specific restructuring and organization transformation plans. There can be no assurance that the Company will successfully realize some or all of the estimated profitability improvements or other benefits from these plans. There is also no assurance that the Company will be able to re-invest any future cost savings generated from the plans into other initiatives or that any such investment will improve the Company's operations.

Changes in government regulation may increase the Company's costs of compliance and failure to comply with government regulations or other standards may adversely affect its brands and business.

The Company's business is affected by changes in government and regulatory policies in the U.S. 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. Failure to comply with such regulations, as well as comply with ethical, social, product, labor and environmental standards, could also jeopardize the Company's reputation and potentially lead to various adverse consumer actions, including boycotts. Any negative publicity about these types of concerns may reduce demand for the Company's products. Damage to the Company's reputation or loss of consumer confidence for any of these or other reasons could adversely affect the Company's results of operations, as well as require additional resources to rebuild its reputation and brand value.

The Company's operations are subject to environmental and workplace safety laws and regulations, and costs or claims related to these requirements could adversely affect the Company's business.

The Company's operations are subject to various federal, state and local laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air, soil and water, the management and disposal of solid and hazardous materials and wastes, employee exposure to hazards in the workplace, and the investigation and remediation of contamination resulting from releases of hazardous materials. Failure to comply with legal requirements could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Various third parties could also bring actions against the Company alleging health-related or other harm arising from non-compliance. The

Company may incur investigation, remediation or other costs related to releases of hazardous materials or other environmental conditions at its currently or formerly owned or operated properties, regardless of whether such environmental conditions were created by the Company or a third-party, such as a prior owner or tenant. The Company has incurred, and continues to incur, costs to address soil and groundwater contamination at some locations. If such issues become more expensive to address, or if new issues arise, they could increase the Company’s expenses, generate negative publicity, or otherwise adversely affect the Company.

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

The Company may in the course of business be named as 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, results of operations and financial position. 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 the defense of such proceedings.

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 Delaware General Corporation Law, as well as the Company’s certificate of incorporation and bylaws, could discourage, delay or prevent a merger, acquisition or other change in control of the Company. These provisions are intended to provide the Company’s Board of Directors with continuity and also serve to encourage negotiations between the Company’s Board of Directors and any potential hostile acquirer. 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 that may be beneficial to the Company’s stockholders.

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 results of operations and financial position, or a change in opinion 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 also could adversely affect the value of the Company’s common stock.

The Company’s quarterly sales and earnings may fluctuate, and the Company or securities analysts may not accurately estimate the Company’s financial results, which may result in volatility in, or a decline in, the Company's stock price.

The Company’s quarterly sales and earnings can vary due to a number of factors, many of which are beyond the Company’s control, including the following:

- In the wholesale business, sales of footwear are dependent on orders from major customers, who may change delivery schedules, change the mix of products they order or cancel orders without penalty.
- Wholesale customers set the delivery schedule for shipments of the Company’s products, which could cause shifts of sales between quarters.
- Our estimated annual tax rate is based on projections of our domestic and international operating results for the year, which the Company reviews and revises as necessary each quarter.
- Our earnings are also sensitive to a number of factors that are beyond the Company’s control, including manufacturing and transportation costs, changes in product sales mix, geographic sales trends, weather conditions, customer demand, consumer sentiment and currency exchange rate fluctuations.

As a result of these specific and other general factors, the Company’s operating results will vary from quarter to quarter and the results for any particular quarter may not be indicative of results for the full year. Any shortfall in sales or earnings from the levels expected by investors or securities analysts could cause a decrease in the trading price of the Company’s common stock.

In addition, various securities analysts follow the Company’s financial results and issue reports. These reports include information about the Company’s historical financial results as well as the analysts’ estimates of future performance. The analysts’ estimates are based upon their own opinions and are often different from the Company’s estimates or expectations. If the Company’s operating results are below the estimates or expectations of public market analysts and investors, the Company’s stock price could decline.

The Company’s current level of indebtedness could adversely affect the Company by decreasing business flexibility and increasing borrowing costs.

The Company’s current level of indebtedness could adversely affect the Company by decreasing its business flexibility and increasing its borrowing costs. The Company has debt outstanding under a senior secured credit agreement (“Credit Agreement”) and senior notes. The Credit Agreement and the indenture governing the senior notes contain customary restrictive covenants imposing operating and financial restrictions on the Company, including restrictions that may limit the Company’s ability to engage in acts that may be in its long-term best interests. These covenants restrict the ability of the Company and certain of its subsidiaries to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments. In addition, the restrictive covenants in the Credit Agreement require the Company to maintain specified financial ratios and satisfy other financial condition tests.

These restrictive covenants may limit the Company’s ability to finance future operations or capital needs or to engage in other business activities. The Company’s ability to comply with any financial covenants could be materially affected by events beyond its control and there can be no assurance that the Company will satisfy any such requirements. If the Company fails to comply with these covenants, it may need to seek waivers or amendments of such covenants, seek alternative or additional sources of financing or reduce its expenditures. The Company may be unable to obtain such waivers, amendments or alternative or additional financing on favorable terms or at all.

The Company’s results of operations, financial position, and cash flows, and its ability to conduct business in international markets may be affected by legal, regulatory, political, and economic risks.

The Company’s ability to conduct business in new and existing international markets is subject to legal, regulatory, political, and economic risks. These include:

- the burdens of complying with foreign laws and regulations, including trade and labor restrictions;
- compliance with U.S. and other countries’ laws relating to foreign operations, including the U.S. Foreign Corrupt Practices Act (“FCPA”), which prohibits U.S. companies from making improper payments to foreign officials for the purpose of obtaining or retaining business;
- unexpected changes in regulatory requirements; and
- new tariffs or other barriers in some international markets.

The Company is also subject to general political and economic risks in connection with our international operations, including:

- political instability and terrorist attacks;
- differences in business culture;
- different laws governing relationships with employees and business partners;
- changes in diplomatic and trade relationships; and
- general economic fluctuations in specific countries or markets.

The Company cannot predict whether quotas, duties, taxes, or other similar restrictions will be imposed by the United States or foreign countries upon the import or export of our products in the future, or what effect any of these actions would have, if any, on the Company’s business, financial condition, or results of operations. Changes in regulatory, geopolitical, social or economic policies and other factors may have a material adverse effect on the Company’s business in the future or may require us to exit a particular market or significantly modify our current business practices.

The Company operates in many different international markets and could be adversely affected by violations of the FCPA and similar worldwide anti-corruption laws.

The FCPA and similar worldwide anti-corruption laws, generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. The Company’s internal policies mandate compliance with these anti-corruption laws. Despite training and compliance programs, the Company cannot be assured that the internal control policies and procedures currently in place will always protect it from reckless or criminal acts committed by our employees or agents.

The Company’s continued expansion internationally, including in developing countries, could increase the risk of FCPA violations in the future. Violations of these laws, or allegations of such violations, could disrupt the Company’s business and result in a material adverse effect on the results of operations or financial condition.

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, as well as a leased facility of approximately 136,000 square feet in Waltham, Massachusetts. The Company operates its distribution operations primarily through a leased distribution facility of approximately 720,000 square feet in Beaumont, California; an owned distribution facility of approximately 520,000 square feet in Louisville, Kentucky; a leased distribution center of approximately 460,000 square feet in Howard City, Michigan; a leased distribution center of approximately 342,000 square feet in Ontario, Canada; an owned distribution center of approximately 305,000 square feet in Rockford, Michigan; and a leased distribution facility of approximately 200,000 square feet in Brookville, Ohio.

The Company also leases and owns various other offices and distribution centers throughout the U.S. to meet its operational requirements. In addition, the Company operates 81 retail stores through leases with various third-party landlords in the U.S. and Canada collectively occupying approximately 224,000 square feet.

The Company conducts its 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.

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. A discussion of legal matters is found in Note 15 to the consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

Supplemental Item. Executive Officers of the Registrant

The following table lists the names and ages of the Executive Officers of the Company and their positions held with the Company as of February 1, 2018. 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
Michael Jeppesen	58	President, Global Operations Group and Wolverine Heritage Group
Amy M. Klimek	44	Senior Vice President, Global Human Resources
Blake W. Krueger	64	Chairman of the Board, Chief Executive Officer and President
Todd Spaletto	46	President, Wolverine Outdoor & Lifestyle Group
Michael D. Stornant	51	Senior Vice President, Chief Financial Officer and Treasurer
Richard J. Woodworth	60	President, Wolverine Boston Group
James D. Zwiers	50	Executive Vice President

Michael Jeppesen has served the Company as President, Global Operations Group since January 2012, and President, Wolverine Heritage Group since April 2016. 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.

Amy M. Klimek has served the Company as Senior Vice President, Global Human Resources since May 2016. From October 2014 to May 2016, she served as Vice President of Human Resources. From 2006 to October 2014, she served as Director of Human Resources.

Blake W. Krueger has served the Company as Chairman since January 2010 and as Chief Executive Officer and President since April 2007.

Todd Spaletto has served the Company as President, Wolverine Outdoor & Lifestyle Group since February 2017. From February 2011 to January 2017, he was President, Americas for The North Face, Inc., a supplier of outdoor apparel, equipment and footwear.

Michael D. Stornant has served the Company as Senior Vice President, Chief Financial Officer and Treasurer since June 2015. From January 2013 through June 2015, he served as Vice President, Corporate Finance. From 2011 until January 2013, he served as Vice President and General Manager of Bates footwear.

Richard J. Woodworth has served the Company as President, Wolverine Boston Group since February 2016. From January 2016 to February 2016, he served as President, Lifestyle Group, which was realigned into the Wolverine Boston Group. From 2006 to 2015, he served as President, Saucony.

James D. Zwiers has served the Company as Executive Vice President since February 2017. From February 2016 through February 2017, he served as President, Wolverine Outdoor & Lifestyle Group. From June 2014 through February 2016, he served as Senior Vice President and President, International Group. From March 2009 to June 2014, he served as Senior Vice President and President, Performance Group, which was realigned out of the Outdoor Group.

PART II

Item 5. Market for 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 quarter for fiscal years 2017 and 2016. The number of stockholders of record on February 16, 2018, was 1,403.

	Fiscal 2017		Fiscal 2016	
Stock price	High	Low	High	Low
First quarter	**$ 26.41**	**$ 20.94**	$ 20.23	$ 14.74
Second quarter	**28.11**	**23.45**	20.70	16.44
Third quarter	**29.20**	**25.29**	25.54	18.51
Fourth quarter	**32.05**	**25.25**	25.31	20.58

	Fiscal Year	
Cash dividends declared per share	**2017**	2016
First quarter	**$ 0.06**	$ 0.06
Second quarter	**0.06**	0.06
Third quarter	**0.06**	0.06
Fourth quarter	**0.06**	0.06

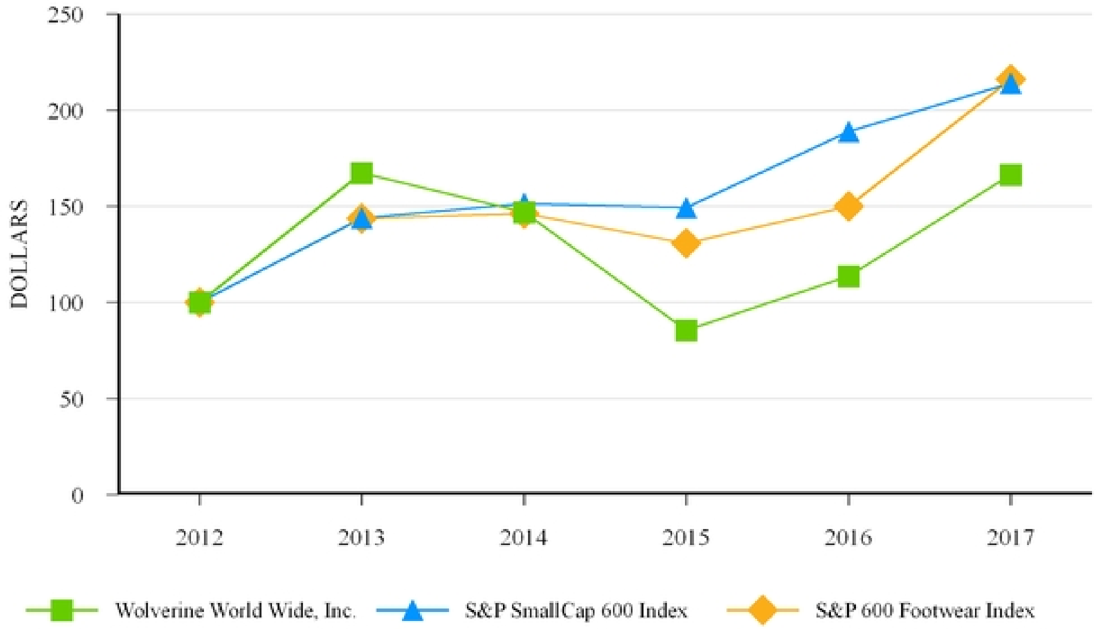
A quarterly dividend of $0.08 per share was declared on February 8, 2018. The Company currently expects that comparable cash dividends will be paid in future quarters in fiscal 2018.

The Company's Credit Agreement and senior notes indenture impose certain restrictions on the Company's ability to pay cash dividends. The Company may not pay a dividend if the Company is in default under the Credit Agreement or the indenture, or if payment of the dividend would cause a default under the Credit Agreement or the indenture, including the Company's covenant to meet prescribed leverage ratios.

Stock Performance Graph

The following graph compares the five-year cumulative total stockholder return on the Company's 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. The Company is part of both the Standard & Poor's Small Cap 600 Index and the Standard & Poor's 600 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



The following table provides information regarding the Company's purchases of its own common stock during the fourth quarter of fiscal 2017.

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 10 (October 1, 2017 to November 4, 2017)				
Common Stock Repurchase Program [1]	—	$ —	—	$ 202,267,225
Employee Transactions [2]	3,396	$ 29.04		
Period 11 (November 5, 2017 to December 2, 2017)				
Common Stock Repurchase Program [1]	—	$ —	—	$ 202,267,225
Employee Transactions [2]	441	$ 28.93		
Period 12 (December 3, 2017 to December 30, 2017)				
Common Stock Repurchase Program [1]	—	$ —	—	$ 202,267,225
Employee Transactions [2]	3,800	$ 29.23		
Total for Fourth Quarter ended December 30, 2017				
Common Stock Repurchase Program [1]	—	$ —	—	$ 202,267,225
Employee Transactions [2]	7,637	$ 29.12		

(1) The Company's Board of Directors approved a common stock repurchase program on August 8, 2016 that authorizes the repurchase of up to $300.0 million in common stock over a four-year period, although the annual amount of any stock repurchases are restricted under the terms of the Company's Credit Agreement and senior notes indenture.

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

Item 6. Selected Financial Data

Five-Year Operating and Financial Summary [1]

(In millions, except per share data)	Fiscal Year 2017		2016		2015		2014		2013
Summary of Operations									
Revenue	**$**	**2,350.0**	$	2,494.6	$	2,691.6	$	2,761.1	$	2,691.1
Net earnings attributable to Wolverine World Wide, Inc.		**0.3**		87.7		122.8		133.1		100.4
Net earnings per share of common stock:										
Basic net earnings [2]	**$**	**—**	$	0.90	$	1.22	$	1.33	$	1.01
Diluted net earnings [2]		**—**		0.89		1.20		1.30		0.99
Cash dividends declared		**0.24**		0.24		0.24		0.24		0.24
Financial Position at Year-End										
Total assets [3]	**$**	**2,399.0**	$	2,431.7	$	2,434.4	$	2,491.3	$	2,604.4
Debt [3][4]		**782.6**		820.7		809.8		887.6		1,132.2

(1) This summary should be read in conjunction with the consolidated financial statements and the related notes, which are included in Item 8 of 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 and units.

(3) Total assets and Debt have been restated due to the adoption of ASU 2014-03 in fiscal 2016, which resulted in the reclassification of deferred financing costs from Deferred financing costs to Long-term debt.

(4) Debt includes capital lease obligations.

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

OVERVIEW

BUSINESS OVERVIEW

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

The Company's brands are marketed in approximately 200 countries and territories at December 30, 2017, including through owned operations in the U.S., Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures. At December 30, 2017, the Company operated 81 retail stores in the U.S. and Canada and 29 consumer-direct websites.

2017 FINANCIAL OVERVIEW

- Revenue for fiscal 2017 was $2,350.0 million, a decrease of 5.8% compared to fiscal 2016. The decrease reflects the closure of retail stores and the change in business model for *Stride Rite*® ($159.3 million). The business model change for *Stride Rite*® reflects the Company's transition to a global license arrangement for the brand effective during the third quarter of fiscal 2017.
- Gross margin for fiscal 2017 was 38.9%, an increase of 40 basis points from fiscal 2016. The gross margin increase was driven primarily by product cost decreases, which were partially offset by store closures, negative mix in international markets, and the negative impact of foreign exchange.
- Operating expenses increased $90.5 million in fiscal 2017, to $890.5 million. The increase was driven by higher restructuring and other related costs, higher impairment of intangible assets, higher environmental and other related costs, higher organizational transformation costs, higher incentive compensation expense, and higher pension costs partially offset by lower selling expenses, lower retail store operating costs, lower advertising costs, and lower product development expenses.
- The effective tax rate in fiscal 2017 was 93.7% compared to 20.8% in fiscal 2016. The higher effective tax rate in fiscal 2017 is due to higher expenses from restructuring activities in the U.S. resulting in a tax benefit, partially offset by incremental tax expense of $8.6 million related to the Tax Cuts and Jobs Act ("TCJA"). The TCJA net tax expense is comprised of $58.1 million related to the taxation of unremitted earnings of non-U.S. subsidiaries, which will be paid over eight years, and $3.0 million of other related taxes, partially offset by a non-cash adjustment of $52.5 million for the remeasurement of deferred tax balances at the new corporate tax rate of 21%.
- Cash provided by operating activities was $202.7 million during fiscal 2017 compared to cash provided by operating activities of $296.3 million in fiscal 2016. The lower cash provided by operating activities in fiscal 2017 compared to fiscal 2016 was primarily due to higher cash payments for restructuring activities, a voluntary pension contribution and other changes in working capital.
- Inventories were 20.6% lower at the end of fiscal 2017 compared to 2016.
- The Company declared cash dividends of $0.24 per share, in both fiscal 2017 and fiscal 2016.

RESULTS OF OPERATIONS

The following is a discussion of the Company’s results of operations and liquidity and capital resources. This section should be read in conjunction with the Company’s consolidated financial statements and related notes which are included in Item 8 of this Annual Report on Form 10-K.

	Fiscal Year			Percent Change vs. Prior Year	
(In millions, except per share data)	**2017**	2016	2015	2017	2016
Revenue	**$ 2,350.0**	$ 2,494.6	$ 2,691.6	(5.8)%	(7.3)%
Cost of goods sold	**1,426.6**	1,526.4	1,636.9	(6.5)	(6.8)
Restructuring costs	**9.0**	8.3	3.0	8.4	176.7
Gross profit	**914.4**	959.9	1,051.7	(4.7)	(8.7)
Selling, general and administrative expenses	**713.7**	758.0	816.0	(5.8)	(7.1)
Restructuring and other related costs	**72.9**	34.9	29.5	108.9	18.3
Impairment of intangible assets	**68.6**	7.1	5.1	866.2	39.2
Environmental and other related costs	**35.3**	—	—	—	—
Operating profit	**23.9**	159.9	201.1	(85.1)	(20.5)
Interest expense, net	**32.1**	34.8	38.2	(7.8)	(8.9)
Debt extinguishment and other costs	**—**	18.1	1.6	(100.0)	1,031.3
Other expense (income), net	**2.4**	(3.5)	(3.3)	(168.6)	6.1
Earnings (loss) before income taxes	**(10.6)**	110.5	164.6	(109.6)	(32.9)
Income tax expense (benefit)	**(9.9)**	23.0	41.4	(143.0)	(44.4)
Net earnings (loss)	**(0.7)**	87.5	123.2	(100.8)	(29.0)
Less: net earnings (loss) attributable to noncontrolling interests	**(1.0)**	(0.2)	0.4	400.0	(150.0)
Net earnings attributable to Wolverine World Wide, Inc.	**$ 0.3**	$ 87.7	$ 122.8	(99.7)%	(28.6)%
Diluted earnings per share	**$ —**	$ 0.89	$ 1.20	(100.0)%	(25.8)%

REVENUE

Revenue was $2,350.0 million for fiscal 2017, representing a decrease of 5.8% versus the prior year's revenue of $2,494.6 million. The decrease reflects the closure of retail stores and the change in business model for *Stride Rite*® ($159.3 million). International revenue represented 31.5%, 28.2% and 27.6% of total reported revenues in fiscal years 2017, 2016 and 2015, respectively. Changes in foreign exchange rates decreased revenues by approximately $1.7 million in fiscal 2017.

Revenue was $2,494.6 million for fiscal 2016, representing a decrease of 7.3% versus the prior year's revenue of $2,691.6 million. The decrease reflects the closure of retail stores ($34.5 million), the negative impact of foreign exchange ($17.1 million), the exit of the *Cushe*® business ($14.9 million) and lower demand for products within the Company's operating groups.

GROSS MARGIN

For fiscal 2017, the Company’s gross margin was 38.9% compared to 38.5% in fiscal 2016. The gross margin increase was driven primarily by product cost decreases (230 basis points), which were partially offset by store closures (90 basis points), negative mix in international markets (70 basis points), and the negative impact of foreign exchange (30 basis points).

For fiscal 2016, the Company’s gross margin was 38.5% compared to 39.1% in fiscal 2015. The gross margin decline was driven primarily by the negative impact of foreign exchange (70 basis points), store closures (50 basis points) and a negative mix shift in international markets (30 basis points), which were partially offset by product cost reductions.

OPERATING EXPENSES

Operating expenses increased $90.5 million in fiscal 2017, to $890.5 million. The increase was driven by higher restructuring and other related costs ($38.0 million), higher impairment of intangible assets ($61.5 million), higher environmental and other related costs ($35.3 million), higher organizational transformation costs ($35.6 million), higher incentive compensation expense ($12.9 million), and higher pension costs ($4.5 million) partially offset by lower selling expenses ($32.1 million), lower retail store operating costs ($52.2 million), and lower advertising costs ($12.3 million).

Operating expenses decreased $50.6 million in fiscal 2016, to $800.0 million. Operating expenses were favorably impacted by lower store operating costs ($18.0 million), lower pension expense ($17.5 million), lower advertising costs ($12.9 million), lower selling expenses ($12.5 million) and the impact of foreign exchange ($6.3 million), which were partially offset by higher restructuring and other related costs ($5.4 million), higher impairment of intangible assets ($2.0 million), higher incentive compensation expense ($5.1 million) and organizational transformation costs ($2.2 million).

INTEREST, OTHER AND TAXES

Net interest expense was $32.1 million in fiscal 2017 compared to $34.8 million in fiscal 2016. The decrease was driven by a lower effective interest rate on the Company's debt, lower average debt principal balances and higher interest income.

Net interest expense was $34.8 million in fiscal 2016 compared to $38.2 million in fiscal 2015. The decrease was due primarily to the benefits of the Company's fiscal 2016 fourth quarter refinancing, which lowered the effective interest rate on the Company's outstanding debt.

The Company incurred $18.1 million of debt extinguishment and other costs during fiscal 2016 in connection with the fourth quarter refinancing of the Company's debt. Debt extinguishment costs included a $13.1 million early redemption premium to retire the Company's previously outstanding Public Bonds, $4.0 million write-off of unamortized debt issuance costs and other costs associated with the refinancing.

On December 22, 2017, the TCJA was enacted which significantly changes U.S. corporate income tax laws by, among other things, reducing the U.S. corporate income tax rate to 21% beginning in 2018 and creating a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of U.S. subsidiaries.

The Company's effective tax rates in fiscal 2017 and fiscal 2016 were 93.7% and 20.8%, respectively. The higher effective tax rate in fiscal 2017 is due to higher expenses from restructuring activities in the U.S. resulting in a tax benefit, partially offset by incremental tax expense of $8.6 million related to TCJA. The TCJA net tax expense is comprised of $58.1 million related to the taxation of unremitted earnings of non-U.S. subsidiaries, which will be paid over eight years, and $3.0 million of other related taxes, partially offset by a non-cash adjustment of $52.5 million for the remeasurement of deferred tax balances at the new corporate tax rate of 21%.

The Company's effective tax rates in fiscal 2016 and fiscal 2015 were 20.8% and 25.2%, respectively. The lower effective tax rate in fiscal 2016 reflects more favorable discrete items compared to fiscal 2015.

REPORTABLE OPERATING SEGMENTS

The Company's portfolio of brands is organized into the following four operating segments, which the Company has determined to be reportable operating segments. During the second quarter of fiscal 2017, the components within the Wolverine Multi-Brand Group were realigned as the Company transitioned *Stride Rite*® to a global license arrangement, which was effective on July 2, 2017.

- **Wolverine Outdoor & Lifestyle Group**, consisting of *Merrell*® footwear and apparel, *Cat*® footwear, *Hush Puppies*® footwear and apparel, *Chaco*® footwear, *Sebago*® footwear and apparel and *Cushe*® footwear in fiscal 2015;
- **Wolverine Boston Group**, consisting of *Sperry*® footwear and apparel, *Saucony*® footwear and apparel and *Keds*® footwear and apparel;
- **Wolverine Heritage Group**, consisting of *Wolverine*® footwear and apparel, *Bates*® uniform footwear, *Harley-Davidson*® footwear and *HyTest*® safety footwear; and
- **Wolverine Multi-Brand Group**, consisting of the Company's Children's footwear business and the Company's multi-brand consumer-direct businesses. The Children's footwear business includes *Stride Rite*®, as well as children's footwear offerings from *Saucony*®, *Sperry*®, *Keds*®, *Merrell*® and *Hush Puppies*®.

The Company also reports "Other" and "Corporate" categories. The Other category consists of the Company's leather marketing operations and sourcing operations that include third-party commission revenues. The Corporate category consists of unallocated corporate expenses, including restructuring and other related costs, impairment of intangible assets, organizational transformation costs, and environmental and other related costs.

The reportable operating segment results for fiscal years 2017, 2016 and 2015 are as follows:

	Fiscal Year				Fiscal Year			
(In millions)	**2017**	2016	Change	Percent Change	2016	2015	Change	Percent Change
REVENUE								
Wolverine Outdoor & Lifestyle Group	**$ 947.1**	$ 890.6	$ 56.5	6.3 %	$ 890.6	$ 957.5	$ (66.9)	(7.0)%
Wolverine Boston Group	**833.8**	889.4	(55.6)	(6.3)	889.4	942.8	(53.4)	(5.7)
Wolverine Heritage Group	**327.9**	347.0	(19.1)	(5.5)	347.0	370.5	(23.5)	(6.3)
Wolverine Multi-Brand Group	**166.9**	304.3	(137.4)	(45.2)	304.3	351.2	(46.9)	(13.4)
Other	**74.3**	63.3	11.0	17.4	63.3	69.6	(6.3)	(9.1)
Total	**$ 2,350.0**	$ 2,494.6	$ (144.6)	(5.8)%	$ 2,494.6	$ 2,691.6	$ (197.0)	(7.3)%

	Fiscal Year				Fiscal Year			
(In millions)	**2017**	2016	Change	Percent Change	2016	2015	Change	Percent Change
OPERATING PROFIT (LOSS)								
Wolverine Outdoor & Lifestyle Group	**$ 193.2**	$ 166.8	$ 26.4	15.8 %	$ 166.8	$ 197.7	$ (30.9)	(15.6)%
Wolverine Boston Group	**139.1**	121.7	17.4	14.3	121.7	132.9	(11.2)	(8.4)
Wolverine Heritage Group	**53.3**	50.8	2.5	4.9	50.8	54.6	(3.8)	(7.0)
Wolverine Multi-Brand Group	**10.5**	4.8	5.7	118.8	4.8	5.2	(0.4)	(7.7)
Other	**6.4**	5.5	0.9	16.4	5.5	5.6	(0.1)	(1.8)
Corporate	**(378.6)**	(189.7)	(188.9)	99.6	(189.7)	(194.9)	5.2	2.7
Total	**$ 23.9**	$ 159.9	$ (136.0)	(85.1)%	$ 159.9	$ 201.1	$ (41.2)	(20.5)%

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

Wolverine Outdoor & Lifestyle Group

The Outdoor & Lifestyle Group's revenue increased $56.5 million, or 6.3%, in fiscal 2017 compared to fiscal 2016. The increase was due partially to a mid single digit revenue increase for *Merrell*®, a low teens increase for *Cat*® and a mid teens increase for *Chaco*® partially offset by a low teens revenue decline for *Hush Puppies*®. The *Merrell*® increase was due to expansion into the work category and eCommerce growth partially offset by the closure of retail stores. The *Cat*® increase was due to a business model change in certain international markets as well as growth in the U.S. The *Chaco*® increase was driven by growth in the brand's sandal products within the U.S. market. The *Hush Puppies*® decrease was due to the exit of certain markets in Europe and a strategic move away from lower margin customers in the U.S. and Canada.

The Outdoor & Lifestyle Group's operating profit increased $26.4 million, or 15.8%, in fiscal 2017 compared to fiscal 2016. The operating profit increase was due primarily to the revenue increase for *Merrell*®, lower selling, general and administrative expenses for the Group due to the exit of certain businesses in Europe and headcount reductions, partially offset by higher advertising costs for *Chaco*®.

The Outdoor & Lifestyle Group's revenue decreased $66.9 million, or 7.0%, in fiscal 2016 compared to fiscal 2015. The decline was partially due to a high single digit revenue decline for *Merrell*®, the exit of the *Cushe*® business, a mid single-digit decrease for *Cat*® and a high single digit revenue decline for *Hush Puppies*®, which were partially offset by a mid-twenties increase for *Chaco*®. The *Merrell*® decrease was due to lower demand in the U.S. reflecting continued challenges in the retail environment, customer bankruptcies, the strategic decision to exit the apparel wholesale channel and the negative impact of foreign exchange. This was partially offset by a low thirties growth rate for eCommerce. The *Cat*® decline was due to lower demand in the U.S. and EMEA due to a soft retail market, declines in the oil industry and changes in foreign exchange rates which were partially offset by growth in Latin America. The *Hush Puppies*® decrease was due to challenging trading conditions in Europe and the negative impact of foreign exchange rate changes. The *Chaco*® increase was driven by growth in the brand's sandal products within the U.S. market.

The Outdoor & Lifestyle Group's operating profit decreased $30.9 million, or 15.6%, in fiscal 2016 compared to fiscal 2015. The operating profit decrease was due primarily to the revenue and gross margin decreases for *Merrell*® and *Cat*®. The gross margin decreases were due to unfavorable foreign currency forward contracts. These decreases were partially offset by the revenue increase from *Chaco*® and higher gross margin from *Chaco*® due to more favorable product costs and fewer closeout sales.

Wolverine Boston Group

The Boston Group’s revenue decreased $55.6 million, or 6.3%, in fiscal 2017 compared to fiscal 2016. The decline was driven by high single-digit declines from *Sperry*® and *Keds*®. The *Sperry*® decrease was due to lower wholesale demand for its core boat products and the closure of retail stores. The *Keds*® decrease was due to the intentional exit of certain unprofitable points of distribution in the U.S. wholesale market.

The Boston Group’s operating profit increased $17.4 million, or 14.3%, in fiscal 2017 compared to fiscal 2016. The increase was due primarily to higher gross margin for *Saucony*® and *Keds*® and lower selling, general and administrative expenses due to lower advertising spend and headcount reductions within the Group.

The Boston Group’s revenue decreased $53.4 million, or 5.7%, in fiscal 2016 compared to fiscal 2015. The decline was driven by a high single-digit decline from *Sperry*® and a mid single-digit decline from *Saucony*®. The *Sperry*® decrease was due to lower wholesale demand for its core boat products, partially offset by growth in the boot product category. The *Saucony*® decrease was due to challenges within the U.S. wholesale business including lower demand for products, certain customer bankruptcies and the unfavorable impact of changes in foreign currency exchange rates. This was partially offset by high single-digit growth in EMEA.

The Boston Group’s operating profit decreased $11.2 million, or 8.4%, in fiscal 2016 compared to fiscal 2015. The decrease was due primarily to the revenue declines and lower gross margin for *Saucony*® due to negative foreign exchange impact and product mix, partially offset by higher operating profit from *Keds*® due to lower advertising spend.

Wolverine Heritage Group

The Heritage Group’s revenue decreased $19.1 million, or 5.5%, in fiscal 2017 compared to fiscal 2016. The revenue decline was primarily the result of a mid twenties decline from *Bates*®, which was driven by decreases in the domestic contract business as well as the sale of the Department of Defense contract business in the third quarter of 2017.

The Heritage Group’s operating profit increased $2.5 million, or 4.9%, in fiscal 2017 compared to fiscal 2016. The operating profit increase was due primarily to the improved margins for the *Wolverine*® and *HyTest*® brands and fewer contracts from the low margin Department of Defense contract business.

The Heritage Group’s revenue decreased $23.5 million, or 6.3%, in fiscal 2016 compared to fiscal 2015. The revenue decline was the result of a low-teens decline from *Wolverine*®, a mid-teens decline from *Harley Davidson*®, partially offset by mid-teens growth from *Bates*®. The *Wolverine*® decline was due to lower demand in the U.S. due to a soft retail market and declines in the oil industry. The *Harley Davidson*® decline was due to sluggish motorcycle sales in the U.S., which negatively impacted the *Harley Davidson*® dealer network. The *Bates*® increase was driven by increases in its domestic contract business.

The Heritage Group’s operating profit decreased $3.8 million, or 7.0%, in fiscal 2016 compared to fiscal 2015. The operating profit decrease was due primarily to the revenue decreases within the group.

Wolverine Multi-Brand Group

The Multi-Brand Group’s revenue decreased $137.4 million, or 45.2%, in fiscal 2017 compared to fiscal 2016. The revenue decline was due to the closure of retail stores and the change in operating model for the *Stride Rite*® brand. The Multi-Brand Group’s operating profit increased $5.7 million, or 118.8%, in fiscal 2017 compared to fiscal 2016 due to the closure of unprofitable stores.

The Multi-Brand Group’s revenue decreased $46.9 million, or 13.4%, in fiscal 2016 compared to fiscal 2015. The revenue decline was due to the closure of retail stores and lower *Stride Rite*® U.S. wholesale revenues. The Multi-Brand Group’s operating profit decreased $0.4 million, or 7.7%, in fiscal 2016 compared to fiscal 2015.

Corporate

Corporate expenses increased $188.9 million in fiscal 2017 compared to fiscal 2016. Corporate expenses were impacted by the increase in restructuring and other related costs ($38.7 million), higher impairment of intangible assets ($61.5 million), higher organizational transformation costs ($35.6 million), higher environmental and other related costs ($35.3 million), higher incentive compensation expenses ($12.9 million) and higher pension costs ($4.5 million).

Corporate expenses decreased $5.2 million in fiscal 2016 compared to fiscal 2015. Corporate expenses were favorably impacted by lower pension expense ($17.5 million), which were partially offset by higher restructuring and other related costs ($5.4 million) and higher impairment of intangible assets ($2.0 million), higher incentive compensation expense ($5.1 million) and organizational transformation costs ($2.2 million).

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	Fiscal Year 2017	2016	2015
Cash and cash equivalents	**$ 481.0**	$ 369.8	$ 194.1
Debt [1]	**782.6**	820.7	809.8
Available revolving credit facility [2]	**597.5**	597.4	496.2
Net cash provided by operating activities	**202.7**	296.3	215.5
Net cash used in investing activities	**(1.0)**	(38.4)	(50.0)
Net cash used in financing activities	**(98.0)**	(79.5)	(187.3)
Additions to property, plant and equipment	**32.4**	55.3	46.4
Depreciation and amortization	**37.2**	43.5	48.7

(1) Debt includes capital lease obligations.

(2) Amounts are net of both borrowings, if any, and outstanding standby letters of credit in accordance with the terms of the revolving credit facility.

Liquidity

Cash and cash equivalents of $481.0 million as of December 30, 2017 were $111.2 million higher compared to December 31, 2016. The Company had $597.5 million available under a revolving credit agreement (the "Revolving Credit Facility") as of December 30, 2017.

Cash flow from operating activities, along with borrowings on the Revolving Credit Facility, if any, are expected to be sufficient to meet the Company's working capital needs for the foreseeable future. Any excess cash flow from operating activities are expected to be used to fund organic growth initiatives, reduce debt, pay dividends, repurchase the Company's common stock and pursue acquisitions.

As a result of the TCJA, the Company has recorded a liability of $58.1 million related to the taxation of unremitted earnings of non-U.S. subsidiaries, which will be paid over eight years. The Company does not expect this to have a material impact on its current or future liquidity.

A detailed discussion of environmental remediation costs is found in Note 15 to the consolidated financial statements. As of December 30, 2017, the Company has recorded a liability of $31.1 million related to environmental remediation costs based upon an evaluation of currently available facts with respect to each individual site. Of this amount, $12.5 million is expected to be paid in fiscal 2018 and is recorded in other accrued liabilities with the remaining $18.6 million recorded in other liabilities and is expected to be paid over the course of thirty years. The Company's remediation activity at its former tannery site and sites where the Company disposed of tannery byproducts is largely ongoing and in the early stages. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Developments may occur that could materially change the Company's current cost estimates. The Company adjusts recorded liabilities as further information develops or circumstances change.

Operating Activities

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

Cash from operations during fiscal 2017 was lower compared to fiscal 2016 due primarily to higher cash payments for restructuring activities of $45.4 million, changes in deferred income taxes of $75.8 million due to the impact of the TCJA and higher pension contributions of $9.8 million in addition to changes in working capital. During fiscal 2017 working capital balances drove a source of cash of $113.3 million, which primarily was driven by the favorable impact of lower inventories of $45.4 million and increases to accounts payable, income taxes payable and other operating liabilities of $11.2 million, $46.1 million and 13.0 million, respectively.

Cash from operations during fiscal 2016 was higher compared to fiscal 2015 due primarily to improvements in working capital balances compared to fiscal 2015, partially offset by lower earnings performance. During fiscal 2016 working capital balances drove a source of cash of $98.0 million, which primarily was driven by the favorable impact of lower inventories and accounts receivable of $110.0 million and $32.3 million, respectively, partially offset by a decrease in accounts payable of $50.4 million.

Investing Activities

The Company made capital expenditures of $32.4 million, $55.3 million and $46.4 million in fiscal years 2017, 2016 and 2015, respectively. The higher capital expenditures during fiscal 2016 was due primarily to building improvements for the Company's new Boston office and west coast distribution center. The majority of the Company's capital expenditures in all three years were for building improvements and information system enhancements.

During fiscal 2017, the Company received proceeds of $38.6 million related to the sale of a business and other assets. During fiscal 2016, the Company received proceeds of $7.8 million for the sale of a non-core business.

Financing Activities

On September 15, 2016, the Company amended its credit agreement (as amended, the "Credit Agreement"). The Credit Agreement provided a $588.8 million term loan facility ("Term Loan A") and a $600.0 million revolving credit facility (the "Revolving Credit Facility"), both with maturity dates of July 13, 2020. The Credit Agreement's debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed $1,750.0 million, unless certain specified conditions set forth in the Credit Agreement are met. Term Loan A requires quarterly principal payments with a balloon payment due on July 13, 2020.

The Revolving Credit Facility allows the Company to borrow up to an aggregate amount of $600.0 million, which includes a $200.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, British pounds, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies as are determined in accordance with the Credit Agreement. The Revolving Credit Facility also includes a $50.0 million swingline subfacility and a $50.0 million letter of credit subfacility. The Company had outstanding letters of credit under the Revolving Credit Facility of $2.5 million and $2.6 million as of December 30, 2017 and December 31, 2016, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Credit Facility.

As of December 30, 2017, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

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

The Company's debt at December 30, 2017 totaled $782.6 million compared to $820.7 million at December 31, 2016. The decrease is due to scheduled principal payments on Term Loan A. The net increase in debt during fiscal 2016 of $10.9 million was primarily a result of net incremental borrowings from the fiscal 2016 refinancing activities less principal payments on the Term Loan A Facility.

The Company has various foreign revolving credit facilities with aggregate available borrowings of $4.0 million that are uncommitted and, therefore, each borrowing against the applicable facility is subject to approval by the lender. Borrowings against these facilities were $0.5 million as of December 30, 2017.

The Company repurchased $42.3 million, $61.9 million and $92.6 million of Company common stock in fiscal years 2017, 2016 and 2015, respectively, under stock repurchase plans. The Company may purchase up to an additional $202.3 million of shares under its existing common stock repurchase program that expires in 2020, although the annual amount of any stock repurchases are restricted under the terms of the Company's Credit Agreement. In addition to the stock repurchase program activity, the Company acquired $5.5 million, $4.9 million and $7.7 million of shares in fiscal years 2017, 2016 and 2015, respectively, in connection with employee transactions related to stock incentive plans.

The Company declared cash dividends of $0.24 per share in fiscal years 2017, 2016 and 2015. Dividends paid totaled $23.0 million, $23.5 million and $24.4 million, for fiscal years 2017, 2016 and 2015, respectively. A quarterly dividend of $0.08 per share was declared on February 8, 2018 to shareholders of record on April 2, 2018. The Company currently expects that comparable cash dividends will be paid in future quarters in fiscal 2018 which will increase dividends paid by approximately $5.3 million in 2018.

NEW ACCOUNTING STANDARDS

Refer to Note 2 of the consolidated financial statements for information related to new accounting standards.

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 U.S. ("U.S. GAAP"), requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates these estimates.

Estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Historically, actual results have not been materially different from the Company’s estimates. However, actual results may differ materially from these estimates under different assumptions or conditions.

The Company has identified the 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. Retail store revenue is recognized at time of sale.

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 less than established reserves, an adjustment to net revenues would be recorded in the period the determination was made.

Accounts Receivable

The Company maintains an allowance for uncollectible accounts receivable for estimated losses resulting from its customers' failure 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 adjustments 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.

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 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.

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 counts and subsequently comparing those results to perpetual inventory balances. If the Company determines that adjustments to the inventory quantities are appropriate, an adjustment to the Company’s cost of goods sold and inventory is recorded in the period in which such determination was made.

Goodwill and Indefinite-Lived Intangibles

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The Company reviews the carrying amounts of goodwill and indefinite-lived intangible assets by reporting unit at least annually, or when indicators of impairment are present, to determine if such assets may be impaired. If the carrying amounts of these assets are not recoverable based upon discounted cash flow and market approach analyses, the carrying amounts of such assets are reduced by the estimated difference between the carrying values and estimated fair values. The Company includes assumptions about expected future operating performance as part of a discounted cash flow analysis to estimate fair value.

For goodwill, if the estimated fair value of the reporting unit exceeds its carrying value, no further review is required. However, if the estimated fair value of the reporting unit is less than its carrying value, the Company performs the second step of the goodwill impairment test to determine the impairment charge, if any. The second step involves a hypothetical allocation of the estimated fair value of the reporting unit to its net tangible and intangible assets (excluding goodwill) as if the reporting unit were newly acquired, which results in an implied fair value of the goodwill. The amount of the impairment charge is the excess of the recorded goodwill over the implied fair value of the goodwill.

The Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. The Company would not be required to quantitatively determine the fair value of the indefinite-lived intangible unless the Company determines, based on the qualitative assessment, that it is more likely than not that its fair value is less than the carrying value. The Company may skip the qualitative assessment and quantitatively test 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 performs its annual testing for goodwill and indefinite-lived intangible asset impairment at the beginning of the fourth quarter of the fiscal year for all reporting units. In the fourth quarter of fiscal 2017, as a result of its annual impairment testing, the Company recorded a $68.6 million impairment charge for the *Sperry*® trade name. In the fourth quarter of fiscal 2016 and fiscal 2015, as a result of its testing, the Company recorded a $7.1 million and $2.5 million impairment charge, respectively, for the *Stride Rite*® trade name. The Company did not recognize any impairment charges for goodwill during fiscal years 2017, 2016 and 2015.

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. The Company recorded impairment charges of $11.0 million, $12.2 million and $11.6 million during fiscal years 2017, 2016 and 2015, respectively, related to certain retail store assets where the estimated future cash flows did not support the net book value of the assets.

Environmental

Environmental costs relating to existing conditions caused by past operations that do not contribute to current or future revenues are expensed as incurred. Liabilities related to estimated remediation costs are recorded on an undiscounted basis when they are probable and reasonably estimable, generally no later than the completion of feasibility studies, the Company’s commitment to a plan of action, or approval by regulatory agencies.

Income Taxes

The Company maintains certain strategic management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that have generally been 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 Asian subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax. 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 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 that 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 the full year effective tax rate 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.

On December 22, 2017, the U.S. enacted the TCJA, which significantly changes U.S. corporate income tax laws by, among other things, reducing the U.S. corporate income tax rate to 21% beginning in 2018 and creating a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of U.S. subsidiaries.

Other significant changes to U.S. income taxes resulting from TCJA will be reflected in the Company's first quarter of 2018. In addition to the reduction of the corporate tax rate, changes in the taxation of foreign earnings and the deductibility of expenses are still being evaluated by the Company and could have a material impact on the company's effective tax rate.

Concurrent with the enactment of the tax reform legislation on December 22, 2017, the SEC staff issued guidance in Staff Accounting Bulletin 118 ("SAB 118") to address concerns regarding the ability of a reporting entity to timely comply with the accounting requirements to recognize all the effects of the Act in the period of enactment. Under SAB 118, the Company has up to 12 months from the enactment date to complete the accounting for some or all of the income tax effects triggered by the enactment of the law. The Company has recorded a provisional estimate of the expected tax liability as required under SAB 118 and intends to finalize the computations on or before the due date of the U.S. corporate tax return in October 2018.

As a result of the TCJA, the Company now intends to repatriate cash held in foreign jurisdictions and has recorded a deferred tax liability related to estimated state taxes and foreign withholding taxes on the future dividends received in the U.S. from the foreign subsidiaries.

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

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, mortality rates 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 fiscal year pension expense. A hypothetical bond portfolio is created based on a presumed purchase of individual bonds to settle the plans expected future benefit payments. The discount rate is the resulting yield of the hypothetical bond portfolio. The bonds selected are listed as high grade by at least two recognized ratings agency and are non-callable, currently purchasable and non-prepayable. The calculated discount rate was 3.80% at December 30, 2017, compared to 4.35% at December 31, 2016. Pension expense is also impacted by the expected long-term rate of return on plan assets, which the Company has determined to be 7.00% for fiscal 2018. 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as of December 30, 2017.

CONTRACTUAL OBLIGATIONS

As of December 30, 2017, the Company had the following payments under contractual obligations due by period:

(In millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations (1)	$ 937.0	$ 67.6	$ 548.6	$ 25.0	$ 295.8
Capital lease obligations	0.5	0.1	0.3	0.1	—
Operating lease obligations	257.4	31.2	57.0	48.4	120.8
Purchase obligations (2)	277.9	277.9	—	—	—
Pension (3)	1.7	1.7	—	—	—
Supplemental Executive Retirement Plan	39.6	3.7	7.7	7.8	20.4
Deferred compensation	2.1	0.4	0.9	0.5	0.3
Dividends declared	5.9	5.9	—	—	—
Minimum royalties	4.4	1.4	3.0	—	—
Minimum advertising	22.4	2.9	6.1	6.5	6.9
Total (4)	$ 1,548.9	$ 392.8	$ 623.6	$ 88.3	$ 444.2

(1) Includes principal and interest payments on the Company's long-term debt, net of the impact of an interest rate swap. Estimated future interest payments on outstanding debt obligations are based on interest rates as of December 30, 2017. Actual cash outflows may differ significantly due to changes in underlying interest rates. See Note 9 to the consolidated financial statements for additional information on the Company's interest rate swap.

(2) Purchase obligations related primarily to inventory and capital expenditure commitments.

(3) Pension obligations reflect expected pension funding, which is the amount of 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.

(4) The total amount of unrecognized tax benefits on the consolidated balance sheet at December 30, 2017 is $9.3 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.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, the Company's financial position and results of operations are routinely subject to a variety of risks, including market risk associated with interest rate movements on borrowings and investments and currency rate movements on non-U.S. dollar denominated assets, liabilities and cash flows. The Company regularly assesses these risks and has established policies and business practices that should mitigate a portion of the adverse effect of these and other potential exposures.

Foreign Exchange Risk

The Company faces market risk to the extent that changes in foreign currency exchange rates affect the Company's foreign assets, liabilities and inventory purchase commitments. The Company manages these risks by attempting to denominate contractual and other foreign arrangements in U.S. dollars.

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

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, United Kingdom, Colombia, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Colombian peso, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. At December 30, 2017 and December 31, 2016, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of $162.7 million and $171.3 million, respectively, with maturities ranging up to 356 days.

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

Assets and liabilities outside the U.S. are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. The Company has a cross currency swap which has been designated as a hedge of a net investment in a foreign operation. The hedge has a notional amount of $106.4 million and will mature on September 1, 2021. At December 30, 2017, a weaker U.S. dollar compared to certain foreign currencies increased the value of these investments in net assets by $20.8 million from their value at December 31, 2016. At December 31, 2016, a stronger U.S. dollar compared to foreign currencies decreased the value of these investments in net assets by $6.2 million from their value at January 2, 2016.

Interest Rate Risk

The Company is exposed to interest rate changes primarily as a result of interest expense on borrowings used to finance acquisitions and working capital requirements. The Company's total variable-rate debt was $538.1 million at December 30, 2017 and the Company held one interest rate swap agreement denominated in U.S. dollars that effectively convert $446.9 million to fixed-rate debt. The interest rate swap derivative instrument is held and used by the Company as a tool for managing interest rate risk. The counterparty to the swap instrument is a large financial institution that the Company believes is of high-quality creditworthiness. While the Company may be exposed to potential losses due to the credit risk of non-performance by this counterparty, such losses are not anticipated. The fair value of the interest rate swap was determined to be a net liability of $0.3 million at the end of fiscal 2017. As of December 30, 2017, the weighted-average interest rate on the Company's variable-rate debt, net of the impact of the interest rate swap, was 3.05%. Based on the level of variable-rate debt outstanding as of that date, a 100 basis point increase in the weighted-average interest rate would have increased the Company's annual pre-tax interest expense by approximately $0.9 million.

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

Item 8. Financial Statements and Supplementary Data

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Consolidated Financial Statements

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

(In millions, except per share data)	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Revenue	**$ 2,350.0**	$ 2,494.6	$ 2,691.6
Cost of goods sold	**1,426.6**	1,526.4	1,636.9
Restructuring costs	**9.0**	8.3	3.0
Gross profit	**914.4**	959.9	1,051.7
Selling, general and administrative expenses	**713.7**	758.0	816.0
Restructuring and other related costs	**72.9**	34.9	29.5
Impairment of intangible assets	**68.6**	7.1	5.1
Environmental and other related costs	**35.3**	—	—
Operating profit	**23.9**	159.9	201.1
Other expenses:			
Interest expense, net	**32.1**	34.8	38.2
Debt extinguishment and other costs	**—**	18.1	1.6
Other expense (income), net	**2.4**	(3.5)	(3.3)
Total other expenses	**34.5**	49.4	36.5
Earnings (loss) before income taxes	**(10.6)**	110.5	164.6
Income tax expense (benefit)	**(9.9)**	23.0	41.4
Net earnings (loss)	**(0.7)**	87.5	123.2
Less: net earnings (loss) attributable to noncontrolling interests	**(1.0)**	(0.2)	0.4
Net earnings attributable to Wolverine World Wide, Inc.	**$ 0.3**	$ 87.7	$ 122.8
Net earnings per share (see Note 3):			
Basic	**$ —**	$ 0.90	$ 1.22
Diluted	**$ —**	$ 0.89	$ 1.20

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	Fiscal Year		
(In millions)	**2017**	2016	2015
Net earnings (loss)	**$ (0.7)**	$ 87.5	$ 123.2
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	**21.1**	(6.6)	(31.8)
Unrealized gain (loss) on derivative instruments:			
Unrealized gain (loss) arising during the period, net of taxes of $(7.0), $1.9 and $2.7	**(16.0)**	3.5	6.6
Reclassification adjustments included in net earnings (loss), net of taxes of $(0.3), $(1.7) and $(5.3)	**(0.7)**	(4.7)	(11.6)
Pension adjustments:			
Net actuarial gain (loss) arising during the period, net of taxes of $(3.3), $(11.2) and $8.2	**(6.0)**	(20.8)	15.2
Amortization of prior actuarial losses, net of taxes of $3.5, $1.7 and $7.3	**6.3**	3.2	13.5
Curtailment gain arising during the period, net of taxes of $0.8	**1.5**	—	—
Amortization of prior service cost	**—**	0.1	0.1
Settlement gain included in net earnings (loss)	**—**	(0.1)	—
Other comprehensive income (loss)	**6.2**	(25.4)	(8.0)
Less: other comprehensive income (loss) attributable to noncontrolling interests	**0.3**	(0.4)	(1.4)
Other comprehensive income (loss) attributable to Wolverine World Wide, Inc.	**5.9**	(25.0)	(6.6)
Comprehensive income	**5.5**	62.1	115.2
Less: comprehensive loss attributable to noncontrolling interest	**(0.7)**	(0.6)	(1.0)
Comprehensive income attributable to Wolverine World Wide, Inc.	**$ 6.2**	$ 62.7	$ 116.2

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(In millions, except share data)	December 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 481.0**	$ 369.8
Accounts receivable, less allowances:		
December 30, 2017 – $31.5		
December 31, 2016 – $39.4	**271.3**	263.3
Inventories:		
Finished products, net	**265.2**	333.7
Raw materials and work-in-process, net	**11.5**	15.0
Total inventories	**276.7**	348.7
Prepaid expenses and other current assets	**45.3**	49.6
Total current assets	**1,074.3**	1,031.4
Property, plant and equipment:		
Gross cost	**391.1**	434.0
Accumulated depreciation	**(254.4)**	(287.9)
Property, plant and equipment, net	**136.7**	146.1
Other assets:		
Goodwill	**429.8**	424.3
Indefinite-lived intangibles	**604.5**	678.5
Amortizable intangibles, net	**77.0**	83.8
Deferred income taxes	**4.3**	2.3
Other	**72.4**	65.3
Total other assets	**1,188.0**	1,254.2
Total assets	**$ 2,399.0**	$ 2,431.7

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets – continued

(In millions, except share data)	December 30, 2017	December 31, 2016
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 162.3**	$ 150.8
Accrued salaries and wages	**40.0**	30.8
Other accrued liabilities	**122.0**	111.7
Current maturities of long-term debt	**37.5**	37.5
Borrowings under revolving credit agreements and other short-term notes	**0.5**	2.9
Total current liabilities	**362.3**	333.7
Long-term debt, less current maturities	**744.6**	780.3
Accrued pension liabilities	**142.2**	143.1
Deferred income taxes	**84.2**	161.0
Other liabilities	**110.5**	39.5
Stockholders' equity		
Wolverine World Wide, Inc. stockholders' equity:		
Common stock – par value $1, authorized 320,000,000 shares; shares issued (including shares in treasury):		
December 30, 2017 – 106,405,449 shares		
December 31, 2016 – 105,647,040 shares	**106.4**	105.6
Additional paid-in capital	**149.2**	103.2
Retained earnings	**992.2**	1,015.1
Accumulated other comprehensive loss	**(75.2)**	(81.1)
Cost of shares in treasury:		
December 30, 2017 – 10,345,141 shares		
December 31, 2016 – 8,522,425 shares	**(223.0)**	(176.3)
Total Wolverine World Wide, Inc. stockholders' equity	**949.6**	966.5
Noncontrolling interest	**5.6**	7.6
Total stockholders' equity	**955.2**	974.1
Total liabilities and stockholders' equity	**$ 2,399.0**	$ 2,431.7

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flow

(In millions)	Fiscal Year 2017	2016	2015
OPERATING ACTIVITIES			
Net earnings (loss)	**$ (0.7)**	$ 87.5	$ 123.2
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	**37.2**	43.5	48.7
Deferred income taxes	**(75.8)**	(5.8)	(26.7)
Stock-based compensation expense	**25.4**	22.8	18.7
Excess tax benefits from stock-based compensation	**—**	(0.6)	(4.9)
Pension contribution	**(11.3)**	(1.5)	—
Pension and SERP expense	**14.9**	10.4	27.9
Debt extinguishment costs	**—**	17.4	1.6
Restructuring and other related costs	**81.9**	43.2	32.5
Cash payments related to restructuring costs	**(64.8)**	(19.4)	(10.3)
Impairment of intangible assets	**68.6**	7.1	5.1
Environmental and other related costs, net of cash payments	**32.3**	—	—
Net gain on sale of a business and other assets	**(7.0)**	—	—
Other	**(11.3)**	(6.3)	(2.0)
Changes in operating assets and liabilities:			
Accounts receivable	**(2.7)**	32.3	5.8
Inventories	**45.4**	110.0	(68.8)
Other operating assets	**0.3**	2.3	14.6
Accounts payable	**11.2**	(50.4)	52.9
Income taxes	**46.1**	1.0	(1.2)
Other operating liabilities	**13.0**	2.8	(1.6)
Net cash provided by operating activities	**202.7**	296.3	215.5
INVESTING ACTIVITIES			
Additions to property, plant and equipment	**(32.4)**	(55.3)	(46.4)
Proceeds from sale of a business and other assets	**38.6**	7.8	—
Investment in joint venture	**(2.1)**	(0.5)	—
Other	**(5.1)**	9.6	(3.6)
Net cash used in investing activities	**(1.0)**	(38.4)	(50.0)
FINANCING ACTIVITIES			
Net borrowings (payments) under revolving credit agreements and other short-term notes	**(2.6)**	3.1	—
Borrowings of long-term debt	**—**	400.0	450.0
Payments on long-term debt	**(37.5)**	(393.8)	(530.9)
Payments of debt issuance and debt extinguishment costs	**(0.1)**	(17.9)	(2.4)
Cash dividends paid	**(23.0)**	(23.5)	(24.4)
Purchase of common stock for treasury	**(51.5)**	(52.7)	(92.6)
Purchases of shares under employee stock plans	**(5.5)**	(4.9)	(7.7)
Proceeds from the exercise of stock options	**21.4**	7.4	13.3
Excess tax benefits from stock-based compensation	**—**	0.6	4.9
Contributions from noncontrolling interests	**0.8**	2.2	2.5
Net cash used in financing activities	**(98.0)**	(79.5)	(187.3)
Effect of foreign exchange rate changes	**7.5**	(2.7)	(7.9)
Increase (decrease) in cash and cash equivalents	**111.2**	175.7	(29.7)
Cash and cash equivalents at beginning of the year	**369.8**	194.1	223.8
Cash and cash equivalents at end of the year	**$ 481.0**	$ 369.8	$ 194.1

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flow – continued

	Fiscal Year		
(In millions)	**2017**	2016	2015
OTHER CASH FLOW INFORMATION			
Interest paid	**$ 31.5**	$ 33.7	$ 34.9
Net income taxes paid	**23.6**	35.4	49.8
NON-CASH INVESTING AND FINANCING ACTIVITY			
Additions to property, plant and equipment not yet paid	**0.8**	1.7	—
Purchase of common stock for treasury not yet paid	**—**	9.2	—

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity

(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
	Wolverine World Wide, Inc. Stockholders' Equity						
Balance at January 3, 2015	$ 102.3	$ 40.1	$ 852.2	$ (49.5)	$ (11.6)	$ 4.5	$ 938.0
Net earnings			122.8			0.4	123.2
Other comprehensive loss				(6.6)		(1.4)	(8.0)
Shares issued under stock incentive plans, net of forfeitures (721,621 shares)	0.7	(0.7)					—
Shares issued for stock options exercised, net (941,157 shares)	0.9	12.4					13.3
Stock-based compensation expense		18.7					18.7
Income tax benefits from stock incentive plans		5.4					5.4
Cash dividends declared ($0.24 per share)			(24.2)				(24.2)
Issuance of treasury shares (40,016 shares)		—			1.1		1.1
Purchase of common stock for treasury (4,804,665 shares)					(92.6)		(92.6)
Purchases of shares under employee stock plans (276,275 shares)					(7.7)		(7.7)
Capital contribution from noncontrolling interests						2.5	2.5
Balance at January 2, 2016	$ 103.9	$ 75.9	$ 950.8	$ (56.1)	$ (110.8)	$ 6.0	$ 969.7
Net earnings (loss)			87.7			(0.2)	87.5
Other comprehensive loss				(25.0)		(0.4)	(25.4)
Shares issued under stock incentive plans, net of forfeitures (1,200,527 shares)	1.2	(1.3)					(0.1)
Shares issued for stock options exercised, net (530,585 shares)	0.5	6.9					7.4
Stock-based compensation expense		22.8					22.8
Income tax deficiencies from stock incentive plans		(1.0)					(1.0)
Cash dividends declared ($0.24 per share)			(23.4)				(23.4)
Issuance of treasury shares (57,798 shares)		(0.1)			1.2		1.1
Purchase of common stock for treasury (2,838,919 shares)					(61.9)		(61.9)
Purchases of shares under employee stock plans (283,578 shares)					(4.8)		(4.8)
Capital contribution from noncontrolling interests						2.2	2.2
Balance at December 31, 2016	$ 105.6	$ 103.2	$ 1,015.1	$ (81.1)	$ (176.3)	$ 7.6	$ 974.1

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity – continued

	Wolverine World Wide, Inc. Stockholders' Equity						
(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at December 31, 2016	$ 105.6	$ 103.2	$ 1,015.1	$ (81.1)	$ (176.3)	$ 7.6	$ 974.1
Net earnings (loss)			0.3			(1.0)	(0.7)
Other comprehensive income				5.9		0.3	6.2
Shares forfeited, net of shares issued under stock incentive plans (488,655 shares)	(0.5)	0.3					(0.2)
Shares issued for stock options exercised, net (1,247,064 shares)	1.3	20.1					21.4
Stock-based compensation expense		25.4					25.4
Cash dividends declared ($0.24 per share)			(23.2)				(23.2)
Issuance of treasury shares (44,480 shares)		0.2			0.9		1.1
Purchase of common stock for treasury (1,639,732 shares)					(42.3)		(42.3)
Purchases of shares under employee stock plans (227,464 shares)					(5.3)		(5.3)
Capital contribution from noncontrolling interests						0.8	0.8
Incremental investment in joint venture						(2.1)	(2.1)
Balance at December 30, 2017	$ 106.4	$ 149.2	$ 992.2	$ (75.2)	$ (223.0)	$ 5.6	$ 955.2

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
Fiscal Years Ended December 30, 2017, December 31, 2016 and January 2, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Wolverine World Wide, Inc. is a leading designer, marketer and licensor of a broad range of quality casual footwear and apparel; performance outdoor and athletic footwear and apparel; children's footwear, industrial work shoes, boots and apparel; and uniform shoes and boots. The Company's portfolio of owned and licensed brands includes: *Bates*®, *Cat*®, *Chaco*®, *Harley-Davidson*®, *Hush Puppies*®, *HyTest*®, *Keds*®, *Merrell*®, *Saucony*®, *Sperry*®, *Stride Rite*® and *Wolverine*®. 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, as well as 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 majority-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 2017, 2016 and 2015 all had 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Retail store revenue is recognized at time of sale.

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 less 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 and certain outbound 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 a customer are recognized as revenue, while the related expenses incurred by the Company are recorded as cost of goods sold.

Advertising Costs

Advertising costs are expensed as incurred, except for certain materials that are expensed the first time that the advertising takes place. Advertising expenses were $107.1 million, $121.5 million and $137.2 million for fiscal years 2017, 2016 and 2015, respectively. Prepaid advertising totaled $2.8 million and $4.0 million as of December 30, 2017 and December 31, 2016, respectively.

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' failure 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.

Inventories

The Company values its inventory at the lower of cost or market. Cost is determined by the LIFO method for certain domestic finished goods inventories. Cost is determined using the 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 14 to 20 years for buildings and improvements, from 5 to 10 years for leasehold improvements and from 3 to 10 years for machinery, equipment and software.

Operating Leases

The Company leases its retail stores and certain distribution and office facilities under operating leases. In addition to the minimum lease payments, leases may include rent escalation clauses, contingent rental expense and lease incentives, including rent holidays and tenant improvement allowances. Rent expense is recognized on a straight-line basis over the term of the lease from the time at which the Company takes possession of the property. Landlord-provided tenant improvement allowances are recorded in other liabilities and amortized as a credit to rent expense over the term of the lease. 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.

Deferred Financing Costs

Deferred financing costs represent commitment fees, legal and other third-party costs associated with obtaining commitments for financing that result in a closing of such financings for the Company. These costs are amortized into earnings through interest expense over the terms of the respective agreements. Costs incurred in seeking financing transactions that do not close are expensed in the period in which it is determined that the financing will not close.

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. Indefinite-lived intangibles include trademarks and trade names. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The Company reviews the carrying amounts of goodwill and indefinite-lived intangible assets by reporting unit at least annually, or when indicators of impairment are present, to determine if such assets may be impaired. If the carrying amounts of these assets are not recoverable based upon discounted cash flow and market approach analyses, the carrying amounts of such assets are reduced by the estimated difference between the carrying values and estimated fair values. The Company includes assumptions about expected future operating performance as part of a discounted cash flow analysis to estimate fair value. If the carrying value of these assets is not recoverable, based on the discounted cash flow analysis, management performs the next step, which compares the fair value of the reporting unit to the carrying value of the tangible and intangible net assets of the reporting units. Goodwill is considered impaired if the recorded value of the tangible and intangible net assets exceeds the fair value of the reporting unit.

The Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. The Company would not be required to quantitatively determine the fair value of the indefinite-lived intangible unless the Company determines, based on the qualitative assessment, that it is more likely than not that its fair value is less than the carrying value. The Company may skip the qualitative assessment and quantitatively test 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 performs its annual testing for goodwill and indefinite-lived intangible asset impairment at the beginning of the fourth quarter of the fiscal year for all reporting units. See Note 4 to the consolidated financial statements for information related to the results of the Company's annual test.

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. See Note 17 to the consolidated financial statements for information related to long-lived assets that were determined to be impaired.

Environmental

Environmental costs relating to existing conditions caused by past operations that do not contribute to current or future revenues are expensed as incurred. Liabilities related to estimated remediation costs are recorded on an undiscounted basis when they are probable and reasonably estimable, generally no later than the completion of feasibility studies, the Company's commitment to a plan of action, or approval by regulatory agencies.

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, mortality rates 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 11 to the consolidated financial statements for additional information. The Company has elected to measure its defined benefit plan assets and obligations as of December 31 of each year, regardless of the Company's actual fiscal year end date, which is the Saturday nearest to December 31.

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.

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 2017, 2016 and 2015.

2. NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board ("FASB") issued the following Accounting Standards Updates ("ASU") that have been adopted by the Company during fiscal 2017. The following is a summary of the effect of adoption of these new standards.

Standard	Description	Effect on the Financial Statements or Other Significant Matters
ASU 2015-11, *Simplifying the Measurement of Inventory*	Requires that an entity measure inventory at the lower of cost and net realizable value. This ASU does not apply to inventory measured using last-in, first-out.	The adoption of the new standard in fiscal 2017 did not have, nor does the Company believe it will have, a material impact on the accounting for its inventory.

Standard	Description	Effect on the Financial Statements or Other Significant Matters
ASU 2016-05, *Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*	Clarifies that the novation of a derivative contract (i.e., a change in the counterparty) in a hedge accounting relationship does not, in and of itself, require dedesignation of that hedge accounting relationship, provided that all other hedge accounting criteria continue to be met.	The adoption of the new standard in fiscal 2017 did not have, nor does the Company believe it will have, a material impact on the accounting for its derivatives.
ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*	Seeks to provide simplification to issues of share-based payment awards in relation to income tax consequences, forfeitures, classification of awards as either equity or liabilities and classification on the statement of cash flows.	The adoption of the new standard in fiscal 2017 did not have a material impact on the Company's results of operations and cash flows.
ASU 2017-01, *Clarifying the Definition of a Business*	Clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses.	The adoption of the new standard in fiscal 2017 did not have a material impact on the Company's results of operations and cash flows.

The FASB has issued the following ASUs that have not yet been adopted by the Company. The following is a summary of the planned adoption period and anticipated impact of adopting these new standards.

Standard	Description	Planned Period of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2014-09, *Revenue from Contracts with Customers* (as amended by ASUs 2015-14, 2016-08, 2016-10, 2016-11, 2016-12, 2017-13, and 2017-14)	The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.	Q1 2018	The Company has finalized its assessment of the update, which outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Company's review indicated no cumulative-effect adjustment was required, indicating no impact on the Company's consolidated financial statements, except for enhanced disclosures upon adoption beginning in the first quarter of fiscal 2018.
ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*	Enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. This ASU addresses certain aspects of recognition, measurement, presentation and disclosure of financial statements.	Q1 2018	The adoption of the new standard will not have a material impact on the Company's consolidated financial statements.
ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*	Sponsors of benefit plans would be required to present service cost in the same line item or items as other current employee compensation costs, and present the remaining components of net benefit cost in one or more separate line items outside of income from operations, while also limiting the components of net benefit cost eligible to be capitalized to service cost.	Q1 2018	The adoption of the new standard will require the Company to present the non-service pension costs as a component of expense below operating profit. The adoption, which will be applied retrospectively, will not have any impact on consolidated net income, financial position or cash flows.

Standard	Description	Planned Period of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2016-02, *Leases*	The core principle is that a lessee shall recognize a lease asset and lease liability in its statement of financial position. A lessee should recognize a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term.	Q1 2019	The Company is evaluating the impacts of the new standard on its existing leases.
ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*	Seeks to improve the transparency and understandability of information conveyed to financial statement users about an entity's risk management activities and to reduce the complexity of and simplify the application of hedge accounting. This ASU eliminates the requirement to separately measure and report hedge ineffectiveness.	Q1 2019	The Company is evaluating the impacts of the new standard on its existing derivative contracts.
ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*	Seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.	Q1 2020	The Company is evaluating the impacts of the new standard on its existing financial instruments, including trade receivables.

3. 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:

	Fiscal Year		
(In millions, except per share data)	**2017**	2016	2015
Numerator:			
Net earnings attributable to Wolverine World Wide, Inc.	**$ 0.3**	$ 87.7	$ 122.8
Adjustment for earnings allocated to nonvested restricted common stock	**—**	(2.1)	(2.8)
Net earnings used to calculate basic earnings per share	**0.3**	85.6	120.0
Adjustment for earnings (loss) reallocated to nonvested restricted common stock	**(0.2)**	0.1	0.1
Net earnings used to calculate diluted earnings per share	**$ 0.1**	$ 85.7	$ 120.1
Denominator:			
Weighted average shares outstanding	**96.4**	99.0	102.0
Adjustment for nonvested restricted common stock	**(2.7)**	(3.7)	(3.4)
Shares used to calculate basic earnings per share	**93.7**	95.3	98.6
Effect of dilutive stock options	**1.7**	0.9	1.4
Shares used to calculate diluted earnings per share	**95.4**	96.2	100.0
Net earnings per share:			
Basic	**$ —**	$ 0.90	$ 1.22
Diluted	**$ —**	$ 0.89	$ 1.20

Options granted to purchase 1,753,869, 3,100,328 and 2,264,711 shares in fiscal years 2017, 2016 and 2015, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

The Company has 2,000,000 authorized shares of $1 par value preferred stock, none of which was issued or outstanding as of December 30, 2017 or December 31, 2016. 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.

On August 8, 2016, the Company's Board of Directors approved a common stock repurchase program that authorizes the repurchase of up to $300.0 million in common stock over a four-year period, although the annual amount of any stock repurchases are restricted under the terms of the Company's Credit Agreement. The Company repurchased $42.3 million, $61.9 million and $92.6 million of Company common stock in fiscal years 2017, 2016 and 2015, respectively, under stock repurchase plans. In addition to the stock repurchase program activity, the Company acquired $5.5 million, $4.9 million and $7.7 million of shares in fiscal years 2017, 2016 and 2015, respectively, in connection with employee transactions related to stock incentive plans.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes during fiscal years 2017 and 2016 in the carrying amount of goodwill and indefinite-lived intangibles, which comprises trademarks and trade names, is as follows:

(In millions)	Goodwill	Indefinite-lived intangibles	Total
Balance at January 2, 2016	$ 429.1	$ 685.4	$ 1,114.5
Purchase of intangibles	—	0.2	0.2
Impairment	—	(7.1)	(7.1)
Sale of a business	(2.3)	—	(2.3)
Foreign currency translation effects	(2.5)	—	(2.5)
Balance at December 31, 2016	$ 424.3	$ 678.5	$ 1,102.8
Impairment	**—**	**(68.6)**	**(68.6)**
Sale of a business	**—**	**(5.4)**	**(5.4)**
Foreign currency translation effects	**5.5**	**—**	**5.5**
Balance at December 30, 2017	**$ 429.8**	**$ 604.5**	**$ 1,034.3**

In the fourth quarter of fiscal 2017, as a result of its annual impairment testing, the Company recognized a $68.6 million impairment charge for the *Sperry*® trade name. In the fourth quarter of fiscal 2016, as a result of its annual impairment testing, the Company recorded a $7.1 million impairment charge for the *Stride Rite*® trade name. The Company signed a multi-year license agreement in 2017 to license the *Stride Rite*® brand, which is estimated to improve the future profitability of the business and reduce the risk of future non-cash impairments. If the operating results for *Sperry*® were to decline in future periods, the Company may need to record an additional non-cash impairment charge. The carrying value of the Company's *Stride Rite*® and *Sperry*® trade name indefinite-lived intangible assets was $7.9 million and $518.2 million, respectively, as of December 30, 2017.

In the second quarter of fiscal 2015, the Company recorded a $2.6 million impairment charge for the *Cushe*® trade name, due to the decision to wind-down operations of the *Cushe*® brand.

In the third quarter of fiscal 2017, the Company sold the intangible assets related to its *Sebago*® brand from the Outdoor & Lifestyle Group operating segment. See Note 18 for additional information. During fiscal 2016, the Company sold a non-core business within the Multi-Brand Group operating segment, which included an allocation of goodwill for the brand.

The Company did not recognize any impairment charges during fiscal years 2017, 2016 or 2015 for goodwill, as the annual impairment testing indicated that all reporting unit goodwill fair values exceeded their respective carrying values.

Amortizable intangible assets are amortized using the straight-line method over their estimated useful lives. They consist primarily of customer relationships, licensing arrangements and developed product technology. The combined gross carrying value and accumulated amortization for these amortizable intangibles is as follows:

	December 30, 2017			
(In millions)	Average remaining life (years)	Gross carrying value	Accumulated amortization	Net
Customer relationships	**15**	**$ 100.5**	**$ 26.6**	**$ 73.9**
Other	**3**	**13.5**	**10.4**	**3.1**
Total		**$ 114.0**	**$ 37.0**	**$ 77.0**

	December 31, 2016			
(In millions)	Average remaining life (years)	Gross carrying value	Accumulated amortization	Net
Customer relationships	16	$ 100.5	$ 21.6	$ 78.9
Licensing arrangements	1	28.8	27.6	1.2
Developed product technology	1	14.9	12.7	2.2
Other	3	11.4	9.9	1.5
Total		$ 155.6	$ 71.8	$ 83.8

Amortization expense for these amortizable intangible assets was $9.4 million, $14.0 million and $15.6 million for fiscal years 2017, 2016 and 2015, respectively. Estimated aggregate amortization expense for such intangibles for the fiscal years subsequent to December 30, 2017 is as follows:

(In millions)	2018	2019	2020	2021	2022
Amortization expense	$ 6.1	$ 5.9	$ 5.6	$ 5.4	$ 5.1

5. ACCOUNTS RECEIVABLE

The Company has an agreement with a financial institution to sell selected trade accounts receivable on a recurring, nonrecourse basis that expires in the fourth quarter of fiscal 2018. Under the agreement, up to $150.0 million of accounts receivable may be sold to the financial institution and remain outstanding at any point in time. After the sale, the Company does not retain any interests in the accounts receivable and removes them from its consolidated balance sheet, but continues to service and collect the outstanding accounts receivable on behalf of the financial institution. The Company recognizes a servicing asset or servicing liability, initially measured at fair value, each time it undertakes an obligation to service the accounts receivable under the agreement. The fair value of this obligation resulted in a nominal servicing liability for all periods presented. For receivables sold under the agreement, 90% of the stated amount is paid for in cash to the Company at the time of sale, with the remainder paid to the Company at the completion of the collection process. The following is a summary of the stated amount of accounts receivable that was sold as well as fees charged by the financial institution.

	Fiscal Year		
(In millions)	**2017**	2016	2015
Accounts receivable sold	**$ 558.3**	$ 614.9	$ 657.4
Fees charged	**2.1**	1.7	1.4

The fees are recorded in other expense. Net proceeds of this program are classified in operating activities in the consolidated statements of cash flows. This program reduced the Company's accounts receivable by $70.1 million and $81.1 million as of December 30, 2017 and December 31, 2016, respectively.

6. INVENTORIES

The Company used the LIFO method to value inventories of $53.2 million at December 30, 2017 and $66.2 million at December 31, 2016. During fiscal 2017, a reduction in inventory quantities resulted in a liquidation of applicable LIFO inventory quantities carried at lower costs in prior years. This LIFO liquidation decreased cost of goods sold by $6.0 million. If the FIFO method had been used, inventories would have been $16.4 million and $22.4 million higher than reported at December 30, 2017 and December 31, 2016, respectively.

7. DEBT

Total debt consists of the following obligations:

(In millions)	**December 30, 2017**	December 31, 2016
Term Loan A, due July 13, 2020	**$ 538.1**	$ 575.6
Senior Notes, 5.000% interest, due September 1, 2026	**250.0**	250.0
Borrowings under revolving credit agreements and other short-term notes	**0.5**	2.9
Capital lease obligation	**0.5**	0.5
Unamortized debt issuance costs	**(6.5)**	(8.3)
Total debt	**$ 782.6**	$ 820.7

On September 15, 2016, the Company amended its credit agreement (as amended, the "Credit Agreement"). The Credit Agreement provided a $588.8 million term loan facility (“Term Loan A”) and a $600.0 million revolving credit facility (the “Revolving Credit Facility”), both with maturity dates of July 13, 2020. The Credit Agreement’s debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed $1,750.0 million, unless certain specified conditions set forth in the Credit Agreement are met. Term Loan A requires quarterly principal payments with a balloon payment due on July 13, 2020. The scheduled principal payments due over the next 12 months total $37.5 million as of December 30, 2017 and are recorded as current maturities of long-term debt on the consolidated balance sheet.

The Revolving Credit Facility allows the Company to borrow up to an aggregate amount of $600.0 million, which includes a $200.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, British pounds, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies as are determined in accordance with the Credit Agreement. The Revolving Credit Facility also includes a $50.0 million swingline subfacility and a $50.0 million letter of credit subfacility. The Company had outstanding letters of credit under the Revolving Credit Facility of $2.5 million and $2.6 million as of December 30, 2017 and December 31, 2016, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Credit Facility.

The interest rates applicable to amounts outstanding under Term Loan A and to U.S. dollar denominated amounts outstanding under the Revolving Credit Facility will be, at the Company's option, either (1) the Alternate Base Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 0.25% to 1.00%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 1.25% to 2.00% (all capitalized terms used in this sentence are as defined in the Credit Agreement). The Company has an interest rate swap arrangement that reduces the Company's exposure to fluctuations in interest rates on its variable rate debt. At December 30, 2017, Term Loan A had a weighted-average interest rate of 3.39%.

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

The Credit Agreement also contains certain affirmative and negative covenants, including covenants that limit the ability of the Company and its Restricted Subsidiaries to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments, as well as covenants restricting the activities of certain foreign subsidiaries of the Company that hold intellectual property related assets. Further, the Credit Agreement requires compliance with the following financial covenants: a maximum Consolidated Leverage Ratio; a maximum Consolidated Secured Leverage Ratio; and a minimum Consolidated Interest Coverage Ratio (all capitalized terms used in this paragraph are as defined in the Credit Agreement). As of December 30, 2017, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

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

The Company has a foreign revolving credit facility with aggregate available borrowings of $4.0 million that are uncommitted and, therefore, each borrowing against the facility is subject to approval by the lender. Borrowings against this facility were $0.5 million and $1.8 million as of December 30, 2017 and December 31, 2016, respectively.

The Company has a capital lease obligation with payments scheduled to continue through February 2022.

The Company included in interest expense the amortization of deferred financing costs of $2.8 million, $3.1 million and $3.7 million in fiscal years 2017, 2016 and 2015, respectively.

Annual maturities of debt, including capital leases, for the fiscal years subsequent to December 30, 2017 are as follows:

(In millions)	2018	2019	2020	2021	2022	Thereafter
Annual maturities of debt	$ 38.0	$ 60.2	$ 440.7	$ 0.2	$ —	$ 250.0

8. PROPERTY, PLANT AND EQUIPMENT AND OPERATING LEASES

Property, plant and equipment consisted of the following:

(In millions)	**December 30, 2017**	December 31, 2016
Land	**$ 4.0**	$ 4.1
Buildings and improvements	**103.5**	125.1
Machinery and equipment	**171.0**	189.6
Software	**112.6**	115.2
Gross cost	**391.1**	434.0
Less: accumulated depreciation	**254.4**	287.9
Property, plant and equipment, net	**$ 136.7**	$ 146.1

Depreciation expense was $27.8 million, $29.5 million and $33.1 million for fiscal years 2017, 2016 and 2015, respectively.

The Company leases machinery, equipment and certain warehouse, office and retail store space under operating lease agreements that expire at various dates through 2035. Certain leases contain renewal provisions and generally require the Company to pay utilities, insurance, taxes and other operating expenses.

Rental expense under all operating leases, consisting primarily of minimum rentals, totaled $39.9 million, $55.5 million and $54.8 million in fiscal years 2017, 2016 and 2015, respectively. The Company recognized sublease income of $1.9 million and $0.9 million in fiscal years 2017 and 2016, respectively. As of December 30, 2017, the Company is due $19.1 million in future rentals under noncancelable subleases.

Minimum rental payments due and minimum sublease rentals to be received under all noncancelable operating leases for the fiscal years subsequent to December 30, 2017 are as follows:

(In millions)	2018	2019	2020	2021	2022	Thereafter
Minimum rental payments	$ 31.2	$ 30.2	$ 26.8	$ 25.1	$ 23.3	$ 120.8

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company follows FASB ASC Topic 815, *Derivatives and Hedging* ("ASC 815"), 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 does not hold or issue financial instruments for trading purposes.

The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extend out to a maximum of 356 days, as of December 30, 2017 and December 31, 2016. The Company also utilizes foreign currency forward exchange contracts that are not designated as hedging instruments to manage foreign currency translation exposure. Foreign currency derivatives not designated as hedging instruments are offset by foreign exchange gains or losses resulting from the underlying exposures of foreign currency denominated assets and liabilities.

The Company has an interest rate swap arrangement, which unless otherwise terminated, will mature on July 13, 2020. This agreement, which exchanges floating rate for fixed rate interest payments over the life of the agreement without the exchange of the underlying notional amounts, has been designated as cash flow hedge of the debt. The notional amount of the interest rate swap arrangement is used to measure interest to be paid or received and do not represent the amount of exposure to credit loss.

The Company has a cross currency swap to minimize the impact of exchange rate fluctuations. The hedging instrument, which, unless otherwise terminated, will mature on September 1, 2021, has been designated as a hedge of a net investment in a foreign operation. The Company will pay 2.75% on the euro-denominated notional amount and receive 5.00% on the U.S. dollar notional amount, with an exchange of principal at maturity. Changes in fair value related to movements in the foreign currency exchange spot rate are recorded in accumulated other comprehensive income (loss) ("AOCI"), offsetting the currency translation adjustment related to the underlying net investment that is also recorded in AOCI. All other changes in fair value are recorded in interest expense.

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

(Dollars in millions)	**December 30, 2017**	December 31, 2016
Foreign exchange contracts:		
Hedge contracts	**$ 162.7**	$ 169.2
Non-hedge contracts	**—**	2.1
Interest rate swap	**446.9**	496.0
Cross currency swap	**106.4**	—

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

(In millions)	**December 30, 2017**	December 31, 2016
Financial assets:		
Foreign exchange contracts - hedge	**$ 0.3**	$ 6.6
Interest rate swap	**—**	0.1
Financial liabilities:		
Foreign exchange contracts - hedge	**$ (5.0)**	$ (0.3)
Interest rate swap	**(0.3)**	(5.3)
Cross currency swap	**(13.8)**	—

Hedge effectiveness on the foreign exchange contracts is evaluated by the hypothetical derivative method. Any hedge ineffectiveness is reported within the cost of goods sold line item in the consolidated statements of operations. Hedge ineffectiveness was not material to the Company's consolidated financial statements for the fiscal years ending December 30, 2017, December 31, 2016 and January 2, 2016. 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 AOCI within stockholders' equity.

The differential paid or received on the interest rate swap arrangement is recognized as interest expense. In accordance with ASC 815, the Company has formally documented the relationship between the interest rate swap and the variable rate borrowings, as well as its risk management objective and strategy for undertaking the hedge transaction. This process included linking the derivative to the specific liability or asset on the balance sheet. The Company also assessed at the hedges' inception, and continues to assess on an ongoing basis, whether the derivatives used in the hedging transaction are highly effective in offsetting changes in the cash flows of the hedged item. The effective portion of unrealized gains (losses) is deferred as a component of AOCI and will be recognized in earnings at the time the hedged item affects earnings. Any ineffective portion of the change in fair value will be immediately recognized as a component of interest expense. The Company's interest rate swaps have remained effective since inception throughout fiscal years ending December 30, 2017, December 31, 2016 and January 2, 2016

Hedge effectiveness on the cross currency swap is assessed using the spot method. In accordance with ASC 815, the Company has formally documented the relationship between the cross currency swap and the Company's investment in its euro-denominated subsidiary, as well as its risk management objective and strategy for undertaking the hedge transaction. This process included linking the derivative to its net investment on the balance sheet. The Company also assessed at the hedges' inception, and continues to assess on an ongoing basis, whether the derivative used in the hedging transaction is highly effective in offsetting changes in expected cash flows of the hedged item. The effective portion of unrealized gains (losses) is deferred as a component of AOCI and will be recognized in earnings at the time the hedged item affects earnings. Any ineffective portion of the change in fair value will be immediately recognized as a component of interest expense. The Company's cross currency swap has remained effective since inception throughout fiscal year ending December 30, 2017.

10. STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation in accordance with the fair value recognition provisions of ASC Topic 718, *Compensation – Stock Compensation*. The Company recognized compensation expense of $25.4 million, $22.8 million and $18.7 million and related income tax benefits of $8.6 million, $7.9 million and $6.1 million for grants under its stock-based compensation plans in the statements of operations for fiscal years 2017, 2016 and 2015, respectively. The Company generally grants restricted stock or units ("Restricted Awards"), performance-based restricted stock or units ("Performance Awards") and stock options under its stock-based compensation plans.

As of December 30, 2017, the Company had 2,673,893 stock incentive units (stock options, stock appreciation rights, restricted stock, restricted stock units and common stock) available for issuance under the Stock Incentive Plan of 2016 ("Stock Plan"). Each stock option or stock appreciation right granted counts as 1.0 stock incentive unit. Stock options granted under the Stock 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. All other awards granted, including Restricted Awards and Performance Awards, count as 2.6 stock incentive units. Restricted Awards issued under the Stock Plan are 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 four-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 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.

The Board of Directors awards an annual grant of Performance Awards to certain plan participants. The number of Performance Awards 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 Awards that are not earned by the end of the three-year measurement period will be forfeited. The final determination of the number of Performance Awards to be issued in respect to an award is determined by the Compensation Committee of the Company's Board of Directors.

Stock Options

The Company estimated the fair value of employee stock options on the date of grant using the Black-Scholes-Merton formula. The estimated weighted-average fair value for each option granted was $5.50, $3.36 and $6.35 per share for fiscal years 2017, 2016 and 2015, respectively, with the following weighted-average assumptions.

	Fiscal Year		
	2017	2016	2015
Expected market price volatility (1)	**29.3%**	27.2%	28.8%
Risk-free interest rate (2)	**1.7%**	1.0%	1.3%
Dividend yield (3)	**1.0%**	1.4%	0.9%
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 estimated 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.

A summary of the stock option transactions is as follows:

	Shares Under Option	Weighted-Average Exercise Price	Average Remaining Contractual Term *(Years)*	Aggregate Intrinsic Value (In millions)
Outstanding at January 3, 2015	6,397,993	$ 18.36	6.2	$ 68.3
Granted	1,366,137	28.22		
Exercised	(1,003,896)	14.63		
Cancelled	(387,840)	26.93		
Outstanding at January 2, 2016	6,372,394	$ 20.54	6.1	$ 8.6
Granted	2,445,573	16.88		
Exercised	(562,610)	14.41		
Cancelled	(761,695)	23.03		
Outstanding at December 31, 2016	7,493,662	$ 19.55	6.4	$ 28.7
Granted	**93,274**	**23.85**		
Exercised	**(1,267,269)**	**17.15**		
Cancelled	**(230,003)**	**21.37**		
Outstanding at December 30, 2017	**6,089,664**	**$ 20.05**	**5.8**	**$ 72.1**
Nonvested at December 30, 2017	**(1,439,221)**			
Exercisable at December 30, 2017	**4,650,443**	**$ 20.47**	**5.1**	**$ 53.1**

The total pretax intrinsic value of stock options exercised during fiscal years 2017, 2016 and 2015 was $12.5 million, $4.0 million and $14.5 million, respectively. As of December 30, 2017, there was $1.8 million of unrecognized compensation expense related to stock option grants expected to be recognized over a weighted-average period of 1.0 years. As of December 31, 2016 and January 2, 2016, there was $4.8 million and $4.6 million, respectively, of unrecognized compensation expense related to stock option awards expected to be recognized over a weighted-average period of 1.4 years 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 as of each fiscal year end, which would have been received by the option holders had all option holders exercised options, where the market price of the Company's stock was above the strike price ("in-the-money"), as of that date. The total number of in-the-money options exercisable as of December 30, 2017, based on the Company's closing stock price of $31.88 per share, was 4,563,527 and the weighted-average exercise price was $20.26 per share. As of December 31, 2016, 3,546,676 outstanding options were exercisable and in-the-money and the weighted-average exercise price was $16.81 per share.

Restricted Awards and Performance Awards

A summary of the nonvested Restricted Awards and Performance Awards is as follows:

	Restricted Awards	Weighted-Average Grant Date Fair Value	Performance Awards	Weighted-Average Grant Date Fair Value
Nonvested at January 3, 2015	1,727,182	$ 22.44	1,490,770	$ 23.30
Granted	677,113	27.26	732,124	28.62
Vested	(398,582)	18.99	(311,343)	20.47
Forfeited	(279,074)	25.90	(405,432)	24.76
Nonvested at January 2, 2016	1,726,639	$ 24.57	1,506,119	$ 26.08
Granted	1,050,758	16.89	1,008,228	16.71
Vested	(443,380)	22.10	(316,454)	23.54
Forfeited	(386,639)	23.27	(467,007)	23.22
Nonvested at December 31, 2016	1,947,378	$ 21.24	1,730,886	$ 21.86
Granted	**762,078**	**23.06**	**511,722**	**25.14**
Vested	**(445,939)**	**22.03**	**(173,894)**	**27.01**
Forfeited	**(238,445)**	**21.66**	**(378,046)**	**25.04**
Nonvested at December 30, 2017	**2,025,072**	**$ 21.70**	**1,690,668**	**$ 21.54**

As of December 30, 2017, there was $18.3 million of unrecognized compensation expense related to nonvested Restricted Awards which is expected to be recognized over a weighted-average period of 1.8 years. The total fair value of Restricted Awards vested during the year ended December 30, 2017 was $10.6 million. As of December 31, 2016, there was $16.6 million of unrecognized compensation expense related to nonvested Restricted Awards which was expected to be recognized over a weighted-average period of 2.1 years. The total fair value of Restricted Awards vested during the year ended December 31, 2016 was $7.7 million. As of January 2, 2016, there was $17.2 million of unrecognized compensation expense related to nonvested Restricted Awards which was expected to be recognized over a weighted-average period of 1.9 years. The total fair value of Restricted Awards vested during the year ended January 2, 2016 was $11.1 million.

As of December 30, 2017, there was $16.9 million of unrecognized compensation expense related to nonvested Performance Awards which is expected to be recognized over a weighted-average period of 1.9 years. The total fair value of Performance Awards vested during the year ended December 30, 2017 was $4.0 million. As of December 31, 2016, there was $8.2 million of unrecognized compensation expense related to nonvested Performance Awards which was expected to be recognized over a weighted-average period of 1.8 years. The total fair value of Performance Awards vested during the year ended December 31, 2016 was $5.2 million. As of January 2, 2016, there was $4.5 million of unrecognized compensation expense related to nonvested Performance Awards which was expected to be recognized over a weighted-average period of 2.0 years. The total fair value of Performance Awards vested during the year ended January 2, 2016 was $8.7 million.

11. RETIREMENT PLANS

The Company has three non-contributory, defined benefit pension plans that provide retirement benefits to less than half of its domestic employees. The Company's principal defined benefit pension plan, which is closed to new participants, provides benefits based on the employee's years of service and final average earnings. The Company's second plan provides benefits at a fixed rate per year of service for certain employees under a collective bargaining arrangement. The Company's third non-contributory defined benefit pension plan is closed to new participants and no longer accrues future benefits.

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 those employees to receive payments from the Company for a period of time that generally extends 15 to 18 years following retirement. The Company maintains life insurance policies with a cash surrender value of $60.7 million at December 30, 2017 and $56.6 million at December 31, 2016 that are intended to partially fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has two defined contribution 401(k) plans covering substantially all domestic employees that provide for Company contributions based on earnings. The Company recognized expense for its contributions to the defined contribution plans of $4.2 million, $4.0 million and $4.6 million in fiscal years 2017, 2016 and 2015, respectively.

The Company also has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were $1.0 million, $1.1 million and $1.5 million in fiscal years 2017, 2016 and 2015, respectively. 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 $1.1 million at December 30, 2017 and $1.1 million at December 31, 2016 and was recognized as a deferred compensation liability on the consolidated balance sheets.

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 2017 and 2016:

	Fiscal Year	
(In millions)	**2017**	2016
Change in projected benefit obligations:		
Projected benefit obligations at beginning of the year	**$ 417.5**	$ 392.8
Service cost pertaining to benefits earned during the year	**7.2**	6.5
Interest cost on projected benefit obligations	**17.7**	19.1
Actuarial losses	**30.5**	31.0
Benefits paid to plan participants	**(27.2)**	(24.7)
Curtailment	**(2.3)**	—
Settlement	**—**	(7.2)
Projected benefit obligations at end of the year	**$ 443.4**	$ 417.5
Change in fair value of pension assets:		
Fair value of pension assets at beginning of the year	**$ 271.9**	$ 280.8
Actual return on plan assets	**41.0**	19.1
Company contributions - pension	**11.3**	1.5
Company contributions - SERP	**2.6**	2.4
Benefits paid to plan participants	**(27.2)**	(24.7)
Settlement	**—**	(7.2)
Fair value of pension assets at end of the year	**$ 299.6**	$ 271.9
Funded status	**$ (143.8)**	$ (145.6)
Amounts recognized in the consolidated balance sheets:		
Non-current assets	**$ 2.1**	$ 1.2
Current liabilities	**(3.7)**	(3.7)
Non-current liabilities	**(142.2)**	(143.1)
Net amount recognized	**$ (143.8)**	$ (145.6)
Funded status of pension plans and SERP (supplemental):		
Nonqualified trust assets (cash surrender value of life insurance) recorded in other assets and intended to satisfy the projected benefit obligation of unfunded SERP obligations	**54.0**	50.1
Net funded status of pension plans and SERP (supplemental)	**$ (89.8)**	$ (95.5)

Unrecognized net actuarial loss recognized in AOCI was $42.6 million and $45.3 million, and amounts net of tax were $28.6 million and $30.4 million, as of December 30, 2017 and December 31, 2016, respectively. The accumulated benefit obligations for all defined benefit pension plans and the SERP were $422.0 million at December 30, 2017 and $396.3 million at December 31, 2016.

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

(In millions)	Fiscal Year 2017	2016	2015
Service cost pertaining to benefits earned during the year	**$ 7.2**	$ 6.5	$ 9.0
Interest cost on projected benefit obligations	**17.7**	19.1	18.5
Expected return on pension assets	**(19.8)**	(20.1)	(20.5)
Net amortization loss	**9.8**	5.0	20.9
Settlement gain	**—**	(0.1)	—
Net pension expense	**$ 14.9**	$ 10.4	$ 27.9
Less: SERP expense	**5.5**	5.8	7.8
Qualified defined benefit pension plans expense	**$ 9.4**	$ 4.6	$ 20.1

The actuarial loss included in accumulated other comprehensive loss and expected to be recognized in net periodic pension expense during 2018 is $3.3 million.

The weighted-average actuarial assumptions used to determine the benefit obligation amounts and the net periodic benefit cost for the Company's pension and post-retirement plans are as follows:

	Fiscal Year 2017	2016
Weighted-average assumptions used to determine benefit obligations at fiscal year-end:		
Discount rate	**3.80%**	4.35%
Rate of compensation increase - pension	**3.92%**	4.85%
Rate of compensation increase - SERP	**7.00%**	7.00%
Weighted average assumptions used to determine net periodic benefit cost for the years ended:		
Discount rate	**4.35%**	5.00%
Expected long-term rate of return on plan assets	**7.25%**	7.25%
Rate of compensation increase - pension	**3.97%**	4.85%
Rate of compensation increase - SERP	**7.00%**	7.00%

Unrecognized net actuarial losses exceeding certain corridors are amortized over one of two amortization periods, based on each plan's election. The amortization period is either a five-year period, unless the minimum amortization method based on average remaining service periods produces a higher amortization; or, over the average remaining service period of participants expected to receive benefits. 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.

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. 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. The target investment allocations as of December 30, 2017 were 58% in equity securities, 37% in fixed income securities and 5% in real estate investments. Within the equity and fixed income classifications, the investments are diversified. The Company's asset allocations by asset category and fair value measurement are as follows:

(In millions)	December 30, 2017 Level 1	Level 2	Level 3	Other[1]	Total	
Equity securities	**$ —**	**$ —**	**$ —**	**$ 173.4**	**$ 173.4**	**57.9%**
Fixed income securities	**—**	**—**	**—**	**109.1**	**109.1**	**36.4%**
Real estate investments	**—**	**—**	**—**	**15.8**	**15.8**	**5.3%**
Other	**—**	**—**	**1.3**	**—**	**1.3**	**0.4%**
Fair value of plan assets	**$ —**	**$ —**	**$ 1.3**	**$ 298.3**	**$ 299.6**	**100.0%**

(In millions)	December 31, 2016 Level 1	Level 2	Level 3	Other[1]	Total	
Equity securities	$ —	$ —	$ —	$ 161.0	$ 161.0	59.2%
Fixed income securities	—	—	0.3	95.4	95.7	35.2%
Real estate investments	—	—	—	14.5	14.5	5.3%
Other	—	—	0.7	—	0.7	0.3%
Fair value of plan assets	$ —	$ —	$ 1.0	$ 270.9	$ 271.9	100.0%

1 In accordance with ASC 820, *Fair Value Measurement*, certain investments are measured at fair value using the net asset value per share as a practical expedient. These assets have not been classified in the fair value hierarchy.

The Company expects to contribute approximately $1.7 million to its qualified defined benefit pension plans and $3.7 million to the SERP in fiscal 2018.

Expected benefit payments for the fiscal years subsequent to December 30, 2017 are as follows:

(In millions)	2018	2019	2020	2021	2022	2023-2027
Expected benefit payments	$ 20.6	$ 21.0	$ 21.4	$ 21.9	$ 22.2	$ 118.6

12. INCOME TAXES

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

(In millions)	Fiscal Year **2017**	2016	2015
United States	**$ (78.2)**	$ 54.7	$ 102.1
Foreign	**67.6**	55.8	62.5
Earnings (loss) before income taxes	**$ (10.6)**	$ 110.5	$ 164.6

The provisions for income tax expense (benefit) consist of the following:

(In millions)	Fiscal Year **2017**	2016	2015
Current expense:			
Federal	**$ 48.1**	$ 16.0	$ 48.9
State	**1.9**	1.4	5.2
Foreign	**14.0**	11.3	11.6
Deferred expense (credit):			
Federal	**(72.0)**	(6.9)	(22.0)
State	**(0.2)**	(0.3)	(1.9)
Foreign	**(1.7)**	1.5	(0.4)
Income tax provision	**$ (9.9)**	$ 23.0	$ 41.4

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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:

	Fiscal Year		
(In millions)	**2017**	2016	2015
Income taxes at U.S. statutory rate (35%)	**$ (3.7)**	$ 38.7	$ 57.6
State income taxes, net of federal income tax	**(4.2)**	(6.1)	1.8
(Nontaxable earnings) non-deductible losses of foreign affiliates:			
Cayman Islands	**(3.5)**	(0.4)	(0.4)
Other	**(0.3)**	0.2	(1.9)
Foreign earnings taxed at rates different from the U.S. statutory rate:			
Hong Kong	**(17.3)**	(17.3)	(18.1)
Other	**3.5**	3.3	0.2
Adjustments for uncertain tax positions	**0.4**	0.2	0.1
Change in valuation allowance	**3.0**	2.0	(1.3)
Change in state tax rates	**0.1**	(0.1)	(0.7)
Transition tax due to TCJA	**58.1**	—	—
Remeasurement of U.S. deferred taxes due to TCJA	**(52.5)**	—	—
Deferred tax on future cash dividends	**3.0**	—	—
Non-deductible expenses	**(0.6)**	1.9	3.5
Other	**4.1**	0.6	0.6
Income tax provision	**$ (9.9)**	$ 23.0	$ 41.4

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

(In millions)	**December 30, 2017**	December 31, 2016
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	**$ 5.9**	$ 17.2
Deferred compensation accruals	**8.9**	9.0
Accrued pension expense	**33.9**	53.7
Stock-based compensation	**16.7**	22.6
Net operating loss and foreign tax credit carryforwards	**15.1**	9.7
Book over tax depreciation and amortization	**—**	2.0
Tenant lease expenses	**3.2**	5.0
Environmental reserve	**7.9**	—
Other	**10.4**	9.3
Total gross deferred income tax assets	**102.0**	128.5
Less valuation allowance	**(14.5)**	(11.5)
Net deferred income tax assets	**87.5**	117.0
Deferred income tax liabilities:		
Intangible assets	**(155.3)**	(270.5)
Tax over book depreciation and amortization	**(6.3)**	—
Other	**(5.8)**	(5.2)
Total deferred income tax liabilities	**(167.4)**	(275.7)
Net deferred income tax liabilities	**$ (79.9)**	$ (158.7)

The valuation allowance for deferred income tax assets as of December 30, 2017 and December 31, 2016 was $14.5 million and $11.5 million, respectively. The net increase in the total valuation allowance for fiscal years 2017 and 2016 was $3.0 million and $2.0 million, respectively. The valuation allowance for both years is primarily related to U.S. state and local net operating loss carryforwards as well as a valuation allowance against state deferred tax assets for certain U.S. legal entities, foreign net operating loss carryforwards and tax credit carryforwards in foreign jurisdictions. The ultimate realization of the deferred tax assets depends on the generation of future taxable income in foreign jurisdictions as well as state and local tax jurisdictions. The current year change in the valuation allowance was comprised of an increase against the state deferred tax assets of $1.1 million and an increase related to state net operating loss carryforward of $2.9 million, a decrease related to an audit adjustment of a foreign net operating loss of $1.3 million and a net increase relating to the foreign net operating losses and foreign tax credits of $0.3 million.

At December 30, 2017, the Company had foreign net operating loss carryforwards of $33.9 million, which have expirations ranging from 2019 to an unlimited term during which they are available to offset future foreign taxable income. The Company had U.S. state net operating loss carryforwards of $99.8 million, which have expirations ranging from 2018 to 2037 during which they are available to offset future state taxable income. The Company also had tax credit carryforwards in foreign jurisdictions of $2.6 million, which are available for an unlimited carryforward period to offset future foreign taxes.

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

	Fiscal Year	
(In millions)	**2017**	2016
Beginning balance	**$ 8.9**	$ 8.7
Increases related to current year tax positions	**1.8**	1.4
Decreases related to prior year positions	**(1.1)**	(1.0)
Decrease due to lapse of statute	**(0.3)**	(0.2)
Ending balance	**$ 9.3**	$ 8.9

The portion of the unrecognized tax benefits that, if recognized currently, would reduce the annual effective tax rate was $8.5 million as of December 30, 2017 and $7.8 million as of December 31, 2016. 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 $2.7 million as of December 30, 2017 and $2.9 million as of December 31, 2016.

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 material 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 2013.

On December 22, 2017, the TCJA was enacted which significantly changes U.S. corporate income tax laws by, among other things, reducing the U.S. corporate income tax rate to 21% starting in 2018 and creating a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of U.S. subsidiaries. As a result, the Company recorded income tax expense of $5.6 million during the fourth quarter of 2017. This amount, which is included in the income tax expense (benefit) line item in the consolidated statements of operations, consists of two components: (i) a $58.1 million expense relating to the estimated one-time mandatory transition tax on previously deferred earnings of certain non-U.S. subsidiaries that are owned either wholly or partially by a U.S. subsidiary of the Company to be paid over eight years, and (ii) a $52.5 million benefit resulting from the remeasurement of the Company’s deferred tax assets and liabilities in the U.S. based on the new lower corporate income tax rate.

As a result of the TCJA, the Company now intends to repatriate cash held in foreign jurisdictions and as such has recorded a deferred tax liability related to additional state taxes and foreign withholding taxes on the future dividends received in the U.S. from the foreign subsidiaries of $3.0 million.

The amounts recorded due to the enactment of the TCJA are the Company's best estimate based on the current information and guidance available at this time, and represent provisional estimates of the transition tax, remeasurement of deferred tax accounts and deferred tax liability on future dividends associated with the TCJA, and as allowed under SAB 118, will be finalized in 2018.

The Company intends to permanently reinvest all non-cash undistributed earnings outside of the U.S. and has, therefore, not established a deferred tax liability on the amount of foreign unremitted earnings of $259.0 million at December 30, 2017. However, if these non-cash undistributed earnings were repatriated, the Company would be required to accrue and pay applicable U.S. taxes and withholding taxes payable to various countries. It is not practicable to estimate the amount of the deferred tax liability associated with these non-cash unremitted earnings due to the complexity of the hypothetical calculation.

13. ACCUMLATED OTHER COMPREHENSIVE INCOME (LOSS)

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

The change in accumulated other comprehensive income (loss) during fiscal years 2017 and 2016 is as follows:

(In millions)	Foreign currency translation adjustments	Derivatives	Pension adjustments	Total
Balance of AOCI as of January 2, 2016	$ (47.3)	$ 4.0	$ (12.8)	$ (56.1)
Other comprehensive income (loss) before reclassifications [1]	(6.2)	3.5	(20.8)	(23.5)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(6.4) [2]	4.9 [3]	(1.5)
Income tax (expense) benefit	—	1.7	(1.7)	—
Net reclassifications	—	(4.7)	3.2	(1.5)
Net current-period other comprehensive income (loss) [1]	(6.2)	(1.2)	(17.6)	(25.0)
Balance of AOCI as of December 31, 2016	$ (53.5)	$ 2.8	$ (30.4)	$ (81.1)
Other comprehensive income (loss) before reclassifications [1]	**20.8**	**(16.0)**	**(4.5)**	**0.3**
Amounts reclassified from accumulated other comprehensive income (loss)	**—**	**(0.4)** [2]	**9.8** [3]	**9.4**
Income tax (expense) benefit	**—**	**(0.3)**	**(3.5)**	**(3.8)**
Net reclassifications	**—**	**(0.7)**	**6.3**	**5.6**
Net current-period other comprehensive income (loss) [1]	**20.8**	**(16.7)**	**1.8**	**5.9**
Balance of AOCI as of December 30, 2017	**$ (32.7)**	**$ (13.9)**	**$ (28.6)**	**$ (75.2)**

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

(2) Amounts related to foreign currency derivatives are included in cost of goods sold. Amounts related to interest rate swaps and the cross currency swap are included in interest expense.

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

14. FAIR VALUE MEASUREMENTS

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

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

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

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

Recurring Fair Value Measurements

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

	Fair Value Measurements	
	Quoted Prices With Other Observable Inputs (Level 2)	
(In millions)	**December 30, 2017**	December 31, 2016
Financial assets:		
Derivatives	**$ 0.3**	$ 6.7
Financial liabilities:		
Derivatives	**$ (19.1)**	$ (5.6)

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

Nonrecurring Fair Value Measurements

The following is a summary of assets and impairments that were measured at fair value on a nonrecurring basis.

	Fiscal 2017		Fiscal 2016	
(In millions)	Fair Value	Impairment	Fair Value	Impairment
Property and equipment	$ **0.2**	$ **11.0**	$ 0.7	$ 12.4
Indefinite-lived intangibles	**518.2**	**68.6**	7.9	7.1

The property and equipment and indefinite-lived intangibles were valued using an income approach based on the discounted cash flows expected to be generated by the underlying assets (Level 3).

Fair Value Disclosures

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

(In millions)	December 30, 2017	December 31, 2016
Carrying value	$ **782.1**	$ 820.2
Fair value	**802.5**	827.6

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

15. LITIGATION AND CONTINGENCIES

Litigation

The Company operated a leather tannery in Rockford, Michigan from the early 1900's through 2009 (the "Tannery"). The Company also owns a parcel on House Street in Plainfield township that the Company used for the disposal of Tannery byproducts until about 1970 (the "House Street Site"). Beginning in the late 1950s, the Company used 3M Company's Scotchgard™ in its processing of certain leathers at the Tannery. Until 2002 when 3M changed its Scotchgard™ formula, Tannery byproducts disposed of by the Company at the House Street Site and other locations may have contained PFOA and/or PFOS, two chemicals in the family of compounds known as per- and polyfluoroalkyl substances (together, "PFAS"). PFOA and PFOS help provide non-stick, stain-resistant, and water-resistant qualities, and were used for many decades in commercial products like firefighting foams and metal plating, and in common consumer items like food wrappers, microwave popcorn bags, pizza boxes, Teflon™, carpets, and Scotchgard™.

The United States Centers for Disease Control and Prevention has concluded that studies of the health effects of PFOA and PFOS are "inconsistent and inconclusive," but in May 2016 the Environmental Protection Agency ("EPA") announced a lifetime health advisory level of 70 parts per trillion ("ppt") combined for PFOA and PFOS. Lifetime health advisories, while not enforceable, serve as guidance and are benchmarks for determining if concentrations of chemicals in tap water from public utilities are safe for public consumption. On January 9, 2018, the Michigan Department of Environmental Quality ("MDEQ") announced it developed a drinking water criterion of 70 ppt combined for PFOA and PFOS, which sets an official state standard for acceptable concentrations of these contaminants in groundwater used for drinking water purposes. This combined criterion took effect January 10, 2018.

The Company has been served with two regulatory actions including a civil action filed by the MDEQ under the federal Resource Conservation and Recovery Act of 1976 ("RCRA"), and a Unilateral Administrative Order issued by the EPA under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") Section 106. The Company has also been served with lawsuits from individuals and a putative class.

Regulatory Actions of EPA and MDEQ

On January 10, 2018, the MDEQ filed a civil action against the Company under the federal RCRA alleging that the Company's past and present handling, storage, treatment, transportation and/or disposal of solid waste at the Company's properties, has contributed to the disposal of solid wastes that was done in a way that resulted in releases of PFAS at levels that resulted in detections exceeding applicable Michigan cleanup criteria for PFOA and PFOS.

The MDEQ Action seeks to require the Company to investigate the location and extent of PFAS in the environment, develop and implement plans for the continued sampling and analysis of impacts to drinking water wells from PFAS released or disposed of by the Company, and provide alternative drinking water supplies to homes impacted by PFAS for which the Company is allegedly responsible. The MDEQ Action further seeks to require the Company to connect users of drinking water wells to municipal drinking water supplies to address allegedly unacceptable risks posed by a release or threat of release of PFAS attributable to the Company. The Company is working with the MDEQ to analyze the House Street Site and test nearby residential drinking water wells and coordinate communications to impacted homeowners. The Company's current remediation efforts have included amongst other items, providing alternate drinking water to impacted homes, including bottled water and water filtration systems.

On January 10, 2018, the EPA entered a Unilateral Administrative Order (the "EPA Order" or "Order") under Section 106(a) of CERCLA, 42 U.S.C. § 9606(a). The effective date of the Order was February 1, 2018. The Order pertains to the Company's Tannery site and House Street Site and directs the Company to conduct specified removal actions to abate actual or threatened release of hazardous substances at or from the sites. The Order requires the Company to submit to the EPA, within 60 days after the effective date, a draft removal work plan for performing the removal actions. The Company expects to submit its draft removal work plan in early April of 2018. The Order requires other submittals as well, including a Sampling and Analysis Plan, Health and Safety Plan, Quality Assurance Project Plan, monthly progress reports and other technical reports. On February 1, 2018, the Company filed its Notice of Intent to Comply with the EPA Order, which outlined the Company's position on the aspects of the proposed Order. In its response, the Company has agreed to comply with the terms of the Order, but has identified inaccuracies and shortcomings in the Order that challenge the legal basis for the Order.

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

Individual Litigation Actions

Individual lawsuits as well as a putative class action lawsuit have been filed against the Company that raise a variety of claims, including related to property, remediation, and human health effects. Assessing potential liability with respect to the putative class action and individual lawsuits at this time, however, is difficult. The putative class action and individual lawsuits were only recently filed and there is minimal direct and relevant precedent for these types of claims related to PFAS. In addition, the science regarding the human health effects of PFAS exposure in the environment remains inconclusive and inconsistent, thereby creating additional uncertainties. Due to these factors, combined with the complexities and uncertainties of litigation, the Company is unable to conclude that adverse verdicts resulting from the class action and individual actions are probable, and therefore no amounts are currently reserved for these claims. The Company intends to continue to vigorously defend itself against these claims.

Other Litigation

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

Environmental Liabilities

As of December 30, 2017, the Company has reserved $31.1 million for estimated environmental remediation costs based upon an evaluation of currently available facts with respect to each individual site. Of this reserve, $12.5 million of the reserve is expected to be paid in fiscal 2018 and is recorded in other accrued liabilities with the remaining $18.6 million recorded in other liabilities expected to be paid over the course of thirty years. The Company records liabilities for remediation costs on an undiscounted basis when they are probable and reasonably estimable, generally no later than the completion of feasibility studies or the Company's commitment to a plan of action. Liabilities for estimated costs of environmental remediation are based primarily upon third-party environmental studies, other internal analysis and the extent of the contamination and the nature of required remedial actions at each site. The Company expects that it will pay the amounts accrued over the periods of remediation for the applicable sites, currently ranging up to 30 years.

The Company's remediation activity at its former tannery site and other sites where the Company disposed of tannery byproducts is largely ongoing and in the early stages. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Developments may occur that could materially change the Company's current cost estimates, including, but not limited to: (i) changes in the information available regarding the environmental impact of the Company's operations and products; (ii) changes in environmental regulations, changes in permissible levels of specific compounds in drinking water sources, or changes in enforcement theories and policies, including efforts to recover natural resource damages; (iii) new and evolving analytical and remediation techniques; (iv) success in allocating liability to other potentially responsible parties; and (v) the financial viability of other potentially responsible parties and third-party indemnitors. For locations at which remediation activity is largely ongoing, the Company cannot estimate a possible loss or range of loss in excess of the associated established reserves for the reasons described above. The Company adjusts recorded liabilities as further information develops or circumstances change.

Minimum Royalties and Advertising Commitments

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations for the fiscal years subsequent to December 30, 2017 are as follows:

(In millions)	2018	2019	2020	2021	2022	Thereafter
Minimum royalties	$ 1.4	$ 1.5	$ 1.5	$ —	$ —	$ —
Minimum advertising	2.9	3.0	3.1	3.2	3.3	6.9

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 $2.3 million, $2.0 million and $2.0 million for fiscal years 2017, 2016 and 2015, 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 $3.2 million, $3.2 million and $3.3 million for fiscal years 2017, 2016 and 2015, respectively.

16. BUSINESS SEGMENTS

The Company’s portfolio of brands is organized into the following four operating segments, which the Company has determined to be reportable operating segments. During the second quarter of fiscal 2017, the components within the Wolverine Multi-Brand Group were realigned as the Company transitioned *Stride Rite*® to a global license arrangement, which was effective on July 2, 2017.

- **Wolverine Outdoor & Lifestyle Group**, consisting of *Merrell*® footwear and apparel, *Cat*® footwear, *Hush Puppies*® footwear and apparel, *Chaco*® footwear, *Sebago*® footwear and apparel and *Cushe*® footwear;
- **Wolverine Boston Group**, consisting of *Sperry*® footwear and apparel, *Saucony*® footwear and apparel and *Keds*® footwear and apparel;
- **Wolverine Heritage Group**, consisting of *Wolverine*® footwear and apparel, *Bates*® uniform footwear, *Harley-Davidson*® footwear and *HyTest*® safety footwear; and
- **Wolverine Multi-Brand Group**, consisting of the Company’s Children’s footwear business and the Company's multi-brand consumer-direct businesses. The Children’s footwear business includes *Stride Rite*®, as well as children’s footwear offerings from *Saucony*®, *Sperry*®, *Keds*® , *Merrell*® and *Hush Puppies*®.

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

The Company also reports “Other” and “Corporate” categories. The Other category consists of the Company’s leather marketing operations and sourcing operations that include third-party commission revenues. The Corporate category consists of unallocated corporate expenses, including restructuring and other related costs, impairment of intangible assets, organizational transformation costs and environmental and other related costs. The Company’s operating segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions. The operating segment managers all report directly to the chief operating decision maker.

The accounting policies of each operating segment are the same as those described in the summary of significant accounting policies set forth in Note 1 to the consolidated financial statements.

Company management uses various financial measures to evaluate the performance of the reportable operating segments. The following is a summary of certain key financial measures for the respective fiscal periods indicated. All prior period amounts have been restated to reflect the new reportable operating segments.

	Fiscal Year		
(In millions)	**2017**	2016	2015
Revenue:			
Wolverine Outdoor & Lifestyle Group	**$ 947.1**	$ 890.6	$ 957.5
Wolverine Boston Group	**833.8**	889.4	942.8
Wolverine Heritage Group	**327.9**	347.0	370.5
Wolverine Multi-Brand Group	**166.9**	304.3	351.2
Other	**74.3**	63.3	69.6
Total	**$ 2,350.0**	$ 2,494.6	$ 2,691.6
Operating profit (loss):			
Wolverine Outdoor & Lifestyle Group	**$ 193.2**	$ 166.8	$ 197.7
Wolverine Boston Group	**139.1**	121.7	132.9
Wolverine Heritage Group	**53.3**	50.8	54.6
Wolverine Multi-Brand Group	**10.5**	4.8	5.2
Other	**6.4**	5.5	5.6
Corporate	**(378.6)**	(189.7)	(194.9)
Total	**$ 23.9**	$ 159.9	$ 201.1
Depreciation and amortization expense:			
Wolverine Outdoor & Lifestyle Group	**$ 2.4**	$ 3.0	$ 3.4
Wolverine Boston Group	**3.2**	4.1	4.2
Wolverine Heritage Group	**0.5**	0.5	0.5
Wolverine Multi-Brand Group	**3.1**	4.5	6.3
Other	**0.9**	1.5	1.5
Corporate	**27.1**	29.9	32.8
Total	**$ 37.2**	$ 43.5	$ 48.7
Capital expenditures:			
Wolverine Outdoor & Lifestyle Group	**$ 0.5**	$ 3.3	$ 4.7
Wolverine Boston Group	**1.6**	4.7	8.3
Wolverine Heritage Group	**—**	0.5	0.4
Wolverine Multi-Brand Group	**0.7**	2.5	7.2
Other	**1.1**	1.5	0.9
Corporate	**28.5**	42.8	24.9
Total	**$ 32.4**	$ 55.3	$ 46.4

(In millions)	December 30, 2017	December 31, 2016
Total assets:		
Wolverine Outdoor & Lifestyle Group	$ 420.4	$ 391.8
Wolverine Boston Group	1,176.9	1,273.5
Wolverine Heritage Group	136.7	157.8
Wolverine Multi-Brand Group	81.5	140.8
Other	28.7	33.7
Corporate	554.8	434.1
Total	$ 2,399.0	$ 2,431.7
Goodwill:		
Wolverine Outdoor & Lifestyle Group	$ 128.8	$ 126.6
Wolverine Boston Group	260.8	257.5
Wolverine Heritage Group	16.5	16.5
Wolverine Multi-Brand Group	23.7	23.7
Total	$ 429.8	$ 424.3

Geographic dispersion of revenue from external customers, based on shipping destination is as follows:

	Fiscal Year		
(In millions)	2017	2016	2015
United States	$ 1,608.7	$ 1,791.5	$ 1,948.9
Foreign:			
Europe, Middle East and Africa	322.4	323.9	345.3
Canada	121.2	120.5	141.2
Other	297.7	258.7	256.2
Total from foreign territories	741.3	703.1	742.7
Total revenue	$ 2,350.0	$ 2,494.6	$ 2,691.6

The location of the Company’s tangible long-lived assets, which is comprised of property, plant and equipment, is as follows:

(In millions)	December 30, 2017	December 31, 2016	January 3, 2015
United States	$ 122.4	$ 131.4	$ 117.7
Foreign countries	14.3	14.7	13.9
Total	$ 136.7	$ 146.1	$ 131.6

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

During fiscal 2017, the Company sourced approximately 99% of its footwear products from third-party suppliers located primarily in the Asia Pacific region. For fiscal 2017, the remainder was produced at a Company-owned manufacturing facility in the U.S., which was sold during the fourth quarter of fiscal 2017. 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.

17. RESTRUCTURING ACTIVITIES

2017 Plan

Beginning in the second quarter of fiscal 2017, the Company implemented certain organizational changes and initiated the sale of certain assets and a change to the distribution model for certain brands (the “2017 Plan”). See Note 18 for additional information on the divestitures and distribution model changes. The Company completed the 2017 Plan during the fourth quarter of fiscal 2017. The Company expects annual pretax benefits of approximately $11.0 million as a result of the 2017 Plan. Costs incurred related to the 2017 Plan have been recorded within the Corporate category. The cumulative costs incurred is $11.3 million, with

$1.5 million recorded in the restructuring costs line item as a component of cost of goods sold, and $9.8 million recorded in the restructuring and other related costs line item as a component of operating expenses.

The following is a summary of the activity during fiscal 2017, with respect to a reserve established by the Company in connection with the 2017 Plan, by category of costs.

(In millions)	Severance and employee related	Impairment of property and equipment	Costs associated with exit or disposal activities	Total
Balance at December 31, 2016	$ —	$ —	$ —	$ —
Restructuring costs	**7.6**	**1.6**	**2.1**	**11.3**
Amounts paid	**(4.3)**	**—**	**(0.3)**	**(4.6)**
Charges against assets	**—**	**(1.6)**	**(1.8)**	**(3.4)**
Balance at December 30, 2017	**$ 3.3**	**$ —**	**$ —**	**$ 3.3**

2016 Plan

On October 6, 2016, the Board of Directors of the Company approved a realignment of the Company's consumer-direct operations (the "2016 Plan"), which resulted in the closure of certain retail stores. The Company closed 266 retail stores in connection with the 2016 Plan, which was completed during the fourth quarter of fiscal 2017. The Company expects annual pretax benefits of approximately $20.0 million as a result of the 2016 Plan. Costs incurred related to the 2016 Plan have been recorded within the Corporate category. The cumulative costs incurred is $75.1 million, with $10.2 million recorded in the restructuring costs line item as a component of cost of goods sold, and $64.9 million recorded in the restructuring and other related costs line item as a component of operating expenses.

The following is a summary of the activity during fiscal 2017 and 2016, with respect to a reserve established by the Company in connection with the 2016 Plan, by category of costs.

(In millions)	Severance and employee related	Impairment of property and equipment	Costs associated with exit or disposal activities	Total
Balance at January 2, 2016	$ —	$ —	$ —	$ —
Restructuring costs	0.8	—	5.0	5.8
Amounts paid	—	—	(1.1)	(1.1)
Charges against assets	—	—	(2.7)	(2.7)
Balance at December 31, 2016	$ 0.8	$ —	$ 1.2	$ 2.0
Restructuring costs	**3.5**	**9.4**	**56.4**	**69.3**
Amounts paid	**(4.0)**	**—**	**(52.3)**	**(56.3)**
Charges against assets	**—**	**(9.4)**	**(3.9)**	**(13.3)**
Balance at December 30, 2017	**$ 0.3**	**$ —**	**$ 1.4**	**$ 1.7**

2014 Plan

On July 9, 2014, the Board of Directors of the Company approved a realignment of the Company's consumer-direct operations (the "2014 Plan"). As a part of the 2014 Plan, the Company closed 136 retail stores, consolidated certain consumer-direct support functions and implemented certain other organizational changes. The Company completed the 2014 Plan during the first quarter of fiscal 2016. Costs incurred related to the 2014 Plan have been recorded within the Corporate category. The cumulative costs incurred is $48.8 million, with $6.5 million recorded in the restructuring costs line item as a component of cost of goods sold, and $42.3 million recorded in the restructuring and other related costs line item as a component of operating expenses.

The following is a summary of the activity during fiscal 2017, 2016 and 2015, with respect to a reserve established by the Company in connection with the 2014 Plan, by category of costs.

(In millions)	Severance and employee related	Impairment of property and equipment	Costs associated with exit or disposal activities	Total
Balance at January 3, 2015	$ 1.0	$ —	$ 6.5	$ 7.5
Restructuring costs	2.9	5.4	9.0	17.3
Amounts paid	(1.8)	—	(7.2)	(9.0)
Charges against assets	—	(5.4)	(1.8)	(7.2)
Balance at January 2, 2016	$ 2.1	$ —	$ 6.5	$ 8.6
Restructuring costs	1.2	0.2	9.6	11.0
Amounts paid	(3.3)	—	(7.5)	(10.8)
Charges against assets	—	(0.2)	(6.9)	(7.1)
Balance at December 31, 2016	$ —	$ —	$ 1.7	$ 1.7
Restructuring cost adjustment	**—**	**—**	**(0.7)**	**(0.7)**
Amounts paid	**—**	**—**	**(1.0)**	**(1.0)**
Balance at December 30, 2017	**$ —**	**$ —**	**$ —**	**$ —**

Other Restructuring Activities

During fiscal 2017 and fiscal 2016, the Company recorded restructuring costs of $2.0 million and $13.9 million, respectively, in connection with certain organizational changes. The costs associated with these restructuring activities were recorded within the Company's Corporate category in the restructuring and other related costs line item as a component of operating expenses.

During the fourth quarter of fiscal 2017, the Company recorded impairment costs of $68.6 million, related to indefinite-lived intangibles of its *Sperry*® brand. The Company recorded these costs within its Corporate category in the impairment of intangible assets line item as a component of operating expenses in the consolidated statements of operations.

During the fourth quarters of fiscal 2016 and 2015, the Company recorded impairment costs of $7.1 million and $2.5 million, respectively, related to indefinite-lived intangibles of its *Stride Rite*® brand. The Company recorded these costs within its Corporate category in the impairment of intangible assets line item as a component of operating expenses in the consolidated statements of operations.

The Company recorded impairment charges of $12.2 million and $11.6 million during fiscal 2016 and 2015, respectively, related to certain retail store assets where the estimated future cash flows did not support the net book value of the store assets. These costs were recorded within its corporate category in the restructuring and other related costs line item as a component of operating expenses in the consolidated statements of operations.

During fiscal 2015, the Company recorded of $4.2 million of costs related to its decision to wind-down operations of its *Cushe*® brand. These costs included $2.6 million related to indefinite-lived intangibles and $1.6 million in other restructuring costs. The Company recorded these costs within its Corporate category in the impairment of intangible assets and restructuring and other related costs, respectively, line items as a component of operating expenses in the consolidated statements of operations and comprehensive income. During fiscal 2016, the Company recorded additional restructuring costs of $0.3 million related to the *Cushe*® brand.

During fiscal 2015, the Company recorded restructuring costs of $2.0 million related to its international operations within its corporate category included in the restructuring and other related costs line item as a component of operating expenses in the consolidated statements of operations.

18. DIVESTITURES

In the third quarter of fiscal 2017, the Company entered into a global, multi-year licensing agreement of the *Stride Rite*® brand. As part of this agreement, the Company agreed to sell inventory and certain other assets and liabilities related to the *Stride Rite*® brand and provide certain transition services to the licensee. The Company received cash and other consideration of $16.9 million for the sale of these assets and liabilities and recognized a gain of $0.2 million, which is included in the selling, general and administrative expenses line item on the consolidated statement of operations and comprehensive income. The assets and liabilities sold, which were included in the Wolverine Multi-Brand Group, are as follows:

(In millions)		Book Value
Inventory	$	**17.1**
Prepaid expenses and other current assets		**1.4**
Other accrued liabilities		**(1.8)**
Total assets and liabilities sold	$	**16.7**

In the third quarter of fiscal 2017, the Company sold certain intangible and other assets related to the *Sebago*® brand. As part of this agreement, the buyer acquired the intellectual property rights to design, manufacture and market all products under the *Sebago*® brand. The Company received cash of $14.3 million and recognized a gain on sale of $8.4 million, net of transaction costs, which is included in the selling, general and administrative expenses line item on the consolidated statement of operations and comprehensive income. The assets sold, which were included in the Wolverine Outdoor & Lifestyle Group, are as follows:

(In millions)		Book Value
Indefinite-lived intangibles		**5.4**
Amortizable intangibles		**0.2**
Total assets sold	$	**5.6**

In the third quarter of fiscal 2017, the Company sold its Department of Defense contract business, which was comprised of an owned manufacturing facility, the transfer of employees and certain associated assets. The goodwill allocated to the sale of the business was nominal. The Company received cash of $7.8 million and recognized a loss on sale of $1.6 million, net of transaction costs, which is included in the selling, general and administrative expenses line item on the consolidated statement of operations and comprehensive income. The assets sold, which were included in the Wolverine Heritage Group and Other segment, are as follows:

(In millions)		Book Value
Inventory	$	**5.6**
Prepaid expenses and other current assets		**0.5**
Property, plant and equipment		**3.0**
Total assets sold	$	**9.1**

19. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Prior to fiscal 2017, the Company reported 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. Beginning in fiscal 2017, the Company's fiscal year is comprised of 13-week quarters for each of the first three fiscal quarters and a 13 or 14-week period for the fiscal fourth quarter.

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 full fiscal year. The Company's unaudited quarterly results of operations are as follows:

	Fiscal 2017			
(In millions, except per share data)	**13 Weeks Ended April 1, 2017**	**13 Weeks Ended July 1, 2017**	**13 Weeks Ended September 30, 2017**	**13 Weeks Ended December 30, 2017**
Revenue	**$ 591.3**	**$ 598.8**	**$ 581.3**	**$ 578.6**
Gross profit	**234.7**	**226.9**	**230.7**	**222.1**
Net earnings (loss) attributable to Wolverine World Wide, Inc.	**16.7**	**20.7**	**23.2**	**(60.3)**
Net earnings (loss) per share:				
Basic	**$ 0.17**	**$ 0.21**	**$ 0.24**	**$ (0.65)**
Diluted	**0.17**	**0.21**	**0.24**	**(0.65)**

	Fiscal 2016			
(In millions, except per share data)	12 Weeks Ended March 26, 2016	12 Weeks Ended June 18, 2016	12 Weeks Ended September 10, 2016	16 Weeks Ended December 31, 2016
Revenue	$ 577.6	$ 583.7	$ 603.7	$ 729.6
Gross profit	228.8	226.6	237.3	267.2
Net earnings (loss) attributable to Wolverine World Wide, Inc.	17.4	24.0	48.2	(1.9)
Net earnings (loss) per share:				
Basic	$ 0.18	$ 0.25	$ 0.49	$ (0.02)
Diluted	0.18	0.24	0.49	(0.02)

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Wolverine World Wide, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries (the Company) as of December 30, 2017 and December 31, 2016, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 30, 2017, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 30, 2017 and December 31, 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 30, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 30, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP
We have served as the Company’s auditor since at least 1933, but we are unable to determine the specific year.

Grand Rapids, Michigan
February 27, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Wolverine World Wide, Inc.

Opinion on Internal Control over Financial Reporting
We have audited Wolverine World Wide, Inc. and subsidiaries internal control over financial reporting as of December 30, 2017, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Wolverine World Wide, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 30, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries as of December 30, 2017 and December 31, 2016, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 30, 2017, and the related notes and financial statement schedule listed in the Index at Item 15(a) of the Company and our report dated February 27, 2018 expressed an unqualified opinion thereon.

Basis for Opinion
The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definition and Limitations of Internal Control Over Financial Reporting
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.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 27, 2018

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 Annual Report on Form 10-K.

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 the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting as of December 30, 2017, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013 framework). Based on that evaluation, management, including the Chief Executive Officer and Chief Financial Officer, concluded that internal control over financial reporting was effective as of December 30, 2017.

The effectiveness of the Company’s internal control over financial reporting as of December 30, 2017 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report, which is included in Item 8 of this Annual Report on Form 10-K and is incorporated herein 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 quarter ended December 30, 2017 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 information called for by Item 10 is incorporated herein by reference to the Definitive Proxy Statement of the Company relating to the Annual Meeting of Stockholders of Wolverine Worldwide to be held on May 3, 2018. The Company intends to file such Definitive Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information called for by Item 11 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10.

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

The information called for by Item 12 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10.

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

The information called for by Item 13 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10.

Item 14. Principal Accounting Fees and Services

The information called for by Item 14 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) **Financial Statements** Included in Item 8

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

- Consolidated Statements of Operations for the Fiscal Years Ended December 30, 2017, December 31, 2016 and January 2, 2016.
- Consolidated Statements of Comprehensive Income for the Fiscal Years Ended December 30, 2017, December 31, 2016 and January 2, 2016.
- Consolidated Balance Sheets as of December 30, 2017 and December 31, 2016.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended December 30, 2017, December 31, 2016 and January 2, 2016.
- Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended December 30, 2017, December 31, 2016 and January 2, 2016.
- Notes to the Consolidated Financial Statements.
- Reports of Independent Registered Public Accounting Firm.

(2) **Financial Statement Schedules** Attached as Appendix A

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.

(3) **Exhibits**

The following exhibits are filed with this Annual Report or incorporated by reference. The Company will furnish a copy of any exhibit listed below to any stockholder without charge upon written request to General Counsel and Secretary, 9341 Courtland Drive N.E., Rockford, Michigan 49351.

Exhibit Number	Document
3.1	Restated Certificate of Incorporation. Incorporated by reference to Exhibit 3.1 to the Company's current report on Form 8-K filed on April 24, 2014.
3.2	Amended and Restated By-laws. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 19, 2015.

Exhibit Number	Document
4.1	Senior Notes Indenture, dated August 30, 2016, among Wolverine World Wide, Inc., the guarantors named therein, and Wells Fargo Bank, National Association. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 6, 2016.
4.2	Form of 5.000% Senior Note due 2026. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 6, 2016.
10.1	Amended and Restated Stock Incentive Plan of 1999.* Incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.2	Amended and Restated Stock Incentive Plan of 2001.* Incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.3	Amended and Restated Stock Incentive Plan of 2003.* Incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.4	Amended and Restated Stock Incentive Plan of 2005.* Incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.5	Amended and Restated Directors' Stock Option Plan.* Incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.6	Amended and Restated Outside Directors' Deferred Compensation Plan.* Incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2007.
10.7	Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Incorporated by reference to Appendix A to the Company's Definitive Proxy Statement filed on March 28, 2017.
10.8	Amended and Restated Stock Option Loan Program.* Incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2007.
10.9	Executive Severance Agreement.* Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 17, 2008. A participant schedule of current executive officers who are parties to this agreement is attached as Exhibit 10.9.
10.10	Executive Severance Agreement.* Incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. A participant schedule of current executive officers who are parties to this agreement is attached as Exhibit 10.10.
10.11	Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and certain executive officers. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2007. All executive officers and directors are parties to this agreement.
10.12	Amended and Restated Benefit Trust Agreement dated April 25, 2007.* Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 25, 2007.
10.13	Employees' Pension Plan (Restated as amended through December 29, 2017).*
10.14	Form of Restricted Stock Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 16, 2012.
10.15	Form of Non-Qualified Stock Option Agreement.* Incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.16	Form of Non-Qualified Stock Option Agreement.* Incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.17	2016 Form of Restricted Stock Agreement.* Incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2016.
10.18	2016 Form of Non-Qualified Stock Option Agreement.* Incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2016.
10.19	Form of Performance Share Award Agreement (2015 - 2017 performance period).* Incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K filed on March 3, 2015.
10.20	Form of Performance Share Award Agreement (2016 - 2018 performance period).* Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2016.
10.21	2017 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2017.
10.22	Form of Performance Stock Unit Award Agreement (2017 - 2019 performance period).* Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2017.

Exhibit Number	Document
10.23	Separation Agreement between Wolverine World Wide, Inc. and Blake W. Krueger, dated as of March 13, 2008, as amended.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 22, 2008.
10.24	First Amendment to Separation Agreement between Wolverine World Wide, Inc. and Blake W. Krueger, dated as of December 11, 2008.* Incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.25	409A Supplemental Executive Retirement Plan (2008 Restatement through First Amendment).* Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2017. A participant schedule of current executive officers who participate in this plan is attached as Exhibit 10.25.
10.26	Form of 409A Supplemental Retirement Plan Participation Agreement with Blake W. Krueger.* Incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
10.27	Outside Directors' Deferred Compensation Plan.* Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 17, 2008.
10.28	Wolverine World Wide, Inc. Deferred Compensation Plan.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 13, 2018.
10.29	Stock Incentive Plan of 2010.* Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed on March 4, 2010.
10.30	Amended and Restated Stock Incentive Plan of 2013.* Incorporated by reference to Exhibit 10.38 to the Company's Form 10-K for the fiscal year ended December 28, 2013.
10.31	Wolverine World Wide, Inc. Stock Incentive Plan of 2016.* Incorporated by reference to Appendix A to the Company's Definitive Proxy Statement filed on March 15, 2016.
10.32	Limited Guarantee, dated as of May 1, 2012, entered into by Wolverine World Wide, Inc. in favor of Collective Brands, Inc. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 4, 2012.
10.33	Purchase Agreement, dated as of May 1, 2012, by and between Open Water Ventures, LLC and WBG-PSS Holdings LLC. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 4, 2012.
10.34	Interim Agreement, dated as of May 1, 2012, by and among Wolverine World Wide, Inc., WBG-PSS Holdings LLC, WBG-PSS Merger Sub Inc., Golden Gate Capital Opportunity Fund, L.P. and Blum Strategic Partners IV, L.P. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 4, 2012.
10.35	Separation Agreement, dated as of May 1, 2012, by and between Wolverine World Wide, Inc. and WBG-PSS Holdings LLC. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on May 4, 2012.
10.36	Amendment No. 1 to Separation Agreement, dated as of October 9, 2012, by and between the Company and WBG-PSS Holdings LLC. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 9, 2012.
10.37	Amendment No. 1 to Purchase Agreement, dated as of October 9, 2012, by and between Open Water Ventures, LLC and WBG-PSS Holdings LLC. Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended September 8, 2012.
10.38	Credit Agreement, dated as of July 31, 2012, by and among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 1, 2012.
10.39	First Amendment to Credit Agreement, dated as of September 28, 2012, by and among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 4, 2012.

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Exhibit Number	Document
10.40	Second Amendment to the Credit Agreement, dated as of October 8, 2012, among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank, as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 9, 2012.
10.41	Replacement Facility Amendment, dated as of October 10, 2013, to the Amended and Restated Credit Agreement among Wolverine World Wide, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 11, 2013.
10.42	Omnibus Amendment, dated as of December 19, 2014 to the Amended and Restated Credit Agreement dated as of October 10, 2013 among Wolverine World Wide, Inc., the lenders party thereto, Wells Fargo Bank, National Association, as syndication agent, Bank of America, N.A., Fifth Third Bank, PNC Bank, National Association, Sumitomo Mitsui Banking Corporation, Union Bank, N.A., And BBVA Compass Bank, as co-documentation agents, J.P. Morgan Europe Limited, as foreign currency agent, and JPMorgan Chase Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K filed on March 3, 2015.
10.43	Receivables Purchase Agreement dated as of December 22, 2014, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and HSBC Bank USA, N.A. as purchaser. Incorporated by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K filed on March 3, 2015.
10.44	Amendment to the Receivables Purchase Agreement, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and HSBC Bank USA, N.A. as purchaser, dated January 5, 2018.
10.45	Replacement Facility Amendment, dated as of July 13, 2015, among Wolverine World Wide, Inc., JP Morgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association and MUFG Union Bank, N.A., as co-syndication agents and lenders, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 15, 2015.
10.46	First Amendment, dated September 15, 2016, to the Amended and Restated Credit Agreement, dated July 13, 2015, among Wolverine World Wide, Inc., as parent borrower, the several banks and other financial institutions or entities from time to time parties thereto, the several agents and other financial institutions or entities from time to time parties thereto, J.P. Morgan Europe Limited, as foreign currency agent, and JPMorgan Chase Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company Current Report on Form 8-K, filed on September 19, 2016.
21	Subsidiaries of Registrant.
23	Consent of Ernst & Young LLP.
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.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

Not applicable.

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.

Date:	February 27, 2018	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 Blake W. Krueger	Chairman, Chief Executive Officer and President (Principal Executive Officer)	February 27, 2018
/s/ Michael D. Stornant Michael D. Stornant	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 27, 2018
/s/ Jeffrey M. Boromisa Jeffrey M. Boromisa	Director	February 27, 2018
/s/ Gina R. Boswell Gina R. Boswell	Director	February 27, 2018
/s/ Roxane Divol Roxane Divol	Director	February 27, 2018
/s/ William K. Gerber William K. Gerber	Director	February 27, 2018
/s/ Joseph R. Gromek Joseph R. Gromek	Director	February 27, 2018
/s/ David T. Kollat David T. Kollat	Director	February 27, 2018
/s/ Brenda J. Lauderback Brenda J. Lauderback	Director	February 27, 2018
/s/ Nicholas T. Long Nicholas T. Long	Director	February 27, 2018
/s/ Timothy J. O’Donovan Timothy J. O’Donovan	Director	February 27, 2018
/s/ Michael A. Volkema Michael A. Volkema	Director	February 27, 2018

APPENDIX A

Schedule II - Valuation and Qualifying Accounts

Wolverine World Wide, Inc. and Subsidiaries

Column A	Column B	Column C		Column D		Column E
		Additions				
(In millions)	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 30, 2017						
Deducted from asset accounts:						
Allowance for doubtful accounts	$ 17.2	$ 18.1	—	$ 21.1	(A)	$ 14.2
Allowance for sales returns	16.3	52.6	—	56.3	(B)	12.6
Allowance for cash discounts	5.9	17.9	—	19.1	(C)	4.7
Inventory valuation allowances	18.0	10.6	—	17.1	(D)	11.5
Total	$ 57.4	$ 99.2	—	$ 113.6		$ 43.0
Fiscal year ended December 31, 2016						
Deducted from asset accounts:						
Allowance for doubtful accounts	$ 21.8	$ 23.6	—	$ 28.2	(A)	$ 17.2
Allowance for sales returns	16.3	64.4	—	64.4	(B)	16.3
Allowance for cash discounts	6.3	21.0	—	21.4	(C)	5.9
Inventory valuation allowances	17.3	15.9	—	15.2	(D)	18.0
Total	$ 61.7	$ 124.9	—	$ 129.2		$ 57.4
Fiscal year ended January 2, 2016						
Deducted from asset accounts:						
Allowance for doubtful accounts	$ 20.6	$ 20.4	—	$ 19.2	(A)	$ 21.8
Allowance for sales returns	15.9	62.6	—	62.2	(B)	16.3
Allowance for cash discounts	4.5	21.1	—	19.3	(C)	6.3
Inventory valuation allowances	11.4	16.9	—	11.0	(D)	17.3
Total	$ 52.4	$ 121.0	—	$ 111.7		$ 61.7

(A) Accounts charged off, net of recoveries.

(B) Actual customer returns.

(C) Discounts given to customers.

(D) Adjustment upon disposal of related inventories.

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(n))**	**Change of Control Continuation Period (Section 2)**
Blake W. Krueger	3	3 years	36 months
James D. Zwiers	2	2 years	24 months

Exhibit 10.10

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(n))**	**Change of Control Continuation Period (Section 2)**
Michael Jeppesen	2	2 years	24 months
Amy M. Klimek	2	2 years	24 months
Todd Spaletto	2	2 years	24 months
Michael D. Stornant	2	2 years	24 months
Richard J. Woodworth	2	2 years	24 months

WOLVERINE

EMPLOYEES' PENSION PLAN

Warner Norcross & Judd LLP
900 Fifth Third Center
111 Lyon Street, N.W.
Grand Rapids, Michigan 49503
(616) 752-2000

16772520-2/1/2018
5th Amd. 001621.052471

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. 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 that has not adopted this Plan, 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, for Employees hired on or after August 1, 2011, employment as a retail store Employee or, employment as an Employee who first completes an Hour of Service for an Adopting Employer after December 31, 2012. "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.

(d) No Resumption of Participation. Notwithstanding anything in this section to the contrary, if a former Participant is rehired after December 31, 2014, the former Participant shall not be eligible to resume participation in the plan.

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) ¾ Unit. ¾ 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) ½ Benefit. ½ 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" for the Plan Year means the average (without indexing) of the Taxable Wage Base in effect for each calendar year during the 35-year period ending with December 31 of the calendar year in which the Participant attains the Social Security Retirement Age. Covered Compensation shall be expressed as a monthly amount by dividing the average by 12.

(A) Taxable Wage Base. "Taxable Wage Base" means the contribution and benefit base in effect under Section 230 of the federal Social Security Act at the beginning of the Plan Year.

(B) Calculation/Adjustment. The determination for a Plan Year shall assume that there will be no increase for a subsequent Plan Year. However, Covered Compensation will be automatically adjusted for each Plan Year including the Plan Year in which a Participant attains Social Security Retirement Age. Covered Compensation after the 35-year period shall be the Covered Compensation amount for the Plan Year during which the 35-year period ends. Covered Compensation before the 35-year period is the Taxable Wage Base in effect on the first day of the Plan Year..

(iv) Final Average Compensation. "Final Average Compensation" means the monthly average of the Participant's Compensation (not exceeding the Taxable Wage Base) for the three consecutive Plan Years preceding the Participant's Normal Retirement Date (or termination of employment).

(A) Less Than 3 Years. If the Participant does not have three complete consecutive Plan Years of Compensation preceding the Participant's retirement or termination of employment, Final Average Compensation shall be the average of the Participant's Compensation (not exceeding the Taxable Wage Base) during the Participant's completed consecutive Plan Years of employment, including the Participant's Compensation for the Plan Year that includes the Participant's retirement or termination of employment.

(B) Calculation. The average shall be determined and expressed as a monthly amount by adding the Participant's Compensation (not exceeding the Taxable Wage Base) for the period of three or fewer consecutive Plan Years and dividing the sum by 36 or by the lesser number of months of total service. Final Average Compensation shall be determined as of the date the Participant's employment terminates.

(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 termination of employment).

(i) Final Year. The Participant's Compensation for the Plan Year that includes the Participant's retirement or termination of employment shall be annualized (based upon current pay plus non-deferral bonus). The Participant's annualized compensation shall be included in the determination of the Participant's Average Monthly Compensation provided it results in a higher amount. In that case, the 10-year period described above shall become an 11-year period as a result of including the Participant's final year of employment in the determination.

(ii) 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 Compensation during the Participant's completed consecutive Plan Years of employment.

(iii) Calculation. The average shall be determined and expressed as a monthly amount by adding the Participant's 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 individual to whom the Participant is lawfully married under the laws of the domestic or foreign jurisdiction where the ceremony was performed. 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 superseded 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.

(iii) Before Annuity Starting Date/Lump Sum. If a lump sum is available under Section 7.3(b)(iv) or payable under Section 7.5(f)(i), the Administrator shall direct payment of the lump sum to the Participant's Beneficiary at the time and in the manner described in (g) below for an unmarried Participant.

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

(g) Immediate Benefit .

(i) Small Balance Cashout. If consent is not required pursuant to Section 7.5(f)(i), the Administrator shall direct payment of the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit in a lump sum as soon as administratively feasible following the date the Participant's employment terminates for any reason (including death) or with respect to payment to an alternate payee, as soon as administratively feasible following entry of the QDRO.

(ii) Consent Required. If the Participant is required to consent to payment, and the Participant is eligible to elect a lump sum payment under Section 7.3(b)(iv), the Administrator shall direct payment of the Participant's Vested Accrued Benefit as soon as administratively feasible following a Participant's election of an immediate benefit in the form of: (A) a lump sum payment, or (B) a Single Life Annuity if the Participant is unmarried or QJSA if the Participant is married. In lieu of the QJSA, a married Participant may elect an immediate 75% joint and survivor annuity with the Participant's Spouse as the joint annuitant. For a Participant who has not reached age 60 (or other early retirement age specified in an applicable schedule to the plan), the monthly amount of the immediate annuity shall be Actuarially Equivalent to the monthly amount that would have been payable at the Participant's Normal Retirement Date.

(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. If a lump sum is available under Section 7.3(b)(iv) or payable under Section 7.5(f)(i), the Administrator shall direct payment of the lump sum at the time and in the manner described in (g) above for an unmarried Participant.

"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 pay-able 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 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). A lump sum shall not be available to a Participant, Surviving

Spouse, or alternate payee under a QDRO, if the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit is more than $10,000 on the date the lump sum is payable, except that, notwithstanding any other provision of this plan to the contrary, a Participant or Beneficiary, including an alternate payee under a QDRO, may elect a lump sum payment of more than $10,000 during a window beginning on October 15, 2017, and ending on November 30, 2017, but only if the recipient:

(A) Termination. Ceased employment with the Employer and all Related Employers on or after September 29, 2017 and before October 21, 2017 as a result of the sale of Big Rapids Factory B, or on or after October 13, 2017, and before December 1, 2017 as a result of the closure of Cedar Springs DC 57, and is not rehired prior to the date payment is made or commences in accordance with this window;

(B) Payment Not Yet Commenced. Has not otherwise begun payments under this plan on or before December 1, 2017;

(C) Under Age 70 1/2. Has not attained age 70 1/2 as of December 1, 2017;

(D) Located. Is able to be located, after a diligent search (if necessary) and the benefit payable can be determined before the window begins; and

(E) Election. The required election forms are properly completed and any related required documentation has been attached to the election forms and returned to the Administrator no later than November 30, 2017, or such later date determined by the Administrator as a result of an unforeseen administrative delay.

(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.

(d) Small Balance/Automatic Rollover to IRA. If consent is not required pursuant to Section 7.5(f)(i), the distributee shall be paid a lump sum in accordance with Section 7.1(g)(i). The distributee may elect to receive the lump sum payment in cash or to have the lump sum payment transferred to an eligible retirement plan. Effective December 1, 2014, if no election is made and the Actuarially Equivalent present value of the Participant’s Vested Accrued Benefit exceeds $1,000, the Trustee shall transfer the eligible rollover distribution to the trustee or custodian of an individual retirement plan designated by the Administrator. If no election is made and the Actuarially Equivalent present value of the Participant’s Vested Accrued Benefit is $1,000 or less, the Trustee shall distribute the lump sum payment directly to the distributee.

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.

(C) Lump Sum Window. The Annuity Starting Date with respect to an election made during the window beginning on October 2, 2014, and ending on November 14, 2014, pursuant to Section 7.3(b)(iv) shall be December 1, 2014, and payment shall be made, or commence, on December 1, 2014, or as soon as practicable thereafter.

(D) 2016 Lump Sum Window. The Annuity Starting Date with respect to an election made during the window beginning on October 7, 2016, and ending on November 10, 2016, pursuant to Section 7.3(b)(iv) shall be December 1, 2016, and payment shall be made, or commence, on December 1, 2016, or as soon as practicable thereafter.

(E) 2017 Lump Sum Window. The Annuity Starting Date with respect to an election made during the window beginning on October 15, 2017, and ending on November 30, 2017, pursuant to Section 7.3(b)(iv) shall be December 1, 2017, and payment shall be made, or commence, on December 1, 2017, or as soon as practicable thereafter.

(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 on or after December

1, 2014 if the Participant's employment terminates prior to the Participant's Normal Retirement Date for any reason and 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 payment is one of a series of scheduled periodic payments and the Participant's consent was required at the time the initial payment was made.

(A) Death. If the Actuarially Equivalent present value of the QPSA payable to the Participant's Surviving Spouse is $5,000 (or such larger amount as may be specified in Code Section 411(a)(11)(A)) or less, distribution will be made to the Surviving Spouse as soon as administratively feasible following the Participant's death without the consent of the Spouse.

(B) QDRO. If the Actuarially Equivalent present value of the Participant's Vested Accrued Benefit payable to an alternate payee under a QDRO is $5,000 (or such larger amount as may be specified in Code Section 411(a)(11)(A)) or less, distribution will be made to the alternate payee as soon as administratively feasible following entry of the QDRO, even though the Participant may not be entitled to a concurrent distribution under the provisions of this plan.

(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) <u>Restricted Portion</u>. "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) <u>Unpredictable Contingent Event</u>. "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) <u>Unpredictable Contingent Event Benefits</u>. "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) <u>Unrestricted Portion</u>. "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.

SCHEDULE A
ADOPTING EMPLOYERS

A.1 Current Adopting Employers.

Hush Puppies Retail, Inc.	06-0861235
Sebago USA, LLC	32-0093054
Wolverine Outdoors, Inc.	38-3375022
Wolverine Procurement, Inc.	38-2889988
Wolverine Slipper Group, Inc.	38-3442561
Wolverine World Wide, Inc.	38-1185150
Wolverine Worldwide Leathers, Inc.	30-0655945

A.2 Historical Adopting Employers

UNIT	EFFECTIVE DATE UNDER PLAN
Tru-Stitch Footwear Division - Salaried D	01-01-70
Frolic Footwear Division - Salaried	02-01-70
Hush Puppies Retail, Inc. - Division 5	01-01-77
Town & Country Shoes, Inc.	06-01-81
Brooks Shoe Company, Inc.	01-01-82
Viner Bros., Inc.	04-01-84
Tru-Stitch Footwear Division - Hourly - Non Union	01-01-85
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	$1,576.08
Employee & Child	$3,050.22
Employee & Spouse	$3,874.92
Employee & Family	$4,932.42

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	Original Adoption.		January 1, 1969
D.2	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/ 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/ December 31, 2008
D.3	EGTRRA Restatement.	March 12, 2012	January 1, 2011
(a)	First Amendment.	September 1, 2012	September 1, 2012
(b)	Second Amendment.	December 28, 2012	January 1, 2013
(c)	Third Amendment.	December 23, 2014	December 23, 2014

(d)	<u>DOMA Amendment</u>	October 14, 2014	June 26, 2013
(e)	<u>Fourth Amendment.</u>	December 22, 2016	October 7, 2016
(f)	<u>Fifth Amendment.</u>	December 29, 2017	October 15, 2017

Exhibit 10.25

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	Michael Jeppesen
	Michael D. Stornant
	James D. Zwiers

Exhibit 10.44

AMENDMENT TO THE RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT TO THE RECEIVABLES PURCHASE AGREEMENT (this "Amendment") dated as of January 5th , 2018, is made by and among **WOLVERINE WORLD WIDE, INC.**, a Delaware corporation with its principal place of business located at 9341 Courtland Drive N.E., Rockford, Michigan 49351, in its capacity as a seller ("Wolverine"), the initial "Servicer" and "Seller Representative" under the RPA (as defined below), each of the "**ADDITIONAL SELLERS**" signatory hereto (together with Wolverine, the "Sellers") and **HSBC BANK USA, NATIONAL ASSOCIATION**, a national banking association with an office at 452 Fifth Avenue, New York, New York 10018 (the "Purchaser").

RECITALS

WHEREAS, the Sellers and Purchaser are party to that certain Receivables Purchase Agreement, dated as of December 22, 2014 by and among the Sellers and the Purchaser (as it may be amended, modified, supplemented or restated from time to time, the "RPA"); and

WHEREAS, the parties mutually desire to amend certain provisions of the RPA, on the terms and subject to the conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby covenant and agree to be bound as follows:

Section 1. Capitalized Terms. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the RPA unless the context otherwise requires.

Section 2. Amendments to the RPA. On the Effective Date (as defined below), the RPA shall be amended as follows:

(a) "Facility Amount" as defined in Exhibit A to the RPA shall be amended and restated to read "Up to USD150,000,000.00";

(b) "Discount Margin" as defined in Exhibit A to the RPA shall be amended and restated to read "A rate equal to LIBOR plus 1.25%";

(c) The words "Don Grimes, Senior Vice President, Chief Financial Officer and Treasurer" as they appear in Section 11 of the RPA shall be deleted and replaced with the words "Chief Financial Officer"; and

(d) The words "Brendan Gibbons, General Counsel and Secretary" as they appear in Section 11 of the RPA shall be deleted and replaced with the words "General Counsel".

(e) The following entities (the "Departing Sellers") shall be removed as Sellers under the RPA, and shall no longer have any rights or responsibilities thereunder, except as otherwise set forth in the RPA or in this Amendment:

1. Sperry Top-Sider, LLC
2. Keds, LLC
3. Sebago USA LLC

Section 3. Effectiveness of This Amendment. This Amendment shall not be effective until the Purchaser receives a counterpart of this Amendment executed by each Seller, the Servicer and the Purchaser (the "Effective Date").

Section 4. Continuing Obligations of Sellers upon Effective Date. For the avoidance of doubt, following the removal of the Departing Sellers from the RPA, the remaining Sellers thereto shall each be jointly and severally liable for the obligations, duties and covenants of each other Seller in accordance with the terms of the RPA, including any obligations of the Departing Sellers that are due or become due after the Effective Date of this Amendment.

Section 5. Representations. Each Seller represents and warrants to the Purchaser as follows:

(a) each representation and warranty made or deemed made by the Sellers in the RPA is true and correct as of the date hereof, except to the extent that a representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty was true and accurate on and as of such earlier date);

(b) no Event of Repurchase has occurred and is continuing as of the date hereof;

(c) the execution, delivery and performance by each Seller of this Amendment and the RPA, as amended hereby, (i) are within such Seller's corporate or other organizational powers; (ii) have been duly authorized by all necessary corporate or other organizational action; and (iii) do not contravene (A) such Seller's Organization Documents, (B) any law, rule or regulation applicable to the Seller, (C) any contractual restriction binding on or affecting the Seller or its property, or (D) any order, writ, judgment, award, injunction or decree binding on or affecting the Seller or its property;

(d) this Amendment and the RPA are legal, valid and binding obligations of each Seller, enforceable against the Sellers, the Seller Representative and the Servicer, as applicable, in accordance with their terms, except as limited by bankruptcy, insolvency, moratorium, fraudulent conveyance or other laws relating to the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is sought at equity or law).

Section 6. Reaffirmation; Effect of Amendment. Each Seller, the Seller Representative and the Servicer acknowledge and reaffirm that the RPA, as hereby amended, is hereby ratified, reaffirmed and confirmed in all respects and all terms, conditions, and provisions of the RPA, except as amended by this Amendment, shall remain unmodified and in full force and effect. All references in any document or instrument to the RPA are hereby amended to refer to the RPA as amended by this Amendment. The RPA and any and all other documents heretofore, now or hereafter executed and delivered pursuant to the terms of the RPA, are hereby amended so that any reference to the RPA shall mean a reference to the RPA amended by this Amendment.

Section 7. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of laws principles.

Section 8. **Headings.** Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

Section 9. **Counterparts.** This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by fax or by email shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 10. **ENTIRETY.** **THIS AMENDMENT, THE RPA, AND ANY OTHER RELATED DOCUMENTS EMBODY THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND SUPERSEDE ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, IF ANY, RELATING TO THE SUBJECT MATTER HEREOF. THESE DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

Section 11. **Successors.** This Amendment binds and inures to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 12. **Severability.** Each provision of this Amendment shall be severable from every other provision hereof for the purpose of determining the legal enforceability of any specific provision. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

WOLVERINE WORLD WIDE, INC., as Seller, initial Servicer and Seller Representative
By /s/ Michael D. Stornant
Name: Michael D. Stornant
Title: SVP, CFO & Treasurer

HSBC BANK USA, NATIONAL ASSOCIATION, as Purchaser
By /s/ Priyamvada Singh
Name: Priyamvada Singh
Title: Head of Product, GTRF

ADDITIONAL SELLERS:

WOLVERINE OUTDOORS, INC.
By /s/ Michael D. Stornant
Name: Michael D. Stornant
Title: VP & Treasurer

SAUCONY, INC.
By /s/ Michael D. Stornant
Name: Michael D. Stornant
Title: VP & Treasurer

STRIDE RITE CHILDREN'S GROUP, LLC
By /s/ Michael D. Stornant
Name: Michael D. Stornant
Title: VP & Treasurer

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Name	State or Country of Incorporation or Organization
Forus Colombia S.A.S.	Colombia
Hush Puppies Retail, LLC	Michigan
d/b/a Hush Puppies / Merrell	
Hush Puppies / Merrell / Sebago	
Hush Puppies / Sebago / Merrell	
Merrell	
Saucony	
Sperry	
Sperry / Saucony	
Sperry Top-Sider	
Keds, LLC	Massachusetts
Krause Global B.V.	The Netherlands
Krause Leathers (Thailand) Limited	Thailand
Lifestyle and Heritage Brands of Mexico, S. de R.L. de C.V.	Mexico
Lifestyle and Heritage Servicios S. de R.L. de C.V.	Mexico
LifeStyle Brands (BVI) Limited	British Virgin Islands
LifeStyle Brands (HK) Limited	Hong Kong
LifeStyle Brands (Shanghai) Limited	People's Republic of China
LifeStyle Brands of Colombia S.A.S.	Colombia
Rockford Global C.V.	The Netherlands
Saucony IP Holdings LLC	Delaware
Saucony UK, Inc.	Massachusetts
Saucony, Inc.	Massachusetts
Sebago International Limited	Cayman Islands
Spartan Shoe Company Limited	Cayman Islands
Sperry Top-Sider, LLC	Massachusetts
SR Holdings, LLC	Delaware
SR/Ecom, LLC	Massachusetts
SRL, LLC	Delaware
Stride Rite Children's Group, LLC	Massachusetts
d/b/a Hush Puppies	
Merrell	
Rockford Footwear Depot	
Saucony	
Saucony / Sperry Top-Sider	
Sperry	
Sperry Since 1935	
Sperry Top-Sider / Saucony	
Sperry Top-Sider	
Stride Rite de Mexico, S.A. de C.V.	Mexico
Stride Rite International Corp.	Massachusetts
Stride Rite International Services Brazil Ltda	Brazil

Name	State or Country of Incorporation or Organization
Tata International Wolverine Brands Limited	India
The Stride Rite Corporation	Massachusetts
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 Distribution, Inc.	Delaware
Wolverine Europe B.V.	The Netherlands
Wolverine Europe Limited	England & Wales
Wolverine Europe Retail Limited	England & Wales
Wolverine Outdoors, Inc.	Michigan
Wolverine Procurement, Inc.	Michigan
Wolverine Product Management, LLC	Michigan
Wolverine Slipper Group, Inc.	Michigan
Wolverine Sourcing, Inc.	Michigan
Wolverine Sourcing, Ltd.	Cayman Islands
Wolverine Trading (HK) Limited	Hong Kong
Wolverine Trading (Zhuhai) Company Limited	People’s Republic of China
Wolverine Vietnam LLC	Vietnam
Wolverine World Wide Canada ULC	Alberta
Wolverine World Wide Europe Limited	England & Wales
Wolverine World Wide HK Limited	Hong Kong
Wolverine Worldwide Brands Private Limited	India
Wolverine Worldwide Leathers HK Limited	Hong Kong
Wolverine Worldwide Leathers, Inc.	Delaware

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-4 No., 333-190076 and 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, 333-186914, 333-210771) pertaining to the various stock option, incentive and deferred compensation plans of Wolverine World Wide, Inc. of our reports dated February 27, 2018, 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 30, 2017.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 27, 2018

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 27, 2018

/s/ Blake W. Krueger

Blake W. Krueger

Chairman, Chief Executive Officer and President

Wolverine World Wide, Inc.

Exhibit 31.2

CERTIFICATION

I, Michael D. Stornant, certify that:

1. I have reviewed this 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 27, 2018

/s/ Michael D. Stornant

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

Exhibit 32

CERTIFICATIONS

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Annual Report of the Company on Form 10-K for the quarter ended December 30, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

Date: February 27, 2018

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

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